

Self-transformation, a new approach to development

Vladimir Pozdnyakov

Department of Economics
Voronezh State University
18-36 Platonova Street
394018 Voronezh, Russia
email: v.pozdnyakov@econ.vsu.ru

Abstract

Despite continuous efforts to reduce poverty on the global, national and communal levels the problem of closing the income gap remains serious. In this work we analyze why traditional infrastructure-based approach to development is becoming less effective. We have identified some features of the promising new approach, described in the collection of works "Self-Transformation of the Forgotten Four-Fifth" edited by Robert G. Dyck and Matjaz Mulej. The new approach could be applied in the information age, when knowledge becomes a key variable of development.

1 The need for new concepts of development

This section analyzes the problem of the growing global income disparity and identifies reasons why traditional approaches to address it are not effective. A strategy to overcome these traditional shortcomings is described.

Poverty reduction and economic development remain a challenging task in the 21st century. According to the president of the World Bank, James Wolfensohn, "despite relative peace and prosperity in industrialized countries, global poverty is getting worse. Some 1.2 billion people now live in extreme poverty" [Wolfensohn, 2000]. There are a number of dimensions to poverty growth: income and welfare decrease, environment pollution, under-education, aging, threatening health conditions, unemployment, racial discrimination etc. In conditions of turbulence and unpredictability all these problems can arise in countries and communities, which used to be prosperous. The consequences of the Asian crisis in 1997 for the economy of Japan are illustrative.

In the 20th century poverty reduction has become a specialized area of activity. Different institutions on the national (governments, think tanks, NGOs etc.) and international levels (the World Bank Group, United Nations, European Union) undertake efforts to close the income gap. A key strategy of poverty-reduction has been infrastructure development in poor areas. "Donors" have been providing funding for implementation of infra-

structure projects in such areas. Since underdeveloped communities do not have a qualified workforce, most of the projects have been implemented by the contractors coming from high-income countries or communities. When the new infrastructure has been built up, the low-income local population often cannot afford to use it. The ability of infrastructure projects to stimulate poverty reduction has been limited by such reasons as:

- low degree of involvement of the poor in project implementation, limiting the possibility of receiving project funding;
- inability of the poor to use the newly built infrastructure;

The projects have not included strategies and activities to overcome these flaws. Funding for such projects has been provided in the form of grants and loans, which were not always effectively used. Sometimes these development activities led to the appearance of new problems and increased income gaps between those who use infrastructure and those who could not afford to use it. Infrastructure development usually requires large investments. The requirement of investors to receive a quick return on their investments also hinders mass dissemination of the infrastructure projects. The whole idea of poverty reduction through infrastructure development, being the product of the industrial era, can no longer be the basic driver of the poverty reduction. Many industrialized areas remain low-income.

Therefore new approaches and mechanisms inciting the process of development are needed. The World Summit in Social Development held in Copenhagen in 1995 has proposed that the key feature of the new approach should become facilitating "an enabling environment for development" [Desai, 1998]. Such an environment will include not only improved infrastructure. Assistance should be provided to projects with a high degree of involvement of the local community. Projects should be initiated and carried out by community members. Increased involvement of community members in poverty reduction can ensure that their real problems are addressed. The new approach requires changes in the mind-set of participants involved in the development process. Any attempt to explore how the development environment could be enabled deserves attention. Such an attempt has been undertaken by the authors of the

works in the book “Self-Transformation of the Forgotten Four-Fifths”, edited by Robert G. Dyck and Matjaz Mulej. The collection of works provides theoretical and empirical background on enabling the development environment.

2 Conceptual foundations of self-transformation

This section reviews the theories, which currently form the conceptual background of self-transformation undertakings and influence the mind-sets of those involved in these efforts.

The authors call their concept or style of development thinking “self-transformation”. Communities and individuals exposed to this style of thinking increase their potential to solve economic and social problems. The concepts of self-transformation focus on the theories of entrepreneurship, change, and innovation. Classical and current theories related to the process of transformation are reviewed and combined in a systematic manner into the new approach. These theories, unlike economic determinism, allow approaching poverty reduction from a managerial point of view. This difference is described by Mira Rihtaric in the work “Schumpeter or Keynes – Long – Term or Short – Term Economics?” Development could not be achieved only by managing economic equilibrium. Innovations are required. It should be noted here that infrastructure projects, which are becoming less effective in terms of poverty reduction, are based on Keynes’s idea.

Damijan Mumel links characteristics of innovative behavior with the individual’s self-concept. Individuals with a positive self-concept are more predisposed to innovative behavior than those with negative self-concepts. Empowerment, described by Milton L. Lopes, can be viewed as a means of changing the self-concept. Empowerment applies not only on the individual level, but also on the levels of organizations and communities. Benchmarking indicators similar to the individual self-concept can be applied on these levels. The empowered community is “one that initiates efforts to improve itself; responds to collective problems, particularly to threats to its quality of life; and provides ample opportunities for citizens participation” [Lopes, 1998]. Miroslav Rebernik introduces entrepreneurship as a concept of self-transformation. He contrasts entrepreneurship with formal legal or managerial arrangements, like privatization and changes of ownership and responsibilities, which hardly can bring about development. Moreover such formal arrangements can be destructive. However entrepreneurship should be combined with “good” [Rebernik, 1998] management. Internal mechanisms of self-transformation are described by M. Lynn [Lynn, 1998], who focuses on such variables as community vision and community responsibility. The author demonstrates interconnection of these variables on the individual and community levels. The classical ideas of Kurt Lewin on organizational development are developed and applied by

M. Mulej to facilitating “non-technological innovation” [Mulej, 1998]. Open Space Technology described by Brian S. Bainbridge is an example of a possible intervention strategy to initiate self-transformation.

These concepts represent only the current background of self-transformation. This background can be further enriched and tailored to the needs of developing communities. Other concepts and mind-sets born within the communities, and proven successful in their development undertakings will be especially useful for formation of the self-transformation approach

3 Self-transformation experiences

This section provides a brief analysis of self-transformation experiences.

The cases providing empirical evidence of self-transformation demonstrate that no one single concept is sufficient for success. Often the authors of cases go beyond merely case descriptions to offer their own views. Many cases are written by authors who were actually involved in the self-transformation efforts. This adds weight to their descriptions. Some cases support contributions made in the conceptual section of the book. The discussion of Miroslav Rebernik on entrepreneurship is supported by the findings of the research on the dynamic regional entrepreneurship, which has become an indigenous foundation of self-transformation in some countries of Eastern and Central Europe [Rebernik and Zizek, 1998]. The conditions needed for self-transforming entrepreneurship include: availability of trained entrepreneurs, availability of financial support, access to global markets, and a favorable business environment for entrepreneurs. The idea that local entrepreneurship is a source of development is supported by cases coming from the US experience written by Fred E. Foldvary. The author prefaces the case description with an important statement illustrating the role of entrepreneurship: “The upward spiral of entrepreneurship in the market process could eliminate welfare, not by depriving the poor of their welfare safety net, but by making it unnecessary, because labor has full access to national opportunities” [Foldvary, 1998].

Not only successful experiences are described in the cases. For example the Atlanta project illustrates that such means of community empowerment as creation of cluster organizations, development of community problem solving and decision support services through technical assistance and training do not guarantee the success of self-transformation.

The element of empowerment is identified in most cases. It was the foundation of the Mondragon cooperatives. It supported the Grameen system of credits for the poor and the actions of the RESURGE group in Buffalo, New York. Individual empowerment can be observed in the work of community creative grandparenting, production school, activities of the church minister to protect youngsters from consequences of racial disharmony.

An international focus is an important feature of self-transformation. Experiences coming from different countries stress the global applicability of self-transformation. Cases are grouped in three categories: large scale, intermediate scale, and small scale. Such "scaling" demonstrates that self-transformation could take place on different levels: national, organizational, communal, individual. Local small-scale efforts could be as effective as large scale ones. As the case of Mondragon co-operatives demonstrated, small-scale efforts can expand giving the chance to develop to larger number of people.

4 Self-transformation and technology-based development

Progress in information technologies also influences development and the role of self-transformation in the new conditions.

With the increased pace of technology innovations, there are appearing new opportunities for development. Diffusion of the Internet and other advances in the information and communication technologies increase the speed of knowledge exchanges and access to the global stock of knowledge. Knowledge is becoming equated with wealth and is viewed as a key driver of development. At the same time, new threats are appearing. There is the growing gap between communities and countries, that have access to knowledge and those, that do not. Among the reasons of this problem, often called the knowledge divide, are: underdeveloped telecommunication infrastructure, economic and institutional barriers hindering flows of knowledge, and an unskilled and illiterate population. To close the knowledge divide, governments and development organizations are embarking upon "e-development" or "knowledge-based development" initiatives. They often include not only activities in the field of information and communication technologies but also reforms in the regulatory and education spheres. However many of these initiatives are targeted at building and improvement of infrastructure. As we have mentioned above, infrastructure projects have limited ability to stimulate development. In these conditions, the use of a self-transformation approach could increase the effects of knowledge-based development projects. Such background concepts of self-transformation as entrepreneurship, innovation, and empowerment, which we have identified, could be focused on the creation, adaptation, and application of knowledge.

5 Conclusions

It was noted that infrastructure development has limited ability to address the problem of poverty reduction. The major shortage of infrastructure-centered development undertakings is that they usually do not involve the poor in the development process. To overcome this shortcoming new approaches that enables development environment are needed. The articles included in the book "Self-Transformation of the Forgotten Four-Fifths" demon-

strate some conceptual foundations for the new approach. The key elements of this foundation include theories of innovation, entrepreneurship, change management, and individual, communal, and organizational empowerment. These action-oriented theories, by no mean exhaustive, come from the management field. They are beginning to form the mind-set of people involved in the development process. The real examples of self-transformation are taken from experiences of different communities around the world. Although varying in scale and degree of success, these efforts proved the viability of the new approach. Some of the common features of experiences described are:

- local community focus of the efforts;
- involvement of community members in social and economic activities;
- exposing of the community members to innovative style of thinking and acting.

The self-transformation approach could be used in poverty reduction strategies by means of information technologies and knowledge-based undertakings. This aspect of development deserves further attention from researchers and other participants in the development process.

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