Department of Political and Economic Studies (Development Studies),
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TRADE-OFFS, RIGHTS AND RESPONSIBILITIES IN THE BUSINESS OF MICROCREDIT

A CASE STUDY FROM SOUTH AFRICA

Johanna Hietalahti

ACADEMIC DISSERTATION

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Abstract

This PhD thesis examines the everyday politics of microcredit networks by drawing on a case study from Limpopo Province, South Africa. Special attention is focused on how the distribution of rights and responsibilities between the microcredit organisation and the microcredit groups, together with the multifaceted struggles over authority and power, mediate the different actors' social agency and opportunities to benefit from the microcredit programmes. The study rests on thematic interviews and participant observation carried out in four villages and semi-urban settlements in May-July 2007.

Drawing on the theoretical ideas of Pierre Bourdieu, the thesis undertakes a critical analysis of the interpretations of social capital and the associated solidarity and reciprocity based on the conceptualisations of Robert Putnam, interpreting social capital as networks of everyday politics and replacing romanticised notions of co-operative social ties with an awareness of the realities of inequality and everyday struggle that characterise the microcredit clients' social networks. The study explores the everyday politics, contradictions and tensions at several levels, including the clients, organisation and the wider economy and society. In the spirit of the concept of governmentality by Michel Foucault, the thesis also illustrates processes and practices of governance, and the creation of a set of rules and procedures that can govern and discipline microcredit clients to achieve selected goals.

The results of this study illustrate how social relations between the members of the microcredit groups were based on ambiguous forms of co-operation and conflict around diverse interests and multifaceted power relations. While social networks were crucial for the establishment and maintenance of business operations, the structural conditions of poverty and marginalisation placed the women in competition with each other over limited resources and easily saturated markets. The group loan system caused various anxieties about solidarity lending and tensions between group members. The contrast between the idealistic speeches of solidarity, and suspicions circulating over who benefits from which businesses and on what grounds, was a striking characteristic of the everyday politics of microcredit.

Although no financial collateral was required, various systems of collateral existed. High repayment rates were secured through strict rules and monitoring procedures; public reprimand in the repayment or "centre" meetings; extending repayment liabilities to husbands or other relatives; and refusing to let anyone leave the repayment meetings until the money was paid. Although according to the microcredit rhetoric group members take joint liability for loan repayment, in reality the centre, community and kin operate as collateral for microloans. This is an assumption in the group-based loan system in which the generally accepted rules apply only to the liabilities that clients as a group, as one unit, have to the organisation. In this kind of system, joint security is a fact only at the institutional level. There is no corresponding rule on the terms under which financial obligations are covered, shared or compensated among group members.

In the everyday politics of the clients, business affairs and the logic of decision-making were tightly intertwined with financial, social and cultural norms and political power relations. The most successful clients were those who were able to utilise various social networks and regular household incomes, as well as take advantage of their social status to create the market, the network, and to gain symbolic capital, bolstered by various power symbols.

In the everyday practices of the microcredit organisation, fieldworkers were in a key position to communicate the “truths” and the “right knowledge” about the microcredit programmes to the clients. Tension existed between empowerment objectives and disciplining of women, and guiding them towards NGDO-specified objectives. The adverse incentive system largely produced these conflicts by encouraging development facilitators to take as many clients as possible, which easily led to concentrating on quantity over quality.

In terms of the disadvantageous ways in which people are incorporated into economic and social life, the study highlights the contradiction between the idea of a microcredit organisation operating as a “linkage” between formal and informal economies and borrowers considered as agents of their own empowerment, and the structural obstacles the poor encounter under systematic political inequality. Analysing incorporation and governmentality as processes of “dispossession”, that is, as the appropriation of poor women’s social networks to serve as an engine for development, the study calls more attention to the everyday struggles of these poor women caused by the distorting microcredit rules and mechanisms, the weak pillars of the society, and the vulnerability and disadvantageous power relations within which people are caught.

Key words: authority and power, co-operation and conflict, everyday politics, microcredit, rules and responsibilities, social networks, solidarity, South Africa

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Joel, thanks for being there. It must be love.

For Joose, whose mom has spent far too many evenings working on this seemingly endless study instead of watching The Moomins with you: may you visit Limpopo someday, read this book or at least check the photos, and try to understand. I dedicate this dissertation to you.

Arabia, Helsinki, 16 April 2013

Johanna Hietalahti

List of acronyms and abbreviations

ANC	the African National Congress
ASCA	Accumulating savings and credit association
BEE	Black Economic Empowerment
BM	Branch manager
CGAP	Consultative Group to Assist the Poorest
DF	Development facilitator
DTI	Department of Trade and Industry
FSC	Financial Services Cooperative
IDC	Industrial Development Corporation
Khula	Khula Enterprise Finance
Mashonisha	A northern Sotho word for "loan shark"
MD	Managing Director
MCP	Micro Credit Programme
MFRC	Micro Finance Regulatory Council
NGO	non-governmental organisation
NGDO	non-governmental development organisation
NP	National Party
PWR	Participatory Wealth Ranking method
ROSCA	Rotating savings and credit association
SACCO	Savings and Credit Cooperative
SAMAF	South African Micro-Finance Apex Fund
SB	Standard Bank
SEDA	Small Enterprise Development Agency
SEF	Small Enterprise Foundation
SEFA	Small Enterprise Finance Agency
SMME	Small, Medium and Micro Enterprises
Spaza	Informal convenience shop
Stokvel	Informal credit or savings association or funeral society
UP	United Party
USAID	US-based governmental agency providing economic and humanitarian assistance worldwide
TCP	Tšhomisano Credit Programme

Contents

1 Introduction

The aim of the study

Under the most popular tree of a village in Limpopo Province, a group of women are gathered together, trying to find shelter from the blistering heat of the sun. Every two weeks, month after month, a microcredit repayment meeting – or a “centre meeting”, as they call it – starts with a hymn, sometimes with a prayer, and the vows of collective repayment.

This day did not differ from many others, except that a visitor from a faraway country was attending the meeting. This special situation seemed to energise not only me but all the participants from the clients to the “development facilitator”. As always, each group leader delivered the repayments and the ledgers to the meeting committee in charge of the bookkeeping. If someone did not pay, the other group members would be expected to contribute. The development facilitator and the committee would then cross-examine the hapless group about their noncompliant conduct.

All of a sudden, a group of women started dancing and singing. It was only afterwards, after hours of chatting with some of the women that I realised why. One of the clients was absent and the other group members did not have enough money to pay on her behalf. The dancing was intended to create a diversion while the development facilitator ordered the members of this particular group to go and get the money, one way or another, without my realising what was happening.

The leader of another group revealed to me how she managed the chaotic situation: she tricked the development facilitator by secretly paying on the behalf of one of her group members. “This was just to keep the group’s books clean”, she said, when explaining her strategy for bending the rules.

Thus the records ended up spotless on that sunny day. The chairperson sealed the money in a strongbox, and took a minibus to deposit the carefully protected notes into a bank account in the town. The development facilitator still reminded the women of the importance of saving before she rushed to the next meeting in another village. This scene, with or without any tricks, recurs among those engaged in microcredit programmes in dozens of villages every day all around Limpopo.[1]

[1] This narrative is based on the notes recorded in the field diary of my experience of fieldwork in South Africa in 2007.

Microcredit, as an extension of small loans to poor citizens with limited access to formal credit markets, has become one of the most popular development strategies in various parts of the global South in the last decades. The most well-known story of microcredit emerged in 1983 when the Grameen Bank, currently serving 8.4 million clients, started lending operations to poor households in the rural villages of Bangladesh (Grameen Bank 2012). Today, hundreds of microcredit institutions all over the world have adopted the Grameen lending model, including the Small Enterprise Foundation (SEF) operating in South Africa. In this variation, a group of five, mainly female members obtain an individual loan but take joint liability for the loan repayment. With a loan women can, for example, buy a sewing machine, make dresses, sell them and gradually gain some profit. Typically, no financial collateral is required. The idea is that "community-based" women's groups share the solidarity and follow the rules and ethics of participatory interaction (Grameen Bank 2008). If serious repayment problems emerge, all the group members will lose the subsequent loans. If everything goes well, the group will have a chance to receive larger loans in the next loan cycle.

Microcredit is focused on increasing poor women's income-generating activities and entrepreneurship. Although women in different parts of the global South struggle to find paid employment, one of the commonly promoted alternative options, self-employment, might be equally difficult because of women's limited access to assets, credit, and other financial services (Guérin 2006). Formal banking and financial institutions are not willing to lend money to the poor because of excessive risks attributable to high transaction costs, low return rates and the poor's inability to back up their loans. In most of the remote villages of South Africa, as elsewhere in global South, financial services have long been available only through "informal" mechanisms such as savings and credit associations. For many, a loan from loan sharks, *mashonishas,*[2] has been the only way of getting any loan. According to Muhammad Yunus (2011), the establisher of the Grameen Bank, one of the key goals of microcredit from the beginning has been to eliminate the presence of loan sharks. As banks do not consider the poor to be a potential market, loans sharks thrive on scarcity.

As a development instrument, the aim of microcredit is to break the vicious circle of poverty. The underlying vision behind the group lending model is that the provision of small loans and other financial services for the poor, and for women in particular, facilitates socio-economic development and livelihood improvement in rural and semi-urban settlements with high rates of unemployment, lack of working capital, and problems of chronic poverty. Providing small amounts of credit for impoverished women to initiate business ventures enables them to generate income for the basic needs of living, cope

[2] *Mashonisha* is a northern Sotho word and means "loan shark" in English.

with adverse shocks, learn to manage cash flows, and save money for further investments. Moreover, microcredit is regarded as an efficient tool for empowering women with increased self-esteem, decision-making capability, and new business opportunities (CGAP 2008).

While microcredit as a term usually refers to small loans, the broader meaning of the concept refers to a certain kind of "poverty lending approach" developed by Grameen Bank, which focuses on poverty reduction and social change, and where non-governmental development organisations (NGDOs) act as the key operators (Robinson 2002: xxxv). Gradually, along with the notion that the poor need a more diverse range of financial services, a shift from the term "microcredit" to "microfinance" has occurred, reflecting also a shift in orientation towards the "financial systems approach". This approach includes the idea that commercially oriented, financially self-sufficient organisations, which no longer target the poorest of the poor but instead the "better-off" clients, would allow microfinance organisations a greater opportunity to fulfil their socio-economic objectives (Robinson 2004, Roodman 2012). The broader term of microfinance also refers to more broadly defined services, such as insurance and savings, a phenomenon that Robinson (2001: xxxiv-xxxvii) calls a "microfinance revolution".

The aim of the financial systems approach is to eliminate continuing subsidies, to reach a large number of clients and to create a globally affordable model in order to "maximise the potential of microfinance" (Robinson 2002: xxxvi). The best-known trailblazers of the financial systems approach are the United States Agency for International Development, USAID, and the Consultative Group to Assist the Poorest, CGAP, a World Bank-associated programme supporting institutions that are "motivated to provide sustainable financial services to the poor" (CGAP 2008). In the late 1990's, the financial systems approach was virtually confirmed and it began to replace the original Grameen Bank-inspired microfinance model as "best practice". As Bateman (2010: 16–17) notes, many developed country governments, bilateral development agencies and international development organisations began to shift their microfinance support policy and programmes towards the new model.

The group lending model included in many microfinance schemes is based on the idea of social capital as a "valuable asset" that the poor can turn to even when economic assets and incomes are scarce (González de la Rocha 2007). Especially the conceptions of Robert Putnam (1993, 2000), which regard social capital as networks of trust and reciprocity that can enhance co-operative goals and at the same time reduce the costs of economic transactions, have gained increasing popularity in mainstream development thinking in recent years (Hietalahti and Nygren 2011). Belief in the capacity of trust relations, solidarity networks, and associational life to fuel sustainable economic and social development under conditions of poverty has inspired the World Bank, the

International Monetary Fund (IMF), and other development agencies to allocate an increasing amount of resources from traditional poverty reduction strategies to microfinance programmes (Molyneux 2002).

The impact of microfinance on millions of poor people's lives has been recognised through various international awards. The United Nations declared the year 2005 as an International Year of Microcredit. The following year, the Nobel Peace Prize was awarded to Muhammad Yunus and the Grameen Bank for their "efforts to create economic and social development below" (Nobel Peace Prize 2006). This event became a symbolic breakthrough for the microcredit industry, and as Karim (2011: xiv) notes, "legitimised the microfinance model as key to women's economic and social empowerment". According to the MicroCredit Summit Campaign, more than 3,600 microcredit institutions served 137.5 million clients worldwide by the end of 2010, about 113 million of whom had been living on less than one dollar a day before their enrolment in microcredit programmes (Maes and Reed 2012: 3).

The perceived success story of the Grameen Bank and the associated group lending model has promoted lively discussion about achievements and constraints of the microcredit programmes. In development circles, Grameen Bank has achieved its global recognition by showing that poor women are "bankable". Karim (2011: xxii), who investigated the effects of the discourses, policies, and practices of microfinance NGOs on the lives of rural women in Bangladesh, concludes that the Grameen Bank functions "as a powerful metonym of what works in development" for development organisations.

The capability of group lending to guarantee high repayment rates and to reach the poorest has inspired several economists to gain empirical evidence on impacts of microcredit (Aktaruzzaman 2009, Khandker 2003, Pitt and Khandker 1998, among others) as well as to analyse the incentives used in the group lending model and the mechanisms of client selection, peer monitoring, and peer-sanctions included in the microcredit programmes (Anderson *et al.* 2002, Armendáriz de Aghion and Morduch 2005, Hermes *et al.* 2005, Morduch 1999, Mosley 2001, Stiglitz 1990). The core attention in these analyses has been the way in which microcredit programmes use dynamic incentives, regular repayment schedules, and social ties of solidarity to diminish the problems of adverse selection, moral hazard and free-riding, and in this way, succeed in guaranteeing high repayment rates, reducing lenders' transaction costs and offering banking services to the poor. One of the signposts has been the World Bank-supported study of Khandker (2003) on the impact of microfinance on poverty in Bangladesh. By comparing massive statistical data from 1991–1992 to 1998–1999, Khandker concluded that access to microfinance significantly contributes to poverty reduction, especially for female participants, and to overall poverty reduction at the village level.

Nevertheless, these kinds of arguments about poverty reduction through microfinance have been recently challenged by a number of researchers. Jonathan Morduch re-examined Khandker's (1998) data and found that his conclusion on the "drop in poverty appears to be far too optimistic" (Armendáriz de Aghion and Morduch 2005: 220–222, Karim 2011: xxvii). For Bateman (2010), the continuing dispute over the effects of microcredit on poverty reduction, after twenty years of debate, only implies that undeniable impacts do not exist. A somewhat more consensus-oriented approach is represented by Roodman (2011, 2012), who notes critically that busting the myths of microfinance have become a hype that is overhyped. According to Roodman (2012), while microcredit hardly lives up to its popular image, that does not mean it is useless; microfinance should simply emphasise its strengths in delivering useful services with looser linkages to international development funding apparatus.

Partly the dispute is methodological. The statistical and static perspective on microcredit has especially been criticised by researchers who describe the financial systems approach as a move away from the original mission of microcredit, which has been to focus on the poorest clients and on long-term social change (Dobriansky 2002, Drake and Rhyne 2002, Mayoux 2001). In his recent overview of such studies, Bateman (2010, 2011) suggests that microcredit, in fact, is incompatible with women's empowerment and sustainable poverty reduction, and that the increasing commercialisation of microfinance only amplifies this phenomenon. According to Elyachar (2005: 94), what is needed is more research on the forms of power "that are emerging at the interstices of the state, international organisations, and non-governmental organisations".

At the same time, a growing number of social scientists have challenged the romantic notions of "social capital", "solidarity" and "participatory emancipation" involved in the conception of microcredit programmes as extraordinary tools for sustainable development (Bähre 2007a, Elyachar 2005, Hietalahti and Nygren 2011, Karim 2011, Maclean 2010, Mayoux 2001, Molyneux 2002, Rankin 2002). According to these researchers, development policies promoting microcredit programmes as "magic bullets" for economic and social well-being are based on simplistic assumptions about harmonic kinship and neighbourhood relations in southern communities (Maclean 2010, Rankin 2002), about the gendered roles of women as money savers and business minders (Bateman 2010, Molyneux 2002), about the ability of horizontal norms and networks to generate trust and solidarity (Guérin 2006), and about local communities as "pristine" sources of social capital (Bateman 2010, Bähre 2007b, Hietalahti and Nygren 2011, Maclean 2010). Karim (2011) argues that high repayment rates of microfinance NGDOs are based on manipulation of the existing kin and social relations, and the use of public shaming as a loan recovery tactic. Through the appropriation of social networks as an engine for development, the poor become, in fact, "dispossessed" of their own social capital (Elyachar 2005).

In this respect, just as development policies have different modes, circulating the concept of social capital in microcredit rhetoric easily becomes what Tvedt (2002: 370) calls "buzzwords" that serve as a "symbolic means of integration of an international development system" (Kontinen 2007: 2). In this system, the ideology of bottom-up development is turned upside down. It becomes operationalised as a top-down system, in which the poor as active actors are responsible for their own development. In the worst case, the poor clients use the instruments diffused through development projects or financial services, but remain silent partners in business negotiations.

Microcredit repayment meeting in Limpopo.

Going back to that sunny day in Limpopo and examining the women's behaviour, it becomes clear that considering microcredit simply as an organisation that provides the poor with access to financial services through which they can lift themselves out of poverty constitutes a relatively narrow view of the scene in Limpopo. The figures in the microcredit organisation's financial balance sheets and annual reports reveal only a fraction of the actual engagements, contestations and concerns prevalent in the repayment meetings, markets, and everyday interactions among the members of the microcredit groups, and between the microcredit groups and the microcredit organisation. Although things may appear simple on the surface, underneath, microcredit can be seen as a "game" in which various players use different cards and play according to different rules, trying to utilise the available resources and opportunities in their own ways (Bourdieu and Wacquant 1992: 125, Olivier de Sardan 2005: 185, Wilshusen 2009a: 393).

This study examines the everyday politics of microcredit networks in Limpopo Province of South Africa drawing on ethnographic-oriented analysis. Special attention is paid to the complicated rules and responsibilities affecting the relations between the microcredit organisation as a loan provider and women clients as loan receivers, as well as to the ambiguous networks, norms, and forms of decision-making among the clients as microcredit groups and participants in small business ventures.

Drawing on the theoretical ideas of Pierre Bourdieu, the thesis challenges essentialist notions of microcredit as networks of solidarity. It undertakes a critical analysis of the concept of social capital, replacing romanticised notions of co-operative social ties with the realities of inequality and everyday struggles that characterise poor women's social networks. In the spirit of the Michel Foucault's concept of governmentality, the thesis also illustrates practices of governance, and the creation of a set of rules to govern microcredit clients to achieve selected goals.

I conceptualise microcredit as "an arena of struggle" in which various types of actors, with their differing interests, logics, strategies and goals, and endowed with different degrees of decision-making and political power, interact, confront and compete with each other (Bourdieu 1977, 1985, 2005: 69–70, Olivier de Sardan 2005: 137–138, 185, 189–190, Siisiäinen 2009: 41). Such a standpoint helps to understand who has access to and who is excluded from strategic resources, and why. At the same time, it helps to analyse why certain individuals and groups are able to only marginally profit from available resources, while others have the ability to turn the game to their own ends (Bastiaensen et al. 2005: 980–981, Bourdieu 1985, Bähre 2007a).

Drawing on my field research in Limpopo in 2007, I examine the complexity of rules and responsibilities involved in the microcredit programmes, from the point of view of both the microcredit organisation and the women as target groups. Through an analysis of how the clients are selected, how the economic incentives are comprised, how the groups are formed, how the businesses are monitored, who is trusted and how the different rights and responsibilities are distributed, I aim to construct a picture of microcredit as a socio-political, economic and cultural institution. My purpose is to illustrate how women's economic affairs are tightly intertwined with social rules, cultural norms and political power relations in the business of microcredit and liabilities. By the term "institution" I refer to embodied social networks and organisations as well as to formal and informal rules, procedures and norms that govern interactions and confrontations of various actors between and within certain structures (Bastiaensen et al. 2005: 980, Foucault 1978).

By paying careful attention to local politics and institutional processes when evaluating the achievements of and challenges for microcredit programmes, my aim is to show how the social ties between the women engaged in microcredit programmes are mediated by complex webs of solidarity and conflict with the ambivalent politics of everyday life (Wilshusen 2009a). Through an analysis of how access to resources and social networks is mediated by power-laden distinctions, and how certain forms of capital serve to reproduce the distinctions (Bourdieu 1977), my purpose is to illustrate the complex forms of negotiation and contestation involved in the interactions between women in microcredit groups, as well as between microcredit groups as loan receivers and a microcredit organisation as a loan provider. As many of the power relations and socio-political processes shaping the conditions of microcredit extend far beyond the local boundaries, I examine the opportunities of women to negotiate the terms of their involvement in the microcredit programmes through practices that are structured, although not completely determined, by the wider institutional and political settings (Hietalahti and Nygren 2011).

Many faces of South Africa

The Republic of South Africa, with a land area of 1.2 million square kilometres and 49 million habitants (SouthAfrica.info 2009), occupies the southern tip of Africa. The coastline of 2,500 kilometres, stretches from Namibia on the Atlantic coast to Mozambique on the Indian Ocean. On land-side, South Africa shares frontiers with Botswana, Zimbabwe, Swaziland and an enclave Lesotho.

Within these boundaries, we have a country with rich linguistic, ethnic, and cultural diversity. In a South African town you can pass an internet café, an Indian restaurant, a group of fragrant jacaranda trees, a mosque, a jazz club, electric-fenced houses, a Boers' rugby club, and a glossy shopping centre, all within a few steps. A look at the headlines of a South African newspaper will show that the country is at the top in economic growth and resources, biodiversity and cultural diversity. Wine tours in Stellenbosch, game drives in national parks, and golf courses in Cape Town under the magical African sun promise tourists a breath of paradise.

A few more steps and you enter another world. Go round the shopping centre and you will find hundreds of Africans crammed into minibus taxis taking them back to their villages and backstreets. Step into a warehouse at the back of the shopping centre and you will find a market area where poor hawkers try to eke out a living by selling Mopani worms, cold drinks, self-made hats and nail varnish. Further down the street you will see a line of car washers vying for customers, ready to undercut each other's prices. Take one more look at the headlines and you will find South Africa coming out on top also in less flattering ratings: in poverty and inequality; in HIV-infection rates and infant mortality; in crime and sexual violence.

To be able to locate microcredit within South African society, considering the effects of the colonial history on the country's socio-economic and political development is essential (Bähre 2007a: 23). While settlers' supremacy characterises the history of any colonial African country, what makes South Africa exceptional is the history of *apartheid*; the Afrikaans word meaning segregation. It was a social philosophy that legalised the system of racial, social and economic segregation, and assured White supremacy for decades. While the apartheid regime officially ended in 1994, the legacies of colonialism and apartheid continue to hinder the creation of an undivided and more equal social structure (Butler 2004: 5).[3]

The story of South Africa often starts with a reference to the voyage of Vasco da Gama round the Cape of Good Hope in 1497–1498; it continues with the arrival of the first Afrikaners, or *Boers*, who settled in the Cape in 1652; it then rushes on to the discovery of diamonds and gold in the 1870s, and to the opportunities and threats these findings presented to the imperial power of the British (Butler 2004: 7–9, Teppo 2004: 26–27, Thompson 2001: 1–2). At the same time, as Thompson (2001: 10) notes, there are two other historical stories to tell: the story of the Khoisan people, known today as Khoikhoi and San or Khoe-San, who have lived in the area of current South Africa since around 1,000 BC, and the story of the Bantu-speaking farmers, the ancestors of the majority of the inhabitants of present-day South Africa, who moved into South Africa in approximately 300 AD, and who are now referred to as Africans. Unfortunately, little information exists of the pre-colonial inhabitants of Southern Africa. As Thompson (2001: 2) describes in his extensive exploration of South Africa's history, reconstructing the history of pre-literate societies is always difficult. It was only in the 19th century that the first significant descriptions were written down.

In the 16th century, when the first Portuguese had rounded the Cape of Good Hope on their way to India, many South Africans were living by hunting and gathering. The basic economy consisted of agriculture, pastoralism, and metallurgy. Most Sotho people lived in communities consisting of 50–400 people, including a dominant extended family, several other families, and a few dependents (Thompson 2001: 14–23). Wealthy men were polygamous; a

3 That said, it is also important to note that the informal practices and norms through which networks are structured have historical roots that often arise from indigenous social history, which was affected by, but not entirely defined by, colonial history. Equally important is to note the introduction of money that, as Bähre (2007a: 23) remarks, connected with the arrival of colonialism and capitalism "led to particularly drastic renegotiations of these relations."

remarkably powerful chief might had as many as a hundred wives. One of them was recognised as the "great wife" (Thompson 2001: 23) and the mother of the heir.

Characteristic of mixed cultivating people was a strong rule of solidarity among kin, extending far beyond the nuclear family. At the same time, however, these relationships were determined by a strong sense of social hierarchy. While the senior married man dominated the farming society, and owned both the agricultural produce and the cattle of the homestead, the role of his unmarried sons and clients was to assist the chief. Generally, men controlled women, elders controlled youths, and patrons controlled clients. The women's responsibility was to raise the children, to carry out planting and harvesting the crops, to maintain the domestic issues and to serve the food. During the growing season, women controlled the land they cultivated. At other times the fields were the common property of the community. Various forms of social networking also occurred among women. They worked together, taking each woman's field in turn (Thompson 2001: 22–23). Thompson describes vividly how sometimes women made a special brew of beer and invited as many as two hundred villagers to come together. First, they carried out a task such as weeding together, and then had a party when the day's work was done (2001: 22–23).

In the course of time, new chapters were written into the history of the White intervention in South Africa: the intensified conquest of South Africa in 1795, when the British took over the Cape; the Great Trek, "*die Groot Trek*", the Boers' migration from the Cape Colony to the north in the late 1830s (Butler 2004: 10); and the following displacement of multitudes of African farmers from the area that the White colonists referred to as the "empty land" (Butler 2004: 7–8, Teppo 2004: 25–26). What crucially shaped South Africa's history and brought the different historical stories together was the discovery of diamonds in 1867 and gold in 1884; these discoveries revolutionised the economy and transformed the focus of all of Southern Africa on the Transvaal (Butler 2004: 5). The fights over minerals and economic-political power, together with the long-time conflicts between the British and the Boers, led to the Anglo-Boer War in 1899–1902, and finally to the unification of South Africa in 1910 (Butler 2004: 12, Houghton 1971: 10–17). The Act of Union formalised the existence of the new state and began a period that, according to Butler (2004: 13), significantly shaped South Africa's history by laying "the economic, political, and institutional foundations of segregation and apartheid". The racial segregation became further entrenched along with industrialisation, and focused on serving the Whites' interests and positions of power (Butler 2004: 13). The Natives Land Act of 1913 removed landowning rights from non-White inhabitants, allocating 87 per cent of the land to the Whites, and forced sharecroppers to move into "reserves" (ANC 2009, Butler 2004: 14).

For Africans, towns with mines represented better livelihood opportunities compared to rural poverty and growing landlessness (Butler 2004: 13, Bähre 2007a: 27, Welsh 1971: 173–175). Along with the strained apartheid laws, the vulnerability of agriculture, failure of cash crops, starvation of cattle and taxation drove young men to work in the mines, cities, or White-owned farms (Bähre 2007a: 25). In 1918, approximately half a million of people were employed in industrial activities (Butler 2004: 12–13, Houghton 1971: 2–9, 21–22). In the Transvaal, approximately one fourth of the 1.7 million Africans, mainly Tswana, southern Sotho and Pedi peoples, had moved into towns after unification (Kuper 1971: 431). By 1920s, about 40 per cent of active men in rural areas participated in mining work (Butler 2004: 13).

Along with migration, wage labour and the new forms of livelihood in the early 20th century, conventional power relations and customs among kinship began to change, affecting women as well as men. Conventionally, husbands were responsible for the family's livelihood – clothes, money, and other material goods – while the women's role was to be one of the stay-at-home wives, sisters and daughters-in-law. Property belonged to the "house" (James 1999b: 100–101, Verhoef 2001: 259–260). When men started to migrate to towns, however, women and children began to carry out agricultural tasks.

Gradually women began to follow their husbands to the cities. At first they heavily depended on their husbands' income and help; gradually, however, they began also to earn their own money by working as maids or by brewing and selling beer, and in this way gained some social and financial independence (James 1999b: 23–25, Verhoef 2001: 259–260). Women also helped each other in various ways: they used informal contacts to find jobs, and organised different types of *stokvels*: burial societies, savings clubs and dance teams (Bähre 2007a, James 1999b: 23–25, Verhoef 2001: 259–260). These social networks were organised among kin, neighbours, and "home-people", people from the same village who shared the same language (Bähre 2007a; 2007b, James 1999a: 75–83; 1999b: 63).

Towards the 1930s, various nationalist organisations increased their power in South Africa, and racial segregation was intensified. Relocations of Africans increased: people were resettled from urban to rural areas, from White-owned farms to crowded Bantustans, from one place to another within the Bantustans (Sharp and Spiegel 1985: 133–134). Gradually the emergence of Boer nationalism and the growth of the new National Party (NP) expanded all around the country, leading up to the party's victory over the United Party (UP) in the elections of 1948, under the slogan of apartheid (Butler 2004: 14–15). After this critical milestone, under the rhetoric of "politics of fear" (de Villiers 1971: 374), the National Party promulgated that "Africans should continue to be excluded from political power and that White supremacy should be maintained" (Butler 2004: 16).

More and more racist legal Acts were created. One of the pillars, the Population Registration Act of 1950, provided a basis for the engineering of the forthcoming “high apartheid”. This act classified people into four racial categories: White, Coloured, Indian/Asian, and Native (Bantu or African) (Butler 2004: 17, de Villiers 1971: 402–403). Such a division was justified by “assuring” each race their “inherent” social status (Teppo 2004: 50). In order to protect racial purity and control Black population growth, mixed marriages and any sexual contact between the races was outlawed by the Prohibition of Mixed Marriages Act of 1949 and The Immorality Act of 1950 (Butler 2004: 17). Residential segregation was established through the Group Areas Act of 1950, which physically separated White and non-White living areas (de Villiers 1971: 410–411). In towns, Africans were regarded as visitors with no equal political or social rights (de Villiers 1971: 406–407, Welsh 1971: 191). The Natives Act, i.e., Abolition of Passes and Co-ordination of Documents Act of 1952, forced Africans to carry a “reference book” all the time. This “pass” contained details of the holder’s employment record with employers’ signatures and encounters with the police. Since women were prevented from joining their husbands in towns, the laws of apartheid kept families separated for years (de Villiers 1971: 409–410, Bobby-Evans 2009, Welsh 1971: 200–201).

Residential segregation was extended through the Reservation of Separate Amenities Act of 1953, which forced segregation in all public spaces, services and transport with the aim of eliminating contact between Whites and non-Whites. This act was emphasised by number of notorious racist signs: "Whites" – “non-Whites” or “Blankes” – “Nie Blankes” (Suedafrika.net 2009). In order to make it “unnecessary” for Africans to look for work in the cities, their businesses were allowed only in African townships; if businesses grew, they had to be moved to Bantu areas and no other businesses than those providing daily necessities could be established (Welsh 1971: 193–196). While the Bantu Authorities Act of 1951 had already created a legal basis for the removal of Africans into separated “homelands” (de Villiers 1971: 410–411), in the 1960s such a system became the bedrock for the implementation of the “separate development” making Africans legally citizens of “*Bantustans”*, ten tribally based and nominally self-governing homelands. Approximately 3.5 million people faced forced removal in 1960–1989 (de Villiers 1971: 410–411).

Along with the resettlement of Africans, the interrelationships with kin encountered new tensions. As Bähre (2007a) carefully demonstrates in the context of African livelihoods in Cape Town, reliance on neighbours increased and neighbours, both in urban and rural areas, were less likely to be kin anymore. In the 1970s and 1980s, political and economic development at the local and national levels again changed the structure and the strategies of African households. Political instability and the wave of strikes affected men; in particular many of those who were in formal employment lost their jobs (Lee

2009: 55–59). In this situation, some women assumed a stronger economic position vis-à-vis male members within the African households. Lee (2009), who has investigated the survival strategies of the urban poor in the Cape Town area, suggests that this was partly because women were able to participate more actively in the informal economy, and because women typically worked in the largely non-unionised domestic service sector.

The disappearance of African men as active providers for their families and the shift towards a matriarchal household structure has shaped the growth of multigenerational households, and made household immobility, "a choice not to move" (Lee 2009: 60), a vital livelihood strategy for women. In this multigenerational system of care, elderly women in particular have become the core providers of the household. Lee (2009: 48) suggests that such development has depended greatly on elderly women's access to state old-age pension payments and council housing, and their relative ability to manage the resources of their mobile daughters and granddaughters. As illegitimate children usually remain in the mother's family, children being cared for by their grandparents have contributed to the growth of multigenerational households as well as to the shift towards the decidedly matriarchal character of the society (Lee 2009: 48, 69).

Racial segregation prevailed despite the Africans' organised resistance. Eventually, however, apartheid was defeated by the combination of international political pressure, globalisation of financial markets, democratic processes in neighbouring countries, domestic economic and structural change, and a powerful mass protest that began to shake the foundations of Afrikaner military regime. According to Butler (2004: 22–23), the determining factor, however, was the Africans' defiance of influx control. Despite the risk of arrest, millions of workers preferred trying to find a job in a city staying in the overcrowded and impoverished reserves. The turning point took place in February 1990, when the new President of South Africa, Frederik Willem (F. W.) de Klerk, lifted the 30-year ban on the ANC, and made a commitment to release jailed Nelson Mandela, a member of the ANC party in the 1940s, the forthcoming President in 1994–1999, and the icon of anti-apartheid activists. Such reforms allowed resistance to apartheid for the first time in 40 years of National Party rule, and brought de Klerk the praise of world leaders. The relief that the Anglican Archbishop Desmond Tutu expressed to the press reflects fairly well the significance of de Klerk's declaration: "He has taken my breath away!" (BBC 1990).

South Africa still has a long way to go to overcome its apartheid history as well as its current global challenges, and make the most of the diversity that can lead to a multicultural democracy and what Tutu famously named a "rainbow nation" (Butler 2004: 1, 19; Heino 2004, Sparks 2003, Tutu 1999). Even if the oppression has officially ended, the idea of separate development is still deeply embedded in the society. Twenty-first century South Africa is trying to recover from the burden of its bitter history, and at the same time, to balance the economic and social strains that poverty, unequal economic development and insecurity have produced (Butler 2004: 1, 19). Part of these development efforts focus on strengthening market economy through various Black Economic Empowerment (BEE) programmes. The idea of these development programmes is to include into society those citizens who have been excluded and marginalised in the past. In this work, microcredit is one of the major topics (Bähre 2007a).

Microcredit industry in South Africa

Alleviating poverty through providing small-scale banking and credit services for the poor is not an entirely new idea, neither in South Africa nor elsewhere in the world. The emergence of microloans for women can be traced back to the 1950s. Robinson (2002: xxxiii) describes vividly how bankers began showing up in small villages on their bicycles or jeeps in the 1960s and 1970s in remote areas of developing countries in Asia. In those times the debate on financial self-help groups was closely connected with modernisation. Geertz (1962) suggested that rotating credit associations were a "middle rung" between the traditional and modern worlds. The fundamental idea was that through credit groups people would gradually adapt themselves to modern society; they would eventually leave informal credit associations and turn to formal financial institutions that would offer them new paths to socio-economic wealth. Today this narrow view of development as a historical transformation from the traditional to the modern has given way to more careful interpretations highlighting poverty alleviation strategies on a broader scale.[4] The emphasis on sustained economic growth as a process from a simple low-income system to a higher-income economy has, however, not disappeared. This holds true for the current mainstream microcredit rhetoric as well, especially when directing "pro-poor" microcredit towards commercial practices.

Similarly to many other developing countries, South Africa has a long history of financial self-help groups as instruments of informal credit, such as rotating saving groups and credit associations as well as burial and funeral societies (Bähre 2007a). While the schemes and contributions to the saving and credit societies vary, in most respects they operate as Rotating savings and credit associations, or ROSCAs. In such associations, each member regularly contributes a fixed amount of cash to a common fund, which is then given as a lump sum to one member during each cycle. Alternatively, members can draw

[4] See Bähre's (2007a) sophisticated analysis of Xhosa migrants in South Africa, which illustrates that self-help groups do not lose their significance when people start using modern financial institutions.

loans with interest from the pot, and at a given time each member can receive his or her savings together with the share of any interest earned. Burial and funeral societies, for their part, insure money and other mutual assistance to the bereaved (Burman and Lembete 1995, Bähre 2007a: 9–16).

These "financial mutuals" (Bähre 2007a: 9) are called locally by many different terms, each name meaning a particular type of organisation. Sotho people call savings and credit associations *mahodisanas*, denoting literally "to make pay back to each other" (Verhoef 2002: 94). In the Transvaal they are called *mogodiŝo*, adapted from the Sotho word *gogodiŝo*, "to grow". Xhosa people, in turn, name them *imigalelo,* which originally derives from the verb *ukugalela*, "to pour" (Bähre 2007a: 12, Verhoef 2001). In official South African English, these organisations are commonly referred to as *stokvels;*[5] the word is apparently adapted from the compound of "stock fairs", referring to livestock markets held in the Eastern Cape in the early 19th century. In these annual cattle shows African farmers who worked for European settlers engaged in socialising and gambling and "pooling their money to buy a head of cattle at a stock fair", in this way giving birth to the first *stokvels* (Thomas 1991: 292 in Bähre 2007a, Verhoef 2001).[6]

Among African women, *stokvels* spread especially during the urbanisation of the 1920s and 1930s as a form of financial and mutual support. While traditional kinship relations denied African women's access to property and cash, migrant women began to gain economic independence and earn money of their own from domestic employment or informal market activities, such as working as a maid or brewing and selling beer. Gradually women began to help each other in various ways: they used informal contacts to find better jobs, and organised various types of *stokvels* for different purposes (Bähre 2007a; 2007b, James 1999a, 1999b: 49–50, 57, 62–63, 79–83, Verhoef 2001: 259–261, 276). As women were responsible for the maintenance of the family, *stokvels* served as a survival strategy, remaining as one of the few sources of capital until the end of the apartheid regime (Verhoef 2001). Based on long-standing trust relations, *stokvel* members were usually friends, relatives or neighbours. The members of individual *stokvels* were usually either exclusively men or exclusively women (Bryson 2008, Verhoef 2001).

In recent years, *stokvels* have gained new forms and new meanings, spreading also among higher income South Africans, particularly as a fun way to socialise with friends. In Limpopo, well-off South African British ladies arrange tea parties and buy quality porcelain, while young, middle-class African women go shopping and buy shoulder bags or trinkets with their "*stokvel* money".

[5] The term of *stokvel* may mean different kinds of organisations in different areas. In this study, the term *stokvel* is used when referring to various kinds of informal savings and credit societies.

[6] For other suggestions see Bähre (2007a: 12).

However, the original role of *stokvels* as a vital survival strategy for the poor in villages and townships has not vanished. Many poor still lack access to or familiarity with formal financial services and thus rely on different kinds of informal financial instruments. According to recent statistics, approximately 37% of South African adults still lack a bank account in a regulated financial institutions (Napier 2009: 10).

The adaptation of a *stokvel*-type lending strategy to microcredit programmes began in South Africa in the 1980s. Just like the progression of the entire microcredit industry in South Africa, the establishment of these formal group lending schemes partly parallels the political democratisation process of the country. As the apartheid regime aimed at racial segregation in all aspects of life, the banks also concentrated on serving only the White population while restricting the access of other segments of the population. Gradually, non-governmental development organisations (NGDOs) and community development associations started to express concern over the livelihood of the African people and to build up developmental projects, such as microcredit programmes targeted towards poor African populations (Porteous and Hazelhurst 2004: 1–2). One of the pioneers and the best-known lending NGDOs in South Africa is the Small Enterprise Foundation (SEF), established in 1992.

The critical divide in South African microcredit schemes took place on 31 December 1992 when an exemption to the Usury Act was signed. The intention was to facilitate the legalisation of microcredit institutions and foster lending for development purposes by removing price controls on small and short-term loans, precisely, loans less than 6,000 rand and 36 months (Anderson 2007: 660, Daniels 2004, Porteous and Hazelhurst 2004: 77). As organisations could suddenly charge anything they wanted on loans, masses of private actors entered in the consumer lending business, and the boom was ready. Spurred by democratisation reforms, such as the opening of financial markets, the South African commercial lending business grew from nearly zero into a massive industry within a couple of years (Porteous and Hazelhurst 2004). What finally made reaching hundreds of thousands of new clients possible was the development of ATM and bank card technology and innovative repayment collection methods. In cash lending systems a client delivered identity documents and a bank card with a PIN number to the lender as collateral. On pay day the lender withdrew the money from the bank account and returned the card when the payment was completed. In the payroll deduction system, the lender agreed with the client's employer on charging partial payments directly from the client's salary (Porteous and Hazelhurst 2004: 81–89).

The final breakthrough of commercial lending happened around 1995. The market success and large returns of Baobab Solid Growth Ltd, a stock-exchange-listed venture capital fund, led to a frenzy of new listings of micro lenders on the

JSE Securities Exchange.[7] By the end of the decade, hardly any retail bank existed in South Africa that would not have declared some kind of micro lending strategy. The number of micro lenders, including NGDOs, increased by an estimated 192%, resulting in 3,500 formal institutions by the end of 1995, and trebling the turnover from R3.6bn to R10.1bn (Porteous and Hazelhurst 2004: 81–82).

As the lending industry grew, problems also emerged. Having masses of loan suppliers, who nevertheless served only salaried clients, meant that the market became saturated at some point. Increasing competition between the lenders raised the pressure to decrease interest rates and to lower credit standards. As credit was suddenly available from many sources, lenders had more and more difficulties in estimating clients' repayment capabilities. Another problem was that lending was channelled into consumption rather than micro entrepreneurship, which led to repayment problems and more severe money collection methods (Porteous and Hazelhurst 2004: 81–89). These problems became even more complicated due to the wavering interaction between the lenders and the clients. Vestiges of racial separation were still alive, and the parties had little understanding of each other's daily lives or logic.

In regard to democratisation, the problem in the South African micro lending industry was that it still deprived loans from the poorest segment of the population. In order to create new lending capacity and reach the poorest of the poor, state-owned institutions started to finance new microcredit entrants (Baumann 2004a). The aim was to provide small loans to small business operators that would act as suppliers to the formal economy. Among the most active organisations was Khula Enterprise Finance (Khula), the wholesale funder to Small, Medium and Micro Enterprises (SMME), established in 1996.

Despite the good will, the strategy did not work well. In fact, the South African micro lending industry was in near chaos by the late 1990s. While the donors had in the past funded microcredit organisations directly, along with democratisation, money allocation occurred through governmental schemes. According to microcredit operators, inexperienced administrative officials did not have the capacity to handle the enormous backlog of work. From the lenders' point of view, the situation was "untenable": people were still trying to learn their new jobs, and had no idea how to manage microcredit.

As micro lenders could no longer apply for funding from the government, they rushed to sign contracts with Khula Enterprise Finance. The problem was that while these financially fragile organisations depended on Khula funding, they could not comply with the strict contract terms, such as attaining financial self-sustainability within three years. As a consequence, a great number of

[7] Nowadays the JSE Limited, previously the Johannesburg Stock Exchange, the largest stock exchange in Africa.

microcredit organisations went out of business within the next few years (Baumann 2004a). Yet another challenge arose in 1999, when new regulations required micro lenders to register with a special regulatory body, the Micro Finance Regulatory Council (MFRC) (Daniels 2004, Porteous and Hazelhurst 2004: 83–85), and again a year later, when the payroll deduction system as a money collection method was criminalised. Severe competition, and the new hard-and-fast regulations that generated extra costs and formalities together with the pressure to find new, cost-effective ways to collect repayments, finally forced many lenders out of the market (Porteous and Hazelhurst 2004: 83–85).

According to microcredit operators, one reason for the difficulties in generating workable microcredit model in South Africa is the country's twofold economy. While the so-called formal economy is actively integrated into the global market, millions of uneducated people only have access to unskilled jobs, or jobs in declining sectors. These economically marginalised poor must then survive through diverse informal activities: by running *spaza*[8] shops, hawking, brewing traditional beer or selling second-hand clothes. In this respect, one could argue that Khula's attempt to facilitate micro businesses that would act as suppliers to the first economy was doomed to failure. As Baumann (2004a) notes, there was no demand for such businesses since the actors of the formal, market-based economy could produce or import the corresponding items much cheaper anyway. Paradoxically, as Baumann (2004b) remarks, while the "informal" economy cannot compete with the "formal" one, micro entrepreneurs in the informal economy must buy the bulk of their groceries and business stock from the formal economy, which further limits the informal sector's development potential.

In addition to the long distances and sparse population, the dual economy is also used to explain why South Africa is a particularly difficult environment for microcredit organisations to attain financial sustainability; costs are high compared to Asian or Latin-American microcredit organisations. Operating in a country with "first-world" financial markets and a "third-world" social infrastructure, microcredit organisations must recover first-world costs from revenues from clients who can only afford loans on a par with third-world countries (Baumann 2004b, Ford Foundation 2005). While micro business for many of the poor in South Africa means small-scale hawking and production of special items, such as handmade soaps or dresses, according to MFRC statistics

8 Apparently, the word spaza was originally used as an adjective to mean "imitation" in the Johannesburg of the 1960s. Correspondingly, parents who could not afford to buy their children expensive footwear bought cheap copies of shoes that they called spazas. In South African street language, in Tsotsitaal, spaza might refer to something as "cheap" and of "poor quality" or something "not real" or "artificial". Spaza might also mean somewhat the same as the Xhosa verb ukuphazamisa, referring to "teasing", "distracting" or "offering a false story". For more explanations, see Spiegel (2003: 214-223).

most of the micro lending is still accessible only to formally employed clients. Banks (8 registered) or other public or private companies (2,222) provide 97.5% of outstanding loans, while so-called Section 21 Companies or non-profit organisations (19) such as SEF, co-operatives (27) and trusts (70), comprise 2.5% of the loans (MFRC 2006).

After years of focusing only on the formal economy and its microcredit needs, in South Africa, the government has started to promote "development microcredit" as a democratisation strategy and as a linkage between the formal and informal economies. This strategy is in line with the predominant South African policy discourse, first introduced by President Thabo Mbeki in his "Letter from the President" in 2003, according to which poor people stay poor because they are trapped in a second economy and should thus be integrated to the "First-World" economy (du Toit and Neves 2007).

In 2004 President Mbeki announced that an apex fund providing grants and loans to NGOs and other institutions targeting poor households would become operational by the end of the year. The design process started under the name "South African Microfinance Ethic Fund", and in April 2006, The South African Micro-Finance Apex Fund (SAMAF) was finally established. This fund had a mandate to develop an effective network of self-sufficient and sustainable microfinance institutions, consisting of non-governmental organisations (NGDOs), Savings and Credit Cooperatives (SACCOs), Financial Services Cooperatives (FSCs), Cooperative Banks and private commercial banks. The primary purpose of the fund was to reduce poverty and unemployment, and to extend financial services more widely into semi-urban and rural areas (SAMAF 2009). At the same time, the Department of Trade and Industry (DTI) established a special Small Enterprise Development Agency (SEDA), which supports informal economy interventions especially in rural areas, such as strengthening support for SMME's access to finance, linking small scale farmers to retailers, and establishing information centres and creating partnerships with such bodies as Khula (SEDA 2009).

In 2012, a new SMME finance entity, the Small Enterprise Finance Agency (SEFA), was launched; it is a consolidation of Khula, SAMAF and small business activities previously housed by the Industrial Development Corporation (IDC). The aim of SEFA is to fill the funding gap that is considered to inhibit the growth of small businesses. The lending instruments consist of direct lending to small businesses, wholesale loans to financial intermediaries and credit guarantees for businesses requiring bank finance (SEFA 2012).

Back to the root

While microcredit has long been publicised as an efficient tool for empowering women with new business opportunities and lifting people out of chronic poverty, in recent years, this hype has been brought into question. The contemporary microcredit discourse tends to suggest that microloan impact rarely corresponds to presumptions (Bateman 2010, Karim 2011, Roodman 2011). In this discourse, the social capital-oriented assumptions, in which poor women through social networking are able to deal with economic constraints and find their way out of poverty, exists as rhetoric, not as actual practices on the ground (Beall 2001, Bebbington 2004, Bähre 2007a; 2007b, Karim 2011, Mayoux 2006, Molyneux 2002, Rankin 2002). Although Bähre (2007a) focused on women's conventional social networks and not on microcredit as such, it was especially his analysis of the ambivalent relations among neighbours and friends and solidarity networks as tensioned circles that has been verified by my study.

According to these researchers, the risk is that the implicit assumptions about the resourcefulness of the poor act as a moral justification and a legitimisation of microcredit policies, and the actual role of solidarity networks is left to serve as an instrumental tool for microcredit institutions to attain their financial sustainability (Rankin 2002). Development agendas based on romanticised views of social capital and pro-poor development, where the responsibilities are shifted from governmental institutions to market-based mechanisms, or to the poor as "agents of their own development", include the risk of a "privatisation of the economic crisis", where the price for development is paid by the poor's personal adjustments (Elyachar 2005, González de la Rocha 2007, Kay 2006).

In this context, the picture of hardworking, but joyful African women, dressed in beautiful colours, dancing under the blistering African sun, with harmonic community relations and horizontal norms of solidarity, which is also repeated in current narratives of microcredit, appears insufficient. Struggles and tensions tend to be omitted from such success stories. If we heard what these women discussed and debated, if we followed their actions and interactions, interpreted their thoughts and were able to read between the lines, and interlink this with the surrounding economic, social, political and cultural contexts, we could certainly get a much more complete picture of the underlying power struggles.

In relating microcredit operations in Limpopo to the wider social structures and politics of microcredit my study challenges easy generalisations of harmonic community relations and horizontal norms of women's solidarity groups as automatic contributors to poverty alleviation or financial sustainability. The following analysis of microcredit as an arena of negotiations and trade-offs in Limpopo reveals a much more complicated picture of how the distribution of rights and responsibilities between the microcredit organisation and microcredit groups, together with the multifaceted struggles over authority and power, not only shape the ways in which different stakeholders confront each other; they also mediate the various actors' social agency and opportunities to benefit from the microcredit programmes (Guérin 2006, Hietalahti and Nygren 2011).

As my analysis will show, the social ties between the women engaged in microcredit programmes are mediated by complex webs of solidarity and conflict within the ambivalent politics of everyday life. Concerns over the liabilities and the challenges of repaying loans affect how the microcredit group members trust each other, how solidarity is shaped, how money is allocated, and how the businesses are operated (Hietalahti and Nygren 2011). While joint liability in group lending enables loans for the poor without financial collateral, loans are not available for everyone or without social collateral. Money and credit in all their dimensions are tightly embedded in the processes of social inclusion and exclusion (Bähre 2007a). Rapidly changing loyalties and the strict rules and responsibilities in the microcredit organisation, combined with different stakeholders' multifaceted interests, further complicate the situation.

2 Theoretical points of departure

THIS CHAPTER sets the theoretical frame for the study and introduces three approaches that have influenced my analysis: first, the promotion of microcredit as a tool of economic development, which is based on Robert Putnam's conceptions of social capital; second, the interpretation of social capital as networks of everyday politics and institutional processes, which is inspired by the theoretical ideas of Pierre Bourdieu; and third, evolving practices of governance: the creation of a set of rules and procedures to govern microcredit clients to achieve selected goals, which is in the spirit of the concept of governmentality by Michel Foucault.

Putnam's formulations on social capital

Despite the long history of financial self-help groups in different parts of the world, it was only in the 1990s that the group lending models were eagerly adapted to microcredit programmes. The rise of these programmes to become leading strategies of poverty alleviation within mainstream development institutions awoke researchers' interest in the achievements and constraints of the group lending and savings models. In recent years, the discovery of social capital, in particular, and its rise to a mainstream position as a development strategy in the South has gained researchers' attention.

The increasing role of social networks in the promotion of economic development has close links to neoliberal economic policies and the idea of market-based mechanisms as efficient means of poverty mitigation (Bähre 2007a; 2007b, Kay 2006, Rankin 2002). In these kinds of considerations, social networks became a form of "social capital" conceptualised as a "missing link" in development theory (Elyachar 2005, Grootaert 1998). This scene has represented microcredit programmes and the associated group-based models as crucial landmarks for revised approaches to poverty alleviation, in which the policy-makers' focus has shifted from state-subsidised, small-farmer credits for men to financially self-sustainable microcredit institutions that target poor women as entrepreneurial actors and as agents of their own development (Meagher 2005, Molyneux 2002, Robinson 2001; 2002).

Although social capital has its roots in Pierre Bourdieu's concept of cultural capital (Elyachar 2005: 185), the emphasis on social networks as an important part of development strategies in mainstream agencies, along with strong expectations of collective empowerment, is largely based on Robert Putnam's (1993; 2000) conceptions of social capital. According to Putnam (1993: 167; 1995: 65), social capital refers to "features of social organisation such as trust, social norms and moral obligations, and social networks that facilitate co-ordination and co-operation for mutual benefit"; as well as to "social networks and the norms of reciprocity and trustworthiness that arise from them" (2000: 19). The mutual trust involved in close social networks, such as rotating credit associations, creates, according to Putnam (1993: 167–177; 2000: 19–23), bonds of social cohesion, and mutual fairness that reduce transaction costs, facilitate co-operation, foster norms of reciprocity and encourage economic productivity. According to this logic, serving as social collateral in microcredit, social capital enables those who lack physical assets to access credit markets. It also reduces opportunism and strengthens the overall solidarity in communities.

For Putnam, social networks represent the most important and intense form of horizontal interaction. While Putnam acknowledges that in reality networks are mixes of horizontal and vertical linkages (1993: 173), in his study of the performance of democratic institutions in Italy, Putnam argues that the regions in better-off Northern Italy succeeded in governmental reform and economic development particularly because of horizontal politics. While interregional solidarity, mutual assistance, civic obligation and trust were the distinguishing features in Northern Italy, the principal features in the poorer South were "the imposition of hierarchy and order on latent anarchy" (Putnam 1993: 130).

An important part of social capital, according to Putnam (2000: 116–117), is altruism, considered as paying attention to others' welfare and doing good with other people. The more involved a person is in social networks, the more friends she or he gets and the more likely she or he is asked to join new networks. It is precisely altruism that enables us, in Putnam's (2000: 134–135) words, to "relax our guard a little", which in turn reduces economic transaction costs and makes the economy more efficient. The key element is trustworthiness: "people who trust others are all-round good citizens, and those more engaged in community life are both more trusting and more trustworthy" (Putnam 2000: 136–137).

According to this approach, social capital not only creates consensus and economic welfare, it is also self-reinforcing and cumulative by nature: the more social capital is used, the more it grows (Coleman 1988, Siisiäinen 2000; 2003). Thus, accumulation of social capital parallels virtuous circles, in which trust creates reciprocity and co-operation, and respectively, reciprocity and co-operation produce trust (Putnam 1993: 167–171). The denser the horizontal networks and the higher the stocks of social capital within a community, the more likely people will be able to co-operate for their mutual benefit and gain the positive development objectives.

Putnam's role in the formulations of modern social capital-oriented theories has indisputably been crucial. As noted by Schuller *et al.* (2001: 13), the revalorisation of social networks and civic engagement in development advocacy and business circles – after a period of their strong dismissal in the face of globalised market relationships – is in itself a welcome contribution. It serves as a reminder of the crucial role of social and political relationships in economic decision-making, thereby pointing out the tight articulations between the economy and society (McNeill 2004). Instead of considering the Southern poor as powerless victims of globalisation, Putnam-oriented social capital literature emphasises them as subjects who construct their livelihoods and life-worlds through their capability for social networking, which allows them to cope with economic crises and might even provide them a way out of poverty (Hietalahti and Nygren 2011).

Recognition of social capital as a promising tool for alleviating poverty has also inspired several researchers who emphasise the importance of social capital in the microcredit business, associating the term with an accumulation of collective co-operative capacity. Grootaert and van Bastelaer (2002), for example, have sought relevant ways to approach and measure social capital in the case of different development projects. According to them, limited access to credit is a result of limited information on borrowers' credit risk, loan use, and truthfulness in repayment ability. Social capital in microcredit groups helps to diminish the problems of imperfect information and leads to more positive development results. Equally, Anderson *et al.* (2002), in their study of the impact of microcredit on common pool resources, found that increased social capital would lower the costs of collective action and hence the costs of managing common pool resources. By examining collectively liable groups of seed borrowers in Southern Zambia, van Bastelaer and Leathers (2006) concluded that social capital was strongly associated with improved repayment performance. Similarly, Dowla (2006) emphasises in his analysis how the Grameen Bank in Bangladesh has managed to create trust, norms and networks that have fundamentally changed the lives of the members.

At the same time, a number of studies have pointed out the problematic aspects of Putnamian argumentations on trustworthiness, solidarity and shared objectives involved in close social networks, and the operationalisation of these key arguments in mainstream development discourses. According to Wilshusen (2009a; 2009b), such studies largely fail to see that social networks are dynamic arenas of exchanges "where the meaning and practices associated with these exchanges are linked to particular cultural contexts". Considerable criticism has also been directed towards the way how social capital has been taken as an inherent value and an unproblematic means to reintroduce a "human face" into global capitalism (Schuller *et al.* 2001: 13–14).

According to many critics, the arguments in Putnam-oriented social capital literature of how helpful poor people are, even when faced with depressing living conditions, are based on romanticised views of the ability of close social ties to generate trust and solidarity (Beall 2001, Bähre 2007a; 2007b, Maclean 2010). By overemphasising the resourcefulness of the poor, the real problems and constraints that they experience in their everyday lives easily remain unnoticed. This “myth of survival”, as González de la Rocha (2007) calls it, can at worst provide an excuse for governments to neglect the operationalisation of efficient social and development policies. According to several critics, by adhering to horizontal relations and failing to address issues of power and social inequality, and contextual economic and social changes, the concept of social capital, in fact, conceals more than it reveals (Bebbington 2004, Fine 2002, González de la Rocha 2007, Wilshusen 2009a).

Simultaneously, van der Gaag and Snijders (2003) in their studies on attainability of social capital argue that only a small part of the potential social capital is actually mobilised. Most of the personal targets are, in fact, achieved through personal resources and not necessarily through the networks (Salminen 2009: 145–146). Conversely, wide networks do not automatically provide a larger amount of resources. As Salminen (2009: 146) in his study on the role of social capital in local bonding concludes, the socio-economic support that is available through social networks is often fairly restricted.

Concurring with the critical approach to social capital, feminist scholars call attention to the gendered power dynamics of social capital and social networks. In general terms, microcredit programmes have preferred to focus upon women, because while women are among the most disadvantaged section of the population in many countries, they tend to have lower earning capacity and less access to education, formal sector employment, and social security. Development impact is evaluated to be greater because women are considered more likely to spend a larger proportion of their earnings on household expenses that serve to benefit the whole family. Moreover, women are considered more conservative in their investment strategies and more responsible in repaying their loans than men (Armendáriz de Aghion and Morduch 2005: 181–185, Hossain and Rahman 2001: 13–15, Putnam 2000: 94–95).

In this context, feminist scholars call attention in particular to the gendered power dynamics of social networks and warn of the danger of taking these normative assumptions about women and their gendered roles as family providers and money savers for granted (Mayer and Rankin 2002, Mayoux 2001, Molyneux 2002, Rankin 2002). According to these researchers, in the mainstream approaches to social capital, the concept of social capital is often considered in “gender blind” terms (Silvey and Elmhirst 2003: 866), neglecting the issues of power, hierarchy, difference and conflict within social networks, as well as intra-household gender differences. Such neglect, as Bebbington (2007: 158) points out, may lead not only to poor analysis, but also to policy prescriptions that can “lend themselves to the reproduction of forms of social capital that are already part of the reproduction of these gendered norms".

On the same basis, Mayoux (2001, 2006) expresses concern about the way in which the apparently similar terms of "empowerment", "poverty", "participation" and "sustainability" conceal radical differences in policy priorities. Kabeer and Subrahamanian (1999: 356) warn against narrow conceptualisations, which feed into dichotomous models of change where women are judged to be either empowered or not empowered on the basis of how closely they conform to a particular indicator. While evaluations are always about making value judgements in relation to what constitutes a desirable outcome and what does not, it is essential to understand whose values a project is being judged on. On the same basis, Silvey and Elmhirst (2003: 866, 875) call for a more complete picture of social capital, where social networks would be analysed more broadly. According to these researchers, a greater emphasis on locally-specific, gender-differentiated studies of people's needs, roles, and responsibilities in regard to their livelihood strategies would better contribute to understanding women's empowerment, as well as development outcomes more generally.

Social capital within Bourdieu's theoretical framework

Differentiation between "objective" and "symbolic" forms of capital

Based on these critical remarks and new theoretical formulations urged upon them, a number of sociologists, political anthropologists and political geographers have recently focused on social capital as networks of everyday politics and institutional processes. In these revised conceptualisations of social capital, many of these researchers have been inspired especially by the theoretical ideas of Pierre Bourdieu, which demonstrate the complex ways in which cultural practices and political power relations shape social interactions (Bebbington 2007, Cleaver 2005, Silvey and Elmhirst 2003, Wilshusen 2009a; 2009b). According to these researchers, by drawing attention to issues of power and inequality, Bourdieu's analyses of everyday interactions in broader institutional and political settings can reveal important aspects of the underlying struggles over authority and meaning, and thus offer new opportunities to incorporate social capital as an analytical category in development research (Hietalahti and Nygren 2011).

Although Bourdieu has introduced the concept of social capital before Putnam, it is the rise of social capital to a mainstream position as a development strategy and the critical approach towards Putnamian interpretations on social capital that has encouraged a number of researchers to "discover" again the

Bourdieu's theories of power and practice, and to utilise them in the research context of the global South.

While an analysis that focuses only on the formal arenas of social interaction and a rational understanding of human agency is closely linked to Putnam's theorisations, by expanding this analysis Bourdieu emphasises on the importance of often-overlooked negotiations and contestations occurring in informal and invisible arenas of political engagement (Wilshusen 2009a; 2009b). While the Putnam-oriented perspective stresses collective values and societal integration, Bourdieu takes up the questions hidden beneath the surface, by paying attention to actors with multiple and often contradictory views and visions. Such a view may reveal important aspects of underlying logic beyond actions, not always recognised in the public record (Wilshusen 2009a: 140). Within this framework, social capital is understood as both a product and the producer of the cultural and political economy, capturing both action-related power relationships and structural perspectives on power. Social networks, while giving certain actors access to particular resources, and thus reflecting the hierarchical relations of these networks, at the same time constrain the access to these resources from others.

Bourdieu (1986) bases his theories on three elements of capital – economic, cultural and social – each of which shape individuals' and groups' opportunities and constraints and thus mediate the structures of social differentiation. Economic capital is convertible into financial assets and may be institutionalised in the form of property rights. Cultural capital refers to long-lasting dispositions of the mind and body or cultural goods. In contrast to the mainstream conceptualisation, social capital for Bourdieu (1977; 1984; 1989) represents both embodied forms of social networks and the power resources involved in such networks.

On this basis, Bourdieu (1986) conceptualises social capital as "a resource that is connected with social networks of more or less institutionalised relationships of mutual acquaintance and recognition, embedded in specific historical, institutional, and cultural contexts". As Wilshusen (2009b: 392) points out, social capital in Bourdieu's sense is a wide set of relationships, "a sphere of formal and informal exchanges in which differentially empowered actors pursue other forms of capital". Referring to more than just a network, such a conceptualisation helps to understand how relations of difference, power and authority are created and sustained, and how different actors are able to operate and benefit within these sets of relationships (Bebbington 2007).

For Bourdieu (1985: 723–724), the social world represents a multidimensional space that is constructed of various kinds of capital, present in different social "fields". These fields are complex, historically developed configurations, networks of relationships between actors with different positions. They can in a certain way be conceptualised as "arenas of struggle", in which actors, in the possession of various types of capital and with different forms of power, "play the game" with each other, struggle for different forms of capital, and attempt to further their own interests (Bourdieu 1985: 725, Bourdieu and Wacquant 1992: 125, Wilshusen 2009a: 393). Respectively, the different forms of capital, representing both power relations and power resources, are crucial elements in the definition of the positions of the actors and their possibilities of gaining various degrees of power within the social fields (Bourdieu 1985: 724). The social interactions between differently positioned actors then produce and reproduce relationships of inequality. As these power relationships change continuously, so does the configuration of the social fields (Wilshusen 2009a: 392–394; 2009b: 141–142).

Given the different positions of various actors in the social fields, their opportunities to gain power vary. As the study by Kankainen and Siisäinen (2009: 269) on the importance of associations and social networks illustrates, those who are strategically in a good position may capitalise on their status through improved access to information, resources and control over others. Thus, individuals' positions in a network and their opportunity to utilise the social capital involved are closely linked to each other. An analogical interpretation is that the role of social networks in poverty alleviation can only be understood and analysed in terms of the distribution of resources and power relationships (Bebbington 2007: 156–157).

What ultimately differentiates Bourdieu's ideas of social capital from Putnam-inspired mainstream thinking is the differentiation between "objective" and "symbolic" forms of capital. While individuals and groups are defined by their relative positions within a social space, in order to become effective, these objective differences and classifications must be transformed into symbolic ones by mutual recognition (Bourdieu 1985: 724–725). This means that the social positions of various actors and the distribution of different kinds of resources between them become socially effective, and legitimised, only through the negotiations over symbolic capital. While other forms of capital have their own modes of existence, symbolic capital exists only "in the eyes of others", as felicitously stated by Siisiäinen (2000: 13).

This means that the most successful clients of microcredit organisations or the most wanted members in microcredit groups are not necessarily those, who are simply rich in economic capital, but those who are the "most suitable" for a continuously changing business environment. While the proper effect of symbolic capital is fulfilled only if it originates from "material" capital (Bourdieu 1977: 183), the decisive variables are often social and moral. As Bähre (2007a: 86–91) notes in his study on financial mutuals of Xhosa women in South Africa, the financial situation does not necessarily coincide with the person's feelings of solidarity, responsibility or other characteristics. In the Bourdieuan sense, it is the symbolic capital in particular that defines the value of the stakes that actors pursue, and that gives significance to other forms of capital (Bourdieu 1977: 179–183; Siisiäinen 2009: 39). In other words, individuals' and social groups' differentiation in terms of economic, cultural and social capital remain only potentialities, unless they are transformed into meaningful differences, mediated by symbolic capital. As social capital is, according to Bourdieu, governed by the logic of knowledge and acknowledgement, it acts – and should always be considered – as symbolic capital.

Given the symbolic dimension of social capital, that for Bourdieu thus means the composite of the actual and potential resources that are involved in more or less institutionalised networks, based on mutual recognition, such a view provides opportunities to analyse both the differences between potential and actual resources involved in social networks, as well as the volume of such resources. Basically, the "amount" of social capital that individuals or a group actually hold depends on the network they can effectively mobilise, and on the composition of different forms of capital – economic, cultural or symbolic – they are able to reach through their contacts (Bourdieu 1985). This perception brings up the following questions: what kind of resources are embedded in and achievable for the networks? How, on which terms and by whom are the different forms of capital transformable into others? To answer these questions in the field of microcredit, we must first explore the kind of social networks people are involved in; how these networks operate; and what the role of microcredit is in the composition of various social networks and economic instruments within the existing structures.

In order to demonstrate the complexity of social practices, Bourdieu (2000: 19) developed the concept of *habitus*, "a set of dispositions, reflexes and forms of behaviour that people acquire through acting in a society". The term is important because it suggests how human action shapes and is greatly shaped by the broader structural and cultural bounds and unconscious principles in particular social contexts (Bebbington 2007: 156, Wilshusen 2009a: 392). In contrast to the neo-liberal view of rationally behaving individuals that draw on strategic, value-maximising economic calculations in their decision making, Bourdieu's (2000: 19) conceptualisations are based on the idea that people's actions and practical strategies are greatly structured, although not totally determined by wider political-economic processes and structures of social difference, such as class, gender, or ethnicity (Bebbington 2007: 157, Wilshusen 2009a: 392–393). These structures of difference are then characterised by distinct distributions of capital that, in turn, define actors' historically evolving positions within social settings and shape the opportunities of different individuals within the social fields. *Habitus*, together with the different forms of capital, is thus central to the agents' ability to strategise and operate effectively in these fields; it defines a person's "sense of the game" (Bebbington 2007: 156).

Microcredit as networks of everyday politics and institutional processes

The fundamental idea of group lending is that member clients can gain access to group resources and may transform them into other forms of capital in other social fields. The groups and the “centres”, as the constellation of local groups participating in repayment meetings are often called in South Africa, can be considered as tension arenas, which are created, reproduced and changed by the relational positions of various actors (Bourdieu 1985, Olivier de Sardan 2005: 137–138, 185).

Although clients are encouraged to form the groups on their own “so that the potential borrowers can use their information to find the best partners”, as Armendáriz de Aghion and Morduch (2005: 89) point out, formation of the microcredit groups is haphazard and not “rational” in the strict sense of the word. On the contrary, economic, social and political circumstances create different conditions and probabilities for the group formation.

Given the differentiation between “objective” and “symbolic” forms of resources and power, the Bourdieuan representation of group lending leads to the view that the "group on paper" can only have a theoretical existence. According to Bourdieu (1998: 121), this is a reproductive circle of social order: the harmony that becomes fixed between subjective and objective categories creates a picture of the world as a truism, taken for granted. Indeed, from such a point of view, nothing seems more natural than a group of laughing South African women under the blistering sun, gathered together in the microcredit meetings. In this picture, a somewhat artificial social construction appears almost natural and universal (cf. Alanen 2009: 185). In other words, the social capital associated with microcredit group appears to be "natural" and self-evident, even if it is historically constructed and a result of numerous institutional ambitions.

However, the group not only survives through the support or management by the upper level agents, such as organisations, state or donors, but requires continuous "team play", group work and a "sense of group" for its unity and coherence. The formation of the “sense of group” is a much slower and more interactive process than often suggested. The microcredit groups in my study can be compared to Alanen’s (2009: 187–188) view on family ties: at best, a group may serve as a place in which “shared logics and the ways of thinking as well as everyday practices, such as assisting, exchanging gifts, gathering together and cultivating a friendship, create norms and codes of behaviour”. This, in turn, builds and reinforces the sense of group; piecemeal dedication and solidarity; and in the long run the “group *habitus*”.

While South African people have relied on a variety of networks of social support, including various forms of *stokvels*, money transfers, food sharing, money lending, helping with child care, informal burial societies, formal funeral associations, various post banking services, and diverse networks with friends and neighbours for decades, instilling solidarity and reciprocity into individuals' *habitus* as an institutional process has hardly happened automatically. As illustrated by Nygren and Myatt-Hirvonen (2009), social networks are not simply there to be utilised; establishing trust relations takes time and effort.

Interesting questions are to what extent can microcredit mechanisms create the feeling of trust, solidarity or team play within the group? What is needed for the *esprit de corps*? To what extent are groups formed because there simply is no other option? In order to answer these questions, one must understand the actors' *habitus*: "a set of assumptions, habits, taken-for-granted ideas and ways of being" through which different actors understand the world (Bebbington 2007, Bourdieu 1977). While *habitus* refers to adjustment to changing situations, it also clarifies the understanding of one's own position in relation to the others' positions (Bourdieu 1989: 17, 19). The realisation of one's own *habitus* occurs through choices that actors face and make in the social fields. The adjustment thus depends on how compatible an individual's *habitus* is with the prevailing positions and power in the social fields (Salminen 2009: 147).

The question thus is to what extent the instilling of the microcredit group into the members' *habitus* is parallel to these historically-developed processes. Shared values, solidarity and reciprocity should not be automatically associated even with the voluntary-based networks and associations, nor with kin (Bourdieu 1977: 33–38). In the approach I suggest, such links should not be taken for granted in any case.

The same kind of conclusions have been made by Mayoux (2001) and Molyneux (2002), as well as by Bähre (2007b), who in his study on Xhosa immigrants in South African townships shows that ambivalent kinship and neighbourhood dynamics may in fact lead to reluctant solidarity. The control and distribution of money may bring serious conflicts, especially among the most vulnerable groups of people with few safety nets. Cleaver (2005: 904), reflecting on Bourdieu's theorisations in terms of her work in Tanzania, emphasises that trust does not automatically emerge from repeated interaction, and the representation of the poorest is difficult to secure even through localised institutional structures. Social relations are fragile and constantly negotiated.

By pointing out how actors engaged in struggle pursue their interests, Bourdieu ties *habitus* to another central concept of his analysis, "conflict" (Siisiäinen 2000: 10). What links these two terms together is the view that *habitus* reflects the changing positions of people within the society, which are formulated by conflicts built into the society (Bourdieu 2000: 19). This framework offers more careful tools for the analysis of social capital than the Putnamian approach, which operates theoretically on the level of social consensus, and thus easily leaves specific interests of different social groups and the conflicts between them unanalysed (Siisiäinen 2000; 2003). While the microcredit scheme offers an illustrative context for examining the different perspectives on social capital and social networks, the feasible theoretical framework, as Bourdieu suggest, needs to offer opportunities for the analysis not only of the efforts for co-operation but of the social struggles involved.

Given that everyday life is composed of consensus and conflict, what makes conflicts interesting as a research focus is the way the conflicting situations serve as a window to the complexities of the society and social life. They may reveal structures, norms and codes, or highlight the strategies and logics of actors or groups of actors. Thus, conflicts are valuable indicators of the way local communities and wider societies work, and how social changes occur (Bourdieu 2000, Olivier de Sardan 2005: 189). If conflicts and political power relations are given only a scarce attention, poverty alleviation strategies relevant for microcredit programmes can be easily overlooked. These strategies include ambivalent community relations and feelings of solidarity, multifaceted decision-making strategies, and the often limited ability of the poor women to negotiate social relationships to their advantage (Guérin 2006, Hietalahti and Nygren 2011, Meagher 2006).

In contrast to Putnam, who suggests that associational life is closely connected to altruism, for Bourdieu "pure altruism" and trust are considered fairly problematic. In fact, the concept of trust as such is lacking from Bourdieu's discussion on social networks. While Putnam judges the terms "trust" and "interests" as exclusionary, Bourdieu notes the specific interests of certain groups lurking behind trust and "universal values". In fact, he doubts whether altruism and common trust exist at all. Bourdieu's theorisation thus rules out the possibilities of pure consensus and universal virtues. Even a sincere gift exchange for Bourdieu means an ideal type representation of a "real", interest-loaded gift exchange (Bourdieu 1977: 171–173, Siisiäinen 2003: 211–215).

Although, as Rankin (2002) remarks, Bourdieu's conflict-based theorisations on social capital and the social world are useful in critiquing the common use of these concepts in development debates, Bourdieu's inattention to "disinterested, co-operative or solidaristic" action is a perceivable constraint and thus worthy of greater attention. As Bebbington (2007: 160–161) points out, "understanding the sources of co-operation is as imperative as making explicit the conflicts that are often hidden and buried in concepts and policy prescriptions". The multidimensionality of social worlds unavoidably connects social networks such as credit associations with issues of trust, one of the key issues in Putnam's conceptualisation of social capital.

Correspondingly, by leaving another critical concept, conflict, largely untouched Putnam in turn ignores a central element that is needed for understanding the creation of a trusting society. As noted by Siisiäinen (2000), a trusting society is always based on negotiations and compromises between different kinds of interests. Thus, in order to gain more understanding on the struggles, structures and practices of poor people's everyday lives and efforts to make a living, it is of essence to include both conflicts and co-operation in an analysis of social capital (Siisiäinen 2003: 213–215).

Foucault's concept of governmentality

The third approach to this study of understanding microcredit markets and forms of power is that inspired by Michel Foucault's concept of governmentality (Elyachar 2005: 91–95). The link between microcredit and governmentality has been made in a growing array of Foucault-oriented microcredit literature to examine the ways in which informal networks are being repurposed by formal sector financial organisations and NGOs (Cross and Street 2009, Elyachar 2005; 2012, Karim 2011, Maclean 2010).

According to these researchers, along with the notion of microcredit as a key development strategy to poverty reduction, poor women, representing "the informal economy", have been integrated into the market as "projects" of market development (Cross and Street 2009: 9, Elyachar 2005), and thus constructed as new entrepreneurial subjects and agents of governing (Elyachar 2005, Karim 2011). The problem in this kind of integration, however, is that the difficult realities faced by the poor in their everyday lives are easily undermined, and the ability of the poor themselves to operate as economic actors becomes easily romanticised (du Toit and Neves 2007). The risk is that the relationships, social practices and social networks of the poor serve only as an instrumental tool for microcredit institutions to attain their financial sustainability (Cross and Street 2009, Rankin 2002).

For Foucault (1978: 219–220), the term governmentality refers to "the ensemble formed by the institutions, procedures, analyses, and reflections, the calculations and tactics that allow the exercise of this very specific albeit complex form of power, which has its target populations"; and to "the development of a whole complex of knowledges". Microcredit can be compared to Foucault's example of educational institution and the idea of "blocks" in which "the adjustment of abilities, the resources of communication, and power relations constitute regulated and concerted systems" (Foucault 1978: 338). In other words, the microcredit institution considered as an organisation with its own rules, norms and activities, as well as confrontations of various actors with various logics, interests, goals and power relations (Bastiaensen et al. 2005: 980, Olivier de Sardan 2005: 137–138; 185, Siisiäinen 2009: 41) constitutes what Foucault (1978: 338) calls "a block of capacity-communication-power". In such a system, the rules of the institution govern its internal life. Behaviours of various actors are ordered by questions, rules, orders, answers, demands, training or classifications (Luoto 2001). These blocks then constitute Foucault's concept of "discipline" (Foucault 1978: 339).

In what follows, I draw on the work of Julia Elyachar (2005) and Lamia Karim (2011) in particular to discuss how microcredit is characterised by a number of techniques and disciplinary tactics that do this work of governing. Karim (2011: xvi–xviii; 6) has been examining the way that microcredit organisations in Bangladesh manipulate existing social relations to regulate the actions and financial behaviour of clients toward NGDO-specified goals. She found that as techniques of governance, microcredit institutions operationalised traditional codes of honour and shame to manufacture "a culturally specific governmentality"; or what Karim (xviii) calls "the economy of shame". For instant, if someone was unable to repay, the microcredit institution had the power to shame that person in public in order to make her lose face (Karim 2011: 84).

In the discursive field of development, as Karim (2011: xvii–xviii) explains, knowledge functions as a form of governmentality: It controls the subjects of development to act in accordance with the principles that "promote particular ends and visions". By drawing attention to the production of knowledge, a Foucauldian-oriented analysis of truth and power in the representation of social reality can bring out important viewpoints on the analysis of multiple discourses, and "how a certain order of discourse produces permissible modes of being and thinking while disqualifying others and even making them impossible" (Karim 2011: 164). According to Karim (2011: 164), this kind of knowledge production is critical in understanding "how the NGO poverty industry is invented, reproduced, and entrenched as an institution and as a body of scientific 'truths' that, in turn, reorganises knowledge and resources, and prioritises particular research ideas as legitimate".

According to Elyachar (2005: 193), in the business of microcredit the concept of empowerment in particular has become a part of a new mode of governance and power relations, in which the individual is the primary agent of the governing; or "the self is both subject and subjected" (Elyachar 2005: 193). As Elyachar explains, microcredit, based on the idea that poor women are helped to help themselves, has been considered empowering because the debt goes directly to the grassroots. Similarly, lending NGDOs as "representative of the people" have been able to directly link the poor to the global market and transform those who used to remain in the informal economy into active subjects, "the agents of their own empowerment" (Elyachar 2005: 192–194). While the fundamental idea in this strategy is that the market is the one that is empowering, not the state, such transformation has subjected these people to act in accordance with the market principles of discipline, efficiency and competitiveness. In this process, social networks and practices that used to be seen as an obstacle to economic development have become a key ingredient of market success. What has followed, however, is that by appropriating the social networks for reproducing global markets without considering realities faced on the ground, poor women have in many cases become "dispossessed" of their own social capital (Elyachar 2005: 5–10, 192–195).

In applying Foucauldian theories of power to microcredit, it is important to note that power for Foucault is hardly an all-encompassing element that determines the existence of individuals (cf. Luoto 2001: 90). According to

Foucault, the exercise of power is not simply a relationship between partners, individual or collective; rather it is “a way in which some act on others” (Foucault 1978: 340). This means that power exists only as exercised by some actor on others, only when it is “put into action”. For Foucault, there is no power that exists without aims and objectives (Luoto 2001: 27). This does not, however, mean that power results from an individual’s choice or decision; for Foucault, power is relational, context-related, and inseparable from knowledge (Luoto 2001: 13).

It is also important to emphasise that for Foucault power always includes a counterforce, or what he calls “resistance”. Individuals have the chance to do otherwise or convert the language used. Accordingly, a microcredit programme, as any other development project, is never completely adopted by the “target population”. Clients also exploit the opportunities at their disposal to adapt the system to their own ends. While microcredit programmes are tailored for poor and low-income clients with the aim of empowering them through strengthening their financial assets and their power in negotiation and decision making, paradoxically, the programmes are also subjected to “side-tracking” and sometimes monopolised by certain groups or individuals anxious to exploit them. The possible outcome is rarely a result of one-minded discussion between all the people involved, such as a simple consensus between clients in a microcredit repayment meeting; it is rather a result of complex negotiations between financial strategies, governing rules, socio-cultural norms and political power relations (Olivier de Sardan 2005: 142–149).

This means that while the microcredit organisation may pressure and shape the behaviour of its clients, it does not infinitely manage their behaviour. These client-subjects also exist in parallel social worlds with other rules that constrain and regulate their behaviour (Karim 2011: 36). The relation between a microcredit organisation and its “target group” is complex, and beyond the control of development planners (Bastiaensen et al. 2005: 981). This implies that the institutional change related to microcredit strategies is also a much more complicated matter than just implementing the “best practice”. In the context of access to resources and opportunities, “it is the ongoing bargaining over organisational forms and rules of the game in multiple political arenas by social actors, within the existing institutional arrangements, that will – or will not – generate changes to these very arrangements” (Bastiaensen et al. 2005: 982).

In order to understand power relations, investigating the forms of resistance therefore offers a good starting point. As Foucault (1978: 346) remarks, “most important is the relationship between power relations and confrontation strategies”. In this kind of analysis, it is not essential to investigate power as a concept as such, but rather as a practice, a form of power (Elyachar 2005: 93, Foucault 1978: 331). When analysing power relationships it is important to ask what kind of strategic positions one is aiming to achieve through the governing practices and discourses (Luoto 2001: 122); where the practices of governmentality are located (Elyachar 2005: 93); or how the meanings of practices are interpreted and justified.

All these conceptions require an analysis of microcredit and the associated social capital in terms of broader relationships of hierarchy, difference and power (Bebbington 2007: 158). As Guérin (2006), Nygren and Myatt-Hirvonen (2009) and Wilshusen (2009a) note, people's decision making is directed by a constant struggle and balance between earning a living, gaining authority, and behaving in a culturally appropriate and socially loyal way. By conceptualising microcredit as an arena in which various types of actors, driven by more or less compatible goals, and endowed with different degrees of decision-making power, co-operate with and confront each other, I aim to reveal the complex social relationships, rules, and governing tactics interwoven in the microcredit programmes. This requires paying attention to the socio-political and economic processes that shape the opportunities and constraints that microcredit clients face in their everyday business strategies and other activities.

3 Methodological choices

THIS CHAPTER presents the methodological considerations of the study. It begins by briefly introducing the research area, and continues with an overview of the fieldwork I carried out in four villages in Limpopo, South Africa. The chapter describes the methods used, the techniques including thematic interviews, participant observation and content analysis, and discusses the questions of positionality, power hierarchies and ethical issues.

The setting: poverty and well-being in post-apartheid Limpopo

The study area is located in Limpopo, the northernmost province of South Africa, and covers two rural and two semi-urban settlements on the eastern side of the province. All of these are within a few hours' drive from the town of Tzaneen where the Small Enterprise Foundation (SEF), the microcredit organisation been analysed, has its head office. Wide variations in demographic composition, job availability, and economic performance divide the South African provinces, of which Limpopo is one of the poorest and least urbanised. People who identify themselves as Africans comprise 97% of the population of 5.3 million, nearly 35% of them with no schooling. Industrial activities are limited to small mining operations that contribute a few percentages to the South African GDB (Lehohla 2006: 1–3, 47–48).

The 400-kilometre journey from the Johannesburg airport in Gauteng, "the economic heartland of South Africa", to Limpopo in the north, "a typical developing area", reveals glimpses of the socio-politically and financially divided country. Luxury suburbs change to townships and poor villages; planted orange tree gardens to dry veldts and savannahs; White elite schools to the congested, Black rural schools. Villages are walled off from the highways, many of them without a name in the official maps.

Amidst the dry hills, the subtropical Tzaneen area looks like a tempting oasis. While Tzaneen is one of the largest commercial centres in Limpopo with a population of 30,000, within only a few dozen kilometres radius of the town, hundreds of thousands of people live in a totally different world.

In times before the White settlers came to the district, the area was known as Tsaneng, a northern Sotho word for the term "gathering together" (Tzaneen

District 2010).[9] Under apartheid, land settlement and industrial policies enforced economic migration and deprived rural African villagers of local investment and the opportunity to accumulate assets (Sorensen 2006: 1–2). Today, the fertile soils are mainly cultivated by White farmers. Despite the liberalisation of agricultural markets in the 1990s, the heritage of the racially based rural commodity markets is evident; Black commercial farmers are exceptional (Francis 2002: 548).

The region is still burdened by diverse developmental challenges. Great inequality in the distribution of income and wealth characterises the living conditions, combined with high rates of poverty and poor infrastructure. Extreme poverty blights the rural areas especially. The streets – or rather dusty, potholed roads – wind past the small houses and shacks. Services are limited to a health clinic, primary school and a small, often Indian- or Chinese-owned, shop. Banks and post offices, markets and other services are available only at a taxi-drive distance in the urban and semi-urban settlements. Health services are poor. In 2003, health spending in Limpopo was R637 per capita,[10] which is almost 30% below the national average (Lehohla 2006: 45). The stratification is bound up with the long-lasting effects of an inferior educational system and the inequalities in civic rights and political power (Francis 2002: 531, Sorensen 2006: 1–2).

In the Tzaneen region, as elsewhere in Limpopo province, earning a decent living is difficult for the majority of the population. Nearly 72% of the working age population of Limpopo were unemployed in 2004 and approximately one third of those employed were working in the informal sector (Lehohla 2006: 2, 61). Women's participation in the informal labour and product markets has increased in recent years, although the businesses and jobs in which they are engaged are precarious. Overall, as earnings are small, hardly enough to feed, house, and clothe a family, the poor have to engage in a variety of economic activities, income sources, and intermittent jobs.

As a result of urban industrialisation and poor employment opportunities in the rural areas, many Limpopoans have begun to look for employment opportunities elsewhere. The movement of members across households or across geographical distances has become an increasingly important survival strategy (cf. Lee 2009: 47–48). In my research sites, many men worked as seasonal labourers on farms or plantations during the harvest season. Some men

[9] According to the local myth it was King Makgoba himself who described the area as *Tzaneng,* naming it after a local African tribe. Another explanation is that the name of Tzaneen originates from the northern Sotho word *tshaana,* which means "small basket" in English, and describes the way the town on the valley floor is surrounded by hills. According to my research assistant, however, *in reality* the name of Tzaneen originates from the Tzonga word *tshangeni*, which means "cattle crawl" in English. Over time the name became "Tzaneen" since, according to my research assistant, "White people could not pronounce it properly".

[10] EUR 1.00 = ZAR 10.2584 (29 April 2012)

drove taxis, others worked in the mines and towns of Phalaborwa (115 km from Tzaneen) or Johannesburg (420 km). Yet, labour migration is typically long-distance: Many migrants, in the hope of improved livelihoods, better facilities, and better employment opportunities (HSRC 2005), head to Johannesburg, Durban (800 km) or even as far as Cape Town (1,860 km). In Gauteng, whose population is growing approximately 4% (376,000) per year,[11] and which is the most attractive migration destination in South Africa, a quarter of immigrants are from Limpopo, attracted by the hope of a better future that the success stories promise. Young migrants in particular have become "transients", which in the Limpopoan case means moving back and forth between Limpopo and Gauteng in search of work (Francis 2002).

In addition, many of the men who had migrated to urban areas had established a new family, "abandoning" their old lives, and leaving their wives to be single parents and heads of the household. In the two rural settlements of my research area approximately 50–55% and 60–65% of the households of working age groups were headed by women; in the semi-urban settlements the figures were 30–40% and 45–55%.[12] Household-heads aged 60 and over were more often women than men, especially in rural areas. Many women were forced to entrust their children with their mothers in rural villages and move to semi-urban settlements or towns to look for work. Some of those who attended informal associations or microcredit groups worked as maids in Whites' homes or were busy with their daily businesses and thus obliged to leave their children alone at home.

Overall, the population pyramid displays very young population in Limpopo. In 2001, children in the age group of 0–14 years accounted for 39% of the population, while people aged 70 years and over accounted for less than 4%. About 29% of the population were in the age group of 15–29 years, while 14% were 30–44 and 7% aged 45–59 years (Lehohla 2006: 12). These figures parallel the age structure of my particular research sites. In 2001, children in rural research settlements accounted for an estimated 40% of the population and in semi-urban settlements for over 30% of the population. Approximately 30% belonged to the age group of 15–29 years, while 10% in rural and 15% in semi-urban settlements were in the groups of 30–39 or 40–59 years. People aged 60 and over accounted for less than 1% of the population in all the research sites studied. Of the interviewed SEF clients, approximately 12% belonged to the age group of 24–39 years, while 58% were 40–49 and 21% aged 50–59 years. People aged 60 and over accounted for 9% of the interviewed clients.

[11] Estimated in 2003.

[12] These figures are based on the databases of the "Stats SA Super Table".

Women in their everyday duties: collecting and carrying water.

While 80–90% of the dwellings in the semi-urban settlements of my research area were houses, in the rural areas half of the population lived in huts, shacks or other precarious constructions. Many households lacked electricity and used candles as the source for lighting. In semi-urban areas most people had piped water in their yards or houses; in rural villages several households had to rely on community stands. Once a day, women and children walked a few hundred metres to fill plastic canisters, and carried them home on their heads or by wheelbarrow. In most remote villages in Limpopo, many households had only recently attained access to clean drinking water, and the latrine was often shared with the neighbours; in semi-urban settlements, approximately two-thirds of the households had flush toilets. As telecommunications have improved in recent years along with the large investments in information technology everywhere in South Africa, cell phones were common in both semi-urban and rural areas. Approximately 70% of the interviewed women or some of their household members had their own cell phones.

Fieldwork and the main sources of data

I carried out relatively short but intensive field research in Limpopo between May and July 2007. By that time I had already visited South Africa several times, and done wide subsidiary reading including newspaper articles, statistical material, research articles and books. I had visited the University of Stellenbosch as an exchange researcher, visited in various villages of Limpopo and the township of Kayamandi in Stellenbosch, written my Master's thesis in Economics on microcredit repayment mechanisms in Limpopo, and published a number of newspaper articles and radio broadcasts on microentrepreneurship and livelihoods strategies in townships and in rural South Africa. During these trips and the actual fieldwork I met a variety of people in villages and towns: businessmen and -women, researchers and organisational activists, rich farmers and vinedressers, poor hawkers and ranch workers. While everyday interaction and informal conversations with all these people provided valuable information about livelihoods, traditions, attitudes and entrepreneurship in South Africa, the primary information of this research is based on thematic interviews and participant observation carried out with the clients and staff members of the Small Enterprise Foundation in 2007. In addition, a content analysis of the relevant development reports and reviews of SEF's operations was carried out.

I selected – with the help of the SEF staff – the research sites on the basis of their microcredit history, level of urbanisation, population composition, and livelihood profiles. I first met the clients in the repayment meetings and then asked if they were willing to participate in the interviews. As often is the case in interview studies, there was an element of self-selection included. In line with the theoretical framework, I tried to select interviewees belonging to different credit groups and socio-economic positions, and representing different types of households and business ventures. The informants were from various age groups with various roles within the groups and centre meetings, and different histories concerning the duration of membership at SEF.

In total, I interviewed 50 SEF clients, consisting of 16 participants in a Tšhomisano Credit Pragramme (TCP) in a rural settlement and 34 participants in a Micro Credit Programme (MCP) in rural and semi-urban localities.[13] I interviewed most of the informants twice, and also conducted some group interviews, which often turned out to be amusing circles of gossip and rumours. Of the 50 interviewees, 49 were women. This is because 99% of the SEF clients are women, which made finding more male members difficult.

The main topics in the interviews focused upon the clients' economic activities, credits obtained from SEF, financial strategies, and participation various microcredit programmes and informal organisations. Other important topics included business and selling strategies, such as price formation, marketing, stocking, and investing. Considerable attention was also paid to people's decision-making strategies and forms of networking, including the social rules and practices related to client selection, microcredit group formation, monitoring, knowledge-sharing, and trust-building. I also gathered information about the everyday lives of women. This included stories of their family and work histories; love affairs, sorrows, hopes and wishes; business

[13] See more detailed description of the programmes in section 4.1.

successes and everyday tactics of survival. The questions were designed to encourage respondents to tell me in their own words about their activities and experiences. I thus aimed to capture the dynamic interplay of economic activities, social relations and cultural practices within the people's livelihood strategies.

The inhabitants of the research villages represent the southern Sotho (*Sesotho*), northern Sotho (*Sepedi*) and Shangaan (close to *Tsonga*) languages. Given that only two of the fifty interviewees spoke English, and I do not know Sotho or Shangaan, all the questions were interpreted into the local languages and *vice versa* with the assistance of two interpreters – one regular, and one who deputised for him on a couple of days – both of whom were Shangaan by origin. Obviously, these language arrangements, and the fact that none of us shared a mother tongue with each other meant that some nuances of the narratives were missed, thus shaping my interaction with SEF clients. I could not chat with people as freely and easily as I would have liked to, and I depended greatly on my assistant's help, which significantly influenced the interview situation at times, such as when my assistant refused to interpret a traditional healer's magical stories for me. After a few minutes discussion he begrudgingly agreed, but as a religious person, he still wanted to be sure that I understood that "these stories were bad" and "not true".

Despite these issues, I felt that I was able manage the interview situations and at least to a certain extent even follow the interpretations sometimes. All the numbers and business-related words in Sotho and Shangaan languages originate from English or Afrikaans, which is related to German, the basics of which I am familiar with. I also learnt a couple of the often repeated questions and answers. Sometimes I realised that my assistant did not interpret everything or that he tried to phrase the answers in a more formal way than the interviewees did: if a client said she took a loan of 100 rand from a loan shark and paid 130 rand back, the interpreter might use the wording of "30 percent interest", for example. Those clients who understood some English sometimes asked the interpretator to correct his translation.

To understand the logic of the microcredit business from the point of view of credit providers, I also interviewed 15 SEF staff members, 8 women and 7 men, from management to fieldworker level. The main topics in these interviews related to SEF's aims and strategies, organisational structures, and the principal achievements and challenges of microcredit as a strategy for poverty alleviation. Other key questions consisted of the objectives and practices of SEF's incentive mechanisms, the rules and responsibilities included in the microcredit programmes, and the means to manage conflict situations. I also asked the staff members about their experiences concerning the clients' business strategies and skills, credit needs and logic of decision-making, as well as the role of social networks and cultural rules.

The staff members represented a heterogenous group of "Boer", "British" and "African" South Africans, as well as foreigners from different parts of the world. These interviews were all conducted in English, which was the native language for one of the 15 interviewees. The interviews took place at SEF headquarters and branch offices or at an interviewee's home. The staff at headquarters lived in middle or upper class settlements in town, while the fieldworkers lived in rural villages. I made friends with some of the SEF staff members and met them occasionally in the evenings.

I recorded all the interviews by dictaphone and filmed some of the repayment meetings with the permission of all the participants. After the fieldwork, I transcribed all the interviews and entered them into a database for further analysis. Being aware of the power position that a researcher has on the interpretation of information, as well as how the data are incorporated into the theoretical and empirical analysis, I recognise that my own subjectivity may have had an impact on the findings (Mullings 1999: 347–348). Therefore, the circumstances and context within which the fieldwork was conducted and the analysis was carried out throughout my study are described in detail.

Besides the interviews, a content analysis was carried out of the available reports and reviews concerning SEF operations. These documents provided valuable information on the mechanisms for controlling operational costs, incentives for motivating staff members, means for ensuring high loan repayment rates, and strategies for achieving financial and organisational sustainability. This study also used the information gained from 600 quantitative surveys on clients' livelihood strategies in the Limpopo area, collected by a special SEF survey team in June-July 2007. Since the gathered information, however, was not intended for this study, and the data were somewhat fragmented, I only used them to corroborate my own findings. Specifically, the survey offered data in the following issues: women's (i) membership in various informal credit and savings networks; (ii) utilisation of other microcredit organisations; (iii) debt ratio; (iv) average savings rate; and (v) average loan amount. SEF also provided me with some helpful guidelines and graphs on the loan sizes, businesses, motivations and bottlenecks of the programmes and their impacts on clients' livelihoods. I have utilised these guidelines as background information for my own, more ethnographic-oriented analysis.

The information provided in the interviews, surveys and documents was complemented and cross-checked by the methods of participant observation and informal conversations in women's homes or in market places. The same hold true when visiting the SEF's branch offices and attending the repayment meetings. The information gained through participant observation was written down in my field diary. Through involvement in the daily activities of the people, participant observation can provide access to information that would otherwise be difficult to obtain, such as the social positions people occupy, their relationships with one another, and the discrepancies between what they say they do and their actual behaviour (Nygren 2004: 192–193). In this study, these methods offered valuable ways to gain information about the women's business opportunities and constraints, as well as the social rules and political power relations involved.

I had an opportunity to regularly attend SEF loan repayment meetings in four different centres. This opportunity was especially crucial for the successful conduction of this research, because these meetings offered important opportunities to observe how different actors co-operated, contested and confronted each other. Social networks and political power relations are difficult to study through interviews that tend to present idealistic views. Sometimes interviewees tend to give answers they think will make a good impression on the inverviewer and interpreter. In the repayment meetings and conflict situations in particular, the incentives, logics and motivations of various actors were more easily revealed and the actual practices on the ground exposed from the rhetoric.

As participant observation and interviews depend on the researcher as the primary tool of data-collection, critical self-reflection during my fieldwork was necessary for detecting any potential bias. This required serious consideration of the nature of my relationship with research informants, recognising existing hierarchies and power relations, as well as considering the way the knowledge generated would be returned to the field (Scheyvens *et al.* 2003b: 167–168, Wacquant 1992: 37). While a longer period in the field would have undoubtedly provided a richer and deeper understanding of everyday politics in Limpopoan villages, and undoubtedly of the deeper relations of kinship, ethnicity and religion, which are important to more comprehensive understanding of social networks, I am convinced that even the short-term fieldwork provided me with important information of the nature of microcredit operations in Limpopo and of the everyday lives of the women involved.

My initial plan to carry out participant observation of SEF clients in market places, and to conduct all the interviews in their homes proved challenging. First, it was not always easy to find the women's houses, especially when SEF management advised me not to bother their staff with this issue. Thus, several interviews were carried out wherever the interviewee felt comfortable: at the official meeting points of villages, such as under the biggest tree; in the school yards; or at the SEF repayment meeting sites. Second, as the concept of "market" is multifaceted, the term "market place" could not be limited in this study only to the physical space in which a market operates. In the context of Limpopo, trading is a complicated mixture of debts, claims, orders and objects under exchange, and the selling areas vary from homes to public pay points. During the fieldwork I realised that this study should, therefore, consider the "market" as a social institution, as a form of practice rather than just a physical place, where business strategies are strongly mediated by social norms, cultural conventions and political power relations. In terms of Elyachar's (2005) notions on "markets of dispossession" in Cairo, the main difficulty in analysing the microcredit market was that, in fact, there was no "market" such as microcredit rhetoric tends to suggest. The Limpopoan microcredit business was a reliable business, the market was about creating social relations, and the successful clients were those who were able to create markets.

The methodological choice, which greatly relies on thematic interviews and participant observation but also utilises content analysis of relevant documents and the questionnaire survey as a data source, parallels the theoretical framework of the study. This view focuses attention on the issues of power and inequalities and on questions easily concealed under the surface, and broadens the focus from the formal, "objective" arenas to more informal and invisible arenas (Wilshusen 2009a). While the quantitative data and content analysis provided information about livelihood structures, organisation policies and the potential resources associated with social networks, qualitative interviews and participatory observation helped to differentiate between the Bourdieuan "objective" and "symbolic" forms of resource use and control, therefore providing an important means to explore the vertical disparities and power relations between and within the different groups of actors (Bourdieu 1985: 724–725).

Participant observation in the meetings and in everyday social interaction was especially important for understanding the different actors' multifaceted identities and roles, and the social norms and positions of power involved. These arenas were fruitful scenes for explaining an array of strategies, from negotiations to manipulations, which could be observed in the social interactions of different actors, as well as in multifaceted personal and professional ambitions and struggles over authority. These situations revealed at least some of the discrepancies between what different stakeholders wanted to tell a foreign researcher and the everyday reality of the actual events and experiences.

By exploring the social relations and institutional arrangements interwoven in the women's business operations, my aim was to understand the decision-making mechanisms and the opportunities and constraints that people faced when gauging their possibilities of managing microcredit and of operating a microenterprise. The diverse forms of creativity, social co-operation and "hidden" economic capabilities that clients possessed were carefully considered herein, together with the social tensions, cultural norms and political power relations that mediated their opportunities to benefit from different business ventures (Hietalahti and Nygren 2011). This kind of framework is especially relevant when the main interest lies in processes on the local level. On the global scale "the Southern poor" easily appear as a homogeneous group, and the differences between the possessions of different resources insignificant. As Siisiäinen (2009: 40–43) notes, at the local level, these differences may be remarkably relevant and can reveal important differentiations between the actors in the social fields.

The fact that my research questions dealt with delicate issues of people's incomes, livelihood tactics, and personal wishes and hopes made it challenging to carry out the interviews in a culturally adequate way. Some of the women were reluctant to give details about their sales and earnings, partly because of the overall economic and political volatility, partly because of the fear of sanctions included in the microcredit programmes and the associated rules of group monitoring. In economically volatile and fragile life situations, money is considered a highly intimate issue, especially when talking with a stranger.

Identifying women's business activities and estimating their earnings was further complicated by the daily variability of their market activities and earnings. Some of the activities were so sporadic that their significance might easily have been underestimated. Many of the women did not calculate profits or savings in strict monetary terms but rather estimated them in loose descriptive phrases, such as "I earn something" or "My income is little". Nor did all the women differentiate between profits and revenues. The public sector workers' strike in June 2007 did not help the situation. With close to a million participants, the strike closed the schools and clinics, which meant that some of the principal selling places, the school and clinic yards suddenly had no customers. Confronted with such a sudden economic shock, micro entrepreneurs were worried about where to find new selling places and markets, which ruined their business plans and calculations for weeks. It is also worth to note that probably a longer period of fieldwork would have helped to develop the techniques necessary to get more accurate income data.

Overall, people were fairly open about their life situations and loan histories. Most informants also commented on their microbusiness experiences and what they had heard from others. These narratives often took the form of gossip, especially in regard to questions about potential conflict situations. While women sometimes assured me that there were no problems within their own microcredit group, they were eager to tell about the problems that "they had heard about from other groups or other centres".

Since I needed to follow the microcredit meeting schedules and drive back and forth from one village to another, I normally spent two or three days a week in one village, and visited two or three villages a week: interviewing people and visiting their homes, farms or market places. Every now and then I spent a day at the SEF head office. In the evenings I supplemented my field notes, made preliminary analyses of the material gathered and prepared myself for new meetings and new interviews.

Because of limited time and financial resources, I had to work long days and use my time as efficiently as possible. Early on, I was too rushed to ask the "right" questions and to collect "enough" data – at the expense of richer data and more comfortable interview situations. Even if many women were eager to be interviewed, sometimes they simply became tired of the interview and wondered why I wanted to ask those kinds of questions. "Don't you want to hear something more interesting for a change?" an interviewee asked me once. As the research questions should also be focused on issues of interest and concern to the interviewees (Scheyvens *et al.* 2003b: 182), I began to think if these encounters could be made more relaxed. As soon as I realised it was possible to carry out interviews coherently without trying to control everything, I started to hear colourful stories about weddings in the neighbourhoods, about stocking trips to Johannesburg and the "magic powers" of traditional healers. In the end, these narratives often best revealed the way social hierarchies or power asymmetries were structured and reinforced in people's minds. Gradually I began to realise that the same kinds of narratives were being repeated and not much new information was forthcoming. I knew then I had reached a saturation point in my research project: I started to have "enough" interviews.

Ethical issues

Confidentality and reciprocity

Conducting research in a development context generates a number of ethical issues that need to be considered at all stages of the research process (Scheyvens *et al.* 2003a: 139, Sumner and Tribe 2008: 41). These issues became concrete in many ways especially during my fieldwork, in the interview situations, in the interaction with research participants, as well as when managing and analysing the data.

As the participants must consent to be interviewed, I tried to pay attention to the way I introduced myself and described the purposes of my research as well as the estimated time for the interviews in order to make sure that the informants had an understanding of the interview situation and the research project in general (Israel and Hay 2006: 60–67, Scheyvens *et al.* 2003a: 142–143). It is difficult, however, to determine to what extent the research participants understood my role as a PhD student or the aims and the purposes of the research (Scheyvens *et al.* 2003a: 142). Sometimes interviewees asked if I could hire them as assistants or if I could take them to Europe with me. Some were enthusiastic about my visit, others were happy to help with my study even if they did not believe it would give them anything in return. Many women found the interviews educational (Scheyvens *et al.* 2003a: 156–157). The question of what happened after I left the villages was beyond my control (Scheper-Hughes 1992: 24). Did their chatting and wandering around with me have any consequences for them? Did they read approval or disapproval in my questions or my reactions to their stories? Did they or their relatives use the situation to pressure or blackmail each other? Did the selected interviews only strengthen the prevailing hierarchies among the clients or other villagers (Scheyvens *et al.* 2003: 149)? By interfering in these women's lives, how did I influence the "rules of the game"?

In the same breath, I am cautious of not over-emphasising my role in the lives of those I have studied. This was brought home to me when a letter arrived in my university mail box in January 2010. I had promised to send some photos that one of the SEF clients had asked me to take of him – a client who was not amongst my informants, however. When I saw the envelope from South Africa in my mail box, I was thrilled: "Ooh, he was so happy that he even sent me a thank-you letter!". I ripped open the envelope. "Dear Sir!" the letter started, "you remember you visited South Africa and met one legendary man. I have a problem. My business building is falling apart, and I have no money to meet the repairs. May you please help me…" Apparently he had no clue who I was; just one of those many researchers or relief workers he had met in recent years.

The question of giving something back became concrete in the field one day when two interviewees came to ask for money as compensation for the time they had sacrificed for several interviews they attended. A large number of studies deal with reciprocity and gift giving, especially related to anthropological fieldwork. As interviews should not be "bought" (Scheyvens *et al.* 2003a: 157), I decided not to give any money. Giving money might encourage interviewees to invent or distort their answers toward what they think the interviewer wants to hear; or it might create envy among persons who were not interviewed. I wanted to somehow compensate for the time the informants had spent on the interviews, however, and after consulting SEF volunteers I brought some cold drinks and snacks to a centre meeting. It proved to be a huge mistake. Many of these women were trying to earn their living by selling coca cola cans and snacks, which meant that I had basically destroyed their income for that day. After this event, I decided to give the women mugs after the interviews, which proved to be a solution that everybody was content with. There was always a shortage of dishes, and they were typically mugs, plates and pans that women bought from Chinese and Indian sellers at Christmas time with their carefully raised *stokvel* money. In addition, I tried to help by giving them lifts or repairing the meeting places.

In an effort to establish research circumstances that minimise any potential harm for research participants, I also tried to comply with confidentiality and safety issues. To protect people's privacy and to avoid hampering their lives, I have changed the names of the informants – both SEF clients as well as the staff members – to pseudonyms, and prohibited the access to my field data. The names of the villages and SEF branches are also presented in pseudonyms, although identifying these settlements may be possible for somebody with an interest in doing so. Given the fact that I had chosen the research sites with the help of SEF staff, and met clients in the meetings where the SEF staff members were present, it is questionable how effective these pseudonyms really are.

Another question is to what extent I should be concerned about confidentiality and pseudonyms. As van der Geest (2003: 16–18) in his article about the fieldwork dilemmas in Ghana points out, it is difficult to specify strict rules on how to proceed with these issues. After encountering people's disappointment that their real names had not been published and their concern that after their death "they would sink into oblivion" (2003: 17), van der Geest began to ponder whether he had been too careful. Scheper-Hughes (1992: 19) also mentions that her informants enjoyed seeing their names in published journals. As the ethical rules are subject to cultural variations and to topics of the study, the researcher's own strict ethical standards – peculiar to European and North American researchers – may in fact turn into ethical paternalism in fieldwork (van der Geest 2003: 17–18). One should also note, however, that nowadays, especially with the advent of the internet, it is difficult to foresee all the possible consequences of interview data becoming public, which is an important argument for an ethical requirement to preserve anonymity despite interviewees' wishes.

Gendered choices

Since SEF is targeting its services to women in particular and since I am female, gendered questions also play a role in this study. A vast literature exists on microcredit and poor women in the global South who have managed to improve their living standards through business and credit. Just as the romantic notion of microcredit as a "magic bullet" for sustainable development lacks coherency (Bähre 2007a, Molyneux 2002, Rankin 2002), so do generalisations about women and their gendered roles. Southern women are seen as a constituted, coherent group (Mohanty 1991: 56–60), who construct their livelihoods through social networking, which somewhat automatically provides them a way out of poverty. As there is a distinction between the acts of solidarity among group members and the mental picture attached to these poor South African women, my analysis will be illustrated with context-related examples when discussing the lives of women in Limpopo.

I would not ignore the fact, however, that women and men of Limpopo have adopted some gendered behaviour or habitual codes. People spoke largely in gendered kinship or ethnic group phrases (cf. Isotalo 2005: 29–30). For example, in my discussions with SEF clients, women used the terms "man" and “woman” or “husband” and “wife” when referring to African people; others were “Indians”, “Chinese”, “European” or “Whites”. Many interviewed women adhered to gendered categories by referring to African men as “swigging lazy-bones” and women as “responsible” and “hard-working”. As my position in relation to different research informants changed over time, it varied in clients' discussions, too. It shifted from being the “outsider” to the supposition of a “shared subject-position” (Isotalo 2005: 29); from someone who comes from a completely different world to an "insider" who “well knows what men are like”. Many women faced subjection to men in their daily lives and were less able to access resources than men. At the same time, however, these women demonstrated remarkable strength and a sense of humour. These characteristics are also illustrated in many South African sayings, such as: "If you empower a man, you empower a human being. But if you empower a woman, you empower a nation." An amusing one was in a text that I saw on some bumper stickers and announcements: “Women who seek to be equal to men lack ambition.” Humour helped women to escape the reality; at the same time it worked as a method of resistance, or a “weapon of the weak” (Scott 1990), when no other means of defence were available.

The fact that most of the SEF clients were women challenged me to interpret my research material from a gender perspective. Gender analysis in this study implies focusing on the socio-political processes in which a microcredit organisation and its clients are engaged. My aim was to explore the relationships of women and men, as well as among women themselves, and to understand the solidarities and inequalities in the relationships by asking who does what; who has what; and who decides. As a woman, I might have been able to capture some special features of the women’s gendered trajectories of life and business strategies – although it should not be assumed that the same sex of the researcher and participants automatically gives greater insight into the situation. Most of the material is based on women’s narratives and experiences. In this sense, I am only able to reveal the women’s side of the story.

From a gendered perspective the choice of a male research assistant for a study that focuses on poor women in rural South Africa might seem odd. While it is often suggested that female interviewees feel more comfortable with and speak more freely to a female researcher (Scheyvens *et al.* 2003b: 170), I did not consider it a huge problem that my research assistant was a man. Instead, I felt that the lack of a shared language was a much bigger constraint in the interaction with SEF clients. In the beginning my plan was to employ a female reseach assistant. I met two candidates, but they both became employed on other assignments before I started the interviews: one by the government, the other by SEF. When I met Bryan, I was impressed by the way he encountered, treated and talked with people. This extrovert African man seemed to get along with everybody, with me and my interviewees, and he was highly skilled at putting everybody at ease in more or less charged situations.

Bryan and I represent the same age group. His family belongs to the Black middle class; to the radical wing. His mother has a degree from a South African university. The family had managed to become wealthy in the agriculture business and bought a house in the White area of the town, which was fairly sensational even in the early 2000s. On the other hand, Bryan knew the villages; he had grown up in one of my research settlements, which he still called "home". Bryan is a warm and funny person, and it is largely to his credit that the interviews were sometimes so hilarious and – dare I say – empowering. It is not every day that poor women in rural South Africa can so openly have a good laugh at their "lazy husbands" with an African man who laughed with them and understood them.

Presuppositions, changing positions and power imbalances

At an early stage of my research process, I had to ask myself who I was as a development researcher and what my personal abilities could achieve. What were the relevant questions to be asked and why? These questions were associated with a list of issues that shape every research process from design to implementation, analysis and the final writing: personal skills, research traditions and policies, funding, supervisor's instructions, and field research conditions.

Organising a field trip to the "other side of the world" requires certain efforts, but I managed to arrange everything fairly smoothly. I received a travel grant from the Nordic Africa Institute, and a room at the SEF volunteers' house for a couple of weeks. SEF was also helpful with many other practical issues: they provided maps, names, phone numbers, statistics and reports that I needed and asked for. After staying for a few weeks at an apartment for volunteers in Tzaneen, I rented a tiny cottage from an Afrikaner couple on the fringe of the town. They had three adult daughters, all married and living in different parts of the country. They ran a guest house, and employed a few servants and a gardener. My room, with a kitchenette, bathroom, tin roof and no heating, became my home base for the rest of the field work period.

As commonly known, South African hospitality and friendliness are remarkable, and the host-family was no exception. The family treated me like a guest of honour, invited me to have a nice cup of Ethiopian "child-labour-free" coffee, and was eager to hear about life in Finland. The host showed me how to barbeque, or *braai* as they call it in Afrikaans, the most tender meat. During those evenings I heard stories about exciting hunting trips to the North; learned how to cope with grasping authorites at the border of Mozambique; and was advised on how to best protect myself from the haphazard violence so common in South Africa. Taking into account the difficult history of the country, I needed to consider their counsel carefully. Even though my host family admitted the apartheid regime was oppressive, I soon realised they felt somewhat uncomfortable with the present situation, too: "In the past, you could keep your gates and doors open and walk on the streets. Now they [Africans] loudly make their claims; you simply cannot go anywhere without a gun", the host explained. When I visited Tzaneen for the first time in February-March 2003, it was uncommon to see White farmers walking anywhere, even in the town centre; if they for some reason did, they always carried a handgun. Bryan, my African research assistant, told how his father had bought a house on the fringe of the Whites' area at the turn of the decade. According to him, in those years it was impossible for him as a young Black boy to walk on his street after five o'clock in the evening: "Otherwise I would have been shot [by Whites]."

Safety measures determined my interaction with people, moving from place to place and my place of residence during the fieldwork. Because of the invisibility and randomness of violence and crime, safety is an issue everywhere in South Africa (Bähre 2007a: 16–20). People talked much about violence and crime. This talk was somehow slanted and full of exaggerated truths, reproducing a constant ambience of threat (Kekäläinen 2006: 8–9). In fact, it was sometimes difficult to differentiate between an immediate threat and apparent paranoia. When travelling South Africa, tourists, commuters, students and researchers are frequently advised not to walk anywhere; not to go to townships or Black-populated villages; not to drink too much alcohol; to keep doors and barred windows carefully closed; and even to arm themselves.

It also seemed that Whites and Africans had different understandings of the risks and dangers, and how one should manage them. As Bähre (2007a: 17) describes his experiences in a South African township, while Whites could sometimes be considered as paranoids, for Africans it was a "matter of fact" that certain places and situations had to be avoided. In villages, SEF clients continually warned about places where "the Whites should not go". Violence, crime and robberies worried the clients, too. Break-ins, robberies and conflicts over money with kin were very common. To diminish risks, clients tried to break routines by using various routes, and especially if carrying money, changing clothes or bags during the day. This information of potential risks and dangers was valuable in my field research. It provided a picture of women's tactics to protect themselves from various risks and dangers in their everyday lives. At the same time, this information helped considerably in establishing the research circumstances that minimised risks – not only for me but for all the research participants. After all, I was often assumed to be like "all the Whites", someone with a great deal of money. Little by little, when it became normal for me to go around, attend repayment meetings, savour traditional beer at a SEF clients' beerhouse or go to church or other social events, I suppose I managed to allay at least some of these suspicions.

My position in relation to different groups of research participants varied: I was "equal" with some of the SEF head office staff members but clearly at a lower level in the hierarchy than some of the staff members in SEF management. A shared language notably made interaction with SEF staff easier than with the women in villages, in relation to whom the power divisions were starkest. As power relationships between the researcher and the informants influence how knowledge is interpreted and represented (Mullings 1999, Scheyvens *et al.* 2003b), it was especially important to carefully consider how I presented myself and the purpose of my study. While no researcher can consistently remain an "insider" or an "outsider" (Mullings 1999: 340), I tryid to influence the image the research participants had of me. Sometimes I had to assure people that I was more "professional" than I actually felt in order to justify my research. Sometimes I tried desperately to make villagers "forget" that I was a PhD researcher and in this way soften the unvoidable power imbalances.

In spite of all the geniality, I encountered many warnings, dismay, lousy jokes and even discrimination when I told some Whites about my research work. The first incident happened at a cafeteria in Tzaneen where I would enjoy lunch or a cup of coffee every now and then. The owner began to ask what I was doing in South Africa and I told her about my research. "You go to the villages? Really?" she said with a sense of aversion. I was still starry-eyed and anxious to express how much I enjoyed being in this beautiful country, chatting with people and doing my work. "I guess it must be fruitful, if you happen to like that kind of work", she said contemptuously. The final falling-out happened when I brought my African companion, a SEF client from a nearby village, to the cafeteria, after which she personally never served me again. My Finnish Midsummer party, a barbeque for some friends, ended somewhat similarly. The landlady thought it was a nice idea, especially because it was midwinter in South African terms, and she kindly arranged for salad and wine to be served. The atmosphere changed when the couple I rented from realised that I had invited an African man and an ethnic Bangladeshi girl to the party without informing them. Subsequently, for the remaining two months, they avoided me. I never saw them again.

It was only afterwards that I realised how the first mental pictures of the country – the people I happened to live or talk with or the choices I made, from the research question to the first interactions in the research sites – had shaped my social personality in the field. As a researcher I was more than an individual with my own history, world view and personal motives (Löytty 2006: 24). I had to discover myself over and over again, many times painfully. I also realised that it was not my task to decide how people in South Africa see and define my role, status or intentions, no matter how strong my intention to "do good" or to "give a voice to the unheard". Positioning myself as a "White woman" or a "European" would have been useless also because these terms had a different meaning for me than they had for the people in the Limpopoan villages or SEF offices.

Indeed, I was a captive of my "real" and assumed *habitus,* with multiple positionalities. In South Africa I was “European”, “rich”, “woman”, “White”, “insolent”, “kind”, “on the wrong side”, “on the right side”, “young”, “adult”, “foreigner”, “well-educated”, “SEF staff”, “Nordic academic”, “development worker”, “self-seeker”, “altruist”, “insider” or “outsider” – the list is endless and changeable. Understanding this helped me realise that the same process occured among research participants themselves. Different groups of actors portrayed each other as “the other”, defining the others as “insiders” or “outsiders”, “rich” or “poor”, “trustworthy” or “unreliable”. All of these terms meant different things to different people; they projected prejudices and reflected predominant power hierarchies between the various groups of society.

Who can speak?

When my fieldtrip was about to end, one of the SEF managers came to see me and said that they were looking forward to reading my research findings. “So, when are you going to give a lecture and teach us?” he asked. Maybe he was just being ironic, but for me it was a startling question. He continued by asking about Finland’s history, ethnic relations, religion and language. “You know, you cannot really understand the present if you don't know the past, can you?” he implied. He was absolutely right, and this prompted me to reflect on the problem of knowledge and the justification of my own research.

The question of who can speak for others has been discussed in several contexts. To quote Rahnema (1997: 395 in Sumner and Tribe 2008: 31), “Who am I to intervene in other people’s lives or organisations’ operations when I know so little about any life, including my own?”. Perhaps in my case the SEF manager tried to signal that I should liberate the “truth” from its Western cultural presuppositions. While I certainly agree, for me such signals reveal that easy generalisations and assumptions are directed not only towards Southern women but also towards “Northern, privileged academics”. Obviously it is of significance whether the author of this study is a Finnish scholar who visited South Africa a few times; a Boer from Tzaneen; or a Black scholar from Limpopo University. But can we make deductions about whose voice is “the most authentic” or who would be the most justified to speak for the Limpopoan women from such a vague grouping?

In an ideal world, the informants should be able to speak for themselves. In real life, they often cannot. If we do not have a right to talk to people from “other worlds”, can we not at this moment question the existence of the field of development studies altogether? While not taking the discussion any further in this direction, I will note the importance of considering how the research is relevant and for whom (Staeheli and Nagar 2002: 168). As Raju (2002: 177) points out, differences exist – but this should not prevent committed research that cuts across the boundaries between "developed" and "developing" countries. Instead, she calls for the legitimacy of various forms of knowledge. According to Staeheli and Nagar (2002: 169), various forms of knowledge should be integrated into a research practice "that is democratic in its very construction and expression, not just in its goals".

While I am conscious of the limitations of my research as an ethnography in strict anthropological terms, especially because of the limited time of the fieldwork, my study and my attitude towards carrying out research is ethnographically oriented. Ethnographic writing is contextually, institutionally, and historically situated, which makes it challenging to consider one's own position in relation to the knowledge that is discussed and produced (Alasuutari 2001: 82–83, Löytty 2006: 24), and in relation to the framework on which the analysis is based (Sumner and Tribe 2008: 31). While trying to understand and demystify "other" cultures, the aim is also to make familiar cultural practices look more unfamiliar, less common and self-explanatory (Alasuutari 2001: 82).

In the production of knowledge about Limpopoan women and SEF microcredit operations, I am aware that I cannot profess universal truths on issues that are open to a variety of interpretations (Scheper-Hughes 1992: 23, 28–30). Thus it has been essential to continuously separate what informants said from what I heard or wanted to hear them to say; what I observed; my own ideas, the theoretical ideas developed by others; and the kind of voice given to the different actors (Sumner and Tribe 2008: 42–43). There is also room for serious consideration of how to provide a fair and justified picture of each participant's concerns and opportunities.

Since fieldwork is a continuous social process featured by unexpected events and encounters during which choices must sometimes be made very quickly (Heikkinen 2008), decision making in regard to the whole research arrangement requires flexibility. This holds true for ethical decisions, too. While I might not subscribe to the universal "Kantian code"[14] of ethics in research (Scheyvens *et al.* 2003a: 140), I have tried to consider my ethical choices carefully throughout the research process. In regard to my fieldwork period, my hope is that I managed to show respect towards different people and cultures and that I was able to recognise and lessen the power imbalances between me and the research participants.

While it is clear that I would not have been able to carry out my study without all the research participants' help, striking a balance between the complexities of obligations and interdependencies is not easy (Scheyvens *et al.*

[14] According to this ethical model, the principles of research must be adhered under all circumstances: there is no ethical relativism, no flexibility in ethical decisions; and ethical rules are universal with little opportunities for ethical decisions based on situational and personal circumstances (Scheyvens et al. 2003a).

2003a: 147). While SEF encouraged an attitude of objectivity in order to enhance the quality of research, I did not always feel free of “hidden obligations”. Research consists of connections and engagements with different research participants, and sometimes I found myself weighed down by the desires and pressure of each group of actors. Even so, I am not ready to compromise and weaken the analysis by searching for results that would satisfy everyone (Scheyvens *et al.* 2003a: 147). Instead, my aim is to offer a true description of events and actions as I have perceived them (Scheper-Hughes 1992: 25).

Equally important is the question of accountability, the independence of a researcher and the ownership of the research. Whose voice counts? Who controls the research process? Who owns the research output (Sumner and Tribe 2008: 41–46)? As the research process can also be considered an act of power, SEF undoubtedly has better opportunities to control my research results than the clients in the villages do. While it is easy to emphasise the story of the “less-powered” ones, at the same time, I hope to do justice to SEF, and to illustrate how, as an microcredit organisation and thereby as a part of the “development machinery”, SEF also struggles with the “mainstreaming”,[15] trying to find ways to balance between its mission to help the poor and the never-ending financial pressure from the markets and donors. The criticism presented in many parts of this study should be understood as a critique of the microcredit rhetoric and microcredit mechanisms per se, and not necessarily of the organisation itself.

It is also worth noting that I write from my own socio-economic, ideological and cultural positions, so the picture I paint and the theoretical arguments I reflect are coloured by and constructed from this configuration. The results of my research do not lay claim to universal truth, and the analysis presented in the following chapters does not illustrate all the aspects of these women’s lives or organisation’s practices. As Scheper-Hughes (1992: 25) notes, I can only try to show “the ways I work in the field, and this way offer the reader a better position to evaluate the claims made and the conclusions drawn”.

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[15] By this term I refer to the mainstream development thinking in recent years: (i) to the prevalent “financial systems approach” to microcredit, in which one the main considerations is to eliminate ineffective subsidies and provide services on a financially sustainable basis to a large number of poor people, as well as (ii) to the Putnam-oriented thought on social capital, which regard social capital as networks of trust and reciprocity that can enhance co-operative goals and at the same time reduce the costs of economic transactions.

4 Microcredit as an arena of struggle

THIS CHAPTER challenges the simplistic stories of microcredit in which poverty is presented as the lack of access to credit, and in which clients achieve a renewed purpose in life after joining a microcredit organisation (Karim 2011: 171). The following analysis of microcredit as an arena of negotiations and trade-offs reveals that microcredit business is a much more complicated system than creating markets around the needs of the poor. The analysis encourages focusing more attention on power relations and liabilities within social ties as well as on hidden work involved in women's everyday struggles to earn their living.

In contrast to the Putnam-oriented considerations of women's social networks as solidarity, microcredit groups and centres in Limpopo appeared to be complex and contradictory rather than harmonious sets of social frameworks (Bähre 2007a; 2007b, Rankin 2002). The group loan system and joint liabilities promoted various anxieties and ambivalent attitudes towards solidarity lending within the microcredit groups, particularly when people were struggling with scarce resources. Bourdieu's ideas of social fields as a tensioned arena (Bourdieu and Wacquant 1992: 125, Wilshusen 2009a: 393), became concrete in many ways at the repayment meetings in particular. Basically, these meetings provided forum for strategies ranging from negotiations to manipulations in the social interactions between the organisation and its clients, as well as power struggles over authority. Strict rules and responsibilities of the organisation promoted tensions among poor women, who had little power to negotiate the terms of their loans with the microcredit organisation (Karim 2011).

Although no financial collateral was required, this does not mean that lending was unconditional. Different systems of collateral had been created in order to ensure that clients repay the loan. High levels of repayment did not necessarily mean that the poor clients were successfully lifting themselves out of poverty; the repayment rates were high also for reasons of shame, social pressure and future microloan availability (Bateman 2010, Karim 2011). By appropriating these procedures as part of the disciplinary toolbox (Foucault 1978), the microcredit organisation institutionalised such forms of behaviour (Karim 2011).

A micro entrepreneur about to cook chicken soup in her bistro.

The Small Enterprise Foundation

The story begins

The story of the Small Enterprise Foundation (SEF) began in 1992 within the context of "poverty and absolute nothingness", as Tatu, a member of SEF management, described women's living conditions in rural African villages at the time. By starting its operations at a little house farm in one of the rural villages, SEF aimed at helping poor women to meet their needs through small loans. In those days, rural villages offered few basic social services for their inhabitants, much less any type of financial services. Lack of cash was a continuous problem; most poor people were desperately dependent on state transfer payments. The aim of the first SEF microcredit project, the Micro Credit Programme (MCP), was to help the poor to increase their incomes and savings through micro loans, which in the beginning amounted to 400 rand[16] per client. According to the establishers of the SEF, even such loan made a difference:

[16] 400 ZAR = 34 EUR (24 February 2013)

> About 15, 16 years ago there was nothing. People really couldn't have an access to any type of finance or anything. Maybe there was more work at that time for those who were working. But at that time, there was a great need. And when we started giving these loans, the first loans were 400 rand per person, then 500, and then it went on. And that little bit of money was a lot to them.
>
> *Tatu,[17] member of SEF management in Tzaneen, 11 July 2007*

In the villages women always had their hands full of work. Taking care of a family was their main worry. They looked after the children and old people while their husbands were away – if they had a husband at all. As such work was not profitable in financial terms, and women were obliged to make a living however they could, an opportunity for a loan to start a business meant a small revolution. The first women as loan takers started to occupy themselves as farmers and dressmakers. They established tax-shops, small grocery stores, and started to bake and sell bread. According to Tatu, the everyday life practices, new businesses and the ability to earn their own money made the women happy:

> They were working very well. And you saw people grow, you could see it happening. They grew so well and so fast.... And you saw how happy they were and how they thought themselves important by doing this, by taking the loan and being able to pay. They were very proud of that. And we saw how much they appreciated what we were doing for them.
>
> *Tatu, member of SEF management in Tzaneen, 11 July 2007*

SEF also grew fast, and its programmes soon spread around Limpopo. Today, with its 87,273 active clients in the Limpopo, Eastern Cape, North-West and Mpumalanga provinces, SEF is one of the biggest microcredit organisation in South Africa (SEF 2012: 1–3).

SEF has two credit programmes targeted at the poor: The original Micro Credit Programme (MCP), and the Tšhomisano Credit Programme (TCP),[18] which started in 1996, and which currently makes up 77% of SEF's clients (SEF 2011: 3). According to the SEF's own evaluation, the TCP clients are the poorest of the poor. The evaluation is based on the utilised Participatory Wealth Ranking system, where the income level of R920 per month functions as a poverty line for a household with five members (SEF 2008: 3). In MCP, clients need to have at least six months' business experience prior to the loan being granted, while in TCP no previous business experience is required.

[17] The names of the SEF staff members have been changed to pseudonyms.

[18] *Tšhomisano* is a northern Sotho word and means "working together" in English.

In theory, the principles in the TCP and MCP programmes are the same. In practice, however, TCP loans tend to be smaller, and as TCP clients are defined as less experienced in running and managing businesses, the field staff members are supposed to dedicate more time to support TCP clients in problem solving and business planning. The maximum loan size for new clients without business experience is 700 rand; subsequent loans are based on individual and group performance in regard to saving, repayment and attendance in the meetings, as well as the existing business size, measured by the stock, savings, cash, debtors and capital expenditure.

Similar to most of the microcredit organisations, the Small Enterprise Foundation focuses its programmes on poor women, because with lower income-generating capacity and less access to education, formal sector employment and social security benefits, they are considered to represent a more disadvantaged section of the population (cf. Hossain and Rahman 2001, Hossain *et al.* 2011). An important reason for SEF to focus on women was also that women are considered to be more responsible in terms of productive investments and loan repayments and they usually share their incomes with other household members, thus distributing the benefits of microcredit more widely within the family. Currently, 99% of all the SEF clients are women (SEF 2011). Typical business operations include fruit, juice, beer, tobacco and vegetable hawking, selling new and used clothes, running of small grocery shops, or dressmaking and other kinds of sewing jobs.

The mission of SEF is to "work aggressively towards the elimination of poverty" with a vision of a "world free of poverty" as a driving force beyond its operations (SEF 2012: 2). By stressing poor people's own responsibility in finding pathways out of poverty, SEF emphasises the role of clients as committed agents in fostering feasible forms of income generation and social empowerment. What is left to SEF is to create an enabling environment by ensuring that each client received an appropriate loan: neither too big to handle, nor too small to prevent the flourishing of the business. A member of SEF management explained this mission as follows:

> What SEF is for is to support people so that they can change their own lives. To give them an appropriate sum of money and hopefully to create a group environment that is supporting them, so that they can create a business, grow in a business, and be successful.
>
> *Josef, member of SEF management in Tzaneen, 13 July 2007*

Such a strategy is in line with the idea of supporting the entrepreneurship of the disadvantaged, where the poor who were previously considered as passive receivers of aid are now seen as creative agents of their own development. "We don't give women bread but flour, and teach them how to bake and turn it into a profit-making business", as the popular global slogan of microcredit rhetoric declares.

SEF has adapted the principles of its group loan system from a *stokvel* type of lending strategy – networking with friends and neighbours for financial and social support – and institutionalised them through a strict group formation policy. By joining a group, clients are supposedly able to have access to group resources and transform them into other forms of capital (cf. Bourdieu 1985). SEF required no financial collateral; according to SEF rules, the group of borrowers functioned as the collateral for SEF. In other words, repayment was based on joint liability among the members of the microcredit group. A new group typically consisted of five persons whose businesses had to be of a similar size. If one member failed to repay the loan, other members contributed for that person, so the group as a whole could continue its activities. The rule was that clients as a group first repaid the loans to SEF, and after that, claimed outstanding debts from those in the group who did not pay on time. This made group formation a precondition for a well-functioning microcredit organisation.

In order to make the group loan system work, SEF based its services on strict rules and monitoring, and encouraged its clients to establish groups with persons whom they trusted and whom they would be willing to help in the case of need. Clients could not be family members but they had to know each other well, and live within "calling distance" from each other. The group formation process was routinized so that before getting the loans, the groups had to go through a specific group recognition process, in which, besides answering a list of practical questions, members had to be able to show where their group mates lived.

Microcredit hope

In the eyes of SEF clients, the microloan was seen as a chance for a better standard of living. Women decided to join SEF's programmes when they heard success stories about clients who had managed to build or renovate a house or to pay their children's school fees with the help of a microloan. Their mission with microcredit was to assure themselves a more secure future, if not for themselves, at least for their children or grandchildren. "I was having financial difficulties, so I decided to join SEF", Lorah, SEF client from Mosetsana, explained to me.[19] "We would get specific money for buying the stock. That's why we joined", or "I realised that I was able to take the kids to school", said many others.

[19] The names of the SEF clients, SEF staff members, research villages and SEF branches have been changed to pseudonyms.

What made SEF especially valuable in the eyes of its clients was that the services came in the form of cash. As Davina, SEF client from rural Pekenene engaged in the bed-clothing business explained, it is money that matters: "If you are poor, the most important thing is money. That's what you need. It's money that can transform your life." Equally significant for women was that SEF provided credit without a need for financial collateral. While Limpopo was full of so-called "un-bankable" households (Baumann 2004b), the situation for African women was especially troubled. Although bank services were expanding even to the most remote villages, and cash points were becoming increasingly common in both semi-urban and rural settlements, this did not solve the problem of unavailable credit services. The micro savings and credit for the poorest were of little interest to the commercial banks, because of high risks and transaction costs. While many commercial banks offered special *stokvel* accounts, the strict terms and prices of the services were too high for the poorest. For many poor African women in Limpopo, SEF was their first encounter with a formal system of loan and savings. The transition from an informal economy into the western-style bank world appeared to them as a leap into the unknown. In a certain sense, SEF – although it represented a "formal world" institution – was able to ease clients' entry into the official financial services by bringing these services into the villages, within the clients' reach.

What clients also appreciated was the SEF repayment plan: loans from R500 to R10,000 to be paid back within 4–10 months with an interest rate of 16–40% (SEF 2006). Such loan terms sounded reasonable compared to the loan sharks, the *mashonishas*, who were often the only option in rural villages – and with whom women always compared SEF services. With the exception of some interviewed women, most clients did not complain about SEF interest rates. This was because in the social world of SEF clients, only two forms of interest existed, that of the microcredit organisation and that of the *mashonishas* (Karim 2011: 82–83). In absolute terms the interest rate surely was high, and there was no guarantee for SEF clients that they would be able to take care of the repayment, not to speak of their responsibilities in the case of their group members' default.[20]

The fact that the SEF loan could be paid in a series of bi-weekly or monthly payments made it manageable for clients. With *mashonishas* the price for a 300 rand loan for a month was 150 rand, to be paid all at once. The *mashonishas* asked for identity documents or bank cards as collateral. At the end of the month they withdrew the money from the client's bank account, or if there was not sufficient coverage in the account, they came to the debtor's home and confiscated furniture or other items of sufficient value. Many had difficulties in paying their debts to loan sharks in time; thus there were few other choices but

[20] However, it is also important to note herein that the reason for arrears hardly was the high interest rate alone.

to take a new loan. As the interest of the loan was compounded every month, the sum of the debts easily accumulated to amounts difficult to repay. In this respect, it is not surprising that most interviewed clients considered SEF as a good and helpful organisation. "SEF is basically an extra hand", Lina from Mosetsana, characterised SEF's role in her life and livelihoods. Bina, SEF client from Pekenene, lauded that "having SEF, you have peace of mind".

Microcredit rules and ambiguous loyalties

It became soon clear to me during the interviews that instead of giving and keeping the peace among clients, microcredit group loan model also promoted various anxieties and tensions among them. Rather than being based solely on solidarity and close ties with neighbours, as Putnam's (2000, 2003) arguments on social capital are often interpreted, women's associational life and involvement in microcredit programmes in Limpopo were complex and also entailed involuntary solidarity; the same kinds of implications have been illustrated by a number of other researchers (Bähre 2007a; 2007b, Cleaver 2005, Lee 2009, Maclean 2010, Mayoux 2001, Molyneux 2002, Rankin 2001).

Limpopoan women made a clear distinction between people whom they considered as family members, neighbours, friends or community members, accompanied by explanations of whom they would be ready to help. These characterisations were further differentiated through various social and financial associations and microcredit programmes. Some women based their *stokvels* on a long-term friendship and were ready to take risks for others. Some others belonged only to communal burial societies whose members they hardly knew and with whom the rules of reciprocity did not exist.[21] In many cases, *stokvel* members and microcredit group mates were specifically "neighbours" or "friends": those "who lived nearby" or people who were known well and trusted. Sometimes women established microcredit groups with people they hardly knew; in those cases forming of a group was just a requisite for getting a loan.[22]

In general, good neighbourliness was an important relationship in the lives of Limpopoan women. Neighbours were people from the same street or nearby, with whom one interacted more or less on a daily basis. Neighbours helped each other in many ways, by cooking, going shopping in town together or watching each other's houses when the dwellers were gone. They were important sources of social capital and crucial in business development and everyday survival.

[21] It is also worth to note that the interviewed women typically joined or established a *stokvel* only when they had a regular income.

[22] See more in chapter 5.

Rahma, SEF client from Leloba, described the system of reciprocal favours as follows:

> *Rahma:* Every month we come together. Then we talk, we do this and that, we help each other. If somebody, a friend or a family member has passed away, then we go there and work and help with everything, doing catering and everything.
>
> *Interviewer:* If you are needed somewhere else, is there anybody who can help you?
>
> *Rahma:* Yes, I ask the lady from the house next door. If my customers come I tell her that this one you'll give to this person and so on. And they pay her, they give her the money and when I come back, she gives me the money. That's what I also do when she's not in. She's cooking, I serve the people, and they pay me.
>
> *Rahma, MCP client in Leloba, 5 July 2007*

While it was common to ask a relative to help by giving money and consider such a transfer as a gift, not a loan, such a system was not conceivable among neighbours, however. If money was involved, women always considered the aid as a loan and expected the money to be paid back, sooner or later (Nygren and Myatt-Hirvonen 2009). Altruism, which according to Putnam (2000: 117) is an important sign of social capital, and would facilitate co-operation, foster norms of reciprocity as well as encourage economic productivity, could not be taken for granted. As SEF clients described the prevailing features of reciprocity: "Everybody takes care of their own family"; "If you take a loan, you must pay it back"; "I help my family, not the neighbours or the poor."

In the interviews, women demonstrated ambivalent attitudes towards joint liabilities and requisites for solidarity lending. People spoke of their microcredit group members as "sisters" and emphasised the necessity "to help a fellow member when she gets in trouble", while at the same time remarking that "you can't trust anyone", "you don't help anybody else except your own family" and "you shouldn't involve other people in your problems". These comments implicate that people had few financial means for solidarity. As Bähre (2007a: 172) describes the situation in the solidarity networks in Cape Town, there were too many fellows with severe problems and too little money to help them, while people also needed to take care of themselves. The contrast between the idealistic speeches of solidarity, and the suspicions circulating over who benefits from which businesses and on what grounds, was a striking characteristic of the everyday politics of microcredits (Hietalahti and Nygren 2011).

Concern over liabilities and loan repayments complicated the women's solidarity towards each other and influenced their willingness to participate in collective actions. Stiffened competition and household expenditures caused pressure, and increased suspicion towards neighbours' businesses and intentions directly affected the opportunities of SEF clients to maintain reciprocal social networks. Groups experienced a range of repayment problems, and clients complained about untrustworthy group members. In these cases, solidarity appeared only as a rule of the programme: "That's what they have told us; that we must help each other", as some clients formulated the matter.

Although the SEF microcredit groups were supposed to be formed on the basis of existing trust relations with friends and neighbours, in reality, many women joined a group simply by replacing somebody else. A number of interviewed women told me how they first followed centre meetings from a distance, and when someone left a group, they offered to replace that client:

> I used to come here time and time again, not belonging to any specific group ... until I got to know people who later formed this group.
>
> I started by knowing a person who left the group. I got interested. I used to come around; from a distance you are not able to learn anything, but when you come around, that's when you get more information. Then I joined them around April this year.
>
> *Group interview of three MCP clients in Pekenene, 21 June 2007*

Consequently, the rules for group formation remained somewhat artificial and the composition of the groups was at great risk of becoming fairly heterogeneous. In this respect, formation of the group in many cases was not very "formal". Instead of being able to "use their information to find the best partners" and "exclude the risky ones", as Armendáriz de Aghion and Morduch (2005: 89) describe the ideal of group formation, for Limpopoan women group formation was often a more haphazard process. The multifaceted struggles to earn their living forced SEF clients to be flexible in the search for model group members. Clients could not always be too selective; an urgent need for credit sometimes pressured the groups to accept nearly anyone as a member, even persons they hardly knew. Although SEF designated strict rules for group formation, such rules applied only to new groups. If the composition of the groups changed later, it happened informally among clients: SEF did not provide an official group recognition process and training for new replacements who entered the group. In these cases, business training was the group members' responsibility.

Many of the SEF clients interviewed regretted that it was difficult to get sufficient information on each person's background. Clients did not always know what their group members' economic situation was. People not only tried to hide their financial situations, but their situations also changed within short periods of time due to unemployment, sporadic earnings and claims from household members and other relatives. The situation was further complicated by various rumours circulating about those who would be useful for the microcredit group and those who would only cause problems.

SEF fieldworkers were aware of clients' problems in group formation, but did not interfere except by trying to clarify the rules to clients. As Lineah, one of the branch managers, explained: "We only tell them to go and form a good group. Some women, who just want the money, pick new members here and there, then they come and take the money and we experience the problem later." SEF firmly believed, however, that clients eventually made reasonable choices. Thandi, one of the development facilitators, observed that clients did not approve of anti-solidarity or criminality in their communities: "If somebody is *tsotsi* [gangster], clients don't approve her. They say no, you must go and look for the right people; we don't want her, because she's *tsotsi*."

Unfortunately, not all clients were honest people. The haphazard group formation process, burdened by the pressure to find a new member quickly, left room for individuals who were looking for quick earnings, who managed to infiltrate a group and get a loan, but who then took a taxi to Johannesburg and disappeared, leaving the others to repay. The problem was that if one member of a microcredit group proved to be insolvent, the other members first had to pay on her behalf, find a new member to replace her, and only then were able to apply for a new loan. Firm establishment of the group could take a few loan cycles, months, even years. The slow progress in suitable group formation became evident in many interviews:

> *Sara:* There have been members who have left. So we need to find members to replace them.
>
> *Interviewer:* Why did these members leave?
>
> *Sara:* Most times we find that people who have left us, they took SEF money, and their businesses didn't go well. Then the only thing to do is to renounce your membership because you aren't able to pay.
>
> *Interviewer:* Did they just leave or did you make them leave?
>
> *Sara:* If it's a serious case then... we all have to raise money to cover for this person. If this happens repetitively, you don't have a choice; you just make the client leave.
>
> *Sara, MCP client in Pekenene, 8 June 2007*

> We started in 2005 with some people, and my group was not working very well. We had two members who were not paying. For four months we were busy covering and paying their arrears. After that we expelled them and took new members.
>
> *Anna, group interview of three MCP clients in Pekenene, 7 June 2007*

A sense of frustration at the problematic group formation was apparent in clients' group names. Although the clients' expectations and hopes for the microcredit groups were reflected in group names such as "Gathering", "Grace", or "Love Each Other", sometimes these expectations remained only fantasies. No wonder groups often decided to change their name when defaulting clients were replaced, as if it were a sign of a new beginning and new hope. Ironically, group names included "Battle" or "Sorrow".

Considering the SEF clients' vulnerable socio-economic situation, liabilities shared within the group, and the fact that issues over money were not openly discussed even with close relatives, it was fairly surprising that the women entrusted the sharing of their business affairs to persons whom they barely knew (Bähre 2007a). Clients entrusted their money to other group members even if they knew they might not get it back. The ambivalent relations meant that trust could never be established completely and clients co-operated without completely trusting others (Bähre 2007a: 172). Some SEF clients in the interviews stated that they did not like to talk about or deal with other people over money, but because they were poor, "they had no choice" (cf. Collins *et al.* 2009). As Bähre (2007a: 172) remarks, co-operation sometimes occurs without trust because it is the only option.

Challenges in group formation, loan repayments and clients' other struggles were reflected in high drop-out rates in SEF programmes. As it became clear in the interviews, most of the groups had had replacements at some point. This observation is in line with SEF statistics, according to which drop-out rates from SEF microcredit groups are relatively high: In June 2012 the figure was 17.6% (SEF 2012: 6); in 2007, when the fieldwork of this study was carried out, the figure reached 21% (SEF 2007: 5).

At this point, it is worth noting that the high drop-out rates do not automatically indicate clients' over-indebtedness or dissatisfaction with SEF as such. Sometimes women simply wanted to take a break from their businesses or found new employment opportunities, and the group had to recompose itself. However, based on the interviews, and according to SEF's own evaluations, the most common reasons for leaving the group were lack of interest, getting robbed, a spouse who opposed a group loan, or problems with loan repayments (SEF 2008: 6).

While high drop-out rates indicate many membership changes in the groups, they also imply another serious problem in group formation. New members with smaller starters' loans, and possibly no business skills and assets had to guarantee the larger loans taken by long-term clients, which further increased the disproportion between clients. As typical of microcredit, a number of repayment problems in the interviewed groups were caused by mixed income levels and internal inequality. In heterogeneous groups the income gap between better- and worse-off clients could grow markedly, causing envy and the risk of free-riding.

This is characteristic – and unavoidable – of a group loan system that implements fixed, generally accepted rules only regarding liabilities that clients as a group, as one unit, have to the organisation. In this kind of system joint security operates only at the institutional level, between the organisation and the group; among group members no uniform code for repayment and reimbursement exists. This means that there is no clear code on the terms under which financial obligations to the organisation are covered and shared among clients; how and when reimbursement to group members takes place; what will be done if a member cannot pay her share of the reimbursement; or whether there are interests or fines involved.

Although flexibility of rules may – sometimes even more efficiently – lead to the desired end result, it makes it easier for the rules to become objects of exploitation. It is surprising how little notice it is paid in the microcredit programmes to the contradiction between the requirements of the strict rules and the limited abilities of women to follow these rules amidst the adverse group mechanisms and the struggles over power.

Different systems of collateral

Social disciplinary technologies in loan recovery

In the SEF microcredit system, loan applications, loan repayments and group formations were approved at repayment meetings that in Limpopo were called "centre meetings". A minimum of two – but typically from 8 to 12 – microcredit groups formed a "centre", which was responsible for arranging the repayment and savings meetings, the idea being that through meetings people would learn to make informed decisions and feel socially committed to obeying the rules. Each centre had to meet every two weeks, and was run by clients who had been elected to act as the centre leaders – chair, secretary and treasurer – together with the help of the development facilitator, DF. No absence was allowed without an apology and a good reason. If a group member was absent from the meeting and did not pay, the other members either went to her to ask for an explanation, or they paid on her behalf and then pressured her to pay afterwards.

Centre meetings generally proceeded according to a specific agenda. Typically, one meeting took for one and a half to two hours. Each meeting started with a prayer or a hymn and the clients pledged to repay the loans and help each other. After a roll call and savings and repayments collection, clients paid possible transport fares and fines; penalties were imposed in the form of fines for coming late, for absence, for noise-making, for ring of the telephone and for general disorder. Typically, the collected money was divided between the clients at the end of year or used for travelling expenses for those who deposited repayments and savings in the bank in town. In Lamune, clients bought plates or chickens at the end of the year. Those who did not follow the rules could not benefit from the pot of money. As clients explained: "If you are unable to pay the fines, at the end of the year you won't get any plate. You don't get anything from us". After the fines, clients made new loan applications and went through loan utilisation checks. After skills development and training, the minute book was signed and clients said the closing prayers.

While SEF provided fairly strict guidelines for these meetings, each centre had an opportunity to write its own constitutions, codes of conduct and functions. The idea was that the development facilitator would intervene only when consulted in order to ensure that SEF guidelines were correctly followed (Sorensen 2006: 3). In practice, however, development facilitators actively controlled the successful completion of the programme.

SEF had created different systems of collateral in order to ensure that the clients would repay their loans. Typically this was done by applying strict rules and using various social disciplinary technologies: public reprimand in the centre meetings or extending repayment liabilities to husbands or other relatives. The prevalent usage of fines is another example of the disciplinary rules among SEF clients: if the clients did not obey the rules, they were punished, which is typical for a political covenant based on strict monitoring. How these punishments were operationalised varied between centres and between the authorities. In some centres, rules and arrangements were negotiated, while in others there was no room for clients' own interpretation, even when the clients felt that the rules or procedures did not follow the letter of the law or the code of good manners. Repayments were enforced by detailed monitoring and by simply refusing to let anyone leave the centre meeting until all the money was paid. My field diary notes describe the main events of one such meeting as follows:[23]

> There were supposed to be 55 people in the meeting but only 30 of them actually arrived. Two of the groups had problems with their repayments. A client who was supposed to deposit her instalment at the post-bank, never arrived. The other four arrived, and claimed that this person "had lost the money". Two of the group members went after her; DF told them to do so, because the money had to be found. Because of this, the meeting was postponed for approximately 20 minutes, and everyone simply waited. DF and the chair who were running the meeting continually enquired after the money; they put strong pressure on the group. Other groups also interfered and said that the missing woman should pay the money immediately so that

[23] Originally written in Finnish.

> the meeting could continue; and if she was not able to pay, SEF should do something about it. What finally happened was that the two clients who went after the member "who had lost the money" never came back to the meeting! Thus, the remaining two who were still there were forced to pay the missing money, and that's what they eventually did.
>
> *Field diary notes, centre meeting in Lamune, 4 June 2007*

This description is not unique; there were problems and interruptions in several meetings. During the fieldwork for my Master's thesis, I attended a centre meeting in which the development facilitator had invited a shouting, cane waving man to make sure that women repaid their loans. Ironically, this centre meeting was held in a local court house; as the development facilitator described it, "the place where the criminals get what they deserve".

In the practices on the ground, the group leaders played a crucial role; they were the development facilitators' right-hand women. According to SEF rules, each group selected a leader among themselves. The role of the group leader was to control financial responsibility, discipline and attendance at the meetings. The leader helped other members in loan-related issues such as delivering the slips, filling in the forms, and making loan proposals to SEF officers. This means that as the group leaders and the centre chair were more involved in money collection and bookkeeping, and more in touch with SEF fieldworkers, they were also better aware of SEF rules and operations as well as clients' savings and financial positions.

In a certain sense centre meetings thus strengthened existing power relations by giving increasing authority to the centre leaders, who were often already in a more privileged position than ordinary clients. As the social interactions between differently positioned actors may reproduce relationships of inequality, those who were in a good position might capitalise upon their status through improved access to information and control over others. In Limpopo, group leaders were in a key position and they also used this position to strengthen their social status. The differentiation between various positions became also clear in the interviews with "average" clients, who considered group leaders as "supporters" and themselves as "just members" without any specific tasks in the group.

This said, it is equally important to note that despite their higher position among SEF clients, group leaders and other persons with responsibility in the centre also mentioned many drawbacks in their position. Although the group leaders and centre leaders typically enjoyed various advantages in the form of economic and symbolic capital, not all clients were willing to take on leadership. These tasks meant extra work without any direct financial compensation. The reluctance became well illustrated in a centre meeting in Pekenene, in which none of the clients were willing to accept the post of centre secretary. After a short but intense dispute, the centre literally forced the client who had previously acted as secretary to continue in the assignment; she had no other choice.

These positions also required a delicate balance between the loyalties felt towards peer-clients and the requirements related to the leaders' duties. Perhaps because of this situation, these leaders had typically adopted various social positions. In the interviews, this was illustrated in the way they on the one hand emphasised their role as front-runners, and on the other hand pointed out the difficulties they faced due to poverty, poor education and general insecurity.

As the authority among clients was centred on group leaders, centre chairs and better-off clients, and as the rules were continuously re-negotiated, they were not internally coherent but instead subject to various conflicts and power plays. The paradox of such a system emerged during conflicts in particular, yet it was the responsibility of the clients and the fieldworkers to manage these situations. The flexibility made it possible for group leaders and development facilitators to operate and interpret the "rules" in a variety of ways. These included creating rules arbitrarily or making clients pay in the centre meetings in one way or another. It was not unusual for the chair of the centre meeting to humiliate those members who could not pay or who came to the meeting late by publicly reprimanding them. As I describe in my field diary notes from one of the meetings, the greatest pressure in that meeting came from centre leaders:

> The chair seems to have an "interesting" attitude towards "ordinary" clients, who act fairly submissively; these ladies surely have assumed the authority. They sit on their chairs in the front, keep giving orders and sigh loudly every time somebody has problems.[24]
>
> *Field diary notes, centre meeting in Lamune, 4 June 2007*

The strict rules created not only tensions but also mistrust towards SEF staff and centre chair among the clients. At best, their role was to help in problematic situations or in training the clients, and at worst, in abusing their position and institutionalising the humiliation of the clients in order to force them to repay or improve their savings. In the interviews group leaders justified their actions by referring to their responsibility to "sort out the issues". As one of them explained, it was important to take an authoritative attitude towards clients in conflicting situations: "I intervene and say: 'You! Sit down! Get together and stop these arguments!"

Development facilitators asserted the significance of repayment meetings by referring to them as the "only places where the problems could be solved". Thandi, one of the development facilitators, stressed strict discipline in the

[24] Originally written in Finnish.

meetings; otherwise the vicious circle of moral hazard dilemmas would take over: “If a member runs away, the group typically starts to have problems. They don’t come to meetings, they do not save, and they have repayment problems. If the group stops coming to meetings you have to confront them and ask why. If you ignore it, they stop saving and they will have repayment problems.”

For development facilitators, taking an active role in the loan recovery processes was encouraged by economic incentives. If one group member failed to repay her loan instalment, the other members put pressure on her to recover the money. If they failed, the branch manager put pressure on the development facilitator to ensure that “SEF guidelines were correctly followed”. If the development facilitator failed, it affected his or her salary. There was thus much pressure on each group of actors involved in the SEF loan recovery process (cf. Karim 2011: 89).

For clients, the possibility of getting future loans was an incentive to repay their loans. As typical of microcredit rules, SEF contracts were self-enforcing in that subsequent loans were based on earlier individual and group performance. The loan amount depended on the savings, arrears, business value and involvement in the repayment meetings. The clients were encouraged to save a small amount of money on a two-week basis as part of the membership criteria. Before the disbursement of the first loan, the groups had to open a group savings account and demonstrate their ability to save. These savings along with the repayment performance affected the group ranking in creditworthiness within the next loan cycle. If a client did not save at least three times during the loan cycle, was in arrears more than once, was absent from the repayment meetings four or more times and if her business value had decreased, she or her group might not receive a higher loan – or a loan at all.

Despite SEF pressure on the clients to save, relatively few clients were able to contribute to the savings account, and the average size of deposits was low: according to the interview data, in the rural villages of Pekenene (MCP programme) and Mosetsana (TCP) clients saved an average of R10–20 and in semi-urban settlements of Lamune and Leloba (MCP) an average of R20–40 a month.

The better-off clients, who would have been able to save more, typically used separate accounts for personal savings. This was partly because they wanted to differentiate their personal items from the “business savings”. On the other hand, they did not want other clients or the development facilitator to discover how much money they had deposited into their bank accounts. Even if SEF savings were personal, they were deposited in a group account and also served as collateral for the loans. Although the agreement of all group members was required to withdraw the savings, if some group members could not pay, others could withdraw the money to cover her debt. Some MCP clients from Lamune told me that the development facilitator also utilised this information as leverage: “She knows our books. She knows that we have money.”

Although SEF adjudicated the loan applications, the final loan application procedure was largely in the hands of peer microcredit groups; they could recommend adjusting the next loan either up- or downwards. This caused tensions between groups, as the following quotation illustrates:

> *Elli:* We had a problem in the past when I fell sick and could not work much. It affected our repayments. When we requested for a loan, they refused to give us the amount we wanted in the meeting; you know the system where we go aside and they decide. This was because we had some problems with past repayments. We got money but not the amount we wanted, we got less. But then, we sat down as a group; I know it’s not good to have these kinds of problems, so if we are ever going to have problems, it will not be because of late repayments or anything like that anymore. So we are working on that.
>
> *Interviewer:* How did you feel about it?
>
> *Elli:* Well, it’s a bit painful. I mean if I requested for a thousand now, and after that would need even more ... Unfortunately it happened that the other people got mad.
>
> *Elli, TCP client in Lorraine, 27 June 2007*

No wonder SEF clients were really struggling to keep their repayment records clean. As they described in the interviews, eventually there was always someone who paid: this could be a husband, mother, sister or neighbour. Although SEF clients received their loans individually, and the group members primarily took joint liability for the loan repayment, this rule thus existed as rhetoric. The loan repayments were hardly the concern of an individual or a single group alone. As a last resort, the centre, community and kin operated as social collateral for SEF microloans. This unwritten rule was institutionalised as a common practice by SEF management as well. As a member of SEF management explained: “Usually the husband has to know that the wife is taking a loan, so if he’s happy with it, then he is also partly responsible if she doesn’t pay.”

Complexity of rules and responsibilities

Despite the dilemmas that emerged every now and then, most of the interviewed women claimed that their microcredit group had no repayment problems. This did not, however, mean that the groups did not have to struggle to get the repayments. Many groups had difficulties in paying the loans; it was just that such problems were usually managed privately before the centre meetings and beyond the reach of the SEF registers.

In practice, SEF clients tried to assure good repayment records in the groups' own meetings before the official centre gatherings. Successful repayments at these group meetings were of great concern for SEF clients. As a SEF client in Pekenene explained, her group always came to her house one or two days before the centre meeting. If a group member could not pay, the others were informed beforehand in order to find ways to cover for her. In this way clients could also avoid possible public shaming: "When we go to the meeting, no-one gets embarrassed", this client explained.

Nevertheless, even clients' own meetings could not always solve the problem of defaults. At worst, some clients went as far as they utilised the methods of loan sharks in order to get their money back. As a MCP client in Lamune explained, if a group member did not pay her debts, she eventually went to her house and took anything saleable: "Then I take the money to the Post Bank. That's how I get repaid", she explained her loan recovery methods.

From the SEF's point of view, the group loan system worked fairly well anyway. Despite the problems, SEF believed that the clients had the means to pay back the loans, as Maria, a branch manager explained:

> *Branch manager:* The problem that we come up with is when you find that the members are not paying well. And when you do some follow-ups you find that the member doesn't have any money to pay. Even if you can force her to pay or ask her to pay, you really see that there is no money.
>
> *Interviewer:* So what do you do then? If you see that there is no money?
>
> *Branch manager:* Many times our members promise us, even though we see that there is no money, that "I take this and I will do this." And then they pay it back."
>
> *Maria, branch manager in Hlare, 13 July 2007*

The women's promise that they would keep their word and find the money from somewhere to repay the loan was enough for SEF. Social pressure usually guaranteed that the women would find the missing amount of money in one way or another.

When I asked where the limit for compromises was, SEF management defended its strict rules for negotiations: "Clients know the rules. If they don't follow them, it's their problem, no compromise." According to Tatu, a member of SEF management, for this reason SEF wanted to encourage the group solidarity system and press the clients to consider carefully with whom they wanted to establish the group: "I know that if somebody defaults, the group is stuck with her and her debt. That's why they have to be careful in the first place", he reasoned. Given the SEF clients' vulnerability to violence and crime, when I asked who was responsible in the case of robberies, the line was more difficult to draw. Tatu eventually took a fairly conventional outlook on the issue:

> If they get robbed and clients are involved, then they have to pay the money back, no compromise. If it happens outside the SEF, they would find means to get the money back. So I think we shouldn't compromise. But if you know it wasn't their fault and it was somebody else, then perhaps you could write it off. But you have to be very careful, because usually they know. They have a very good setup in their villages and they know. They lived without these laws before and they can live without them now. Because they have their own law. Their own tribal laws and their own village laws.
>
> *Tatu, member of SEF management in Tzaneen, 11 July 2007*

Strict rules are definitely necessary to prevent opportunities for misuse and manipulations. However, such rules should not reinforce existing uneven power relations or leave the clients at the mercy of "their own" laws. While the formal rules of SEF microcredit operations were largely determined by the organisation, and the contract between clients and SEF was made according to these formal procedures and requirements, in SEF microcredit practices written and unwritten rules paralleled with each other (Bourdieu 1977, 1984).

Justifications for SEF not to intervene in conflict situations were partly based on essentialist views of African women, their culture and their communal way of life: "They have their own laws, they'll solve them anyway". As Elyachar (2005: 200) describes the informal methods of debt collection in the context of Cairo, in this kind of case culture becomes a mechanism of financialisation. This is possible because of the fundamental distortion in the microcredit joint liability system: joint solidarity is formally defined only at the institutional level.

These arrangements were based on the arguments that expenses for the organisation would increase too much and achieving financial sustainability would become too difficult. Such arrangements only tend to be more propitious for the organisation's interests than the clients; especially if the organisation failed and neglected to solve the problem that created conflicts among the clients. By pressuring the clients to solve "their own" problems in informal ways and at whatever cost, the organisation not only required absolute solidarity between the clients but also defined the level of the "acceptable sacrifice" for clients, thus entering into the grey area of what I would call responsible lending.

At the same time, while the idea of joint liability was based on the assumption that women were capable of monitoring each other's businesses, little attention was paid to the hidden costs that were placed on clients' shoulders: the time and effort that clients spent on looking for new group members, delivering repayments to the bank, or monitoring each other's businesses. This is an example of the "gender blind" conceptualisation of social capital, which implicitly assumes that women have the will and time available for building an associational life in microcredit programmes (Bebbington 2007, González de la Rocha 2005, Maclean 2010, Mayoux 2001, Molyneux 2002, Rankin 2002).

What this also means is that often negotiations and control over the rules which the clients were expected to obey were strategically transferred to the “hidden stages”: clients’ own meetings and centre meetings, and thus were at least partially beyond SEF management’s reach. Therefore, these negotiations, which Scott (1990: 18–23) calls “infrapolitics” or Wilshusen (2009a) “offstage” interactions, hardly followed any strict procedures or regulations, but were flexible and the object of a continuous redefinition.

Such processes of responsibilisation and discipline of microcredit clients can be seen as processes of domination and appropriation of social networks, or what Elyachar (2005) calls “dispossessing” the poor of their own social capital. As Mayoux (2006), Maclean (2010) and Rankin (2002) suggest, while the construction of social capital may appear favourable at an institutional level, claims about women’s empowerment are less consistent.

The quotation above also illustrates what Olivier de Sardan (2005: 73) calls the persistent and prevailing myth of the traditional community spirit, which exists in mainstream microcredit literature and in Putnam-oriented thought on social capital. According to this view, when people engage in communal networks, they develop a framework for common values and beliefs that becomes a “moral resource” or the “glue that holds a community together” (Putnam 1993: 169). Such essentialist views cannot be automatically considered as the rule in SEF management’s thinking, but during the discussions with SEF management, simplistic explanations referring to women’s “business nature” and “communality”, typical of social capital-oriented microcredit rhetoric, were presented:

> Black people are very group oriented people; they are not like individuals; they are very communal. And I think when you do these things with another person, and you have somebody’s trust, you are most likely to do it with somebody else than on your own. Knowing how Black people work, I think they feel comfortable when they have somebody supporting them.
>
> *Lefty, member of SEF management in Tzaneen, 10 July 2007*

In the discussions with SEF clients very few accused SEF rules of being too strict or hard to follow. Even if many clients complained about the group loan system, they did not find SEF rules problematic as such. “Rules are rules”; “People are the problem, not SEF”; “SEF needs its money”, were typical utterances among the clients. This does not mean that clients would not have struggled to follow the strict rules or that they would not have shown any opposition towards SEF.

They simply did not want SEF to interfere in their personal problems. The clients had also internalised the discourse which the development facilitators used when explaining and justifying various operations, clearly illustrating the role of discourse as a form of power (Bourdieu 2005, Olivier de Sardan 2005). As Ebrahim (2003: 10–14) in his study on the relationships between NGDOs and their international donors formulates it, discourse not only refers to how the issue is described, but also to how it is thought about and practised. Following Foucault's (1980) ideas of knowledge serving as a tool for domination, experts in particular fields are the ones who frequently produce, maintain and control assumptions and "truths" about the discourse.

"There was nothing free for these clients"

Although there was not much clients could do about the processes of responsibilisation in microcredit programmes, these processes did not occur without resistance among clients. The constant refrain from clients in the interviews was the responsibility of clients to arrange the centre meetings as well as to pay the rent for the meeting place. According to the SEF rules, the centre leader had to find a place to meet as well as run the meetings. Because the rents for more official meeting places were high, the meetings were often organised in "any place decent enough", such as under the most popular tree of the village, or in the school yard. Most of the women strongly criticised such arrangements, particularly for the lack of security. Repayments were either made in cash at the meeting or each group deposited its own share in the SEF bank account and brought the receipts to the meeting. The amount to be paid by a centre could reach 20,000 rand, and it was the clients' responsibility to deliver the money safely to the bank, which could mean 30 kilometres of stressful travel by minibus taxi. Vulnerability to thefts, assaults and other crimes affected how people dealt with money matters and organised their business affairs.

Fieldworkers also criticised the poor meeting conditions. Maria, a branch manager in Hlare, sighed: "Just under the tree! When it's raining, it's bad. If we can get proper facilities, then it's going to be fine. But clients paying the rent, maybe 40 or 80 rand, it is not fair. Because it is lots of money for them." The representatives of SEF management had no plans to change the meeting system. Although they understood the clients' and fieldworkers' concern, according to SEF management it would have been too costly for the organisation to arrange more official meetings.

Sometimes centre meetings were even organised at clients' homes. I had an opportunity to participate in a few of them: these meetings took place in Leloba every two weeks, in the yard and home of Subira, a barkeeper and mother of a teenage boy. The first time I attended these meetings, it rained, and some two dozen clients tried to crowd into the living room of the two-room house. Subira and other chair members took care of the money transactions in the kitchenette, while the others waited their turn at the end of the small yard, under the plastic shelter, where Subira ran her beer businesses. The development facilitator did not appear until the end of the meeting. It might be misleading to even call this happening a "meeting", especially from the point of view of a rather uninformed outsider. However, repayments were eventually made and the notebooks updated. When I asked Subira later in the interviews how on earth they managed to handle the situation, she simply replied by giving an illustrative example of the "game of microcredit": "We take care that everything goes well in the books.... One client was not able to pay her loan; we paid on her behalf, but did not tell that even to her."

It is no wonder that under these circumstances, SEF clients had doubts about the aims and intentions of SEF and the resulting effects on their microcredit operations. It was sometimes difficult for clients to understand why the organisation did not "deposit its own money", "organise its own meetings" or "provide sufficient business training" for clients. The following client's complaints concern these matters:

> *Josephine:* SEF doesn't provide this for us. We had a community hall before; we used to meet up there. The challenge was that some people avoided paying the rents; it would have been fifteen rand per group. It was disorganised. Then we tried to come to the market place there on the taxi rank. [*Interpreter:* Eih!] But the taxi ranks are not safe; that's when we moved here and you can see it's not very convenient. This is a big challenge for SEF. And I think that we should not be the ones to take money back to SEF; collecting and depositing money should be their problem!
>
> *Josephine, MCP client in Leloba, 6 July 2007*

Yet, according to clients' logic, a SEF loan was "SEF's money", centre meetings were "SEF's meetings" and the responsibility for SEF training belonged to SEF, no matter how much the SEF staff tried to explain that the money borrowed belonged to the clients, that the centre meetings were supposed to be organised by clients in order to encourage their empowerment or that skilled clients were supposed to train other group members. As Karim (2011: 71) describes, in the financial culture promoted by microcredit organisations "nothing was free for these women". If clients wanted to have proper facilities in their centre, they had to pay for it themselves.

Despite women's continuous demands that SEF should arrange a proper place for business meetings and run them less often, most of the clients felt that they had no control over the issue. Subira, who had offered her two-room house as a temporary meeting place without any compensation, explained the matter as follows: "There is little you can do, rules are rules, and otherwise there wouldn't be any loans." She had been considering leaving SEF and joining another organisation called Get Ahead, because they did not organise repayment meetings. "But Simo [development facilitator] advised me to stay because he was afraid that he would not find a substitute for a person like me."

Not only many clients felt that they had no possibility of influencing SEF rules; they also criticised the rules for being unreliable. As the following discussion between a development facilitator and clients illustrates, sometimes the new rules were set fairly arbitrarily and justified by fairly questionable arguments:

> *Development facilitator*: If you don't fill in the forms and return them as soon as possible there will be a 30 rand fine. [Clients start complaining]
>
> *Development facilitator* [shouting]: You know what these papers are. I'll lose my job if you don't return these forms. If I give you forms and you don't fill them in, I cannot give you any money.
>
> *Client*: Not all of us can read and it's difficult to fill in these forms. It's not right to give us a penalty.
>
> *Development facilitator*: There are two groups who didn't pay in time at the last meeting. If something like this happens, they have to pay a 50 rand fine.
>
> *Client*: I've never heard about such a rule.
>
> *Centre meeting in Mosetsana, 26 June 2007*

According to SEF management, the meetings offered important opportunities for fieldworkers to help the clients and monitor savings and repayments. This tactic, according to which SEF transferred many of the training responsibilities from the organisation to the clients, and forced clients to shoulder additional transaction costs without any economic compensation, seemed, however, to respond better to the lenders' concerns over the organisation's financial sustainability than to the clients' hopes for assistance and empowerment. As Rankin (2002) notes, such strategies transform microcredit groups and their relations of solidarity into instruments for diminishing the costs of screening and monitoring. Microcredit organisations promote this tactic in the name of supporting the entrepreneurship of the disadvantaged, where the poor who were previously considered as passive receivers of aid are now seen as creative agents of their own development. The problem is that such arrangements considerably increase the responsibilities, while not necessarily the rights of the clients (Hietalahti and Nygren 2011).

Centre meetings as arenas of struggle

The bright image of harmonious African women doing business together and helping each other became tarnished time after time especially in the centre meetings in Lamune. In my second visit in this village I came to witness the way that discipline and public shame were instrumentalised by SEF microcredit operators; tactics that Foucault-oriented Karim (2011: xviii) calls "the economy of shame". On that specific morning the centre meeting left an impression of ambiguity; it did not negate the significance of the repayment meetings in the SEF microcredit operations, but neither was convincing that these meetings were free of problems, conflicts and manipulation. The clients were bursting with pent-up anger and frustration. The most surprising for me was that instead of being run by the development facilitator, the meeting was led by Ben, the "trouble shooter" at SEF, who had been called to the centre to restore order.

After the roll call, the meeting was suddenly thrown into chaos by disputing clients. Two clients complained that they were not transported to the meeting as agreed and thus refused to pay the transport fee. Some in the group had not paid the transport fee in the previous meeting, which made others complain about the ineffective system of fees. A client who was supposed to come and pay her fines was missing, which made her group members angrily demand: "We want the money! Why doesn't she come and pay?" They even tried to call her, but she never answered. Again, only 30 clients of a total of 55 arrived at the meeting, and only a few of those absent had forwarded the required letter of absence to the chair. The clients calmed down only after Ben, the trouble shooter, finally raised his voice to them: "I'm not convinced of the way this centre works. I've been working for SEF for a long time, but I've never seen behaviour like this. I'm ashamed of you all!" Ben ordered the clients who had not paid their transport fees to pay them immediately. In order to get the control over the situation, Ben used various rhetorical manoeuvres:

> I'm not satisfied with the level of attendance. Many of the clients are missing. SEF doesn't like that. This centre doesn't work well. I am happy about the way you are saving. But there are still some groups who don't save. SEF will give you money only if you save. There will be no money if you don't save. Is this clear? Come to the meetings! Save! If you don't bring any savings to three meetings, your loan application will be rejected. There is no reason to go and say bad things about SEF; that SEF wouldn't give any money. You just have to save first.

Ben, trouble shooter in the centre meeting in Lamune, 18 June 2007

When reminding the clients to repay their loans on time, Ben particularly frowned upon clients' behaviour in the presence of a foreign visitor: "If you have problems with your repayments, it would be better not to mention them in front of our visitor. You are giving a bad picture of us. You have to think more carefully about what you say. Every family has its own problems. You cannot solve them in public." Such a command had a powerful effect on the clients, as I noticed later. In the interviews clients judged the shameful behaviour of the fighting parties and repeated Ben's rhetoric when blaming groups for the general disorder: "you should not bring your problems to SEF!"; "rules are rules!" and "there's no team spirit!"

At the same time, Ben cleverly used the presence of a foreign visitor to strengthen his role as a moral guardian. As a foreigner who was going to tell these people's stories to a wider audience – and undoubtedly to SEF – I was told various versions of events by both clients and Ben in the interviews, in the meetings as well as in the informal conversations. Similarly, I was sucked into the power plays interwoven in the everyday actions of microcredit operators. Ben, as many others, tried to fill me with information and insights that he apparently hoped or assumed I would pass on to the "upper levels" at SEF: "If I talked with the managing director, I would tell him that..." or "You must understand that a good development facilitator would never...."

When Ben began to ask group by group how their businesses were doing, the meeting dissolved into chaos. Josephina gave a long speech describing the damaging relationships among her group members. One of them, Anna, who had a close relationship with Winny, the development facilitator of the centre, seemed in particular to be a troublemaker:

> This member does not come to the meetings. I've visited this member, Anna, several times, but Winny always turns the problem upside down. Everybody knows that she borrows huge amounts of money, but never pays on time. She might take a loan of 5,000 rand; she does save but does not pay the loan on time. We always have to pay for her. And because of this, we cannot get new loans.
>
> I don't understand the reason why I'm not able to get a new loan. Winny has promised to solve this problem. But as a friend of Winny's, Anna knows more than others. Winny always asks us to solve our problems within the group, while she favours one of the members, the one who is the problem. And Anna has money, she is able to buy items for stock, she's able to go shopping at Indians. Once I saw her, and she ran away!
>
> We are all business women! Winny is behaving like the money belongs to her. But it's not her money! It's SEF's money! I don't want to attend these meetings anymore because of this problem. When SEF started, it was supposed to help our businesses; now this all affects us as well as SEF's businesses.
>
> *Josephina, MCP client in the centre meeting in Lamune, 18 June 2007*

It was easy to sense that membership in the SEF microcredit programme did not constitute any type of feeling of togetherness among these group members in Lamune. In this light, the social capital-related assumptions about solidarity and team play among poor women as a self-evident element seemed ironic. It was also evident that group solidarity did not arise simply by the order of the organisation or upper level actors; as Rankin (2002) suggests, it is a much more demanding and deeper social process. Instead of creating feelings of trust or team play, in this case, the microcredit mechanisms were producing heightened tensions and reluctant solidarity among the clients.

It was also noticeable that while criticising their own failures, clients were also criticising Winny, the development facilitator, for failing to follow the expected rules of trust and open communication: features that some researchers associate with the greater reliability of microcredit programmes in comparison with other financial tools of the poor. Collins *et al.* (2009: 26–27), for example, despite their creditable investigation of the portfolios and money management of the poor, rather gullibly tout microcredit organisations as especially reliable by stating that microcredit officers "didn't demand bribes" and "took the clients' transactions seriously". In Limpopo, however, reliability did not always materialise as intended.

On that quarrelsome day in Lamune, Ben, as a representative of SEF and a substitute for Winny, the development facilitator, was surely in an unpleasant position. On the one hand, he had to create an image of a trustworthy organisation and personnel to the clients – and to me. On the other hand, he had to make sure that the clients would begin to follow the rules so that the work of the whole centre would not be endangered. In this situation, he decided to appeal to the central element of the microcredit programmes, team work and communality:

> It is difficult for me to speak on behalf of Winny. People should get their loans on time. I am sorry, this is not SEF. SEF always loans money to reliable clients. I can see that you are angry, and usually there is a reason for that. But on the other hand, it is difficult to solve problems if people are only fighting. There is no team spirit, there is no communal spirit. If everybody works on an individual basis, the system does not work.... The group cannot function without a communal spirit.
>
> *Ben, trouble shooter, in the centre meeting in Lamune, 18 June 2007*

Ben suggested a group meeting at the SEF office to manage the problems together. However, there was a new turn in the events. Winny, the development facilitator, who had apparently been listening to the discussion round the corner, entered the meeting place and closed the meeting by saying: "The real problem is Josephina who is terrorising her group and the whole centre. It is a lie that I am a friend of Anna's. I am tired of doing stupid follow-ups and other things. These group members complain that Anna gives money to her mother. But that is not a problem if she's able to repay her loan, is it? If there is somebody who wants to leave the group, that is no problem. I can even take the case to Tzaneen, to the head office. Josephina did not take the loan even if I offered it to her. Josephina is the person who is causing dissension in the group, not Anna. This is Josephina's problem. She's the one who is always complaining!"

The centre meeting that had continued for over two hours concluded with these words. Many clients seemed to be confused over the situation. It was difficult to determine, what the truth actually was. When I met these women later, everybody had an opinion on how and by whom the problem should be solved, and who was to blame. After a month, I eventually managed to have a word in private with Winny, the development facilitator. She was reluctant to talk about the meeting, and was not willing to give answers even to basic questions. When I asked about the problematic meeting, she simply answered that she had "solved the problem": Josephina, the client who had been complaining about Anna, had been expelled from her microcredit group. The problem was thus solved and the group and the centre could continue its activities – until the following problems and show-downs occurred.

5 Everyday politics of microcredit

THIS CHAPTER challenges the idea of microcredit as a "magic bullet" in poverty reduction by demonstrating the diversity of women's income-generating activities and noting that coping with poverty is hardly a matter of a new financial instrument alone. As the analysis will show, the rhetoric of microfinance conflicts with the lived realities of the women whose economic activities were constrained by various social obligations and responsibilities (Karim 2011: xvi).

In Limpopo, women's financial affairs were inextricably intertwined with their livelihood portfolios based on irregular streams of formal and informal incomes. Financial, social and cultural norms and practices strongly shaped the ways clients operated their micro-businesses. Income loss was continuously present, and clients' businesses and possibilities of influencing their life-situations were often inhibited by this continuous vulnerability.

Although the group lending model enabled loans for poor women without financial collateral, it did not mean that loans were available to anyone. Under the political covenant system, which tied the loan terms to the behaviour of borrowers and strict monitoring, money and credit in all their dimensions were tightly interwoven with the processes of social inclusion and exclusion. While certain actors were given access to microcredit, others' access was constrained (Bähre 2007b). The high-fliers were those who were able to utilise various social networks as well as regular incomes in the household. Bolstered by various power symbols, they took advantage of their social status.

Women's everyday strategies for living

Diversity of income-generating activities and livelihoods strategies

While microcredit was critical in the sense that it provided poor women with the most important thing that they needed, that is, money in cash, joining a SEF programme did not mean that the clients' lives would have changed in an instant; neither did it mean that everybody's dreams would have come true, as heavily hyped microcredit rhetoric sometimes suggests.

In fact, we should not expect microcredit to be an all-embracing solution to the problem of global poverty; nor should we forget that some people join microcredit programmes in order to get money to survive, not necessarily to "end poverty" (Ferguson 2008: 281–282). Although microcredit had brought considerable changes in the livelihoods of Limpopoan women, coping with poverty and progress in business were not simply a matter of a new financial instrument. In fact, the stiff competition, poor customers, constant worries over loan repayments and few opportunities for strategising in their businesses caused some clients to feel discouraged in their everyday struggles to become "proficient business women" or "agents of their own development".

In order to understand the way poor people in Limpopo try to improve their lives through different financial instruments and social networks, it is important to consider the management of money and cash flows as a fundamental part of their everyday lives. As Collins *et al.* (2009: 4), who have studied financial tools and money management methods among the poor in India, Bangladesh and South Africa, remark, "If you are poor, managing your money well is absolutely central to your life – perhaps more so than for any other group".

Managing money is difficult in particular if there is little of it (Collins *et al.* 2009). For Limpopoan people, poverty was an everyday struggle for survival, which no single activity alone could assure. Poverty left women unable to pay their children's school fees or to buy proper food. The challenge was to make sure that there was something to eat every day, and not just on the days they earned (Bateman 2010, Collins *et al.* 2009). The SEF clients sold and saved to be able to repay their loans, whatever the financial circumstances of their households. Poverty created vulnerability to unexpected financial shocks; sickness, robbery or funeral costs could create an economic collapse overnight.

Rather than consume every rand as soon as it was earned, SEF clients tried to manage their money by saving when they could and by borrowing when they needed to through various social networks and financial instruments (Bähre 2007a, Collins *et al.* 2009). In fact, it was fairly surprising what a large number of formal and informal financial and social instruments were at their disposal. From my interview data, I was able to find a total of 19 different financial instruments to help women cope with poverty: a) bank account in a bank or post bank; pension; funeral plan; loan from microcredit organisation; saving in a microcredit programme; insurance; retirement or savings annuity; and credit at the town's furniture store in the formal sector; and b) *stokvel* savings; burial society; one-on-one lending or borrowing; credit at local *spaza,* informal convenience shop; *stokvel* lending or borrowing; loan from *mashonisha*; saving-in-house; operating as *mashonisha*; selling on credit to customers; and remittances from household members. Besides these, a number of other social arrangements existed, such as food sharing, helping with child care or delivering stock items (cf. Collins *et al.* 2009).

In general, the economic activities of SEF clients were tightly interwoven with the households' livelihood portfolios based on sporadic streams of formal and informal, regular and irregular income. A household member might have a regular or seasonal wage from a full time job; another may run a small business and get remittances from relatives living elsewhere; a third may get a grant or a pension from the government and save money through a number of *stokvels*. Or all of these instruments may be used by a single person. Many of the households I studied were running several activities simultaneously, these activities being closely interlinked with each other. Hectic forms of decision-making and intermittent business operations were partly a response to the overall economic instability and political volatility in which people were forced to struggle to earn their living through an array of activities and business ventures (Hietalahti and Nygren 2011).

In this heterogeneity of economic activities, it is difficult to consider microcredit and micro businesses as "magic bullets" for development and as something isolated from people's overall struggles to earn a livelihood. Although microcredit brought reliability as well as regularity to the financial lives of the SEF clients who otherwise would have to interact with not-so-reliable financial partners such as *mashonishas*, it did not mean that the uncertainty of their financial lives would have been eliminated. Nor did it mean that the new financial partners – the other group members, customers or representatives of SEF – would have been as reliable as the clients would have liked them to be. As described earlier, solidarity did not always materialise as intended, and various kinds of tensions emerged between SEF clients sharing liabilities. Also, the rules were changed sometimes arbitrarily; development facilitators did not always arrive at the repayment meetings in time, nor were the loans always disbursed as promised.

Importance of conventional social networks

While microcredit provided an important element in the financial lives of poor Limpopoan women, the significance of their conventional social networks as a survival strategy had not diminished (Bähre 2007a). Just as South African women had depended on various social networks and associational ties for decades, the social and financial aspects of the lives of SEF clients were also interwoven with a variety of organisations: burial and funeral societies, credit and savings networks, *stokvels*,[25] and Christian women's groups. As revealed in the interviews, these associations provided motivation for those who did not

[25] In the study area, people use the term *stokvel* in various ways. For some, *stokvel* refers solely to savings associations, for others to both credit and savings clubs. Some people consider *stokvels* particularly as burial societies, while for many the term means all kinds of financial mutuals: credit and savings associations as well as burial and funeral societies.

have the willpower or other opportunity to save on their own. The various clubs gave SEF clients the chance to meet their commitments at the end of the year, to provide funeral costs or to make sure that they were able to pay the school fees in January. Typically each society was designed for a detailed purpose and the savings were timed for a specific date or event, such as for Christmas, for funeral or for school fees.

The most important associations for women during the time of this research, if measured by participation activity, were burial societies: they were the societies that "no one could miss". The burial societies of various types were informally administered through a group of women or the whole community. In a group system, a small group of people paid a fixed amount to a member affected by a death in the family or alternatively saved a certain amount on a monthly basis, typically 20–50 rand a month. A member in need received a fixed amount of money from the pool in the case of the death of a relative. Contributions were kept either in bank accounts or in a secretary's strongbox. The fee for communal burial associations, which might have as many as 2,000 members, was typically 2–3 rand a month.

Considering the long history of burial societies as a part of South African people's financial and social lives, the fact that Limpopoan women had a very special relationship with these societies was not a surprise. Since the 1950s, burial societies have been "the most stable, the most widely spread and popular, and the most serious of the women's efforts" (Brandel-Syrier 1962 in Lee 2009: 137). As Verhoef (2001: 267) explains, in various communities caring for the dead by means of a funeral is of exceptional spiritual importance. Given the importance of funerals and that arranging them is fairly expensive, funerals are a crucial spiritual, social and financial factor in women's lives, and affect the lives of the poor in many ways (cf. James 1999a; 1999b). In my interviews with SEF clients it became evident that the social pressure involved with buying the coffin and arranging transportation as well as providing the meal for guests, who might number hundreds of relatives and community members, was a financial burden. Lee (2009: 138) describes in detail how competition between neighbours for the best coffin or for the most food often stretches the social and financial obligations to the utmost.

Another popular association for women were formal funeral societies or funeral plans, town-based companies, which provide for individuals and their families. These companies have a long history. Various insurance companies in South Africa have offered funeral services since the 1930s and managed to develop their operations via the existing informal burial societies (Verhoef 2001: 289). In my research area, joining a formal funeral society was becoming increasingly common, especially in semi-urban villages. One explanation could be members' morally hazardous behaviour in the informal burial societies. Despite the high moral obligations in regard to funerals, given the importance of being buried with honour and pride, people sometimes stopped paying into the common pot after they themselves had benefitted, causing conflicts between the members. Another significant issue was the efficient marketing of the funeral companies. While everybody belonged to at least one communal burial society, some clients contributed to five or six different types of funeral and burial plans. This suggests that women wanted to gain greater security by joining several associations, each of them having a certain role in covering funeral expenses (James 1999b: 60). Moreover, the social and cultural pressure to arrange an appropriate funeral was substantial.

Despite the extensive supply and popularity of funeral services, many clients still preferred to provide for funerals only through informal burial societies (cf. Verhoef 2001: 277). As many of the SEF clients explained, not only were their services expensive, the rules and terms of the formal sector funeral plans were also sometimes unclear. For some, operating in the informal sector and using informal burial societies was simply a more familiar and cheaper option. People were not always sure whether the funeral plan would cover all the expenses, and for whom in the family. Funeral plans did not allow bending the repayment rules either, whereas the agreements of the informal burial societies were often flexible to some extent: In the case of an emergency, the payments could be postponed, but continuous defaults would certainly have led to exclusion from the association.

Some women in Limpopo were also actively involved in Christian women's groups, typically with the Zion Christian Church (ZCC), whose practices were strict and under the firm control of charismatic leaders (Anderson 1999). The rules of its associations were harsh. The church, for example, forbade women to join any other informal savings societies, making women believe that the other societies were all involved in alcohol consumption and dishonest acts. Typically, SEF clients considered the religious ZCC members as honest and helpful business women. In addition to strong social loyalties, high moral obligations and the culture of forgiveness governed the church members' micro businesses and attitude towards possible defaults in the businesses and microcredit groups.

In addition to these arrangements, many women participated in various credit and savings associations, which in this study are referred to as *stokvels*. *Stokvel* savings associations refer to what are universally known as ROSCAs (rotating savings and credit associations) or ASCAs (accumulating savings and credit associations). The idea in such arrangements in Limpopo is that the members either contribute on a monthly basis into a pot of money that is distributed as a whole to each member in turn; or the money is saved until the appointed time, when the lump sum is distributed between the members. *Stokvel* credit associations operate on somewhat similar principles as the microcredit-related village banks. In these associations, members put money saved into the same pot from which they can borrow money at a certain interest.

In the end, the money with interest is distributed between the members. In the "business-version", members first save a certain amount of money and then begin to lend money to other group members and/or non-members. The profit, that is, the income from the interest, is typically distributed to members on a yearly basis.

Some of these business-oriented *stokvels* were surprisingly lucrative. One such *stokvel* business was run by Bertha, MCP client from Leloba, which is a semi-urban settlement near Tzaneen; in fact, her group was a representative of well-functioning credit association. As for many other older generation women in Leloba, Bertha's involvement in *stokvel* was based on many years' friendship and trust relations with friends and neighbours. It all started when a couple of women came to visit Bertha and asked whether because of her social status and strong character she would join and become the leader of a new *stokvel* credit association in the neighbourhood. In a group interview, Bertha described the success of her *stokvel* group and *stokvel* business; indeed, her credit association was exceptional among microcredit groups:

> Like now, we have ten here. We contribute 500 per month, and raise that money up to 20,000. Only we group members can borrow from it; we borrow the money, and we use it, and we bring it back. If you take 2,000, you have four or five months [to pay]. We have our own interest rates.... So we raise this money by taking loans and bringing it back with interest. In December all the debts must be paid. This adds up to a nice amount.
>
> *Bertha, group interview of four MCP clients in Leloba, 4 July 2007*

Some women, such as Bertha, created a long-term involvement with various societies along with friends whom they had known for long, which meant simultaneous membership in many associations with the same group members. This suggests that while women were satisfied with the composition of the group and they interlinked with each other in multiple ways, they aspired to increase their incomes and gain greater security through membership in several associations. They also aimed to strengthen the moral capital through more demanding obligations (James 1999b: 60). As Guérin (2007: 559) suggests, utilising various *stokvels* simultaneously might be a sign of the will to create discipline; to save and use *stokvels* as an incentive to earn income. The drawback of such a system is that as women's social and financial lives are closely entangled with each other, their businesses become highly conditional on other members. If one *stokvel* member fails, it affects many associations simultaneously (Bähre 2007a, Lee 2009: 149–153).

Social mapping of SEF clients

SEF divided clients into two groups by using a special Participatory Wealth Ranking (PWR) method (van de Ruit *et al.* 2001, Sorensen 2006): the "wealthier" clients already operated a micro-enterprise and participated in the original Micro Credit Programme (MCP); "the poorest" were starting their businesses under the Tšhomisano Credit Programme (TCP). The programme itself, however, was not the major determinant of the opportunities for success. Despite such a ranking system, these two programmes did not, in fact, differ markedly from each other. Sometimes TCP clients had bigger loans or businesses than their better-off peers in the MCP groups; sometimes TCP clients were able to save more than MCP clients; sometimes general living conditions were favourable for TCP clients. Both programmes consisted of clients and groups who were able to expand their businesses and to "turn the game to their own ends" (Bastiaensen *et al.* 2005: 980–981), while others only marginally benefitted from available resources. In this respect, I rejected the strict programme-related approach when analysing the possibilities for success in the microcredit businesses of SEF clients.

While it was largely up to SEF clients' skills and financial bases how they balanced between the demands of everyday life and the financial opportunities provided, the ability of women to use credit in a lucrative way also depended on the wider political-economic processes and social structures (Bebbington 2007: 157, Meagher 2006, Wilshusen 2009a: 392–393). As will be shown in the following analysis, differently positioned people had access to different resources and sources of negotiation power, and the conditions under which credits were granted, accessed and controlled had a considerable impact on the distribution of benefits and constraints within the SEF microcredit programmes (Meagher 2006).

I made a general social map of SEF clients, conceptualised as "the poorest" and "the better-off" clients, which is presented in Table 1. The table illustrates a rough generalisation of the composition of various capitals, as well as their transformability and recoverability. As shown in the table, in the success stories, SEF clients' flexibility and responsiveness to arising opportunities in the new livelihood strategies were important. In Limpopo, the successful clients "understood business", and they were innovative in creating new strategies and establishing new businesses. Most importantly, clients who were involved in a range of social and financial networks, and who could rely on regular incomes in the household were in a better position than those relying solely on their microcredit businesses. These clients were also able to save, and to manage their incomes, savings and investments more systematically. Consequently, the better-off clients were more capable of protecting themselves against financial shocks through savings and assets, and more likely to be able to diversify their businesses. They were able to keep their stocks updated, which meant that they were not at great risk of running out of stock and were in this way better equipped to prevent their businesses from falling into financial straits.

TABLE 1. Characteristics of SEF microcredit clients

	Better-off	Poorest
Starting point and income sources	More diversified businesses. More experience in business. More expensive selling lines. Larger loans in the beginning. Often someone else in the family who brings extra income.	Little experience in running a business and limited business skills. Need for training in how to run a business. Selling low price commodities. Sporadic business activities. Smaller loans in the beginning. Mainly women-headed households with no other income in the household.
Business opportunities and finance	Better opportunities to diversify and to improve their incomes.	Usually not many opportunities to diversify or improve incomes. At risk of running out of stock.
Social impact and well-being	Able to make changes in life. More opportunities to create new business ideas.	Few opportunities and abilities to make changes in life.
Vulnerability	Less vulnerable, being somewhat able to protect themselves against financial shocks. Able to meet basic needs.	Vulnerable, having no savings or assets to protect them against unexpected expenditures. Need to rely on help and loans from relatives and friends (if available). Difficulties in meeting basic needs.
Social networks	Involved in a range of social and financial networks. Ability to rely on help from friends or relatives.	Burial society. Few other networks.
Access to services	Better access to public spaces in town, markets, services and information.	Poor access to urban markets, services and information.
Biggest problems	Unreliable group members. Economically poor customers. Saturated markets.	Income insufficient to meet the basic needs. Unreliable group members. Economically poor customers. Saturated markets. Over-indebtedness.

Source: Fieldwork 2007

While the businesses of the better-off clients consisted of beer and textile hawking, traditional healing and phone services, the poorest SEF clients concentrated on fruit, juice, tobacco, and vegetable hawking, thus on sectors with a low level of profitability and tendencies of oversaturation. Approximately 29 % of the interviewed clients in rural MCP programme, 27 % in rural TCP programme and 65 % in semi-urban MCP programmes can be characterised as "better-off".

The poorest SEF clients often faced serious financial problems, including difficulties in providing for food security for the family or meeting their basic needs. The poorest of the poor had difficulties in saving or creating assets for protection against unexpected expenditures, at which point they had to rely on the help of relatives – if anyone was able to help. The most vulnerable SEF clients were often deficient even in their basic business skills. Many of them had started a tiny business of selling small items at home, without a clear plan of how to run the business. Many of these clients had limited possibilities of separating their incomes from debt claims and guaranteeing their future stocks was difficult. If they ran out of items in stock, the only recourse was to wait for the next loan cycle. Sometimes these women struggled with managing their loans and businesses along with their other responsibilities. There was also the constant risk of food on sale spoiling or customers not paying.

Better access to information, employment opportunities, market places and services provided a better starting point for the wealthier clients than the poorer ones. Semi-urban areas provided more business opportunities for the women, including markets for goods for wage-earning, solvent clients. In rural areas, women mostly operated small businesses either from their homes, hawked from door to door or sold in school yards.

Despite the striking diversity in clients' abilities and opportunities to run their businesses, on a broader level, basically all clients shared the same concerns about the lack of money (Guérin 2007: 553). Poverty for SEF clients was constant, and it could easily strike even those who were generally self-sufficient and "better-off". According to interviews, in many cases, improvements in income were relatively small and achieved only in the long term. To give a perspective to this issue, according to SEF statistics (2012: 3), the average business value of the clients before the second loan is approximately R1,100; in the fifth round the figure is an average of R1,700.

Successful women could not escape the day-to-day struggles either. Clients worried constantly about irregularity and insufficiency of income. They ran their businesses in risky environments, in which the loss of income was always possible. These worries come out in the following story of Brooke, who in addition to her clothing business sold fish, cold drinks, fruits and donuts, "fat cooks", to support herself and her four children. She joined the SEF MCP programme in Pekenene in early 2006, after which she had been able to expand her businesses, to establish a tax-shop and to build a four-room house. Every morning, she got up at three o'clock to cook and bake. In the daytime, she ran the tax shop. In the early hours, before four o'clock in the morning when the men left for work to nearby farms she had already baked heaps of donuts to sell. "If you don't wake up early enough, you are going to lose money," Brooke explained and continued: "They pass my place, and take these early confections." After this, she started knitting, "because you cannot afford to go back to sleep". At sunrise, she began her main business: selling drinks, fruits, vegetables and knitting products. Neighbours came and bought during the day. "In the evening, those who come back from work come to my place and buy." After six o'clock in the evening "you just close the gates, go to sleep and wait for the next morning", Brooke described.

The everyday concerns were driven by the pressure to meet daily needs and long-term community obligations, and hardly any source of living available for the poor in Limpopo could be considered secure. Although many of the informants experienced some improvement in their financial situation and life conditions, credit and possible economic returns often dwindled between the new stock supplements and the daily household costs. The biggest problems were irregular incomes, narrow profit margins, stiff competition, poor customers, and difficulties with loan repayments. In Limpopo, only a few of the wealthier clients felt that their businesses and livelihoods were sustainable; and in the interviews even they were cautious about giving such an impression about their businesses.

Similarly, the different financial instruments available to women coping with poverty, combined with stories of *stokvel* successes, may easily give the impression of a vibrant and versatile associational life. However, while some women coped with poverty through diverse sources of income and social networks – which in many cases was the secret of some SEF client's success in Limpopo – the diversity of the livelihood strategies of SEF clients should not be over-emphasised. Only the most successful clients were effectively able to diversify their businesses or benefit considerably from various credit and savings associations. In fact, according to Francis (2002) and Slater (2002), diversified livelihoods and income sources could also be a result of falling incomes, not necessarily a sign of innovativeness and business growth.

Typically, *stokvels* were part of the complex set of livelihood strategies from which women tried to choose the most available and the most suitable. As described above, women often established *stokvels* or joined microcredit programmes as a solution to a specific problem, and not necessarily for a long-term profit-making purpose. S*tokvels* for savings purposes were rare. In Limpopo, the interviewed women typically joined or established a *stokvel* only when they had a regular income. Some women said that they were able to take part in *stokvels* only when they were working. Typical monthly contributions varied between R45–100; the investments topping R200 were exceptional. None of the poorest clients interviewed belonged to *stokvel* credit and savings associations. While basically everybody belonged to at least one communal burial society, it is equally correct to claim that many SEF clients belonged to one or two communal burial societies, contributing 2–5 rand a month, but no more. While some better-off clients were able to save as much as 100–200 rand on a monthly basis, most of the poorest saved typically 20–50 rand a month.

According to the interviews, in some cases the use of various instruments was somewhat periodic. As Lee (2009: 148) notes, women also practiced selective membership for a few years, and then dropped out if their income fell or if they had a bad experience. Sometimes SEF clients used *stokvels* as a fall-back for microcredit. They established *stokvels* to support those who had problems with their SEF loans: clients whose businesses had been discriminated against, who had been robbed, or who had failed for one reason or other. Many women admitted that group savings enabled them to keep money out of the reach of men "who would use it for beer, tobacco, gambling and other women", reflecting the women's attempts to challenge male-dominated intra-household relations.

Irregularity of income obliged some clients to join other microcredit programmes, such as Get Ahead or Marang, to pay the loans derived from SEF. Some clients were successful in this kind of merry-go-round, while others ended up in a circle of debt having to apply for a new loan to pay off an earlier one. While these are illustrative examples of the logic according to which women manage money through various financial instruments, at the same time these examples support the idea that microcredit is inseparable from people's overall economic activities and struggles for a livelihood.

Tightly intertwined financial, cultural and social affairs

Personal ambitions and social obligations

In order to explore which women were able to improve their financial situation, and which women only sank more deeply into over-indebtedness, it is essential to analyse microcredit in its political, social and cultural contexts. Yet the distinction between the financial and social components in the SEF clients' lives proved to be artificial in a situation where economic activities, social relations and cultural conventions were intrinsically interwoven in people's efforts to earn their living from fragile business ventures and shifting social alliances. Although SEF clients' everyday business operations were not formally regulated, in the logic of decision-making among the poor households in Limpopo, economic affairs were tightly intertwined with social rules, cultural norms and political power relations.

To get a sense of how SEF clients managed their money and created different livelihood strategies, I tried to identify their business operations, to estimate their earnings and expenditures and to listen carefully to what they had to say about their financial circumstances. Such features proved to be difficult to judge, however. Market activities varied from day to day and earnings were sporadic and typically concealed from other people, not to mention the foreign visitor whom they did not know well. As women's businesses were structured through social hierarchies, the first lesson learnt was that in order to understand the financial lives of these women, I needed to look at their broader life situations and social logic directing their businesses.

What greatly regulated the rhythm of women's economic activities were the pension days, whether this meant running small businesses, participating in credit and savings associations, contributing to burial societies or dealing with *mashonishas*. As Francis (2002), Slater (2002) and Lee (2009) describe, traders tended to outnumber pensioners outside "pay points" on pension days. In my study areas, too, women put their wares on sale at the pay points on the days pensions were paid. *Mashonishas* rushed there to collect debts and funeral society representatives arrived to advertise for new customers and to collect membership fees. According to SEF clients, pay days were the monthly peak times for their businesses. Clients tried to co-ordinate their debt claims on customers and match their own payment schedule to the time schedule of pay days. Even SEF microcredit repayment meetings and loan disbursement dates were sometimes re-scheduled so that SEF clients would have time to collect their claims from their customers, or do the stocking and then hurry to the pay points to pursue their businesses.

As typical of small businesses, SEF clients' businesses were seasonal; success depended greatly on weather conditions, days of the week and annual rhythms. Aileen, who was selling fish, sweets and African beer in Lamune, told me that she was able to earn 720 rands in revenues each week, most of which was made during the weekend: "From Monday to Thursday about 70 rands, but on Friday as much as 650 rands." According to Lulu, who regarded such regularity as typical of the beer business, the workdays had a certain rhythm: "On Wednesday I put the ingredients together; on Thursday and Friday it's the same thing, and on Saturday the beer is ready. Weekend is the time when people drink." Typically, December and January were the slowest months for business activities. Jamila, traditional healer from Lamune described how she tried to manage the seasonality by saving all year long in order to survive over the slow months: "In December people are busy buying things for their families, and in January they are paying the school fees. That's why I save as much as I can. I do it to avoid the Christmas seasons, because it's not a good time for business."

Characteristic of the business strategies of poor women was a complex dialectic between the personal aspirations of livelihood improvement and the collective norms of co-operation. In addition to domestic needs, people fulfilled a myriad of communal duties and social rules of reciprocity, assisting at funerals and weddings and taking care of the grandchildren and disabled relatives. Adjusting their business duties with their social responsibilities was sometimes difficult. If there was a funeral at home, it was considered inappropriate to operate a business and attend meetings for a period of four to six months. During this time the other group members took care of the loan repayment or they sought a person to temporarily replace this member. "She's got problems;

once they're over she'll give us our money back", these group members explained in the interviews. Correspondingly, if a wedding was to be arranged, women helped in the preparations and were thus unable to run their businesses. If a child became seriously ill, the mother usually ignored her business activities for a while.

A distinctive factor in financial security for SEF clients, in particular for those who participated in textile or other high-priced businesses, was debt claims. Owing to the expensive products, the customers of SEF clients were able to buy only on credit. The collection of debts thus regulated the women's businesses. Because of the blurred boundaries between domestic and commercial activities, SEF clients typically used any remaining cash to pay for various household needs. While they insisted that the SEF loan was to be used only for business, in many cases, cash management consisted of a complicated set of incomes and expenditures, and the repayments, expenditures and debts were paid from any available source of income, such as microcredit, *stokvels*, debt claims from customers, pensions, child benefits or remittances from relatives.

Social relations were a driving force in the women's strategic decision making in business and finance. Prices were often settled together and nobody was allowed to raise the price without permission from the others: "It's one price"; "You can't change the price"; or "You have to agree with everyone", SEF clients explained in the interviews. Sometimes prices were so low that they hardly covered expenses. Business strategies, selling areas, and time schedules were often settled together. If two neighbours were running a beer house next to each other, they might even decide on the days when each could run her business in order to avoid direct competition. Within a microcredit group, one member might sell underwear, the other blankets, and buying these items from each other at a certain price would just circulate money within the group (Elyachar 2005, Guérin 2006, Hietalahti and Nygren 2011, Maclean 2010).

Far from being practised harmoniously, however, price setting was not always decided smoothly. Kanai, MCP client in Lamune, explained how the intense competition in the saturated markets forced clients to cut prices: "Sometimes you find that there are four women in line who are selling the same item.... There are just too many people who are selling cold drinks; we are not selling at the same price, we are fighting over the prices." Considering the market as a social institution, sales places and selling communities were determined not only by women's economic capabilities but also according to each client's social status. This was illustrated by Kanai, who had recently lost neighbourly help and become excluded from the whole selling community. Kanai had had a stall on a remote road. As Kanai explained, because women in the area considered the location of Kanai's stall as the best, and because "she had colonised it wrongly", all the sellers nearby moved their stalls and created a new selling community far away from Kanai.

This was merely a symbolic gesture; Maclean (2010) describes the force of social relations in micro businesses in Bolivia, where if someone deviated from the social rules, she was condemned for being selfish and lost customers as a result. This was problematic in rural areas in particular, where there were fewer opportunities to form extra-community linkages than in urban areas (Maclean 2010: 507). Paradoxically, while competing in prices is supposed to be rational and efficient in financial terms, in Limpopo it generally happened at the cost of excluding someone from the selling community.

Aside from reflecting the reluctant solidarity, conflicting relations and power games among poor entrepreneurs (cf. Bähre 2007b), Kanai's case can be seen as an example of too narrow conceptualisation of social capital. Instead of considering it simply the capital of poor women, and assuming that women in microcredit programmes are able to transform various social resources into income, Bebbington (2007: 158) argues that social capital needs to be understood in terms of the broader relationships of hierarchy, difference and power. In the same way, microcredit markets should be considered as a form of social practice rather than just a certain physical place (Elyachar 2005: 96). In the microcredit game of SEF clients, the exercise of power became evident in the various fields and spaces, which themselves had different meanings and symbolic values for clients, and which all created their own hierarchical order. The best selling places for certain clients offers a typical example of such a system.

Blurred distinction between business and domestic affairs

Also characteristic of SEF clients' business strategies in Limpopo was the blurred distinction between business and domestic affairs. Women were usually responsible for the housework; often they also provided for family's subsistence alone. They took charge of food procurement, washed the dishes and laundry, cleaned the houses, carried water and attended to the children. Organising child care was a continuous challenge. SEF clients often took their babies along to the centre meetings and market places, breastfed them when needed, and then continued their duties. Women also used their extended families and other social networks to help with child care. The children of many interviewed women lived with their grandparents in other villages or towns while the mothers ran their businesses; some women took care of their grandchildren while the parents worked in town or if the parents had died.

According to the interview data, Limpopoan women's relations with their natal families were close. Mothers, daughters and sisters substituted for each other in businesses and everyday activities. For instance, Flora, SEF client from *Mosetsana*, told how her daughter, who lived in Polokwane, helped her with stocking and selling. Reciprocity within the natal family ensured support, not only to elderly generations but also to daughters who were single mothers or had been left by their husbands. In general, people struggled to take care of their elderly parents or disabled family members, and many households took in their daughters if they had been abandoned by their partners. In such cases, household "immobility, a choice not to move" (Lee 2009: 60, 79), became an important survival strategy for women.

The success of SEF microcredit clients was connected to and dependent on active social networks and supportive kin in particular. Those women whose husbands were retired or enjoyed regular wages or other benefits could secure their everyday expenditures or budget against unexpected financial shocks better than those women-headed households who relied exclusively on women's microcredit and micro businesses. In this respect, Jamila, the traditional healer that I met a few times in *Lamune*, was one of the fortunate ones: her husband's pensionable pay together with her ability to "work as a team" with him helped considerably in her business strategies. Similar stories occurred in all the villages studied.

The interviewees utilised various networks of social and financial support for generating income. If "serious" help was needed, women tended to turn to their kin and relatives in accordance with the rule of reciprocity: women first asked for help from their mothers, husbands, adult children, sisters or other close relatives. As was revealed in the interviews, the ability to utilise social networks in urban areas was an important way for SEF clients to advance their businesses. Indeed, SEF clients utilised their networks widely in the cities, especially in Johannesburg, Polokwane and Durban. They ordered items from their husbands or other relatives working in the cities, who then bought the required items in Chinatown or the Indian markets and delivered them to the women. While everyone went shopping in a nearby town at the end of the month, better-off clients often rented a taxi for transporting stock in Johannesburg or Durban. Linda described her travels to Johannesburg as follows:

> There is a group of people with whom we hire a taxi. Each of us pays R250 for the taxi fare. We leave around 8 or 9 in the evening. When we get halfway, the driver rests, we sleep on the road. Then around six in the morning we go to a place where they sell steel. Around eight we go to the shops where we buy our own things. We also go to the chemistry … and buy warm clothes. We go to the northern part of the city to buy duvets. Then we go to a place called *Jambo* and buy cosmetics … head pins, eyebrow pencils … and to a place called Plaza where we take a trailer. The driver takes us to cheap places and goes back to Plaza; that's where he packs the taxi. We go to China City to buy cheap bags … and cheap clothes. Then we go to Plaza … and put our luggage in order. From there people still go to shops to buy jackets, for instance. They go to the mall and buy duvets and covers. Around four o'clock in the evening we go back, and around 2 a.m. we come back home.
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> *Linda, MCP client in Lamune, 20 June 2007*

Many clients depended on their relatives for help in the business, and acquaintances provided important links to information and commercial privileges. Some clients shifted the business operations to their children so they could take on domestic or formal sector employment: “I make 200 when my kids sell the *simbas* [crisps] and sweets at the school. Myself, I’m working; I wash people’s houses, and I’m able to make 600 per month”, Imani, SEF client from Lamune explained. Children helped their mothers with the housework or in running the businesses – sometimes at the expense of school.

Although help from family members was crucial for Limpopoan women, it would be short-sighted to consider kinship relationships entirely reliable. Neither were these relationships stable nor permanent. As Lee (2009: 46–47) and Mayoux (2001) point out, different members within a household may have competing ways of using and valuing supporting networks. A strategy used by one member of a household may harm another. As Lee (2009) suggests in the case in Cape Town, the household was a key site of contestation through which conflicting values, perspectives and lifestyles were expressed and mediated. Disagreements over strategies, rights and responsibilities were often expressed in gendered terms, and occurred between different generations, reflecting the unequal distribution of power in domestic relations (Lee 2009: 46–47; 72). This is a phenomenon which has been mentioned little in social capital debates based on the assumptions that shared values, solidarity and reciprocity prosper within kin and neighbourhood (Bebbington 2007: 157, Bähre 2007ab, Mayoux 2001: 451–452, Molyneux 2002, Silvey and Elmhirst 2003).

Despite women’s strong relations with their natal families in Limpopo, bridging the generation gap was not always easy. Women’s relationships with teenagers or adult children were often demanding, in addition to other livelihood pressures. It was difficult for young people to establish sustainable livelihoods and raise their own families; lack of resources forced them to live with their parents or leave their children with relatives, which often created generational conflicts between women (cf. Lee 2009). Conflicts in the networks of reciprocity were especially obvious in situations where some of the household members earned regular incomes but were not willing to contribute to the common pot of incomes (cf. Lee 2009). The shifting values of the young made it problematic to force regular contributions towards household finances, even when work was found, which made elderly women the core providers in a multigenerational structure of care.

Kanai, SEF client from Lamune, described her children, born in 1980 and 1989, as “completely enervating her”. One of the children was studying, while the other was working as a builder, which made him, in Kanai’s view, obligated to participate in the household expenses. This did not happen, however. “He gets his own money but he does not help me”, Kanai explained to me. According to her, instead of supporting her business, the children stole food and sweets from her stock. Half-blind and diabetic, she wished that the children would help her at least with the housework: "But they don't agree; they don't want to help," she regretted. Linking such worries with the Bourdieuan representation of social networks as arenas of struggle, it became clear in the interviews that even in such a close social composition as a family or household, team play, shared logic and solidarity could not be taken for granted. Consequently, if intra-household conflicts between different genders and generations are not acknowledged, there is a risk that social inequalities and their reproduction within these networks will also remain unnoticed.

While immobility was an important survival strategy for many women in Limpopo, from the older generation's point of view, such a system was expensive and burdensome and thus sometimes an unwanted responsibility – even if it brought a certain authority. In general, equalising the state pension between White and Black South Africans in 1993 (Lee 2010: 66), and further, between women and men (News24 2010), has had a great impact on rural livelihoods.[26] Pensions began to provide a safety net for African households with no other source of income. Old people, previously amongst the most vulnerable in society, were now able to gain some relief to poverty. In 1995, about 42% of the poorest quintile of Africans received an old-age pension (Lee 2010: 66).

Despite the critical importance of pensions for many poor South African people, the average of R800 a month was not enough to cover everyday expenses. Despite their regular pensions, pensioners often lived from hand to mouth. When I asked women whom they considered the most vulnerable people in the village, they often mentioned pensioners in particular. My interpreter worried about pensioners because they were "easy targets for *mashonishas*", the loan sharks, and were "in serious trouble with their debts" or "exploited by their relatives".

The problems of HIV and Aids only increased the weight of the burden. South Africa has the highest number of people infected with HIV and Aids in the world: an estimated 5.6 million in 2009. Approximately a third of women aged 25–29, often living in rural areas, are bearers of HIV (AVERT 2009). This means that elderly women often have to take care of family members suffering from HIV and/or Aids-orphans. What makes the situation even more problematic is HIV-related suspicions: in the narratives of SEF clients in Limpopo, this topic was still a taboo. Typically, fears and stigmas were linked to HIV and Aids. If someone was suffering from HIV-related illnesses, people were not necessarily keen to take care of the patient – or at least they wanted to keep it a secret from villagers.

While many SEF clients told me that their husbands supported their businesses, in the interviews, SEF clients complained bitterly about how men had ignored their responsibilities as caretakers, which is a typical example of the

[26] R810 per month in 2007; R1,010 in 2009.

extensive literature on challenges in intra-household relations (Lee 2009, Mayoux 2001, Rankin 2002). One reason for men's absenteeism from household responsibilities was structural. Because of high levels of unemployment, men had few choices for making a living in Limpopo. Long-distances had made the periods of job search and migration longer. "My husband works in Johannesburg. He comes back twice a year", or "My husband has a taxi-business in Durban. He sends me some money", were typical utterances by SEF clients. As they were usually men who left, more and more women were becoming single household heads, depending on the remittances from husbands and other relatives. These remittances, however, often remained insufficient and irregular, or were not forthcoming at all. Similarly, men's engagement with household expenses was often sporadic. Women did not know what the absent workers were earning, and the amounts and schedules of the payments were variable.

Some migrants wanted to stay permanently, which further changed the kinship relations and the shift towards a matriarchal household structure. Often the husbands who left started new families and new lives in towns or cities. Sons who left in search of work to Cape Town or Johannesburg often left for good, and it could take years before they contacted their natal families. This happened to Ada, SEF client from Pekenene, whose son had moved to Cape Town to work there as a teacher. "There is a tendency that men just leave and they don't come back. So he hasn't been back in six years", Ada explained. The son had married a Xhosa woman, an unwelcome event that Ada considered as the fundamental reason for the son's reluctance to be in contact. Ada's daughter, instead, visited her regularly. "She sends money, and she comes back", Ada stated, attesting to the stronger reciprocity between mothers and daughters.

Although the success of women's businesses was often connected to financially supportive husbands, sometimes women's participation in microcredit only reinforced conventional gender roles. SEF encouraged potential clients to discuss the loan with their husbands. Sometimes SEF personnel visited husbands to introduce SEF rules and to facilitate the women's enrolment in microcredit programmes:

> We get this member and go to her house: "Ooh, this is your home!" We greet the husband, say hello, and tell him to choose SEF. Because culturally women here in Tzaneen, if somebody wants to do something, she must go to the man to get the approval. "Oh, my husband, I need to do one, two, three things. Do you think it is ok?" Then, if the man says it's ok, then she can go and do those things.
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> *Simo, development facilitator in Mogalantšu branch, 13 July 2007*

Dropping out of microcredit groups because of a spouse's opposition was fairly common (SEF 2008: 6). According to the SEF clients, because of bad experiences with loan sharks, the main concern for many men was that their wives would plunge into a cycle of debt. As Susu, MCP client in Pekenene, said, her husband did not like her signing contracts and being obligated to pay. "He supports *stokvels* more, because with *stokvel* you don't owe anybody", Susu explained. However, Susu was determined to continue with her businesses:

> I'm the one who is working here. I mean, he lives in Jo'burg, so I just do what I can here, handling my business. He comes back every month and sends me money. When I make good profits, I send him some money too, so it's easier for him to come back with my stock.
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> *Susu, MCP client in Pekenene, 8 June 2007*

According to many women, their husbands first strongly opposed microcredit, but the desire for a better life made the application for a loan attractive – especially when they saw the fruits of the hard work in the form of a new house and improved living conditions. In remote places, especially, where many men were unemployed or miserably paid, women's extra income was essential for the family's survival.

Sometimes men took control over financial matters in the households even if the money originally belonged to the women; in such cases the women could spend very little directly on themselves. As Josephine, SEF client from Leloba explained: "You can't really spend money on yourself, because you always think about the loan which you have to pay back." At the same time, women often did not know how much money their husbands, boyfriends or other male supporters were earning. "They are African men, you know! They don't tell such things", was their explanation.

Many women fretted over the "lure of alcohol and other women" that had weakened men's power of reasoning. This was the case with Jamila and her husband, too. Despite the good team spirit, not all had gone smoothly between them. Jamila's arms flailed around in the air as she told a story about her husband and his girlfriend. "Normally he brings money home. Then one day you find out that some of the money is missing from his salary. But when you try to ask what happened to the rest of the money, he just says: It's nothing!" "Then another day I realised that the hundred rand missing from his salary is because he was buying food for another woman!" Jamila continued. This did not deter Jamila, however. Jamila went to see this other woman to tell her that what she was doing was not right. "But she just stands up and wants to fight!" Eventually, "after a good fight", Jamila and the extra-marital girlfriend wound up in the police station, where the police put an end to the matter. As a result, the husband mended his ways. After all, Jamila was a good choice for him: she made money. "Everything we do, we do as a team. We invest together and we have built a very big house together," Jamila said. Not all women were equally lucky, however. While SEF clients sometimes reacted strongly to their husband's involvements with other women, in many cases, there was not much they could do about it.

SEF clients rarely mentioned their social responsibilities and domestic duties to the representatives of SEF: They did not want SEF to interfere with their personal affairs, nor did they believe SEF would be willing to do so. This is partly because the clients were advised by SEF fieldworkers that problems in the family should not be solved in public. As Beth, SEF client from Lamune, described, "SEF isn't involved in our personal lives; this is how SEF operates. We solve our problems. If there is a person who has a problem, we assist her. It's not SEF's business."

In reality, SEF clients' enrolment in microcredit programmes depended greatly on the way that rights and responsibilities between household members were distributed. Social responsibilities were just concealed from the SEF staff as if it would have been possible to separate them from business affairs. This did not mean that the SEF staff was unaware that there were problems in women's businesses or household relations. The following quotation from Maria, one of the branch managers, illustrates this:

> *Branch manager:* Women run businesses and give money to their husbands. "You take this and buy cigarettes; you take this and buy alcohol!"
>
> *Interviewer:* Why do they give the money to their husbands?
>
> *Branch manager:* They love them! They are taking care of them! Husband is not working; he depends on the business of the wife. So the wife is buying him clothes, food and everything.
>
> *Interviewer:* How about those who are cheating on their wives?
>
> *Branch manager:* Of course they are cheating! If you give him money, he will take the money and eat with another woman and you will be left suffering. He might tell you that "give me the money; I want to buy this and that". But he won't buy anything. And you have agreed with him that he will pay so that you can pay your loan back. At the end of the day, he doesn't pay and you are the one who is suffering, looking around for the money.
>
> *Maria, branch manager in Hlare, 13 July 2007*

Typically, SEF discovered the truth too late. As Maria explained, "if the groups pay back properly and have the means to get the money, SEF doesn't hear anything". Thus, while such situations typically took place in clients' homes or at other "hidden stages" (Wilshusen 2009a), and because clients were usually reluctant to mention their problems to the representatives of SEF, it was difficult for the organisation to interfere in problematic situations. Moreover, female fieldworkers also felt that it was difficult for them to intervene in clients' domestic affairs and to challenge unequal gender relations because they were women themselves and thus in a subordinate position to men. As Maria said when describing the challenges with clients' disinclined and threatening husbands:

> We normally talk to the husband, but he just barks: "I'm hungry! Why did you give money to this woman? She's not doing fine and now you are coming to my place. I don't want you here!" So I have to calm him down and try to tell that I'm not here to fight with him. It's just that we had an agreement. "*Ja-nee!*[27] You had an agreement! But not with me! Get out of my house!" You see?
>
> *Maria, branch manager in Hlare, 13 July 2007*

Lineah, a branch manager with a 16-year working history at SEF, managed the gender-based problems by restricting men's access to SEF loans: "When I was working as a development facilitator, I did not give men loans because they are criminals! I decided to give loans only to women." The SEF rules stipulated that no more than one man was allowed in an MCP group, while the TCP programme was designed only for female members (SEF 2006: 24). This new policy was created after the miserable results of SEF's attempt to provide microloans also for groups with male members. In the interviews, SEF clients described how difficult it would have been for women to claim their outstanding debt from male members because of the men's superior position over women. As many of the clients explained, men tended to take advantage of women in groups and forced women to pay their debts. There were circulating rumours about men who just "took the money and left the women to pay". Some women implicated that the question was about gender inequalities; some women told me about groups in which men had been abusive to their female peers. At times my informants told me fairly shocking stories about domestic violence, abuse and other shattering experiences. When I asked whether Lineah's loan policy had changed after she started to work as a branch manager, she answered: "According to SEF rules, there can be one man in a group. But I tell my DFs that men are giving us problems, we only take women."

These comments not only illustrate the complicated power relations among various groups of actors; they also offer an example of "historically contingent and contextually specific political cultures" associated with the hidden practices of staff members of the microcredit organisation in interaction with their clients

[27] *Ja-nee* is an Afrikaans term and means "sure" or "that's a fact" or "of course" in English.

(Wilshusen 2009a). What these findings also implicate is the inability of microcredit to efficiently challenge the unequal gender structures that are prevalent, not only in intra-household relations but also between clients and staff members of the microcredit organisation, as well as between the clients' husbands – or wives – and staff members.

Gender relations renegotiated

Although men had much control over their wives in terms of mobility, sexuality and household relations (Mattila 2011: 253), this did not mean that Limpopoan women were "passive victims" or that they had no authority over other members in the household. In many of the informants' households, women in particular took care of financial matters and briefed their husbands on such issues. Participation in businesses and earning money undoubtedly also increased at least some women's decision-making power, as Jamila's case suggests. Because of their poor employment opportunities, men often became economically dependent on their wives and daughters, in contrast to "mainstream 'gender and development' -notions of women's economic subordination" (Mattila 2011: 253).

As Rankin (2002: 8) explains the matter in her study on Middle East and Asia, while women recognised male domination as an ideology, they also "complied in strategic ways to ensure their own and their children's security". SEF clients did not always tell their husbands how much money they earned from their businesses or how much money they had deposited into the savings accounts. In a certain sense, the women also utilised a protective element included in the SEF saving mechanisms. SEF encouraged clients to save a small amount of money on a two-week basis, and although the savings were personal, the approval of all group members was required to withdraw the savings from the post office group account. Such a system was developed to protect against malpractices but also made it more difficult for husbands or other outsiders to access the group members' money.

Sometimes women strategically used their obligations to SEF as an excuse for not helping their husbands or other relatives. While help from a relative could be considered as a gift, according to the existing social rules, it was expected that such favours would be repaid by the reciprocal fulfilment of the demands of needy relatives and friends. Guérin (2006) notes in her study of microfinance in Senegal that under such conditions, people usually avoid saving in cash because having cash on hand makes a person vulnerable to demands by relatives and friends in need. As Bähre (2007a) notes concerning the informal "financial mutuals" in Cape Town,[28] the financial mutual serves as a social constraint

[28] By this term Bähre (2007a) refers to various rotating savings groups, credit associations and burial and funeral societies.

ensuring that money is available when needed for certain purposes, and shared with selected people. While members of these financial mutuals force each other to contribute to the common pot, at the same time, the system makes it possible to influence the flow of money and relationships, and thus "separate oneself from certain people" (Bähre 2007a: 170).

In semi-urban areas, women had also found political ways to organise themselves. Limpopo has a long history of women's societies, such as credit and savings clubs and religious associations, and in recent years, political movements such as the ANC Women's League have gained increasing influence. These movements play an important role in supporting marginalised women and encouraging them to question the unequal distribution of resources and hierarchical positions of power. Beth, one of the SEF clients, explained the situation as follows:

> *Beth:* At present there is one [SEF] group member who has problems. She has an abusive husband. After every meeting, she bought a stock of goods with the money she took from SEF. And he threw them away, which is quite bad, you know. But we came together as a group and we're trying to solve this problem.
>
> *Interviewer:* What can you do about this problem?
>
> *Beth:* Well, we went to the house and made an appointment to see this guy. He didn't want to meet us that day; he didn't want to talk to us. And we've been going there time and time again, and he isn't anywhere to be found. So, we went to the police station and reported the case as domestic abuse, and we also went to the ANC Women's League.
>
> *Interviewer:* So, what exactly are you going to do?
>
> *Beth:* Well...we're not going to use any force or anything, we're just going to sit him down and tell him how it is. Usually in situations like this they apologise.
>
> *Beth, MCP client in Lamune, 18 June 2007*

This said it is worth noting that while the empowering effect of social capital in western feminist thinking is often considered as a universal ambition of women (Mayoux 2001), in the everyday lives of SEF clients the central worry was related to multifaceted struggles over generating income rather than on the women's liberation movement. The role of microcredit for SEF clients was important because it provided a chance to establish a business and earn cash; microcredit was not necessarily linked to the idea of equality as such in the minds of SEF clients. As Rosenlew (2012: 47) in her study on conventional women's groups in Senegal suggests, for African women the wellbeing of their children is the main worry, not necessarily the struggle for economic independence.

While the social capital-oriented literature on microcredit typically considers solidarity ties as the key in helping to mobilise women's productive capacity and thus impact on women's empowerment (Mayoux 2001, Molyneux 2002, Rankin 2002), for SEF clients, the idea of "solidarity ties" in many cases meant rather that because of the rules set by the microcredit organisation group members should help each other; otherwise, the operations of the whole group and ultimately the operations of the whole microcredit organisation would come to a standstill.

SEF clients were of course in many ways independent "bosses of their own lives", as the research on the empowering effect of microcredit on women often suggests (Hossain *et al.* 2011). It is difficult, however, to estimate the real scale of independence gained. Has the absence of men and the move towards a matriarchal household structure strengthened women's position within the family or in the society in general? What is the role of microcredit in this process? González de la Rocha's (2007: 51) study on the resourcefulness of the poor in the context of diminishing labour options in Mexico stresses that there is little reason to consider women's participation in generating income as a "feminisation" of household economies. Instead, she argues, diversity of income sources and the co-existence of various workers within households should be seen as a "forced by-product of poverty" to ensure survival.

During the fieldwork, the general impression of a somewhat subordinate position of South African women that I had internalised took a new turn when I participated in the centre meeting in Leloba and carried out an interview with one of the SEF male clients. This 80-year-old man, Elias, had replaced his wife, who had fallen ill and was incapable of running her businesses. A couple of weeks before our interview the wife had, however, requested Elias to leave SEF. Although he was sad, he had no choice. As Elias said, dropping out of SEF was his wife's definite wish:

> *Elias:* I would love to continue with SEF, but my wife started this thing and now she's telling me that it's time to pull out.
>
> *Interviewer:* What are you going to do after SEF then?
>
> *Elias:* There is nothing I can do. I would love to continue with SEF: I love doing business because this money was helping me; I was able to buy vegetables and bananas and sell. That's what kept me busy.
>
> *Interviewer:* If you finish with SEF, will you be able to continue with your businesses?
>
> *Elias:* I don't think it would be easy to do business without SEF, because I'm a pensioner. And that money is only for household needs, not for business.
>
> *Elias, MCP client in Leloba, 5 July 2007*

The conversation with Elias, this old man who was supporting his wife and Aids-orphan grandchildren, stuck in my mind, since this situation contrasted sharply with the view that I had formed from various interviews and SEF policies and procedures: this view according to which loans were usually targeted at women because they accepted responsibility, and according to which women's enrolment in microcredit programmes was greatly affected by the distribution of rights and responsibilities among household members: the dominating men and their mothers and wives.

Inspired by Elias' story, I started to ask more about SEF clients' views on men in the microcredit groups. It became clear that there was the other side of the coin, too. The attitudes towards micro businesses were fairly gender-sensitive and micro entrepreneurship was commonly considered a "women's job". Elias explained that although many men were unemployed, they could not start their small businesses through microcredit "because that's what *women* do". Rahma, SEF client from the same centre as Elias in Leloba, revealed that often men did not want to tell their families if they had joined SEF. According to Rahma, this was not only because of the image of businesses as women's work, but also because of wives' suspiciousness towards other women: "She doesn't believe that you are looking for money for SEF. She thinks you want the money – and her husband – for yourself."

Symbolic capital as a source of power

Success story of Jamila

The crucial factors that finally mark the better-off clients from the poorest is encapsulated in the following story of Jamila, the traditional healer in Lamune. Jamila was not only able to utilise various social networks as well as regular incomes in the household; importantly, she managed to take advantage of her social networks as well as social status, bolstered by various power symbols.

Jamila was one of the most successful microcredit clients whom I met during my field research in Limpopo. In 2000, at the age of 46, she took a chance and invested the start-up loan of 800 rand in duvets, blankets and hair care products. Gradually she was able to expand and diversify her businesses. She had taken a 7,600 rand loan around the time of my fieldwork. Her monthly revenues had risen a dozenfold to nearly 7,000 rand. After seven years of hard work she was finally able to see the fruits of her labour. Jamila earned her income mostly through the clothing business and by selling other more expensive items such as blankets and bedsheets. From these goods she made an approximately 2,000 rand profit a month. Jamila's principal source of livelihood, however, was her work as a traditional healer, which, in a good month, earned her about 3,000–4,000 rand. Prices varied according to the services offered, as Jamila herself explained: “Protection for the house costs 300 rand, removing bad luck 500 rand, curing children’s headaches 200 rand, and problems in extremities 800 rand.”

Jamila managed her savings, investments and cash flows through various financial and social mechanisms. She had separate accounts for different items and incomes. The money loaned was for the business; the account at Standard Bank, SB, was for personal items, such as children’s university fees and other “serious expenses”; the account at the Post Bank was for SEF savings. Her husband was well-off and they owned a big house in semi-urban Lamune. She was about to buy a car, had a television, a radio and a mobile phone, and good access to information and services. Networks and kin relations enabled her to manage any risks and sudden events through help, money, advice and improved security.

In addition to the SEF loan, Jamila had opened credit accounts at local shops: she had bought electronics and furniture on hire purchase. She was a client of two funeral societies called Two Mountains and Africa Solution in the town, and a member of two informal burial societies in the community. She saved through four different *stokvel* saving societies, and was in charge of various associations. Inspired by these operations, she began to run her own credit business. With a 15% interest rate she was able to offer a good option to the *mashonishas*, who commonly charged a 50% nominal interest rate for their loans and set ultra-strict loan terms, typically requiring that the whole loan sum with interest had to be paid in a month.

Eventually this innovative businesswoman even started to charge her SEF group mates interest whenever they were struggling with a loan repayment and needed monetary help. In a certain sense, she was acting as a loan shark within the group. On the other hand, she was acting as any joint surety would act in a similar case: as Jamila considered the social collateral insufficient, she was ready to guarantee the other members’ loans only against sufficient financial security. While the level of security, that is, the amount of savings or other assets poor women in microcredit groups had, was hardly sufficient, instead of considering furniture or other saleable assets as suitable security, Jamila made group members pay a risk premium in the form of interest for the risk of default. She explained the arrangement as follows:

> [In my group] some people are good. They have businesses outside and they are able to pay back; some never fail to pay. But then, when there is one member struggling, they are to be helped. I tell them that if I use my money to pay their loans, they should come back with interest. Then we agree and so I pay for them.
>
> *Jamila, MCP client in Lamune, 6 June 2007*

Jamila, this successful traditional healer and businesswoman, not only understood the rules of the business game; she also gave advice to others and simultaneously gained authority through allocated loans, tips and advice. By "helping" the group members through low-interest loans, Jamila generated bonds that concealed the hierarchical nature of social relationships; this provides a clear example of the ambiguity of the systems of reciprocity (Guérin 2007: 559). Jamila fulfilled her obligations to others and expected other members to fulfil their obligations to her, that is, to repay the loan with interest.

As these matters were not framed as gifts, they soon started to be framed in terms of debt in its broadest sense: group members started to owe Jamila money, interest, help and gratitude (Graeber 2012). In a certain sense, the SEF repayment policies also encouraged the need for these kinds of achievers: by helping others Jamila ensured group continuity and future loans, and SEF management would not need to encounter the clients' financial problems.

Jamila had also internalised the external trademarks of a successful businesswoman, which she unashamedly used as a means to boost her supremacy over the others:

> You find that people are unable to plan. When somebody gets money she just squanders it irresponsibly. I ask them to look at me! I'm a good planner! I wear expensive clothes; I have gold, these earrings! I tell them that when you look at me, as beautiful as I am, it is SEF!
>
> *Jamila, MCP client in Lamune, 6 June 2007*

Every now and then Jamila threatened to leave the group, but each time the other members begged her to stay. This kind of strategy was an efficient way to reproduce unequal relationships even further. As Cleaver (2005) suggests, instead of considering credit and savings societies as networks where solidarity and close ties automatically flourish, social relations are fragile and social capital has to be constantly negotiated. In these negotiations, the winners are often those who are able to capitalise upon their status and control over others (Kankainen and Siisiäinen 2009: 269, Siisiäinen 2009: 39). This also held true in Limpopo, where poor clients were desperately dependent on the wealthier ones, who often took advantage of the situation, thereby increasing their power.

These "Jamilas" were in the key positions and ran the show. They were the most popular and the most involved in the business, and they had managed to gain a considerable amount of symbolic capital, a prerequisite for social positions to become effective (Bourdieu 1985: 724–725). As people do not generate social capital and do not acquire social capital on the basis of individual choice but rather on the basis of one's social position (Rankin 2002: 6), their positions and resources had become socially effective and legitimised by others (Bourdieu 1985: 731, Siisiäinen 2000).

In a certain sense, Jamila wanted to become identified in the eyes of others through SEF. Leadership and success with SEF became a symbol of social position that differentiated the “Jamilas” as better-off clients in contrast to poorer clients. These better-off clients were also eager to show their status on various occasions. While the poorest clients stocked up in nearby villages or towns, the wealthier ones hired a taxi to Johannesburg or Durban to buy their items there; some of them even stayed overnight at a hotel. While the poorest clients tried to avoid all types of debts, the better-off clients sometimes assumed a debt deliberately and then used the funds for informal money lending. In practical economics, associational life and social networks thus became forms of symbolic capital – “the sum of cultural recognition that an individual could acquire through skilful manipulation of the system of social symbols” (Rankin 2002: 7).

In addition to their practical role in microcredit businesses, these “Jamilas” thus had a wider symbolic position in the reproduction of the social differentiation among SEF clients. Through various power symbols, such as houses, better cars or more intense associational lives, Jamila and similar businesswomen differentiated between “us” and “others”. Such differentiation was not confined to the divide between wealthier and poorer members within a group or centre. The MCP clients in Leloba also strongly distinguished themselves from the MCP clients from Pekenene, for example, whom they considered to be in a lower social position due to their poorer residential area and lower socio-economic opportunities. Mobility and access to vehicles, number of rooms in the house, water facilities and domestic appliances were some of the idioms of affluence that clients used in this differentiation.

At the same time, many of the most vulnerable clients were excluded from advantageous business circles because of their poverty and disadvantaged social status. In fact, social indicators were often more relevant than financial situation in determining whether one was included in or excluded from social networks (Bähre 2007a: 86). Contradictory images of successful versus questionable businesses were confusing. People told horror stories of persons engaged in the clothing business “who sell their items on credit and then have problems in getting their money back”; of vegetable hawkers “who lose all their capital because of spoiled stocks of tomatoes”; and of beer brewers “who cause all kinds of problems in communities by persuading men to drink too much”. In contrast, others preferred the clothing business “because it gives you plenty of money”; the food business “because people need something to eat every day”; the phone business “because it allows people to stay in communication with other people” (cf. Karim 2011: 101); or the beer business “because men always drink”. In this jungle of differing valuations and rumours, convincing others about their trustworthy status became increasingly difficult for those who wanted to join a microcredit group.

Thus, social networks, while enabling certain actors access to particular resources, thus reflecting the hierarchical relations of the networks, at the same time deny others access to these resources (Bähre 2007a; 2007b). The optimal group members were those who were "reliable" and "able to pay", and "who knew enough, but not too much", while no group wanted somebody with a "poor reputation" or "slowness to pay" to threaten their businesses or to discredit their reputation. While money and assets were significant elements in the selection of group membership, equally important in the selection of group members was access to various forms of capital, as was the case with Jamila, who had a leadership position in various *stokvels* and a commonly acknowledged status. These distinctions were implicitly reinforced by the SEF's ranking system, which evaluated the most successful clients as the most prestigious. This was not only because of their ability to help their poor fellows and thus ensure high repayment rates; these clients also served as convincing examples of success for other potential clients, thus acting as valuable "business cards" of the microcredit organisation – the role which Jamila tended to glory in.

In a certain sense, the microcredit organisation also implicitly widened the gap between the better-off and poorer clients by its loan terms. Wealthier clients usually got bigger loans from the beginning, and thus gained a better starting point for their businesses, and abilities to strategise in the game of microcredit. Many of them were engaged in the textile and sewing businesses, where it was possible to increase loan sizes more quickly than, for example, in the grocery business. The size of dressmakers' loans ranged from 1,000 to 5,000 rand, while sellers of fruit and soft drinks had to be content with a maximum loan of 1,000 rand. While such a differentiation system proceeded logically and acceptably from the lender's point of view, at the same time, such arrangements had a tendency to strengthen the existing power relations between the clients, giving increasing authority to those who were already in a better position.

Hapless story of Shani

Even if Jamila and other microcredit pioneers distinguished themselves on the basis of their privileged social position, in practice, the everyday lives of SEF clients were closely integrated. A privileged position was also easy to lose. A good example in this respect was Shani, who despite a long and faithful loan history with SEF as well as good will, was rebuffed by the neighbour customers and quarrelled with other SEF clients.

The story of Shani encapsulates various problems that SEF clients faced in their everyday businesses: stiff competition, ambiguous loyalties between microcredit clients, decreased solidarity and intra-household conflicts. It challenges the idea of reciprocal trust relations and ties of solidarity as typically linked to "community-based" microcredit groups. It is a reminder of the risks of simplistic notions of harmonic community relations and horizontal norms of solidarity (Bähre 2007a), and illustrates Bourdieu's (2005: 198) idea of the field of power, in which the economic practices of clients equipped with different resources, logics and interests depend on the positions they occupy in the social fields.

When I met this mysterious lady for the first time in the village of Mosetsana in June 2007, she wanted to make sure from the beginning of our discussion that I understood her position as "one of the key persons" among SEF clients. Shani had joined SEF in 1992, one of the first SEF clients ever, which she used as a justification for why she deserved special treatment from SEF:

> I used to go to meetings in Leloba before SEF could even come here. I'm one of the persons who made sure that SEF was brought to the region of Phašaka.... I'm one of the best payers as far as the loan is concerned. There's nobody who comes even close. But there is no preference treatment according to how long you have been a member or how well you pay.
>
> *Shani, TCP client in Mosetsana, 25 June 2007*

Not all matters had developed as Shani would have wished, and she complained about the organisation not keeping its promises concerning loans: "They always say that for specific customers or clients who have a good history – like me – they would give loans that are suitable." According to Shani, this did not happen. In Thapêlô, the town in which Shani used to live before she decided to move back to her roots in the village of rural Mosetsana, SEF had given her a loan of 10,000 rand. In the latest loan cycle she only managed to get 4,000 rand. "I don't know what the difference is, but I would need a bigger amount to be able to do what I want to do: to start a cement business", Shani bemoaned. Instead of being able to expand her businesses, Shani had to be satisfied with a smaller loan, stiff competition, and unfaithful customers. She had lost her trust in other SEF clients and her neighbours "who never paid back". I surmised from the interviews that Shani's business community was enmeshed in complicated debt relations in which insolvent debt claims were a common source of conflicts between Shani and other SEF clients. Shani described the situation as follows:

> There was a woman who took a loan of 500 rand but failed to pay. The group refused to pay so I paid the loan from my own pocket, but the money was never repaid to me. And she's on the other side of the mountain now. Also, another one took a loan in 1992 and I never got that money back. From 1992! I told her that I'm tired of this and will take the matter to the police. She said she would give the money back the next day, but I only managed to get 160 rand.
>
> *Shani, TCP client in Mosetsana, 25 June 2007*

Such vicissitudes were not limited to microcredit businesses. When I met Shani a couple of days later, she told me that somebody had broken into her house the previous night and stolen CD's and some money from her son's wallet. According to Shani, the robbery was only a hapless incident "in a series of bad luck". A few years earlier a herd of cattle had demolished her house, and eaten and broken Shani's goods. A number of friends had borrowed money from Shani and never paid the money back. After decades of doing business by carrying heavy loads of fruits and vegetables on her head, Shani had injured her neck, had surgery but had not recovered well, and was thus forced to give up selling in the official market places in the town. In essence, Shani was sure that the continual misfortunes in her personal life were a result of some kind of curse. She had consulted her *Shambo*, an ancestor, who had foretold that misfortune would follow her, even in the future.

Although Shani characterised herself as one of the critical clients in the microcredit community, she had not been able to build up a dense array of social networks and close relationships that would have linked her to the neighbourhood and communal life. While it was difficult for Shani to understand why all these misfortunes in her businesses had happened and why people continuously demonstrated reluctant solidarity towards her, eventually, she simply reasoned that people were just jealous. According to Shani, women's business dealings had recently become manipulative and insincere:

> People just come and do business with you in order to take you down, and they don't bring your money back. I used to sell cigarettes and people would just say: "Your cigarettes are not good; they can kill". Finally, the whole neighbourhood joined forces against me and stopped buying from me. But as soon as I quit my business, they started selling cigarettes!
>
> *Shani, TCP client in Mosetsana, 25 June 2007*

While listening to Shani's descriptions of her business history, the conception of microcredit as a magic bullet insuring incomes and more empowerment for women began to lose credibility. During our discussions Shani re-evaluated her business efforts. She had lost her health and tried several businesses with varying success. After cigarettes and vegetables she had moved into phones, clothing, fat cooks, cucumbers, tomatoes and *mageu*[29]. While in the good old days, according to Shani, there was always "plenty of food" and "anything you needed" in the house, it was no longer possible for her to provide these things for her family: "Business is different these days. And there are lots of fights. That's how people are nowadays."

[29] A popular South African non-alcoholic drink among Sotho people.

As typical for multi-generational systems of care, Shani, a mother of five, provided a dwelling place for her three children and two of her son's children. According to the rules of reciprocity, while Shani took care of the grandchild, the son helped her with stocking items. Shani's two daughter-in-laws, who lived in Johannesburg and Polokwane, delivered second-hand clothes to Shani's home in Mosetsana. Otherwise, her relations with kin were not particularly satisfying. One of the children was in constant trouble with loan sharks, which caused extra worries for Shani: "He's buying stuff on credit from the Indians and they always come and demand their money. I have to give it to them, because he's never home. Sometimes I just run short." The long-wished for car, which was supposed to be used for Shani's businesses, was used by her children for other purposes. Shani did not have a driving licence, and for the children driving around was more fun than delivering mother's business items from one market place to another. Shani's relationship with her natal family and relatives was fragile. Even when she lost one of her children, her parents and other relatives did not come to the funeral: "I was very sad for my family and for my child. At the end of the day, the biggest sorrow was having no support from the family."

During our discussions, it became clear that Shani's life was full of struggles, over personal matters as well as business affairs and unfaithful customers. Her personal life had been hard. Shani constantly complained about people not paying: "Some haven't paid for four years, some for ten years." Her variegated business history – from the loss of thousands of rand because of ruined tomatoes to capital losses because of unfaithful customers – illustrated how risky running a business and money lending could be for poor Limpopoan women.

Gradually I began to realise, however, that the case was not only about unreliable group members who did not pay their loans or customers who bought on credit and did not pay their debts. In addition, Shani referred to the unreliable clients in her *own* lending business. Even if she considered herself a kind person who was willing to help, she had taken a calculated step towards gaining a more prestigious social status. Shani had started working as a loan shark, which finally explained why she had lost the favourable status in the eyes of others that she had once had in her early business years in Thapêlô and later in Mosetsana. By acting against the socially approved logic of women in Mosetsana, Shani became poor in cultural capital and lost social recognition in the community. She was now dealing with the outcome of such behaviour – social isolation.

The problems began when Shani loaned 2,500 rand to a man whose wife was attending the same centre meetings. He first borrowed 1,000 rand for his own use and then 1,500 rand to help his wife in her businesses. The husband did not pay the first loan as agreed, but as Shani explained, "When I went to them, they said he's seriously ill but they still wanted the second loan". When I asked why she gave a loan to a man who was not even able to pay the previous one, she simply said that she "had to help". Before the man repaid any of the loans or even the interest, he suddenly died. After three years, Shani still had not got her money. When I asked Shani if she ever went to people's houses and tried to get her money back in the same way as the Indians did in her son's case, she admitted that the methods she used were exactly the same: "After three months I did go to her and just took a couple of items from her home. And she hasn't paid me back." Later I found out that this "couple of items" was the leather sofa set I was sitting on during our discussions in Shani's living room. "My intention was to make them to pay and then give them their things back. But they never came. I don't sell their stuff, I just keep them."

Shani's behaviour could be seen as a stereotypical example of how increased social differentiation may reduce women's solidarity towards each other. Clients were positioned in groups and in the community differently, and they also experienced associational life differently. One was respected not only for the amount of her wealth, but also for her "sociability" (Bähre 2007b, Ferguson 1994). Shani's *habitus* and "sense of the game", essential for actors' ability to operate in a social field, were not suitable in the microcredit ambience of Mosetsana. As different fields have their different rules and ways of operating (Bebbington 2007: 156), apparently the cultural and social meanings of the loan shark business, and the compatibility of Shani's *habitus* with these connotations, led to her discrimination in the women's business community.

As typical for loan sharks, Shani's debt collection methods undoubtedly aroused disagreements and condemnation in the microcredit community. This did not mean that Shani would have been left empty-handed, however. By the standards of the TCP programme of SEF, a loan of 4,000 rand was considerably high. Shani formed many instrumental relations for survival. She made the best of her fragile family relations and networks in towns, participated in various burial societies in the community, and tried to focus on potential customers on the other side of the village. Shani was an inventive person, she was planning a new cement business and she was proud of her capabilities to keep going, whatever difficulties she might face. But as social capital becomes legitimised only when acknowledged by other actors (Bourdieu 1985: 731; 1986), membership in a communal burial society or microcredit group did not provide much more than a potential for social capital. What Shani was missing was the legitimacy, the proof of the sincerity of her business operations and ability to get support from the neighbourhood in her struggles.

While the social capital-oriented literature considers bridging, or the ability to socialise with peers (Putnam 2000: 22), as one of the crucial features of social capital, for Shani, these bridges were not easily built. This reflects the way that the significance and value of various capitals are subjected to reappraisal over time and place. Someone previously considered as legitimate may become worthless in an instant (Siisiäinen 2008: 13–14). This consideration also challenges the approach which emphasises rational actors who take calculated risks to maximise benefits, typically linked to Putnamian formulations on social capital (Wilshusen 2009b). While on one level actors may pursue strategies to improve their power resources, on the other hand, their practices are in many ways defined by social norms and cultural practices.

Women in Limpopo were competing with each other, and at the same time they required sincere solidarity; an act of cold calculation did not suffice to create a team spirit and feeling of reciprocity between them. As Bourdieu's theoretical argumentation suggests, trust, like any other source of social capital, emerges as a broader cultural construct rather than an attribute of an individual (Wilshusen 2009b). While in the clients' eyes, moneylending was typically seen as an act of goodwill, in the case of Shani, although she did not identify herself as a loan shark, the other clients felt that her debt claim methods were breaking the collective norms and community habits (Karim 2011). As happened to Shani, the set of furniture found its way to her home, but neighbours or other SEF clients in the centre would hardly value sitting on it.

6 Microcredit as an arena of negotiations

FOLLOWING THE BOURDIEU-RELATED conceptualisation of microcredit as an arena in which individuals with different positions confront and compete with each other, this chapter concentrates on the point of view of members of the microcredit organisation. On the one hand, the chapter explores the hierarchies and power games within the microcredit organisation; on the other hand, it examines how the microcredit organisation produces the "truths" of its programmes for the clients in a Foucauldian sense, and what the consequences of such truth-promotions are.

As will be shown in this chapter, the SEF fieldworkers were in a key position in the production of such truths; they were close to the clients and maintained the "right knowledge" about the microcredit programmes. Despite their critical roles as the ones who trained the clients and ensured that the "money was brought into the system", other staff members were suspicious of development facilitators' skills and motivations. There was tension over working hours, work load and wages, even though development facilitators had little opportunity to negotiate working arrangements to their advantage.

Paradoxical roles of development facilitators

In everyday SEF operations, fieldworkers played a crucial role. Their duties included all the day-to-day activities with clients. Development facilitators took care of client recruitment, carried out training, business evaluations and loan utilisations checks, followed up repayments and updated the organisational files in the branch office. They were also responsible for motivating and supporting clients in their business operations. According to SEF rules, clients were responsible for running the meetings, controlling the repayments, delivering the slips and receipts and handling the money at all stages, from the repayment in the meetings to the payments into the bank account. The role of the development facilitators was not to handle the money but to supervise and oversee that everything ran smoothly and in line with the SEF rules. Their responsibility was to make sure that the clients were informed of the loan terms, rules and responsibilities. The main task was to "bring the money in": to assure that SEF received its money back from the clients and that the repayment rate was maintained – in June 2011 it was as high as 99.2 % (SEF 2011).

While fieldworkers took care of the SEF's everyday operations in the field, the administrative duties were centralised at the SEF head office in Tzaneen. The field staff consisted of development facilitators, branch managers and zone managers who operated in the branch offices and in the "field", while the head office housed the departments of administration, finance and accounts, human resources management, training, and quality assurance.

Various vulnerabilities and daily routine challenges determined the fieldworkers' working conditions. One big challenge, according to development facilitators, was moving from one village to another with no means of transportation. The first meeting might start at eight o'clock in one village. As one of the development facilitators explained, he had to wake up at five o'clock in order to catch a minibus taxi at seven. "Sometimes you find that there are only three people in the taxi, while they need fifteen. They drive up and down just to fill the taxi and you know that time is passing." Because of poor transport facilities, development facilitators often had to walk to another village where the second meeting took place, which might mean a five kilometre hurried walk. The rest of the working hours were earmarked for loan utilisation checks. It was the development facilitators' responsibility to remember where the clients lived, a challenging feat with a huge number of clients living in informal settings.

As no formal places for centre meetings existed, development facilitators spent their working hours outdoors, with no cover from sunshine or rain, and with no electricity, running water or toilet facilities. Safety issues were a constant concern: meetings arranged under a tree or in the backyard of a client's house gave thieves an opportunity to easily follow the meetings from a distance and then attack the homeward-bound clients and fieldworkers. At least once in the history of the organisation this had led to the death of a development facilitator: a few years before my fieldwork in a village called Mankweng a SEF employee had been shot to death during a robbery.

Rather than being socio-economically homogeneous section of employees, the social composition of the workforce of SEF consisted of a heterogeneous group of actors with different motivations and interests. Various kinds of conflicts between SEF staff members in different positions occurred. According to the fieldworkers, a continuous struggle between SEF management and the field staff arose over working hours, work load and wages. Because of the development facilitators' lack of opportunity to negotiate working arrangements to their advantage, and because development facilitators did not have many opportunities to meet SEF management face to face, their criticism seldom directly reached the ears of the management. Complaints mainly appeared "on paper" and in the discussions between development facilitators and branch managers.

From the fieldworkers' own perspective, development facilitators and branch managers had too heavy a workload. The fact that the actual operations took place in the field was, according to development facilitators and branch managers, an extra challenge. Thandi described her duties as development facilitator as follows:

> *Development facilitator*: I've got 10 centre meetings in different places.... The first meeting is on Monday with seven groups, another meeting is with 12 groups. Altogether, I've got 94 groups. In 91 of them there are five clients [467 clients in total].
>
> *Interviewer*: How can you do so many groups?
>
> *Development facilitator*: It's mad, because you also have to do business evaluations. It's a lot of work to do.
>
> *Interviewer*: You run the meetings but how about after that, what do you do?
>
> *Development facilitator*: I have to go and do business evaluations of clients when they apply for a new loan. In the following month I will check whether they've utilised their loans well. On Fridays I go to the Branch Office to update my files. To be honest, handling such a big number of clients is strenuous. I'm planning to give away some of my groups, and remain with the normal 75 groups, so that I can have time with my clients. Because ... sometimes you have a hard time finding out where they are living. Because I have to know, just imagine, 94 groups multiplied by five, I have to find each of them, where they are staying, so that I can go to their places.
>
> *Thandi, development facilitator in Mosetsana, 17 July 2007*

Although fieldworkers were supposed to visit each client and run the loan utilisation checks, in fact they did not have time for these operations even in theory. Thandi would have been able to use on average 15 minutes, travels included, per client a day, during which she would have had to meet 12 clients in total.

What encouraged development facilitators to take as many clients as possible was mainly the SEF incentive system. The bigger the number of clients, and the lower the number of arrears and drop-outs, the higher the development facilitator's salary. Similarly, SEF gave an annual award for the eight best performing development facilitators. Along with these economic rewards, it was a matter of honour and social prestige to have a high number of clients. On the positive side, the system encouraged development facilitators to reach more poor clients, who had no other access to formal financial services. The downside was that development facilitators might try to concentrate on the quantity rather than quality of their everyday operations. Development facilitators were triple-bound. On the one hand they had to protect the interests of SEF, on the other hand they tried to protect the clients from over-indebtedness, and ensure that clients' expectations were fulfilled. In addition, they tried to maintain and provide for their own families.

SEF management and the fieldworkers had different perceptions of development facilitators' and branch managers' workload. Those who personally knew the realities and everyday lives of the villages were better able to understand the daily struggles of fieldworkers. When interviewed, Bryan, a member of SEF management, claimed that the number of clients per staff member in the current SEF targets was disproportionate: "The number of clients that has to be supervised is unrealistic. We need more employees." In 2012, the number of SEF clients per loan officer was 307 persons (SEF 2012: 1).

Most members of the SEF management, however, did not consider the workload of fieldworkers as a problem. Kim, a member of SEF management, emphasised, instead, the lack of fieldworkers' organisational skills: "I usually find that the worse the development facilitator, the more work he's got to do." According to Kim, if the development facilitators were well organised, they would be able to run several centres easily. Within the prevalent scheme, Kim relied on statistics as a gauge of success. She gave an example of a development facilitator, a current branch manager, who had not had an arrear for two years in a single area. Lefty, from SEF management, judged that fieldworkers had nothing to do, because "nothing forces them to be at work". While Lefty had adopted a critical and condescending attitude towards "the lazy DFs", in essence the question for her was about poor time management. "They just don't have a structure!" she exclaimed to me.

Fairly similar were the perceptions of the staff members from the financial department, who showed impatience towards the "unskilled DF's". According to Damon, the banking practices of clients and development facilitators were uncontrollable from the administrative point of view:

> They don't attach all their slips, their receipts don't correspond. They don't add up properly and then we have to go and check all of this. I should have everything checked for 100%. But I have to go and recalculate, because they put the total correct but the money is missing. There is a slip or two missing or the receipts say one thing, while the deposits say another. The instalments are not correct in many, many cases.... We get 50 cents less or a rand or two or nine extra. I keep telling the DF's that just as we don't like underpayments, we don't like overpayments. Because what do I do with this nine rand? And I keep telling them that if you see a client has paid extra, next time tell them to pay less and write me a note. Then I will sort it out. But they don't do anything, it just comes there and you have to keep on re-calculating, otherwise the books don't balance.
>
> *Damon, member of SEF management in Tzaneen, 11 July 2007*

Another question is how relevant it is to expect clients and development facilitators to be able to easily do such calculations. Development facilitators carried out the bookkeeping by hand, and correct monetary transactions seemed to be more of a miracle than a presumable outcome. During the interviews and in the centre meetings clients expressed a limited knowledge of the SEF rules, and restricted ability to fill in the required forms as well as to handle the money flows and the related banking documents. This was partly because of limited business skills, partly because of illiteracy and limited numerical skills on the part of many clients; not to mention the fact that typically all the slips and forms were written only in English or in Afrikaans languages, known by few of the clients.

Occasionally, due to the poor transportation facilities and limited time framework, development facilitators did not arrive for the meetings on time. Under these circumstances the clients had to take care of supervising bookkeeping and loan repayment by themselves. Sometimes, instead of coming to the meetings, clients gave the slips to a development facilitator beforehand at an appointed place or sent their friends or family members to supply the required documents. In the interviews, development facilitators repeatedly remarked that a lower number of clients and proper information technology facilities would ease their work load, time management and bookkeeping arrangements. SEF was reluctant to provide such conveniences, however, appealing to a tight financial situation.

Although development facilitators went through a three-and-a-half month training period before signing a contract, the members of the SEF training department considered it was hardly enough. As one of them explained, the training, mentoring, and coaching of development facilitator professionals took considerable effort: “I think that the course should take at least four years, but we try to do it in four months!” During the training period the elected development facilitators carried out various tests, interviews and assignments. Typical candidates for the posts were young women and men with a secondary school education and the ability to communicate in English. In practice, most of the candidates had just passed a matriculation exam, referring to a qualification received when graduating from high school. While nearly all candidates were inexperienced regarding business procedures, their skills and knowledge varied substantially. Business training was often based on elementary business skills. As Bryan, a member of SEF management, described the training procedures: “Mostly we do things at the level of basic management principles: how to manage people, how to manage your time, how to monitor, how to organise your work, how to plan.” While in principle finding potential development facilitators was easy, getting a development facilitator with a higher education tended to be insuperable:

> It would be good to have better-educated DFs, but they would never work here.... Because they prefer to work in the offices. The DFs who have a diploma would not work in the field, only those with matrix [a matriculation exam], with grade 12, are working in the field.
>
> *Bryan, member of SEF management in Tzaneen, 9 July 2007*

When I asked Tatu, a member of SEF management, whether better training of development facilitators would help in these circumstances, he claimed that development facilitators were in this sense somewhat irresponsible, and came to the conclusion that in the end the responsibilities and pressures should be put on branch managers: "They should supervise DFs and give them better incentives so that the one who is doing well will be given more." Tatu's comment only moved his accusing finger from one actor to another, however, instead of seriously considering why problems continuously appeared, and whether there was something the organisation could do to solve them.

While the requirement that branch managers carry out the appointed duties – to supervise development facilitators, to help solve problems in the centres, to carry out loan utilisation checks and the final group recognition, as well as to plan the budget for the branch – was by no means irrelevant, it did not solve the prevalent problems nor did it lessen the apparent reluctance of SEF management to take responsibility and remove the existing barriers through improved training and motivation. The drawback of this logic was that when the affairs did not go well, the focus was directed on the personal faults of fieldworkers instead of institutional constraints that could have been mitigated by improved training or incentive systems. Similarly, while the notions of the development facilitators' poor organisational skills and calls for more discipline might have been relevant, equally important would have been to pay more attention to how organisational structures, rules, and practices supported or constrained the development facilitators' abilities to carry out their everyday duties.

In this light, the prevalent attitude according to which development facilitators were portrayed as unskilled, disorganised and lazy, while at the same time being made responsible for carrying out the everyday activities of SEF, appeared paradoxical. Equally paradoxical was that these "unskilled" development facilitators, who "did not understand much", as some of the management members stated, were made responsible for training the clients. In practice, the training meant that development facilitators discussed the terms and conditions of the loan, and gave advice on how to manage the loan and to resolve the problems within the group. In the interviews, SEF clients expressed that they did not have sufficient business skills and that they would have needed more assistance and training, especially in basic business management. The consequence of this insufficient training was reflected in the outcomes of the programmes. As one of the branch managers claimed, the organisation did not have the necessary skills to train clients to manage their businesses. “We give loans to people who don’t know anything about business.... If the staff members had business skills, they could assist them, train them by showing.”

What made the situation even more paradoxical was that often the training was given only to group leaders whose responsibility was then to train the other group members. The microcredit organisation delegated training responsibilities to the group leaders and claimed that they were “helping” the organisation. This was done, however, without problematising the unequal relationship between the rights and responsibilities of the clients – nor their willingness to accept such obligations. Development facilitators also utilised this rule for their own purposes, and justified the delegation of their duties simply by saying that the amount of work they had was too much. Thandi, development facilitator with 470 clients, complained that it was not fair that she had to carry out business evaluations on her own. According to her, it was only reasonable that she could delegate a part of her tasks to the group leaders: “They can just go there and collect some information and write my papers; so that I wouldn’t have so many things to do,” she explained. In practice, because of the development facilitators’ difficulties in arriving at meetings in time, the training component in the meetings was often set aside for monitoring repayments and recording savings.

Suspicions and symbolic violence

The working conditions and the workers’ negotiation power at SEF were strongly determined by their position in the organisation’s hierarchy. Despite their critical role for SEF microcredit businesses, and their emphasis on co-operation and a sense of belonging, development facilitators remained in a low position in the organisational hierarchy. As Bastiaensen *et. al* (2005) note as typical for such organisations, the locus of power was centralised in the head office, while development facilitators were positioned at the losing end of the power diagram. Development facilitators were able to interact with the staff management only through the zone managers, which illustrates not only the development facilitators’ poor negotiating power, but also their limited ability to claim their rights and express their concerns to the management in the head office.

Development facilitators were also often treated with suspicion by other staff members. The SEF management’s distrust toward fieldworkers can partly be explained by their unfamiliarity with the fieldworkers’ working and living conditions. Everyday life in the villages was a remote concept, especially for many upper-level White people. A member of SEF financial management told me that she had never visited rural villages, although she claimed that “it would be nice to go sometime”.

Centre chair counting the repayments in a centre meeting.

One member of the SEF management, who could be portrayed as a Black middle class person, perhaps knew the realities in the villages better, but wanted to distinguish herself from "the poor" by using, for example, the division between "modern" and "traditional" ways of living as an indicator. Such social differentiation is a typical example of how White conservatives and Black middle class people sometimes tried to distinguish themselves from both the poor clients and the fieldworkers in a lower position.

These issues correspond to the actions of Lineah, a SEF branch manager, whose comments about unreliable development facilitators reflected her wish to differentiate herself from development facilitators, although she was only one step higher on the social pyramid of SEF. Paradoxically, no matter how much branch managers wanted to be defined as part of management, in the discourses of SEF management, they remained "only" fieldworkers, with practical level duties. As a member of SEF management explained, branch managers were in a supporting role and not in as strategic a position as zone managers. Development facilitators, in turn, were seen by SEF management in a certain sense parallel to their clients. In some cases, the living standards of development facilitators did not, in fact, differ significantly from some of the better-off clients. Jamila, the successful traditional healer and SEF client, earned more from her businesses than development facilitators, who made an average of 4,000 rand a month. Development facilitators also joined *stokvels* just like the clients, lived in small houses in the same villages as the clients, and were connected in various ways to the village people. One of the development facilitators told me that it was his grandmother, a SEF client herself, who suggested that he should apply for the post as a development facilitator.

The suspicions towards development facilitators arose partly from the fact that they – operating as a link between the organisation and clients – had an opportunity to misuse their position. According to the SEF rules, the fieldworkers should not touch the clients' money or interfere with the clients' repayments under any circumstances (SEF 2006: 48). Intentional slips, however, had occurred. An extreme example took place in December 2006, when one of the development facilitators had printed deposit slips and stolen over 100,000 rand from the clients' bank savings. As a member of SEF management proclaimed, money can easily become a problem: "Our staff members are not very wealthy people. They may be tempted to take money, and they sometimes steal in the form of loans."

The strategies for managing such missteps and the prevalent mistrust towards development facilitators varied among SEF management. According to Lefty, who criticised SEF for having no control over how the development facilitators spent their days, stricter rules and properly organised time schedules were essential: "Even if there is a spot check, DF can just say 'No, I have to see the client!' How do you know whether she is telling the truth? Because you don't have a schedule!" In a certain sense, Lefty's comment reflected a "patron-client" attitude towards development facilitators, which came up in the SEF staff interviews every now and then. A typical example of such arrogance was Lefty's judgement that if development facilitators were not strictly disciplined anything could happen; it is illustrative in the Foucauldian sense of the "techniques of governance" used to discipline subordinate actors according to the "rules" of the organisation (Foucault 1978).

Partly the distrust of SEF management towards fieldworkers arose from the high turnover of development facilitators. At the end of June 2010, SEF employed a total of 374 workers of which 316 operated in the field. The staff turnover was 21%. The main causes were misconduct (28% of the turnovers), poor performance (26%) and personal reasons (22%) (SEF 2010). According to SEF management, the poor organisational skills and the high turnover of development facilitators were some of the biggest concerns for microcredit operations. "They come and go", SEF officials in the management said, when explaining the situation in the interviews. The temptation to leave work became clear in the discussions with fieldworkers. Expectations of better salaries and benefits from the other organisations enticed some fieldworkers to leave SEF. This became clear in the answer of Maria, one of the branch managers, when I asked about her intentions regarding SEF:

Branch manager: I have been asked to join other organisations. I hear that they are getting more money for doing the same work as I do.... So we look around.

Interviewer: How serious is it? Are you going to leave?

Branch manager: No, I'm not going to leave, but the fact is that they must check our salaries. I'm not getting paid the same as the managers of other organisations.

Maria, branch manager in Hlare, 13 July 2007

In addition to the relatively low salary, the fieldworkers' temptation to leave SEF was strongly related to poor working conditions. As one of the development facilitators put it, being on your own, far away from your organisation and family, and obliged to adhere to strict time schedules and responsibilities is not an easy task. In the interviews, both development facilitators and branch managers emphasised their desire to proceed in their careers. "I want to study", "I want to get promoted to a higher post" and "I want to see myself on the top" were typical utterances. While many of the fieldworkers desired long-term employment with SEF, the high turnovers illustrate that in many cases these dreams were not realised.

On the other hand, threats to quit and requests for higher salaries were typical ways for fieldworkers to pressure SEF. Sometimes development facilitators felt that their efforts were not rewarded and that their salaries were not consistent with their responsibilities and skills. When interviewed, Thandi described how the poor working conditions of the development facilitators urged many of them to leave SEF. She spoke of the special relationship between development facilitators and clients, and assumed that if she left, the clients would also leave SEF. Correspondingly, while Thandi emphasised her skills as development facilitator and clients' dependency on her, at the same time, she also revealed an authoritarian attitude towards clients, as the following quotation exemplifies:

In the area where I'm working, clients are working with me. Suddenly, they don't see me anymore, without explanation. They see a new girl coming and working with them. Three months later this one is gone and the next is coming in. I don't know if even the SEF managing director realises this problem.... Because if I go, you find that maybe 50 groups remain. Clients are used to me. They know me, they know what I like and what I don't like. So if somebody else is coming, they are going to leave, all of them.

Thandi, development facilitator in Mosetsana, 17 July 2007

Given the development facilitators' relatively little room for manoeuvring in regard to SEF management, another question was how often this kind of pressure produced the desired results for development facilitators, or how seriously SEF management took such claims and means of bargaining – if such comments ever reached the management level. Many of those who acknowledged the problem did not tend to worry about it very seriously. As one of the SEF management members stated, many development facilitators leave, "but many of them also come back". Moreover, the organisation did not need to worry about a shortage of applicants for the development facilitator posts. Although sometimes competitors tried to "attack" SEF, even going so far as to "steal" SEF's staff members, according to the SEF managing director, there was no worry that there would be a shortage of fieldworkers or clients: new people were always coming in.

One real contradiction in the SEF operations was that they invested a considerable amount of money and time in development facilitators' training, while other organisations were able to hire already-trained fieldworkers by promising higher salaries with no need to organise such training programmes.

For SEF, the turnover of development facilitators surely was a problem – but not acute enough to ask the development facilitators themselves why they were dissatisfied. Managing director of SEF was uncertain why drop-out rate was so high among development facilitators. He had discussed the issue with SEF management several times, but no-one had been able to find a solution:

> I've asked Lefty, Kim, Bobo; I ask over and over and over again. We all ask each other and I don't find the answer.... So we don't know.
>
> *Managing director of SEF in Tzaneen, 13 July 2007*

In addition to the limited interaction between SEF management and the field staff, the quotation also reflects the problem of information block from one level to another, typical for hierarchical organisations. Interaction between the various levels at SEF was fairly poor; and the lower the position in the hierarchy, the more limited the flow of information. In practice, fieldworkers were largely excluded from the decision-making processes at upper levels. Such social division and non-transparency undeniably affected the way the tasks were carried out and how fieldworkers felt towards the management level. Correspondingly, important information from the grassroots did not always reach the SEF management. As one of the development facilitators formulated the issue, "in the head office, they may know that clients drop out of programmes, but they don't know why". In the interviews he suggested that there was a need for SEF management to visit villages sometimes "to see what in reality is going on".

A cautionary example of the poor information flow and the use of apparently well-intended but under-problematised terminology by SEF staff members, and the consequential adverse impression on clients, became encapsulated in the so-called Life-project. Life-project was a funeral insurance project that had to be cancelled, however, nearly as soon as it was established. According to Bryan, a member of SEF management, SEF lost many clients as a consequence. Kim, a member of SEF management, and Maria, branch manager, suggested that the main problem was that the project followed Western logic in terms of insurance policy conditions and in the definition of family. Namely, the project, designed by a former North American employee, defined "family" narrowly as a unit of husband and wife with their children, instead of "extended family", which may also include brothers and their families, sisters and their families, cousins, nieces, and so on. According to Maria, this made people complain: "How on earth can this policy not cover that person? She's my sister!" As the positive outcome in any development programme depends largely on shared understandings of the various actors' aims and operations (Mosse 2005: 8), the key terms should be clarified. The Life-project is an example of the operation that was justified by terminology that meant something totally different to clients than to managers.

In addition to this, according to Bryan, from SEF management, the project failed to recognise the dynamics of the community as well as the participatory procedures in a project design, which are significant for social capital (Molyneux 2002):

> It was a forced system. If you want to design something you must involve the community from the beginning, at the level of community beliefs, operating systems and all that. You shouldn't bring your product and say 'take it or leave it'. It's not going to work.
>
> *Bryan, member of SEF management in Tzaneen, 9 July 2007*

From the fieldworkers' perspective, the problems of the Life-project culminated in the insufficient information flow between the head office and the field. Struggles over the production, use and interpretation of information were central to the relationships among SEF staff members. Moreover, the fieldworkers were irritated over SEF's unfulfilled promises. In the interviews a branch manager described how the field staff had barely begun to collect money from the clients when they were informed that the whole programme was cancelled: "We had told to our clients that they should pay a little money for the insurance. They would pay 20 rand and get 3,000 in the end. It never came. It was just a shame for us."

While the strategic and difficult decisions were made in the head office, the "dirty part" remained on the shoulders of the fieldworkers: they were responsible for reporting the bad news and rebuilding trust relations between SEF and its clients.

While development facilitators commonly considered SEF as "an important employer", "the best microcredit organisation in Limpopo" and as "an organisation that cared", they criticised the organisation for poor working conditions, for low salary rates and for poor social motivation. According to the interviewees, the incentive system was problematic because it was based narrowly on a market-oriented perspective, forgetting other kinds of inducements valuable for fieldworkers. Thandi, development facilitator, explained the matter as follows:

> They don't talk about the good things we are doing. They only discourage you, and tell you the bad things that you are doing. Nobody comes to you and tells that you are doing so well! But the bad things that you have done you will hear about from the upper level.
>
> *Thandi, development facilitator in Mosetsana, 17 July 2007*

In the interviews, some members of the SEF management sometimes complimented fieldworkers somewhat condescendingly, as the following citation illustrates: "I have the most respect for what they do. They are the people who bring revenue to SEF – so they must do something right." Indeed, there seemed to be a disparity between how the members of SEF management perceived themselves and how they actually treated, listened to and talked about the fieldworkers. While some members of the management understood well the challenges and everyday struggles of development facilitators, the atmosphere of care was not always communicated to the field staff.

In addition to access to information, access to spaces was a typical way to exercise power. In this regard, SEF rules prevented fieldworkers from visiting the head office without a good reason. As revealed in some interviews, the symbolic power of such a rule was significant. For Thandi, the lack of respect for development facilitators culminated in this lack of access, and converted the concept of symbolic power into the socially recognised *symbolic violence*, perpetuating the social structure favoured by and serving the interests of those who are already dominant (Bourdieu 1977: 191–197); in this case branch managers or SEF management:

> Only branch managers are allowed to go to the head office. Sometimes you get a chance, but not always; I've only had one opportunity. You see, I'm not as important as branch managers. We don't even have a chance to meet other development facilitators and share ideas…. So sometimes we tell ourselves that maybe we are not that important to the organisation, because we can't even go to the head office. And you always have to tell the managing director what you are looking for at the head office.
>
> *Thandi, development facilitator in Mosetsana, 17 July 2007*

From the clients' perspective, the impressions of such differentiation at SEF appeared even starker. In the eyes of clients, "SEF staff" was equal to "head office staff", and the head office, this concrete yellow building, represented something unobtainable and something that they could hardly conceive of; it became an abstract concept of power. While clients typically felt that they did not have the ability to negotiate over SEF rules or operations, it did not mean that they would not have tried to. It was just this paradox that because communication between the organisation and clients occurred mainly through development facilitators, if the clients tried to complain about development facilitators' unfair activities, there were few other choices than to send the message to branch managers or other upper level actors through the development facilitators.

Often clients' social logic and attempt to find room for manoeuvring collided with the organisation's formalised practices and willingness to maintain social cohesion through various symbols of power. An illustrative example occurred when some clients tried to directly contact SEF management in the head office – with unsatisfactory results. These clients had long felt that their development facilitator did not do her job well, the most serious shortcoming being her inability to arrange new loans on time. The clients decided to take the matter in their own hands and travelled all the way to Tzaneen to the SEF head office to solve the problem. The result was chaos. The clients were turned away from the office and sent back to their village, and the development facilitator was given a formal reprimand. SEF management instructed branch managers to make it clear to the development facilitators that this kind of incident, the clients' attempt to visit the head office, should never happen again. While the result was that the development facilitator in question got into trouble, she in turn rebuked the clients for spreading negative stories about her, and reminded them that she was just a human being who also "makes mistakes and sometimes forgets things".

Contests over authority within SEF management

Considering the microcredit organisation as an arena of struggle consisting of various actors with different interests and power positions (Bourdieu 1977; 2005: 69–70, Olivier de Sardan 2005: 137–138), the division into two groups – field and management – provides a somewhat black-and-white picture of the institutional structure of the Small Enterprise Foundation. Similarly to the clients' groups, neither the fieldworkers nor the management were homogeneous entities. Also, the staff members, driven by more or less compatible goals and endowed with different degrees of decision-making power, continuously contested the organisation's authority. Although power seemed to be centralised in the head office, some members of SEF management working in the office felt that when "real" decisions were to be made, it was difficult for them to have an effect on the negotiations. As one of the management members said: "You can comment, but you cannot influence."

Perhaps one of the most notable events in this respect, which I heard about by chance in the interviews, occurred a day after the organisation had arranged its regular management meeting. In those meetings, the departments of human resources, training, finance, administration, and quality assurance from the Tzaneen head office met with the zone managers, the representatives of the "field". Apparently in the meeting the managing director, MD, had rejected a proposal for a new incentive scheme developed by Lefty, using financial circumstances as the reason. In the interview, Lefty expressed her feelings about such a course of action:

> We were going to have a new quality-based incentive scheme for SEF, but now it's cancelled all together. Because when he [MD] was on holiday, he came up to the conclusion that this would be terribly wrong! And when he came back, he decided no, we can't do that. After everything was done. Just like that. I've even trained these guys here. We started working in June 2006, so it's been a year.... It's very demotivating.
>
> *Lefty, member of SEF management in Tzaneen, 10 July 2007*

Lefty thought that the real power belonged to the managing director. Using rhetoric such as the "authoritative king on his throne" surrounded by his "legion" referring to the zone managers, Lefty touched on the wider issue of the social differentiation at SEF that was tailor-made to produce and reproduce the hierarchies among and between staff and clients. Because access to information or spaces was a typical way to exercise power in this differentiation, Lefty's criticism was that "there was no such thing as information flow" between the members of SEF management. While improved flow of information would have benefitted clients and helped SEF staff members to better identify fundamental flaws, and thus become better prepared to solve them, the limited access to information meant that information flow was often transferred through rumours and gossips.

That particular day was my only chance to interview Lefty and I can only guess as to whether she would have been equally critical if the interview had been arranged a week before or two months after this disappointing meeting. Apparently the mood of the meeting had been tense, and when I interviewed SEF managing director three days later, he suddenly sighed during our discussion: “You know, at SEF, generally most decisions are made based on reasoning. And every now and then, very, *very* seldom, I just say, ‘No! *This* is what we are going to do.’ O-o-oh – the trouble that I get when I do that!” He said that he considered the decision-making procedures in any other company as far more dictatorial than those at SEF. According to him, in contrast to most companies, in which people did what their boss told them to approximately 90 per cent of the time, SEF management members had basically always had room for manoeuvre. “And if you suddenly don’t, it seems to be like a hit to the face!”

During the discussions with the managing director I could not help from wondering about Lefty’s comments regarding the values and motivations of NGDO workers in general. Lefty’s perception that some people at SEF management were demotivated differed from the managing director’s view, according to which SEF, just as any NGDO, was run by committed staff members. His argument was that “otherwise it would be impossible for an organisation such as SEF to get highly-educated and professional employees – as Lefty, for example”. According to this view, the motivation for serving and job satisfaction were based on the values of the work; on the will to help the poor, as well as the whole society. This view is familiar from much of the literature of NGDOs in the global South, and is well illustrated in the following quotation:

> Actually, an organisation like SEF, one advantage that we do have is that some people really want to make a difference in their lives. They don’t just want to earn money. Isn’t this why you have chosen this field? … So I think for some of us, when we wake up in the morning, it’s very important for us to know that we are making a difference. And we can contribute to something.… If somebody offers us a big salary – it’s meaningless.
>
> *Managing director of SEF in Tzaneen, 13 July 2007*

On one hand, it was easy for me to agree with him. At the same time, it was not difficult to see the parallels between the SEF managing director’s ideas and conventional discussions concerning development organisations that define NGDO workers as “well-intentioned, committed people who have visions and values” but “no interest in power and coercion” and who have “the willingness to contribute to the common good in society, without expecting any calculated pecuniary or other reward in return" (Arvidson 2004: 233). In a certain sense, this view reminds of the Putnamian interpretations of collective action. According to this logic, collective action, representing shared interests and consensus, becomes an indicator of increased social capital, which facilitates co-operation for mutual benefit (Putnam 1993). On the other hand, this kind of view might also serve as a way of "masking of power" in which according to Bourdieu (1977) dominance disguises itself as a set of moral relations and relies on a public ideology, in which strategies of subordination are transformed at the ideological level into relationships of loyalty, generosity, and perhaps, also altruism.

According to Arvidson (2004: 238), the emphasis on altruism characteristic for NGDOs tends to be based on the organisations' own visions of the concept. This vision, whatever good intentions it may have, guarantees no particular kind of behaviour nor insures against conflicts and ambiguous loyalties among staff members. In her study on the motivation and performance of NGDO staff in two projects in Bangladesh, Arvidson's (2004: 245–252) illustrates that both altruism and self-interest form rather complex interactions and may co-exist within the same social situation. Correspondingly, while motivation for SEF staff members came from work "that had a meaning", at the same time, they wanted to be paid for their efforts; otherwise the initial purpose of the work could lose its significance.

Microcredit as an arena with multiple discourses

It was no coincidence that SEF fieldworkers were called "development facilitators". The term reflected SEF's vision of fieldworkers as "those who show the clients how to do business" and who "promote development" among the targeted population. In a certain sense, they could be considered salespersons of microcredit (cf. Bourdieu 2005: 150). Since the main responsibility of the field staff was to make sure that the clients were correctly informed about loan terms, rules and responsibilities, the field staff was in a key position to contribute to the "production of the product" (cf. Bourdieu 2005: 155–161, 167–169) and to "advertise" microcredit to clients. Or in Foucauldian terms, in interactions between the microcredit organisation and clients, it was especially the field staff, who were in a key position in constructing and maintaining the "truth" and the "right knowledge" about the programmes.

While development facilitators explained SEF goals and rules to the clients, at the same time they were supposed to provide the organisation with updated, first-hand information about the clients' business operations and logic of decision making. Fieldworkers, as "interpreters between the two worlds", and having two "languages" available, were trying to switch between "bank discourse" and the "grassroots way of speaking" when the need arose. According to Bourdieu (2005: 155–161), this opens up the possibility of rhetorical manoeuvres by which the social distance between different actors can be manipulated, "giving a more or less complete mastery of the situation". As a result, when SEF clients spoke in favour of, for instance, inflexible rules, they often did it by using precisely the same terms as development facilitators: "SEF needs its money"; "rules are rules, people are to blame"; "They fail to repay because they do not invest; they should invest and save!" This phenomenon is well illustrated by Cleaver (2005: 895), who shows how institutions as embodiments of the social process ensure that things are done "in the right way".

In general, fieldworkers aimed at using words and topics that were best suited for the clients, trying to build a better option than those of other organisations or loan sharks; and trying to motivate clients not to drop out despite the problems in a group or bad luck in business. As Simo, one of the development facilitators expressed it, he "motivates and supports clients" and "tells about the importance of coming to the meetings and taking loans" as well as "reminds them of good examples". According to Bourdieu (2005: 55), promotion work is more efficient when it "stimulates pre-existing dispositions" and "provides an opportunity for acknowledgement and fulfilment"; that is, when the organisation manages to make clients feel that their hopes and desires will be fulfilled and their needs met. According to this logic, what the organisation promises and offers to the client is not just credit and other financial services, but the discourse surrounding it (Bourdieu 2005: 169), and the hope of a better future (Santisio 2005).

While the formal SEF rules provided a framework for development facilitators in terms of monitoring, training and motivating, their everyday operations and social practices were strongly shaped by informal negotiations, which Scott (1990: 18–23) calls "infrapolitics" or Wilshusen (2009a) "offstage" interactions. Because of their dominating position in relation to clients, and the possibility of rhetorical manoeuvre and manipulation, development facilitators sometimes took over the direction of operations and the decision-making power of their clients. In practice, development facilitators sometimes tried to make clients repay and stay in the groups at all costs. If needed, Simo even went to the clients' homes in order to "beg them to come back", which they usually did. Development facilitators were influential in deciding who would receive a loan, or if repayment problems occurred, in stopping the centre from getting a new loan until the money was delivered.

The inequality between SEF fieldworkers and clients partly arose from rather pragmatic reasons. Not all clients could read or write. Product terms and loan application forms were documented in English, even though many of the clients had limited language skills and thus difficulties in understanding the principles of business and credit management. The same concerned the monitoring of one's cash flows; the receipts of repayments and savings were only in English, which meant that verbal explanation in the local dialect was essential. Many clients had poor knowledge of their rights and responsibilities, which limited their opportunities to contest the rules set by SEF.

Clients' abilities to influence everyday operations of course varied among actors and operations. The flexible time schedule of the Leloba centre meetings was one example of a less structured order. These meetings were scheduled and re-scheduled so they chronologically supported, for example, women's businesses and SEF clients' ability to participate in selling at special pay points on pay days.

Moreover, although the relation between SEF staff members and clients was hierarchical and asymmetrical, it was also ambiguous and coloured with a sense of care and affinity. Thus, it would be unfair to argue that SEF management and fieldworkers based their working methods simply on top-down models and systems of governance to achieve NGDO-specified goals, or that all of them were insensitive to the clients' everyday needs and vulnerable positions. Fieldworkers in particular faced the complex realities of clients' everyday lives. Development facilitators felt that their work was motivating because of the opportunity "to change the lives of so many people" and "to see how businesses flourish and clients succeed". Correspondingly, they were upset when clients were robbed or subjected to violence – issues that were a continuous source of anxiety for people engaged in the microbusiness in South Africa. In such situations, development facilitators often exceeded their obligations and tried to help clients by motivating them and their family or all the group members. If clients had problems with *mashonishas*, some development facilitators tried to convince *mashonishas* to stop debt collections, as the following quotation illustrates:

> In most cases I go and tell the loan shark that please, just stop this, just stop it.... I tell that I'm working for this company and this is my client. What you are doing is not right. If he continues to do this thing, I'll take him to police. Some of them get scared and say ok, I won't claim interest; as soon as she gives me my 300 rand, she's free.
>
> *Simo, development facilitator in Mogalantšu, 13 July 2007*

It also became clear in many interviews that clients considered development facilitators "more like us". They distinguished between "SEF people", referring to "those from town", and the development facilitators, whom they called by name such as "our Rinah" or "our Letsoalo" and whom they often considered to be other than "SEF people". Correspondingly, development facilitators also tended to talk about "my clients" and "my people". The use of possessive pronouns by the clients referred to close relations, and the merging of development facilitators into a collective subject. At the same time the development facilitators also worked as tools to "personalise the credit" by making microcredit attractive to the clients and attempting to create the desired group spirit.

Despite the hierarchical structure of the microcredit organisation, even the poor clients as well as the mistrusted development facilitators held resources that enabled them to influence the implementation of microcredit programmes – "if only by ignoring or disparaging it" (Olivier de Sardan 2005: 186). In terms of the everyday resistance suggested by Foucault, clients did not always accept disciplinary loan recovery techniques, nor did the fieldworkers always approve of the power hierarchies separating them from SEF management (cf. Karim 2011: 87–88). Although such expressions were rarely possible in the formal arenas of interaction, the tensions and efforts of actors in weak positions occurred typically in the hidden settings (Scott 1990, Wilshusen 2009a). Clients found ways to bend the rules and to mislead the development facilitators. They borrowed items for their stocks from neighbours when development facilitators came to check their loan investments; they falsified their accounts in the centre meetings; they lied and paid loans on behalf of other clients to keep the books clean; they displayed solidarity towards each other, but only in the instrumental manner.

Some of the clients had more room for manoeuvre than others; the group and centre leaders in particular were often close to development facilitators. As the case of the clients who decided to visit the head office illustrates, some clients fought back even if they were doubtful of their success. Some of the clients left no stone unturned; some even succumbed to wildcat businesses by tipping off criminals.

Neither clients nor development facilitators should therefore be considered powerless victims in the game of microcredit. Olivier de Sardan (2005: 6) emphasises, when analysing the social realities of development projects, that all actors are on the "hunt for power and advantages", and therefore never "mere victims of a totalitarian system". In the context of access to resources and opportunities, there are ongoing negotiations over the rules of the game among different actors within the existing institutional arrangements (Bastiaensen *et al.* 2005: 981–982, Bourdieu 2005). However, as Karim (2011: 88) remarks, it is also important to note the limited scope of these "weapons of the weak" to transform the asymmetrical power relations between the organisation and its clients.

While such power plays typically occur offstage (Wilshusen 2009a), I soon realised that the power plays were an ongoing phenomena which could not be separated from my interviews and interactions with clients and SEF staff, either. This became clear especially in the discussions with Thandi, the development facilitator who threatened to leave SEF, and who tricked me in the centre meeting by arranging a dance show while some of the clients were forced to go and find the missing amount of money.

In the interviews, Thandi wanted to make sure from the beginning that I portrayed her as a hardworking and diligent employee. With a respectful number of 467 clients, she reminded me in the meetings and in the interviews that sometimes even 40 groups of women applied for a new loan at the same time. "Isn't that a lot of work to do?" she asked, and was quick to make sure that I understood the difference between the workload in the TCP programmes that she was running and the MCP programmes in which development facilitators "did not have that much to do". These comments illustrate how the pressure over profitability provoked competition between development facilitators, and which was expressed concretely in the form of backbiting and gossiping. In the interviews, development facilitators were keen to emphasise their own role and work contribution while at the same time to diminish other development facilitators' achievements. "I have to do the business and impact evaluations and lots of things that those in MCP do not have to do; I'm sure you have realised that?" Thandi said.

I also understood quite soon that I needed to analyse our encounter as a "game" if I wanted to understand Thandi's perceptions and intentions. When following and being swept along these games, these presentations provided me with interesting information about dominant power plays among fieldworkers. Often these power plays were reflected in gender issues and actors' views on conventional gender roles. In some interviews it became clear that male development facilitators were considered to be more adequate than females. Gender-related differentiation among staff members was exemplified by Ben, a trouble-shooter, who "had witnessed the faults of women" several times. He described how he had worked as a development facilitator for four years, running in total 98 groups [490 clients]. "It is not possible for women to do the same", he claimed, referring to men's physical and intellectual superiority over women:

> Development facilitators must walk a lot, women cannot do that. Women also have more problems, they are just hassling around, they don't know how to organise things. If I was the SEF managing director, there would be no female development facilitators, I would only hire men! ... When a man says something, clients listen. If a woman says something, she typically screams and no one listens.
>
> *Ben, trouble-shooter in Lamune, 18 July 2007*

Undoubtedly, this view was sometimes conveyed to clients, too. On the other hand, many clients also longed for authority, "something that only men seem to have", as they formulated the matter. In Lamune, after the centre meeting that ended in chaos, some clients hoped to get a new male development facilitator, because “men have the authority to make everybody pay”. Clients also sought solidarity among their groups; if this solidarity declined, women asked SEF for help, typically calling for stricter rules and discipline. Maybe this partly reflects Karim’s (2011: 91) notion that female field workers sometimes adopted aggressive behaviours toward the women clients. According to Karim, appearing “soft” would mean losing control over the group: “Any clue of their ‘weakness’ would be used against these NGO female officers.”

The interviews with Thandi and her clients eventually revealed that she had been cautioned several times by SEF management for neglecting her duties. Thandi used her workload as an excuse to delegate and “forget” some of her duties. As part of the game, and way of resistance, she also used our discussion in the interviews as an opportunity to complain about her working conditions and then justify her means and neglect. At the same time, she tried to prevent me from asking the clients difficult questions – or asking them anything at all:

> Maybe when you ask that has Thandi done this for you, they are afraid and say that “no, she didn’t”, meaning that maybe they are answering the wrong question. Because our clients, Johanna, are illiterate; so, when you go and pose questions to them, they don’t feel free, they give you wrong answers. Have you realised that? … They don’t want to be questioned…. Clients hate to be asked lots of questions, because they are not used to those people at the head office.
>
> *Thandi, development facilitator in Mosetsana, 17 July 2007*

In general, our conversations reflected Thandi’s assumption that I was in a position to praise her working skills – or worse, to report back to SEF management on her possible drawbacks. I became worried that she would try to use her power offstage and make clients tell with whom I had discussed and what I had been told. I also sensed that Thandi was worried that I would inform on her to SEF. Her concern that clients “would not feel free” with me in my view illustrated her own feelings and fears. As the following quotation demonstrates, the deepest worry for Thandi tended to be that she would lose her authority over clients:

> When you are working with auditors, you are not free. They are writing something, maybe they are reporting on me. When they come to the meetings, they are not in a happy mood. And clients; maybe I’ve done something wrong and then in front of clients they just say it and then the clients realise that this one says that she’s made a mistake. And then they find out that as DF, I’m not free anymore.
>
> *Thandi, development facilitator in Mosetsana, 17 July 2007*

The adverse economic incentives of SEF salary system, spurred by various power plays, induced a constant struggle among development facilitators and branch managers to produce the desired results for SEF and to justify their methods and operations (cf. Bourdieu 2005: 69–70). In order to justify her activities in the "grey area" of microcredit the field, Thandi began to explain, through metaphors and fictitious examples, how SEF management did not have a proper understanding of the fieldworkers' everyday challenges and how she was forced to apply formal rules to informal practices. She shifted the responsibility to SEF: she blamed SEF for not training her well enough, and called for a better understanding of her working methods.

Partly, Thandi's frustration was understandable. Although there were strict rules for certain operations at SEF, such as development facilitators being prohibited from handling clients' money, some unwritten norms and procedures did not follow the official rules and were even encouraged by the upper level. According to SEF management, one of the key principles in the microcredit scheme was to adhere to strict rules and requirements: "otherwise, people will start to take advantage". While adhering to strict rules was undoubtedly necessary, in a certain sense, SEF encouraged development facilitators to take an authoritative, top-down position vis-à-vis the clients in order to prevent clients' tactics of resistance. Considerable emphasis was put on the anticipation of misuse and manipulation on the part of the clients. Some members of the SEF management perceived the work of development facilitators as "a game in which you have to be well prepared to react to the opposition's next move, preferably being one move ahead". Tatu, a staff member in SEF management, gave the following advice to development facilitators in this "game of cleverness":

> Don't tell them when you are coming to check the business. Surprise them! Because what they do, they borrow from neighbours, and suddenly you see this big stock and tomorrow it's not there. And then you don't know the real story. So surprise them! Go and check what they are doing. Visit them when they are working and watch what they are doing. Because if you tell them, they will be prepared.
>
> *Tatu, member of SEF management in Tzaneen, 11 July 2007*

Despite the fact that the microcredit group loan system required social collateral based on strict rules and monitoring, this strategy focused on tactics of governing and concern that without control the clients would waste all the money on trivialities instead of investing in their businesses. Correspondingly, such a discourse repeated the conventional idea of development practitioners as the promoters of the *right* knowledge, and the clients as objects to be trained to become efficient business women – an opposite of the fundamental idea of empowering women by releasing them from the highly unequal power relations.

7 Interplay of multiple logics, interests and responsibilities

THIS CHAPTER brings out the contradictions in the relationship between the microcredit organisation and the wider economy and society. It offers a short description of the challenges of outreach, financial sustainability and impact, recognising that the organisation was in many ways "sandwiched" between its poverty-oriented goals and the financial pressure from donors.

At the same time, the chapter brings out the debate about the South African "dual economy" and the related issue of "adverse incorporation" of informal actors (du Toit and Neves 2007), that is, the disadvantageous ways in which poor South Africans are incorporated into economic and social life. The system, in which the microcredit organisation operates as a "linkage" between the formal and informal economies, and borrowers are considered as agents of their own empowerment, is in contradiction to the structural obstacles the poor face when operating in the "formal" economy, as well as the continuous vulnerability created by systematic political inequality. In its analysis of the process of incorporation as a process of "dispossession" (Elyachar 2005), that is, the appropriation of social practices to serve as engines for economic growth, the chapter warns against neglecting the everyday struggles of poor people in their microcredit businesses.

The chapter argues that the concept of social capital and the idealised market models of microcredit rhetoric are insufficient to explain the everyday politics of microcredit. Central to the making of the microcredit market in Limpopo was relationality (Elyachar 2005: 96–97). Market and clients were mutually constituted, the everyday practices of the women were tightly intertwined with financial, cultural and social affairs, and the clients' businesses were hampered by structural constraints. This all helps to understand why forming linkages between the formal and informal economies does not necessarily alleviate poverty.

Agendas for poverty mitigation and financial sustainability

The Small Enterprise Foundation has come a long way to establish itself as one of the most successful microcredit organisations in South Africa. According to its managing director (MD), much of the SEF's growth is rooted in the international contracts it managed to make in the early 1990s, most importantly with USAID, a US-based governmental agency providing economic and humanitarian assistance worldwide, which is one of the early supporters of the "financial systems approach" to microfinance. These contracts equipped SEF to a certain degree to avoid the financial struggles that South African NGDOs and microcredit institutions typically faced during the first years of country's democratisation process; a problem that still tends to be acute (SEFE 2012).

In the context of South African microcredit markets, SEF has been one of the high-flyers. It is one of the biggest microcredit organisations in South Africa with its 87,273 active clients in 45 branches in the Limpopo, Eastern Cape, North-West and Mpumalanga Provinces (SEF 2012: 1–4). It has a stable financial position and has managed to create a status as an organisation that has a significant impact on the lives of many poor people.

The recent years, in particular, have been successful for SEF according to many indicators. While the organisation has been able to stabilise itself in financial terms, it has also recruited over 75,000 new clients during the last ten years, of which over 60% were recruited after 2007, the year during which the fieldwork of this study was carried out. Over the period 2007–2012 SEF tripled its portfolio of outstanding loans, and increased the average loan sizes by 46%. Attaining these figures has also meant geographical expansion: before 2007, SEF only operated in the rural Limpopo province; now it has expanded to three other districts in South Africa. SEF's progress in performance records based on information from 2002, 2007 and 2012 is presented in Table 2.

TABLE 2. Progress in SEF performance records

	June 2012	June 2007	June 2002
Number of active clients	87,273	41,295 (63% TCP)	13,387 (39% TCP)
Women clients	99%	99%	98%
Value of loans outstanding	R160 million	R49.9 million	R8.0 million
Current average loan size disturbed	R2,326	R1,592	R1,033
Total staff in the end of the year	406	250	103
Clients per staff member	215	261	209
Operational and financial self-sufficiency	101%	98% / 97%	51% / 51%

Source: SEF Management Reviews 2002, 2007, and 2012.

According to SEF management, the organisation has been able to progress as fast as it wanted, despite the growth of other organisations. SEF's managing director described the situations as follows:

Managing director: Sometimes it happens that a microfinance organisation starts up a certain place. Those development facilitators are in a panic about losing their clients, they are really, really panicked. But what we've learnt is that things settle down. After a while, they've got their 80 groups, 400 clients. It's fine.

Interviewer: The need for loans is just so great?

Managing director: This is the market share; we have our 2,000 clients, somebody else comes along, they start growing, but we don't lose our 2,000. And they seem to be happy with what they've got. So it probably means that actually there are 20,000 clients. And our 2,000, which we think is good enough, is just a small piece of the pie.

Managing director of SEF in Tzaneen, 9 July 2007

While SEF proclaims that its work is not only about guaranteeing operational efficiency and sustainability but rather to bring about a positive impact on clients' lives, at the same time, it has been striving with determination towards a financially sustainable system of microcredits. SEF's strategy is to expand its services to every South African province. This aim is in line with the prevalent "financial systems approach" to microcredit, a model also known as the "best practice", in which one the main considerations is to eliminate ineffective subsidies and provide services on a financially sustainable basis to a large number of poor people (Robinson 2001; 2004).

SEF reached complete organisational and financial self-sufficiency during the financial year of 2012, for the first time in its history (SEF 2012: 1). This means that the operating revenues of SEF exceeded operating and funding costs. The funding had been secured through a number of international and national grants and loans: grant from GiveWell; grants for loan capital from Whole Planet Foundation, Genesis Steel, Sentinel Steel and Service Centre, The International Alliance for Women (TIAW), MC Patel Family Foundation, T-NNTT Social Club and Elysian Charter School of Hoboken; as well as loans from Hivos-Triodos and Triodos-Doen, Swedfund, Tembeka Social Investment, Khula Enterprise Finance, The Freddie Marincowitz Family Trust, Oikocredit, Sentinel Steel, ABSA, Standard Bank, SAMAF, Cadiz and Government Employees Pension Fund (SEF 2012: 15–16).

Given the target to help the poorest of the poor, a deep understanding of both the financial and social issues is essential for microcredit organisations. In this sense, clients' consideration of SEF as "a bit like a bank that helps the poor" appropriately captured the challenges SEF had to meet in its everyday operations. In the following quotation, the managing director of SEF describes how the challenges emerged in his everyday duties:

> One amazing thing in this job is that in the morning I may meet a researcher from the field who is reporting to me on social impact issues; very detailed, challenging social questions. You really have to understand the situation of the poor, and what makes poor people poor. In the afternoon, I may have a telephone conversation about the bond issues; totally the other side of the story.
>
> *Managing director of SEF in Tzaneen head office, 13 July 2007*

While any microcredit organisation needs to manage simultaneously the problems of outreach, financial sustainability and impact (Zeller and Meyer 2003), it was also obvious that SEF was in many ways "sandwiched" between its somewhat contradictory goals. While SEF had chosen to remain a NGDO to maintain its poverty-focused mission, it was under strong financial pressure from the financial department, the board and the donors to meet its financial objectives. Bryan, a member of SEF management described the financial pressure in the interviews as follows:

> For donors to like you, you must show them good figures. For clients, you must guide them out of poverty – which will cost you more money. So it's difficult. And for your continuity you end up doing very little for the clients and a lot for the donors.
>
> *Bryan, member of SEF management in Tzaneen, 9 July 2007*

This kind of comment is by no means exceptional. There is a vast social scientific literature on the tensions between funders and development organisations (Bateman 2010, Ebrahim 2003, Fowler 1997, Tvedt 2001; 2006), exploring the ways that funds are subject to donors' multiple demands, such as the demand for demonstrating successful results. In fact, Bateman (2010) goes as far as to claim that the whole microcredit "hype" is constructed in order to sell it to donors in favour of economic and political elites.

In its management review of 2012, SEF is fairly explicit about the pressure donors put on the organisation. While SEF states that it would prefer expanding and reaching more clients, in the financial year of 2012 SEF had to put the financial goals first since "the position of some of its lenders was changing" and … "they would prefer to see SEF move above the break-even point based on income excluding grants" (SEF 2012: 2).

The fast growth of SEF illustrates a success story that the members of SEF management were happy to share also in the interviews. These figures insinuated that more and more clients were served with higher average loan sizes and that the ever growing numbers of women helped families pay their children's school fees or improve their dwellings. In these kinds of stories, the microfinance schism that once existed between the poverty reduction target and the financial systems paradigm evaporated. As Roodman (2011: 108) describes the current view on microcredit management: "Self-sufficient institutions can reach poor people impressively, and that is to be celebrated".

The downside of the fast growth of SEF was also reflected in the interviews, however. One of the – quite understandable – drawbacks of expanded operations has been that direct communication between the organisation and its clients has diminished. At the beginning of its operations in the early 1990s, with two officers in a rural village, the interaction with clients was much more direct. As Tatu from SEF management explained, when the number of clients was small, SEF staff could have a personal relationship with its clients. This connection has recently been lost:

> We often got together with clients; we had little parties and we gave prizes to those who did best.... Now, we only know people by name, by number, by application number, which is rather sad. But I suppose the intention is the same. We help them to uplift their families.... It's just that we've grown too big for us to be able to see.
>
> *Tatu, member of SEF management in Tzaneen, 11 July 2007*

The development facilitators criticised SEF's target of expanded operations by complaining that targeting a huge number of clients with a small number of employees constrained the goals of poverty alleviation. In Limpopo, where a single development facilitator might have as many as 470 clients, the risk was that the clients were left to rely largely on their own resources. Bryan, a member of SEF management, emphasised in the interviews that for long-term results SEF staff should spend much more time with the clients: "It's expensive, but you need that."

As many of the development facilitators' tasks were transferred to the clients, and the group leaders in particular, the picture which Rankin (2002: 2–4) draws of the instrumental character of participatory elements in development programmes was obvious. In such a situation, instead of focusing on the processes of empowering women, reducing administrative costs and ensuring good repayment rates becomes the central issue for the organisation. Although SEF repayment meetings were promoted because of their empowering effect, Bryan pointed out that in many cases the centre meetings had become just "a collecting machine": "The group and centre structure is not functioning. Once the loan is out there, they just collect the money."

Merging the arenas of formal and informal economics

The question of dualism

Microcredit as a development strategy in South Africa is spurred by the idea that the formal and informal economies represent two largely structurally separate territories that need to be "linked" by women's social networks. Describing South Africa as a country divided into two economies is peculiar to South African policy discourse according to which poor people stay poor because they are trapped in a "second economy", and disconnected from the "first economy" (du Toit and Neves 2007: iv).

In the categorisations, the term "first" economy, conceptualised as formal, and the "second", conceptualised as informal, are often used to distinguish the different forms of economic operations circulating within the society. In a certain sense, the notion of Guha-Khasnobis *et al.* (2006: 4), of informal as being "outside the reach of different levels and mechanisms of official governance", and formal as being "reachable by these mechanisms", is somewhat useful here. For historical reasons, such a divide has been politically carefully controlled in South Africa. Although the strict laws of the apartheid regime have now been overthrown and the "Whites only" signs removed, in a certain sense, the social and economic differentiation that is upheld by prevailing practices and unwritten rules remains as a legacy from those times. Still, there are places where poor African people are not welcome or even allowed to enter.

In Tzaneen, the political divide between operators in the informal and formal economy was carefully guarded, for example, in the building and yard of Tzaneng Mall, a shopping centre in the centre of the town. The official, the "formal" side of the building efficiently concealed the informal side, which could only be entered from the back of the mall: the Indian drapers, the taxi-rank and Black hawkers in the back-yard, and the huge Black people's market space in the basement. The barrier between these two "worlds" was upheld and emphasised by numerous warnings that I also received regularly: "You never go there alone"; or just simply "don't go there".

Although there is an attempt to maintain this distinction between formal and informal economies, in reality these dimensions intersect in many ways. The interaction between the informal and formal worlds became clear, for example, when entering the "informal side" of the Tzaneng Mall, and understanding the busy taxi-rank not only in terms of exclusion and disconnection; in fact, in this case the exclusion rather meant that the better-off people were those who excluded themselves by avoiding the area. At the same time, this informal world served as a link that connected rural African people with the urban economy (du Toit and Neves 2007).

While poverty for the poor in Limpopo is often described as limited access to markets and to the "first" economy, what du Toit and Neves (2007: 51) suggest is that poverty persists rather because of the disadvantageous ways in which people are incorporated into economic and social life: a phenomenon that du Toit (2007), Elyachar (2005), Hickey and du Toit (2007) among others call "adverse incorporation". In practice, this term refers to various issues: the extreme inequality of income or the unequal provision of public services with the non-poor benefiting the most from public education, healthcare, water, sanitation, and transport services (cf. Butler 2004: 66–67).

Paradoxically, at the same time these interactions maintain the gap in living standards between the "haves" and the "have-nots". Typical examples are African women who as domestic workers clean White peoples' houses or men employed on the registered farms, who lack a written working contract or all forms of employment benefits (cf. Mattila 2011). Equally, the distorted system offers people from rural villages limited access to markets in the "formal" parts of the town, while the commercial chain stores of the "first economy" have untrammelled access to rural markets (du Toit and Neves 2007: 35).

Limpopoan women's struggles to move into the first economy also became evident in the interviews with SEF clients. A typical example of these struggles was clients' efforts to develop their traditional beer businesses into official systems of the country. The rule according to which the license must be received from authorities and beer must be bought from the authorised brewery caused difficulties for the clients. In theory, the licenses were available. The problem was that poor households could not pay the charges required to access them. In addition to fixed capital, many SEF clients also lacked information, as the following quotation reveals:

> *Ofure:* I've got a storage space outside my house, that's where I run my tavern, and I'm still busy with the building. From that I'm going to apply for a licence because you need a licence to be able to sell real beer.
>
> *Interviewer:* Where do you apply for the licence?
>
> *Ofure:* Well, I'm not well informed about the whole procedure. I am still struggling with putting up the building .... That's why I joined SEF, just to be able to build the tavern. But according to what I hear people saying, I have to go to the police station to get the application forms. And it's quite expensive; it costs about 3,200 to 4,000, or even 6,000 to get the license.
>
> *Ofure, MCP client in Leloba, 5 July 2007*

The lack of information and fixed capital were not the only obstacles for the poor to break into the formal markets. Equally large barriers were the strict rules of formalisation controlled by the state officials. Such rules represent state officials' efforts to guide and control operations in the formal but also in the informal economy. This became evident in the "development work" of Tzaneng mall: Occasionally, Tzaneen town officers tried to get rid of the informal side of the mall. As Kim, a member of SEF management explained these officials wanted to "clean up" the town: "They go and hire a company and ask them to clean the town. And the company, they just go and clean, you know, the 'trash'." Both SEF and its clients – as any vendor in the market place – were powerless in the face of these attacks. When I asked if there was anything SEF could do to stop this kind of "cleaning", Kim regretted that there was very little SEF could do. "What happened here in Tzaneen, we heard that coming, we helped, but the reality is that it may happen anytime, whatever time a week, we don't know."

In this regard, trumpeting integration on the one hand, and hampering poor people's entry into the first economy on the other seems paradoxical. As du Toit and Neves (2007: 51) suggest, what policy-makers really should do is to "seek to reduce the vulnerability and disadvantage created by systematic inequality" and to "support the livelihood strategies that are found at the margins of the formal economy" (du Toit and Neves 2007: iv).

SEF balancing with the structural constraints

The fact that SEF is a non-governmental development organisation operating on the grassroots level, but in many ways connected to and belonging to the formal economy and regulated by various laws, means that the operations of SEF are in many ways acts of balancing between "formal" and "informal" practices. This did not emerge without conflicts at SEF. First, because of its "dual" economy, South Africa is considered a particularly demanding environment for microcredit organisations to attain financial sustainability. As SEF managing director described in the interviews, in financial terms, SEF has to be able to recover the formal economy expenditures from the revenues of clients operating in the informal economy. In other words, while salaries, the main cost of the organisation, follows the "first" economy expenditures, interest on the loans, the main income of the organisation, is gathered from the "second" economy. It is challenging for any microcredit organisation to sustain the exchange ratio.

Another challenge is rather symbolic, but it might produce tangible results. According to SEF management, it was a big challenge for microcredit organisations to become differentiated from *mashonishas*, the loan sharks. As a member of SEF administration remarked, microcredit in South Africa has not yet been fully acknowledged as a part of the formal financial system: "We are still struggling in identifying ourselves. If you go to any common people and ask about microfinance, they will tell you about *mashonisha*; even those who are in the sphere of government."

Taxi-rank in the back yard of the Tzaneng Mall.

The same phenomenon was brought out in the interviews with SEF clients. Many potential clients tended to worry whether SEF was a *mashonisha*. There were rumours about harsh loan recovery methods of SEF:[30]

> *Interviewer:* What happens if some member does not pay her loans and it just keeps going?
>
> *Client:* We complain to the [SEF Branch] office and they will go to her house and tell her to pay the loan. If you don't pay the loan, the SEF people will come to your house and ... whatever goods you have, they will sell it so that they can get their money back.
>
> *Lisbeth, MCP client in Lamune, 4 June 2007*

This again is an example of how the various groups of actors in the field of microcredit portray each other as "the other"; yet the terms mean different things to different people – projecting prejudices and reflecting predominant power hierarchies between different stakeholders, different group of actors becoming captives of their "real" and assumed *habitus* in social fields with multiple positionalities. Yet microcredit as any other developmentalist configuration can hardly be seen as a monolith. Rather it consists of numerous

[30] Even though these kinds of rumours might have not been true, for some clients they were real. I never had an actual knowledge of the issue. In my view, these rumours most likely reflected the continuous problems in the centre, and the usage of threats as a loan recovery method.

local and global level agencies and actors with different aims and power positions as well as multiple realities. As Hilhorst (2003: 4–5) notes, NGDOs are many things at the same time – and they also present different faces to different stakeholders. This means that SEF's position in relation to different stakeholders also varied in a complex way, shifting from being a "receiver" in the eyes of donors to a "donor" or "helper" in the minds of its clients. To be automatically identified as a *mashonisha* undoubtedly makes attaining the position of a credible financial actor more difficult.

Partly the challenges of SEF to find shared understanding with clients were explicated by the policies of the past. Given the historical and political context of South Africa, concerning that governmental policy was able to keep Africans and Europeans apart from the 17th century onwards, creating "an enabling and supporting environment" for clients' businesses is a great challenge for any development organisation in the country. SEF clients' and community members' experiences of apartheid, various control mechanisms and the non-transparent political practices have undoubtedly influenced how people position themselves in relation to governmental agencies or development organisations, and thus make interventions challenging for any present-day organisation. The view of SEF management on the commitments between SEF and clients can be noted from the following quotation:

> People are used to fighting against authority, and ignore authority. Now, when the microcredit programme comes to the client and says if we do this, you promise to do that, they say yes. It can easily happen that people just ignore regulations later. But at SEF we really hold you to your promise. So the first time when people try to break their promise we say: "No, this promise is the one you keep!" And actually once you have done that, people have got a very high sense of honour.
>
> *Josef, a member of SEF management in Tzaneen, 13 July 2007*

While the reluctance towards authority and bureaucracy may serve as one possible explanation for clients' unwillingness to follow the rules of SEF, another additional explanation also exists: clients resist the rules because they have good reasons to do so (Olivier de Sardan 2005: 69). Not all clients considered SEF rules as legitimate. Many SEF clients stated that they had been concerned about the strict rules of the programmes in the beginning. Some clients or their relatives were worried that they would find themselves in a circle of debt. Sometimes it was difficult for women to find reliable group members, and some women felt that running businesses and participating in and organising meetings took too much effort, which made them question their reason to continue with SEF altogether. In other words, clients also questioned the functionality of the formal sector institutes.

SEF clients were also wary of the formal sector services in general and were reluctant to use them. Clients were not alone in airing their suspicions towards formal services in the interviews; some SEF staff members also described their struggles with the formal services. The apartheid regime and its notions of hierarchy, privilege and segregation had considerably influenced the socio-political practices in South Africa. After having been considered socially invisible for decades, it was difficult for many Africans to believe that public services also belonged to them. In the interviews, it became clear that for many of the SEF clients there seemed to be little reason to expect anything good from formal institutions. Interestingly, it was sometimes difficult for SEF clients to understand that SEF "that helps the poor" was, in fact, established by [White] South Africans. Elias, SEF client from Leloba, described his impressions of SEF as follows:

> I just know that SEF isn't South African -based, you know. There is a great deal of influences that SEF is getting from foreign countries, that's my perspective towards SEF.
>
> *Elias, MCP client in Leloba, 5 July 2007*

Empowering debt

Poor women as agents of their own development

While development organisations are keen to inform about the positive role they are paying in society in order to expand and increase their impact further, and in this way to legitimise their operations, SEF needed to think carefully what kind of rhetoric it used with various stakeholders of its operations, and in what ways it was ready to help women "to help themselves" amid the various societal and financial challenges. In the following quotation, Josef, a member of SEF management, describes the responsibilities of clients as loan receivers and the SEF as an organisation:

> We are not saying you must use the loan for business. We say: we only *give* loans for business. And they must use the loan for *their* plan, their business plan. So if somebody applies for a loan for the business but intends to use it for children's education, she lies to us. And actually, what they are saying is that it's our fault that we are not giving it for education. They ask: 'Why don't you give loans for education?' No, no, no, no. We will only provide business loans. Please go next door. But the clients say: 'There isn't a next door NGO.' So, whose fault is that?
>
> *Josef, member of SEF management in Tzaneen, 13 July 2007*

As Josef's statement suggests, in negotiations between SEF and clients, the rule of the game for clients became "either take it or leave it". And surely it is an organisation's right to define why it exists in the first place. For SEF management, the liability distribution and tasks of clients and SEF were quite clear. The primary task of the SEF was to give loans to businesses instead of taking responsibility of the clients' other needs or of the disadvantages created by the systematic political inequality. At the same time, there was a hidden message in the above citation for other developmental operators: "You carry out your responsibilities; we take care of ours".

Another question, as Karim (2011: 195) remarks, is to what extent organisations that work with the poor, and instrumentalise poverty to develop their organisation, owe a moral responsibility to these people they seek to empower. Or in Foucaldian terms: are these forms of power justified? Is the strategic position that the microcredit organisation is trying to achieve legitimised? The legitimisation of a non-governmental development organisation's existence is strongly influenced by the way the organisation benefits the "target group" of development interventions. In this regard, what ultimately counts is not necessarily what the organisation succeeds or fails to do, but rather what it claims to do and the "side-effects" of its operations (Ferguson 1990: 254).

While Josef considered business instead of poverty alleviation as SEF's point of entry, he in a certain sense passed on the baton of "development" or "empowerment" to the clients and in this way legitimised SEF's existence and rules of operations. Obviously, and understandably, Josef also wanted to disentangle himself from the promise that microcredit would automatically and alone bring about development and help the poor Limpopoan women. This was well exemplified in his allegory comparing the promise of microcredit for poor women to the corresponding promise of university education for students. According to this comparison, if students study hard and learn, they will have good opportunities for new jobs: "Not guaranteed, but a good opportunity", Josef remarked. Accordingly, if one does not study, and does not work, probably nothing will happen. This is what SEF is all about, too, Josef stated; it is trying to give a client an opportunity. "But I know that the clients have to do 98 per cent of the work to change their lives. We do a very small part; critical – yes – but very small."

This kind of thinking parallels the most recent discourse on microcredit and women's empowerment suggesting that rather than lifting people out of poverty microcredit is fundamentally about *improving people's options* (Roodman 2011, 2012). The risk in this kind of thinking, however, is that limited attention is directed at the everyday struggles of poor people themselves, as well as unequal relationships in the global economy and its "formal institutions", and that the functioning of this "formal economy" or "formal institutions" is not problematised.

At the same time, the superior power position of microcredit organisations as loan providers to financially needy women creates what Karim (2011: 35–37), in the spirit of Foucault's theoretical ideas, calls "NGO governmentality": "a mode of governance through which NGOs modulate the behaviours of their rural clients toward NGO objectives". Through loans, clients are constituted as both the subjects and objects of development – or more accurately, "subjects and subjected", as Elyachar (2005: 193) formulates the matter, when describing the "empowerment debt" as part of a new mode of governance "in which the individual polices himself or herself".

SEF clients' positions also varied in complex ways in the eyes of the organisation. The clients were considered as "the poor receivers" and "targets" by SEF, while at the same time they were called "business women" and "agents of their own development". This system in which microcredit organisations operate as "linkages" between poor women and the global market, and in which clients are considered as subjects, as agents of their own development, has brought microcredit organisations and the rural poor into a mutually dependent, yet ambivalent, relationship (Karim's 2011: 131). SEF clients' desperate need for cash forced them to submit to strict rules when few other choices were available. In exchange, the poor clients gave up some of their autonomy to receive these services (Karim 2011).

While microcredit clients in South Africa should have a right to be considered as actors – that is, as active subjects, and not merely as passive objects or "targets" of development – it is important to emphasise that these women are in many ways in a vulnerable position because of their gender, their skin colour, and their structural position in a society. Similarly, while people are often engaged in various networks of social support that are vital for the maintenance of their livelihoods, at the same time social networks and solidarity relations are constrained by the structural conditions of poverty. Moreover, the everyday lives of poor women are complex, and their loans are linked to hierarchical power relationships, inequality, and various social obligations, and characterised by ambiguous norms of reciprocity. It is essential to understand that these subjects are not "isolated" or "autonomous", but relational (Elyachar 2005: 96, Karim 2011: 35–37). Relational subjectivity refers also to multiple obligations and reciprocities that constrain clients' social and economic roles. This complex dialectic between personal ambitions and the social obligations became clear also during the course of this study.

What is needed then is more attention not only to the effects of the lack of physical assets on the poor, but to the structural constraints that hamper the everyday practices and decision making of the clients (Cleaver 2005). As Nygren and Myatt-Hirvonen (2009: 865) note, although poor women's social networks are often crucial for survival, given the complex interlinks between human actors and structural conditions, "such actions are hardly enough to substitute for the role of wider socio-political movements and public institutions in addressing the structural dimensions of development".

Strategising – or coping with the poverty?

Based on these critical observations this study tightly supports the argument by du Toit and Neves (2007: 9–10) among others that much more attention should be directed at exploring the livelihoods of the marginalised poor themselves: "the precise nature of their links with the mainstream economy, and what this means for their social and economic (dis)empowerment".

In fact, microcredit organisations are not the only ones for whom it is challenging to attain sustainability in such a complex economy as South Africa; the same holds true for clients. Many SEF clients, for instance, although operating in the informal economy, have to buy the bulk of their groceries and business stock from the formal economy, which further limits the development potential of their businesses (Baumann 2004b). Furthermore, microcredit rules are sometimes better suited to an idealised market model than to everyday reality. One such rule is the SEF rule according to which credits are granted only for business purposes and the money loaned has to be utilised according to a business plan. In principle, it sounds like a fair rule. At best, it encourages clients to carefully consider what kind of business they really want to have: What are their goals? Why do they think the goals are worth of pursuing? And what is their plan for reaching those goals? In reality, however, many clients in Limpopo had limited possibilities of strategising in their businesses.

Establishing a business in an informal setting in rural Limpopo is risky: the business is vulnerable to violence and crime, incomes are low, customers are economically poor and markets are saturated.[31] The group formation process was at worst random and joining a group served as a requisite for getting a loan. In these cases, in fact, SEF fieldworkers and peer clients interpreted the SEF rules fairly loosely and proposed an opportune business scheme, as the following quotation from one of the SEF branch managers reveals:

> Some in our TCP area just come and take a loan knowing nothing about the market and business. When they hear that SEF is borrowing money for the business they ask: "What can I sell?" So it's for us to explain to them that you can sell these.... We motivate them and when they make loan proposals we tell them, based on the experience that we have in business, the positive side of the business.

Maria, branch manager in Hlare, 13 July 2007

[31] In regard to this, Bähre (2007a: 139) rightfully expresses astonishment that uneducated and inexperienced poor women are expected to invest their money in businesses in an unprotected informal economy, while many foreign investors – who are much better able to protect themselves against various financial and political shocks – are reluctant to invest in South Africa's economy.

In many cases, clients simply had no choice; or they had no strategic intention as such. According to one of the SEF development facilitators, the simple fact was that most clients did not *like* to do business planning: “They have seen their neighbour selling some things at *spaza* and people buying, so they think that fair enough, I’m going to sell that too.” While some clients followed strict indicators for a successful business, the everyday business activities of many others were based on the logic according to which the emptied carton meant that the transaction was done; and that was enough.
In regard to “serious” strategic planning, such as succeeding against competitors or securing the future of the business, SEF clients had limited opportunities to deal with economic insecurity and poor access to resources while trying to perform a balancing act between the personal aspirations of livelihood improvement and the rules of social reciprocity.

When I asked clients what the biggest challenge in their businesses was, they nearly unanimously referred to unreliable customers and group members. Another drawback was the fierce competition between clients. Sporadic business activities and stiffened competition complicated clients’ efforts to generate income and manage money. Some of the first SEF clients, the “trailblazers” of SEF microcredit programmes, made it clear that even if they were in a certain sense optimistic about the future because of microcredit, the growth of microcredit operations had brought with it new kinds of problems. As some of the SEF clients remarked, “It was easier to sustain a business ten years ago; now, if you invent a new way of doing business, suddenly there are ten others doing the same”. Yet a village cannot sustain 500 tomato hawkers.

Micro entrepreneurs running their businesses.

Jamila, one of the most successful SEF clients that I met in Limpopo, also signalled her displeasure with tougher competition. She had managed to make good money by working as a traditional healer, and eagerly emphasised in the interviews from time to time that "you cannot become a traditional healer just like that". She was irritated that so many women were attempting to penetrate the healing business. "It is a gift", she explained and related a remarkable story about her dreams and discussions with her ancestors, the physical pain and spiritual struggle she had gone through, and the skills that she had acquired before she was ready to become a proper herbalist and a healer. However, it was difficult for traditional healers to reject new entrants. While innovative leaders were those whose businesses thrived and who brought new ideas and products to the markets, the ideas of the pioneers were rapidly copied and exploited by others. Business success of women such as Jamila encouraged a number of micro entrepreneurs to begin the healing business, which rapidly saturated the markets. As Jamila somewhat acidly and arrogantly explained, often these "false healers" skip demanding training; they simply buy aspirin in the town and begin to "heal" people with these pills.

Competition existed not only between SEF clients, since they were many other actors too participating in small businesses. A big threat for fruit hawkers were the retail dealers, who bought bulks of fruits directly from farms without intermediaries and who thus, brought down the prices. What the wealthier SEF clients considered as a real threat were the Indian and Chinese shops, which were spreading everywhere, even to the most remote villages, and which easily undercut the prices. "China, China, everything is made in China!" some women sighed when I asked them about the situation. Maria, a branch manager, described the situation as follows:

> You find that the Indians are selling the same stuff as SEF clients. Some clients go as far as Durban or Johannesburg to buy those things while the Indians are selling them cheaper. Another challenge is that there are lots of people who are selling at the pension points. This one is selling tomatoes; that one is also selling tomatoes.... There are lots of people that are selling the same stuff and at the end of the day you find that they are not getting the money they are supposed to get.
>
> *Maria, branch manager in Hlare, 13 July 2007*

In addition to this, some SEF employers were worried about the possible mushrooming of commercial chain stores, such as Shoprite or Pick 'n Pay supermarkets, and how this trend would affect the SEF clients' businesses. Clients who were running their businesses in semi-urban areas had already experienced competition. They complained, for instance, about customers who had stopped buying coca cola cans from them, because supermarkets in the nearby town were selling 2-litre bottles at the same price.

Surely a more complete analysis would reveal other crucial factors beyond the stiffened competition. However, given the difficulty for Limpopoan women to make a living from sporadic sources of income, and their limited opportunity to control the political-economic conditions that affected their livelihoods, what clients' complaints implicate is the powerlessness and negligence of microcredit organisations in the face of these structural dimensions of poverty. In many cases, the microcredit organisation granted loans to similar businesses in saturated markets with little thought of the clients' ability to advance their business operations and to manage the everyday struggles for a livelihood. Sometimes clients had to save some of the loan money to repay the loan. As Josephine, SEF client from Leloba, explained: "It's not easy for us to pay back loans. You just have to keep the loan money and save it for the repayment of the loan, because there are lots of us selling the same stuff here."

Under these circumstances, the question is how relevant it is to expect fair economic returns with a narrow profit margin, stiff competition and poor customers, whatever the clients' business plans might be. Many of the interviewed clients had little opportunity to carefully consider whether the money loaned was invested in a productive business or spent on daily consumption needs. Under the financial pressures, many women were obliged to prioritise short-term requirements of daily survival over the longer-term demands of business management. A considerable number of women were providing alone for their families, trying to survive by selling coca cola or "fat cooks", donuts, with a loan of R500–R800. Many had no savings or assets with which to protect themselves against unexpected failures, and if such failure recurred, they had to rely on the charity of relatives. Credit and the meagre economic returns that were used for stock supplements and basic consumption rapidly dwindled away. Balancing between these multifaceted needs and concerns required considerable compromises.

While some of the SEF clients were able to increase their incomes markedly, in most cases incomes were relatively small and unstable, which made clients' businesses highly vulnerable to financial shocks. This was illustrated at the beginning of my fieldwork, when the public sector strike, one of the biggest strikes in South African history, closed the doors of public schools and hospitals for two months.[32] This strike not only resulted in large disruptions in government hospitals, schools and transport, but also affected the activities of SEF clients who were running their businesses at school yards and clinics. Bina and Letsha, among many other SEF clients in Pekenene, were desperate about what to do in the face of vanishing customers and decreasing revenues:

[32] The strike arose out of demands by trade unions to raise the pay for civil servants by 12%. The government offered a 7.25% pay raise, which the trade unions refused to accept.

Bina: Business is different; I'm not working very much because of this [strike]. I'm selling at home but it's not busy.

Interviewer: Do you have any other plans?

Bina: I sell tomatoes and go around.

Interviewer: How much money would you make if there wasn't any strike and how much money do you make now?

Bina: Basically it's on a day-to-day basis; I'm able to make about 1,000 a month. But now when I'm selling at home, I make about R400, which means I lose about 600 because of the strike.

Interviewer: How do you feel about it?

Bina: It's disturbing but that's just how it is. I can't do anything about it. It's not only the school that is on strike; the nurses have joined them too; the whole public sector basically. So I can't sell even here next to the clinic because the nurses are not there.

Bina, MCP client in Pekenene, 28 June 2007

Letsha: Business is slow. The strike has an effect. Some of us were selling at school.

Interviewer: So what do you do during the strike?

Letsha: I sell snacks. I've got a container. Even now when I was coming from there I carried the container and sold along the way. This keeps me in business. I put my snacks in the container; when the container is empty, I go back home.

Interviewer: How about profits?

Letsha: Due to the strike I'm not able to make more than 20 rand a day. Usually on weekends I'm able to make 150. So I'm selling, but the business is not easy.

Interviewer: Do you have any other income but this business?
Letsha: It's only the business.

Letsha, MCP client in Pekenene, 28 June 2007

The above conversations took place at the end of June 2007, when the strike had continued for four weeks. These clients were selling fruit, juice and snacks to kids in the schoolyard – but the experience could be nearly anyone's in the prgramme. When I asked Letsha about the strategies that she had if the strike continued, she simply answered: "I don't know. I'll just see what will happen and when they finish it."

Fruiterers waiting for customers.

SEF clients were floundering in an unexpected situation, poorly-equipped to cope with the financial shock. The disaster that struck the clients' businesses and their incapability of handling the situation challenges the common view of market-oriented microcredit rhetoric, according to which the poor can strategise whatever their financial circumstances, a phenomenon that González de la Rocha (2007) calls "the myth of survival".

Under these circumstances, microcredit management-thinking, according to which clients follow systematic business plans, tends to be based on a narrow conceptualisation of the poor's everyday struggles for their livelihoods. The everyday struggles of SEF clients to earn an income can hardly be seen as a result of strategies to get rich or empowered as such. The motivation for running their businesses in many cases arose from the opportunity to get cash from SEF and to survive *despite* impoverished conditions, in which there was no possibility of earning regular wages (cf. González de la Rocha 2007). As noted by Francis (2002: 544) in her study of livelihood diversification in South Africa, we should question how appropriate it is to conceptualise the livelihood activities of the poor in terms of "strategising", rather than in terms of coping with poverty and unequal power relations. This is a typical example of what Olivier de Sardan (2005: 118–123) calls "development populism". According to him, the romantic ideas that intellectuals have about the poor overestimate the resources of people: not only the resources peculiar to them but also the mechanisms of power related to various resources.

Considering the structural challenges, and the clients' poor ability to create room for manoeuvre, the distinction made by de Certeau (1980, 1984) between "strategy" and "tactic" becomes relevant in conceptualising SEF clients' income generation practices. According to de Certeau, as well as to Scheper-Hughes (1992: 471–475), while a strategy refers to a locus of power, "tactic is an art of the weak" (de Certeau 1984: 37). As Cleaver (2005) demonstrates in her study in Tanzania, the capabilities of the poorest to have their voices heard are restricted and therefore their ability to benefit from social capital through social networks is often limited. Those in a weaker position must thus show real virtuosity in what Warr (2006: 500–503) calls the "art of social capital", in order to find ways to cope with this unfavourable position.

Busy business-women

On the same basis, many of the SEF clients were hardly the "independent entrepreneurs" or "natural business women" that inaccurate microcredit rhetoric sometimes claims. This did not mean that SEF clients completely lacked business skills or that they would not have had any marketing strategies; in contrast, as du Toit and Neves (2007: 42–43) remark, a significant amount of hidden knowledge and effort is required to sustain informal economic activities at the margins of the formal economy. A development facilitator at SEF pointed this matter out as follows: "If a person can survive on a 2,000 rand loan for six months, and take care of a family of seven, she must understand something about the business!"

Although SEF clients had limited ways to expand their businesses or to attract new customers, some of the women had invented fairly creative marketing and selling tactics. Those who were running tax shops often had a sign on the door. Barmaids passed the word around through neighbours and friends – or did it literally themselves by attaching an empty malt liquor packet to the head of a stick, and running round the village hollering that the beer was ready. Beth, who had a telephone business in her front yard in *Lamune*, used to engage in lively banter with her customers in order to provide them with a pleasant buying experience: "Every time customers come to my place, I laugh with them, I make jokes and they start making phone calls. That's how I make business!" If Ramona, a dressmaker from *Leloba*, went to town, she always wore her own creations so that people could come and ask where she had bought them: "I always make sure that I have a pen, paper and a measuring tape in the bag!"

For many women, external trademarks were the most important marketing strategy. For Becky, who sold cold drinks, sweets and bed duvets in *Lamune*, appearance was everything: "The first thing I do, I clean the house. After that I take a bath and just look nice. So when people come and buy something I don't have to be concerned about my looks. I should always look good!" In fact, good customer service and a clean business environment proved to be the primary marketing tactics for SEF clients. This might be partly because common cleanliness and food hygiene were elements greatly emphasised by SEF field members when supervising their clients. Another explanation for the importance of external trademarks was the idea that clients who took care of themselves gained the respect of others. Bähre (2007a: 86–91) illustrates how the selection of *stokvel* members strongly depends on the respect of others, which is determined on the basis of person's ability and will to "help each other" and "take care of oneself".

There is thus no doubt the SEF clients were active business women and money managers (cf. Collins *et al.* 2009). Many women were very busy. It was just that sometimes the busyness seemed to be the real issue; this was clearly illustrated in the following story of Maisha. At the same time, the idea of poor women being integrated into the market as "projects", as Cross and Street (2009:9) and Elyachar (2005) formulate the matter, and thus constructed as new entrepreneurial subjects became obvious (Elyachar 2005, Karim 2011).

Maisha, SEF client from Mosetsana, who was supporting her family with her beer and fish businesses, was using various financial instruments ranging from 40–50-rand savings for SEF every two weeks to R80 for funeral insurance, and two rand for two other burial societies in the neighbourhood. In addition to the SEF loan, a monthly payment of about 240 rand for a fridge went to a retailer in Tzaneen. In addition, she always made sure that there was enough money to cover food expenses and unexpected costs at home: "I save money in case somebody at home becomes ill.... I've got a safe at home where I put money and I make sure that the key is always with me", Maisha explained to me.

She introduced her bookkeeping methods by showing me her account book, a black notebook where she wrote down expenditures and revenues. The figures revealed how much she had used in Tzaneen the previous weekend, how much she had invested in fish, sweets, and biscuits and how much she was expecting to earn from her businesses. Maisha spelt out her most recent notes in the book as follows:

> Having bought this stock, I will calculate that ok, this is how much it costs me, and this is how much I have. Then from that, looking at the stock I have, I'm able to see how much this has cost me and how much profit I'm going to make. This is where I balance my sales and you can see this is the total, fish R403. And this is the profit that I make out of that, R190. This is my buying money, R210. Then from that, I take this fish and I calculate it per item. Then from that I'm able to calculate how much I get back. Then this 403R I'm able to take back, to put aside the money that I use to buy the stock; that is R210.
>
> *Maisha, TCP client in Mosetsana, 13 June 2007*

When I asked whether she could say how much profit she had made the previous month, Maisha said that she never really calculates how much she makes. She did not want to limit her accounting to any specific time span, because it would have been too complicated: “There are lots of things, you know; per month there is a loan that we pay, and fortnightly I go to the post bank and pay the taxi fare and all these kinds of things. And then I take a specific amount and buy stock. By that time I’ve reached the point that I can pay everything that I owe to SEF.”

Maisha’s story illustrates many things. First, it suggests that women’s incomes and expenditures were a complicated set of the informal and formal, material and immaterial assets and liabilities that they tried to manage. Second, the story illustrates Maisha’s business logic: While the difference between profits, revenues or expenditure was often blurred in clients’ minds, the main aim for many women was that eventually they would reach the point where the SEF loan had been paid.

This is a typical example of what happens when people are taught to conceptualise their lives in terms of profit or loss and to become serious business women (Elyachar 2005: 194), without considering whether these lessons function to their advantage. In Maisha’s case the lessons were instrumentalised but not necessarily internalised. Elyachar (2005), who participated in a number of microcredit training sessions in Cairo, explores in detail the consequences of the instrumental character of business training: by teaching clients to use the business language to track their incomes, money and accounting, microcredit institutions created a language through which people spoke about their lives in general; they learned to “speak the language of the money”.

In addition to the social logic directing SEF clients’ businesses, Maisha’s story reflects the meaning and importance of various status symbols in women’s businesses; in this case in the form of an account book. While Maisha’s balance sheet might not reveal the exact truth about her profit and loss account or financial assets and liabilities, the basic elements for calculating one’s financial net worth, it displayed her business logic and the way she managed her money. From the financial point of view the account book was not very significant; particularly because she kept some information on the quantities in her head, as SEF clients typically did. What was important about the account book was that it was significant *in itself* for Maisha.

As Maisha herself explained, keeping an account book was important because it made her feel like “a business woman”. Apparently, the book gave her confidence in managing her money flows, even though she may not have had a clear picture of her real financial situation. Moreover, the complicated account system, both in her head and in the book – although it made it more difficult for others to estimate her real financial circumstances – appeared in the eyes of others as a sign that she was a serious business woman. The account books were helpful also when they served as convincing evidence of the liabilities clients had, and were relevant when some relatives or neighbours became too needy and began to ask for their financial help (Bähre 2007a, Guérin 2006).

"There's no market"

The heart of the problem in the microcredit rhetoric or in the rules according to which loans are given only against proper business plans is that such rules and descriptions define how microloans are supposed to be used; they suggest what micro entrepreneurs should be like, and describe how the market is supposed to work (Elyachar 2005; du Toit and Neves 2007). Unfortunately, these idealised market models are not pure descriptions of reality. They are insufficient to explain the everyday politics of microcredit that I witnessed in Limpopo: not only the complex distribution of rights and responsibilities between the microcredit organisation and microcredit groups together with the multifaceted struggles over authority and power mediated the different actors' social agency and opportunities to benefit from the microcredit programmes; also social obligations and cultural constraints largely determined clients' everyday businesses. Turning away from the idealised models to practice reveals the paradox of this strategy, and at the same time, suggests that the Putnamian interpretation of social capital is not an adequate concept for understanding these markets.

Elyachar's (2005: 96–97) inspiring analysis of craftsmen's markets in Cairo holds true in many respects in this study. Central to building up microcredit markets in Limpopo was relationality. Market and clients were mutually constituted, and financial, cultural and social affairs were tightly intertwined. Success in business was not only about clients' ability to compete in market factors such as price and quality. There were no market places where buying and selling proceeded strictly according to the indicators of supply and demand. Business was conducted between people who knew each other. The network was the market, and to sell any product clients had to create their markets, their own networks. The most successful clients were "Jamilas", those who were able to create the market and "run the show". Jamilas were best equipped to make these markets and "to bring their market with them" (Du Toit and Neves 2007: 43, Elyachar 100, 115–120, 150, 209). Their success was not based merely on "business skills" or accounting practices; support from kin, power and symbolic capital were central to their success.

This helps to understand why SEF clients' impression on market or savings or debt or SEF rules sometimes differed from the outlook of the microcredit organisation: "Stokvel is for *savings*, while SEF *loans* you money", is how they explained the difference between the two instruments, and furthermore, "*stokvel* money is *your* money, but a SEF loan is *SEF's* money". Sometimes when I asked what the difference was between microcredit and *stokvel*, both SEF clients and my interpreter were astonished at the question; they could not understand the reason for such a comparison. Only in few occasions clients drew parallels between *stokvels* and SEF savings, yet the logic between these two ways of saving was different. In clients' minds SEF savings were compulsory, as withdrawal required approval from other group members, while *stokvel* was optional, and thus an "individual" way of saving. According to this logic, the market, understood as a socio-political institution and as a form of practice, had established informal financial mutuals, while microcredit groups were established *for* the market.

In this light, the view according to which microcredit is rooted in informal credit and savings associations is somewhat misleading. In this discourse, there is confusion between the idea of conventional credit and savings associations as networks of social capital and a source of empowerment, and the recent discourse on financially sustainable microcredit. The adaptation of a *stokvel* type of lending strategy by microcredit programmes has surely occurred, but not necessarily in the same way in the clients' minds as in the minds of microcredit providers or development agencies.

Accordingly the close social ties within groups, friends and kinship typically linked to informal social networks in microcredit discourse, and the ability of these ties to generate trust and solidarity, become easily misinterpreted, romanticised and taken for granted. As this study has shown, although family ties and other social networks provided crucial social support for Limpopoan women, these ties were also full of tensions and power-laden negotiations, and were highly problematised by SEF clients. Cultural symbols and meanings are an inseparable, although often neglected, part of microcredit.

Another paradox in these idealised market models is that the failures tend to be attributed to the faults of some clients or groups (Elyachar 2005: 210). In the interviews with SEF management, some of the SEF staff presented fairly categorical images of their clients: "disadvantaged but inventive people", "lacking business skills although naturally business-oriented". This is precisely the contradiction that Olivier de Sardan (2005: 120) considers inherent in the developmentalist system: "On one hand, development situations imply that the local populations are self-reliant and inevitably rely on an endogenous dynamic, but on the other hand, they just as inevitably involve external interveners and assume that transfers of knowledge and resources will naturally take place." If this does not take place and problems occur, it is typically assumed that poor people "somehow lack entrepreneurial ability, do not understand markets or lack the required 'mindset'" (du Toit and Neves 2007: 42–43).

This was well internalised by SEF clients who, although complaining at times about SEF rules, at the same time emphasised that "the rules were not the problem, people were". SEF clients had surely learned that the "market" did not function as they had been told; i.e. that once they had a good business plan and they worked hard and invested in their businesses, they would soon enjoy the fruits of their labour. If something went wrong, instead of questioning the concept of the market or the microcredit mechanisms, these clients blamed untrustworthy group members or their poor business skills and called for more training (Elyachar 2005, du Toit and Neves 2007: 39).

Even if the SEF microcredit management considered competition and a saturated market to be a problem, and acknowledged the structural problems and social constraints that clients faced, the management failed to recognise the extent to which clients had to struggle on a daily basis to earn money from somewhere. The fundamental question is whether the real bottleneck was in the clients' skills and erroneous cultural practices or rather in the weak pillars of the society; was it in the adverse incorporation of the poor or in the distorting microcredit rules and mechanisms? Which one should be emphasised?

In my view, the most constructive way would be to open the door to multiple explanations and considerations. As du Toit and Neves (2007: iv–v) suggest, it would be helpful to understand the South African economy as "both unitary and heterogeneous", to strengthen existing measures to reduce vulnerability and to consider ways of counteracting disadvantageous power relations within which people are caught. Equally important would be to support the livelihood strategies of the poor, and to emphasise the utility and quality of microcredit services per client rather than concentrate on the increasing number of clients.

Erosion of solidarity

For SEF management, the system of joint liabilities and peer-monitoring mechanisms was the only secure way to carry out the business of microcredits. At the same time, SEF had begun, however, to prepare itself for possible strategic changes in future. In the interviews, the managing director of SEF pondered that while clients' needs in terms of credit did not change that much, their attitudes towards other services and elements of the group loan system seemed to be shifting:

> People do not value centre meetings or the social forces so much anymore.... They want to be more independent. So we must watch out for that. I haven't seen that yet, ... but it might happen in coming years.
>
> *Managing Director of SEF in Tzaneen, 13 July 2007*

In recent years, SEF has apparently more carefully analysed the networks of solidarity among women, the future of the group loan mechanisms, and its policies. In its management review of 2011, SEF emphasised that the key to improved microcredit mechanisms lies in diversifying its services and in promoting new ways for clients to repay their loans. As stated in the SEF management review (SEF 2011), while SEF continues to emphasise the importance of investing in businesses, if the clients demonstrate their capacity to repay, SEF may provide, especially for clients in later loan cycles, a part of the loan for "other needs", such as for house improvement, medical expenses or different types of financial shocks.

In order to assess clients' capacity to repay, SEF is piloting a new method, based on a new savings policy,[33] according to which savings would work as financial collateral. This means that the same amount of monitoring, typical for political covenants, is no longer needed. This would ease development facilitators' workload (SEF 2011: 10). Such a strategy is in parallel with the reforms that took place during the process in which Grameen Bank, SEF's role model, became Grameen II in 2002. The aim of Grameen II is to provide services that meet client demand and at the same time are profitable for the Bank, the main elements being to focus more on savings, to abandon the old idea of social collateral, and to provide flexible loan services with negotiable repayment schedules (Hulme 2011: 17–20, Yunus 2011).

In numbers the results of such a change in lending policy have been impressive. After the establishment of the new programme, Grameen Bank managed to triple the deposits (US$478 million), to double its portfolio of outstanding loans, to recruit 2.5 million new clients and to open 500 new branches (Hulme 2011: 18). According to Hulme (2011: 12–18), however, this is because of the new strategy that Grameen Bank is following in actuality: the services of Grameen II are not targeted to the poorest of the poor but to "less economically deprived" than was the case in the 1980s and 1990s. The Struggling members programme, the special poverty-targeted programme, only serves 56,000 clients against more than 25 million extremely poor in the country and against the total number of 8.4 million clients (Hulme 2011: 17–19).

At the same time, there are, indeed, researchers who argue that going fully commercial has implied that microfinance NGDOs have turned to richer clients to reduce their risks, avoiding the poorest, least profitable people (Bateman 2010: 41–42, Karim 2011: 74–75). This is well illustrated by recent studies, which argue that microcredit has failed as a development and empowerment strategy, particularly after the commercialisation of microcredit in the early 2000s. In this commercialisation process, by targeting its services to the "less economically deprived" instead of the poorest of the poor, the Grameen Bank II project has operated as a pioneer.

[33] In terms of South African law, SEF may not take deposits. Therefore, instead of providing its own saving services, the organisation "strongly motivates" clients to save at the Post Bank or Nedbank.

In addition to the new savings policy, SEF has carried out a number of social reforms in recent years in relation to its staff members' competence in particular. Over the period 2007–2011, SEF increased the number of staff members from 250 to 392 and thus managed to decrease the ratio of SEF staff members to clients from 261 to 190; numerous interviews during the fieldwork of this study showed that this was considered to be an important issue. SEF has also established new leadership and staff well-being programmes, and has initiated a graduate training programme in co-operation with several South African universities. It has developed a new tool, the Progress out of Poverty Index, PPI, for determining clients' poverty status and monitoring their progress (SEF 2011). According to SEF (2011: 7–8), such reforms are directly reflected in the organisation's performance: in 2011, both staff turnover and drop-out rates of clients decreased to the best level in over 10 years.

According to the recent statistics, 77 per cent of SEF clients belonged to the TCP-programme (SEF 2011: 3), a programme targeting the "very poor" clients, and based on the identification system of the Participatory Wealth Ranking, PWR (SEF 2011: 3). This does not automatically mean that the TCP clients would be considerably poorer than their "better-off" peers in MCP programmes. However, the fact that more and more people are enrolling on the TCP programme and the number of clients per staff member has decreased might be a sign that more clients are able to get training services, which MCP programmes often lack.

SEF has also established a new department for research and development called PRIDE, which focuses on quality management and improvement of clients' business skills, as well as on research in how to improve SEF's responsiveness to clients' broad financial needs. One of the concrete changes that has taken place is the replacement of "skills development" sessions at centre meetings to "structured learning conversations": activities that have been developed together with the US-based organisation Freedom from Hunger to provide clients with a better knowledge of their businesses and the ability to act as advisers to others (SEF 2011: 9).

The number of social reforms which SEF has made in recent years has brought international prizes. In September 2010, GiveWell, a US-based charity evaluator – and one of the SEF donors – rated SEF as the top microfinance organisation (GiveWell 2010, SEF 2011: 2). In the same year, CGAP, together with the Michael & Susan Dell Foundation, The Ford Foundation and the Social Performance Task Force, awarded SEF the highest level of the 2010 Social Performance Reporting Award because of SEF's transparency in social performance reporting (SEF 2011: 2). SEF was also selected as one of the five finalists for the Giordano Dell'Amore Microfinance Best Practices International Award, for its transferable practices and well developed quality management system (FGDA 2011).

These prizes undoubtedly fortify SEF's status as an organisation that has greatly impacted the lives of poor people in South Africa. Additionally, they can be considered as a sign that SEF is receptive to different kinds of evaluations, demonstrating at the same time SEF's commitment to transparent reporting on the social performance of is work. What these acknowledgements also suggest is that many of the problems in the microcredit mechanisms and in SEF operations have, if not been solved, at least received more attention in recent years.

8 Conclusion

Theoretical aspects

This study analyses microcredit as a socio-political arena and a form of everyday politics and power by drawing on a case study of microcredit operations in Limpopo, South Africa. Special attention is paid to the complicated rules and responsibilities affecting the relations between the microcredit organisation as a loan provider and women clients as loan receivers, as well as to the ambiguous networks, norms, and forms of decision-making among the clients as microcredit groups and participants in small business ventures.

In much of mainstream development thinking, microfinance has been promoted as a “magic bullet” for economic development and poverty alleviation in Southern rural and peri-urban settlements with high rates of chronic poverty, unemployment, and lack of working capital. Microcredit models which provide loans for small groups of mainly low-income women clients, who then invest the money in micro-enterprises and share joint liability over repayments, have been encouraged as innovative mechanisms to prevent the poor’s need for financial collateral and to decrease their dependence on precarious systems of informal money-lending. The essential idea in such group-based lending models is that community-based microcredit groups rely on reciprocal trust relations and ties of solidarity, which promote high loan repayment rates and fair forms of participatory development.

As this study shows, social capital-oriented arguments for microcredits as innovative forms of poverty alleviation and participatory emancipation tend to be based on simplistic notions of harmonic community relations and horizontal norms of solidarity (Bähre 2007a, Maclean 2010, Molyneux 2002, Rankin 2002). Such an approach can be criticised for its inability to analyse contradictions and conflicts among various actors, multifaceted power relations and social inequalities, and the tight interlinkage between economic decision making and the cultural, social, and political context (Bourdieu 1977; 1986, Guérin 2006, Meagher 2006, Olivier de Sardan 2005, Rankin 2002). The analysis of microcredit as an arena of negotiations and trade-offs can reveal a much more complicated picture of how the distribution of rights and responsibilities between the microcredit organisation and microcredit groups, together with the multifaceted struggles over authority and power, mediate the different actors’ social agency and clients’ opportunities to benefit from the microcredit programmes (Meagher 2006).

In this respect, this study rejects the Putnam-oriented approach to social capital, according to which social capital refers to “social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam 2000: 19). By emphasising the trustworthiness, solidarity and shared objectives involved in close social networks, the Putnam-oriented approach often fails to see social networks as dynamic arenas of exchange and power (Wilshusen 2009a; 2009b). As this study illustrates, although close ties with kin and neighbours were crucial for Limpopoan women’s livelihoods in many ways, solidarity in such ties did not always materialise as intended, and various kinds of tensions emerged. Correspondingly, the social relations between the members of the microcredit groups were based on ambiguous forms of co-operation and conflict around diverse interests, and multifaceted social relations within the ambivalent politics of everyday life (Wilshusen 2009a). Concerns over loan repayments and liabilities, requisites to monitor each other’s business activities, and duties to attend microcredit meetings promoted different kinds of tensions among the women engaged in microcredit programmes, thus complicating the women’s solidarity towards each other. Challenges to meet the requirements of the loan repayments affected the ways in which the microcredit group members trusted each other, how solidarity was shaped, how money was allocated, and how the businesses were operated. Strict rules and responsibilities regarding the microcredit organisation, combined with different stakeholders’ multifaceted interests, further complicated the situation. Structural conditions of poverty and marginalisation placed the women in competition with each other over limited resources and easily saturated markets.

In its analysis of the role of social networks in poverty alleviation in terms of distribution of resources and power relationships, this study draws on works of Pierre Bourdieu. For Bourdieu (1977, 1986), social capital represents both the embodied forms of social networks and the power resources involved in such networks. In contrast to analyses that focus only on the formal arenas of social interaction and a rational understanding of human agency, Bourdieu emphasises the importance of often-overlooked negotiations occurring in informal and invisible arenas of political engagement. Within this framework, social capital is understood as both a product and producer of cultural and political economy, where social networks, while enabling access to particular resources for certain actors, at the same time constrain the access to these resources from others (Bähre 2007a).

Conceptualising microcredit as an arena in which various types of actors, driven by more or less compatible goals and endowed with different degrees of decision-making power, co-operate and confront each other is thus considered essential in order to reveal the complexity of social relationships and rules interwoven in microcredit programmes. Even though the notion of social capital is referred to in this study, assumptions that the clients somewhat automatically support each other and strive for collectively-shared goals tend to glorify social cohesion and trustworthiness, while at the same time underestimating the existing tensions and asymmetries (Cleaver 2005, Molyneux 2002). Through an analysis of how access to resources and social networks is mediated by power-laden distinctions, and how certain forms of social capital serve to reproduce these distinctions (Bourdieu 1977), this study aims to illustrate the complex forms of negotiation and contestation involved in the interactions between women in microcredit groups, as well as between microcredit groups as loan receivers and a microcredit organisation as a loan provider (Hietalahti and Nygren 2011).

This study also aims to link the everyday politics involved in microcredit to a wider socio-political and financial context, and to recognise that many of the power relations and socio-political processes shaping the conditions of the microcredit programmes extended far beyond the local boundaries. The study points out the need to pay careful attention to local politics and institutional processes when evaluating the achievements of and challenges for microcredit programmes. On this basis, the purpose of this study is to examine the opportunities of the women in Limpopo to negotiate the terms of their involvement in the microcredit programmes through practices that were structured although not completely determined by the wider institutional and political-economic settings. By exploring the aspirations, concerns, and strategies used by different actors involved in the negotiations and trade-offs over microcredits, the study provides an analysis of microcredit as an arena where different stakeholders have varying degrees of power to decide how and by whom the resources are used, and who controls strategic decisions. At the same time, this study illustrates how economic and social spheres became intrinsically interwoven in the politics of microcredit, in which financial strategies were tightly enmeshed with socio-political power relations, while socio-political power relations were strongly mediated by the use and control of financial resources.

Everyday politics of microcredit

The attempt to define group-based microcredit as a solution to poverty in the spirit of the Putnam-oriented rhetoric of social capital thus proved to be artificial in the case of Limpopoan women. Undoubtedly women built up a solid repertoire of social networks and used extended kin and other resources available as a survival strategy. Mothers, daughters and siblings helped each other materially as well as immaterially. Husbands and siblings in the cities supplied stocking items. Informal burial societies and formal funeral insurance schemes in particular were an essential part of Limpopoan women's livelihoods strategies. However, other kinds of approaches are needed to grasp the complexity of social practices as well as diverse income-generating activities.

Relations of reciprocity within households or between neighbours provided crucial support for women, but at the same they were characterised by conflicts, disagreements, tensions and struggles over power and material benefits. Household dynamics strongly influenced women's opportunities to participate in and benefit from microcredit. The relations between neighbours and kin were in many ways fragile and subordinated to complicated power relations. Thus, an important theme of this study involves examining the everyday politics involved in microcredit by describing the everyday struggles involved in women's income-generating activities, and by showing how social ties between the clients were mediated by a complex web of solidarity and conflict within the ambivalent politics of everyday life (Wilshusen 2009a).

This study also shows the large number of different formal and informal financial and social instruments in women's livelihood strategies, and in this regard challenges the somewhat sensational character of microcredit as a solution to poverty. Women's financial affairs were inextricably intertwined with their livelihood portfolios based on irregular streams of formal and informal incomes. Any single activity alone was hardly enough to cover the everyday needs of Limpopoan women and their households. Joining a microcredit group did not automatically provide financial success. The better-off clients generally handled several activities simultaneously, trying to manage their money by saving when they could and by borrowing when they had to. On the other hand, the situation for the poorest clients was extremely difficult, since without the ability to seek support from various social networks and income sources, providing for the family with the microloan alone proved insufficient. Under these circumstances, analysing the role of microcredit – even if crucial – in isolation from people's overall struggles for their livelihood is difficult. This difficulty is amplified by the fact that the original role of *stokvels*, informal credit and savings associations, as vital survival strategies for the poor in the Limpopoan villages was still in effect. Many poor still relied solely on informal financial instruments and had no access to or familiarity with formal financial markets. This can be verified also by statistics according to which the third of South African adults are still lacking a formal bank account (Napier 2009: 10).

Characteristic of women's money flows were not only their irregularity but also their insufficiency, which sometimes forced women to cover old debts by new ones. Some of the women managed to improve their situation; others only sank deeper into over-indebtedness. Often short-term requirements took priority over the longer-term demands of business and domestic needs. The fact that women ran their businesses in risky and insecure environments where the risk of income loss was continuously present, attests to the validity of the idea that clients' businesses and women's possibility of influencing their situations were often inhibited by this continuous vulnerability.

The present study emphasises the importance of analysing microcredit in its social, political and cultural context. Financial, social and cultural norms and practices strongly shape the ways clients operate their micro-businesses in Limpopo. Prices and places and dates for selling are often agreed together within the business community. Pensioners' pay days give a rhythm to the women's efforts to run their businesses and collect debts from their customers. Women mourning for their dead relatives and family members suspend their financial and social activities for months. The distinction between the financial and social components in the women's lives proved to be artificial in a situation where economic activities, social relations and cultural conventions are intrinsically interwoven in people's efforts to earn their living from fragile business ventures and shifting social alliances. This notion is in line with Bourdieu's suggestions, according to which it is the structure of power relations and the negotiating power of each actor within the field that determine the conditions for economic acts. Characteristic of the business strategies of the women in Limpopo was a complex dialectic between the personal aspirations of livelihood improvement and the collective norms of co-operation and social reciprocity.

The present study also reveals how in principle microcredit is mainly about re-organising and institutionalising conventional credit and savings networks, *stokvels*, into a new form. By extending credit services to the poor, microcredit has operated as a portal to the formal financial markets for many women; yet the division between the formal and informal worlds has been exceptionally apparent in South Africa owing to the history of apartheid, and has meant systematic isolation of non-Whites in different aspects of life. The study, however, challenges the conception that because of the long history of *stokvels*, solidarity and reciprocity relationships, often associated with these kinds of social networks, can automatically be assumed to exist in the established microcredit groups. In fact, the study questions the assumption that solidarity automatically flourishes in any kind of social network. Even the voluntary-based, traditional forms of solidarity groups were not free of moral hazard. The temptation of taking money and not paying it back was sometimes too irresistible, which caused other group members a high degree of stress and a continuous sense of vulnerability.

At the same time, this study challenges the possibility of creating trust and a "sense of group habitus" by a mandate from above. As this study shows, the ties among SEF clients as well as between the organisation and the clients were characterised not simply by trust and consensus but also by conflicts, tensions and power-laden negotiations. The instrumental character of solidarity ties and trust relations was revealed in various ways, including the fragility and ambiguity of these relationships. Joining a group was sometimes simply a requisite to get a loan, not necessarily a sign of solidarity among group members. Because SEF services came in the form of cash, it is not surprising that many clients joined microcredit programmes to get access to money and survive, not necessarily to end poverty and feel empowered.

Furthermore, for clients these two instruments, *stokvels* and microcredit groups, presented totally different strategies, which is one illustrative example of the multiple logics of different social groups. These issues are important to consider, since as the positive outcome in microcredit programmes depends largely on shared understandings of the various actors' aims and operations (Mosse 2005: 8), the key terms should be clarified. As the study indicates in the case of Limpopo, sometimes SEF justified its microcredit operations by terminology that meant something totally different to clients (Mayoux 2001, Wilshusen 2009a). For clients, a SEF loan was not their money, but "SEF's money"; repayment meetings were not their meetings, but "SEF's meetings"; and SEF savings were not their savings, but "savings that required SEF's approval". For the same reason, it was sometimes difficult for the clients to understand why SEF did not collect its own money or organise its own meetings.

Organising centre meetings were a continuous struggle and subject for complains. In these negotiations with SEF, women were at the losing end of the power diagram. "Rules are rules", these clients explained and without following them, there would not be any loans. This notion challenges the view that stresses women's capacity and ability to create room for manoeuvre, whatever the circumstances and the institutional setting (cf. Nygren and Myatt-Hirvonen 2009). Such a view easily forgets that in reality people often had no other choice but to join a group – sometimes even with people they barely knew.

Power games and vertical inequalities

While opportunities for success in the microcredit businesses varied among SEF clients, social differentiation between the SEF clients became apparent early on, and in many ways was implicitly enforced by microcredit rules. Although microcredit is targeted to the poor with no access to formal financial services, not just anyone could get a loan. In addition to organisational rules and credit rationing, clients excluded potential clients from the business circles because of their poverty or disadvantaged social status. Possibilities for success were greatest among those clients who had an ability to utilise various social networks as well as regular incomes in the household, and especially among those who took advantage of not only their material resources but also of their social status, bolstered up by various power symbols. Differentiation easily reproduced relationships of inequality among SEF clients.

Loan terms also implicitly boosted differentiation by providing wealthier clients with bigger loans from the beginning. The chair and centre leaders, who were already high in the hierarchy among clients, were given authority, and wealthier clients were in a better position to strategise in the game of microcredit. Sometimes strict rules in the microcredit schemes only strengthened the existing power relations. This became clear especially in the centre meetings. Often strict rules and a group loan system based on joint liability created and aggravated tensions within the groups.

The present study demonstrates that microcredit solved many problems, but also maintained and reproduced new ones. The question was not only about the lack of skills among SEF clients or unsuccessful institutional control on the part of SEF: microcredit mechanisms and the group loan model are inextricably intertwined with the processes of inclusion and exclusion and the exercises of power. In this respect, the study analyses the dynamic interaction between clients and SEF staff, as well as the contradictions within the organisation and within clients' groups. Considering microcredit as an arena of trade-offs and negotiations, both the group of clients and the group of SEF staff proved to be internally differentiated actors with multiple interests, aims and power positions, rather than a homogeneous group of "Southern women" or "MFO workers".

Microcredit organisations have many roles at the same time – in this case that of a bank, an NGDO, a helping hand, a donor, and a receiver – and they also present different faces to different stakeholders. This study follows Hilhorst's (2003: 3–4, 7–8) notion that through the everyday politics of the organisation, different actors negotiate the meaning of their organisation and enrol "outsiders" into accepting it. In these negotiations between SEF and clients, fieldworkers who were close to clients and who acted as "interpreters of the two worlds" played a crucial role. As within the clients' groups, the negotiations between SEF staff and the clients were not only restricted only to the official, on-stage interactions, but were actualised also in the informal, off-stage consultations. Development facilitators explained the rules and responsibilities to the clients and provided the documents needed in the loan processes for SEF and the clients. They made sure that the bookkeeping remained "clean", that clients operated their businesses "the way SEF wanted" and that clients paid their loans, in one way or another; all these are examples of the organisation's efforts to regulate the clients operations toward NGDO-specified goals (Foucault 1978).

Based on these findings, the present study further argues that legitimisation of the operations of a microcredit organisation is a much more complicated issue than simply negotiating the meaning of its work and enrolling outsiders and donors into accepting it (cf. Hilhorst 2003). It is crucial to understand the importance of everyday politics in order to understand microcredit operations.

As it became clear in the case of Limpopo, convincing others that a microcredit organisation is trustworthy and capable of carrying out its operations depended much on the meanings development facilitators in their everyday practices with clients gave to the organisation (Hilhorst 2003: 8, 25–26). Bringing to light the everyday struggles that clients went through in order to get the money from somewhere; how these struggles often remained unproblematised by the staff members; and how the trust relations among various actors were created and challenged, is one of the key achievements of this study. Through these demonstrations this study aims to contribute to the existing debate on social capital by showing how Putnamian interpretations of social capital fail to account for the complex and dynamic interactions that occur within social networks (Wilshusen 2009b).

While those high in the microcredit hierarchy usually had more room for manoeuvre – development facilitators in comparison to the clients or SEF management in comparison to the field staff – this did not mean that dominant discourses would have been automatically accepted by those at the other end of the hierarchical scale. The meanings of empowerment or limits for compromises were renegotiated in different contexts, and different actors were trying to find space for manoeuvre within such negotiations (Olivier de Sardan 2005: 186). This notion brings out again the validity of Bourdieu's theories in the analysis of microcredit. In microcredit as an arena of struggle, various actors with different interests and power positions, driven by more or less compatible goals tried to contest each other's authority (Bourdieu 1977; 2005: 69–70).

This means that those low in the hierarchy should not be automatically considered as powerless victims in some kind of totalitarian system of the microcredit game (Foucault 1978, Olivier de Sardan 2005: 6). This became clear through various examples in the case of Limpopo: such as clients bending the rules and tricking the SEF staff; or development facilitators transferring their responsibilities to the clients or making clients repay the loans at any cost in order to keep the repayment records correct in the eyes of SEF management, and thus raise their own salaries. At the same time, clients also questioned development facilitators' efforts to create strict rules arbitrarily and denounced those who tended to treat them with disrespect.

Complex rules and responsibilities

This study also challenges the expectations of microfinance providers regarding microfinance management, which tend to be based on the assumption that impoverished women operating largely in informal markets would follow systematic business plans in their business activities. It can be questioned how appropriate it is to conceptualise the business activities of the poor in South

Africa or elsewhere in the global South in terms of strategising rather than coping with poverty and struggling against inequalities (Francis 2002).

As this study shows, because of its complex economy, South Africa is a challenging environment for microcredit organisations aiming at financial sustainability. While SEF aimed to fulfil its double mission of improving the living standards of the poorest of the poor and attaining financial self-sufficiency, in reality, it was sandwiched between these two contradictory goals. On the one hand, it was accountable to the financial board for its operations, while on the other hand it struggled to conduct its original mission of helping the poor. While SEF had chosen to remain an NGDO to maintain its poverty-focused mission, it was under heavy financial pressure from the financial department, the board, and the donors to meet the financial aims. The fieldworkers strongly challenged the SEF's target for expanded operations by arguing that the assistance of a huge number of clients constrained the goals of poverty alleviation if more employees were not hired. In the practices on the ground, many of the development facilitators' tasks had been transferred to the group leaders. Paradoxically, in such circumstances SEF decided to transfer many of the training responsibilities from the organisation to the clients, making the microcredit groups and their relations of solidarity instruments for diminishing the costs of screening and monitoring.

In the microcredit rhetoric this tactic is promoted in the name of "supporting the entrepreneurship of the disadvantaged", where the poor who were previously considered as passive receivers of aid are now seen as creative agents of their own development. The problem is that through such arrangements, the responsibilities, while not necessarily the rights, of the women are considerably increased. SEF clients were forced to shoulder additional transaction costs without any economic compensation. These included time and effort spent on finding group members, costs of monitoring the repayments and delivering the money to the bank, obligations to cover for group member who was robbed, and duties to teach business skills to new clients.

For SEF, the group lending model with joint liabilities and peer-monitoring mechanisms worked as social collateral because of the clients' lack of ability to provide financial collateral. While the relationship between the microcredit organisation and the clients at first sight seems to be contractual, this study illustrates how in practice these relationships were continuously negotiated and ambiguous in character. As a result, seemingly contractual relations and obligations were enmeshed in moral obligations and intertwined with social norms and complicated cultural rules of reciprocity. In theory, repayment was based on women's joint liability and solidarity towards each other. In reality, loan recovery was secured through strict rules and various disciplinary tactics and by extending repayment responsibilities to husbands and other relatives. In other words, not only the group but also the kin and relatives operated as a social collateral for the microcredit organisation.

The contradiction between written and unwritten rules that were used in parallel in SEF everyday operations became clear in conflicting situations in particular; it was the responsibility of the clients and the fieldworkers to manage these situations – in one way or another. While SEF defended its strict rules, considering conflict situations as clients' problems, at the same time, it justified its decision not to intervene in negotiations over conflicts using essentialist views of African women and their communal way of life. In these situations, there was little consideration of the wider political-economic structures that constrained the opportunities of the poor to advance their business operations and that limited their chances to rid themselves of poverty and social marginalisation.

To conclude, microcredit as a tool for poverty reduction and the related social capital-oriented arguments cannot be understood without considering the wider social, political and economic structures. Development agendas based on romanticised views of social capital as a remarkable asset of the poor and on visions in which the responsibilities of pro-poor development are being increasingly shifted from governmental institutions to market-based mechanisms, or to the poor themselves, contain the risk of a "privatisation of the economic crisis" (González de la Rocha 2007, Kay 2006). This is especially true if we consider the overall problems of economic insecurity and political volatility characteristic of South Africa, as well as of many other parts in the global South. These, together with the unequal access to resources, constrain the ability of the poor to advance their business operations and to create pathways out of poverty. Social capital cannot substitute for policies designed to achieve integrated forms of economic and social development through redistributive measures and sound economic policies (Bebbington 2007, Hietalahti and Nygren 2011, Nygren and Myatt-Hirvonen 2009). In the case of microcredit programmes, more attention should be given to the political-economic structures that constrain the opportunities of the poor to advance their business operations and that limit their chances to eliminate poverty even when capacities for social creativity and initiatives for co-operative action are present.

The present study also illustrates how the complicated rules and regulations of the microcredit organisation shaped the ways that different actors co-operated with, contested and confronted each other. An important point in the study is that without careful consideration of the mechanisms that mediate the norms and responsibilities between the microcredit organisation and the clients, as well as between the clients themselves, it would have been difficult to understand microcredit as a socio-political institution that regulates the business affairs of the poor.

In my view, the significance of this study lies in the analysis of everyday politics involved in microcredit as a socio-political arena. This is an aspect about which relatively little information currently exists in the debates on microcredit. By applying the theoretical ideas of Pierre Bourdieu, and bringing the distribution of resources and power relationships into the analysis, the study contributes to the debates on microcredit and social capital, offering new insights into the manner in which different actors in the microcredit arena interact, co-operate with and confront each other. By combining the method of participant observation with the thematic interviews as well as informal discussions, and bringing the perspective of both microcredit clients and the organisation into the analysis, this study has also illuminated the hidden stages, in which the game of microcredit is largely played. As this study focuses on the lives of women, it is able to provide only one window on the complex processes of the everyday lives of poor people in the South African context.

Since in-depth analyses of informal negotiations and interactions are fairly difficult, future investigations in the field of microcredit as a form of poverty alleviation would be of value. Another important issue to study further is the future of microcredit programmes in the global South. The boom of microcredit and the assumptions related to Putnam-oriented interpretations of social capital have supported the tendency of international development agencies to direct attention towards financially sustainable and commercially-leaning microcredits. While sustainability as such is something to support, the drawback tends to be that the approach easily neglects the social life circumstances that direct women's everyday businesses. In this sense it would be interesting to follow SEF's growth and expansion into new geographical areas, as well as to evaluate the results of its recent orientation from group loan mechanisms towards more individual loan systems, which utilise clients' savings as financial collateral for the loan. An interesting question that is little explored in this study, and that would be important to analyse in greater depth in the future research, is why SEF wants to be considered and labelled as an NGO. This question interlinks microcredit with many other important themes, such as the historical, cultural and political struggles of poor African women and the allocation of rights, resources and power in post-apartheid South Africa.

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