

Structure of Collaboration in Women's Self-Help Groups

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Abstract

Community-level self-help groups (SHGs) provide cultural, economic, and social benefits to underprivileged communities. In various areas of South Asia, people have historically engaged in informal support systems, saving and borrowing as a collective. Following Ostrom's design principles of common pool resource management, the capital generated by an SHG can be viewed as a common pool resource that is effective in supporting sustainable collaborations. In 2004, after the devastating Asian tsunami that severely impacted the region, a community-based organization, known as the Amrita Self Reliance Education and Employment (AmritaSREE), was established to support women and their communities. This chapter analyzes the way AmritaSREE works to create SHGs and assesses elements that contribute to enhance as well as break down collaboration.

Introduction

According to the Oxford Advanced American Dictionary, collaboration is defined as "the act of working with another person or group of people to create or produce something." People thus need to share in a common vision directed toward a specific goal when they collaborate. For instance, when people band together for financial purposes, they increase their ability to save and borrow more effectively as a collective than they could as individuals.

In the 1950s, when Clifford Geertz studied the economics of villagers in Java, he coined the term "rotating savings and credit association" (ROSCA) to describe the phenomenon of financial collaboration (Geertz 1962). The basic principle behind ROSCA is that individuals come together and form a collective; individually, they contribute to the collective at predetermined intervals and create a fund from which group members can borrow. This type of financial collaboration is not unique to Java. It has existed for centuries in diverse

parts of the world and is especially prevalent in traditional settings. In China, for example, the practice is called *lun hui* (Williams and Johnston 1983; Wu 1974; Yang 1952). In South Africa, it is known as *Stokvel* (Lukhele 1990). In Latin America, this type of financial collaboration is called *tandas* (Kurtz and Showman 1978). In India, this practice served as an impetus behind the establishment of self-help groups (SHGs).

Some of the earliest known conversations and deliberations on the structure and nature of collaboration can be found in the Vedas (ancient scriptures of India), where reference is made to the duties of partnerships, what constitutes a breach, and subsequent consequences (Yajnavalkya, 2.265, cited in Choudhury 1983; Kalita 2018):

When a loss has been caused by any one partner having acted through negligence, against the instructions of other partners, or without their assent, he should make it good. —Yajnavalkya Srmiti, AD fourth century

It is thus reasonable to presume that humans practiced financial collaboration and attended to its benefits and rules well before recorded history.

In this chapter, we examine the impact that community-level SHGs have had in India on the lives of underprivileged women and their communities. We begin with a general description of SHGs and explore interaction points between stakeholders. Thereafter, we examine an extensive network of SHGs based in Kerala, known as Amrita Self Reliance Education and Employment (AmritaSREE). Drawing on the success of AmritaSREE, we examine how Ostrom's design principles of common pool resource management (Ostrom et al. 1994) could be used to sustain SHGs.

Self-Help Groups

The first modern-day SHG was formalized by Muhammed Yunus (1999a, b), who received the Nobel Peace Prize in 2006 for this work. The path that led Yunus to uncover the economic benefits of SHGs is interesting and will be briefly recounted here (for complete details, see Yunus 1999b). In 1972, after receiving his PhD in economics from Vanderbilt, Yunus returned to his home country of Bangladesh to teach economics at Chittagong University. Shortly afterward, famine struck Bangladesh, creating impossible conditions for its people, especially the poor. Unable to find a solution to this problem in the economic theories he had studied, Yunus began visiting the neighboring rural village of Jobra to learn more about the struggles of his neighbors. He quickly discovered that the indigent people were desperate for loans to survive yet could not scrape together the necessary capital to qualify for a loan. Although the sums needed were often less than a dollar per person, they could not gain these loans from a bank; thus, they needed to borrow from moneylenders at extremely unfair terms, which only exacerbated their situation (Yunus 1999b).

Motivated to help, 42 people were identified that required urgent need; shockingly, the entire loan for these 42 people totaled only 27 USD. Yunus extended the loan personally to these people, but it was not nearly enough, for many more people were desperate for help. Once again, Yunus turned to banking institutions to request help to mitigate the problem but could not persuade any bank to extend loans to the poor. The banks did not consider the poor to be creditworthy. Once more, in 1976, he took out a personal loan and distributed the money to poverty-stricken individuals in Jobra. Without exception, each person paid back the loans. He repeated this in other villages with the same results: each person paid back the loans. With evidence of these people's creditworthiness, he went back to the banks but was still unable to convince them to change their loan policies. This led to extensive negotiations with the government and the establishment of the Grameen Bank in 1983, based on principles that ran counter to conventional wisdom in banking: The Grameen Bank sought out the very poor who needed loans and required no collateral. The only requirement placed on the borrowers was to form "solidarity groups." Group members provided each other with support and advice, served as co-guarantors for each other's loans, and enabled accountability regarding business viability and loan repayment (Yunus 1999a, b).

In 1992, the National Bank for Agriculture and Rural Development (NABARD) initiated a similar strategy in India. Through a partnership model, NABARD provided funds to NGOs through banks to support the formation of SHGs (Fernandez 2006). The Reserve Bank of India welcomed NABARD's initiative and recommended that banks consider this an alternative credit model. This paved the way for the SHG-Bank linkage program in 1992. NABARD was crucial in promoting and monitoring the SHG program (Fernandez 2006). The project received broad support from the government of India and led to the establishment of essential partnerships with banks, NGOs, and multilateral agencies. Financial and organizational guidelines were created to structure future SHGs, and the SHG program became India's most effective microfinance program (D'Souza 2010; Rajendran 2012).

Framework

Under the jurisdiction of the Ministry of Finance, India, NABARD oversees the SHG program and monitors the broad guidelines that govern SHGs. Before an SHG is established, members must agree to follow these guidelines, commonly called the three Rs: rules, roles, and responsibilities (Bright et al. 2019). In addition, other organizations work with NABARD. NGOs, for example, often provide an important interface between communities and lending institutes by helping women form SHGs, offering support to learn and understand the rules of engagement, or by acting as financial intermediaries (Agrawal and Parihar 2019).

SHGs are set up as small collectives of 10–20 people, primarily women, who strive to mobilize and use shared resources (typically financial) to address common problems that impact daily life in the community: financial instability, poverty, and a range of social issues (e.g., health care, reproductive rights, alcoholism, and domestic violence) (Galab and Rao 2003).

Women’s Self-Help Groups, Poverty Alleviation, and Empowerment

Typical scenarios include cash loans to pay urgent medical bills, home rent, and assistance with weddings of daughters (typical to India). SHG members share geographic proximity, similar socioeconomic strata, and a desire to create a better life for themselves and their community. From their membership, they elect a president, treasurer, and secretary to oversee the functioning of the SHG, as prescribed in its bylaws. These leadership roles are clearly defined, and decisions are reached through consensus. The overarching aim of SHG leadership is to hold the group together and manage emergent issues.

What motivates an individual to participate in an SHG varies. Some are asked by their peers to join so that the quota required to qualify for microcredit loans is reached. Others join because their friends or neighbors are involved, whereas still others join for purely financial reasons. When a person joins, the member agrees to participate in weekly group meetings, to contribute regularly to the group’s savings and loan repayment, to maintain a written account of transactions (a minute book), and to participate in the group’s decision-making process, which is reached by consensus.

The weekly group meetings serve multiple functions: to collect savings, to distribute group loans from banks, to organize repayment procedures, to build consensus on the amount of protection and loans required, to reflect on socioeconomic issues that impact members, and to encourage political participation among the women in the community (Kiran et al. 2018; Kumar et al. 2019). Again, attendance is mandatory, and members are fined if they do not attend. Regular contributions to the savings and loan repayment enable the SHG to apply for loans, so failure by a single member to contribute affects all members and is carefully monitored. Penalties for failing to meet membership requirements are predetermined by the group and recorded in the group’s bylaws.

Loan Procedure

To apply to a lending institute for a loan, collateral is needed. This collateral is created from the weekly contributions of SHG members over a set period, usually six months. As stated, each member must deposit a minimum amount of money each week. The amount collected is recorded, and SHG leaders announce the total cash received in the group meeting to ensure transparency (Fernandez 2006). Once an SHG has secured the necessary collateral, it can apply for a low-interest loan (microfinance) to finance the goals that the SHG has

collectively determined. These goals vary according to the decisions reached by the SHG. Examples include start-up capital to finance a business venture, to increase lending capacity, or to use toward microsavings (e.g., buying in bulk for the entire SHG so as to reduce costs to individual members).

Once the bank loan is secured, SHG leadership distributes funds to its members, also in the form of loans, according to the urgency of need expressed by the members. The SHG can assess a nominal interest rate for the repayment of loans. Each member has an equal probability of getting a loan, and members with a good repayment history are eligible for future loans. Strict penalties are assessed if a member does not repay their loan (Ministry of Rural Development Government of India 2017).

Resources, both financial and human, are mobilized and managed by all SHG members. Every member is expected to contribute to managing shared resources (usually money) responsibly, and their participation in an SHG is purely voluntary. So while there is a president, a secretary, and a treasurer, the role of these office bearers is to implement and maintain records of the decisions made by the group. As such, the officers do not make or act on a decision independently. These positions are elected by the group and are rotated among group members. The shared resources in an SHG, therefore, can be compared to a common pool resource (Ostrom 2015): they benefit a group of people, but greatly diminish if members pursue self-interest. Collaborative action between members is a crucial component in managing the resources of an SHG. Below, we profile an SHG network to illustrate the connection between SHG collaboration and the sharing of common pool resources.

The AmritaSREE Network

AmritaSREE is a community-based organization centered around self-reliance, education, and employment. It aims to help women become independent (AmritaSREE 2018).

Established by the Mata Amritanandamayi Math (MAM), an international humanitarian civil society organization, AmritaSREE is based in the southern part of Kerala, India. In this region, there is a tradition of providing monetary help to a neighbor or a relative at times of importance to the individual and community (e.g., weddings, the naming of children, housewarmings). When a person receives such financial contributions, it is recorded and the person is honor-bound to return the contribution whenever a similar occasion arises in reverse.

AmritaSREE was created in the aftermath of the 2004 Asian tsunami. The devastation caused by the tsunami impacted communities and families on an unprecedented scale, especially in the fishing villages of Kollam and Alappuzha in Kerala, India. In response, MAM helped these communities meet immediate, pressing needs and simultaneously worked to implement changes that would offer them long-term benefits. Early work focused on helping women secure alternative income sources since the tsunami devastated the local fishing

industry, their only livelihood means. In its continued outreach to communities, MAM also discovered an urgent need to include farming communities, as a vicious cycle of escalating loans caused the suicide of countless farmers, leaving their wives and children unable to support or sustain themselves.

Responding to these needs and building on the informal support system embedded in the area's cultural norms, AmritaSREE helped women in the area form SHGs, as a build-back better strategy, based on the NABARD model:

- SHG leadership consists of a president, secretary, and treasurer.
- Weekly meetings are held, and small sums are collected from the members, then deposited in the primary office bearer's bank account.
- Each minute book and register of an SHG group are checked and assessed after six months, and the banks are required to loan out four times the amount put in the bank once SHGs have passed the audit.
- Two to five SHGs form a cluster, and two to three clusters of SHGs form a federation. The SHG clusters and federations typically operate from a clearly defined structure that delineates responsibilities and roles, allowing for clear communication and organization.
- Each local SHG belongs to a regional cluster of SHGs: local group leaders meet monthly, and an annual meeting takes place in each region. At annual meetings, women receive recognition and incentives (saris and pensions) to provide future motivation.

Currently, there are approximately 13,000 SHGs in the AmritaSREE network, which extends throughout Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, and 18 other states in India (Sreeraj et al. 2020). Over 250,000 women participate in Kerala alone.

In addition to the basic microlending and microfinance activities that are inherent in the NABARD model to promote financial stability, MAM acts as the nodal agency and offers additional services to SHG members that are aimed toward livelihood stability, among which include:

- Vocational training (e.g., plumbing, soap making, tailoring, among others, along with business and entrepreneurship training).
- An annual grant of 1500 INR for use as seed money for SHG activities.
- Life skills in democratic participation, nutrition, reproductive health, adult literacy, and digital literacy classes.
- Training for men who are family members of SHG members.
- Access to government schemes available to members; for instance, a group insurance scheme for education with the Life Insurance Corporation of India. Under this plan, the insurance company provided scholarships to 15% of the policyholders' children within an SHG. The group insurance policy allowed two children between grades 9 and 12 to receive scholarship amount for a year. Thereafter, the scholarship would transfer to another member of the SHG who met the criteria the

following year. Since the scholarships rotate yearly, all members' children will benefit over time.

- Food and basic need rations (e.g., wheat, rice, pulses, oil, sugar, clothes) for each SHG member, as a disaster coping strategy during COVID.

Specific clusters of the AmritaSREE SHG network have been recognized for giving back to their communities, reflecting the norms embedded in the mutual support system within AmritaSREE. During the COVID pandemic, for instance, group members were given food by MAM for their households as well as to distribute to others in their communities.

To assess the viability of the SHGs within the AmritaSREE network and factors that contribute to problems or breakdowns in collaboration, we conducted a series of interviews with the Nodal Agency SHG Convenor, SHG members at various levels (coordinator, cluster heads as well as federation heads), and a literature review. The interviews were conducted during the COVID lockdown, and, as with all disasters, it brought to the forefront many vulnerabilities and hidden risks, which are summarized below.

Contributing Factors to Successful Collaboration

From the interviews, several suggestions were made to improve the functioning of SHG collaboration. Transparency was deemed essential in all group endeavors and should always be prioritized (Bharamappanavara and Monish 2015). In addition, consensus should be cultivated among and reached by all members within the group (Bharamappanavara and Monish 2015). A conflict resolution mediation program helps members settle disagreements (interview of a regional coordinator, AmritaSREE).

Each member must understand the SHG's purpose and relationships with external partners. Members must also value the linkages between individual members and stay updated (Bharamappanavara and Monish 2015). Mutual trust is essential and needs to be cultivated. By participating in group activities, trust is more likely to increase (Nayak 2015).

The interviews found that collaborations tend to fare better among women with more education, greater socioeconomic means, and enhanced communication skills, as they demonstrated greater ability to understand the process, to express their ideas, and to communicate with stakeholders (Nayak 2015).

Within-group support enhances group collaboration. For instance, when women buy from each other (e.g., a food or household product), the resulting benefits flow both to the member who is trying to create income or livelihood as well as to the group (interview of SHG regional coordinator member, AmritaSREE). In addition, it is important to keep up with regular weekly meetings, to have a space to meet, and to share the workload through mutual support (interview of SHG regional coordinator member, AmritaSREE). Likewise, the

annual get-together of groups was found to be helpful in creating a sense of community and belonging (interview of a regional coordinator, AmritaSREE).

Contributing Factors to Failed Collaboration

Several points emerged from the interviews as being disruptive to collaboration. Group conflict between members leads to dysfunction in an SHG (Nair 2005). When conflict exists between members, active participation at group meetings becomes restricted and SHG leaders find it challenging to ensure group consensus.

When there is a lack of understanding and adherence to rules and norms in an SHG, some members may utilize the entire profit gained from the SHG small-scale business for their personal purposes without prior consent from group members (Devi et al. 2018). Although these members may view it as acceptable to utilize those funds without consent and proper documentation of cash flow, this conflicts with the rules of collaboration within the group.

Administrative challenges may arise, such as keeping the minutes book up to date for all monetary transactions (Pati 2010). When individual transactions and group decisions are not appropriately documented, the SHG may have difficulty resolving issues when conflicts of interest arise between the members. Often, importance is given to trust rather than documentation. Thus, when mutual trust breaks down between the members, they struggle to find proof for the decision.

Lack of social cohesion can arise for several reasons. First, the biased behavior of leaders, such as the sanctioning of loans to specific members instead of equally distributing funds, can create problems in an SHG. Also, when the rotation of leaders does not happen on time and new leaders do not come forward, due to a lack of cooperation from other members, social cohesion is compromised (SHG member interview). Within the hierarchical structure, there needs to be balance. The leader should not dominate the group. Groups need to be run equitably (Thorp et al. 2005). Finally, poor coordination and member communication can lead to a breakdown (Lahri-Dutt and Samanta 2006).

The ability of SHG members to commit to the collaborative initiative is a crucial factor that will determine the success or failure of an SHG. Leaders may have difficulties convincing members of the benefits of staying together and improving their life. The fracture in collaboration becomes visible when a new SHG emerges in the community, and women leave an existing SHG to join the new SHG, expecting to profit more from the new SHG. Long-term benefits of collaboration cannot be gained when women leave one group to join another.

Lack of joint decision making may arise when their interests or goals conflict (Ajith et al. 2017; Goswamy et al. 2021; Kaur and Sachan 2016). For instance, some SHG members might only be interested in the microfinance activities of the SHG, whereas others might be interested in starting a small-scale

business. The resultant, necessary discussions can lead to the termination of some members or even the failure of the SHG.

Restrictions related to the sociocultural and political environment can impact how the SHG functions. This can include a lack of spousal or family support (Babu 2019) or travel and mobility restrictions that inhibit a member's ability to sell their products in markets (SHG member interview). For example, a group may only be able to meet on Sunday mornings (environmental constraint), but that is the day when husbands are at home, and local culture specifies that no other woman can enter the house of another woman when their husband is at home (cultural constraint). Thus, the women must use a community resource center to meet (environmental constraint). During COVID lockdowns, no SHG could meet in person; without technology access, remote meetings were impossible as many members did not have their own mobile phones (SHG member interviews). This meant that the SHGs could not meet as group to decide on any SHG-related activities.

Lack of understanding and capacity to build, expand, and utilize networks impairs collaboration. For example, an SHG began a pickle-making business in their locality but could not reach the markets to sell their products. This hindered business growth and led them to stop the venture (SHG member interviews). This issue, however, could have been resolved if the SHG had networked with local collaborating agencies to market their product. Thus, understanding the scope of collaboration in managing contextual challenges in a locality is imperative.

There has recently been a rise in microfinance corporations (MFC) that utilize the same microlending principles but without collaboration among women for microfinancing or livelihoods. Prevalent during the COVID pandemic, because women could not meet due to lockdown restrictions, these MFCs are slowly replacing SHGs. The low digital literacy and access to mobile devices, however, made online transactions impossible, so the MFC sent a representative to the doorstep to give and collect money. The MFCs are well organized and are replacing the primary function of the SHGs. However, no collaboration is involved.

Finally, if a group is meeting only to acquire money and has no regular meetings, they are less likely to succeed (SHG coordinator interview).

Discussion and a Proposal

Our initial investigation identified that having clear, applicable rules enhances accountability, which in turn increases the sustainability of an SHG. Graduated sanctions for noncompliant members are also an effective way to instill accountability. However, while clear, applicable rules and procedures established by the governmental agency are a critical factor in successful group

collaboration, they alone may not be sufficient. The rules may need to respond to the local context of the group.

Members need to understand and agree to the goal of the collaborative process to improve their quality of life. Through this collaborative effort, members can achieve both individual and collective goals. Participation also serves to bolster members' confidence.

While it is not mandated, having an intermediary or facilitating organization that lends support to the SHGs seems to play a clear role in sustaining group activities. Individual SHG members might engage purely for personal reasons and goals. The facilitating institution can be a neutral body to communicate rules that apply fairly to all. It can also lend support to achieve successful outcomes, for example, by aiding in the formation process of the SHG, selecting leaders within the groups, and mediating with banks.

We also note that expanding the goals of a group may require an expansion of networks. This expansion can happen in several ways, from groups getting together (expansion from an SHG to a cluster, and cluster to a federation) or from approaching external networks (such as marketing a product) which may be supported by the facilitating organization.

Through field experience and research, it is important to understand the factors that aid in successful and sustainable SHG formation and those which inhibit it, especially since many poverty reduction strategies across the world build on the SHG model. To this end, we propose implementing Ostrom's common resource design principles to manage common resources within SHG groups (Ostrom et al. 1994). We believe that this governance model may improve the collaborative capacity of SHGs. Ostrom's design principles are optimal to use in SHGs because its activities can be viewed as common shared resources. The key design concepts of this proposal can be used as a guide to increase group efficacy in real-world situations. Thus, we propose positioning the SHG as an entity to which one can apply the Ostrom principles and use this governance model to address challenges in collaboration.

Conclusion

Collaboration is integral to a well-functioning SHG. Through collaboration, members pursue a common goal: to improve each other's lives for mutual benefit and the benefit of others. Members share risks and responsibilities through collaboration, exchange information, adjust activities, and share resources. Engagement in these collaborative activities helps women to overcome personal challenges, such as lack of confidence and low self-esteem. This, in turn, empowers them to face men and interact better with people outside of their community. The social capital gained from collaborating in an SHG helps women raise their voices against social problems.

As demonstrated through microfinance corporations, which were designed to replace the primary function of SHGs, care needs to be taken to protect the cultural, economic, and social benefits that community-level SHGs provide to underprivileged communities. The sustainability of these collaborative activities may be enhanced if SHGs are understood and treated as a common pool resource, using Ostrom's core design principles to improve collaboration through common objectives. By identifying the conditions for success or failure, these core design principles offer a framework to help stakeholders determine the efficacy and collaborative capacity of future SHGs.

