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Guest Editorial

Malcolm Harper

My name remains on the inside front cover of this Journal, in the list of the Editorial Committee, along with Biff Steel and Dietmar Stoian. It is very properly placed well below the name of the Editor Jason Donovan, who does most of the work, but I rather feel it's presence is more because of courtesy, or perhaps in memory like an inscription on a stone, than in recognition of anything I actually do. But nevertheless Jason has asked me to draft an editorial for this issue, I hope not in desperation, or in error, so I shall do my best to oblige.

I helped to 'found' the Journal in 1990, under it's original name, 'Small Enterprise Development', and the complete set is sitting, gathering a little dust, on the shelf beside me as I type (or is it still called typing?). The title was changed to 'Enterprise Development and Microfinance' in 2007, in recognition of the fact that financial services, initially under the label of 'micro-credit' had become such a dominant part of the whole activity. It is interesting that only one of the four main articles in the first issue was about finance, whereas six of the seven papers in this issue 28 years later are about microfinance. Does this change of emphasis reflect how the genuine needs of small businesses have changed over the period, or how 'our' efforts to address their needs have changed, perhaps because financial services are easier to provide, and their provision can itself be a profitable business?

What other aspects of the 'market' of small (and micro) businesses have changed over this period? What do the subjects of this issue's seven papers tell us about the evolution of the field we aim to serve?

Jahns Harms and Wilson write about savings groups, showing that the mere existence of an apparently thriving group does not necessarily mean that it is really benefitting all its members. Their paper is unusual, in that it draws its evidence from the writers' own experience and from published work in a large number of countries. The main thread of the paper is from a study in El Salvador, but it also refers to experiences in Mexico, Nicaragua, and Colombia in Latin America, Swaziland, Niger, Tanzania, Kenya and Burundi in Africa, and in India, Bangladesh, Afghanistan and Cambodia in the 58% of the world that we for some reason still call 'Asia'.

There is even a brief reference to the experiences of a group in the United States; one major change over the period has been the gradual realization that poverty is not confined to what we used to call 'the third world', and are still now, albeit with some hesitation, called 'developing countries'. The main emphasis of the Journal is still on warmer places which are many thousands of miles away from Rugby in the UK where the Journal is published, or other colder 'Northern' places where, I suspect, the majority of its readers are sitting when they read this issue, but there is a small but increasing number of papers about work in richer and less 'exotic' places, which often draws on experiences in 'the South'. Some of our contributors realize that that may not have to get on an aeroplane to go the 'the field'; it may lie right outside their own back door.

The remaining six papers are about work in Kenya, Nepal, India, Bangladesh, Vietnam and Bolivia.

Simkhada shows how microfinance has evolved into a major force in what was 'The Kingdom of Nepal' but that although the rulers may have changed, microfinance, like so many other anti-poverty services, still fails to reach the very poorest people. We have new phrases such as 'the poorest of the poor' or 'the bottom ten per cent', but there still seems to be an almost inexorable rule that our efforts to 'put poverty in a museum', as Mhd Yunus put it, will fail to reach the bottom of the pile.

Wellen and Van Dijk have studied the ways in which Safaricom and it's well known Mpesa money transfer service deal with the same issue; their outreach to the poorest people. Mpesa is a fascinating (and sadly unusual) example of how a donor supported programme has grown into a large and sustainable business. The paper provides a penetrating analysis of the way in which Safaricom deals with the fact that poorer people are inevitably less profitable customers than better off customers. It will be interesting to see how Safaricom responds to their recommendations.

Nguyen Huu Ghu and Pham Bao Duong also write about the impact of microfinance on poorer people, by examining its effect on minority ethnic groups in the mountainous Northern areas of Vietnam. It is noteworthy that this study has been undertaken by Vietnamese researchers, from two Vietnamese universities, and is about a Vietnamese financial institution which owes little to foreign assistance; Vietnam is a notable exception to the usual perpetually 'developing country' story.

Reji tells an unusual success story, about how some Indian handloom weavers from the state of Kerala have been able to reach international markets. This is unusual in itself, but it is all the more remarkable in that the success has been achieved through buyer dominated value chains, working with producer cooperatives, and also with substantial government involvement. Kerala has the second lowest rate of poverty of all India's states, and these weavers are for sure not at the same level of poverty as the Nepalese microfinance clients in Simkhada's case, but the paper does show that there are no standard 'rules' for success; good management is more important for success than any 'models' of what works and what does not.

Sierra Pierna, Patino-Lopez and Rodriguez-Lopez discuss the perennial question of how to evaluate the performance of microfinance institutions, in the context of Bolivia. Banking is a financial business, whose results can be measured in numbers, but microfinance institutions are expected not only to make a profit, but also to achieve social goals. Analysts, donors and academics have for many years been searching for the ultimate goal in evaluation, a quantitative measure which covers both objectives, but it appears that even in Bolivia, where microfinance has a long history, social performance still has to be measured separately from financial results; this is in a sense encouraging, since human welfare can never, for very good reasons, be measured in entirely quantitative terms.

Ashraf's paper about participants' attitudes and perceptions in the Rural Development Scheme of the Islami Finance Bank in Bangladesh is an interesting example of what might be called the more 'academic' stream of the Journal's content. The paper attempts to demonstrate the value of the author's Theory of Bounded (or 'boundedly', the terms are used interchangeably) Rational Planned Behavior, or TBRBP, and shows that the women's attitudes and perceptions influenced their participation in the Bank's programme.

I have to admit my own inability to understand some of the language, the mathematics and the statistical methods employed in the paper, but I hope the author's skill and the rigour of his argument will demonstrate to those who are more informed than I am both the importance of his conclusions and the broader value of his theory.

Journals such as Enterprise Development and Microfinance must continually strive to demonstrate their academic credentials in order to obtain higher 'rankings' and to be included in universities' libraries' subscriptions. Only then can we attract authors whose career advancement depends on the number of their articles which are published in the highest ranked journals. This criterion for promotion can sometimes be ranked higher than the quality of their teaching, or the practical application of their research results.

The balance and indeed sometimes the tension between the 'academic' and the 'practical' has always been an important feature of this Journal, and the content of this issue appears to strike about the right proportion; I hope that this can be maintained.

Much more important, the over-arching aim of the Journal is presumably not to make a profit, or to improve its contributors' chances of promotion, but to make a positive difference, to reduce global poverty in however small a way. There are endless debates on the extent of global poverty, but there seems to be general agreement that over a third of the world's population lived in dire poverty in 1990, when the Journal first appeared, and is now something close to ten per cent.

This is an extraordinary achievement, which we easily forget when we are confronted with particular cases or national situations which appear to show that things are getting worse. A very high proportion of this improvement is of course because of China's extraordinary success, which owes little or nothing to international development assistance or to 'the aid trade' to which I must admit I have myself belonged and from which I have earned my own living since I was first appointed as a junior lecturer in Nairobi in 1970.

It would be absurd even to attempt to quantify the extent to which this Journal has contributed to 'development', however it is defined, but I hope that these papers, and those that preceded and will follow them, can help to clarify and to document the process, and that the Journal, in whatever form, will continue to serve a useful purpose for at least another 28 years.

I am not sure whether whatever digital form in which most readers see the Journal even includes an inside front cover, so my own name may long since have disappeared from 'the masthead'. I am grateful, however, for the invitation to continue in a small way to question, to irritate, and on occasion to congratulate, and I heartily recommend the articles in this issue not only for their particular content but also for the way they show the progress in the field over so many years.

Malcolm Harper, Filgrave, December 2018