



Paravets, trained by SRIJAN to care for animals in the community

Value and Value Chains: the Intersection of Grassroots Mobilization and Enterprise Development in India

Surili Sheth and Michael Walton

Values and Value Chains: the Intersection of Grassroots Mobilization and Enterprise Development in India

Surili Sheth and Michael Walton¹

Contents

Acronyms	2
Abstract	4
1. Introduction	5
2. Scope and methods.....	6
Scope	6
The missing middle of development	7
Methods	8
3. Context	11
SEWA and RUDI	11
Values: women’s empowerment movements in India.....	14
Value chains and weak market linkages in India	15
4. Conceptualizing tensions and principles for resolution	16
5. Developing and using Integrated Identity-based Action Research with RUDI	19
The context in which IIAR was developed.....	19
Theory of change.....	21
Methodology.....	23
A co-creative process: RUDI and IMAGO.....	26
Lessons for IIAR	34
6. Discussion.....	34
Works Cited	36
Appendix 1. RUDI’s operations.....	39

¹ Respectively IMAGO Global Grassroots, and Harvard Kennedy School. We thank many members of SEWA, especially Reema Nanavaty, Uma Swaminathan, Smita Batnagar, Alpa Dave and Rushi Laheri for their inspiration and invitation to work together, and Isabel Guerrero and Zachary Green for collaborative work, advice and commentary.

Appendix 2. Development programs, culture and empowerment	40
Appendix 3. Some illustrations of the methodology	41

Acronyms

CBO – Community Based Organization
 IIAR – Integrated Identity-based Action Research
 MM – Missing Middle
 PDIA – Problem-Driven Iterative Adaptation
 RUDI – Rural Distribution Network
 SEWA – Self-Employed Women’s Association
 SHG – Self-Help Group

The issues we face vary with our changing membership; each new member brings with her a new set of problems, a new set of solutions, and a full set of expectations. We are better equipped to face some challenges while we struggle with others. The process itself is our teacher.”

–Elaben Bhatt, *We are Poor but So Many*, (2006)

The term “implementation” understates the complexity of the task of carrying out projects that are affected by a high degree of initial ignorance and uncertainty. Here “project implementation” may often mean in fact a long voyage of discovery in the most varied domains, from technology to politics.

–Albert Hirschman, *Development Projects Observed* (1967: 35)

“Development discourse is replete with discussions of the “policy implications” of particular findings from research and experience – hire contract teacher, use biometrics to improve attendance, introduce new procurement systems to reduce corruption – but rarely is there a follow-up discussion on who, exactly, will implement these “implications,” or whether the administrative systems charged with implementing *any* policy can actually do so, or whether a given policy success or failure actually stems less from the quality of its “design” and more from the willingness and ability of the prevailing apparatus to implement it.” [...] “explanations of weak implementation seem too often to be attributed to “low capacity” (of individuals), “perverse incentives,” or “lack of political will.” Elements of these explanations are true, but a more comprehensive and detailed approach is needed to guide action.”

–Andrews, Pritchett, and Woolcock, *Building State Capability* (2017)

“As someone one said, culture eats strategy for breakfast.”

–Groysberg et al, *The Leader’s Guide to Corporate Culture* (2018)

“Why can’t we mobilize the investment capacity of large firms with the knowledge and commitment of NGOs and the communities that need help? Why can’t we co-create unique solutions?”

– C.K. Prahalad, *The Fortune at the Bottom of the Pyramid* (2010: xiv)

“What human beings know comes from many sources, and to deem only one method valid and all others invalid is to slow the process of knowledge acquisition. The catholicity of methods currently used – from anthropological notes, analysis of large data-sets, everyday experience and randomized trials – all have a role to play in this enterprise.”

– Kaushik Basu (2014)

Abstract

This paper explores a classic development problem: the “missing middle” between top-down action by the formal government and private sectors and the activities of grassroots organizations. It focuses on one aspect of this - the challenges faced by grassroots and community-based organizations in scaling up, specifically scaling up enterprise activity of women. Scaling up women’s enterprise activity is characterized by the tension between “values” and “value chains”— that is, between the values of the original social mobilization and the need for profitability within the enterprises. This tension exists *within* these organizations, and also *between* them and market or corporate actors. The paper is a reflective conceptualization, based on four years of work with several remarkable grassroots organizations, that form part of India’s long tradition of organizing and mobilizing disadvantaged groups. Its specific focus is on the Self-Employed Women Association (SEWA), a 45-year old labor union, owned by its 2 million members. We illustrate the nature and resolution of these tensions through a case study of one social enterprise (“RUDI”, the Rural Distribution Network) within SEWA that procures local produce from farmers, processes and then distributes them to the villages. Some 3000 “RUDI bens” (women entrepreneurs), all SEWA members, sell the products on commission, and the value chain is largely within local rural geographies. The tensions between the values, practices and identities of the women members and the revenue requirements of the enterprise that exist in RUDI are illustrative of the broader issues. **We argue that the very nature of the tensions in scaling up—involving *both* adaptive challenges of a deeply values-based organization seeking to scale *and* the business and economic issues they face—requires an approach that is genuinely collaborative in exploring problems, and is essentially integrative of the adaptive organizational and business organizational challenges.** Our methodological approach is developed through active engagement, and we draw on action research traditions in characterizing it as “Integrated Identity-based Action Research.” While the case we illustrate is about self-employed women entrepreneurs in India, we see this as an approach that is critical to a much wider set of the complex, or “wicked”, development problems, at the intersection of grassroots action, governmental and corporate behavior.

1. Introduction

How can smallholder rural producers connect with larger markets? How can illiterate women run and scale their enterprises? These are classic development problems that have proven resistant to top-down efforts by the government and the private sector. They exemplify two common features: first, they reflect the “missing middle” in development – the gap between large-scale organizations (government and private)—and “bottom of the pyramid” (BoP) actors; and second, they are “complex”—there are no best practice solutions that work in all contexts, owing to a wide range of market, government and societal failures, and the behavioral responses of the actors involved are key to finding a solution.

This article explores the intersection where grassroots, community-based organizations have mobilized poor producers (often women), but need to develop mechanisms for scaling up, which involves **bridging** the missing middle to larger markets or large-scale organizations. While the specific focus is on enterprise activity and links to markets, parallel issues apply to other areas, notably in the complex problems of supporting social change and connecting with services for poor households.

Tackling these issues involves engaging with the tensions between “technical” issues of economic and business processes of BoP organizations and issues of organizational and individual identities, structures, and behaviors that are central to the organizations and their members. We call this ***the tension between values and value chains***, which we posit necessitates a **cross-sectoral, systemic, identity-focused, and adaptive** approach.

We conceptualize economic, organizational and psychological principles for resolution and propose a methodological approach for engagement. This conceptualization and methodologies are developed through a process of collaborative engagement with grassroots organizations in India over several years: what is presented here is the result of a reflective process, which will be made better as the approach is tried in other contexts.

This paper in particular includes a reflection of our work with the Self Employed Women’s Association of India (SEWA). The case study of our work illustrates our approach, which we describe as an **Integrated Identity-based Action Research (IIAR)**. It combines elements of adaptive engagement around identity, organizational culture and values; business and economic analysis; participatory diagnosis and design; and measuring results within the organizational structure. The three key elements are described in Box 1

Box 1. Integrated Identity-Based Action Research

1. **Integrated.** For grassroots, community-based organizations to successfully scale, they need to engage both with business, economic and formal organizational challenges and psychological, cultural and behavioral issues that are embedded in their values. This necessitates an approach that integrates business and economic development with adaptive organizational change. Human-centered (and “organization-centered”) design can be a useful instrument to bridge and integrate these different challenges.
2. **Identity-based.** Grassroots, value-based organizations have immense potential to understand, develop and implement interventions that focus on behaviors and norms in their own communities. However, they face tensions between their own values and processes of value chain integration, revenue-maximizing efforts, and scale. An identity-based approach explicitly recognizes these challenges and emphasizes the need to work with the values, beliefs, and underlying assumptions to examine and bring out deeper models of behavior “resulting from the shared experiences of the organization as it solves problems which are taught to all its members” (Taborga 2011).
3. **Action Research.** To actively understand and learn from a reflective process, progressive problem-solving is needed. Action research is inherently nonlinear – involving diagnosis, planning, intervention, evaluation, and reflection with feedback loops as needed. It emphasizes awareness-building, adaptive change, and dynamic feedback loops to bring about behavioral changes of the types needed for solving “missing middle” development problems.

Section 2 lays out the scope of “missing middle” development problems, methods used to create and implement the IIAR approach, and the reasons for selecting a BoP social enterprise - RUDI - as a case study to examine the approach. Section 3 reviews the wider social, economic, and political context in which RUDI and SEWA operate, with respect to the Indian women’s empowerment movement, farmer producer organizations in India, and the links between corporates and the BoP. Section 4 describes RUDI and SEWA. Section 5 conceptualizes cross-sectoral tensions and principles which form the backbone of the IIAR approach. Section 6 describes the development and application of IIAR to RUDI. Finally, Section 6 discusses implications for future cases to further develop the IIAR approach.

2. Scope and methods

Scope

Ever since C. K. Prahalad summarized the promise of poor consumers in *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*, the idea that firms have a lot to gain by engaging with the poor has taken root. However, one of Prahalad’s key points is often overlooked – “we should commence talking about underserved consumers and markets. The process must start with respect for Bottom of the Pyramid consumers as individuals. **The process of co-creation assumes that consumers are equally important joint problem solvers**” (Prahalad 2010: xv).

The IIAR approach has been developed to address problems of poverty at the community level that require behavioral, normative, organizational and adaptive shifts that are deeper than quick nudges, fast interventions, or rapid policy lever pulls. It applies to many domains—including interactions with social providers, personal and social behaviors that affect human outcomes, and linking BoP actors to larger markets, including integrating them into value chains. Building scalable models to address the

“missing middle” of development typically involves personal and organizational behavioral changes that require shifts in mindsets and social norms as well as an orientation toward solving market failures and business challenges.

The missing middle of development

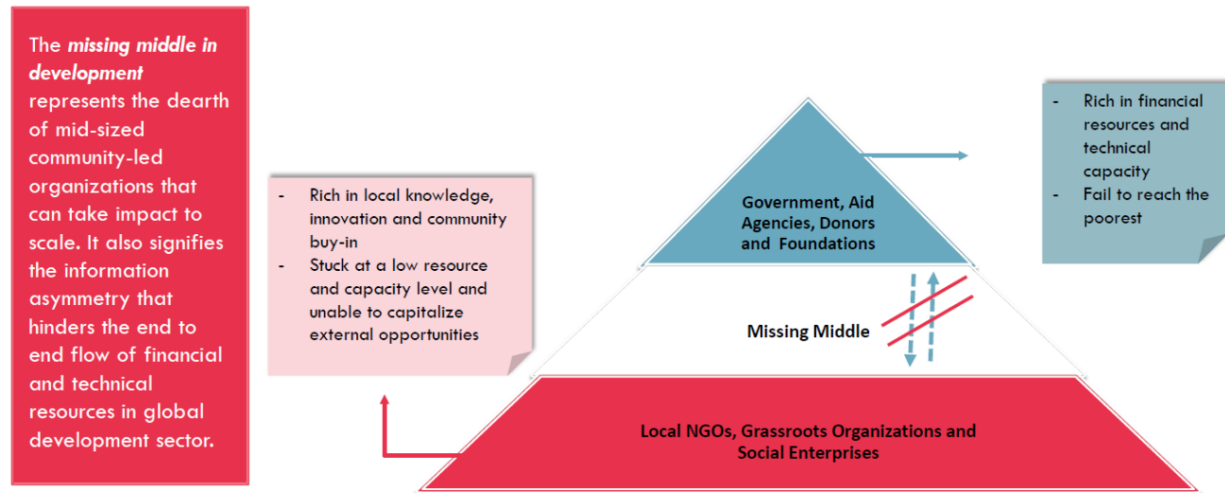
Bridging the missing middle requires innovative ways for the communities to create solutions for engagement, adaptation, and improving their livelihoods—and for corporates to reach the grassroots. Corporates, governments and aid agencies are rich in financial resources and technical capacity; however, they face high costs and weak capacity in the types of engagement required for effectively working with grassroots organizations. This includes working within structures they are unfamiliar with and dropping established methods of finding solutions - those that singularly focus on financial or technological constraints, or one-off interventions set within political and administrative timelines. They often try to find quick “nudges,” top-down technical interventions in program or product design, or implementation tweaks, instead of a systematic focus on genuine co-creation of solutions.²

Conversely, community-based organizations (CBOs)—local NGOs, grassroots organizations and social enterprises—understand the communities they work in. Their structures are often designed to mirror and grow organically out of those in their communities. They have decades of experience engaging within the complex social networks that they operate within. CBOs are rich in local knowledge, innovation, and community buy-in. However, they can become stuck at low resource and technical capacity levels, unable to capitalize on external opportunities and take on challenges that require adaptive strategy for scale.

The differences between the structures, capacities, resources and reach of top-of-the-pyramid and bottom-of-the-pyramid organizations, and the dearth of organizations that can combine the characteristics of both types, are a manifestation of the “missing middle” in development (see Figure 1).

² See Andrews, Pritchett and Woolcock (2016) for a critique of best practice approaches with a focus on government behavior and a proposed alternative route that has parallels to our methodology.

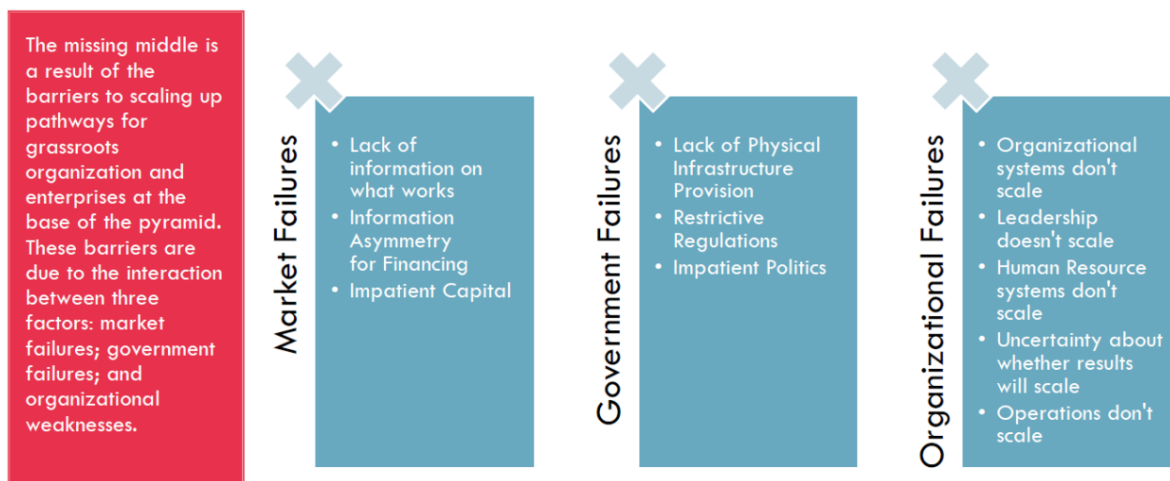
Figure 1. The Missing Middle



Source: Guerrero and Walton, 2014

This missing middle is generated by three types of failures - often existing simultaneously in developing countries – markets, government, and organizations (see Figure 2). These failures reinforce one another – for example, a lack of information can be reinforced by a lack of physical infrastructure or lack of scalability of organizational systems that help disseminate information. An approach that recognizes the nature and interaction between these failures is integral to solving any missing middle development problem.

Figure 2. Three factors contributing to the prevalence of the missing middle



Source: Guerrero and Walton, 2014

Method

To develop the IIAR approach, we trace the case of the RUDI social enterprise in Gujarat, India. The authors have been directly involved with RUDI through the non-profit IMAGO Global Grassroots and we present the motivation, derivation, and application of the IIAR approach to RUDI as a case study that

is still evolving. While the work is ongoing, it illustrates many aspects of the integrated, adaptive, identity-based and interactive process of IIAR. It also presents promising changes in response to the action in resolving the central tensions.

The organic process employed between IMAGO and SEWA is designed within an **action research** framework and applied to RUDI's missing middle challenge. We additionally draw from Paolo Freire's principles for conducting **participatory action research**, and Lincoln and Guba's (1986) criteria for conducting **rigorous naturalistic and responsive evaluations** to frame our approach.

Action research involves "actively participating in a change situation, often via an existing organization, while simultaneously conducting research."³ We find this to be a useful prism for the process followed, appropriate to supporting and understanding change in a complex context requiring an exploratory approach. It falls within the tradition of Kurt Lewin's (1958) method, and the assumption that the motivation to change is strongly related to action – if people take part in decisions that affect them, they are more likely to find and adopt solutions.

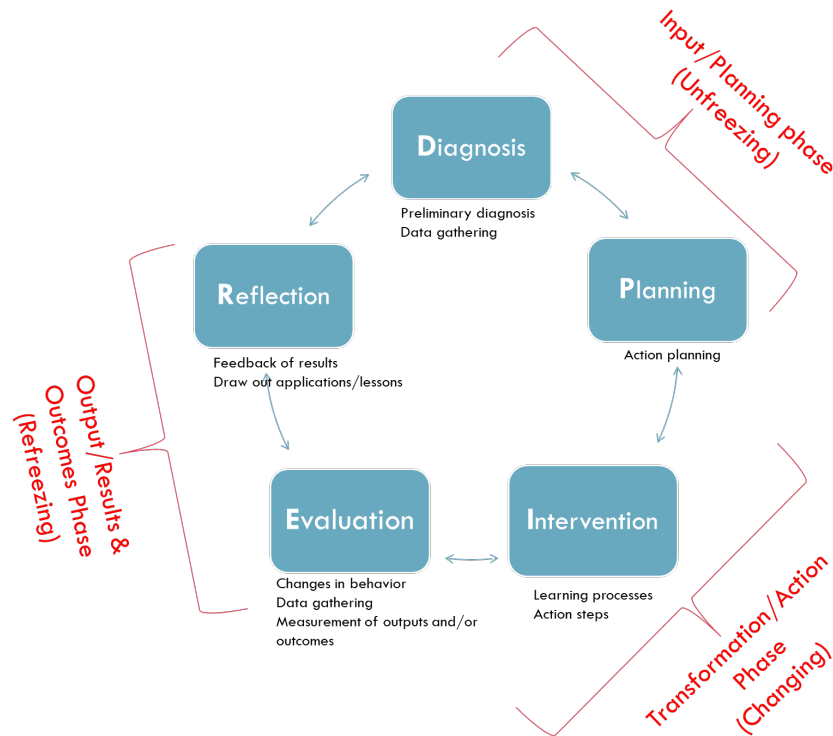
Figure 3 shows an adapted cyclical process of action research: diagnosis, planning, intervention, evaluation, and reflection, each providing feedback to the next step and the one before, and each involving the participation of the group.⁴ On this cycle, we have superimposed Lewin's three-stage process: the unfreezing-changing-refreezing of beliefs, attitudes, and values. **Unfreezing** is the part of the cycle where the group becomes aware that there is a need for change – it involves overcoming inertia, dismantling the existing mindset and bypassing defense mechanisms. **Changing** is the part of the process where full diagnoses are made about the situation, and new models of behavior are explored and tested – it is a period of confusion and transition, as individuals become aware that old ways are being replaced but without a clear picture of what these are being replaced with. **Refreezing** happens when the intervention or application of the new behavior(s) are evaluated, and if they are reinforcing for the organization, they are adopted – new mindsets are crystallized, and comfort levels return to previous levels.⁵

³ This definition is frequently cited, but we are yet to find an original source!

⁴ See Appendix 3 for details on each step. The activities conducted by IMAGO (and similar intermediary organizations) sometimes evolve along the entire cycle of action research and sometimes not, stopping at one of the earlier feedback loops of the process.

⁵ There are interesting parallels with Otto Scharmer's formulation in terms of Theory U, that involves a process of letting go and deconstruction, followed by a prototyping to explore the "emerging future". See Scharmer (2009).

Figure 3. The action research process



Source: Authors (adapted from Lewin 1958)

Lincoln and Guba (1986)'s guidelines on naturalistic and responsive evaluations provide additional criteria for evaluating human behaviors and their interactions rigorously. The techniques include: prolonged engagement, persistent, in-depth observation, triangulation of data, peer debriefing, negative case analysis, and member checks for *credibility*; thick descriptive data for *transferability*; and external auditing for *dependability and confirmability* to support our research process.⁶ Given the cross-sectoral, hierarchical, and organizational dimensions of RUDI's work, we believe that this set of techniques is helpful to conduct rigorous evaluation in this context.

⁶ These criteria are parallel to criteria for rigor in conventional evaluations – “credibility as an analog to internal validity, transferability as an analog to external validity, dependability as an analog to reliability, and confirmability as an analog to objectivity” (Lincoln and Guba 1986).

3. Context

This section provides context for the milieu in which we developed and implemented the IIAR approach: describing SEWA and RUDI, and summarizing two traditions of action that meet in RUDI: women's empowerment movements and building farm producer companies.

SEWA and RUDI

The Rural Distribution network (RUDI) is a social enterprise promoting livelihoods for rural female entrepreneurs and market integration between local producers and consumers, and between local producers and urban markets. Its mission is to provide direct market access for small and marginal farmers and employment for thousands of rural women who are the front-line traders of RUDI's products. The social enterprise is embedded within the Self-Employed Women's Association (SEWA) - one of the largest unions in India and represents women in the informal sector.

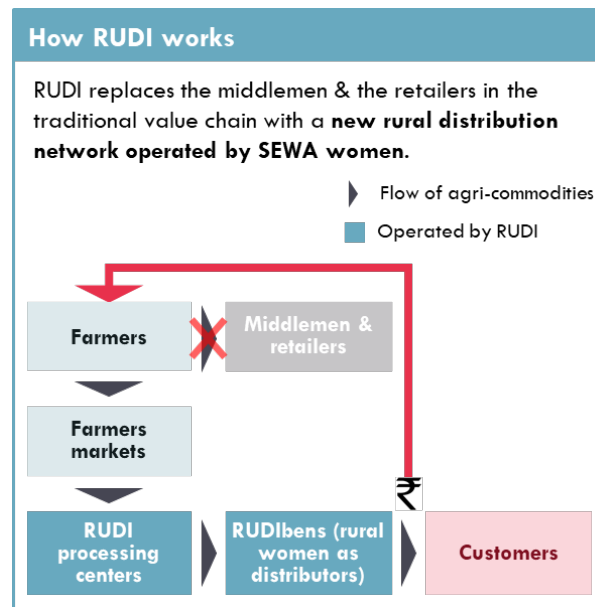
As a labor union SEWA occupies the middle space between community, government, and the private sector. It was borne out of deep activist, Gandhian values, and has developed into a large organization consisting of savings groups, a bank, cooperatives, welfare initiatives, and social enterprises launched in partnership with external public, private, and nonprofit agents that benefit its membership. SEWA was founded in 1971 by Ela Bhatt based on her learnings about women in the informal sector as a lawyer for the Textile Labor Association (TLA), a union set up by Gandhi and Anasuya Sarabhai in 1917 in the city of Ahmedabad – the center of a flourishing textile industry. While heading TLA's women's wing to provide welfare services to the wives of textile mill workers, Elaben realized that the informal and house-based work of women in many other trades was not acknowledged as work, even by the women themselves. With the support of the then-president of TLA, Elaben started to organize these women in 1971. SEWA is now India's largest informal women workers' union, whose main goal was to organize women workers to improve their welfare, with respect to incomes, social conditions, agency and dignity (Bhatt, 2006).

Over time, SEWA became a confluence of three movements: a labor movement, a women's movement, and a cooperative movement. The union and its collective power is at the core, while its cooperative dimension has translated the bargaining power of collective organization into economic and social development for its members and their communities.⁷ By 2017, SEWA had 11,000 grassroots producer groups, 200 cooperatives, and a membership of some 2 million, spanning 14 states in India.

The RUDI Multi Trading Company Ltd (RUDI) was formed in the early 2000s as the first for-profit social enterprise owned and operated by SEWA. The agro-based rural distribution network brings together farmer producer organizations (FPOs) and the women's movement, with the twin aims of providing direct market access for small and marginal farmers by eliminating the layer of middlemen and providing employment for thousands of women in rural India as market agents – as seen in Figure 4 below—a more detailed depiction is in Appendix 1.

⁷ Guerrero and Rangan, 2017

Figure 4. How RUDI works



Source: Guerrero and Rangan 2017

Between 2004 and 2016, RUDI achieved a consolidated turnover of ₹480 million, operating in the sphere of approximately 1 million households across 26 districts of Gujarat. As a social enterprise with value being created at both ends of the value chain, almost 90% of RUDI's sales were re-circulated back into the village economy, and over 25,000 SEWA members, including 10,000 small farmers and rural women from poor families were employed at various stages of the RUDI value chain.

After over a decade of focusing on rural Gujarat, in 2017, RUDI expanded to Rajasthan – a neighboring state. The enterprise had a 10-year action plan (2015-2025) aimed at achieving a sales turnover of ₹1 billion, an expansion to 26 states, and a vision to positively impact 930,000 farmers and rural women by 2025.

RUDI has unique advantages for reaching its vision:

1. **Community-level collective action values and organizing capabilities.** SEWA has a culture of solidarity, cooperation, and mobilization that permeates throughout its organizational structure (Bhatt, 2006). This means that its members are accustomed to coming together and have structures from which they feel and exercise authority. Through decades of social interactions and solidarity, SEWA members have expanded their “capacity to aspire” – their capabilities to navigate economic, social and cultural pathways to a better life (Appadurai, 2004).
2. **Organizational commitment to working on value chain integration to solve market failures.** Through RUDI, smallholder farmers get access to better information about local market demand and market price fluctuations, sell to a RUDI processing center instead of a middleman or loan-shark, gain access to storage facilities and a processor that they otherwise would not have taken the small amount that each individual produces, and finally, gain access to more output markets. RUDI aims to use technical planning to solve market

failures that smallholder farmers face in selling their produce, and is open to incorporating new technologies in its operational processes (e.g. RUDU has been piloting apps to check inventories and take orders from the village).

3. **Cross-sector integration to provide an enabling environment.** RUDI is supported by other organizations within SEWA. The IT team at SEWA has developed an app for product management, SEWA Management School (SMS) provides training to sales women on marketing and accounting, the rural union developed the infrastructure of centers to process produce that comes from RUDI farmers, RUDI draws on SEWA's authority and relationships to get partners (like Vodafone or Hindustan Unilever) and market linkages, and the SEWA members provides the base from which the women entrepreneurs (the RUDI bens) and many of the consumers in the local RUDI supply chain are recruited. RUDI's Board has major business actors, which it was able to recruit due to SEWA's reputation. However the cross-embeddedness of these actors in SEWA can also be a source of tension – many RUDI bens have multiple responsibilities outside of RUDI in other parts of SEWA.
4. **BoP innovations.** RUDI has demonstrated its potential for innovation to serve its customer base – rural households with low incomes, living in scattered villages. Through its organizational structure of village and district hubs, processing centers that serve clusters, and RUDI bens who procure, produce and deliver products directly to the doorstep, RUDI has created a new operational system for its product. In inventing “household kits,” whereby a family can just place an order for the combination of spices, pulses, and cereals that it needs each month and have a package assembled with the same combination every month, and integrating this concept into its IT system (phone application) for managing orders, RUDI utilizes its unique understanding of local consumer needs to shape its product and operational system.
5. **Potential to scale.** SEWA's current membership of some 2 million across 14 states, and its ability to both sustain and multiply into sister organizations to address the needs of its members for more than five decades demonstrates its potential to viably scale RUDI.

But RUDI also faces challenges in scaling:

1. **Can massive, profitable scale be realized with the social development goal of achieving food security for SEWA's rural members?** What kind of stakeholders should RUDI engage with higher up the value chain to supply produce from rural producers? What kinds of stakeholders can and should RUDI engage with to get products that rural consumers demand?
2. **How can RUDI bens be faithful to their core SEWA values of being labor organizers of informal sector women, if they need to change their focus to being entrepreneurs aiming to maximize profits?** How does this impact their governance structures, operational and business planning? How does this impact their organizational structure and processes – to be at the frontier of profitability while also retaining social values?

It is important to provide a wider context for RUDI and SEWA. They are operating within the internal and external tensions in scaling up and increasing revenues while also working on gendered power

structures. This places them at the intersection of two histories: of women's empowerment movements; and of farmer producer groups and other market linkage initiatives in India.

Values: women's empowerment movements in India

India has a strong tradition of grassroots women's empowerment movements that aim to improve welfare, social standing, economic agency and representation in formal institutions. However, in the history of the movement, a key tension emerged between two conceptions (see Box 2).

Box 2. Definitions of empowerment - competing or complementary?

1. **Empowerment as personal** - a process that challenges the culturally shaped "terms of recognition" (Appadurai, 2004) and its associated power relations (largely led by bottom-up, activist groups).
2. **Empowerment as expanding the capacity to take advantage of market opportunities and government services** – a process that seeks more effective participation in the market, politics and claim-making on the state.

These two definitions could be complementary: building the personal and group-based "capacity to aspire" (Appadurai 2004) can enhance capacities to engage in formal structures, expanding capabilities, or freedoms (as in Sen 1984, 1999). But they can involve conflicts in values and strategies. Since the first definition regards government and markets as dominated by patriarchal structures.

The challenges and complementarities in moving between the two conceptions of empowerment are especially apparent in women's institutions that exist between formal (government or private) sector and informal (caste and community) institutions. As a case, Mekhala Krishnamurthy documents the dual roles of *nari adalats* – informal dispute resolution institutions formed by women who were already organized through the state-formed *Mahila Samakhya (MS)* program in Gujarat in 1988, but with support and resources from community and state. These *nari adalats* provided an alternative to patriarchal caste as well as state institutions such as the courts; simultaneously, they drew on resources from their communities and state to "constitute their own vibrant public arena." The space in which these institutions work, and the confluence of identities of the leaders, is documented by Krishnamurthy (2002):

"even as the *adalat's* women oppose both community and state institutions, they also draw on multiple resources from community and state to constitute their own vibrant public arena. Thus, they situate themselves within government compounds while designing their schedule around the daily rhythms of their village lives. The women draw on their experience as **community members**, rely on their understanding of local customs, and use networks of social relations to resolve disputes. But they also assert their identities as **activists** associated with the Mahila Samakhya, deploy a range of state symbols in structuring their procedures, approach the police for protection, and cite formal laws to claim better results for women. This constant **interplay between community and state** is both practical and creative and is used by the *adalat's* women to considerable effect. In the process, they are beginning to change the terms of their relationships with the state and the community, learning how to access and use formal institutions, while also gaining recognition in their villages" (Krishnamurthy 2002).

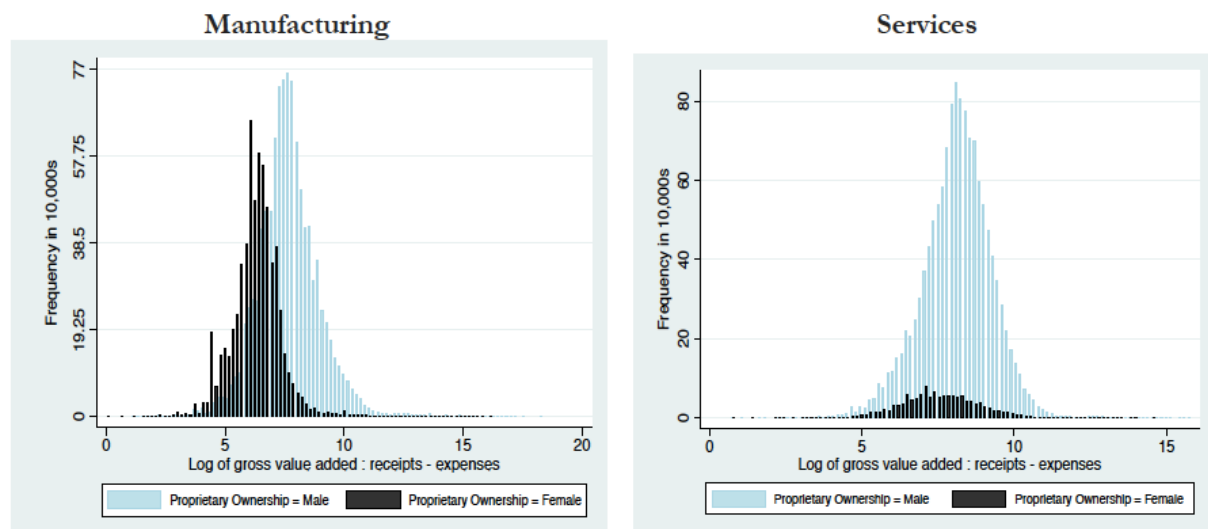
By taking the view that informal institutions like the *nari adalats* are located as public arenas “between the community and state,” Krishnamurthy (2002) shows that “local communities [...] are neither uniform spaces of oppression and violence against women, nor regions of freedom and security where “grassroots” solutions are easily realized. Equally, as many anthropologists have suggested, the state is not a monolithic structure or “discrete, unitary ‘actor,’ cleanly separated from society. **For women caught in multiple positions of subordination, the practice of shuttling between these structures is often the most effective strategy for change, even as this process is filled with tension and constraints.”**

SEWA attempts to explicitly bridge the two approaches. SEWA is committed both to transformation of women’s personal, economic and political agency and translating this into engaging with the market and increasing the effectiveness of claim-making on the government. It is these types of alliances and tensions that we explore in the case of RUDI.

Value chains and weak market linkages in India

The *economic* context is of high levels of informality and much lower levels of women’s entrepreneurship than men, even within the informal sector in India. As Figure 5 illustrates in 2006/7 the presence of women was substantially lower than of men, and women’s enterprises were much smaller, indicating problems of both entry and scaling (Shetty 2018). This difference existed in spite of extensive efforts to support women’s enterprises over the past decades.

Figure 5. The distribution of informal female and male headed enterprises in India in 2005/06 (manufacturing) and 2006/07 (services)



Source: NSSO, as calculated in Shetty (2018)

First, there are many and growing examples of attempts at public and private sector support for self-employed and small-scale entrepreneurs and producers, especially through credit provision to women’s Self Help Groups (SHGs). There have also been widespread efforts, with some accompanying regulatory reforms, to form and support farmer producer organizations (FPOs), often from the foundation of SHGs. There is little systematic quantitative evidence on what works, but the assessment of experts is that

these have largely failed to take off, with very few positive experiences of overcoming missing middle development problems (Shah 2016).

FPOs were actually created to solve key market failures – those of asymmetric information (on the producer side) and of risk (on the procurement side) *while also* embedding themselves within community-based value systems that emphasize collective action. However, existing FPOs have generally failed to resolve the inherent tensions they face, within and between organizational structures (e.g. cooperative and larger market, members and board) and have not managed to innovate and implement new business models to reach the next frontier. It is in these same intersections that RUDI's potential lies. How to conceptualize and manage the tensions is taken up in the next section.

Second, there are some examples of top-down initiatives from corporate organizations (like Fab India and Unilever) that link local production to wider markets. Fab India illustrates.⁸ It started with a model of community owned companies (CoCs), with 16 set up in 2007-08, creating a middle tier between artisans (supplier) and Fab India; 25-45% equity in each CoC was held by Fab through its own micro-finance unit (Artisans Micro Finance Private Limited AMFPL), and the remaining held by artisans (35,000). For streamlining supplies, procurement hubs and field offices also set up.

This initiative was judged to deliver on social impact but squeezed Fab's profits, and 14 of the 16 were wound up between 2013 and 2014 with a share buy-back by AMFPL. This led to the creation of a new set of entrepreneurs: most CoCs went on to become micro-enterprises, and Fab continues to use them as suppliers. At one level this was a success, but illustrates the difficulty of forming effective market linkages with community-owned producer companies. While there are other cases (e.g. Unilever's Shakti project), the reach is also very low of this type of structure.

4. Conceptualizing tensions and principles for resolution

Bridging the missing middle for RUDI results in a tension between the values and practices that are essential to the identity of grassroots organizations, and the practical necessities of engaging with value chains and the market need to be managed and resolved. While we are specifically focusing on value chains in the economic sense, the issues have precise parallels with respect to the "value chain" of engaging with government, political and philanthropic or aid-based external worlds.

It is useful to disentangle this overarching tension into more specific dimensions: Box 3 lists five.

⁸ Source: <http://www.forbesindia.com/article/social-impact-special/an-inclusive-fabric-rural-artisans-stand-to-benefit-as-fabindia-weaves-an-aggressive-growth-plan/45369/1>

Box 3. Tensions

Tension 1: between organizational values (e.g. labor organizers) and engagement with the system that embodies the patriarchal/predominant culture with different values.

Tension 2: between maximizing financial returns and furthering social gains.

Tensions 3: between formal organizational practices, typically associated with formal hierarchy, and informal, trust-based relations.

Tension 4: between motivating individuals through strong financial (“high-powered”) incentives, and relying on their internal (“intrinsic”) motivations

Tension 5: between the incentives and goals of corporate firms (e.g. maximizing individual) and the behaviors of these base-of-the-pyramid organizations (e.g. maximizing collective).

Note that Tensions 1-4 apply *within* grassroots organizations (as well as within many other organizations) whereas Tension 5 occurs *between* an external firm and a grassroots organization.

The first “*values and culture*” tension – discussed in previous section on women’s movements - is manifest in an organization’s strategic choice: to change society or work within the current system. It also relates to the contrast between rights- and issues-based organizations on the one hand, and grassroots organizations seeking to directly improve the lives of members on the other. Here we are primarily interested in organizations that have made the strategic choice to engage—in the terminology of Box 2, for further empowerment through the use of the market as well as for activating latent personal agency. SEWA is clearly in this category, though it also campaigns for better laws and policies. Other examples of grassroots organizations in this space in India include PRADAN, Transform Rural India, SRIJAN and Seva Mandir, all of which we have worked with through IMAGO.

Once the strategic choice is made, the issue becomes how to navigate often-conflicting internal values with external organization—and this can be thought of as one part of Arjun Appadurai’s “capacity to aspire” - a navigational capacity, to both envisage alternative futures and organize and engage with the pathways to realize them.⁹

The second “*financial vs. social goals tension*” is the classic feature of social enterprises, or what Battilana and Lee (2014) call hybrid enterprises. This can apply to both for-profit and not-for-profit organizations. It occurs in large-scale organizations such as the International Finance Corporation, Impact Investors such as Acumen, all the way to grassroots organizations that need revenues to survive, such as RUDI.

⁹ A striking example of this in SEWA concerns the work of their construction worker cooperative members, Rachaita, who have to obtain contracts in the Ahmedabad construction industry. In this process, they often face a conflict between their Gandhian value of honesty and supervisors used to bribes or other deals. For an account of a role-play that worked through this conflict. See the blog <http://imagogg.org/2014/08/sewas-rachaita-team-building-session/>. The “resolution” involved (and typically involves) working out practices, and internal support mechanisms that sustain the values in external interactions, even when this has costs.

The resolution of this tension involves understanding alignments and tradeoffs between financial and social returns, and developing shared principles and practices within the organization. For example, a principle may be maximizing social returns subject to meeting a required financial return for an organization's financial viability.¹⁰ Or it may involve making choices within this tradeoff—subject to respect to an organization's norms and values. A common issue is the lack of comparable information on financial and social returns in order to effectively make decisions – an area for future research, especially for organizations who work on missing middle challenges.¹¹

The third “*hierarchical structure vs. informality tension*” is a common feature of many organizations. SEWA has already achieved substantial scale in terms of reach whilst still relying on partially informal mechanisms of decision-making, human resource decisions, accounting and data management. This unique situation has been feasible because of the strength of its values—and of the alignment between values and organizational culture and practices. However, for further scaling, and especially for its ability to dynamically engage with the external world, whether of business, government or philanthropy, this tension needs to be managed. The management of information is one dimension along which SEWA is moving significantly forward—discussed in the case of RUDI below. The resolution of this tension involves both working out what formal structures are required for goals—of scaling, managing the external boundaries—and then incorporating values and culture within such formal structures.¹²

The fourth “*tension between extrinsic incentives and intrinsic motivation*” is also a classic issue, both in the organizational psychological and the economics literatures (see for example, Bénabou and Tirole, 2003). These can be substitutes, and a reliance on more high powered financial incentives can lead to a reduction in the incentives that flow from internal motivations. Two points are relevant to the RUDI case. First, this can apply at different levels—to the incentives faced by managers, as well as those faced by front-line workers, the RUDI bens in the case of RUDI. Second, SEWA as an organization embodies both: it places immense reliance on the intrinsic motivation of highly committed individuals with strong shared values (and very low levels of pay within SEWA's own organizational structure); but *also* has an important, explicit goal of increasing the incomes its members, who are traditionally poor, self-employed (so enterprise-based) women. Thus strong financial returns for RUDI bens is a clearly good thing within SEWA's value system, alongside its egalitarian ethos.

The resolution of this tension again involves both a question of clarity—of the relationship between extrinsic incentives and the indicators they are linked with—and working through how to foster the financial returns that are desired with sustaining an organizational culture that also sustains intrinsic motivation. Indeed, organizational culture is seen as a source of effective functioning and competitive strength within the business literature on for-profit enterprises (Groysberg et al. 2018).

The fifth “*tension between corporates and the grassroots*” occurs when a corporate firm explicitly seeks to go to the BoP in the spirit of Prahalad, especially when it involves linking on either side of a value

¹⁰ We would argue that this should be the goal of the International Finance Corporation, though it is not clear it is the practice.

¹¹ Root Capital, unusually amongst Impact Investors, has both calculated and shared information on both the range of financial returns and measures of social impact across its projects. McCreless (2017)

¹² In a work-out in another of SEWA's social enterprises, Gitanjali, that processes paper from the products of SEWA's waste-paper pickers, it emerged that the young workers were effectively working as employees, and didn't fully understand or engage with the SEWA's values, even though they were members. What emerged from the work-out was the need to systematically introduce SEWA's values as a core part of the organization's culture and practices, parallel to the ritualization of SEWA's values in group meetings.

chain—as for example, in Fabindia’s procurement of local, or artisanal products for commercial sale. Note this can involve a clash of cultures in two senses: in the values of the two types of organization, but also in organizational practices (e.g. as manifested in timeliness or standardization).

We can again outline paths to resolution of this tension, that is especially of interest to the corporate side of the relation. This involves first of all clarity of where the stakeholders of the corporate have genuine alignment with the grassroots. For a for-profit firm, especially if publicly listed, this can particularly involve working in market niches in which consumers also place value on purchasing (indirectly) from individuals and organizations in the grassroots—as is increasingly the case. But it also involves commitment and practices of management and the corporate’s own front line workers. Measurement again matters, and there is likely to be a need for additional resources to support the engagement with, and potentially upgrading of the grassroots organization—indeed working with the other tensions described above!

The paths to resolution described here are not meant to suggest easy, one-off interventions or solutions. Indeed, as we said at the beginning of the article, the issues here are typically “complex” and hard to solve (as we have seen in the absence of any broad breakthrough of India’s farmer producer cooperative movement). They can take several years of investment to solve, but potential gains are large.

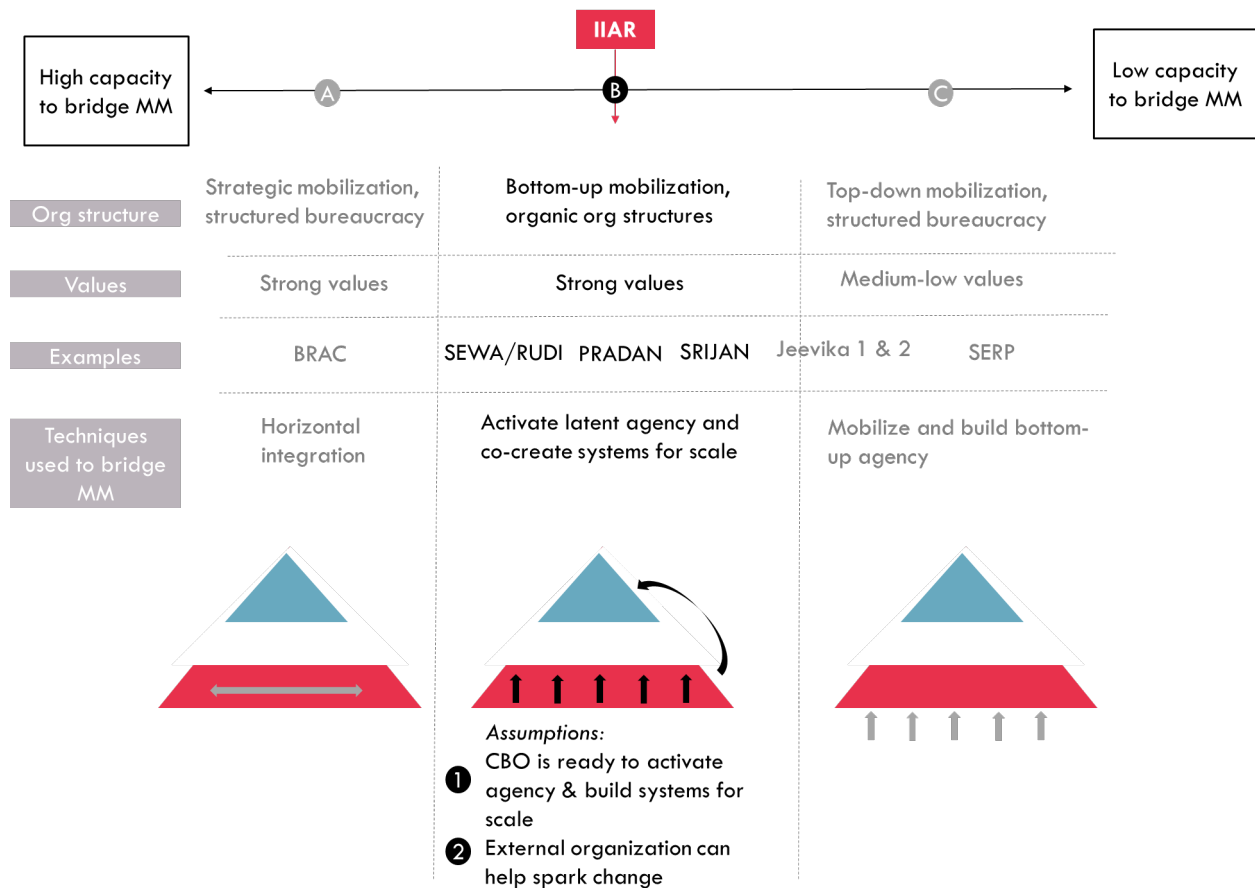
5. Developing and using Integrated Identity-based Action Research with RUDI

This section turns now to the core of the focus of this article: the conceptualization of why a distinct approach is needed to support grassroots community-based organizations, its theory of change, and methodological designs developed through active involvement.

The context in which IIAR was developed

The IIAR approach was developed emerging from practical engagements. It is important to place RUDI (and SEWA) within the broader spectrum of grassroots organizations that are seeking women’s empowerment and increased economic agency, as the characteristics of the organization make a substantive difference in approaches to organizational transformation. We distinguish three “ideal types” of CBOs in this space, and locate RUDI somewhere in the middle (see Figure 6).

Figure 6. CBOs along the missing middle spectrum



Source: authors

On the left side of the spectrum are “Type A” community based organizations (CBOs) and programs – those that are already well-equipped for dealing with missing middle challenges. This, however, is very rare. BRAC is an example of an organization that was systematically focused on solving problems of the poor in Bangladesh, but from the beginning built organizational processes aimed at achieving efficiency and scale. BRAC “cracked” the missing middle problem because they have strategically planned for it from the beginning, building both culture and systems with scale in mind. Over time, however, these organizations can become large and bureaucratic and face some similar problems to government hierarchies, lacking the anchor of being owned by its members.

On the right end of the spectrum are “Type C” CBOs and programs. These are government and aid-funded programs aimed at building and scaling federated economic women’s SHGs primarily as savings and credit groups. In order to be scaled up by governments they are systematized and used as grassroots institutions to channel government-designed welfare or market linkage programs. These are typically examples of what Mansuri and Rao (2012) refer to as “induced participation.” These programs – such as Jeevika self-help groups (SHGs) in Bihar and SERP SHGs in Andhra Pradesh and Telangana – are mobilized from the top-down, have large, layered and hierarchical bureaucracies, and though they have members embedded deep in communities, the central drive for their activities is not motivated through joint social values. The first phase of Jeevika in Bihar falls further to the left of this, because of the role of facilitators in co-producing an alternative discourse with women in the village, fostering a process of

personal and social empowerment closer to the work of community-based organizations. Econometric analysis found significant impacts on proxies for women’s agency, in contrast to the second phase of Jeevika, that did not include this intensive engagement process (Majumdar, Rao and Sanyal, 2017).

In the middle of the spectrum are “Type B” organizations like RUDI – those initiated by bottom-up mobilization and motivated by strong values permeating throughout the organizational culture, but with latent energy and nascent organizational structures and systems for scale. Box 4 further describes the characteristics of “Type B” CBOs prior to engagement – these characteristics indicate that the CBO is ready to build on its systems and has latent agency that can be activated to bridge missing middle tensions. They also indicate the potential for an external agent like IMAGO to be a co-catalyst, using IIAR with the CBO to spark change. These are important assumptions for our theory of change.

Box 4. Characteristics of CBOs for which the IIAR approach is relevant

1. The CBO has a deep, articulated and practiced identity and value system, based in the community in which it works. These values and identities are firmly integrated into the organizational structure and culture of the CBO, rather than just premised within a mission statement or public relations materials.
2. The CBO values cross-sectoral integrations at multiple levels of its organizational structure. It is open to engaging with an outside actor and has had experience doing so.
3. The CBO is working on sets of behavioral or value chain problems that larger development sector organizations (both public and private) are either not working on, or are addressing through uniform, band-aid or “nudge” approaches that do not solve the deeper issues.
4. The CBO has demonstrated sustainability over time and scaled to a certain extent, but has potential for much larger scale. It exhibits challenges with integration within value chains and/or scale.
5. The CBO’s approach exhibits tensions between technical and value-oriented or identity-oriented solutions.

Theory of change

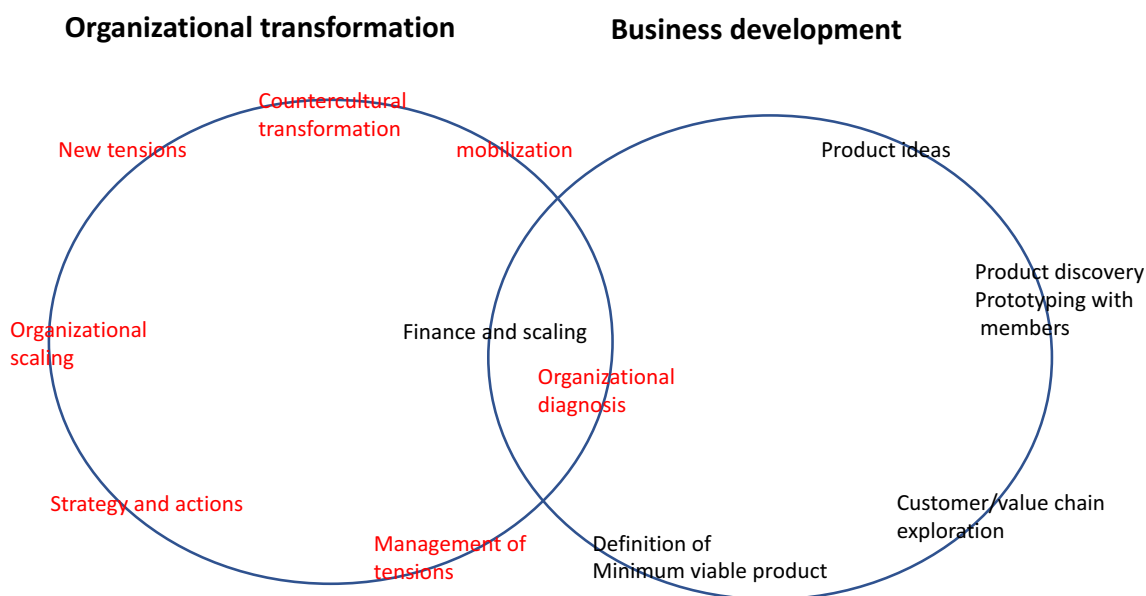
A central concept in our theory of change is the activation of latent agency. This can be thought of as occurring at two levels, both linked to questions of identity and organization, typically involving some external actor to support the process of transformation.

On one level, activating latent energy applies to the **personal transformation** of individuals. Here, this applies to poor women at the bottom of the pyramid—in villages and slums. The grassroots organizations in the middle category (B) share an explicit or implicit theory of change in which a committed, motivated front line agent—the *aaghewans* in rural Gujarat, young people in PRADAN—mobilize and invite women to join groups, starting at the local level (village-level Self Help Groups, or local partners of SEWA). The groups support a counter-cultural process of change for the individual members, Lewin’s un-freezing, changing and re-freezing norms and practices. The group or collective serves a dual purpose: it provides a countercultural space that can facilitate this personal transformation; and increases the bargaining power of women through new social linkages. (This has been exercised, for example, in group-based pressures from the women to stop violence against an individual member.) Some women can travel the path alone, but this is harder route, given the entrenched, culturally traced, power relations in existing familial and social structures.

Second, activating latent potential also applies to grassroots organizations that have grown through committed, mobilized engagement, relying on informal relations and processes. This can be highly effective up to a certain level but in order to go to the next level of scale there is a general need for **organizational transformation**. The failures of almost all Farmer Producer Organizations to scale noted above represents the failure of organizational transformation.

The challenge of organizational transformation is illustrated in Figure 7 by two intersecting circles. Business and economic based development is needed, shown here as the product cycle of development of ideas, product discovery in terms of both markets and alignment with capacities of members, development of value chains, definition of Minimum Viable Products and then finance and scaling. But—**precisely because of the identity of the organization**—these developments have to be integrated with a process of organizational change that works from the identity and culture, through the tensions (see above), and develops a new organizational capacity, that can incorporate more formal systems that are aligned with the existing values. Data systems that are centered around the operational processes of the individual members are then developed, both for internal management and learning, and for communicating with external actors (“managing the external boundary” of an organization.)

Figure 7. The intersection between business and organizational change



Source: authors

A central thesis—confirmed by field experience with these types of organization—is that tackling these circles in an **integrated** way is fundamental to successful change. Just engaging with the business plan side, or just working on organizational culture, or data, is unlikely to work. For while required shifts are sometimes within one of the circles (as in the classic private sector product and scaling process), they more commonly involve interactions between the two circles, especially around one or more of the five tensions described above.

A key complementary finding concerns the value of an external actor to facilitate organizational change. This parallels the role of the grassroots organization as the external actor for personal change. For while

such transformational shifts can be managed from within, this is difficult—owing to organizational inertia, and the sheer challenge of managing change when daily work is all-absorbing. However, to be effective the intermediary has to work in very particular ways. We turn to this now.

Methodology

If an external actor is invited to work with a grassroots organization (as IMAGO was invited to work with SEWA, SRIJAN, TRI, and others) the nature of the relationship and the methods of support have to be aligned with the nexus of interactions in this theory of change. In particular, this implies capacities and techniques for bridging between the circles. When the identity of an organization is intimately linked with cherished values and organizational culture - which are precisely what makes the organization so capable of working deeply in the communities it is embedded – these values have to be integrated into the engagement. Tensions have to be worked through, and the identity can be used as a source of leverage for transformation, rather than ignored in an attempted work-around.

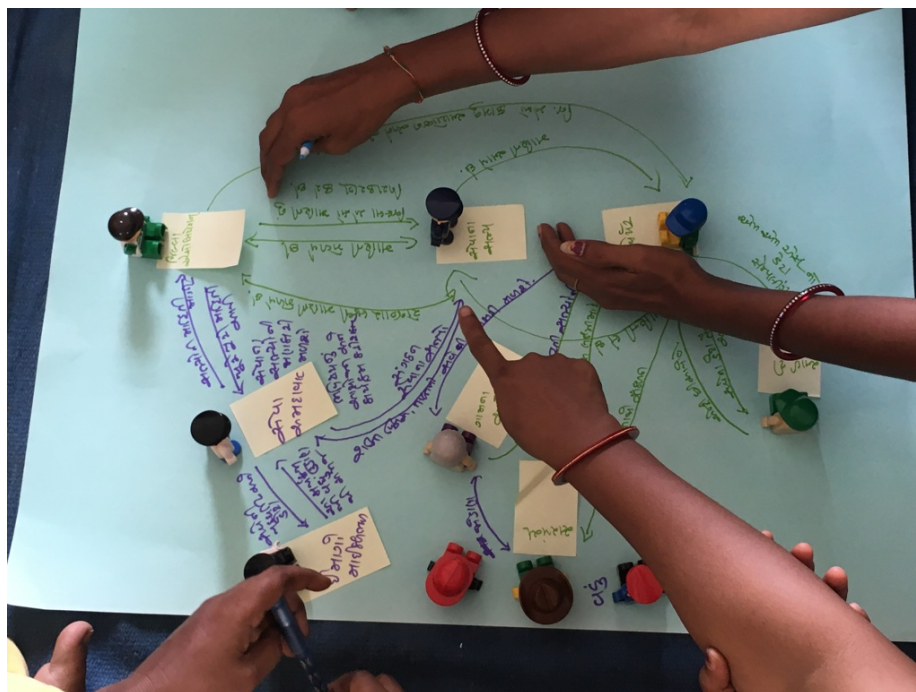
Box 6. Key principles and practices of integrated engagement

- Taking co-creation seriously—meeting the organization where they are, and jointly exploring, values, organizational aspirations, internal tensions and potential pathways
- Using a diagnostic frame for organizational diagnosis that can **bridge** all the way from issues of identity to action
- Extensive use of human-centered design approaches (or often “organization-centered design”) for the process of exploration

These key principles lead, in turn, to three cross-cutting features of our method, and our framework for engagement is provided by an overall mapping of the system in which the organization is operating as well as a mapping of the organization inside.

System mapping begins with visual methods—drawn from design thinking—for participants to develop and reflect on a map of the range of actors that they are engaged with, their inter-relationships, and points of actual or potential breakdown or leverage. This then forms the basis for understanding the position of the organization and individuals within a dynamic overall system. Figure 8 shows an example of this in process with SEWA women in a village in Gujarat.

Figure 8. System mapping in process in Gujarat



Source: IMAGO, field files, Ahmedabad, July 2015.

For the organization itself, the organizational *flame* is used to **structure diagnosis** (Figure 9).¹³ This views an organization through four prisms: in the domain of *action*, *structure*, *tone*, and *identity*. Typically, organizational diagnosis focuses primarily on action (what is being done, policies, etc.), or structure (hierarchy, systems etc.). By contrast, the greatest influence and leverage comes from identity (core values and principles), and tone (the organizational culture, what it feels like to be there, the nature of personal interactions). This is relevant for all organizations, but is central to value-based grassroots organizations: and for SEWA it was relatively easy to work from this level—indeed its Gandhian values are explicit. Figure 10 illustrates the use of the flame model in the field.

¹³ This diagnostic approach is due to Bill Isaacs, of Dialogos and MIT.

Applying the organizational flame



Company

- Brand promotion marketing + associated mkt.
- Finance
- Costing + Pricing Scheme design.

Flowchart:

```
graph LR; F[F] --> R[R]; R --> CO[CO]; CO --> L[La]; CO --> RB[RB]; RB --> C[C]; C --> L2[1-2L];
```

Diagram of a leaf shape divided into four horizontal sections:

- Action:** (Top section)
- STRUCTURE:** (Second section, containing a flowchart: $IP \rightarrow PC \rightarrow C \rightarrow \text{Production}$)
- tone** (Third section)
- IDENTITY** (Bottom section)

Other notes and diagrams:

- TRANSPORT:** (To the right of the leaf diagram)
- BRANDING:** (To the right of the leaf diagram)
- BETTER PRODUCT** (To the right of the leaf diagram)
- SUPPLY CONSTRAINT** (To the right of the leaf diagram)
- COGS** (To the right of the leaf diagram)
- Common system** (To the right of the leaf diagram)
- Team** (To the right of the leaf diagram)
- Learn from others** (To the right of the leaf diagram)
- 1-2L** (Bottom left)
- NE OWN. SUDI BME** (Bottom left)
- pure + beautiful** (Bottom right)

25 | Page

Second, there are then conceptually parallel methods for working with the two first circles in Figure 7—around business strategy and organizational behavior. For business strategy, there already exists a sequence of relatively well-known techniques – examples can be seen in the first column of Table 1. In the realm of organizational behavior, however, there is a parallel set of techniques. These are designed to collaboratively understand tensions, behaviors, and potential. Examples of these can be seen in the second column of Table 1.

In practice, these techniques are often used in silos. However, the crux of our theory of change is that they can, and in fact must, be used in conjunction with one another - with the organizational context in mind, and in **an overlapping way to bring out tensions and work through them both technically and psychologically**. Some illustrations of their use in the field are provided in Appendix 3.

Table 1 Techniques of an integrated approach: business strategy and organizational adaptation

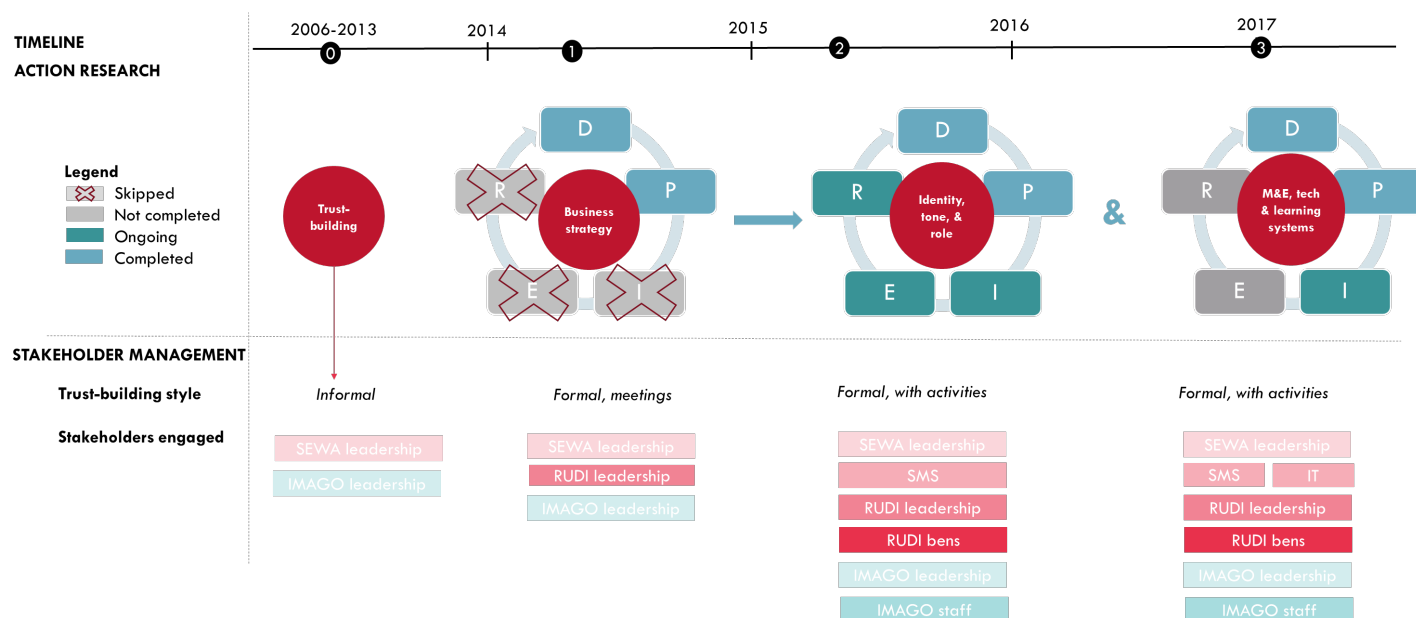
Business strategy	Organizational techniques
<ul style="list-style-type: none"> • Economic analysis, especially with respect to understanding market failures, economic credit and other services, household incentives, risk management etc • Diagnosis of business conditions, with respect to business canvas, products, production processes, finance, market testing, and business strategy for scaling • Formal organizational scan with respect to human resource, accounting, auditing, procurement, data systems etc. 	<ul style="list-style-type: none"> • Workouts on core values • Definition of strategic tensions, and exploration of their pattern through anonymous polling in focus groups • Role play around hidden and complex issues • Exploration of the personality characteristics of members of teams, and how this maps on to overall organizational functioning • Team effectiveness work • Conflict and stress management processes.

These parallel processes have implications for the layers of structure and action in the flame analysis seen in Figure 9 – notably, they point to designing incentives and processes that are aligned with the vision of scale as well as with core values. Additionally, they have implications for the design and implementation of information systems, both for internal tracking and learning, and for managing the (quasi-)external actors such as boards, donors, and government.

A co-creative process: RUDI and IMAGO

IMAGO’s work with RUDI began in 2014, and has continued through 2017. The process of interactions between IMAGO and RUDI took place organically, and can be seen illustrated on a timeline within the cyclical action research framework highlighted previously, in Figure 11.

Figure 11. IMAGO-RUDI stakeholder trust-building and action research timeline



Source: authors.

Stage 0 (2006-2013) – Initial trust-building – creating foundations for a co-creative partnership

IMAGO and SEWA leadership met many times, mainly in Gujarat, and built relationship of trust over a period of seven years between 2006 and 2013. This provided the foundation from which to launch a truly co-creative partnership between the external agent (IMAGO) and a CBO with strong Gandhian and women empowerment values (RUDI/SEWA). Different members of IMAGO staff visited SEWA, allowing the IMAGO to become trusted as a whole, rather than just one or two members.

Stage 1 (2014) – Creating new business strategies



In 2014, IMAGO began formally working with SEWA in Gujarat. In particular, Reemaben Nanavaty, the head of SEWA's Rural Union, identified a challenge that SEWA's social enterprise, RUDI, had been facing for seven years: an inability to become less dependent on SEWA's subsidies and increase its own revenues enough to scale. In particular, RUDI's had challenges in the areas of credit, supply chain issues, sales targets, marketing strategy, selling techniques, promotional materials,

delivery systems, working capital, improved communication between RUDI bens between districts, technology adoptions, and M&E. IMAGO was asked to work with RUDI. The initial work focused on establishing a national brand, increasing the range of processed commodities to achieve returns, and achieving target sales goals over a five-year period, along with developing formal partnerships with large retailers. In the course of co-creating strategies to meet these goals, IMAGO held a series of meetings with SEWA's leadership and RUDI's leadership, working jointly on financial strategy, market analysis, projections, and business canvassing.

As important as this work was for RUDI, we found that it was not connected with underlying issues – by focusing purely on framing the challenges in the realm of business strategy, we had been dealing with only the symptoms. A key tension emerged in the course of an interactive session between RUDI bens and RUDI's management. The session was a general exploration of issues and tensions using the clicker methodology, which quickly transited to the articulation of a specific tension around targets. RUDI's Board had pushed for ambitious sales targets, which were translated through the RUDI hierarchy to the RUDI bens, who were simply expected to follow them. The RUDI bens stated that these targets were, in fact, not doable for them and had been set in a way that was contrary to the consultative way they work in SEWA. The identification of this tension became a key turning point in the co-creative process as the RUDI bens identified it and IMAGO recognized it, leading to a new **diagnosis of identity, tone and roles being core issues of focus**.

Figure 12 RUDI's CEO Uma Swaminathan in a session with RUDI bens in Anand, Gujarat



Source: IMAGO, field files Anand, December 2014

Stage 2 (2015-ongoing) – Integrating a focus on identity, tone, and roles into business practice

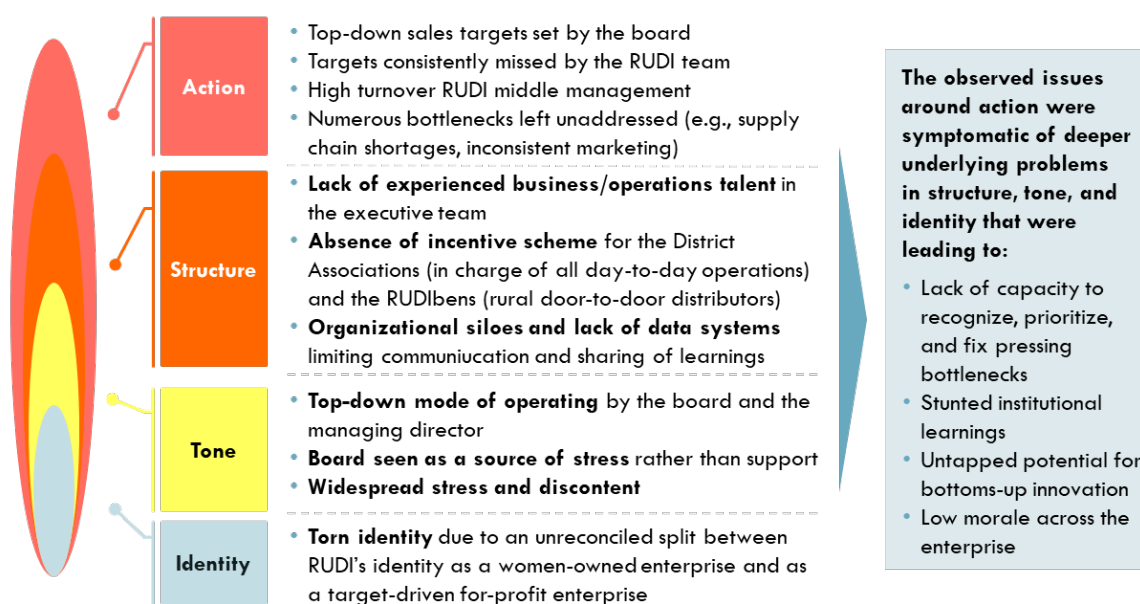
2

Diagnosis	During strategy session, core tension between values and targets, between hierarchy levels, emerges.
Planning	Focus on identity and tone – flame analysis, archetypal analysis.
Intervention	Org-wide team-building, leadership coaching, board and management were focused on to work on identity and tone.
Evaluation	Creation of collective “I am RUDI,” bottom-up setting of new targets. Documented changes in role of RUDI bens as target-setters, and increased revenues.
Reflection	Changing from top-down to bottom-up targeting correlated with increase in revenue. However, miscommunications and well-measured causal relationship not available from data.

Work on identity with RUDI bens began in parallel in 2014, revealing a lack of personal identification with the RUDI hierarchy. As soon as the underlying tensions became clear, this identity and tone work became central to the work. Team interventions also showed that RUDI was used to fire-fighting to attempt to reach goals, often contributing to the lack of camaraderie and vision bring them about. Most importantly, workshops drew out an inherent dissociation between RUDI members’ strict hierarchies and top-down systems (for example, for sales target-setting) and SEWA’s larger movement values, which stress partnership and support. **How could the tensions between RUDI’s bottom-line higher sales goals for growth and increased revenue versus its collective benefits of supporting each other and SEWA’s wider Gandhian values of interdependence be resolved?**

A flame analysis – involving a series of in-depth interviews over three weeks - helped IMAGO to complete a comprehensive organizational assessment (see Figure 13). The Flame Model helped to diagnose the root causes of organizational failures by analyzing observables (action and structure) and unobservables (tone and identity).

Figure 13. Flame model assessment: torn identity, stifling tone, and weak structure as key constraints



Source: IMAGO/RUDI case

IMAGO now focused on strengthening RUDI's capacity to drive and sustain its own transformation, first working with identity and tone (the deepest parts of the flame) through organization-wide team-building, leadership coaching, and board management (see Figure 16). SEWA Management School (SMS), which runs workshops for capacity building and leadership throughout SEWA, and RUDI bens – played an important role by rolling out adaptive leadership exercises in workshops to tackle the bedrock mindset and behavioral issues within their identity.

This process resulted in a recognition and understanding between multiple levels of SEWA – Board, managing director, and RUDI bens - that top-down targets were against the core values of SEWA, and that the collective identity as RUDI permeating throughout the RUDI bens could enable them to set bottom-up targets based on their own planning, to be proposed to the Board. This was supported by parallel work on deepening the personal identification of RUDI bens with RUDI itself—illustrated by the emergence of the motto “I am RUDI” being central to the identity RUDI bens themselves. In terms of Tension 4, this supported the integration of intrinsic and extrinsic (commission-based) motivations of RUDI bens – the key implementers on-the-ground.

In parallel to this work, leadership coaching provided to the managing director aided both the team-building and the ownership needed at the RUDI ben level by decentralizing authority. For example, the MD redefined her role, where she was able to work more on strategic issues and vision rather than in day to day implementation issues which were delegated to a COO. Finally, more institutionalized board management support helped restructure the ways that the management could leverage the board's expertise.

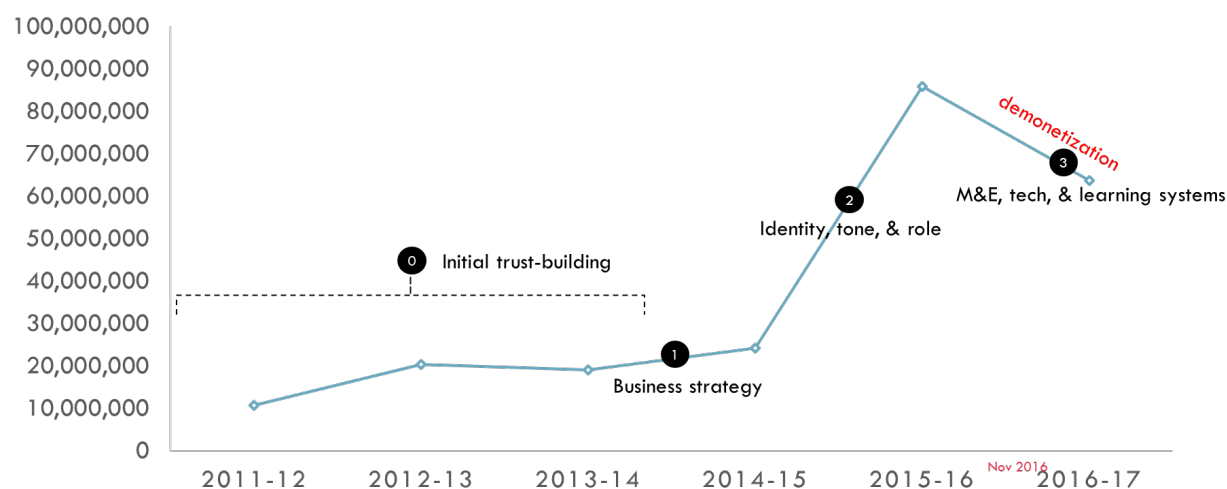
Figure 14. Identity and tone interventions – instituting a platform for change by tackling issues starting from within



Source: IMAGO 2017

How well did this combination of procedures work? We do not have a causal estimate for the exact impact of this approach thus far; however, Figure 15 shows that RUDI ben sales during the time period of top-down targets (before 2015), centralized authority, and tensions in individual, profit-oriented identity versus collective identity increased slightly, but remained mostly stagnant. Even while IMAGO worked with RUDI leadership on business strategy and modeling in 2014, this bottom line remained largely stagnant. However, there was a large pickup in 2015-2016, during the time in which identity and tone-based work was integrated with the business process work. While this does not demonstrate a causal link – more information on other reasons that the annual sales may have changed is needed - the documentation of IMAGO’s work overlaid on the sales numbers provides a potential positive indication of the work.

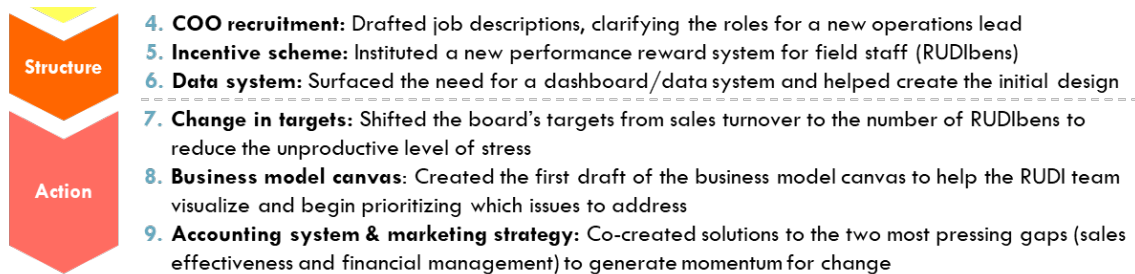
Figure 15. Annual sales by RUDI bens (INR) with phases of IMAGO-RUDI interactions



Source: RUDI accounting information and IMAGO, aggregated by authors.

Digging in deeper to the 2015-16 changes, we observed how the identity and tone work manifested in changes in structure and action (see Figure 16). For example, initial steps were taken to recruit a new COO, change incentives to align with the RUDI bens’ motivations, co-create a model for a new data system, business model, and accounting system and marketing strategy. These steps were taken this time *after* the “I am RUDI” collective identity was brought out – leading to deeper co-creation between different levels of the RUDI and SEWA hierarchy. Most importantly, the RUDI bens banded together to propose and have the Board approve new targets that were more manageable and less stressful for them – rather than sales turnover, they successfully shifted the targets to the number of RUDI bens, which made more sense given where RUDI in its implementation and given the RUDI bens’ other responsibilities within SEWA.

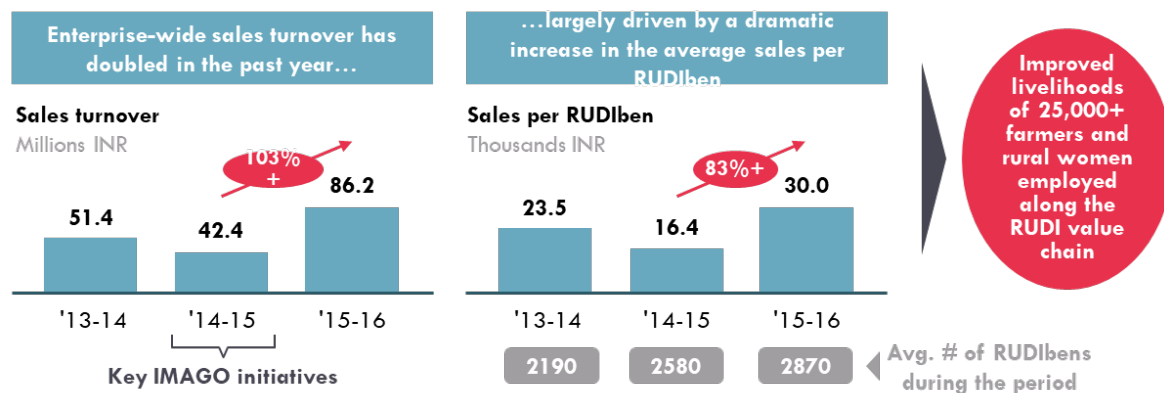
Figure 16. Structure and action shifts



Source: IMAGO/RUDI case

Figure 17 shows that between 2014-15 and 2015-16, enterprise wide sales turnover doubled, paralleled by a dramatic increase in average sales per RUDI ben. It is notable that sales per RUDI ben actually rose substantially when there was a shift from top-down targets of sales turnover to the bottom-up targets of numbers of RUDI bens.

Figure 17. Digging into the increase in sales from 2014-15 to 2015-16



Source: IMAGO/RUDI case

In working through this first tension, a key second tension emerged: the M&E, technical, and learning systems within RUDI and SEWA were still nascent – making getting rigorous information about each process and its impact difficult for both RUDI to learn from, and IMAGO to evaluate. Hence, we could not dig in further into the structure and action, nor into fully rigorous evaluation and reflection on the identity and tone work, without more organization-wide data about the entire RUDI planning and operational processes each month.

Stage 3 (2016-ongoing) – Supporting M&E, technical, and learning systems

3

Diagnosis

Many miscommunications and inefficiencies, tensions between levels, and inability to make causal reflections about the impact of interventions are driven by low-quality M&E, tech, and learning systems.

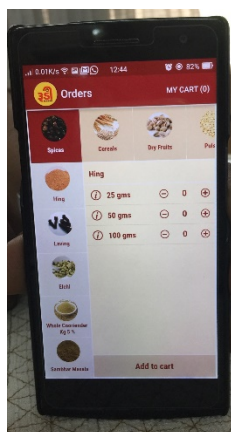
Planning

Support co-creation of tech and M&E systems between RUDI bens, SMS, and IT. Focus on systems part of flame analysis.

Intervention

Coordination between Board, IT, & SMS to co-create workshops on importance of data, information, and technology use. Use workshops to create human-centered systems for RUDI bens to operate

Are RUDI bens responding to both supply and demand when procuring the produce for local customers efficiently? Is the processing center processing orders efficiently – on time, according to supply and demand, using the same method for packaging each type of order and generating pay slips? Do RUDI bens in certain areas achieve higher sales than in others? Is produce being sold at peak price for market linkages? By 2017, SEWA's Information and Technology (IT) team was already experimenting with training RUDI bens to use cell phones to collect information on orders, and processing center bens to use this information. The IT team had already worked with a software developer to create a more user-friendly and human-centered phone application for collecting information based on ample interactions with RUDI bens. However, penetration was still low and technical problems (such as connectivity), capacity challenges (such as reading and digital literacy), and importantly, entrenched planning methods (an understanding of how to use data about supply and demand to change plans or make positive deviations) hindered the permeation of advanced bottom-up learning systems for growth.



In particular, though trainings for roll-out had been done across RUDI, saturation of the technology was still around less than 30 percent, with high variability across district teams. With this in mind, IMAGO began to involve the expertise of the SEWA Management School (SMS) and the knowledge of the RUDI bens and processing center bens about how they go about their daily work, and what could make it better. We these two stakeholders together in pilot workshops on *how* technology and data systems could cascade down and create organizational-wide transformation – which will then be held in each RUDI district and is ongoing. The process of effectively leveraging internal teams within SEWA and the grassroots expertise of the RUDI bens themselves to measure and exchange information is ongoing in its planning and intervention.

Source: Photo of RUDI's RSV application for inputting orders, co-developed by SEWA's IT team and an external contractor; Ahmedabad, 2017.

Lessons for IIAR

Some of the main lessons from the work with RUDI for the approach are distilled in Box 5.

Box 5. Lessons from the RUDI work for Integrated Identity-based Action Research

1. Deep listening creates the trust needed to discover constraints to scaling up and to introduce new initiatives.

The RUDI team emphasized that a key reason why IMAGO's work successfully translated to real impact was that IMAGO focused on earning their trust through real listening before jumping into solution development. This was paramount not only for identifying the hidden issues but also for gaining sufficient credibility among the RUDI team to ensure that suggestions for change would be accepted.

2. The existing organizational culture and values must be acknowledged and respected.

The underlying culture and values form the basis of an organization's energy and drive. In RUDI, business practices that appeared like no brainers (e.g., setting sales targets) clashed with the collective roots of RUDI and acted as a stiffling constraint to growth.

3. Driving change through collective leadership, though more complex, can unlock massive value.

Many of IMAGO's initiatives needed to be cascaded to ensure that RUDI team members across all levels felt collective ownership over the changes. This complex undertaking took time but was essential for mobilizing everyone including the RUDIbens whose performance has fueled the growth.

4. Careful adaptation of business practices for the base of the pyramid is critical to driving change.

RUDI had many studies on their shelves that had been developed by visiting academics. IMAGO helped bridge by offering tools that matched RUDI's reality and co-created adaptations that would speak to SEWA members. Training resources were tailored in structure and messaging to be useful to the RUDI women.

Source: IMAGO/RUDI case

6. Discussion

This article is an initial exploration of the issues around a central set of development problems: how to tackle the persistent challenge of the “missing middle” between the BoP and large-scale formal markets and organizations. The specific focus has been on the role of grassroots value-based organizations in supporting the economic activities of their members through community-based enterprises, in the domain of self-employed women entrepreneurs. However, we believe the structure of the approach employed here can apply to other missing middles, including between grassroots activity and government action in various domains of social and economic development.

Below, we revisit the insights of the work and outline some implications for both interpretation, and for the practice of development engagement by different actors.

The work here is a reflection of an **engaged participation** with SEWA and RUDI. At this stage we see this as a contribution on two fronts: a conceptualization of the issues; and an account of a methodological approach for effective and principle engagement—what we have called Integrated Identity-based Applied Research. The case provides illustrative material, but is not yet an empirical “testing” or evidence of the impact of this multi-layered approach.

With respect to the broad question of interpreting development, IIAR shares some of the spirit of other work on how to explore and interpret complex/wicked development problems e.g. the investigative part of Problem Driven Iterative Adaptation (Andrews, Pritchett and Woolcock, 2017). Others have

emphasized the role of identity in social organizations (e.g. Seelos and Mair, 2017). IIAR goes further than these in by articulating the explicit systematic integration of methods from organizational psychology and adaptive leadership with economic and business analysis, and the recognition that **the technical without the psychological, or vice versa, often fails explicitly because of the lack of work across sectors.**

For the methodology itself, the process of further development through field work and documentation is ongoing. A key learning from this case is the importance of working out how to (collaboratively) develop monitoring mechanisms to track change early in the process. The empirical “weakness” of the case, by conventional standards, reflects this, though we believe that it is precisely because many organizations face this issue that the tensions discussed here are vastly **understudied** and thus underrepresented in the current discussions and literature about development projects between grassroots organizations and governments or other top-of-the-pyramid actors.

We also argue that for this type of problem and organization, starting with a tightly focused RCT or similar approach would derail potentially important solutions generated precisely through more complex human-centered processes that the development industry has not yet developed good instruments to measure. However, there is no doubt that there is need to make use of such “rigorous” techniques as the process unfolds, and specific issues emerge that are appropriate to such methods. This recommendation is to some degree aligned with shifts within the core movement to seeing RCTs as part of a process of exploration (Banerjee et al 2017), and a bridge between Paulo Freire and the contemporary evidence based movement in development. Finally, it also lends support to Jean Dreze’s note (Dreze 2018) emphasizing the importance of both audience and interpretation – IMAGO’s approach is first and foremost BoP-centric, rather than top-of-the-pyramid centric, meaning that we co-created it while working explicitly in the field with a grassroots organization and its implementers, with the aim of supporting their goals. The interpretations and processes mentioned here, then, come from that perspective. We believe that these often are missing from the literature and discussions in development, given a difference in audience and the aforementioned difficulty in writing quantitatively about community-based, human-centered, often psychological elements of these processes.

We then see the approach developed here as having implications for the cast of development actors:

For *grassroots civil society organizations*, it is critical to recognize the centrality of methodological integration—the need to explicitly combine business-style approaches to scaling systems finding markets and securing revenues, with deep attention to how to sustain values and adapt organizational cultures without undercutting their core principles. However, we believe that this can rarely be done alone—that this transformative process typically needs external catalysts – analogous to their role in providing catalysts for personal transformations of their members. The role for intermediary organizations is under-appreciated in the development community (Guerrero and Cooley, 2016), and this case and approach highlights a clear space for them.

For *the aid and philanthropic community*, this case underscores a theme of many observers (including Andrews et al)—that complex problems require an exploratory, interactive and often longer term approach. We have added to this in articulating the need to engage with the identity and culture of organizations—and especially so with grassroots community based organizations. This process involves diagnosis of the character of organizations—where they lie on the spectrum from ones deeply based on values and mobilization to those that primarily transactional. This diagnosis can involve providing support for the intermediation function that is often a key element of organizational transformation. For

this same community, recognizing that importance of human-centered, identity-based and psychological elements of many development processes also leads to another important conclusion – these need to be engaged with, written about, discussed, and studied more – both from the perspective of developing more rigorous tools to measure these processes, but also from that of continuing to collect and discuss learnings from these processes qualitatively rather than glossing over them or skipping them entirely in discussions of program design, implementation and impact. It is only once funds are allocated to studying these processes that other actors will begin to investigate and implement them.

For *governments*, our analysis is a complement to the work of Mansuri and Rao (2012) on the difficulty of inducing participation, bringing back in the issue of how to engage with grassroots organization that have been mobilized from the bottom up. This is a central crux: governments only rarely pursue an approach that has similarities to that described here (JEEViKA 1, or the Kecamatan Development Program in Indonesia). Yet governments have orders of magnitude more reach. The government induced SHG movement in India is a good example. It raises a question: can mobilized grassroots organizations play a role in supporting the development of their more transformative features in government-created local organizations?

For *private sector actors who want to go the BoP*, the analysis supports Prahalad's vision, provides insights and why it has been hard to implement and directions for the future. This will require clarity on whether there is genuine alignment (from the corporate's stakeholders) on investing in development of fair returns to producers in the value chain. Then it is critical to recognize that to do this effectively need to understand and provide resources to working with grassroots.

Works Cited

Andrews, Matt, Lant Pritchett, and Michael Woolcock. *Building state capability: Evidence, analysis, action*. Oxford University Press, 2017.

Appadurai, Arjun. "The capacity to aspire." *Culture and public action*: 59-84. In Vijayendra Rao and Michael Walton (eds) *Culture and Public Action*. Stanford University Press. 2004

Banerjee, Abhijit, Rukmini Banerji, James Berry, Esther Duflo, Harini Kannan, Shobhini Mukerji, Marc Shotland, and Michael Walton. "From proof of concept to scalable policies: Challenges and solutions, with an application." *Journal of Economic Perspectives* 31.4 (2017): 73-102.

Basu, Amrita, Ed. *The Challenge of Local Feminism: Women's Movements in Global Perspective*. Westview Press: Boulder, 1995.

Battilana, Julie, and Matthew Lee. "Advancing research on hybrid organizing—Insights from the study of social enterprises." *The Academy of Management Annals* 8.1 (2014): 397-441.

Bénabou, Roland, and Jean Tirole. "Intrinsic and extrinsic motivation." *The review of economic studies* 70.3 (2003): 489-520.

Bhatt, Ela. *We are Poor but So Many: The Story of Self-Employed Women in India*. Oxford University Press. 2006

Bridges, Kate, and Michael Woolcock. "How (Not) to Fix Problems that Matter." *Policy Research Working Paper*; No. 8289. World Bank, Washington, DC.

Brody, C, De Hoop, T, Vojtkova, M, Warnock, R, Dunbar, M, Murthy, P and Dworkin, SL, 2016. *Economic self-help group programmes for improving women's empowerment: a systematic review*, 3ie Systematic Review 23. London: International Initiative for Impact Evaluation (3ie).

Chakravarti, Uma. "Beyond the mantra of empowerment: Time to return to poverty, violence and struggle." (2008).

Cooley, Larry and Isabel Guerrero. "The Broken Part of the Business Model in Taking Development Outcomes to Scale." http://www.msiworldwide.com/wp-content/uploads/BrokenPart_final.pdf (2016).

Dreze, John. "Evidence, Policy, and Politics." <http://www.ideasforindia.in/topics/miscellany/evidence-policy-and-politics.html> (2018).

Fox, Jonathan A. "Social accountability: what does the evidence really say?." *World Development* 72 (2015): 346-361.

Groysberg, Boris, et al. "The Leader's Guide To Corporate Culture How To Manage The Eight Critical Elements Of Organizational Life." *Harvard Business Review* 96.1 (2018): 44-52.

Guerrero, Isabel and Michael Walton. "Why is it so Hard for Organizations at the Base of the Pyramid to Go to Scale? The Missing Middle". <http://imagogg.org/wp-content/uploads/2016/01/Why-Is-It-so-Hard-for-BoP-Organizations-to-Scale.pdf> (2014)

Kumar, Radha. "From Chipko to Sati: The contemporary Indian women's movement." *Boulder* (1995). Menon, Nivedita, ed. *Gender and politics in India*. Oxford University Press, 1999.

Krishnamurthy, Mekhala. *In the Shadow of the State, in the Shade of a Tree: The Politics of the Possible in Rural Gujarat*. Harvard University, 2002.

Lincoln, Yvonna S., and Egon G. Guba. "But is it rigorous? Trustworthiness and authenticity in naturalistic evaluation." *New directions for evaluation* 1986.30 (1986): 73-84.

McCreless, Michael. "Toward the Efficient Impact Frontier" *Stanford Social Innovation Review*. Winter 2017

Majumdar, Shruti; Rao, Vijayendra; Sanyal, Paromita. *On the frontlines of scaling-up : a qualitative analysis of implementation challenges in a CDD project in rural India*. Policy Research working paper 8039. World Bank Group, 2017

Mansuri, Ghazala, and Vijayendra Rao. *Localizing development: Does participation work?* World Bank Publications, 2012.

Moore, Erin P. *Gender, law, and resistance in India*. University of Arizona Press, 2001.

Parthasarathy, Ramya, Vijayendra Rao, and Nethra Palaniswamy. "Deliberative inequality: a text-as-data study of Tamil Nadu's village assemblies." Policy Research Report 8119. The World Bank, 2017.

Parthasarathy, Ramya, Vijayendra Rao, and Nethra Palaniswamy. "Unheard voices: the challenge of inducing women's civic speech." Policy Research Report 8120. The World Bank, 2017.

Rai, Shirin M. "Gender and Globalisation and Women's Activism: Critical Engagements." *Law, Social Justice and Global Development* 1 (2001): 2001-1.

Rangan, V. Kasturi, and Rohithari Rajan. *Unilever in India: Hindustan Lever's Project Shakti-Marketing FMCG to the Rural Consumer*. Boston, MA: Harvard Business School, 2007.

Sanyal, Paromita, Vijayendra Rao, and Umang Prabhakar. "Oral Democracy and Women's Oratory Competency in Indian Village Assemblies: A Qualitative Analysis." (2015).

Satterly, Amanda. "The Simple Intervention That Increases Women's Empowerment." Technoserve, 29 Mar. 2016. Web. 17 Aug. 2016. <http://www.technoserve.org/blog/the-simple-intervention-that-increases-womens-empowerment?utm_&&&>.

Scharmer, C. Otto. *Theory U: Learning from the future as it emerges*. Berrett-Koehler Publishers, 2009.

Seelos, Christian and Johanna Mair. *Innovation and Scaling for Impact*. Stanford University Press. 2017

Sen, Amartya. *Commodities and Capabilities*. Oxford University Press, 1985

_____. *Development as Freedom*. Oxford University Press. 1999

Shah, Tushaar. "Farmer Producer Companies." *Economic & Political Weekly* 51.8 (2016): 15.

Shetty, Niriksha. "Exploring Barriers to Scale for Women Entrepreneurs in India." Harvard Kennedy School, 2018.

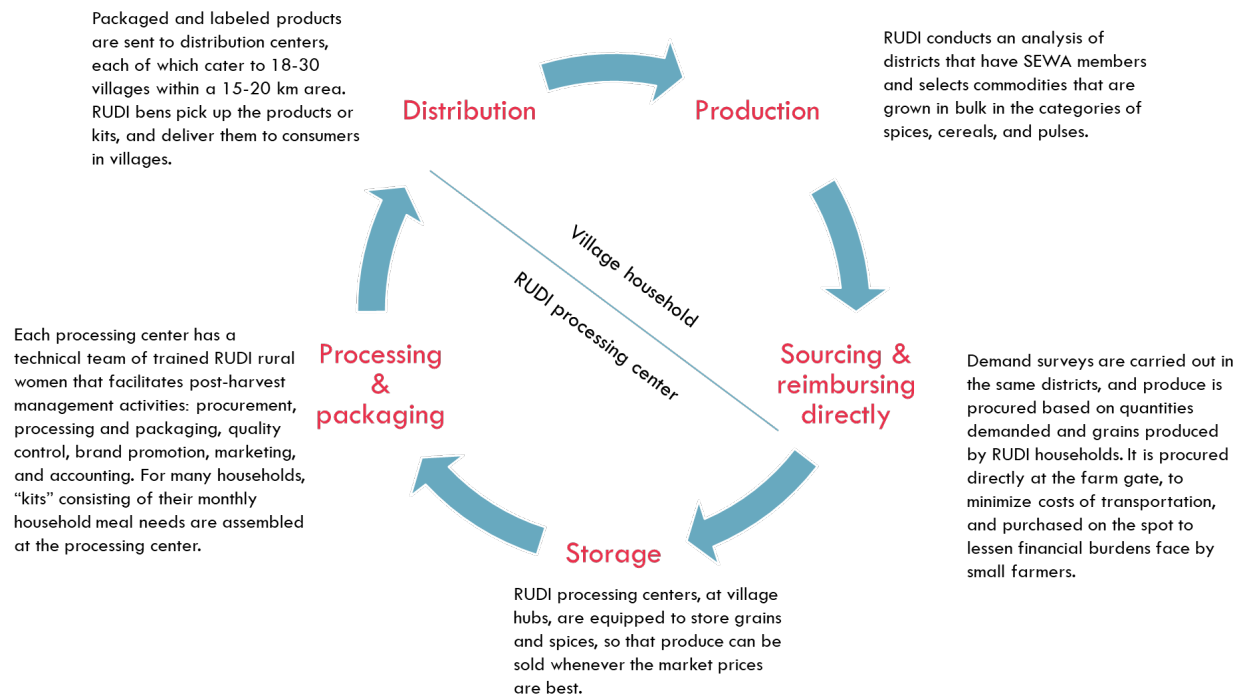
Singh, Sukhpal, and Tarunvir Singh. "Producer companies in India: a study of organisation and performance." *Draft report submitted to MoA, GoI. IEG, Delhi* (2012).

Taborga, Jorge. "Learner Papers: How organizational archetypes manifest at each level of the Gravesian value systems." (2011).

Appendix 1. RUDI's operations

As its core activity, RUDI sources and sells goods procured by SEWA's members back to rural households. Figure A1 illustrates the process by which RUDI operates in detail.

Figure A1. RUDI's operational process



Appendix 2. Development programs, culture and empowerment

How, then, can development programs improve empowerment in cultural contexts with deeply embedded norms, values, and habitus? Sanyal, Rao and Prabhakar (2015) document how new “cultural configurations” were created by JEEViKA – a World Bank-assisted poverty alleviation project targeted at women in rural Bihar, beginning in six districts in 2006 and projected to cover all 38 districts of the state and 12.5 million households by 2022. At a mid-point in the program’s implementation, *Jeevika* gave economically and socially disadvantaged women both “access to a well-defined network of people and new systems knowledge, which changed women’s habitus and broke down normative restrictions constitutive of the symbolic boundary of gender” (Sanyal, Rao and Prabhakar 2015). In particular, by “giving women privileged access to a) *symbolic resources* (that facilitate formation of a new identity anchored in the SHG, rather than caste or kinship,” – similar to Krishnamurthy’s documentation of women finding an alternative identity in being *nari adalat saathins*, and creating a parallel institution to caste-based *khap panchayats* in rural Gujarat – “b) *physical resources* (such as group money, access to credit and passbooks), and c) an associated *institutional environment* (SHGs, VOs, CLFs, etc), *Jeevika* cultivated new cultural competencies and capabilities that defied the traditional conventions of gender” (Rao et al 2015). It is precisely by using an integrative view of culture, and a theory of change that goes beyond “figuring out the optimal mix of costs, incentives and information that can nudge individuals to behave in desired ways” – in particular a strategy that includes “an effort to understand the sociological underpinnings of behaviors and the negotiated relational processes at the household and community levels that are an integral part of such changes,” that *Jeevika* has flourished as both a development program and social empowerment mechanism for women.

Mixing the economic and the empowerment. However, there have also been many successes in forming and promoting women’s institutions – and evidence shows that institutions formed through the women’s movement can have powerful impacts due very much to its contextual understanding, solidarity, and social networks. Today, women’s groups (often beginning as clusters of Self-Help Groups, or SHGs) across India are increasingly being formed, funded and scaled, partnered with and incorporated into programming, by multilaterals, governments, NGOs and the private sector for a variety of social and economic outcomes. In some states, they are also being used as formal institutions through which to increase political participation and decentralized welfare programming for women.

A systematic review of economic women’s self-help groups (from studies between 1980 and 2014) shows positive effects on various dimensions of economic, social, and political empowerment; it also points out important variations in the impacts of SHGs on empowerment associated with program design and contextual characteristics (Brody et al 2016). The **main channels associated with the positive effects include familiarity with handling money and independence in financial decision making, solidarity, improved social networks, and respect from the household and other community members.** Importantly, though, qualitative evidence also indicates that women perceive there to be low participation of the poorest of the poor in SHGs, as compared to less poor women – the authors posit that this suggests potentially even higher barriers to joining based on class or caste, financial/social barriers to benefitting from the types of services provided through SHGs, and/or lower feelings of being accepted by groups made up of wealthier or more well-connected community members. Notably, they find no evidence for positive effects on psychological empowerment. The authors state that “this review has shown that one-size does not fit all, and while it is important to take best practices across programs for implementation, this means **that flexibility is required to adapt programs successfully for the greatest impact in women’s lives**” (Brody et al 2016).

Appendix 3. Some illustrations of the methodology

This appendix provides some photos from the field to give a sense of the methodology in action.

Strategic tensions are identified through anonymous polling and then discussed (Figure A2). Issues around aspirations and tensions are developed through discussions with focus groups, including the leadership.

Figure A2. Polling with clickers on strategic tensions in rural Gujarat



Source: IMAGO, field files.

Figure A3 then shows a workout in which the women were exploring their individual archetypes (Indian versions of “warrior”, “sovereign”, “lover”, “magician”) mapped spatially, so that it became possible to see the overall composition of the team. This is an entry point to explore team functioning, and areas of imbalance within a team.

Figure A3 SEWA women exploring personality characteristics in their organization



Source: IMAGO, field files.

Figure A4 illustrates a role play—in fact this is the one referred to in the discussion of tensions, in which a bribe-seeking supervisor of a private contractor was creating acute tensions *within* SEWA's construction workers coop. The role play (with vivid portrayals of the supervisor) could not resolve the external situation, but both allowed internal tensions to be worked through, and provided the basis for provision of mutual support in managing the contract.

Figure A4. Role play with women from SEWA's urban construction cooperative



Source: IMAGO, field files.