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# Socio-Economic Value Creation in Tribal Nations: A Microcredit Investigation

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**Abstract**

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**Socio-Economic Value Creation in Tribal Nations: A Microcredit Investigation**

by Wilson Odhiambo Odek

Tribal countries in the global south tend to be characterised by social categorization into tribal groups. Some tribal groups often undergo persistent marginalization, given the salience and contestation of tribal identities. These tribal identities may impact how organizations achieve their goals. Exploring the effects of these tribal identities is particularly pertinent to help us understand how organizations navigate tribal contexts. Moreover, this exploration will also enlighten us on how tribal actors undertake identity work to identify with organizations amidst tribalism, socialization, marginalization, and trivialization.

This thesis specifically focuses on microfinance institutions (MFIs) that strive to foster gender parity in economic opportunities in tribal contexts. MFIs are chosen for analysis as they have over 70% of their global microcredit portfolio domiciled in tribal nations. Through three distinct but related papers, the thesis seeks to uncover how tribal identities affect MFIs Gender-Based Organizational Goal Achievement, and how tribal identities affect this achievement through identity work carried out by tribal actors.

The first paper empirically investigates the relationship between organizational identification and Gender-Based Organizational Goal Achievement in the microfinance ecosystem. The paper also investigates whether tribal identity mediates this relationship. It makes use of Structural Equation Modelling to test data on 376 microfinance institutions across 45 countries, between 2010 and 2018. The paper found low penetration of microfinance products amongst females due to the intensity of tribal identity and the social norms therein.

The second paper, through 25 semi-structured interviews, reveals the dynamics through which tribal identities impede the uptake of inclusive programs like microfinance. It was found that inclusive socio-economic value creation in tribal nations is regulated by 3 distinct emerging themes. Such regulation results in the conceptualization of a selective assimilation process of tribal identities undertaken to overcome identity threats and make the most of identity opportunities.

The third paper is a conceptual paper, inspired by findings from the first 2 papers, which shows that the social conditions surrounding organizations may indeed impede even the most noble of organizational goals. The paper uses agency theory to offer a novel model of moralized value creation (MVC). The MVC model operationalizes and grounds the aspects of socialization, and morality, that have often been overlooked in management and organization studies theorizing.

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**Declaration of Authorship**

| | |
|---|---|
| Print name: | WILSON ODHIAMBO ODEK |
| Title of thesis: | Socio-Economic Value Creation in Tribal Nations: A Microcredit Investigation |

I declare that this thesis and the work presented in it is my own and has been generated by me as the result of my own original research.

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. Parts of this work have been published as:

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**Abbreviations**

AIB – Academy of International Business

AIC - Akaike Information Criterion

AOM – Academy of Management

BaFin - Federal Financial Supervisory Authority

BBC – British Broadcasting Corporation

BRAC - Bangladesh Rural Advancement Committee

CFI - Comparative Fit Index

CV – Curriculum Vitae

DWS Group - Deutsche Gesellschaft für Wertpapiersparen (German Corporation for Investment Saving)

ECVI - Expected Cross Validation Index

EGOS – European Group of Organization Studies

ESG – Environment Social and Governance

FMIN - Index of Model Fit

GDP – Gross Domestic Product

GFI - Goodness of Fit Index

IFI - Incremental Fit Index

KNBS – Kenya National Bureau of Statistics

MFIs – Microfinance Institutions

MNEs – Multinational Enterprises

MOS – Management and Organization Studies

MVC – Moralized Value Creation

NCP - Non-Centrality Parameter

NGOs – Non-Government Organization

GOGA – Gender-Based Organizational Goal Achievement

OI – Organizational Identity

PhD – Doctor of Philosophy

PSC – Public Service Commission

RMR - Root Mean Square Residual

RMSEA - Root Mean Square Error of Approximation

SCDTP – South Coast Doctoral Training Partnership

SDG – Sustainable Development Goals

SEC – United States Securities and Exchange Commission

SEM – Structural Equation Model

SI – Social Identity

SIT – Social Identity Theory

SMH – Socialized Moral Hazard

SRMR – Standardized Root Mean Square Residual

U.K. – United Kingdom

UNCDF - United Nations Capital Development Fund

UoS – University of Southampton

U.S. – United States

# 1. Introduction

## 1.1 Overview of the thesis

There has been a growing debate in recent times over the importance, subjectivity, reflexivity, and dynamism of an individual's identity (Brown, 2022). Much of the discussion in management and organization studies (MOS) has tended to focus on workplace identities, especially in the global north. The aspect of tribal identities has however been overlooked from mainstream theorizing which has been devoid of cultural contextualization (Zulfiqar and Prasad, 2022). Tribal identities in this thesis does not take the political intonations that have been there in MOS literature, centring around political tribes (Clark *et al*., 2019; Clark and Winegard, 2020). Instead, this thesis focuses on tribal identity that is attained through kinship, ethnic or tribal lines (Mafeje, 1971) especially those found in the global south.

To enrich MOS literature culturally and contextually, this doctoral thesis aims to examine the mechanisms through which tribal identities limit or enhance value creation in tribal contexts. The thesis assesses how pro-social organizations, such as Microfinance Institutions (MFIs) succeed or struggle in creating such socio-economic value. In doing so, the thesis will build on the mechanisms posited by social identity theory (Tajfel and Turner, 1979), that suggests intergroup relations may affect such value creation through tribal (in-group) biases.

Value creation, within the confines of this thesis, is defined as the creation of shared value across economic, social and environmental domains (Ritala *et al*., 2021). Creation of economic value is the establishment of inclusive economic opportunities for society, while social value creation enhances social mobility, and builds inclusive societies. Environmental value creation is deemed as the conservation, preservation and improvement of the natural environment. This wholistic approach to value creation is later conceptualized as moral value creation. Morality within the confines of this thesis is defined as doing good for the society, as well as the natural environment.

The aim of this thesis is exhibited through three distinct but related papers - chapters 2, 3 and 4 that make use of multi-methods to establish theoretical contributions. Chapter 2 is a quantitative analysis of Microfinance Institutions (MFIs) that operate in tribal nations and analyses how organization goals may be affected by phenomena surrounding tribal contexts such as tribal identification and tribalism. Chapter 3, on the other hand, is a qualitative study of 25 participants in Kenya, East Africa that reveals how tribal actors engage in identity work and engage with organizations despite marginalization to scale socio-economic mobility.

Chapter 4 is a conceptual paper that offers a novel framework of how organizations can operationalize socialization and morality in their day-to-day running to create moral value in tribal contexts.

### 1.2 Background of Microcredit

About 40 years ago, Muhammad Yunus invoked the spirit of large-scale microfinance/microcredit/microlending in Bangladesh. He did this through his inspiration to create social value through economic independence, especially amongst the unbanked population (Yunus and Jolis, 1999). He also desired to improve the standard of living by providing accessible small loans to the unbanked, collateralized only by their social groupings. This idea was borne from the observed failure of the free market to provide credit to all, especially after the famine in Bangladesh at that time. Microcredit was contemporarily viewed as a revolutionary economic activity, with big banks in the region committing to increase access to credit by financing MFIs (Grameen Bank, 2017). They argue that the microfinance revolution is alive, so much so that the developed world is also taking microfinance up, exclaimed by BNL, BNP Paribas' Italy subsidiary partnering with PerMicro to drive financial inclusion in Italy (BNP Paribas, 2017).

Banerjee (2013) argues that the scale that modern microcredit has achieved is unprecedented compared to previous efforts aimed at supplying credit to the poor, such as the efforts undertaken in Germany with their model of community/cooperative banks and savings banks (Guinnane, 2002). As at 2023, the global microfinance gross loan portfolio stood at $194 Billion as reported by Convergences (2024), based on numbers reported by MFIs on MIX Market. MIX Market is a public World Bank portal where over 3,100 MFIs around the globe, report their annual positions aligned with GAAP (Generally Accepted Accounting Principles).

Banerjee (2013) argued that the reason for this unprecedented growth in modern microcredit has been as a result of the willingness to lend to those with no credit history or have poor credit standing at a lower fee. This he admits has supplemented the omnipresent, relatively inexpensive borrowing from friends and family. However, there lays a caveat in MFI operations. They operate under financial constraints, as they are rarely deposit-taking enterprises, largely dependent on grants and/or government budgetary allocations (Al-Azzam and Parmeter, 2019). As such, MFIs tend to shift this burden to the borrowers charging the borrowers high rates averaging around 26% in 2006 (Rosenberg *et al*., 2009) and more

recently, around 30% in northern Bangladesh (Mallick, 2012), and 24% in Hyderabad, India (Banerjee *et al*., 2015a).

Modern Microcredit/Microfinance has grown to become a cornerstone for financial inclusion. This is mainly because it seeks to increase economic inclusivity by serving the unbanked and doing so in a cost friendly manner. So much so that it has been considered as one of the enablers for the United Nations Sustainable Development Goals (SDGs) by 2030 (Poisson, 2016; Convergences, 2024; UNCDF, 2021). These include SDG1, 2, 3, 5, 8, 9, 10 and 17, centred around the eradication of poverty and hunger, economic empowerment of women and increase gender equality, reducing inequality, job creation and economic growth, supporting innovation and creating a means of achieving partnership in the attainment of all the SDGs (UNCDF, 2021). Traditional banks have shunned many from accessing credit due to the presence of moral hazard and information asymmetry on their potential borrowers.

This unbanked population, that has a skewed gender balance with women still being barred from accessing credit (World Economic Forum, 2025) thus make up the target for microfinance programs. These programs are usually led and/or administered by Non-Governmental Organizations (NGOs) or MFIs that leverage on the social capital in villages, given that villagers' solely have little to no physical collateral or credit history and are considered uncreditworthy (Abebe, 1995; Atieno, 2001; Boehe and Cruz, 2013; Drori, *et al.,* 2018). These MFIs are thus positioned prominently to be key drivers in promoting social change especially, financial inclusion and gender equality, creating social change that diminishes: the poverty gap, the gap between the unbanked and banked, gender gaps as well as provide economic empowerment through encouraging entrepreneurship.

### 1.3 Research Context and Theoretical Grounding

Pro-social development interventions do not operate in socially neutral environments. Programs designed to address poverty, financial exclusion, or gender inequality are embedded within broader social structures that shape how individuals interact, cooperate, and access resources. One such program is that of microcredit that seeks to improve economic participation to the unbanked population, specifically women, thereby supporting gender equality in economic opportunities.

In many regions where microfinance institutions (MFIs) operate, community life is strongly influenced by identity-based social structures rooted in shared history, culture, language, and kinship ties. In such settings, individuals' access to resources, opportunities, and networks is often shaped by their membership in particular social groups. These

environments can therefore be understood as identity-intensive contexts, where social identities play a central role in shaping patterns of cooperation, social norms, and collective behaviour.

Identity-intensive contexts are characterized by the salience of social identity in structuring everyday interactions, influencing both economic participation and organizational engagement. Tribal societies represent one form of identity-intensive context in which social organization is strongly shaped by kinship, lineage, and shared cultural identities. In such contexts, identity-based norms often regulate property rights, gender roles, economic participation, and access to resources. Consequently, organizations seeking to create socio-economic value in these settings must navigate complex interactions between organizational identities and the social identities that structure community life.

Therefore, understanding the historical roots, socio-political significance of these identity-intensive contexts, and tribal contexts specifically, is essential for analysing how MFIs fair in creating, or destroying, social and economic value. The following section therefore contextualises the research setting of this thesis by examining its historical roots, its socio-economic and political significance, and its implications for microfinance interventions.

### *1.3.1 Historical Roots of Tribal Identity*

Historically, the concept of "tribe" has been used to describe social groupings organized around shared culture, language, kinship ties, and territorial belonging. Early anthropological work described tribes as political and social communities that governed themselves independently and maintained distinct cultural practices and institutions (Schapera, 1956; Mafeje, 1971). These social structures often formed around kinship networks, shared ancestry, and communal systems of governance that regulated social life and resource allocation.

During the colonial period, European powers institutionalized the concept of tribes across Africa as part of their administrative governance systems. Colonial authorities categorized diverse populations into discrete "tribal" units, often codifying fluid and overlapping identities into rigid administrative categories. These classifications were used to facilitate indirect rule, allocate political authority to designated traditional leaders, and regulate land ownership and customary law, as they extracted wealth from their African colonies (Nyathi and Nkomo, 2026).

This resulted in the reinvention of who was native to the land as noted by postcolonial scholars: "The reinvention of 'the native,' whose agency and legal personality would

henceforth be regarded as tribal by colonial scholarship and determined as such by a colonial power", (Mamdani, 2012, p.1). Consequently, colonized people primarily identified themselves primarily as members of their tribe, resulting in the (un)intended reproduction of salient ethnic differences such as nomenclature, language and dialect, skin tone, hair texture and other physical differences between tribal groups. It has also been argued that tribal norms and traditions "hardened" existing tribal identities, so much so that they limited the fluidity of tribal identities, instead heightening the salience of tribal identities (Nyathi and Nkomo, 2026, p.5). Consequently, tribes became the basic unit of social organization and categorization in tribal contexts (Crehan, 1997), having long standing effects on socio-economic and political life.

### *1.3.2 Socio-economic and Political Significance of Tribal Identity*

Identity-based social groupings continue to play a significant role in structuring economic, political, and social life in many societies. In tribal contexts, social identities rooted in kinship, language, and shared cultural practices shape patterns of cooperation, trust, and collective action within communities. Sociologists and anthropologists have studied the effects of tribal associations of societies but have failed to agree on a universal definition for the cooperative nature of groups and tribes. Classical anthropology termed this tribalism, where "political communities, each claiming exclusive rights to a given territory and managing its affairs independently of external control" Schapera (1956, p. 203), cited in Mafeje (2007).

From a sociological perspective, group identities form the basis of social belonging and collective organization. Social Identity Theory suggests that individuals derive part of their self-concept from membership in social groups, which influence how they interpret social interactions and organize collective behaviour (Tajfel and Turner, 1979). These identities often generate strong forms of in-group solidarity, which can facilitate cooperation within groups but may also create divisions between groups.

Group membership and a sense of belongingness is a pervasive feature of economic, social and organizational life. Groups however vary tremendously, from reasons of inception, membership and the goals and purposes of these groups (Heap and Zizzo, 2009). Groups may be formed around a collective action problem that is aimed to benefit its members (Olson, 1965), or may be formed around religion, kinship, ethnic or tribal lines (Mafeje, 1971) or may arise from political affiliations (Clark and Winegard, 2020).

Clark *et al*., (2019 p. 587) argue that natural selection pressures "sculpted human minds" to be collectively tribal because of coalitional conflict. Those coalitions that were

cooperative and interconnected survived, and more so, got to appropriate resources such as land that were surrendered by vanquished coalitions. Clark and Winegard (2020) define tribalism as strong loyalties to identity-based groups, which may generate in-group bias and selective information consumption. However, recent postcolonial scholarship cautions that the concept of "tribe" should not be treated as a natural or timeless social category. Rather, historical analyses demonstrate that many so-called tribes were codified and institutionalized during colonial administration, when colonial authorities classified populations into bounded groups to facilitate governance and control (Nyathi and Nkomo, 2026).

Currently, identity-based social structures influence a wide range of socio-economic behaviours. Shared identities shape community norms governing property rights (ILO,2022), inheritance, marriage practices, and gender roles (Martinez *et al.,* 2020). For example, social norms embedded within kinship systems and religious traditions may influence women's access to economic resources, property ownership, and participation in economic activities (Mair et al., 2012).

Identity-based social groupings also play a role in political organization and governance. Colonial governance systems often formalized ethnic identities within political institutions, granting authority to certain traditional leaders while marginalizing others. These arrangements contributed to patterns of political favouritism, unequal resource allocation, and intergroup tensions that have persisted in some post-colonial contexts (Nyathi and Nkomo, 2026). Similarly, shared group identities can generate strong forms of social capital, particularly in communities where formal institutions are weak or absent. Kinship networks and community ties often provide mechanisms for informal governance, dispute resolution, and mutual support. These networks can facilitate cooperation, collective action, and entrepreneurial activity by creating trust-based relationships within communities (Adler and Kwon, 2002).

Thus, identity-based social structures in tribal contexts, simultaneously function as sources of cohesion and constraint, shaping both opportunities and barriers for social and economic participation.

### *1.3.3 Relevance of Tribal Contexts to Microfinance Institutions*

The contexts in which MFIs operate, usually have one caveat that is often overlooked. The populations are often categorized across various social identifiers such as caste, and tribe. These social groupings permeate ideological epistemologies (Clark and Winegard, 2020) that may inhibit the success of MFIs. Tribal contexts provide a unique opportunity to assess the impact microfinance institutions have had in driving pro-social goals. It provides

us an opportunity to examine the extent to which the social categorization of these contexts influences the social value that MFIs create for three main reasons.

First, microfinance is a development program aimed almost exclusively at a target that is easily identifiable, i.e., women, with over 70% of the 142 million global microfinance borrowers being women (Convergences, 2024). Therefore, assessing whether the promise to provide women with access to microcredit can be examined based on the number of women who have gained socio-economic value, from microfinance. Social value is an extract of social capital, which can be defined as our networks, including but not limited to friends, families and associates, that represent an integral asset "which can be called upon in a crisis, enjoyed for its own sake, and leveraged for material gain" (Woolcock and Narayan, 2000 p.226), and in so doing, social value is derived from leveraging social capital for personal or collective gain.

Second, the microfinance ecosystem/environment provides a unique context for examination as they largely operate in localized, rural and tribal contexts which are rarely studied. Interestingly, as at 2023, tribal nations – those in and around Southeast Asia, Latin America and Caribbean, and Sub-Saharan Africa - account for around 70% of the global loan portfolio which stands at $195 Billion (Convergences, 2024). A tribal nation is ranked with a score of 0.44 or higher on the Tribalism Index, which according to Jacobson and Deckard (2012 p.11), the inventors of the index, deem the score to be "moderately high".

These tribal contexts are often organized around historically rooted identity-based groupings, frequently described in the literature as tribes or ethnic groups, that share cultural practices, dialects, norms, and kinship ties (Grossman, 2010; Jacobson and Deckard, 2012). These ethnic groups may be governed by rules that structure social and economic interactions.

These rules may also be referred to as descriptive social norms (Chang *et al.,* 2019) around which individuals or groups behave on average, and due to their categorical nature, pit women as a distinct social group due to gender ideologies and roles from infancy and childhood (Martinez *et al.,* 2020). Therefore, MFIs and microfinance in general, are best placed to try and challenge the status quo existing in these societies by offering this change proposition, that aims to empower historically and socially marginalized women as they seek increased economic opportunities.

Third, the microfinance context is ideal as modern microfinance has been in existence for over 40 years, and thus, provides a horizon upon which one can take stock to examine the extent to which the promise of microfinance has been delivered. This also allows the

examination of varying social contexts globally, as there is a global spread of microfinance programs, despite some centrality around the Asian continent (Convergences, 2024).

Nonetheless, research on the tribal dynamics of economic and social value creation in microfinance remains relatively under-researched. This is especially the case in contexts in the global south. MFI operations occur largely in socially prevalent tribal and rural societies. In such societies, difficulties may arise through social identity processes such as intergroup tensions (Mafeje, 1971; Tajfel and Turner, 1979), persistence of social norms (Chang *et al.,* 2019) and stereotypical gender roles (Martinez *et al.,* 2020). These may inhibit the establishment of a foundation for collective action to bring about social changes desired by MFIs.

Therefore, in contexts where microfinance largely operates, we posit that the social value of microfinance programs may be influenced through three avenues: (i) inherent social intergroup relational problems/benefits (ii) prevalence of social norms and (iii) networks and opportunity availability. These three avenues are shown below to have a common denominator: ones' social identity and their social identification.

First, the notion of social identity originates from the Social Identity Theory (Tajfel and Turner, 1979), and the theory suggests that people identify or perceive themselves with regards to their social context using "descriptive, prescriptive and evaluative" characteristics (Brown, 2021, p.5). Consequently, groups of 'similar' people are formed, which may lead to social intergroup relational problems/benefits (Mafeje, 1971; Tajfel and Turner, 1979), especially when it comes to conformity and violation of group members codes (Syakhroza *et al.,* 2019).

Second, it has been argued that people attach status to conformity of group codes, and this conformity increases as actors identify more with a group (Phillips and Zuckerman, 2001). The reluctance to violate codes, and the "enactment" of the desired social self leads to the preservation of these identities (Anteby, 2008), and the norms therein. The preservation of these norms also comes about through the social pressure on individuals to preserve their categorical codes when faced with a deviating proposition (Durand and Kremp, 2016). These norms, become rituals in the long run, and it has been argued that rituals give meaning to both the world, and one's position in that world (Dacin *et al.,* 2010). These rituals then bind individuals together emotionally as the rituals bring about a sense of "plausibility, validity and authenticity" (Dacin *et al.,* 2010, p.1396).

Third, the bond and relationship formed between members of the same group, is what researchers have termed as social capital amongst or within groups, especially when the bond

can be leveraged to facilitate collective action (Adler and Kwon, 2002). There has been evidence that this social capital and group membership has a beneficial impact on career prospects (Parks-Yancy, 2006), and fostering entrepreneurship (Chung and Gibbons, 1997).

Then, because of these three avenues, and their centrality around social identity, social identities are pertinent in determining social and economic value creation, especially in rural and tribal areas. As microfinance operates in these areas, this thesis argues that their goal achievement – that of increased women participation in economic opportunities – may equate to a change in social norms.

Microfinance directly challenges the 'rules' of the game that exist in tribal contexts. Particularly rules surrounding inclusivity of women in economic participation. These rules offset attempts at undoing the persistent exclusion of women from economic participation (Goetz and Gupta, 1996). Such rules form the basis of societal norms and attitudes that create gender inequality, contributing to the slowing rate of closing the existing gender gap in economic opportunities (World Economic Forum, 2025, International Labour Office, 2017). While microfinance seeks to create value through inclusive economic participation, it also challenges social norms inherent in the areas where MFIs operate.

Notably, despite the centrality of microfinance in the pursuit of UN's SDGs, there has been an extremely slow rate of reduction of the existing gender gap in economic opportunities. It is reported that it may take until the year 2159 to achieve gender parity in economic opportunities at the current rate (World Economic Forum, 2025). Thus, it is critical and essential that academics take stock of microfinance due to its contextual relevance in tribal societies. It is also imperative to understand what mechanisms exist in tribal contexts that allow for the creation and destruction of social and economic value, especially when organizations such as MFIs seek to create such value in these contexts.

Therefore, taken together, this section highlights that microfinance programmes operate within socially embedded environments where identity-based norms, networks, and power relations shape economic participation. While existing research on microfinance has extensively examined financial outcomes and institutional structures, comparatively little attention has been paid to how identity-based social structures influence the ability of microfinance institutions to achieve gender-based developmental goals. This thesis therefore examines how social identities interact with organizational identification to influence Gender-based Organizational Goal Achievement (GOGA) in tribal contexts. In the confines of this thesis, GOGA refers to the extent to which microfinance institutions achieve their intended

gender-related development objectives, particularly expanding women's access to financial services and economic participation.

### 1.4 Research Gaps

This thesis will undertake to enrich research gaps in management and organization studies literature twofold. First, there exists a contextual gap in literature whereby insights from the global north tend to be treated universally, without considering insights from the global south. This is especially the case when considering identity literature in the management and organization studies (Zulfiqar and Prasad, 2022). This thesis therefore seeks to attempt to fill this contextual gap by providing insights from the margins. This gap is especially with regards to how foreign organizations fair in tribal contexts, when faced with tribal actors who are seeking to identify with foreign organizations. Foreign organizations are those that do not originate from tribal contexts, but have set up operations, or subsidiaries, to operate in tribal contexts. Tribal actors from the global south, have undergone colonization, marginalization and trivialization (Chowdhury, 2021b), tend to be coy on how they identify with foreign propositions. Especially those that challenge existing tribal and social norms (Chang *et al*., 2019). Therefore, it is important to understand the mechanisms through which these tribal actors and their identification, may affect gender-based organizational goal achievement.

Second, this thesis also seeks to fill a theoretical research gap that has often overlooked the importance of socialization in theorizing remedies to social problems, such as the gender gaps in economic opportunities that MFIs seek to remedy. Socialization occurs when an actor who assumes a role in an organization, "learns, accepts and adopts behavioural and organizational norms associated with that role" (Tuttle *et al*., 1997, p.12). MFIs tend to operate as subsidiaries of parents based abroad, such as BRAC, headquartered in Bangladesh operating a subsidiary in Kenya, giving rise to a principal-agent relationship. These principal-agent relationships are bound to be affected by agency problems (Eisenhardt, 1989) such as Moral Hazard. It is the conceptualization of these agency problems and their solutions that we find a theoretical gap. The thesis seeks to bring in the socialization aspect of social identity theory into agency theory. This is done to provide a solution to moral hazard problems, that may arise in tribal contexts due to the socialization. Socialization occurs due to the social categorization and fragmentation of tribal nations into numerous tribes, that have varying cultures, norms, languages, and dialects.

This thesis argues that it is paramount for the inclusion of the socialization aspect when seeking to provide solutions in contexts where social categorization varies greatly, such as in tribal contexts.

### 1.5 Research Aims and Objectives

Therefore, this thesis has an overarching research aim of investigating how identity-based social structures shape the ability of organizations to create socio-economic value in tribal contexts. In particular, the thesis examines how social identities influence the relationship between organizational identification and gender-based organizational goal achievement in and around microfinance institutions (MFIs). The thesis will also examine the mechanisms through which tribal identities enable or constrain value creation, and how organizations can incorporate social conditions into their value creation processes. Table 1.1 shows the breakdown of this research aim to 3 granulated aims, each with its own objectives, that will be tackled by three related but distinct chapters.

**Table 1.1**

**Research Aims and Objectives**

| Chapter | Research Aim | Research Objectives | Methodology |
|---|---|---|---|
| 2 | To determine whether microfinance has been able to create inclusive socio-economic value in tribal nations | 1. Determine the relationship between the intensity of tribalism and its impact on gender-based organizational goal achievement.<br>2. Develop a model testing the above relationship.<br>3. Develop a framework of overcoming the paradox of organizational identity through managing social identities. | Quantitative |
| 3 | To explore how and what social and economic value is created or destroyed in tribal contexts, and how MFIs have been received in tribal contexts | 1. Examine the role of tribal identities and their influence on economic and social value creation through microfinance programs.<br>2. Develop a grounded theory of tribal value creation. | Qualitative |
| 4 | To conceptualize a practical framework that international organizations can use when seeking to build inclusive socio-economic value in tribal contexts | 1. Develop a model of overcoming socialization for greater value creation in organizations. | Conceptual / Theoretical |

### 1.6 Overview and Rationale of Research Methodology

Chapter 2 employs the quantitative research method of structural equation model to test the relationship between organizational identification and gender-based organizational goal achievement of MFIs operating in tribal contexts. This method is preferred as Organizational Identification (OI) is a latent variable that is proxied by four indicative measures. We test this relationship using MFIs as described earlier, because around 70% of the global microfinance loan portfolio is domiciled in tribal nations (Convergences, 2024). Consequently, we use a sample of 376 microfinance institutions (MFIs) across 45 tribal nations between 2010 and 2018 that represent around 80% of the global microcredit loan portfolio.

Chapter 3 makes use of qualitative semi-structured research, where the researcher immersed themselves in a tribal nation Kenya, East Africa, seeking to build theory from ground-up using the Gioia methodology (Gioia *et al*., 2013) from the experiences of those who have lived through tribal marginalization. Random sampling was used in this chapter, as well as the utilization of snowballing in order to enrich the sample with informants who were more knowledgeable or better positioned to provide greater insights.

Chapter 4 on the other hand is a conceptual paper that problematizes agency theory to build a framework of moralized value creation. It makes use of in-depth literature review to gather sentiments around agency theory and social identity theory to conceptualize a model that includes the socialization aspect of social identity theory that has been overlooked in remedies to agency problems such as moral hazard.

### 1.7 Structure of the Thesis

As mentioned above, this thesis consists of three interrelated papers that collectively examine how identity dynamics influence the ability of organizations to create socio-economic value in tribal contexts. The chapters follow a cumulative research design that progresses from identifying a key empirical phenomenon, to uncovering its underlying mechanisms, and finally to proposing a theoretical framework that addresses the challenges identified. To do so, the thesis follows a progressive analytical structure.

First, Chapter 2 empirically identifies what is conceptualized as a paradox of organizational identification in tribal contexts. The paradox demonstrates that while organizational identification can enhance gender-based goal achievement, the presence of strong social identities complicates this relationship. This paradox limits the uptake of

gendered economic opportunities, while also leaving organizations unfulfilled, as their goals suffer from suboptimal uptake.

Building on this insight, Chapter 3 explores the mechanisms underlying this paradox by examining how marginalized actors navigate identity constraints through identity work. This results in the conceptualization of selective assimilation as a signalling process, undertaken to access and scale socio-economic opportunities, despite tribal identity limitations.

Finally, Chapter 4 develops a theoretical framework of Moralized Value Creation, which integrates socialization and morality into agency relationships to explain how organizations can create sustainable socio-economic value in socially embedded contexts.

Collectively, the thesis advances management and organization studies by demonstrating that effective value creation in tribal contexts requires organizations to engage with, rather than ignore, the social identities and norms that shape economic participation.

### 1.8 Contributions of the Thesis and Generalizability of the Thesis

**Chapter 2** titled: "**Overcoming the Paradox of Organizational Identity: Findings from the Microfinance Ecosystem**", was accepted and presented at the 2024 European Group for Organizational Studies (EGOS) conference in Milan, Italy. The paper has also been presented at the 2023 Organizational Design Community's Online Idea Workshop and the 2023 5th Haifa Social Science Conference, for which the paper won the best presentation award.

The paper investigates the level of success the promise microcredit has had in fostering female economic empowerment through the provision of microcredit. The paper found that there appeared to be a glass-ceiling of penetration of the number of female borrowers. This led to the inference of a *spectrum of social and organizational identity*, that contributes to the notion of identity fusion within social identity literature. The paper suggests that in tribal contexts, identity fusion between the organizational identity of MFIs and tribal identity, is made difficult because the OI challenges the social norms in tribal nations. This results in the glass-ceiling effect of gender-based organizational goal achievement. Consequently, the paper proposes that organizations should be aware of the *paradox of organizational identity*, where a foreign organization may opt to impose its organizational identity, which may face rejection through social sanctioning in these contexts. The paradox therefore arises where the organization deems its own identity as logically sound and rational,

but it contradicts the social identity of where the organization is situated, thereby exposing it to unacceptability, resulting in minimal acceptance and socio-economic value creation.

**Chapter 3**, titled: "**Embracing Selective Assimilation for Social and Economic Mobility: How Marginalized Actors Signal Tribal Identity to Take Advantage of Identity Opportunities,** was accepted and presented at the 2025 European Group for Organizational Studies (EGOS) conference in Athens, Greece. The paper offers findings as to how actors engage and identify with organizations (MFIs), and how they survive marginalization to scale social and economic mobility. The paper finds three emerging themes: One of *tribal identity as a socio-economic straitjacket* that inhibits socio-economic mobility of tribal actors, despite the existence of organizations such as MFIs that seek to create socio-economic value in tribal contexts. Another theme of *hierarchical permeation of tribal identity* also appears despite an emerging theme of a *youthful and resilient positivity* towards tribal expectations and roles. These 3 themes inform us of how tribal actors engage with identity work, leading to the contribution to identity literature, that tribal actors engage in *selective assimilation* which is a belief-signalling identity performance. This performance is undertaken because tribal actors cannot subjectively change their tribal affiliation that they inherited through kinship (Mafeje. 1971). Instead, they signal membership to in-groups through three avenues: (1) inter-marriage, (2) language speaking, and (3) undertaking in-group economic activities, each with varying degrees of signal strength. Further, the younger generation are not inclined to selectively assimilate since they are tribe indifferent. This is because of the historical tribal violence witnessed, leading to a desire to break free from tribal expectations and roles, resulting in the paper's inference of a *transience of tribal identity*. Organizations can benefit from understanding how tribal actors in these contexts engage in identification, as this may limit the ability in which organizational identification may be taken up, and which demographic to target.

**Chapter 4** consists of a conceptual paper titled: "**Towards a theory of Moralized Value Creation - Incorporating Social Conditions/Socialization and Morality in Agency Theory Assumptions**." The paper was accepted and presented at the 84th Annual Meeting of the Academy of Management - August 2024 in Chicago, Illinois; and the 50th 2024 AIB UK&I Conference at the Aston Business School, Birmingham, United Kingdom.

An abridged version of this paper showing its practical implications and knowledge exchange with, and for, MNEs and International Business practitioners seeking to expand operations into tribal contexts such as Africa, has been published in the Academy of International Business (AIB) Insights journal (https://doi.org/10.46697/001c.126939).

The paper contributes to agency theory by offering a novel framework – the Moralized Value Creation (MVC) framework - which proposes how we can incorporate socialization to create moral value for the society as well as the natural environment. The paper conceptualizes *socialized moral hazard (SMH)* as an addendum to conventional moral hazard. SMH arises when an agent (subsidiary) with superior knowledge of a situation, acts against not only the interest of their principal (parent), but also that of the society and natural environment, due to pressures arising from the socialization within and around organizations, causing the agent to act immorally. The Moralized Value Creation (MVC) framework operationalizes morality and socialization in overcoming SMH, and the thesis in overall theorizes that when the MVC Model is operationalized, the Paradox of Organizational Identity as pointed out in the first paper, may be overcome, as social identities and social norms existing where organizations operate are incorporated in the value creation processes as opposed to being ignored entirely. Summarily, the thesis advances an identity-based perspective on organizational value creation in identity-intensive development environments.

However, as much as this thesis focuses on MFIs operating in tribal contexts, the insights generated herein could extend beyond this specific empirical setting. Tribal societies represent a particular form of identity-intensive context, where ethnicity, kinship, and community affiliation strongly shape economic participation and social norms. Similar identity dynamics are present across many parts of the Global South, where development initiatives frequently operate within environments structured by salient social identities.

While the specific manifestations of tribal identity are context-dependent, the broader mechanism explored in chapter 2, of identity misalignment between organizations and communities, could be generalized to other settings where social identities influence economic and organizational life. Settings such as professional workplaces and religious communities could strongly influence one's identification with an organization, thereby resulting in sticky identity fusion. On the other hand, mechanisms highlighted in chapter 3 and 4 of identity work undertaken by marginalized actors, and the role of social conditions in shaping organizational value creation, could perhaps hold in identity-intensive contexts where socialization and group expectations and norms are heavily guarded by social controls such as social sanctioning.

**Chapter 5** provides a concluding summary of the thesis by revisiting the research aims and objectives with the findings of chapter 2, 3, and 4. The chapter further details the theoretical and practical implications of the thesis, the generalisability of findings, while also giving potential avenues for future research.

# 2. The Paradox of Organizational Identification: Findings from the Microfinance Environment.


## Abstract

**Research on organizational identity has often analysed its effects on performance, employee retention, and goal attainment. However, few examinations have assessed goal attainment in instances where the goal of an organization defies the social identity and norms in the operating environments of organizations. Moreover, tribal contexts have further been overlooked from mainstream examination and theorization. Therefore, this paper develops and tests a model of how organizational identification is influenced by social identity processes in tribal contexts, thereby affecting the achievement of an organization's goal. Using a sample of 376 microfinance institutions (MFIs) across 45 tribal nations between 2010 and 2018, the paper finds that organizational identity is directly related to the achievement of MFIs' goals to pursue increased female borrower participation in economic activities. It is also found that the relationship between organizational identity and gender-based organizational goal achievement was negatively and partially mediated by the intensity of social identity of these organizations' host societies. A high intensity of social identity is perceived to limit the extent of organizational identification, resulting in an unpierced ceiling of gender-based goal achievement over time. The implication is that despite the fluidity of the identities of individuals and organizations, these identities are only flexible to the extent that the social identity of the host society of an organization allows. This inhibits the host societies' commitment to an organization's goals and collective action towards social change.**

## 2.1. Introduction

Existing social identity theory (SIT) assumes that "people have multiple identities that are generally fluid and rarely coherent and that identities are of interest to processes of organizing and our understanding of them" (Brown, 2021, p. 9). These multiple social identities may extend to an organizational context, where organizations also form part of the identities from which individuals may gain value through membership (Syakhroza, Paolella, and Munir, 2019). With regards to organizations, individuals tend to acquire a sense of belongingness to a specific organization which is known as organizational identity (OI). OI is defined as the "individuals' knowledge that they belong to particular organizational groups together with the emotional and value significance of that group membership" (Cornelissen, Haslam and Balmer, 2007, p. S6).

Recent studies have assessed how the influence of personal identity multiplicity affects professional networking (Ingram, 2023) and organizational identification (Lee, Kim and You, 2023, Kouamé, Hafsi, Oliver and Langley, 2023). However, these studies do not consider societies from the global south that have far greater fractionalization, which affects individual identities. By fractionalization, the paper refers to the likelihood that "two randomly drawn individuals belong to the same" ethnic group (Alesina and La Ferrara, 2005, p. 764). Therefore, the fluidity of identity assumed in SIT may be constrained in highly fractionalized contexts where deeply embedded social identities exert strong normative influence.

Researchers find that social norms are rooted in religion (e.g., interpretation of interest-bearing financial products and female seclusion), communities (e.g., learning and following from others), and episodic memory from past experiences (Whitehouse and Lanman, 2014). These norms have recently been referred to as descriptive social norms that govern the behaviour of individuals or groups as a collective (Burzynska and Berggren, 2014; Chang, Milkman, Chugh, and Akinola, 2019). Social norms also govern gender roles which are inculcated in individuals from infancy and childhood (Martinez, Osornio, Halim, and Zosuls, 2020).

Consequently, it may be difficult, but beneficial, to establish an OI that integrates the fractionalization of its host country – fractionalized Social Identity (SI) (Cornelissen *et al*., 2007; Haslam *et al.*, 2006). An integrative OI is one that integrates its host society's SI. Establishing such an integrative OI is useful in "legitimizing the organization [e.g.,

microfinance institutions (MFIs)] for stakeholders in its environment" (Cornelissen *et al*., 2007, p. S6). Nevertheless, differences in OI and SI may cause "identity tensions" in group members which may promote nascent (or support prevailing) organizational forms (Brown, 2019, p. 12). Difficulty in legitimizing the OI against the backdrop of existing social identification may cause a conflict of identities among group members. For example, Essers and Benschop observe that "when gender, ethnicity and entrepreneurship intersect, contradictions emerge" (2007, p. 64).

Given the fractionalization in tribal societies, tribal identities as social identities in fractionalized societies in the developing world may perpetuate tribalism. For organizations operating in fractionalized contexts, it may prove beneficial for an organization to incorporate elements of tribal identities into their goals to ease the assimilation of organizational identification. Organizational goals are the "desired organizational outcomes that can be used to guide action and appraise organizational performance" (Kotlar *et al*., 2018, p. S4).

We therefore seek to test whether organizational identification affects gender-based goal achievement in tribal contexts, especially when the goal may create tensions with existing social norms. This tension is especially salient in the microfinance sector. Microfinance institutions (MFIs) have historically positioned women's economic empowerment as a central organizational objective. Female participation is not incidental but foundational to the microfinance model (Yunus, 1999). Gender inclusion and enhancing female economic participation outcomes therefore form a core strategic and normative goal of MFIs. However, in highly fractionalized tribal societies where gendered roles are socially entrenched, the promotion of women's economic participation may contradict dominant social identities and norms.

This chapter argues that the intensity of tribal identity moderates the relationship between organizational identification and gender-based goal achievement in MFIs. While SIT suggests that identities are dynamic and negotiable, strong tribal identity may limit identity fusion with organizational identity (Swann and Buhrmester, 2015). We argue that is particularly the case when organizational goals challenge gender norms embedded in tribal social structures. Under such conditions, employees and stakeholders may resist or selectively implement organizational directives aimed at increasing female participation.

Therefore, this paper extends investigations in the global south on microfinance contexts and gender-related outcomes and limitations (Zhao and Wry, 2016), by investigating the impact of the intensity of tribal identities on the relationship between organizational identification and gender-based organizational goal achievement (GOGA). GOGA refers to

the extent to which microfinance institutions achieve their intended gender-related development objectives, particularly expanding women's access to financial services and economic participation.

To do so, a structural equation model (SEM) was developed, drawing on a sample of 376 MFI across 45 tribal nations between 2010 and 2018. This model tests the notion that individuals' identities are indeed dynamic and fluid, allowing for a positive relationship between OI and GOGA However, this effect is diminished as the intensity of tribal identity increases.

We argue that, when there is a strong intensity of tribal identity, OI is not easily taken up by members of the society due to a contradiction between SI and OI. The OI of organizations situated in tribal societies is contestable and may be deemed void and unacceptable, especially when it contradicts the social norms in the operating context. This triggers the *paradox of organizational identity* where an organization's OI is logically sound and rational, but it contradicts the SI of tribal societies in which the organization operates. Hence, organizations can experience a tension over whether they should impose their own OI or assimilate some aspects of SI into their OI to increase the likelihood of identity fusion. Identity fusion is the alignment to a group where high fusion results in a motivation to promote in-group behaviour, particularly when the group characteristics are salient (Swann and Buhrmester, 2015).

Our research makes three novel contributions. First, through the SEM model, the paper highlights the mediating role of tribal identity in facilitating MFI organizational identification and, thereby, limiting gender-based organizational goal achievement. These further stresses the need to pursue integration between social and organizational identities (Lee *et al*., 2023) to avoid the paradox of organizational identity. The paradox of organizational identity could result in the unintended rejection of OI, making it difficult for an organization to achieve its goals. This has implications particularly for foreign organizations operating in tribal nations where tribal identities are salient and strong, as their goals may face rejection and poor uptake.

Second, the paper adds to identity literature by extending the argument of identity fusion (Swann and Talaifar, 2018). This research posits a spectrum of social and organizational identities with which individuals identify within an organization, depending on the intensity of SI. When the intensity of SI is high, identity fusion with OI becomes difficult. When identity fusion does not take place, individuals reject OI, limiting an organization's capability to affect its goals. This has implications for organizations to ensure intentionality

in the coherence of employees' social and organizational identities to maximize collective action in bringing about the desired change purposed by organizations.

Third, the paper also contributes to SIT by incorporating tribal identities as a more grounded form of SI. Although the paper agrees that identities of individuals are generally fluid (Brown, 2021), it contends that the fluidity is dependent on the host society's intensity of SI. A high intensity encourages the prevalence of social norms, which is a deterrent to the achievement of an organization's goals, particularly when the goals challenge these social norms, explaining the persistence of the gender gap in the microfinance ecosystem. Therefore, it would be difficult to incorporate an OI that incorporates elements of SI, but it is beneficial to increase the likelihood of identity fusion. The likelihood of identity fusion can be increased by organizations carrying out an identity exploration that aids in overcoming the paradox of organizational identity and, consequently, results in a higher likelihood of attaining its goals.

**2.2. Theoretical Context**

SI researchers assess the dynamics of identity on organizations (Ashforth and Mael, 1989; Brown, 2015; Cannella, Jones, and Withers, 2015; Syakhroza, Paolella and Munir, 2019), on households (Gupta, Mallick, and Mishra, 2018), and on individuals (Mael and Ashforth, 1992). However, Ashforth and Mael (1989, p. 20) contend that the OI is a key tenet in determining individual satisfaction and the effectiveness of an organization. OI researchers found that corporate identities which have a global perspective may not be fully diffused into personal identities, as national identities pose a threat to a globalized corporate identity (Lee *et al*., 2023).

OI is premised on the fundamental features of an organization that distinguish it from other organizations. Features such as an organization's core values, goals, and purpose dictate the reputation of the organization and what sets it apart from other organizations. How an organization achieves its goals and purposes is articulated in its vision and mission. These contribute to how individuals define and identify with an organization (Gioia, Price, Hamilton, and Thomas, 2010).

Buil, Martínez and Matute (2019) argue that the onus falls on the leadership of organizations to influence stakeholders to gain a strong organizational identification with its goals and interests. Ashforth and Mael (1989) contend that organizational identification may satisfy individuals' motives for existence, particularly if the organization symbolizes or concretizes characteristics that resonate with the individual—in this case, their SI.

Hence, organizational identification occurs when members of organizations perceive their own identity in tandem with that of the focal organization. Subsequently, they define themselves in terms of the values of the organization and hold high regard for the mission of their organization (Besharov, 2014). A strong organizational identification then serves as a platform from which change is brought about in the host society (Leung, Zietsma, and Peredo, 2014). This change aligns with the goals and purposes of the organization through facilitating collective action by "constructing and maintaining identities" (Kärreman and Alvesson, 2001, p. 80).

### *2.2.1 Identity Fusion*

The notion of identity fusion is central to our theoretical development as it involves the level to which actors identify with various identities and the extent to which they promote in-group behaviour of a given group they identify with (Swann and Buhrmester, 2015). In this paper, we focus on social and organizational identities and how these two interact to cause organizational goal outcomes. We borrow from Brown (2021, p. 9) who posits that (i) individuals have multiple identities that are "fluid, and rarely fully coherent" and (ii) identities are integral to the organizing process.

Due to actors having multiple identities, stable identities are only a momentary achievement (Ybema, Keenoy, Oswick, Beverungen, Ellis, and Sabelis, 2009) as individuals are constantly constructing and deconstructing themselves, a process better understood as "becoming rather than being" (Sveningsson and Alvesson, 2003, p. 1164). The dynamism of an individual's identities has the capacity to impact their lives, the organization they are employed in, and their experience therein (Thatcher *et al*., 2023).

The dynamism of an individual's identity may, however, be dictated by identity fusion. Those strongly fused individuals tend to remain in alignment with their group identification (Swann, Gomez, Seyle, Morales and Huici, 2009). Contrastingly, weakly fused individuals are not inclined to promote in-group behaviour, and their identification with a certain categorization is feeble. Thus, when identity fusion occurs, the personal identity and the social or organizational identities become permeable, resulting in a synergistic relationship (Swann and Talaifar, 2018).

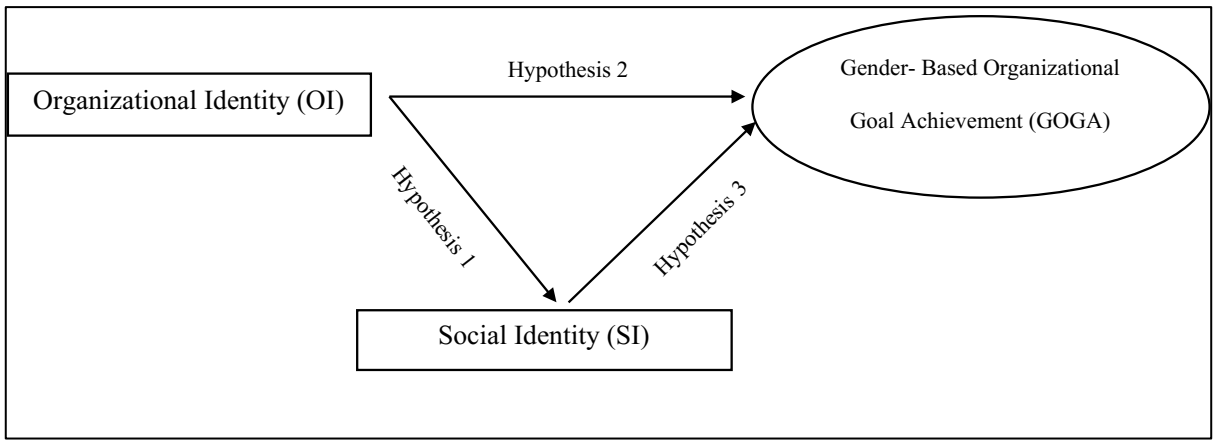
Identity fusion is difficult to achieve in some areas where social identities are salient, thereby limiting integration between different social categorizations (Swann *et al*., 2009). For example, identity work exhibits the effects of social identities in alienating individuals into minority groups in India. These effects are, however, minimized through increased education

levels which allow for greater integration with members of other castes and religions (Gupta *et al*., 2018). There are also findings that suggest that individuals in multicultural social class categorizations have a higher likelihood of fusion by interacting with college-level graduates before joining college (Herrmann, Varnum, Straka, and Gaither, 2021). Multi-socio-cultural environments like those found surrounding tribal communities such as the Maasai, Zulu, Hausa, Yoruba tribes in Africa, give us a unique setting to study the idea of identity fusion. Africa boasts over 3,000 tribes (Adams and van de Vijver, 2017), each tribe harbouring their unique social norms (Awoniyi, 2015), and speaking their own language, in distinct dialects (Blommaert, 2007).

### 2.3 Hypotheses Development

**FIGURE 2.1**

**Mediating Effect of Social Identity on the Relationship between Organizational Identity and Gender-Based Organizational Goal Achievement**




The model above (see Figure 2.1) forms the conceptual basis of the hypotheses that are developed herein. The model integrates the intensity of social identity, which will extend our understanding of how the relationship between OI and the (un)attainment of an organization's goals is affected by SI. This model is vital to organizations that pursue goals which defy the social norms of the organization's jurisdiction, situation, or context. This is because the pursuance of organizational goals that defy social norms may face challenges when it comes to individuals identifying with the organization, as the organizational goals challenge their social identities. Consequently, the hypotheses developed address the following research questions. First, what is the level of gender-based goal achievement in tribal and rural societies in the setting under examination? Addressing this question will help us to take stock of the gender-based goal achievement in the context of this research paper.

Second, the paper seeks to answer the question whether a relationship between OI and the level of gender-based goal achievement exists, and third, whether host society's SI mediates this relationship at all.

### *2.3.1 Effect of Organizational Identity on Social Identity*

A strong organizational identification has been argued to serve as a platform from which change is brought about in the host society (Leung*,* Zietsma, and Peredo*,* 2014). This change aligns with the goals and purposes of the organization through facilitating collective action by "constructing and maintaining identities" (Kärreman and Alvesson, 2001, p. 80).

Finding leaders and directors of organizations that will readily identify with a firm and legitimize its OI is, however, not an easy task. Scholars argue that young technology start-ups recruit with a specific employment relation (Hsu and Hannan, 2005) while lone-founder firms and family firms seek out directors that have similar experience (Cannella *et al*., 2015). The prevalence of social identities of individual members in an organization negatively affects the "organizationally situated self-definitions" (Ashford and Mael, 1989, p. 27). Self-definition is the perception of oneself with regards to the OI. Cannella *et al*. (2015) argue that these self-definitions are a key driver in the desire to maintain control and direct the priorities that leaders of organizations may have. Thus, in the event of weak organizational identification, cooperation and commitment may be adversely affected (Borgerson *et al.,* 2006), subverting management goals (Akerlof and Kranton, 2005), and may increase turnover intent (Cannella *et al*., 2015).

These self-definitions may also arise from the social categorizations that actors may have imposed on them. In this case, the tribal identities inherent in tribal contexts. Tribal identities may lead actors to have increased conformity to social norms in tribal contexts mainly because of (i) community pressure and social sanctioning (Barsoum, 2006; de Aghion and Morduch, 2005; Griffin, 2009); (ii) inadequate property rights stemming from social group beliefs where female participants are deemed inadequate to own resources (Duflo, 2012); and (iii) negative scrutiny from community members (Chang *et al*., 2019). These social pressures support or drive human behaviour and, thus, (un)knowingly produce and maintain social norms. Consequently, individuals and societies alike absorb these social norms over time (Ybema, 2020). Hence, community disapproval of programs challenging social norms may impede the uptake of programs such as microfinance.

It has also been shown that increased organizational identification is positively associated with prosocial behaviours (Tidwell, 2005) as well as social courage (Holmes and

Howard, 2022). However, increased organizational identification may actually result in higher intensities of tribal identities and a desire to maintain social norms due to social sanctioning threats, especially the case when the organizational identity is opposed to social norms. (Barsoum, 2006; Chang *et al.*, 2019; Karim, 2008).

Some academics have studied these cultural ties and their appearance as societal logics and their capacity to impact organizations that seek to address societal inequalities. Zhao and Wry (2016) assessed how microfinance institutions may be impinged in their mission to increase female participation in economic opportunities through microloans. In their research, they explored how patriarchy perpetrates increased marginalization which affects microfinance lending. They find that patriarchy transcends religion, family and indeed organizations. While tribes and tribal identities encompass these social norms, different tribes encompass different tribal norms. This is especially the case because individuals long for a sense of belonging and acceptance within their own category. Therefore, they tend to subscribe to rather than violate descriptive social norms (Chang *et al*., 2019). Doing so may influence the acceptance levels of prosocial propositions that organizations such as microfinance pursue.

In this case, the social norm that is challenged by microfinance institutions is female economic empowerment. Based on the above, we propose the following hypotheses:

***Hypothesis 1.*** *Organizational identity has a positive effect on the intensity of tribal identity.*

### *2.3.2 Effect of Organizational Identification on Organizational Goal Achievement*

Cannella *et al*. (2015) state that organizations are a key group in which employees define and identify themselves as members. An individual whose OI is more salient than other identities strongly identify with that organization (Dutton *et al*., 1994). The reverse holds for a weak organizational identification. Strong identification results in an increased likelihood to stay with an organization (Ashford and Mael, 1989; Dutton *et al*., 1994). Research shows that organizational identification helps in the achievement of an organization's goals through boosting commitment to the organization (Foreman and Whetten, 2002), increasing job satisfaction and creativity (Ashforth, Harrison, and Corley, 2008), and adjusting to the changes in the environment (He and Baruch, 2009). Some argue that these benefits may be offset by organizational identification incompatibility arising from multiple incompatible goals (e.g., King, Dawson, West, Gilrane, Peddie, and Bastin, 2011),

or the adoption of incompatible commitments to the stakeholders of the organization (e.g., Gioia, 2000).

However, this organizational identification incompatibility has not been assessed as arising due to the host society's intensity of social identity. In the context in which we examine organizational identification and goal attainment, we assess this effect across the entire microfinance ecosystem i.e., board members, employees/loan officers and managers. Here, we hypothesize a difference in the level of goal attainment, which is to increase female participation in economic activities. Such a discrepancy across the ecosystem, we argue, may arise as a result of an organization's missions, values, and principles being rejected depending on how actors in a given context enact multiple identities and logics within, and surrounding organizations.

Battilana and Dorado (2010) and Wry and Zhao (2018) assessed how organizations can be hybrid organizations, i.e., they establish a balanced organizational identity, that combines the institutional and societal logics within various contexts. This is amidst research that has tended to focus on individuals enacting identities as opposed to entire organizations enacting amorphous identities. Identity work in organizations finds that employees may take both legal and illegal actions in enacting their desired identities (Anteby, 2008). These desired identities and the carrying out of illegal actions may reveal the employees' preferred identities. Other academics conceptualize an identity-based incentive model whereby an employee's identity and monetary incentives are complementary (Akerlof and Kranton, 2005). In such a model, identification as an insider in an organization increases the employee output, thus increasing profitability and employee compensation. Accordingly, we propose the following:

***Hypothesis 2.*** *Organizational identity has a positive effect on gender-based goal achievement, especially among the board members, loan officers and managers, compared to the borrowers.*

### *2.3.3 The Mediating Role of Tribal Identity on Gender-based Goal Achievement*

Recent literature sheds light on the consequences of the SI of organization members on various aspects of organizations such as control and influence (Cannella *et al*., 2015), minority employees' responses to mega-threats (Leigh and Melwani, 2019), and organizational response to change (Syakhroza *et al*., 2019). Within this literature, there are also investigations into how these organizational aspects are influenced by the social and organizational identities of both the individuals and organizations alike (Ashforth and Mael,

1989). Individuals often display and enact various facets of their identities for different audiences (Ybema, 2020). That is, an individual can turn on/off a lens that is a part of their SI when they step into an organizational situation. Organizations often wonder how to best synchronize or achieve harmony with their employees' identities to enable effective undertaking of their duties (Kreiner, Hollensbe, and Sheep, 2006).

Cornelissen *et al.* (2007) are proponents for the crucial balance between a host society's SI and the internalization of OI. They state that this is crucial for the organization to effectively translate its purpose to its employees and embed this into the goals, structures, products, goods, and services they offer that are in harmony with their SI.

Given that organizations are situated in social environments, consideration should be given to the host society/environment. Ashforth and Mael (1989, p. 21) argue that social identification serves a purpose of "providing the individual with a systematic means of defining others", while creating order in the social environment. Tajfel and Turner (2004) suggest that, when SI is unsatisfactory, an individual may seek to change their existing group or categorization, although this holds more in some instances than in others.

Tribes exist as a form of social category. Social categorization is an element of a society's SI, whereby actors subconsciously favour members of their social group to gain acceptance within their category (Mafeje, 1971). Members define themselves with regards to their tribe's rituals, dialect, culture, and kinship. Jacobson and Deckard (2012) argue that tribalism is a social and political reality where citizens of a nation ascribe to membership of groups (e.g., tribes), as opposed to national allegiance. Tribalism is, thus, the loyalty to the tribe whereby the people pursue interests of the tribe for self and for the benefit of fellow tribesmen, with others' interests coming secondary. Grossman (2010, p. 1) posits that tribes consist of peoples that "have a strongly localized orientation, tied to a particular place. Their traditional societies are based on a common culture, dialect, and kinship ties (through single or multiple clans)".

Consequently, in highly fractionalized tribal societies, gender roles are often embedded within deeply institutionalized social norms (Martinez et al., 2020; Whitehouse & Lanman, 2014). Tribal identity structures prescribe expectations regarding female economic participation, property ownership, and public engagement (Duflo, 2012). In such settings, promoting female inclusion may challenge prevailing descriptive norms and expose actors to social sanctioning (Barsoum, 2006; Chang et al., 2019).

Meanwhile, gender inclusion represents both a normative commitment and a strategic objective, given evidence linking female lending to higher repayment rates and improved

household welfare (Zhao & Wry, 2016). Accordingly, gender-based inclusion constitutes a core indicator of gender-based organizational goal achievement in MFIs.

This creates a tension between tribal identity and organizational identity, which may constrain women's economic participation. The effectiveness of OI in achieving gender-based goals therefore depends on the intensity of tribal identity within the host society.

Through a social distance approach, Gupta *et al.* (2018, p. 155) looks at whether an individual's sense of "belonging and aloofness" from a desirable outcome (SI) determines the welfare of an individual. They specifically focus on the religion and caste of an individual, both of which are determined at birth, and find that those marginalized (low caste individuals) and minority religions remain isolated despite 25 years of economic reform to tackle this inequality. Gang, Sen and Yun (2017) find that members of out-groups (marginalized communities in the caste system in India) were predominantly engaged as agricultural laborers and had low workplace mobility, signaling a difficulty in improving life's circumstances given one's SI.

Syakhroza *et al.* (2019) further note that an individual's identities are multifaceted, and multidimensional, but the facets and dimensions may assume more salience in some settings. This action is referred to as a "temporary identity truce" where individuals may bring to the fore a mystic identity to mitigate "the experience of contradictions" to maintain the status quo (Giorgi and Palmisano, 2017, p. 797).

For example, there were occasions when the OI of the US microbrewery industry had been rejected by consumers of local malt beverage due to the industry's concealment of OI (Carroll and Swaminathan, 2000). This occurred because local consumers preferred the true OI of locally sourced breweries over the OI of large brewer corporations that make use of mass production techniques (Carroll and Swaminathan, 2000). This dissatisfaction among consumers indicates that large corporations often fail to attain legitimacy with their OI because of locals seeking social and status approval by rejecting this identity (Carroll and Swaminathan, 2000).

In MFIs, where women's empowerment is central to organizational purpose, stronger OI should translate into greater commitment to recruiting, serving, and promoting women across institutional levels. Board members may prioritize gender-sensitive governance; managers and loan officers may actively pursue female outreach; staff may implement inclusion policies more effectively. However, this effect may vary across the microfinance ecosystem, where social sanctioning forces may force limited uptake of gendered-empowerement.

Thus, we propose:

***Hypothesis 3.*** *Increased organizational identity leads to increased intensity of tribal identity which then results in the nonfulfillment of gender-based organizational goals, more so among borrowers, compared to board members, loan officers and managers.*

## 2.4 Methodology

### *2.4.1 Research Setting*

This paper studied the phenomenon of tribalism as a proxy for fractionalized social identity i.e., tribal identity. Tribal identity in the context of MFIs was chosen for four reasons. First, microfinance operates in rural and tribal contexts where social identities in these societies are fractionalized, salient, and contested. These rural and tribal areas act as host societies for MFIs, which, it was found that around 70% of the global loan portfolio is domiciled in tribal societies (Convergences, 2024).

Second, many MFIs began operations as "social entrepreneur/founder-dominated" institutions that opted to promote female entrepreneurship through microfinance (Council of Microfinance Equity Funds, 2012, p. 11; Premchander, 2003). MFIs act as advocacy groups and agents of social change (Pandey and Sharma, 2017), becoming important social policy players (Gugerty, 2008) that explore ways of reducing inequalities in rural and tribal societies.

Third, MFIs in developing countries operate chiefly as NGOs (D'Espallier, Goedecke, Hudon, and Mersland, 2017). They operate under self-regulation, with governments often constrained from enforcing centralized rules and laws for NGOs (Gugerty, 2008). Self-regulation means that MFIs pursue their mission and employ directors at board level. These boards are tasked with managing the operations of organizations while articulating their OI (Cornelissen *et al*., 2007).

Fourth, MFIs provide an intriguing context as their goal challenges existing social norms in tribal societies, especially those norms centred around female empowerment and participation in economic activities.

### *2.4.2 Measures and Sample Selection*

Female participation outcomes are central to the pro-social goal and mission of microfinance, which has been normatively framed around financial inclusion of women. Since its inception, microfinance has explicitly targeted women as primary beneficiaries, grounded in the dual objectives of poverty alleviation and women's economic empowerment (Yunus, 1999; de Aghion and Morduch, 2005; Cull *et al.,* 2016). This goal is reinforced not

only within the industry but also at the global policy level. The United Nations Sustainable Development Goals (SDGs), and the World Economic Forum (WEF) link financial inclusion to both SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). The UN identify women's access to financial services and economic participation as measurable development targets. Microfinance institutions are frequently positioned as implementation partners in advancing these goals, particularly in emerging economies where formal banking access remains limited.

Evidently, global microfinance reports have consistently tracked the proportion of female borrowers as a primary sector-level performance indicator (Convergences, 2019; 2024). At the time of data analysis, approximately 140 million microfinance clients were served globally, of whom 80% were women (Convergences, 2019). Although this proportion declined to roughly 60% of 142 million clients by 2023 (Convergences, 2024), gender composition in economic opportunities remains a core benchmark used by industry networks, development agencies, and social performance standards. The World Economic Forum (World Economic Forum [WEF], 2025) state that it will take 162 years, to close the gender gap in economic participation at the current pace, with gender parity being achieved in the year 2188.

We therefore treat female participation as an operationalized proxy for gender-based goal achievement, especially within the microfinance ecosystem. The gendered financial representation across the microfinance ecosystem, and not only MFI borrowers, reflects the extent to which institutions prioritize and operationalize outreach to women.

Thus, we use four proxies to capture gender-based organizational goal achievement by looking at the level of female participation within the microfinance ecosystem: (1) percentage of female staff; (2) percentage of female borrowers; (3) percentage of female managers; and (4) percentage of female loan officers. These four metrics are chosen for two main reasons. First, MFIs have the relevance and mission to remedy gender-based exclusion" (Drori *et al.*, 2018, p. 395). Second, these four metrics cover the microfinance ecosystem and give a holistic view beyond the borrowers that many microfinance analyses focus on (Angelucci, Karlan, and Zinman, 2015; de Aghion and Morduch, 2000). By using these four metrics, the paper assesses the level to which MFIs' have succeeded in bridging the gender-based gap in economic opportunities in tribal contexts.

Our initial sampling frame comprised all microfinance institutions (MFIs) reporting to MIX Market between 2010 and 2018, totalling more than 3,000 organizations. However, inclusion in the final analytical sample required complete and consistent reporting on our

focal variables (board gender composition), female participation outcomes (staff, borrowers, loan officers, and managers), firm-level financial indicators, and country-level macro-institutional controls. We derived from Zhao & Wry (2016) who, in their assessment of the prevailing patriarchy surrounding the microfinance context, ensured that all measures selected are available across all countries and years.

Applying these criteria yielded a final sample of 376 MFIs operating across multiple countries. The reduction reflects data harmonization constraints rather than substantive exclusion rules. In particular, many MFIs reporting to MIX Market do not consistently disclose board composition or gender-disaggregated staffing information. Moreover, merging firm-level data with controls we add to the test, such as annual country-level indicators including GDP per capita, inflation, real interest rates, further restricted the usable panel to country-years with complete macro-institutional data.

This approach is consistent with prior cross-national microfinance research relying on MIX data, where large initial reporting frames are narrowed considerably once governance, financial, and institutional variables are jointly required (Zhao & Wry, 2016; Wry & Zhao, 2018; Ahlin et al., 2011). Similar studies routinely employ firm size (log total assets), loan portfolio measures, and macroeconomic controls to account for heterogeneity in institutional scale, lending intensity, and national context.

Table 2.1 gives a detailed breakdown of the distribution of MFIs and their host society Tribalism Index. These distributions corroborate Convergences' (2024) Microfinance Barometer, where Latin America and South Asia are the 'hubs' of microfinance activity due to high penetration rates. Figures 2.2, 2.3, and 2.4 give a visual illustration of the composition, patterns and distribution of MFIs globally.

**TABLE 2.1**

**Summary of MFI distribution and Host Nation Tribalism Index**

| Tribalism Index Rank | Tribalism Index Score | Nation | No. of MFI | Gross Loan Portfolio, 2018 (USD) |
|---|---|---|---|---|
| 1 | .995 | Pakistan | 22 | 1,353,845,349.63 |
| 2 | .988 | Afghanistan | 4 | 124,239,347.00 |
| 5 | .913 | Syria | 2 | 21,076,521.00 |
| 7 | .900 | Yemen | 1 | 10,391,243.00 |
| 11 | .863 | Morocco | 5 | 623,662,669.67 |
| 10 | .863 | Iraq | 3 | 124,689,497.00 |
| 14 | .825 | Egypt | 5 | 188,025,581.00 |
| 19 | .800 | Uzbekistan | 3 | 998,066,634.08 |
| 22 | .763 | Kazakhstan | 3 | 51,430,503.00 |
| 24 | .738 | Kenya | 7 | 3,164,364,063.83 |
| 29 | .725 | Nigeria | 7 | 377,461,508.00 |
| 26 | .725 | Cameroon | 4 | 238,212,002.00 |
| 27 | .725 | Ethiopia | 2 | 18,016,507.00 |
| 28 | .725 | Niger | 1 | 2,691,248.25 |
| 33 | .700 | Uganda | 5 | 959,040,717.70 |
| 32 | .700 | Nepal | 8 | 522,871,741.25 |
| 37 | .675 | Mali | 1 | 45,607,790.00 |
| 36 | .675 | Angola | 1 | 6,090,302.00 |
| 40 | .650 | Burkina Faso | 5 | 198,155,429.00 |
| 44 | .638 | Zambia | 2 | 2,564,242.50 |
| 46 | .625 | Indonesia | 1 | 166,141,056.00 |
| 47 | .625 | Malawi | 1 | 1,155,679.00 |
| 50 | .613 | Senegal | 3 | 385,529,591.00 |
| 61 | .563 | Ghana | 5 | 73,335,404.00 |
| 63 | .550 | Bangladesh | 21 | 5,478,407,336.00 |
| 66 | .550 | Mozambique | 2 | 27,066,773.07 |
| 70 | .538 | Cambodia | 15 | 6,295,160,776.00 |
| 72 | .525 | Guatemala | 11 | 300,349,500.00 |

| | | | | |
|---|---|---|---|---|
| 76 | .500 | Peru | 37 | 12,971,641,090.44 |
| 77 | .500 | Russia | 5 | 21,939,854.00 |
| 80 | .488 | Ecuador | 36 | 4,851,801,363.00 |
| 79 | .488 | China | 2 | 189,890,388.00 |
| 82 | .488 | Madagascar | 7 | 186,107,813.00 |
| 86 | .475 | India | 66 | 17,932,479,651.75 |
| 87 | .475 | Philippines | 19 | 961,762,797.63 |
| 88 | .475 | Venezuela | 1 | 826,797,285.00 |
| 94 | .463 | Vietnam | 6 | 8,335,011,843.00 |
| 91 | .463 | Mexico | 13 | 2,154,449,059.00 |
| 93 | .463 | South Africa | 1 | 35,139,024.00 |
| 95 | .450 | Colombia | 16 | 5,154,145,761.00 |
| 98 | .450 | Sri Lanka | 2 | 33,265,987.25 |
| 99 | .438 | Brazil | 10 | 932,936,929.00 |
| 130 | .325 | Poland | 1 | 512,203,590.00 |
| 133 | .300 | Argentina | 2 | 8,084,550.00 |
| 145 | .200 | Chile | 2 | 2,406,817,267.00 |

**FIGURE 2.2**

**Tribal Identity Intensity Distribution by Country**

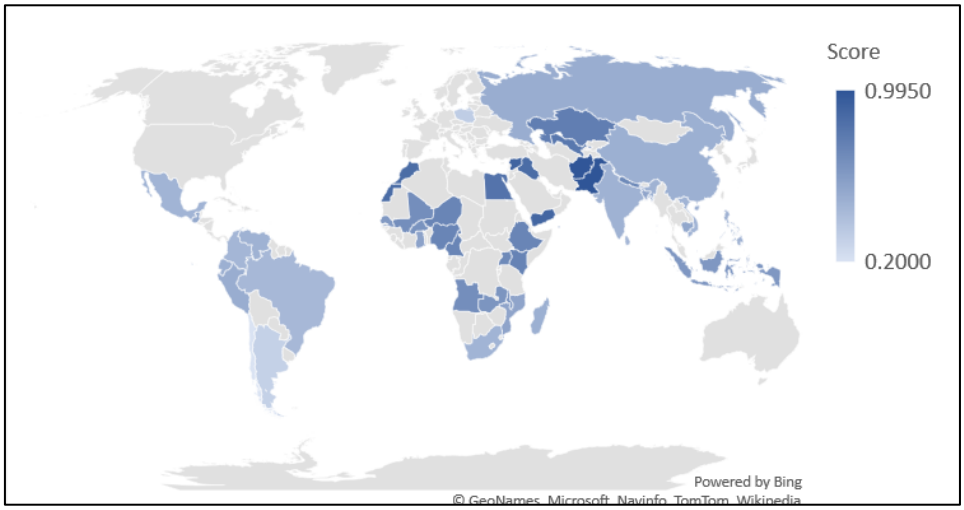


**FIGURE 2.3**

**Global Distribution of MFIs by Number**

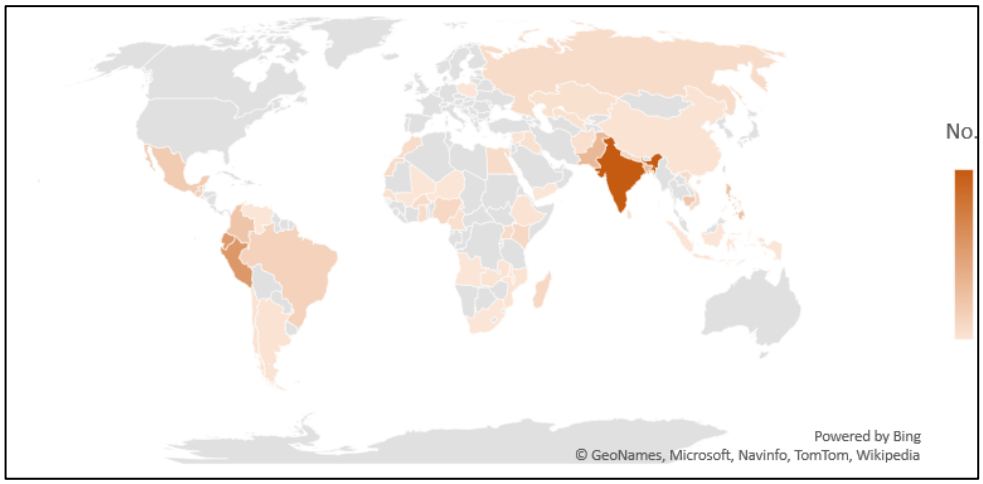
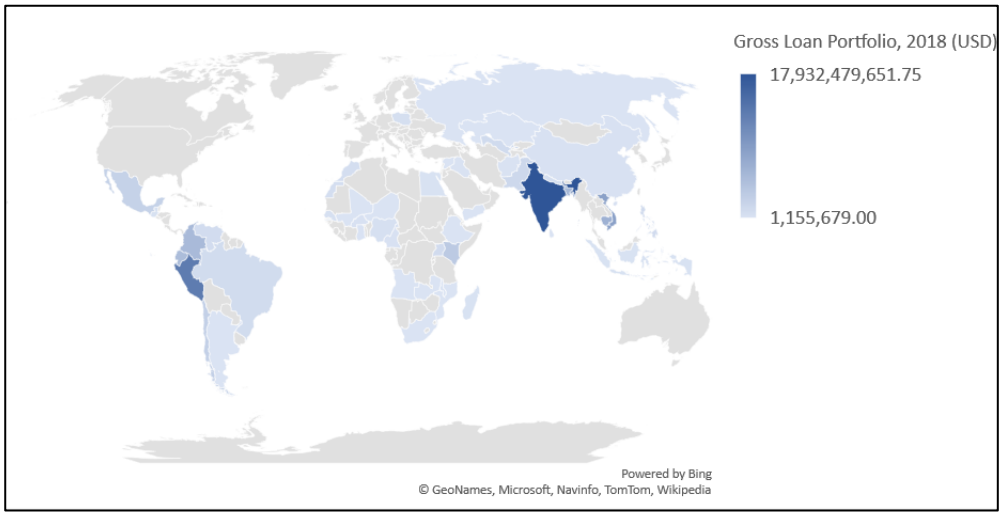



**FIGURE 2.4**

**Global Distribution of MFIs by Gross Loan Portfolio, USD**




***2.4.2.1 Intensity of tribal identity.***

No quantitative measure of tribalism existed until 2012. In response to this, Jacobson and Deckard (2012) constructed their Tribalism Index which has been adopted in studies assessing government effectiveness, and largely in geopolitical extremism. The index is an amalgamation of over two dozen databases covering "gender inequalities, perceptions of corruption, grievance measures, ethnic and linguistic fractionalization and population demographics", with gender inequality being the heaviest weighted factor (Jacobson and Deckard, 2012, p. 8).

The index has been used in wide-ranging analyses. For example, Lawal (2019) examines Nigeria's election results through the lens of geographical and social structures. Asongu and Kodila-Tedika (2017) use the index to assess the effectiveness of government in the implementation and deliverance of their policies. The paper makes use the Tribalism Index as a measure of the intensity of SI in tribal societies. The Tribalism Index measures the intensity of tribalism inherent in various jurisdictions, with scores ranging from 0, which is the lowest intensity of tribalism to 1, which is the highest intensity of tribalism amongst countries.

#### *2.4.2.2 Board diversity.*

Board data is based on MFIs sourced from MIX Market which is one of the data catalogs accessible through the World Bank databases. This data covers 376 MFIs across 45 nations from 2010 to 2018, with the number of MFIs being arrived at as a result of elimination by consequence of full reporting for the entire period under review. This end period is chosen as most MFIs did not fully report 2019 data following the onset of the COVID-19 pandemic. Further, the starting point is taken as the Tribalism Index was established using data in 2010. Thus, only MFIs that are domiciled in countries in the Tribalism Index were included.

The 376 MFIs cumulatively account for a gross loan portfolio of $79 billion, which we found to represent about 67% of the gross loan portfolio from the 3115 MFIs on MIX Market. These distributions corroborate Convergences' (2024) Microfinance Barometer, where Latin America and South Asia are the 'hubs' of microfinance activity due to high penetration rates.

Table 2.2 gives summary descriptive statistics of these indicators outlining the gender diversity inherent in various roles.

**TABLE 2.2**

**Descriptive Statistics**

| Variables | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|
| 1. Number of Borrowers | 206,510.6 | 759,421.4 | 0 | 8,934,874 |
| 2. Number of Loan Officers | 462.203 | 1,501.002 | 0 | 19,001 |
| 3. Number of Board Members | 5.540 | 6.089 | 0 | 120 |
| 4. Percentage of Female Borrowers | .562 | .369 | 0 | 1 |
| 5. Percentage of Female Managers | .203 | .242 | 0 | 1 |
| 6. Percentage of Female Loan Officers | .276 | .290 | 0 | 1 |
| 7. Percentage of Females on Board | .310 | .259 | 0 | 1 |

#### *2.4.2.3 Country-Level and Firm-Level controls.*

Sims (1992) and Berument and Dincer (2008) emphasize the possibility that disturbances in data analysis may stem from elsewhere in the economy. Therefore, controlling for macroeconomic factors that may vary from nation to nation depending on the outlook that the Central Bank has towards monetary policy or fiscal policy and their transmission was deemed necessary. Cox (2016) reports that fiscal policy pushes in Quantitative Easing as performed in the US post-2007 financial crisis resulted in declining growth since then and the second-longest bull market witnessed between 2015 and 2016. Hence, controlling for Monetary Policy transmission by using the Real Interest Rates was also done, as Interest Rates may alter the bottom-line interest rate charged by MFIs and the demand/supply of microfinance facilities in other jurisdictions.

Beyond that, the population's overall wealth may play into this and, as such, controlling for GDP Per Capita was also done. James, Gubbins, Murray and Gakidou (2012, p. 2) argue that there may be significant variation in this figure from country to country, with the variation being "particularly exaggerated in developing countries with low economic infrastructure or unstable economic condition."

Moreover, we also include firm-level controls that take into consideration the size of the MFIs. We do this by using the log of the asset size of the MFIs, while also using the log of gross loan portfolio to control for the operational scale that different MFIs may have. These controls are consistent with prominent country-level MFI analyses in the global south (Zhao and Wry, 2016; Wry and Zhao, 2018).

#### *2.4.2.4 Sample Limitations*

Several limitations follow from this sample construction. First, MFIs with more transparent reporting practices may be overrepresented, potentially biasing the sample toward more formalized or internationally connected institutions. Second, attrition due to inconsistent reporting may introduce survivorship bias if reporting stability correlates with performance or governance quality. Third, reliance on self-reported MIX Market data introduces potential measurement error. Finally, because macroeconomic and governance indicators operate at the country level, unobserved within-country clustering remains a consideration.

Despite these limitations, the final sample reflects the population of MFIs with sufficient governance transparency and data completeness to permit rigorous cross-national analysis. The robustness checks reported in section 2.5.3 and Table B1 in Appendix II, further demonstrate that our core findings are not driven by institutional scale, macroeconomic volatility, or governance quality.

### *2.4.3 Data Analysis*

We perform two levels of analysis to test the hypotheses between the relationships of gender-based organizational goal achievement and OI. First, a simple trend analysis of the percentage mean of female representation across the Microfinance Ecosystem is undertaken to test the hypothesized persistence of social norms by assessing the descriptive statistics of the variables. As Microfinance is primed to target gender inclusivity in financial inclusion, the paper assesses whether there has been a pervasive penetration in their goal to increase female participation in economic activities, not only for the borrowers but across the entire microfinance ecosystem (e.g., board members, employees/loan officers and managers).

Second, the paper adopted a structural equation modelling (SEM) method to test the mediation of SI in gender-based goal achievement. As the dependent variable is a latent construct, it was captured using indicator proxies as listed in the Measures Section (See Section 2.4.2).

SEM is well suited to our research design because it allows for the simultaneous estimation of multiple, interrelated equations that represent theoretically specified causal pathways. Unlike traditional regression techniques, which estimate one relationship at a time, SEM provides an integrated framework that tests whether a set of hypothesized structural paths among variables coheres with the observed covariance structure of the data (Horner, Jayawarna, Giordano, and Jones, 2019).

Further, running a SEM is advantageous as it has the capacity to model both direct and indirect effects within the same estimation procedure. This is important for our study because female board representation is theorized to influence multiple female participation outcomes (Gender-based organizational goal achievement) both directly and indirectly through intensity of social identity (Tribalism Index). SEM explicitly models these relationships and tests the fit of the full system to the observed data, providing a rigorous test of whether the theoretical model as a whole is plausible (Christ, 2014). Lastly, SEM also accommodates latent constructs when necessary and can explicitly model measurement error, improving the validity of inferences about theoretical constructs that are not directly observed (Hair et al., 2017).

Nonetheless, four core assumptions underlie Structural Equation Models. First, model specification must be theoretically justified; our structural paths are developed from extant microfinance literature. Second, SEM assumes that the implied covariance structure approximates the observed covariance matrix; goodness-of-fit statistics evaluate this assumption (Kline, 2016) and are highlighted below for this paper. Third, while SEM traditionally assumes multivariate normality of indicators, the use of bootstrapped standard errors mitigated sensitivity to departures from normality. Fourth, SEM presumes independence of observations; the incorporation of country-level controls and robust estimation further reduces concerns about clustered dependence. Taken together, SEM offers a theoretically aligned and statistically rigorous method for testing our hypotheses.

#### *2.4.3.1 SEM Model Fit Indicators*

In this paper, several model fit indices were used to assess the model fit of the SEM. Kline (2016) suggests that, at a minimum, the model chi-square, RMSEA, CFI, and SRMR should be reported. A chi-square test of independence was also executed. However, the chi-square is sensitive to sample size and non-normality of data. The sample size is 3411 which is above Bergh's (2015) recommendation of a sample size reduction of lower than 1000 for inferences of model fit and chi-square values closer to the degrees of freedom. Accordingly, Standardized Root Mean Square Residual (SRMR) was employed as a descriptive measure of overall model fit to assess to what extent the SEM corresponds to the empirical data (Schermelleh-Engel, Moosbrugger, and Muller, 2003).

We use the SRMR instead of the Root Mean Square Residual (RMR) as the scales of the values of variances and covariances are ignored in RMR values. A rule of thumb is that the SRMR should be <.05 for a good fit (Hu and Bentler, 1995), whereas values <.10 may be interpreted as acceptable (Schermelleh-Engel *et al*., 2003). Further, model comparison

indices were employed to assess the fit of the model to the independence model. The independence model assumes that "the observed variables are measured without error, that is, all error variances are fixed to zero and all factor loadings are fixed to one, and that all variables are uncorrelated" (Schermelleh-Engel *et al*., 2003, p. 39). For this, the paper used the Comparative Fit Index (CFI), the Goodness-of-Fit-Index (GFI), and the Incremental Fit Index (IFI). All of these are a good fit for measures (>.95). A model is deemed a good fit when it measures >.95 on all the indices, while it is acceptable if it is between .95 and .97; .90 and .95; and >.90, respectively (Schermelleh-Engel *et al*., 2003).

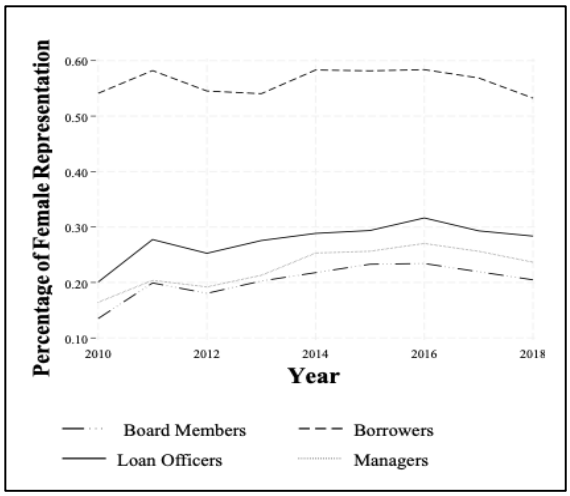
## 2.5 Results

### *2.5.1 Hypothesis Tests*

Preliminary observations. To address the first research question on the level of female representation in the microfinance ecosystem in tribal societies, the paper looked at the historical mean percentage of females across the MFI ecosystems. Their indicators include the percentages of female borrowers, board members, loan officers, staff, and managers in MFIs. Figure 2.5 illustrates the progression of the means of these indicators. They represent the penetration of female representation across these indicators.

**FIGURE 2.5**

**Trend Progression of Female Representation in Tribal Nations**




***Observation 1.*** *Ceiling of gender-based goal achievement in tribal nations between 2010 and 2018.*

*Highest percentage of female borrowers, around 58% in 2011, has not pierced through 58% after 2011.*

Figure 2.5 indicates that the percentage of female borrowers ranges between 50% and 60% in the years 2010 to 2018. This is despite MFIs primarily targeting female borrowers (Convergences, 2019). The results are significantly below the reported global 80% female borrower involvement in microfinance (Convergences, 2019) but closely align with the 60% figure as at 2023 (Convergences, 2024). The discrepancy between global reported figures and these results exists even though the data sample covers 67% of the global gross loan portfolio. Further, it was observed that female participation dwindles greatly across the microfinance ecosystem. Figure 2.5 shows an evident reduction of around 30% for board members, loan officers, staff, and managers of MFIs. This brings about the paper's second observation:

***Observation 2.*** *A discrepancy exists in the level of gender inclusion in MFI borrowers and board members, loan officers, staff, and managers of MFIs.*

The global average of female borrowers served by MFIs stands at 60% (Convergences, 2024). Nevertheless, the results indicate that the number of female borrowers and overall female participation across the rest of the MFI ecosystem in tribal nations is not as high as the global average of female borrowers. The percentages of female staff (29% on average) and female loan officers (32% on average) show higher female representation compared to female managers (23% on average) and female board members (20%), which are extremely low. These observations support Hypothesis 1. It was further observed that there are persistent low levels of female representation across the microfinance ecosystem between 2010 and 2018. This is despite the presence of MFIs who pursue goals challenging social norms such as female nonparticipation in economic activities. The test's observations are indicative of the persistence of social norms in host societies.

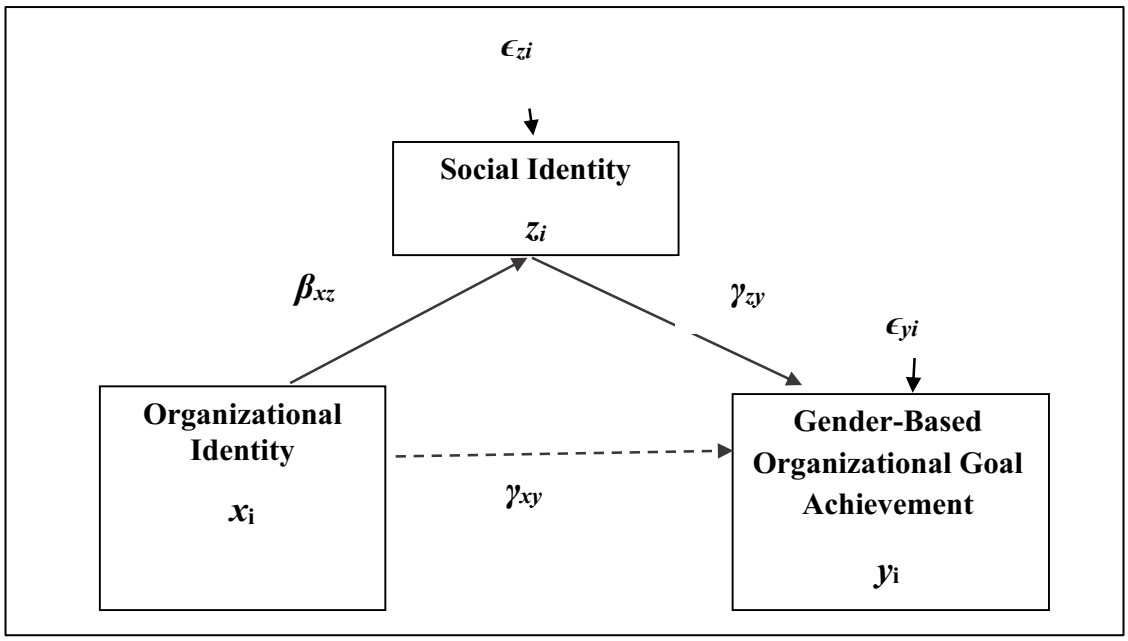
### *2.5.2 Further findings on SEM path analysis modelling.*

Figure 1 described in the preceding section clearly outlines a mechanism through which the paper establishes the relationship between OI and GOGA via the mediating effects of SI. A quantitative assessment of such (direct and indirect) effects can be determined by the structural equation modelling (SEM) approach. Using the SEM, the aim was to examine the dynamics that arise within the model by embedding a path diagram and estimating a system of linked regression-style equations to capture complex and dynamic relationships within the OI, SI, and GOGA systems. In contradiction of the traditional regression model, the concepts of the dependent variable—gender-based organizational goal achievement, and the independent variable—organizational identity only apply in relative terms because the

dependent variable in one model equation can become an independent variable in other components of the SEM system. This type of reciprocal role that a variable plays, is what makes SEM a robust model of estimating and inferring causal relationships. Identifiable pathways were assigned as shown below.

**FIGURE 2.6**

**Pathway of a Mediation Process for SI**




The following equations represent the mediation-led full-effects channel.

$$z_i = \beta_0 + \beta_{xz} x_i + \varepsilon_{zi}$$
$$y_i = y_0 + y_{zy} z_i + y_{xy} x_i + \varepsilon_{yi} \quad (1)$$

In Equation (1), the error terms $(\epsilon_{zi}, \epsilon_{yi})$ are allowed to be uncorrelated as this is important for the causal inference in performing mediation analysis. In other words, the correlation of the error terms induces measurement bias, thus violating a robust inference of the true effects. Both Figure 2.6 and Equation (1) gives directions to estimate *direct* and *indirect* effects. In this case, the *direct effect* reflects the pathway from the exogeneous variable (OI) to the outcome variable (GOGA) (in the path diagram, $\gamma_{xy}$ captures the direct effect). Likewise, the *indirect effect* describes the pathway from the exogenous variable (OI) to the outcome (GOGA) through the mediator (SI). In Figure 2.6, this path is represented through the product of $\beta_{xz}$ and $\gamma_{zy}$. We can then calculate the *total effect* which is the sum of both direct and indirect effects of the exogenous variable on the outcome. This is given by $\gamma_{xy} + \beta_{xz}\gamma_{zy}$. We test our primary hypothesis by examining the reduced form of the regression

Equation (1) because the first equation in the system of equations in (1) is embedded within the next equation in the system. Therefore, only a reduced form specification can be estimated. We begin with estimating the same without the mediator (Equation 2).

$$y_i = y^*_o + y^*_{xy} x_i + \varepsilon^*_{yi} \quad (2)$$

In Equation (2) acceptance of the null hypothesis ($H_0$: $\gamma^*_{xy}=0$) implies that *x* and *y* (i.e., the intervention and the outcome) are not related and we should not consider potential mediators. This leads us to evaluate the SEM for the mediation model (i.e., the effect of SI) if we reject the null hypothesis for this reduced regression equation. Full mediation (i.e., the intervention—that is, SI—has no direct effect on the GOGA (the outcome)) corresponds to the null hypothesis, $H_0$: $\gamma_{xy}=0$. If this null is rejected, it becomes of interest to assess partial mediation via the direct, indirect, and total effects. For the proxy indicators of GOGA, we reject the null at 95% confidence-level. This therefore gives us impetus to study for any mediation effect there may be in the model.

To answer the second research question, we employ a SEM analysis using gender-based goal achievement as a latent dependent variable proxied by four indicators. OI is taken as an independent variable and proxied by percentage of females in the board. To answer the third research question, we include the mediating variable proxied by the Tribalism Index. We controlled for the macro-economic effects of real interest rate, inflation, and GDP per capita on all endogenous variables. These variables are controlled (manipulated) by central banks across the world. Thus, these variables emerge from related processes and are allowed to covary for these reasons.

We analysed mediation using structural regression models through AMOS 27 to assess the significance of the host society's intensity of SI as an intervening mechanism on gender-based organizational goal achievement. Before testing the hypotheses, we tested the model fit, and the model used provided an acceptable fit ($\chi2$=900.45, $\chi2$/df=225.112, CFI=0.905; IFI=0.905, GFI=0.948, SRMR=0.088). We altered the modification indices as advised by measures of covariance that would lead to better model fit. As a result of these suggestions of covariance modification indices, we made the error terms covary as well as the covarying control variables.

Table 2.3 provides the standardized estimates of our model. Further, bootstrap mediation analyses were performed in assessing indirect effects as bootstrapping has no

imposition of a normality assumption on the data sample. Preacher and Hayes (2008, p. 886) argue that bootstrapping provides the "most powerful and reasonable method of obtaining confidence limits for specific indirect effects".

In Hypothesis 2, we propose that OI has a direct positive association with gender-based goal achievement. The results from our model show that OI is positively associated with gender-based organizational goal achievement across the entire MFI ecosystem and is statistically significant at the 99% interval: Staff ($\beta = 0.422$; $p<.001$); Managers ($\beta = 0.419$; $p<.001$); Loan Officers ($\beta = 0.385$; $p<.001$); and Borrowers ($\beta = 0.260$; $p<.001$). The largest effect of OI is shown to be on female representation of the staff and the managers, and less so on the loan officers and the borrowers.

These results indicate a direct and negative association between the host society's intensity of SI (tribalism) and gender-based goal achievement. This is particularly the case for female representation among borrowers and managers. The negative association was statistically significant. Nevertheless, the results indicate a negative relationship between SI and female staff, albeit statistically insignificant. The results further show a positive direct effect of the host society's intensity of SI (tribalism) on gender-based organizational goal achievement amongst loan officers.

**TABLE 2.3**

**Standardized Estimates of Regression**

| | | | Standardized Coefficient | Bootstrap Confidence Intervals | | Significance |
|---|---|---|---|---|---|---|
| ***Direct Effects*** | | | | Lower Bound | Upper Bound | |
| **Tribalism Index (SI)** | <— | Percentage of Females on Board (OI) | .010 | -.026 | .033 | .540 |
| **Percentage of Female Staff (GOGA)** | <— | Percentage of Females on Board (OI) | .422 | .401 | .444 | .009 |
| **Percentage of Female Managers (GOGA)** | <— | Percentage of Females on Board (OI) | .419 | .392 | .436 | .026 |
| **Percentage of Female Loan Officers (GOGA)** | <--- | Percentage of Females on Board (OI) | .385 | .358 | .404 | .023 |
| **Percentage of Female Borrowers (GOGA)** | <— - | Percentage of Females on Board (OI) | .260 | .237 | .282 | .021 |
| **Percentage of Female Staff (GOGA)** | <— | Tribalism Index (SI) | -.007 | -.026 | .035 | .621 |
| **Percentage of Female Borrowers (GOGA)** | <— | Tribalism Index (SI) | -.209 | -.235 | -.186 | .008 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Percentage of Female Loan Officers (GOGA)** | <— | Tribalism Index (SI) | .068 | .044 | .097 | .006 |
| **Percentage of Female Managers (GOGA)** | <— | Tribalism Index (SI) | -.048 | -.074 | -.021 | .012 |

***Indirect Effects***

| | | | | | | |
|---|---|---|---|---|---|---|
| **Percentage of Female Managers (GOGA)** | <— | Percentage of Females on Board (OI) | -.002 | -.002 | .001 | .009 |
| **Percentage of Female Loan Officers (GOGA)** | <— | Percentage of Females on Board (OI) | .001 | -.002 | .003 | .001 |
| **Percentage of Female Borrowers (GOGA)** | <— | Percentage of Females on Board (OI) | -.001 | -.007 | .006 | .003 |

As per Hypothesis 3, we assessed the indirect effects of OI on female representation across the MFI ecosystem. Our result depicts a negative relationship where a one-standard-deviation increase in OI results in a .002 reduction in female representation among managers in MFIs upon the introduction of an SI mediator. This shows a partial negative mediation. The same effect is experienced with female representation in borrowers. Conversely, the mediation effect is positive with regards to loan officers. The indirect effect of the mediator is however small in magnitude but is statistically significant.

The effect of this mediation is however negated as the results negated the predictions of Hypothesis 1, as results showed that OI has an insignificant positive effect on tribal identity.

### *2.5.3 Robustness and Replicability Checks.*

To confirm our results and address endogeneity concerns, we ran a series of robustness tests. Endogeneity could arise due to the presence of omitted variables that are linked to microfinance firms and country-level variations. We re-estimated the structural model incorporating firm-level financial controls and country-level macro-economic controls that are standard in cross-national microfinance research (Wry and Zhao, 2016). Consistent with prior work on microfinance institutions (MFIs), we control for institutional size using the natural log of total assets and control for operational scale using the natural log of gross loan portfolio. These measures account for heterogeneity in organizational capacity, lending intensity, and resource availability, which are known to influence both governance structures and gender participation outcomes. At the country level, we incorporated a governance perspective by adding a corruption variable. We utilized the World Bank's Worldwide Governance Indicator (WGI) Control of Corruption index, a widely used measure of institutional quality in international business and development research, to account for variation in national governance environments.

The theorizing focuses on the role of female board representation and its relationship to female economic participation outcomes. The inclusion of these institutional, macroeconomic, and governance controls therefore serves to address potential confounding influences rather than to test alternative theoretical mechanisms.

After controlling for these factors, we found that the inclusion of these controls does not materially alter the core relationship between female board representation and female economic participation outcomes. The direct effect of female board representation remains positive, and statistically significant. This stability suggests that the board-level effect is not affected by institutional size, operational scale, macroeconomic volatility, or governance quality. Moreover, once these controls are included, the association between female board representation and the intensity of tribal identity becomes statistically significant, indicating that omitted institutional characteristics may have attenuated this relationship in baseline models. These results are illustrated in Table B1 in the Appendix II. Overall, the robustness analysis supports the relationship between female board representation and its influence on female economic participation outcomes.

We also assessed the replicability of the findings. A second SEM analysis was run using a different statistical software, Stata. The regression results were alike, showing a semblance of stable instrument–data interaction (Cartwright, 1991). The model showed an acceptable fit (CFI=1.000; SRMR=0.136) for purposes of replicability.

### *2.5.4 Generalizability of Findings.*

It would be unsuitable to claim universal generalizability beyond the microfinance sector and contexts examined above. This is because the sample herein includes institutions located across major microfinance regions such as South Asia, Latin America, Sub-Saharan Africa, and parts of Eastern Europe and Southeast Asia, which together account for almost 70% of the global gross loan portfolio. As illustrated in Figures 2.2, 2.3, and 2.4, these regions correspond to areas where microfinance penetration is highest, and simultaneously, where host societies exhibit varying levels of ethnic fractionalization as per the tribalism index. Consequently, the findings are likely to be generalized to microfinance institutions operating in developing and emerging economies where MFIs function as socially oriented financial intermediaries pursuing gender inclusion and poverty alleviation objectives.

At the same time, consistent with Zhao and Wry (2016), the interpretation of these results recognizes that microfinance strategies and outcomes remain shaped by the societal and institutional contexts in which MFIs operate. Accordingly, the results should be interpreted with caution outside the microfinance sector or in financial systems characterized by substantially different governance structures or institutional missions.

That said, the empirical analysis drew on a panel of 376 microfinance institutions operating across multiple countries and institutional environments, using data from the MIX Market database. MIX Market is one of the most widely used repositories of standardized information on microfinance institutions globally. This cross-national design therefore gives a strong basis for external validity within the global microfinance ecosystem. Prior prominent cross-national studies of microfinance have similarly relied on MIX Market data to examine institutional outcomes across diverse socio-cultural environments (Zhao & Wry, 2016; Wry & Zhao, 2018).

## 2.6 Discussion

Individuals' identities are fluid and dynamic as individuals continually construct and deconstruct themselves (Ybema, 2020). This fluidity may be dependent on identity fusion. However, individuals may have more than one identity and, at that intersection of multiplicity is where the paper developed a model to examine mechanisms through which the relationship between OI and MFIs gender-based goal achievement is mediated by the host society's intensity of SI.

We found that it is harder for organizational identification to occur in the presence of strong tribal identities in host societies. This, then, results in lower levels of gender-based goal achievement. The results assert that, to ensure high goal achievement, it may be crucial

to explore the impact that the intensity of a host society's social identity has on organizational identification, particularly when the host society is fractionalized into tribes. These findings make valuable contributions to organizational identity literature and social identity theory and have implications for organizations.

### *2.6.1 Contributions and Implications*

#### *2.6.1.1 Implications for organizational identity.*

This paper contributes to the literature on organizational identity by revealing a unique challenge that organizations may face in establishing organizational identification in societies where tribal identities are salient and contested. Fiol (2001) and Hsu and Hannan (2005) argue that a distinctive and dynamic OI is key in preserving a sustainable organization. However, little attention has been paid to the role that tribal identities play in establishing such organizational identification. The findings show that the relationship between organizational identity and goal achievement is negatively mediated by the intensity of tribal identity. This may explain why the goals of organizations in tribal societies, such as MFIs, fail to achieve substandard levels of attainment. This is because strong intensities of tribal identities cause identity confliction amongst individuals who struggle to disengage with inherent social norms. Consequently, organizations struggle to achieve an identity match between organization and social identification. Therefore, where the OI and the SI of a host society contradict one another, the organization as an entity may face an identity conundrum. This is what was defined earlier as the paradox of organizational identity. The paradox leaves organizations with a problem—to either (a) adjust its OI to somewhat suit that of its social situation or (b) maintain its OI and impose its organizational goals and values on its social institution.

This conundrum brings about the need to be sensitive to identification differences and, in this instance, cultural and normative differences. King *et al*. (2011) suggest that groups with a homogeneous SI serve each other and others better compared to groups with heterogenous SI. Thus, there is incentive for an organization to match its OI to the SI of its situation. Nevertheless, there is a risk that, when an organization matches to the SI of the context it operates in, it reproduces the inherent inequalities in that society. That is, it becomes a product of its situation by reproducing the host society's social identity and the social norms therein (Ybema, 2020). Furthermore, scholars emphasize that societal inequalities are reproduced by organizations through designations to maintain cultural capital in processes such as recruitment (e.g., Levy and Reiche, 2018) and discrimination during

promotions (Rivera and Tilcsik, 2016). Hence, when the paradox of OI arises, an organization adopting SI can bring the unintended consequence of reproducing social inequalities and sustaining existing norms.

We infer that this type of paradox hinders the achievement of the organization's goals and has implications for how organizations establish their OI in tribal societies. Such a paradox explains why female representation among loan officers and across the microfinance ecosystem is low. This is because the OI is not fully accepted by those that the organization's goals seek to serve. Also, an organization may not fully assimilate its identity with that of the society that it operates in. Organizations often straddle conformity to category codes and distinctiveness of organizations in their field (Syakhroza *et al*., 2019; Zhao, Fisher, Lounsbury, and Miller, 2017).

The paradox of OI extends organizational identity theory by suggesting that organizations are split between conforming to the host society's SI and imposing their own OI on the host society. Where the paradox of OI is present, an organization can anchor its strategic response to the paradox of OI by integrating the host society's SI (Araci, Boal, and Gurbuz, 2020). This offsets the poor uptake of the organization's proposals or ineffective goal achievement arising from a mismatch between OI and the host society's SI.

#### *2.6.1.2 Implications for identity fusion.*

It is well known that members of out-groups, whether individuals or organizations, may face negative evaluation from in-group members (Ashforth and Mael, 1989; Tajfel and Turner, 1979, 2004). Conformity to norms is a precondition for legitimacy (Durand and Kremp, 2016). Nonetheless, there may be negative scrutiny arising from deviance from any descriptive social norms (Chang *et al*., 2019). For example, Barsoum (2006, p. 58) notes that female entrepreneurship is "typecast as those that are initiated to cover household needs" in the "absence of a male breadwinner". The notion of a male breadwinner arises from the concept that female members of society historically struck a "patriarchal bargain" (Kandiyoti, 1988, p. 283). Patriarchal bargain is defined as the rules regulating gender relations upon which male and female members of society "accommodate and acquiesce" with the notions of "protection in exchange for submissiveness" (Kandiyoti, 1988, p. 283). This bargain resulted in the ideology of gendered roles of a male breadwinner and a domesticated housewife. These patriarchal gender roles inform the social norms surrounding female nonparticipation in economic opportunities (Lazarte, 2017).

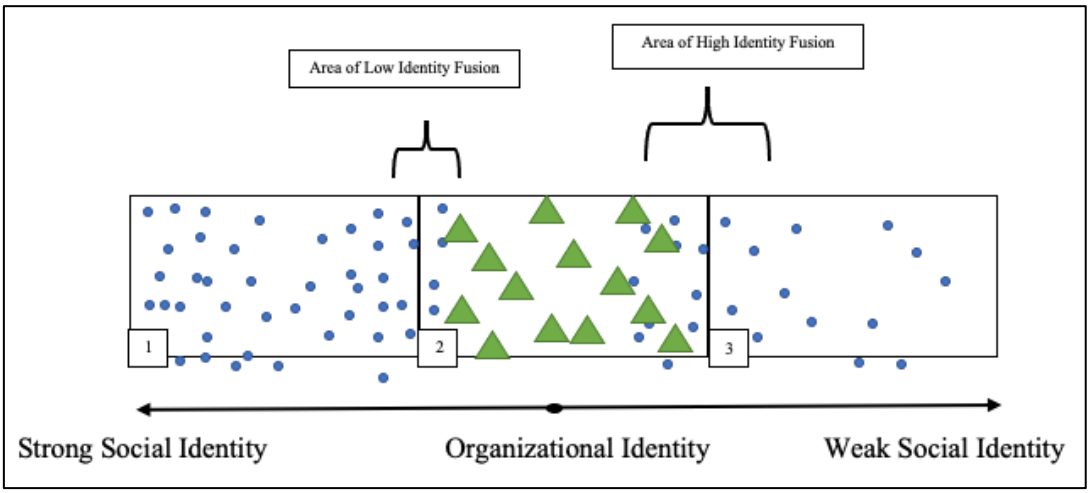
Such norms are prevalent in tribal and rural societies and are those that are being challenged by programs such as microfinance. Identity as a social construct means that the individuals produce and maintain social norms (Ybema, 2020) and, in extreme cases, undertake self-sacrifice for the benefits of belongness to a group or social categorization (Swann and Talaifar, 2018). Instances are witnessed where females cede ownership of microfinance proceeds to the heads of the house but are still liable to repay the loan (Barsoum, 2006). This problem is due to weak property rights inherent in tribal and rural societies. It arises from the perception that females cannot be given control over resources in the household (Duflo, 2012). Thus, as female microfinance borrowers seek emancipation, they themselves are a product of the social norms in their societies. At the same time, females play a role in maintaining these norms by ceding ownership of microfinance funds to their husbands. Subsequently, norms prevail over time even when change programs such as microfinance are offered.

Hence, the paper contributes to the notion of identity fusion by positing that a spectrum of social and organizational identities exists (see Figure 2.7) which determines the incidence and intensity of identity fusion. Identity fusion is the point of blurriness that occurs between organizational and SI boundaries (Leigh and Melwani, 2019). Identity fusion is a consequence of "identity tensions" in group members which promote nascent (or support prevailing) organizational forms (Brown, 2019, p. 12). From the results, tribal identity has an insignificant effect on increasing female staff participation. It is argued that this is due to low identity fusion. Low fusion limits to what extent people in a society interact with an organization's identity; therefore, a low fusion results in low uptake of increasing female staff participation.

We argue that weak and strong areas of identity fusion are present, albeit dependent on the host society's intensity of social identification. To this end, the paper concurs with Brown (2021) on the fluidity of individuals' identities. However, the paper supplements and contends that an individual's fluidity in identity is conditional on their host society's SI intensity. In other words, the stronger the claim of SI in an organization's host society is, the more resistant identity fusion is (strong identity fusion). The likelihood for identity fusion is, thus, greater in those individuals with a weaker claim of SI. Ultimately, the onus is on the organization to adopt certain aspects of SI like that of its host society. This would enable the integration of OI and SI, allowing its employees and its situational stakeholders to identify with organization goals and purposes more easily.

**FIGURE 2.7**

**Spectrum of Social and Organizational Identity**




***2.6.1.3 Overcoming the paradox of organizational identity.***

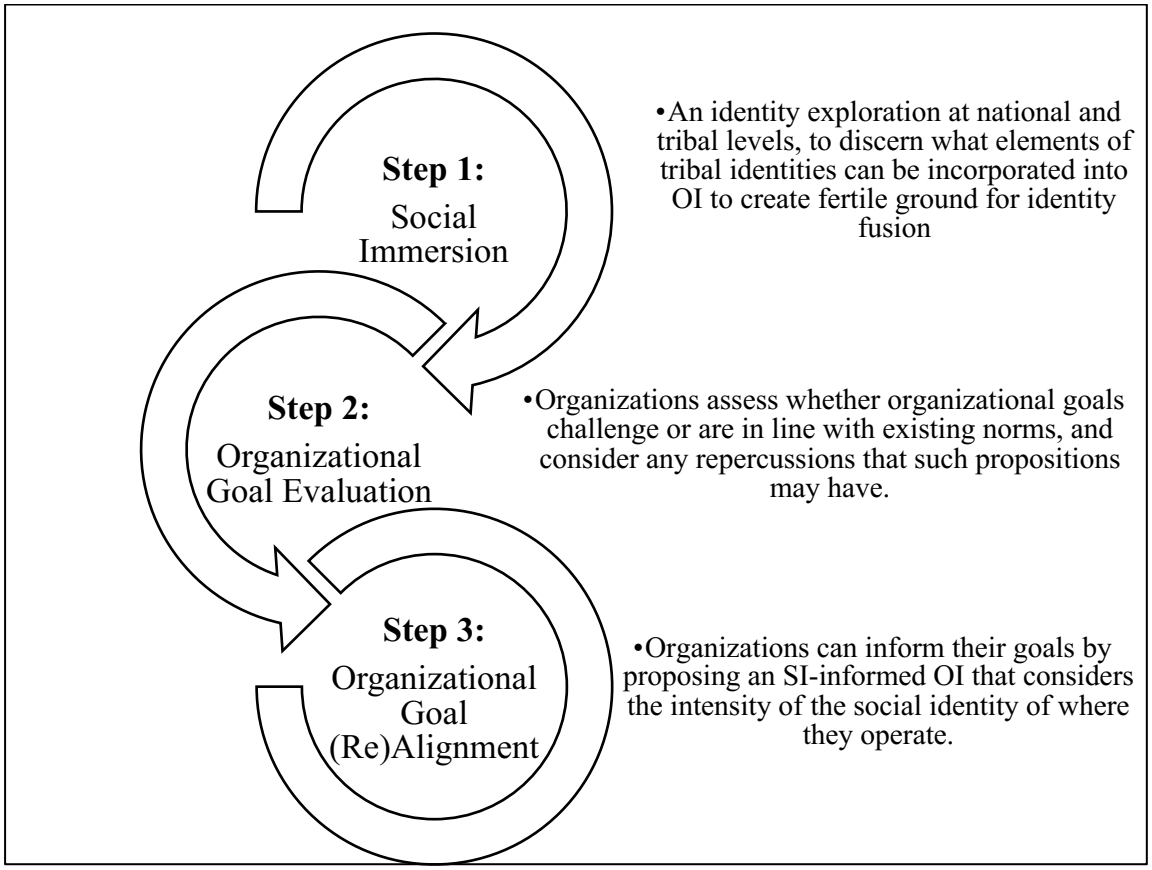
SIT posits that people classify themselves into several social categories, including but not limited to organizational membership (Ashforth and Mael, 1989). Individuals classify themselves this way as they confer importance/significance to their identity when they share a sense of common fate, common belief, proximity, and similarity with others (Campbell, 1958; Cornelissen *et al*., 2007).

Our findings reveal an imbalance between societal cultures and MFIs' goals. This can be explained by intergroup conflicts relating to SI processing between different categorization groups (Gupta *et al*., 2018). To limit intergroup conflicts, researchers argue for organizations to assimilate "common in-group identity" (Gaertner *et al.*, 1993) into their OI. However, the paper opposes such an argument. This is because adopting common in-group identity results in unintended consequence of shunning the out-group, thereby increasing division between in-group and out-group members.

Therefore, organizations can undertake the below stepped guiding framework to overcome the paradox. The framework begins with an identity exploration at national and tribal levels, and culminates in the (re)alignment of an organization's goals that are at par with findings from the identity exploration. This is particularly pertinent to those organizations that operate in tribal areas, to discern what elements of tribal identities can be incorporated into OI to create fertile ground for identity fusion. This is beneficial in two ways. First, the organizational goals are achieved. Second, the organization can create positive change as the society identifies greater with OI; therefore, the organization is well positioned to offer organizational goals that create value for the society where they operate.

**FIGURE 2.8**

**Framework for Overcoming the Paradox of Organizational Identity**




Identity exploration has three steps that may help to overcome the paradox of OI. First, organizations must immerse themselves into the society before deciding to undertake operations in that society. This is similar to using a pilot study to familiarize oneself with their immediate contexts. This can involve gathering insights from locals, religious elders, and other community groups. Moreover, the organization can supplement the pilot through observing how the society relates with other organizations. This pilot immersion of organizations into societies must involve studying of existing two key elements that may have implications on social identity. First, the social conditions, which are defined as the "potentially modifiable characteristics of social, economic and physical environments at the individual, household, and community levels" (Braveman, 2010, p. 32). Second, organizations must also examine the inherent social norms which govern the behaviour of individuals or groups as a collective in such contexts (Chang, *et al*., 2019).

In doing so, a shift from a general binary categorization of societies to a more grounded, granulated understanding of social identities existing in tribal societies can allow for piercing of the existing acceptable ceiling dictated by socialization and social norms

(Syakhroza *et al*., 2019). For example, a European organization seeking to situate itself in Kenya, which has 42 tribes (Kenya National Bureau of Statistics, 2019), should not impose its European contexts on those of Kenyan or tribal societies (Mafeje, 1971). Instead, an organization should be aware that every host society has different norms and social identities. Therefore, organizations can pursue the harmonization of these different social identities in host societies with their OI (Rink and Ellemers, 2007).

Second on the exploration steps, once the immersion and piloting are undertaken, organizations (re)assess whether organizational goals challenge or are in line with existing norms, and consider any repercussions that such propositions may have. Gioia *et al*. (2010) stress that organizations can classify themselves in similar fashion to gain legitimacy as they forge an identity and survive in their field. Organizations, thus, form part of the groups that individuals consider when internalizing the common beliefs of the societies that they are situated in. Thus, organizations become another categorization that individuals can associate and identify with. When organizations achieve a balance between social cultures and image, "a healthy organizational identity results from processes that integrate the interests and organizational activities" (Hatch and Schultz, 2002, p. 1005).

Third, once the pilot study and the acceptance levels have materialized, organizations can inform and (re)align their goals accordingly. This is done by proposing an SI-informed OI that considers the intensity of the social identity of where they operate. Therefore, they would not impose their OI; instead, they can harmonize their OI with the SI of those that they seek to proposition. When organizations impose their OI, it may lead to the unintended negative effects of social sanctioning (Barsoum, 2006; Chang *et al*., 2019; Karim, 2008), or intergroup conflict arising from salience and contestation of social identities (Gupta *et al*., 2018).

Recent research reinforces findings for in-group favouritism in the presence of out-group, or intergroup competition, which results in the prospering of the in-group over the out-group (Canella *et al*., 2015; Gupta *et al*., 2018; Syakhroza *et al*., 2019). An organization is the sum of its people who are themselves a mix of the social descriptive norms surrounding them (Chang *et al*., 2019). Cannella *et al*. (2015) find that identity theory is a foundation for understanding why certain organizations select certain types of directors. Moreover, Syakhroza *et al*. (2019) find a reluctance to adopt code violations depending on whether the code violator is an insider or an outsider.

The above highlights that the paper does not necessarily focus on OI itself, but OI as a function of the intensity of the SI in the host society. Hence, when these suggested steps are

considered to overcome the paradox of OI, host societies can empathize more with an organization, resulting in greater acceptance of an organization's purpose, goals, values, and services. This includes greater out-group participation such as diversity and inclusion in organizations.

The degree of match between organizational identification and SI of its host society may only crystallize over time. This is an indicator for the need to show dynamism in the OI. This dynamism can be used to integrate the host society's social identities into OI. Integration of SI into OI can enable the achievement of a greater match between OI and the host society and, consequently, improve MFI's chances to increase female participation in economic activities.

**2.7 Limitations and Future Research**

This study is not without some limitations. First, these findings are limited to MFIs which operate in loose regulatory environments such as rural and tribal areas. Further, the identification and proxy of OI is challenging to study. Nevertheless, the paper finds alignment with previous research criteria as explained in the research context section. The paper makes use of the assumption that boards of directors only accept their working condition if they align with the OI of the firm, as MFIs tend to hand-pick their directors. This, then, serves as the paper's proxy for OI, as the directors are taken to accept the OI of an organization by accepting board membership appointment.

We assume the existence of an Agent–Principal relationship between the board of directors of MFIs and investors/owners. This means that the agents can act in the best interest of their principals, appreciating that this may not always hold for a variety of reasons. However, the paper does not examine the motives of agents and their influences in tribal locations. Donaldson (2012) argues that property/ownership rights entail obligations to third parties and stakeholders, using the analogy of a tiger in a circus. The owner "cannot renounce their responsibility" should the tiger escape and maul circus goers (Donaldson, 2012, p. 264). This assumption is used primarily to capture the property right that investors and owners have over MFIs and the fact that they could have influence over gender (in)equality in and around the MFI.

Further, controlling for all types of social identities was difficult as there are no global SI intensity indices. However, it is acknowledged that individuals may have multifaceted identities and hope that future research can incorporate any indices they may find on SI

intensities. Also, the intensity of social identity and levels of identity fusion may be better understood when studied qualitatively than quantitively.

## 2.8 Conclusion

The paper finds that the host society's intensity of SI mediates the relationship between organizational identification and an organization's goal achievement. The extent to which the host society's SI mediates the relationship between organizational achievement and OI is particularly evident among borrowers and managers of MFIs. Increased host society intensity reduces OI, resulting in suboptimal gender-based organizational goal achievement. Thus, it is vital that organizations take into consideration the host society's SI when forming and articulating their OI.

# 3. Embracing Selective Assimilation for Social and Economic Mobility: How Marginalized Actors Signal Tribal Identity to Take Advantage of Identity Opportunities


**Abstract**

**This paper responds to the call for the enrichment of identity work in the global south, especially where social categorization and tribal identities often limit the extent to which individuals can scale social and economic mobility. Through 25 semi-structured interviews with actors in Kenya, East Africa, the paper provides insights through which actors manage to scale social and economic mobility despite years of colonization, marginalization, trivialization, and tribal violence. Three distinct themes emerge where tribal expectations and roles are faced with a growing youthful and resilient positivity. Nonetheless, these expectations and roles act as a straitjacket constraining social and economic mobility. Additionally, tribal identities and their salience appear to have a hierarchical permeation through powerful politicians who have marginalized non-powerful tribes. Consequently, this paper contributes to a better understanding of how marginalized actors engage in identity work through what is conceptualized as selective assimilation. Selective assimilation is a belief-signalling identity performance done so, to take advantage of the benefits accruing from appearing as a member of powerful in-groups. Further, given that the country is just over 60 years removed from colonial rule, there appears to be a transience of tribal identification evidenced by a youthful demographic that is increasingly indifferent to tribal expectations and roles, tribal violence, and marginalization. These insights illustrate how marginalized actors undertake identity work to survive marginalization in an attempt to scale social and economic mobility. The insights may prove beneficial for organizations seeking to create identification with tribal actors in tribal contexts.**



**ERGO number:** 81093

### 3.1. Introduction

In the field of management and organization studies (MOS), there has been extant identity work research on the benefits of establishing an Organizational Identification (OI) that resonates with employees, professionals, and other stakeholders (Brown, 2022). Recent studies of identity work in MOS have focussed on how actors, (1) reflexively manoeuvre between their various identities (Brown *et al*., 2021); (2) negotiate between their self, other social actors, and organizations (Ybema *et al*., 2009); and (3) how identity threats – "an experience appraised as indicating potential harm to the value, meaning or enactment of an identity" (Petriglieri, 2011, p.644) and identity opportunities - "an experience appraised as indicating potential for growth in the value, meaning or enactment of an identity" (Bataille and Vough, 2022, p.97), may affect identity formation. These studies have also often been centred around professional/workplace identities (Lai *et al*., 2020), organization identities (Brown *et al*., 2021) and interpersonal identities (Zulfiqar and Prasad, 2022).

The theorizing of identity in and around organizations has resulted in what has been termed as an "identity work perspective" where theorizing has largely followed five extensive, and interconnected streams of assumptions (Brown, 2022, p.1213). Historically, identity work has been described as the "range of activities individuals engage in to create, present, and sustain personal identities that are congruent with and supportive of the self-concept" (Snow and Anderson, 1987, p.1348). However, it has been observed that assumptions surrounding identity work have largely been informed by insights from the global North (Zulfiqar and Prasad, 2022).

In the global south, there often exists numerous tribes in each country, that result in intergroup behaviour, which ascribes to the tenets of Social Identity Theory (SIT). SIT posits that actors categorize themselves into groups based on their social identity, thereby increasing similarities with in-group members and disparities with out-group members (Tajfel and Turner, 1979). Such behaviour may give rise to tribalism, where tribesmen act in the interest of their tribe, their in-group.

Research on tribal identity and tribalism in MOS has often centred around political affiliations (Clark and Winegard, 2020; Whitt *et al*. 2021). Political tribal identities are often a subjectively construed identity where an actor can change party identification (Clark *et al*., 2019) actors "attach reflexively to themselves" (Brown, 2022, p.1206). There have also been explorations as to how actors adapt new identities in relation to varying circumstances as need arises. This could be the adoption of new identities when academics become

entrepreneurial (Fenters *et al*., 2025), or behavioural (re)construction when met with organizational contradictions (Giorgi and Palmisano, 2017).

Yet, it remains unclear how tribal actors could engage in identity work in order to manoeuvre their identity, which they cannot reflexively, or subjectively adopt others, as one would during a change in career (Courtois, *et al*., 2024). Usually, tribal actors face intergroup behaviour that results in the marginalization and trivialization of minority groups. Marginalization often occurs when a group of people - out-group(s), "encounter power/knowledge barriers that exclude them from participation in any decision-making in institutional settings" (Chowdhury, 2021a, p.289). Trivialization, on the other hand, can be seen an extension of marginalization where the marginalized groups and their members are "ignored" and "demonized" to the extent in which they "feel valueless and disempowered or unrecognized in their everyday life" (Chowdhury, 2021a, p.289).

Therefore, this paper seeks to enrich identity work by examining insights on identity work from the margins to reduce what has been termed as an absence in cultural contextualization (Zulfiqar and Prasad, 2022). It is important to fill this contextual gap in identity work for two main reasons. First, to provide insights of how tribal actors engage in identity work to manoeuvre marginalization and trivialization. Second, it would be beneficial to understand how tribal actors engage with organizations that seek to offer socio-economic mobility through interventions that may be in opposition to their tribal identities and norms.

These insights may help explain how tribal actors have survived marginalization and trivialization, and in the process, inform how we perceive tribal identity work when faced with identity threats and opportunities. Further, such examination could shed light on how marginalization and trivialization may affect how tribal actors identify with organizations that seek to offer economic mobility solutions in such contexts.

Consequently, the motivating research questions arise: (1) How do individuals in marginalized tribal contexts engage in tribal identity work to overcome marginalization and trivialization? and (2) how have tribal actors faced with tribalism, and tribal norms, and expectations, engaged with organizations that seek to spur their economic mobility?

To empirically address these questions, we focus on how tribal actors and how they have been able to survive through tribalism and marginalization over years. Further, we also focus on how they perceive and identify with microfinance institutions (MFIs), and the value MFIs have created (or destroyed) in their ongoing survival.

We chose the MFIs in the tribal context because, MFIs largely operate in tribal contexts, with over 70% of their global portfolio domiciled in tribal contexts around South

East Asia, Latin America and Caribbean, and Sub-Saharan Africa (Convergences, 2024). Further, MFIs provide a unique context as they seek to drive economic empowerment to females, who are inherently overlooked when it comes to economic empowerment in tribal contexts. The paper uses qualitative semi-structured interviews where the lead researcher immersed themselves in a tribal country in East Africa. This resulted in 25 semi-structured interviews being conducted, seeking to serve the objective of examining how tribal actors that cannot change their tribal identity, scale social and economic mobility even in the presence of organizations that seek to spur such economic mobility operate in these tribal contexts.

Theoretically, we build on social identity theory where in-group behaviour (Tajfel and Turner, 1979), may create ideological epistemology (Clark and Winegard, 2020) amongst tribal members. This ideological epistemology in turn dictates the reality of lives lived by marginalized tribal members in tribal societies (Chowdhury, 2022). Members of the in-group engage in regulatory tactics to maintain their powerful positions and influence (Chowdhury, 2022), while marginalized out-group members undertake identity performances such as impression management and belief-signalling (Funkhouser, 2022) to survive identity threats and exploit identity opportunities (Bataille and Vough, 2022). Identity performance has been referred to in social psychology literature as "the purposeful expression (or suppression) of behaviours relevant to those norms conventionally associated with a salient social identity" (Klein, 2007, p.3).

One of these identity performances to overcome tribalism and marginalization in order to take advantage of identity opportunities brings about our *first* of three theoretical contributions. That is, when an out-group actor has an identity that is not subjectively construed, they participate in what we term as "*selective assimilation*". Selective assimilation is a process whereby tribal members may contest tribal expectation and roles, against social controlling mechanisms in order to re-configure their tribal identity to integrate with more powerful tribes in order to exploit identity opportunities associated with powerful tribes.

*Second*, this selective assimilation process occurs through three signals of group membership that vary in strength from weak to strong: (1) speaking the in-group language; (2) participation in in-group socio-economic activities; and lastly, (3) marrying a member of the in-group. We find evidence of these varying signals that give rise to varying re-configured identities.

*Third*, while tribal identities may dictate historical tribal roles and expectations to regulate in-group and out-group memberships and differences, how far-removed actors are from the violent history associated with tribes, brings about a transience of tribal

identification. We define tribal identification as the extent to which an actor identifies with a tribe and the degree to which they identify with tribal beliefs and norms. A high or strong identification means that tribal beliefs take primacy during decision making. The transience of tribal identification occurs through a need to (un)identify with tribes through avoidance motivation amongst the younger generation, resulting in a demographical disparity on the need for selective assimilation. This transience of tribal identification leads to the conceptualization of a life cycle of tribal identification, evidenced by a youthful demographic that is increasingly indifferent to tribal expectations and roles.

## 3.2 Literature Review

### *3.2.1 Social Identity Theory and Tribes*

In positioning the self in comparison to others, do actors make sense of themselves, and others make sense of them - it is by demarcating who we are not, do we mark who others are (not) (Ybema, 2020). It is through differences that categorizations occur where boundaries between one group are formed, differences between groups demarcated, and status ascribed to belonging to a certain group (Ybema, 2020).

Tribes form one such group that people ascribe themselves to and create a positive self-concept of themselves by being and upholding in-group beliefs (Tajfel and Turner, 1979). In the confines of this paper, tribes denote categorization that actors cannot subjectively assign themselves, instead, their tribal identity is based on their kinship (Ekeh, 1990), rituals and ideology (Whitehouse and Lanman, 2014), language and traditional political obligations (Bates, 1974). For example, in Sub-Saharan Africa, there are ethnic groups based on linguistics such as the Nilotes. Nilotes emanate and are found along the River Nile valley. Within this ethnic group, are tribes such as the Luo and Maasai (among others) in Kenya, Dinka and Nuer (among others) in South Sudan, and Kanuri in Niger and Nigeria.

In the global north, ethnicity has often been used in place of tribes, and the modern-day placement of Africans into ethnic groups such as “Black Africans” has been deemed a great disservice to the heritage and the “finer details of their differences” (Liedong, 2022, p.628). Within Africa for example, these social differences are the realities of Africans, and African societies (Zoogah, 2016). The social categorization of individuals into tribes from birth, gives rise to the demonstration of loyalty to one’s tribe. The wide fractionalization of African societies into tribes gives rise to a salience of social identities (c.f., Ekeh, 1990). More recently, salience has been deemed as “the probability of an identity being activated”,

resulting from “an interaction between individual and situational characteristics” (Stets and Burke, 2000, p.230).

With tribes, comes tribalism, which ascribes to the principles of SIT. Tribalism particularly comes to the fore when members of tribes compete for common opportunities and public goods (c.f. Akiwowo, 1964). In this competition for resources, the salience between groups becomes exaggerated, and the probability of an identity being activated higher. In this competition, tribalism may manifest itself when tribesmen act in the interest of their tribes than in public interest. In such instances, tribal identity is deemed to be greater than statehood (Michalopoulos and Papaioannou, 2015). Tribes then, can be viewed as informal institutions, harbouring their own cultures and traditions (Bates, 1974, Liedong, 2022), that individuals can identify with, just like formal organizations.

It is through these intergroup conflicts that there arises marginalization and trivialization of out-group members, where victorious in-group members have access to resources, rights, and power. These intergroup conflicts usually “determine who should receive status, power, resources, rights, and mates (Clark and Winegard, 2020, p.2). Through marginalization, the out -group members suffer adverse effects where they are dominated and unable to achieve socio-economic mobility (Gupta *et al*., 2018).

In the face of this marginalization and trivialization brought about by social identity group dynamics does it then become paramount to understand how actors faced with these circumstances enact their identities (Petriglieri, 2011) in their day-to-day lives, while also pursuing socio-economic mobility.

### *3.2.2 Signalling as Identity Work*

More recently, identity work has been defined as “the cognitive, discursive, physical and behavioural activities that individuals undertake with the goal of forming, repairing, maintaining, strengthening, revising or rejecting collective, role and personal self-meanings” (Caza *et al*., 2018, p.895). These activities could be undertaken for various reasons such navigating: power relations (Alvesson and Karreman, 2000), social categorizations (Stets and Burke, 2000), identity threats (Linde, 1993) and identity opportunities (Bataille and Vough, 2022).

Identity work research in organization and management studies has often focussed on how professionals engage in identity work particularly in workplaces (Dick, 2005; Pratt *et al*., 2006; Alvesson and Robertson, 2016; Lai *et al*., 2020; Brown *et al*., 2021; Schaubroeck *et al.,* 2021). Moreover, identity work research has tended to centre on professionals in the Western world. Pratt *et al*., (2006) assessed how medical residents in the United States (US) engage in

professional identity work construction that was motivated by violations in work (what they did) and their professional identities. They propose that medics underwent identity alterations to align their actions and their profession.

Knights and Clarke (2014) and Brown *et al*., (2021) both assess how business school academics undergo identity work in their occupation. Knights and Clarke (2014) looked at individual insecurities among business school academics where the pursuit of stabilizing academic identity reinforces the insecurity that identity work specifically seeks to minimize. Brown *et al*., (2021) on the other hand, studied how United Kingdom (UK) business school deans engaged in identity work by employing a loss account of their role as leaders, to conjure preferred identities that not only boosts their self-concept, but also reduces any challenges to their leadership styles. Bowe *et al*., (2020) analysed how volunteers in England gain group identification with the communities in which they volunteer in through the supportive social relationships they create.

While there have been a few studies in MOS on marginalized groups such as marginalized ethnic group members (Barreto *et al*., 2003), and refugees (Schaubroeck *et al.,* 2021), not many have analysed how marginalized actors in tribal contexts surrounding organizations, engage in identity work to overcome identity violations because of marginalization and trivialization (Chowdhury, 2021b). Identity violations occur when powerful in-groups exploit marginalized groups based on their 'inferior' social identities, to strengthen the power positions of the in-group (c.f., Chowdhury, 2021b). It has been deemed important to gather insights on how actors in marginalized contexts (Bastien *et al*., 2022) and not necessarily in professional workplaces, engage in identity work performances. Doing so will further our understanding of identity work in marginalized contexts where imposed social identities may prohibit an actors' positive self-concept (Mair *et al*., 2016; Zulfiqar and Prasad, 2022). Zulfiqar and Prasad (2022) argue the importance of including context, especially those from the global south in identity work theorizing.

They find evidence from the global south cannot support the notions that identity work in the global north have supported, such as identity claiming amongst north American entrepreneurs (Ajay *et al*., 2024), esteem-enhancing social narratives even when actors engage in dirty work such as toilet cleaning (Lucas, 2011), public refuse cleaning (Hughes *et al*., 2017), caregiving (Stacey, 2005), and policing (Dick, 2005). In their study of low caste toilet cleaners in Lahore, Zulfiqar and Prasad (2022) found that the cleaners exhibit no occupational pride and find no positive self-concept from their job as occupational mobility is limited due to their social identity that has produced historical social inequalities.

While SIT argues that actors perform in-group actions or biases for self-esteem and for favourable concept of the self within a group (Tajfel and Turner, 1979), signalling performances offer a greater incentive for an actor, where they signal membership to a particular tribe (in-group), to attain a collaborative partnership with that tribe (Funkhouser, 2022). These performances could be part of identity work where actors present themselves as part of an in-group signalling acknowledgement to the beliefs and norms of a particular tribe.

It has been argued that actors are often biased towards the in-group through "socially relevant" beliefs held by members of in-groups (Funkhouser, 2022, p. 444). Funkhouser (2022) further states that through signalling theory, these beliefs are intended to be signalled by members to show cooperation to a certain tribe. In a social environment, belief-signalling is performed to infer association to tribal beliefs and tribal identity, while also seeking to influence an audience to be sympathetic associates (c.f. Funkhouser, 2022). Funkhouser (2017, p. 811) defines a signal as: "(a) any object that is successfully designed or selected to communicate information, (b) so as to be detected by some receiver, (c) in order to modify its behaviour."

An interesting scenario may therefore arise in the realm of out-group actors signalling in-group membership for collaborative purposes in tribal contexts i.e., the use of signalling by out-group members to appear as part of the in-group to gain in-group benefits. As the actors undertaking the signalling performance do not entirely believe in the tribe beliefs, this becomes a performance of impression management as opposed to belief-signalling. Funkhouser (2022) argues that the difference in impression management lays in the deceitful nature of a signal and the genuine belief of tribal identity and tribal norms.

Therefore, in the context of this paper, a signalling performance would be undertaken by an actor who would otherwise not be considered a member of the in-group, to indicate belongingness to a tribe to gain acceptance and collaboration with in-group members.

#### *3.2.3 Identity threats and identity opportunities*

Identity threats could arise from various sources and could be chronic. A chronic source could be harsh and rigid experiences during the formative years of an actor resulting in the feeling of "hostility and inadequacy" attached to an identity (Branscombe *et al*., 1999). Another source, that is pertinent to this paper is a social identity threat where an individual's group membership is jeopardised during conflict with other groups in the battle for scarce resources (Branscombe *et al*., 1999).

Branscombe *et al*., (1999, p.36) suggest four avenues of social identity threats where one is categorized into a group against their will, the identity of the group is undermined, the

group's distinctiveness from others is prevented or undermined, and lastly, where one's position within a group is undermined. These four avenues of social identity threats may result in the marginalization and trivialization of groups and individuals alike, resulting in various reactions from those threatened.

When the identity of an actor is threatened, the threat may give rise to a negative self-concept and self-worth that results in reduced individual performance (Steele, 1997), while some actors may also fear expressing or enacting their identity freely (Maitlis, 2009). The threat to an identity may also diminish its value (Anteby, 2008) amongst other identities an actor holds – in an actors' identity network (Bataille and Vough, 2022). Piening *et al*., (2020) also analyse how employees in organizations determine how to respond to organizational identity threats through negative media coverage challenging their individual identities.

Whereas identity threats may give rise to emotions of fear (Markus and Nurius, 1986) and concern (Steele, 1997), identity opportunities may emote hope and motivation towards desired identities (Bataille and Vough, 2022). These differences in the emotions that identity threats and identity opportunities effuse from individuals, has been argued to spark rigid and un-inspired reaction when actors are faced with identity threats (Bataille and Vough, 2022), while the positive emotion attached to identity opportunities may spark creativity and resource-building responses (Conway *et al*., 2013). Moreover, in the face of perceived identity threats, actors may be motivated to stay away from that that causes the threat – avoidance motivation, while moving towards what is perceived as a positive stimulus – approach motivation (Elliot *et al*., 2006), working to "capitalize on the chance to come closer to establishing a desired identity (Bataille and Vough, 2022, p..98).

Consequently, we seek to add the perspective of signalling through impression management by out-group members, as a form of identity work that they engage in. It would be interesting to unearth whether signalling performances by marginalized out-group members in tribal contexts are done so as a true belief-signal or impression management (Funkhouser, 2022), performed to manoeuvre identity threats or take advantage of identity opportunities (Bataille and Vough, 2022) or for positive self-esteem purposes (Tajfel and Turner, 1979).

## 3.3 Methodology

### *3.3.1 Research Context – Tribal Country in East Africa.*

The study was based in a tribal country in East Africa, Kenya. Kenya has a population of nearly 48 million people (Kenya National Bureau of Statistics [KNBS], 2019). Its fractionalization nature is due to the make-up of its people, having an estimated 45 tribes (KNBS, 2019), each speaking their own language, others with several dialects within their languages.

Historically, it has been observed that colonialists used divide and conquer mechanisms to disperse and destabilize the natives and their land masses (Mafeje, 1971; Elkins, 2005, Karari, 2015). The dispersion of people across borders was done to create 'tribes' and tribalism that could be easily divisible "by colonial authorities in their naming of political communities" (Mafeje, 1971, p.253). This dispersion was not done so cordially, but instead, was made possible through extreme brutality including physical violence, rape, torching, electrocution and other forms physical and psychological abuse that was meted upon the natives (Karari, 2018).

The country of Kenya provides a unique context to assess the phenomenon of tribal identities and tribalism in social and economic value creation, and how actors overcome aspects of tribalism to overcome marginalization, trivialization and tribal violence. This is mainly for two reasons. First, the country is not more than 20 years removed from tribal clashes that took place in 2007, following a highly contested election. Second, the five presidents of Kenya, since independence in 1963, have come from just 2 tribes, with two presidents being father and son. Thus, studying the phenomenon of tribalism in the Kenyan context, will give us valuable insights into how social and economic livelihoods have been affected due to tribalism. Therefore, the experiences of those who lived through the tribal clashes, those that lived through colonialism, and marginalization due to power and resources have been constrained to 2 powerful tribes, may be able to outlay how they have managed to survive, create value, and co-exist with other tribes, amidst tribal tensions that strain social identification, may greatly inform our knowledge on identity work.

Currently, the country has a devolved administrative structure with 47 counties and 314 sub counties. The county of investigation that was selected was the capital city of Nairobi County from the list of 47 counties. This selection was done for 4 main reasons. First, the lead researcher has years of networking in and around the country and county allowing for easy assimilation as an 'insider' in the county. Second, the county has, due to rural-urban migration, great diversity with regards to tribal identities given the inflow of migration to the

capital City of Nairobi, from all corners of the country. Third, the mix of classes and cadres that is found in Nairobi County, cuts across the divide of classes and cadres, religion and any other divisive tactic that has been used during the recently concluded politically charged election period. Fourth, at the time of data collection, there were pockets of anxiety and unrest, given the recent riots over the 2022 national elections. Therefore, the county, which serves as the Capital City, had heightened security and less tribal tensions due to its diverse composition, as compared to the rural areas where tribal identities are salient and intense, which may result in heightened tensions for out-group members.

While the above are reasons for choosing Nairobi County, the county remains representative of the latest census. The most populous tribes in the country, those of Kikuyu, Luo and Kalenjin, also dominate the number of residents in Nairobi County (KNBS, 2019). Moreover, the county provided a unique case study in that, the residents are forced to mingle with individuals from other tribes, while in rural areas, tribes tend to stay in isolation as a result of ethnic segregation (Ngolanye *et al*., 2024). Therefore, the county provided a mix of intercultural relations and a mix of major and minor tribes, all having faced severe marginalization due to being out of power - incumbent presidents have favoured their own tribe, and area for development, rendering other areas undeveloped. The five presidents of Kenya, since independence in 1963, have come from just 2 tribes, with two presidents being father and son. Thus, studying the phenomenon of tribalism in the Kenyan context, will give us valuable insights into how social and economic livelihoods have been affected due to tribalism.

### *3.3.2 Data Collection*

This study is rooted in the phenomenological tradition of qualitative research that seeks to make sense of or interpret phenomena in terms of the meanings that people confer to them (Denzin and Lincoln, 2011). Hence, the study adopts an interpretivist epistemological stance, seeking to understand how marginalized communities have survived through tribalism and social identity tensions to create value, socially and economically. To do this, we drew on 25 semi-structured interviews with community members. The study also made use of insights from informal conversations from inquisitive passers-by, and these conversations supplemented contextual evaluation during data analysis.

#### *3.3.2.1 Semi-Structured Interviews*

The interviews were guided with the use of a survey instrument – a semi-structured interview protocol (See Appendix III). The initial survey instrument was created through iterative process where the lead researcher's focus on deciphering how tribal actors survived,

and continue to survive marginalization to achieve economic mobility, led discussion points, resulting in questions. These questions were piloted between the researchers and the research assistant. However, as the study proceeded, these questions evolved with each data collection cycle, conventional in grounded theory research (Locke, 2001). For example, early analysis of interviews revealed that actors faced tailwinds and headwinds in their entrepreneurial and career prospects solely due to their tribal identity. Consequently, we revised the protocol (See Appendix IV) and focused more on understanding how they reconfigured their identity to overcome headwinds they faced and make the most of their existing tailwinds as they relate to others, and MFIs. The revised version also allowed for greater room for conversation. The participants were additionally encouraged to tell their stories regarding tribal relations and how it affected their identification with themselves, others as well as microfinance institutions.

The interviews were conducted in Swahili and English, both of which are the national languages of Kenya. The respondents could respond in whichever of the two languages they were comfortable with. They were guided against using tribal languages as these would enable the researcher to identify which tribe they represented. Swahili and English ensured the conversation remained tribe neutral. Swahili responses were translated for analysis in English, as English formed the basis of the paper. All the interviews were tape-recorded. There was one research assistant who aided in translating and transcribing the interviews.

Given that in interviews, meanings may be "actively assembled through the process of impression management" (Brown and Coupland 2015, p. 1320), the researcher sought to make the sessions as informal as possible, as they were carried out in informal settings, and participation posed as a conversation more than a question-answer interview session. The interviews on average lasted around 1-hour, with the longest being just under 2 hours, and the shortest being 40 minutes.

Further, informal conversations were also had on the data collection days, with around 10 people, these ranged from waiters, bus/public transport touts, and these insights also added to the understanding of the matter. These conversations lasted around 10-15 minutes and added some background into how the locals felt about tribal relations in the county. This allowed for greater understanding of insights gathered during data analysis.

#### *3.3.2.2 Sampling and Participant Selection*

The study employed a multi-stage sampling strategy combining random street intercepts, purposive criteria, and snowball recruitment. Initial participants were approached

randomly within Nairobi's Central Business District (CBD) to reduce interviewer-driven selection bias and to access individuals from diverse tribal and socio-economic backgrounds.

While not fully and nationally statistically representative of Kenya, Nairobi constitutes a socially dense site where multiple tribal identities intersect within shared economic spaces. Nairobi was selected because it reflects significant ethnic heterogeneity due to sustained rural–urban migration and approximates national tribal distributions. Nairobi County is the most populous county in Kenya, being home to about 10% of the Country's population (KNBS, 2019). Nairobi is deemed to be fairly representative of the tribes that are found in Kenya due to rural-urban migration (KNBS, 2022). As at the last census, Kenya's population is dominated by 5 of the 45 tribes, with the 5 tribes representing almost 70% of the National Population (KNBS, 2019). Of these 5, only 2 have held presidency, consequently locking out the rest from power and resource allocation possibilities. Nairobi is similarly representative of the tribal distribution in the country, where over 70% of the county's residents being from these major tribes (KNBS, 2019; Ngolanye *et al*., 2024). Therefore, there was the opportunity to speak to various tribes-members, some marginalized, and some part of tribes that have been part of government.

These residents of Nairobi, particularly those who commute, conduct business, or by happenstance, are in the Central Business District streets provided the bulk of the participants, other than those purposefully or snowballed into the sample pool.

Interviewers approached passers-by without demographic pre-screening. To preserve ethnic neutrality in selection, no identifying questions regarding ethnicity were asked prior to securing consent to participate. Importantly, surnames and middle names were not requested at the point of recruitment. In the Kenyan context, surnames frequently signal ethnic affiliation, as many are linguistically traceable to specific ethnic groups. Similarly, accents, dialect inflections, and patterns of code-switching between Swahili, English, and vernacular languages may signal ethnic belonging. Recognizing the potential for these cues to subconsciously influence interviewer behavior, recruitment scripts were standardized and delivered in the national languages of Swahili and/or English, avoiding ethnic language prompts. Interviewers were trained to refrain from responding to accent cues or attempting to infer ethnic identity during the data collection process.

Ethnic affiliation was therefore not used as a selection criterion but was discussed only within the broader conversational flow of the interview. This sequencing ensured that inclusion in the sample was not explicitly or implicitly conditioned, on perceived ethnic markers.

Further, the participating respondents also had to satisfy two criteria, thereby making it a purposive sampling technique. The criteria were as follows:

• Participants had to be citizens of Kenya, belonging to a tribal community, marginalized or not.

• Participants had to have been involved and engaged in finance or microfinance activities.

This ensured that narratives directly addressed the intersection of tribal identity and socio-economic value creation and participation in economic activities. Snowball sampling was used to access individuals occupying community-representative or sectoral roles (e.g., financial practitioners, educators, municipal officials), thereby enriching contextual depth.

The final sample comprised 25 participants. In qualitative research, adequacy is evaluated through theoretical sufficiency and saturation rather than statistical power calculations (Morse, 1994). Empirical examinations of doctoral fieldwork suggest that thematic saturation commonly emerges between 20–30 interviews (Mason, 2010), with similar sample sizes prevalent in studies examining marginalized identities and institutional dynamics in top-tier journals (Tyler, 2011; Nardon *et al*., 2021; Nazzal *et al.,* 2024; Fernando, 2025). The present sample falls within these established ranges, and thematic repetition was observed in the final phase of data collection.

Below we highlight a summary of characteristics of our 25 interviewees.

**Table 3.1**

**Interviewee Demographic Characteristics**

| **No.** | **Current Employment** | **Age** | **Gender** | **Profession** | **Education** |
|---|---|---|---|---|---|
| 1 | Senior Banker | 41-50 | Male | Banker | Masters' Degree |
| 2 | Film Maker | 31-40 | Male | Self-Employed | University degree or equivalent |
| 3 | Operations | 21-30 | Female | Hospitality | University degree or equivalent |
| 4 | Diplomat | 41-50 | Male | Doctor/ Medicine | University degree or equivalent |
| 5 | Unemployed | 31-40 | Male | Unemployed | High School Diploma |

| | | | | | |
|---|---|---|---|---|---|
| 6 | Cleaner | 51-60 | Female | Casual Labourer | High School Diploma |
| 7 | Casual Researcher | 21-30 | Female | Economics | University degree or equivalent |
| 8 | Business Owner | 31-40 | Male | Entrepreneur | University degree or equivalent |
| 9 | Farmer | 41-50 | Male | Farming | University degree or equivalent |
| 10 | Retired | 61-70 | Male | Politician/ Former Town Clerk | University degree or equivalent |
| 11 | Primary School Head Teacher | 41-50 | Female | Education | University degree or equivalent |
| 12 | Lawyer | 31-40 | Female | Law | University degree or equivalent |
| 13 | Public Relations (PR) Practitioner | 21-30 | Female | PR | High School Diploma |
| 14 | Cleaner | 51-60 | Male | Casual Labourer | High School Diploma |
| 15 | Security Guard | 41-50 | Male | Security | Primary School Diploma |
| 16 | Hawker | 31-40 | Male | Self-Employed | Primary School Diploma |
| 17 | Gardener | 41-50 | Male | Casual Labourer | Primary School Diploma |
| 18 | Housekeeper | 31-40 | Female | Casual Labourer | Primary School Diploma |
| 19 | Doctor | 31-40 | Male | Medicine/Public Health | University degree or equivalent |
| 20 | Executive Assistant | 51-60 | Female | Diplomacy | Masters' Degree |
| 21 | Retired Psychologist | 51-60 | Female | Psychologist | Masters' Degree |

| | | | | | |
|---|---|---|---|---|---|
| 22 | Shoe-shiner | 31-40 | Male | Self-Employed | Primary School Diploma |
| 23 | Newspaper Vendor | 31-40 | Male | Self-Employed | Primary School Diploma |
| 24 | Unemployed | 31-40 | Male | Theology | University degree or equivalent |
| 25 | Retired Diplomat | 61-70 | Female | Doctor/ Medicine | Masters' Degree |

**Table 3.2**

**Interviewee Summary Statistics**

| | | |
|---|---|---|
| **Age (years)** | Range | 21-70 |
| | Mean, SD | 41.80 (11.45) |
| **Gender (%)** | Female | 40 |
| | Male | 60 |
| **Employment Status (%)** | Unemployed | 8 |
| | Self-employed/Entrepreneurial | 20 |
| | Employed | 40 |
| | Casual Labourer | 20 |
| | Retired | 12 |

On the ground, as we approached passers-by to participate, the participants were given the choice to conduct the interview on the spot or if they preferred to do it in nearby cafés that are littered within the city centre. They were also given the option to have the interview at bus stops or nearby shaded seating tents (*kibanda in Swahili*) that can be found within the city centre. Kiosks also provided a venue to conduct such an interview in cases where shopkeepers were selected.

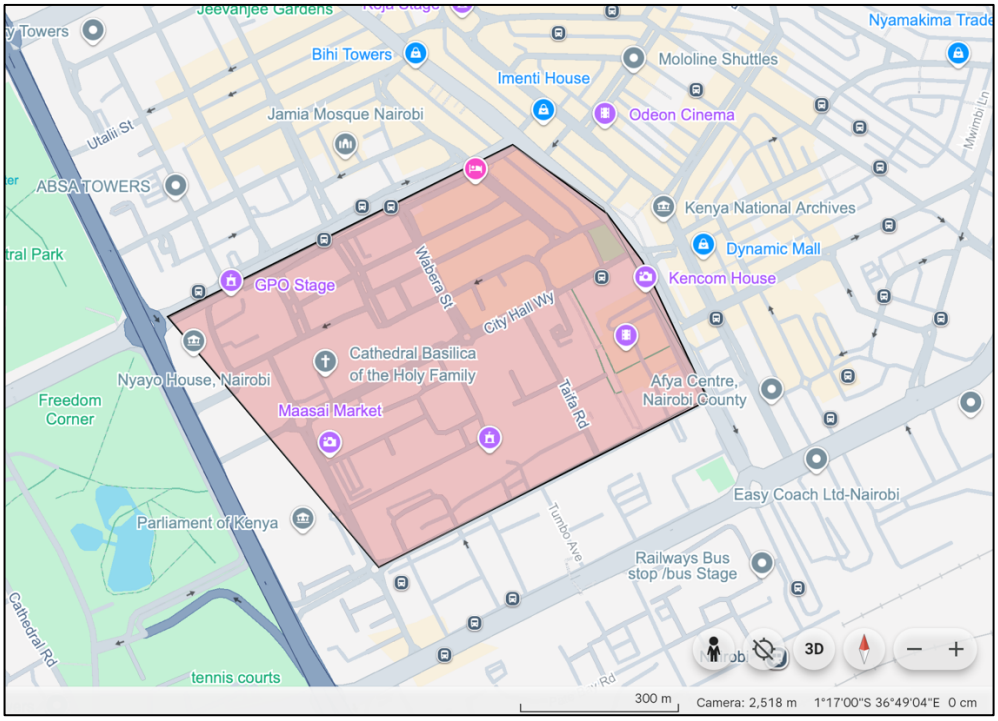
Given the salience of tribal identity in the Kenyan socio-political context, the research team remained attentive to the ways in which interviewer identity, linguistic choices, and perceived social positionality could shape participant interaction. In Kenya, language choice, accent, and even conversational register can signal educational background, socio-economic status, or ethnic affiliation. Therefore, we adopted a neutral conversational tone, avoided formal or bureaucratic language during recruitment, and allowed participants to determine the

linguistic register of the interview. Reflexive field notes were maintained throughout the data collection process to document potential positional influences and contextual dynamics. This reflexive approach aligns with established qualitative standards emphasizing transparency and researcher awareness in socially embedded research contexts (Lincoln & Guba, 1985; Charmaz, 2006).

All the respondents were given nominal appreciation (£5) in form of either cash in local currency equivalent, or tea/coffee and a snack at the local café, for those that chose to conduct the interview in the café.

**Figure 3.1**

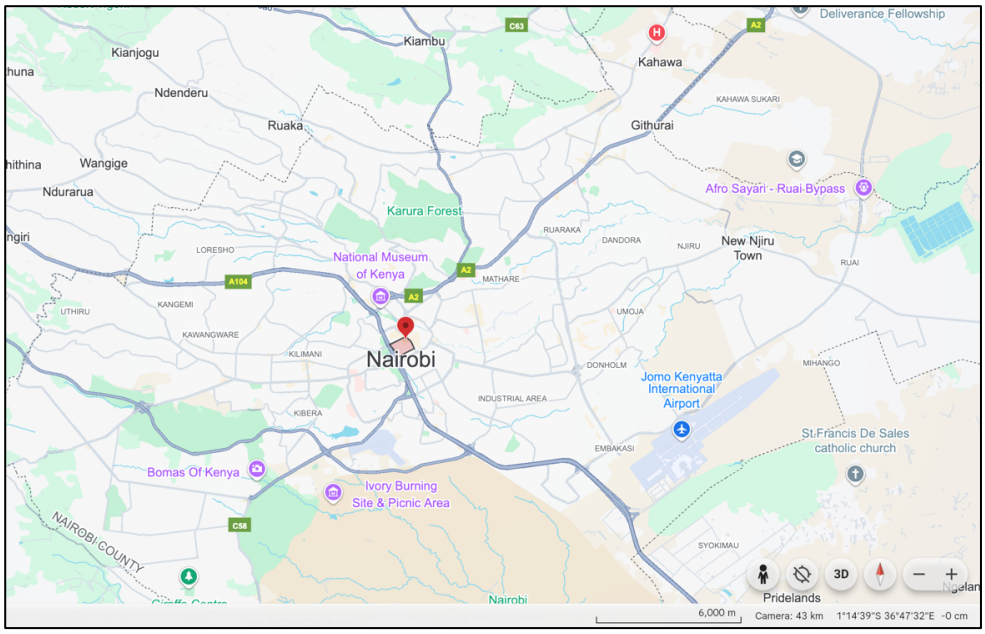
**Map of Study Area, in Nairobi, Kenya, East Africa.**




Source: Google Maps, 2025

**Figure 3.2**

**Map of Study Area in Greater Nairobi Context**




Source: Google Maps, 2025

**Figure 3.3**

**Map of Kenya, East Africa**


Source: Google Maps, 2025

***3.3.2.3 Sample Selection Limitation***

Several limitations warrant acknowledgment. First, recruitment within Nairobi's CBD may overrepresent individuals who are economically active or urban-centered, potentially underrepresenting rural financial experiences. Second, while the random intercepts attempted

to defray selection bias, snowball referrals may introduce limited network clustering among sector elites. Third, although Nairobi's demographic profile approximates national tribal distributions, and as much as the researchers tried to remain tribe-neutral during selection, findings are situated within an urban area, despite the persistent rural-urban migration, should be interpreted in that context. Finally, reliance on self-reported narratives introduces the possibility of retrospective bias. These limitations are consistent with qualitative fieldwork in socially embedded contexts and do not undermine the internal coherence or analytical contribution of the study.

### *3.3.3 Data Analysis*

There were 3 periods of data collection, and 3 periods of data analysis. Each lasting a week. These periods of break between collection and analysis allowed for a constant comparison approach where the lead researcher could compare insights gathered and inform the survey instrument in order to have a well-informed guiding survey instrument by the last data collection period. During each data analysis period, 3 stages were conducted.

The first stage was transcribing audio to text and translating where necessary. The recordings were played-back and transcribed, and those that required translation to English were translated after the transcription stage. As the lead researcher is a native speaker of both English and Swahili, and the research assistant was equally adept, the translated transcripts were proof-read twice-over to ensure the meaning was not lost in translation.

Second, following Strauss and Corbin (1998), Braun and Clarke (2006), and Gioa *et al*., (2013) model of axial coding that aims to unearth overarching themes that capture the perceptions, experiences and prospects of living, surviving, and creation of value socially and economically in a tribal country. Consequently, the lead researcher undertook an iterative thematic analysis of the interview responses to identify the emerging themes within the transcripts. During this process, to ensure that any bias the lead researcher may have during the thematic analysis, the second author, who is far removed from this context also conducted an independent review of the codes and transcripts to ensure for accurate interpretation and iteration. The process of iteration was done in 3 steps.

First, with the aid of a qualitative software (NVivo 14), the lead researcher coded the interviewees terms and labelled them as 1$^{st}$-order categories that retained some of the interviewee's terms. There emerged 53 categories, which upon further review, were amalgamated to 30 categories based on similarity to each other. Second, these 30 codes were printed, and further similarities sought between them, with converging codes grouped together to form the 2$^{nd}$-order themes. The formation of the themes was based on answering

the more analytical question of "what is going on here theoretically?" (Gioia *et al*., 2013, p.20), and grouping similar categories together resulting in nine 2nd-order themes. The 2nd-order themes help us understand what phenomena is being unearthed from the transcripts. Finally, the third step involved forming aggregate dimensions that are theoretically relevant. These aggregate dimensions arise from further grouping of the 2nd-order themes, that allowed the researcher to draw similarities and differences with literature and the formation of data structure, seen in figure 1. During this step, we aligned the aggregate dimensions with various streams of identity literature that speak to social identity dynamism and identity work, sources and salience of social identification, and the prospects of social identity.

The last stage was a confirmation stage, where the lead researcher went to and from, the interview responses, and the emerging themes aggregate dimensions (Strauss and Corbin, 1990) to ensure relevance to the research objectives. This stage also involved seeking feedback from supervisors and peers, to assess for theoretical relevance, while also offering the research assistant an opportunity to provide feedback on whether they believed thoughts of respondents had been accurately captured.

#### *3.3.4 Ethical Concerns and Mitigating them.*

The study was undertaken as part of a PhD thesis, by the lead researcher at the University of Southampton. The identity of participants remained fully anonymous. Some direct quotes of responses may be used as evidence of any theory that may emerge from the study; however, no identifiers will be used. Some of the questions may be sensitive and you are free to let me know if it makes you uncomfortable. All information given is confidential. Once the data from all the respondents has been collected, the responses will be saved in the University of Southampton Cloud depository for analysis by the lead researcher. The data will then be destroyed, one year after the collection date, when the submission process is expected to be completed. Participants were asked to sign consent forms in agreement to undertake the semi-structured interview.

During data collection, the data (audio and written) will be securely stored on the university cloud until analysed. After analysis and publishing of the dissertation, the dissertation will be stored with the University of Southampton repository for a period of 10 years, given the data is not deemed significant to require greater storage period. Below, are further concerns that may arise and how they were mitigated.

#### *3.3.4.1 Confidentiality and Anonymity.*

There was no personal information or identifiers collected and any identifiers that appeared in conversation were redacted. This ensured anonymity of respondents as personal identifiers are of no value to the study.

#### *3.3.4.2 Limited diversity in participant group.*

Through the snowballing technique, we gained useful insights from knowledgeable participants, however, it may have limited the diversity in the overall participant group. Snowballing was however not the primary sampling method and therefore, this risk may have also been mitigated as participants were largely selected at random.

#### *3.3.4.3 Independence of researcher.*

There were no conflicts of interest, and the funding organizations of the research were declared to respondents.

#### *3.3.4.4 Informed consent and voluntary participation.*

No participant was coerced into participating and were only allowed to participate once the participant information sheet (Appendix VI) had been read and understood, and the consent form had been duly understood and signed. Participants were also able to withdraw participation whenever they felt but will be made aware that withdrawal of participation once the interview is completed, may not be possible due to anonymity. No participants withdrew their consent at the time of publication.

#### *3.3.4.5 Bias.*

The researcher did not personally know any of the respondents other than the snowballed public figures such as the former County Town Clerk. The participants were also selected at random and thus further mitigated this risk. Biased responses from participants may be difficult to mitigate, however, they had agreed to give true accounts and experiences.

## 3.4 Results

The findings suggest key three avenues in which tribal identities have played a role in socio-economic value creation in a tribal country. The diverse group of interviewees saw wide-ranging perspectives on the benefits and drawbacks of tribal identities, the historical source of tribal identities. Perspectives particularly converged on the impact of tribalism on economic and social opportunities, the cyclical nature of the salience of tribal identification, and prospects of tribal relations to deter reoccurrence of tribal tensions. Specifically, these converging perceptions capture that: (a) tribal identity may act as a socio-economic straitjacket that limits what an actor undertakes as an economic activity, the subjects they select in school as well as potentially dictate their marital partner; (b) there exists a hierarchical permeation of tribal identity that disseminates from those in positions of power

and influence such as politicians and government officials; (c) tribal people harbour a resilient positivity, mainly driven by a youthful population that have witnessed tribal clashes and seek to not experience such clashes again, but to succeed even in the face of tribal diversity. Figure 1 summarizes these converging perceptions found in the interviewee responses.

This section provides a detailed breakdown of these converging perceptions that have been termed as aggregate dimensions in Figure 3.4, highlighting the themes and categories and interviewee quotations that led to the development of these aggregate dimensions. These aggregate dimensions are hoped to advance our understanding of social categorizations and their impacts on value creation through the context of tribal nations. This is particularly important in understanding why interventions such as microfinance may or may not have desired effects in such contexts.

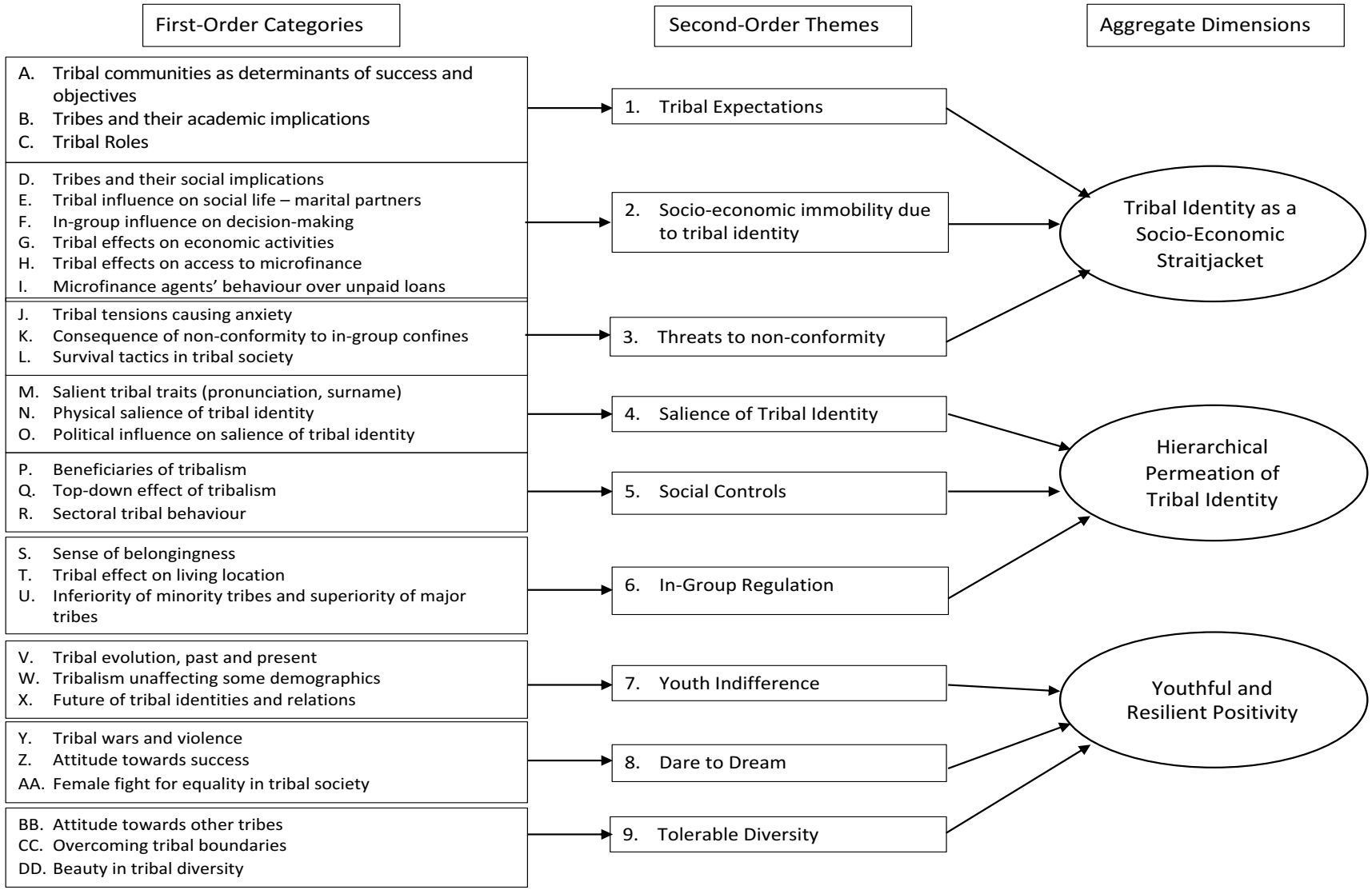
### *3.4.1 Heritage - Tribal Identity as a Socio-Economic Straitjacket*

The first dimension to emerge from the analysis was that of tribal identity as rigid that individuals have little choice and influence over assignment into a tribe, the expectations and roles of a certain tribe and any controls a tribe may have. Unlike other forms of identification that can be subjectively self-categorized such as organizational identification and gender identity, tribal identity is not as subjective. This is because once one is born into a tribe, it is one of permanence. Identification may not be permanent, but their tribal identity in the tribal country, is sticky. Unlike other social categorizations where one is assigned or assigns themselves into identifying with an identity, tribal identity is inherited from ancestral heritage. Given this heritage inheritance, ancestry places expectations on how tribes should behave, what economic activity they undertake, what education they should attain, and what roles are played by tribespeople.

#### *3.4.1.1 Tribal Expectations*

One such proclamation of the significance of tribal beliefs and the weight of expectations it carries on an individual was explained by a young casual researcher who is trying to define their career path: “At this point in my life, my family and my tribal community help me define my personal objectives and what success means.” Similarly, a young unemployed man echoed these sentiments that the weight of tribal expectations played a role in his pursuit of a sporting career, as his “tribe is stereotypically known to be shrewd and business oriented, it limited my sporting ambition as my tribesmen are not known to excel in the sports I was interested in.”

**Figure 3.4: Data Structure – Aggregate Dimensions**



Such expectations may cause one to be self-conscious and less adventurous to pursue what they truly desire. The casual researcher emphasized this effect, in that:

> "There is a way your tribe has a say in your decision making capabilities or your right to choice, sometimes you find that mostly growing up you were being told about a certain tribe and it ended up getting really into you, so you are like somehow you feel like whatever that was being said is true so you don't have more time to look at the positive side you just think if this tribe has such kind of culture and we don't g*et al*ong then you don't pursue that kind of a thing."

With these expectations, there also brings an element of disdain from the community when you go against the grain. This self-doubt may be seen as emanating from other members of the tribe, but it brings about a self-consciousness which acts as some form of control over what the tribe expects. So, in some respects an individual may "feel like maybe if you want to venture into a career that not most people from your tribe does, then people will be like, questioning, like, are they able to pursue that career?"

However, what certain tribes expect of an individual or community, varies greatly from tribe to tribe. That is, not all tribes have similar expectations. One respondent explained this diversity in tribal expectations, where "there are things, that different tribes are good at that can create wealth, like mostly, the Kikuyu's are known for businesses and then the Luo's because they are wise and they love education, they are good at white collar jobs or politics."

Moreover, these expectations seem to transcend what career one may undertake, as tribal expectations seemed to be the basis of existence and persistence of gendered roles. Like other tribal expectations, these gendered roles also vary from tribe to tribe. A retired psychologist explains that "tribes frequently cause a community's traditional gendered norms and expectations to be reinforced. Men might be expected to take on leadership roles and participate in activities that are typically associated with strength and protection, for instance, while women might be expected to take care of the home and others, putting others' needs ahead of their own aspirations and objectives."

It appeared that these expectations were greater depending on one's childhood. She continued to explain that there exists a traditional – urban/westernized divide where she has "found that the more the traditional upbringing and tribal-focused a person is, the more likely they are to believe in rigid conservative gender roles. Not only do they stick to these roles, but they often extend them to those within their social circles (familial and non-familial)."

#### *3.4.1.2 Socio-economic immobility due to tribal identity*

While there may be expectations surrounding career aspirations and roles, there also appeared to be greater effects of these expectation that eventually inhibit one's social and economic capabilities and opportunities, and mobility in society in general. Mobility is the ability of an individual, a family or a tribe, to improve their status in society, be it socially or economically. These inhibitions transcend tribes as the expectations and roles of one tribe, have become known amongst other tribes over time. This is especially "by means of stereotypes and the notion that tribes are more predisposed to types of economic endeavours. This belief can often lead to discrimination and hinder equal opportunities for individuals belonging to certain tribes."

There is a feeling from a hawker who had recently moved to the Capital City, that the stereotypes are "perhaps in the less urban areas." He added that, "one may lean towards certain occupations and feel more confident venturing into certain business opportunities due to their tribal background. But it's a bit traditional and borderline superstitious." He implies that while it may not be law to pursue one or more aspects of one's tribe, people do so out of misconstruction of reality, and that it may also be dependent on one's upbringing, whether traditional or westernized, echoing the thoughts of the retired psychologist. He added that while he is hawking now, he intends to leverage on this tribalism and start his own business because "people associated with my tribe are doing well in business, so it will even attract more people to my business simply because I am from a certain tribe. So that works as an initial advantage."

This limiting tribalism effect on economic opportunities was echoed by a business owner who from his experience, has seen that "if you come and start your business in our area and you are a certain tribe and they don't know you, people will not promote you by buying your products, they will actually make sure you go broke or they chase you away." He found that this is especially the case when you come from a minority group, as minority groups tend to stick together to achieve some sort of economic mobility together. "For me, coming from a minority tribe, I have put up my shop or business amongst my community people who will promote me, they will brand my business and make sure that my business has expanded, that means that in terms of economics the tribal identity has made the business to expand."

While minority tribes seek to uplift each other, individual members may sometimes feel the weight of social immobility, with one PR Practitioner exclaiming that, "It (being an outsider from a marginalized tribe) makes you feel like you haven't reached where you are

supposed to be, you feel low, you are never high, there is no time you will feel that you are a *from a marginalized tribe* that you are supposed to be on top, no, each time I feel like hiding myself behind someone so that I am not heard, I just be low." She adds that:

> "I feel like I am somehow demoralized I feel bad standing before people to address them because sometimes you can talk in front of people and from my accent, they be like "now you *marginalized tribe member* what are you telling us?" like most of the people demoralized me because of the community I'm coming from and it was not my wish to belong in that community I just found myself in that community but you find that most of the people they demoralized me because of the community I come from."

Therefore, whereas people do not have choice over their tribal identity, they find themselves categorized as such. Worse so, if you happen to be a member of a minority tribe, where you are not amongst your people, such categorization may have repercussions on one's ability to express themselves, to interact amongst other tribespeople, as well as mentally affecting one's spirit to the extent that one fails to feel a sense of belongingness, especially as a member of a minority tribes. This may further dampen any aspirations for socio-economic mobility that some may have.

A retired diplomat could only sympathize and empathize with those who have had their opportunities limited due to tribalism. She stated that "I understand the predisposition one's tribe can form when it comes to economics, especially for those living at and/or below the poverty line. From stripped job opportunities, career ladder cut-offs, and social ousting within relationships."

This phenomenon of immobility was further exclaimed by an unemployed theology graduate who lamented that tribalism has really limited his ability to get formal employment to the point where he has stopped applying for jobs. He views "tribalism as what is killing the economy of Kenya. You find, for instance, I am learned but I'm from the tribe of minority community or a community that is not well influential. So, I won't get a job even if I apply…. I don't have an insider from my tribe anywhere who can consider me for employment, so you find that it affects me a lot."

These sentiments were shared with a respondent in formal employment who sought greener pastures as an Executive Assistant noted that "nowadays you will find that there are some job adverts out there where they are specifically written, people of this tribe are particularly encouraged to apply." She however gives grace for such job adverts by adding that "maybe those who are advertising such jobs, have a particular reason why they are

encouraging a particular tribe to apply, maybe because they need people to speak in that language, or they need people who understand the practices of that particular language."

When it came to economic mobility opportunities offered by microfinance firms and microfinance products, it emerged that people understood how microfinance worked better when the product was offered in their tribal language, as opposed to the national languages. "He (loan officer) spoke to us in a language we can understand, we understood about borrowings, interest and how to pay, the range of loans that have high interest, he explained well, and we were able to understand, and sign up."

However, the tribal language also appeared to have a negative effect as a newspaper vendor had observed that he "doesn't know the criteria they used (to issue microfinance loans), because you find that these people (loan applicants) were not speaking the same language and then the moment it came to repayment, they (loan officers) were coming to recollect loans, but they were not understanding each other. You find that someone's iron sheet is being taken, someone's television is being taken, Like I saw they were really harassed, I don't know if it was because of the tribe or the language barrier."

Accessing microfinance products seemed to also have been affected by the same tribal limitations that affected career aspirations, customers of businesses, and employability. This is especially the case during loan application as a casual researcher noted: "They (loan officers) might help me with certain conditions that I may not be able to meet, you will find there will be more delays, you may need an emergency loan but it will take long, but if I come to that place and we speak the same tribe, you will find it's easier for you to get the loan, accessing that service becomes easy."

However, for some tribes, even after understanding microfinance and its prospects, some aspects do not sit well with traditions. A housekeeper noted that "like my tribe or where I come from, we don't believe in those microfinance, like to go and save your money in those microfinances, you see it is Riba, they will give me a Riba and in our community we don't accept anything to do with Riba, and again I can't go there to take a loan because they will give me a Riba, a Riba which we believe in our community the moment you are going to take a Riba it will affect your future and everything that you will do with that money. So, in my community we don't believe in those microfinances."

Nonetheless, it was found that microfinance has indeed strictly attempted to increase economic opportunities to women. This is despite the gendered roles inherently prescribed by tribes, that limit their access financing. This was experienced by a male business owner, who had attempted to access a loan to expand his business but attributed his inability to qualify for

the loan to difference in tribe: “while it was advertised as business loans for women so because of the different tribe and culture, I could not get into the group that qualify.” This shows how new products that inherently position ‘foreign’ propositions such as the microfinance offer to women only, may be seen as emanating from an outsider tribe or culture.

These observations highlight the socio-economic immobility that may exist in tribal contexts, below we outline what has been observed to keep these tribal socio-economic inhibitors in place over time.

#### *3.4.1.3 Contestation - Threats to non-conformity*

While some respondents have alluded to the nature of tribal people following expectations and roles, there may be consequences for those who go against the grain and act outside these expectations. A farmer noted that: “individuals who do not conform to conventional gender roles are not well-liked by the community and may face social repercussions or marginalization.” These repercussions and marginalization could be extreme in some instances where “one can find themselves outcast from key social structures and deemed a troublemaker. This can be short term, and the distancing could be used as a form of “punishment.” A banker further emphasised that “alienation may occur as individuals may struggle to find acceptance within their communities and social circle.”

Such ramifications of being outcast from society may inadvertently force one to tow the tribal line and the expectations thereof. A cleaner stated that these measures were corrective in nature and need not be seen as detrimental. She detailed that these “corrective measures could then be put in place (to deter non-conformity); this may involve interventions (usually from other women in proximity), withdrawal of interaction and support by their partners”. She however noted that she has observed extreme non-conformity threats, “at worst, there has been physical violence from others and even partners.” These extreme scenarios were also echoed by a housekeeper who exclaimed that “you find that people may oppose you or chase you away or maybe kill you (if you are, or behave like an outsider).”

The ramifications that surfaced also appeared to have the earlier mentioned traditional – urban divide while also angling for the gendered perspective. One respondent added that the repercussions “could be lesser in the urbanized areas: and this is especially the case for women who try to break free from gendered roles as ascribed to by tribal expectations.” These sentiments were echoed by a primary school head teacher who expressed that, “women in more urban and liberal settings may still be considered outliers, but by a smaller pool.

They would be less likely to face out-casting but may receive unwarranted backlash from older and more conservative crowds if their views come to light."

A seasoned banker gave insights of his experience of the consequences of going against the grain in the professional world, adding that "from a modern professional perspective, going against gendered roles has been beneficial for women. Women with such views are considered more equal to (but never on par with) men within this and other industries."

Given such ramifications to non-conformity to tribal expectations and roles, there also emerged sentiments revolving around what causes the salience of tribal identity, the preservation of tribal roles and expectations through social controls and in-group regulation, that has safeguarded the persistence of tribalism.

### *3.4.2 Configuration - Hierarchical Permeation of Tribal Identity*

#### *3.4.2.1 Salience of Tribal Identity*

The primary school headteacher has observed that the salience of tribal identity begins with the tribal nomenclature that is a norm when it comes to naming children. She stated that "like in our country, our names betray us, the moment you say your name, people will associate you to a certain tribe." She further adds that she "wishes that people would do away with their second and third name which normally gives the first identifier of someone's tribe but that is quite big to say, and I mean we all need our own identity and working with first name might be a bit hectic."

While tribal nomenclature may give a sense of belongingness to a tribe, it may also hamper livelihood and could dictate aspects of social life. A casual researcher explains that this is "because there are some certain jobs you can't get, with your name, and even there are some localities you can't live here in Nairobi if you are not from a certain tribe, it gives you some insecurity, I bet it will, the tribe affects certain lifestyle also."

However, people do not always identify strongly with their tribes throughout their lives. It emerged that "maybe because people tend to identify most during the political, or when we have a lot of politics going around during the election period. That is when you will remember that my neighbour is of this tribe." Therefore, the consequences of this identification, or sense of belongingness may only be regurgitated during electoral cycles where the country tends to divide along tribal lines.

Moreover, the salience of tribal identity recurring every electoral cycle has been brought up. Contextually, Kenya holds its elections every 5 years, and a gardener found this frequency of elections to be elevating salience in a cyclical and increasing manner: "It's like

people keep reminding themselves every 5 years that I'm not of your tribe, you have this political affiliation because of you are of this tribe. So, I think it's becoming more and more as we are getting to terms with the new constitution, or the elections are like, very regularly done, like every five years, we have elections." While Kenya has always held elections every 5 years, Kenya had been a one-party state before the 1992 elections. Since then, elections have had greater contestations.

These sentiments were echoed by a retired diplomat who stated that "two years after election, almost forgetting, one year to election we are reminded of the fact that I'm of this tribe, this is what other people think about me."

While the salience may be cyclical, the source of this salience appeared to emanate from the top – down, especially from the political elites. A shoe-shiner lamented on this fact. He stated that it is "the leaders are the ones causing it, if the leaders come down (on it) there will be no tribalism, if you say this is my tribe, and when you go to vote you vote for your tribe like Luhya vote for Luhya, those are the ones destroying (the country)." While his sentiments are that intense tribalism is a destruction for the country, he also rebukes the leaders who spew tribal rhetoric elevating tribal tensions, especially during elections. A diplomat added on this matter that "politics and tribal identity, at least in Kenya, have also proven to be especially difficult to separate."

Moreover, the hierarchical nature of tribalism appeared to not only emanate from political elites but has also been observed to emanate from leaders of Trade Unions, especially in one of the Teachers' Unions. The head teacher noted that "the tribes are okay, but the Unions are the ones being tribal mostly, the ones that are on top management they want us to be divided, but in our tribe we are okay. But the ones leading are the ones destroying it." This speaks to the division of the populace along tribal lines to easily 'conquer' or pass legislation that favours their leadership.

#### *3.4.2.2 Social Controls*

Whereas salience of tribal identity seems to emanate from the top – down politically, tribes-members appear to be active in preservation of tribal identities and its salience, and any benefits to being an in-group member. Especially once one tribe, or a coalition of tribes, attains instruments of power through the political process. The housekeeper bemoaned that "if the president comes from a certain tribe, I cannot get employed, get a good place to lay my head, you can't get a piece of land, you find that if you are not from a certain tribe you cannot live in a certain place peacefully."

A doctor noted that this is mostly "because everything in the Kenyan government territory is politically affiliated, and when it is political affiliated automatically it is tribe affiliated, like if you are from the Kalenjin tribe, they are the government of today, so if you are from Kalenjin, you have a great opportunity, great chances to get that job, despite being unqualified". He adds that on the inverse, from the perspective of the tribe that is in power, tribe and tribalism "opens up the kind of jobs one decides to pursue as certain tribal communities hold influential positions at the upper echelons of given paths."

The preservation of the benefits of being a member of the in-group is further protracted by in-group members who are tasked or have decision making powers in the running of organizations. There appears to be a belief that people from the in-group add greater value as members of organizations than those from the out-group. A business owner states that "before I decide, I must consider if you are from my tribe and how it will benefit me. If you are from my tribe, I know it will be beneficial and I will make the decision. Either you are from my tribe you help me get more clients through your network or you help me in smooth running of my businesses. Unless the person is from your tribe that is when they will help you."

This higher regard for those in-group members, and giving preference to them, may amount to a tribalism bias as highlighted by a housekeeper who had once applied to join the military. She explains that "they (military) were recruiting civilians, and I went for an interview. I passed the interview but during shortlisting my name was missing, and there was a girl who we had applied together, who was not called for an interview, yet she got the chance, and she did not do the interview, but her name was there, only to later find out that she had a godfather there."

Further, preservation of the benefits of being a member of the in-group does not spare the medical sector. So much so that one may not get treatment based on their tribe, which is given away due to the tribal nomenclature as outlined earlier. A housekeeper states her experience of "when you go to some hospitals, they look at your name, maybe you are not given the right service that you want…. just because you are not from a certain tribe that makes it a little bit difficult."

However, in some instances, 'beneficiaries' of tribalism feel as though they are less deserving of a role, especially when a highly skilled individual misses out on the opportunity purely based on tribe. The lawyer explains that, "I got a job in a certain organization I was in because I knew someone from my tribe who was there…. I got a chance even if I didn't do the interview, she just told me forward me your CV and sometimes I saw it as very unfair

because there was someone with a PhD who could have done that job better, but she opted to give me because I was from her tribe."

Some people may nonetheless see the preservation of in-group benefits as an extension of preserving standards in society, which may imply that a form of social control where each tribe deems themselves as the standard the whole society must live up to. One security guard stated that "some of our cultures socially helps us to maintain the standard of the society, the way the society wants you to be so some of the cultures there they tend to make us to be who we are, because of our tribe."

Although, each in-group sought to preserve their status of power and influence amongst themselves, the social controls slowly morph into self -regulation over time where individuals keep themselves out of certain aspects of society that are deemed for a certain group. A lawyer explained this by stating: "So it's like there is that thing, which is pushing you like it's intrinsic. But initially, it was extrinsic, you know, you get to learn people from my tribe are pursuing these careers. So, like I also need to pursue this career, you know, so that I can fit in my society so that I can fit like people from my tribe."

However, this self-regulation is superseded by in-group regulation, especially where the in-group has consolidated power over time, resulting in undue influence over the distribution of resources, opportunities, mobility.

#### *3.4.2.3 In-Group Regulation*

Social controls appeared to have been orchestrated by tribes' members through tribal biases when it came to business referrals, employment opportunities and the day-to-day running of organizations. However, given the hierarchical nature of tribal identity, those in powerful positions, exert overt influence over the distribution of resources, further consolidating the position and superiority of the tribe, or coalition of tribes that are in, and have been in power. This results in a continued marginalization of the marginalized, leaving them unable to improve their socio-economic situation.

The motivation seems to stem from wanting to excel individually, to also elevate fellow tribes' people. This theme is concurrent with the earlier mentioned theme of minority group members seeking to uplift each other, but in this case, even the superior groups, have a similar mentality. A senior banker cited that he "deliberately makes an effort to participate in social and professional endeavours that will uplift my tribe," while he also "makes investments in areas where most of my tribe lives. There are many ways that I can help and encourage my tribal community."

This is repeated in organizations where an executive assistant observed that "if you find the head of the organisation, the director or the manager is from Kisii, 90% of people working there will be Kisii's." She continues by saying that this effect trickles down countrywide, affecting the "country in a negative way, because they may have employed the person because they come from the same tribe, not because they are qualified in that field nor because they can do it better than the other person."

This effect has especially been centralized around instruments of power, obfuscating and skewing the flow of resources, opportunities, education, and careers. A former town clerk lamented this situation, stating that:

> "If your tribe is from the minority you are not considered anywhere, in terms of development, employment or any other sector, but you find people for example people from Kwale, Kilifi and its environs, people from that place lack things like water, roads and other infrastructure, because they are not from the major tribe, but if it was a major tribe the rate of development would have been high, so people who are there are neglected, looking at a place like Teso, people there are living a low life because they are from the minority tribe"

His sentiments were further supported by a primary school head teacher who stated that the quality of education may also suffer due to such uneven distribution of resources. So much so that it affects the distribution of talent, "because you find the schools that are closer to the big tribes, the best teachers are taken there, in the coast regions is where we are affected mostly, we are given teachers who are not good performers, it's because of tribalism which has really spread."

The head teacher however remains hopeful that through collaboration, all tribes may be able to access resources evenly for all to prosper. She states that: "through cultural connections one can tap into community support where values are shared. This support network can facilitate access to resources and opportunities for collaboration." Cultural connections are particularly common with tribes that emanate from similar regions, as their ancestry, cultures and languages are often interlinked.

### *3.4.3 (Re)Configuration - Youthful and Resilient Positivity*

However, there may be instances where cultural connections and tribal identities are divergent. So much so that it causes tribal tensions, that are particularly elevated during contestations for power during elections. These elevated tensions have resulted in post-election violence episodes, that have left an indelible scar on everyone who has lived through the skirmishes, especially those who have gone through repeat cycles. One retired

psychologist observed that “when it comes to political war after elections, it really affects us because we fight against ourselves, and find in a slum like Mathare, they will fight against themselves, just because they are not affiliated from a certain political party which are affiliated with their respective tribe.”

These clashes have however created a resilient population, especially amongst the younger demographic who do not want to experience another war and its divisive aftermath.

#### *3.4.3.1 Youth Indifference*

The younger demographic seems to be less enthused about staying true to their tribal identity, and upholding tactics that preserve in-group dominance that has been upheld by the older generations. One respondent noted that they “think tribalism mostly affected our grandparents mostly on being tribal, mostly the elders.” These sentiments were echoed by the PR practitioner who orated that “when you look at the old narrative, there was a lot of tribalism. Our ancestors did not allow intermarriage, they used to term it as a taboo, and it was against their culture.” She added that “currently, the youth of today they are trying to drift away from tribalism…. they are trying like to create something beyond tribe, they are trying to unite unlike ever before.”

A senior banker echoed these sentiments observing that his “tribal identity has not been a defining factor within my workplace. I work with a younger demographic and have found that they are less likely to focus on tribal lines.” He adds that beyond this, in a professional setting, tribe seems to take a back seat, stating that: “Even when collaborating on projects with external parties that may be older, tribal variations have not been a topic of conversation nor a point of dissonance.” This may be attributed to increased exposure and higher education levels amongst the younger generation, as the primary school teacher opined: “….but for now, where children have been educated, they have gone out and interacted with the outside world, so when they come back they remove the ancient thinking from their parents.”

However, a casual researcher noted that as much as the country’s population is young, representation amongst those in power remains with the older generation. She states that “despite our young median age as a nation, most powerful seats and opinions are of an older more conservative generation. It may seem cliche, but that generation is very set in outdated ideas around tribal stereotypes, tribal hierarchy, and tribal superiority.”

Despite the bulk of the power residing with the older population, the younger generation strive for success despite tribal rhetoric laying with the older generation, who may impose tribal expectations and roles since they are in powerful positions.

#### *3.4.3.2 Dare to Dream*

Amongst the youthful generation, there is a sentiment of uplifting all communities, for all to have a good quality of life. A doctor stated that his driving force is to "strive to enhance underprivileged communities' access to and quality of care from healthcare providers." While some may strive to serve all communities, others believe that their future and the reality of it is achievable, despite the tribalism in the country dictating what career or education they should pursue. The PR practitioner has her life's dreams intact, and she hopes to "move out of employment and be self-employed and be able to manage my own business, and if it is possible, I would like to take myself back to school and pursue a course that I am mostly interested in, the course that I love, and be able to make my own decisions."

There also seems to be a redefinition or reconstruction of what tribal expectations are and the implications of these on one's education. There appeared a theme where education was seen to an end that is the deconstruction of tribalism. An unemployed youth believed that "some people choose to conform due to societal expectations while others actively challenge these roles by further educating themselves and pursuing unconventional paths." In choosing further education, it is hoped that it proves to be an avenue towards a prosperous future. A gardener explained that "when the time comes that our kids are all grown up, they get employed because of their education (not because of tribe), and in the society you will hear that my son has become the minister of health or water."

On the other hand, the introduction of the internet has also deconstructed the tribalism related to business and referrals for clients, where internet entrepreneurship is seen as breaking the barrier to tribalism. A hawker observed that "nowadays you can sell them (goods) online on social media and I can also hawk the clothes in the community, because most of them know me, and the neighbouring estate or villagers. When I sell online, no one cares about tribe in that moment. I get an extra income from online sales, and I can sustain myself in life, I will be able to educate my children, and my life will be uplifted not as low as I am now."

There is a sense that education and the continued advancement in technology providing a platform through which tribal roles and expectations can be deconstructed and new expectations set. Accordingly, the youth are willing to tolerate tribal diversity as a tribeless future beckon where there is equal opportunity to achieve socio-economic mobility.

#### *3.4.3.3 (Re)Assessment - Tolerable Diversity*

While the desire is to coexist, tribal diversity brings about its own identity challenges, where consistent identity work is necessary to be able to be comfortable and accepted despite

the tribal diversity in the society. When prompted on what their future aspirations for the country and tribal relations are, one respondent stated that "to be accepted and understood for who we really are as individuals within the greater tribal community, it has become necessary to constantly navigate within and beyond stereotypes and misconceptions depending on where you are."

This identity work is therefore necessary if diversity is to be tolerated, appreciated and overlooked when it comes to pursuing a future where all have an equal opportunity at prosperity regardless of their tribal identity. One business owner suggested that one way in which this is possible is "by doing business together (with people from other tribes), if he has a business, I support him, if I have, he supports me and we continue in that way, and there will be no tribalism." Another respondent saw the need to appreciate the beauty in diversity stating that "I enjoy the tribal aspect where we have different tribes, because they bring different gist in every location. Like if you go to Kikuyu land, they will say they are good in business, if you go to Luo land, they will say they have good taste when it comes to fashion and everything academics, so for myself I like the way it is, and I appreciate the diversity."

The beauty in diversity seems to be echoed especially amongst the younger generation, with a film maker noting that within his community of film enthusiasts, they "have groups that we support each other. We don't want to discriminate people according to their tribes if we know that if one of us prospers, they will remember us in future." In this way, they focus on honing their skills, and uplifting each other, and they celebrate each other's successes, regardless of tribe.

This sense of community regardless of tribe was also endorsed by a housekeeper who was explaining about the community in which she resides. She states that: "in this community, we try as much to avoid tribalism, because it doesn't help in any way, it actually destroys, we try as much to be our brothers keepers or our sisters keepers, if a person from a different tribe here in our community is down we help and lift them up, in that when we uplift each other we will be able to stay in unity as all tribes in Kenya."

This notion of co-existing and appreciating diversity has ironically also been echoed by the older generation. The retired town clerk believing that "we (Kenyans) need to co-exist with each other, we can't afford to live without Kisii's, we can't afford to live without Kamba's, Kikuyu's or Luo's or Luhya's (all tribes in Kenya). Just appreciating each one yeah, and preaching peace to everyone instead of preaching tribalism, we need to appreciate and be happy of everyone."

Moreover, the older generation have the benefit of hindsight having lived through the catastrophic effects it has had through the wars, and the cost of tribalism. The retired diplomat stated that "tribal identity has forced me to stop being tribal and be Kenyan first, because I saw the effects it had on me, if you say you are from a certain tribe it will not help you, so personally I denounced being from a certain tribe and now I am not tribal, I am Kenyan. It has helped me and I now integrate with everyone."

Accordingly, it may be important for the older generation to pass on what they have seen in terms of what is good and bad about tribes to the younger generation. This is to ensure that while the ancestry is maintained, the negative (un)intended consequences of tribalism do not replicate themselves for eternity. The head teacher notes that this is an important step, stating that:

> "Enlightening them (school children) and telling them that this tribe is not bad, it is just that we have myths, in school we call them myths and misconceptions, and they have not been of any help. I think education has really helped and will continue to help. Also, people going away from their locale, for example you live in Kisii and you relocate to Meru, if you are from Meru you go to Kisumu and interact with people from Kisumu, you meet different cultures and different tribes and you come to appreciate the others and their ethnicity"

### *3.4.4 Generalizability of Results*

This paper followed a qualitative and interpretivist design in seeking to uncover the mechanisms through which tribal actors overcome tribal identity limitations to scale socio-economic mobility. Given this design, statistical generalizability may be difficult to achieve. However, the findings offer analytical insights that extend beyond the immediate research setting. That is, they could be transferable, and the theorization inferred therein can be generalized to similar contexts as those examined (Gioia *et al*., 2013).

Kenya, and Nairobi City, provide a theoretically relevant context for examining the interaction between tribal identity, marginalization, and socio-economic value creation due to its high level of ethnic fractionalization and historically entrenched tribal politics.

Nairobi County, while representing a single geographic site, constitutes a socially dense environment where individuals from diverse tribal communities interact within shared economic spaces due to sustained rural–urban migration. The ethnic composition of Nairobi broadly reflects national demographic patterns, with the country's largest tribes strongly represented in the city.

As such, the setting captures many of the inter-tribal dynamics that shape economic participation and identity negotiation in Kenya. Consequently, the insights generated from this study may be analytically transferable to other contexts characterized by strong ethnic or and identity-intensive contexts that endure marginalization, and trivialization. Particularly in post-colonial societies where political power and economic opportunities have historically been unevenly distributed across identity groups. At the same time, the findings should be interpreted within the institutional and historical specificities outlined in section 3.3.1. Therefore, the findings may not be directly generalized to more ethnically homogeneous contexts or to societies where identity divisions do not significantly influence, or structure socio-economic livelihoods.

**3.5 Discussion**

In this paper, we have revisited how individuals in marginalized tribal contexts engage in identity work when faced with identity threats, and opportunities such as the prospect of scaling social and economic mobility. The paper interrogates how tribal individuals interact with themselves, each other, and organizations that seek to offer economic mobility despite challenging existing tribal expectation and roles. By extending the focus of examination to marginalized tribal societies, our paper finds it essential that identity theorists take credence to the role of tribal expectations and roles, the role of power dynamics in tribal identity work, and the demographics of the population that may influence how sticky tribal identity is.

While SIT explains and predicts intergroup behaviour (Tajfel and Turner, 1979), the theory in isolation may not fully explain the experiences lived out by marginalized tribesmen as they pursue social and economic mobility. While Turner (1985) contended that people may self-categorize into groups, this may also be insufficient in explaining our findings. This is for two reasons: First, there are a myriad of tribes that individuals are categorized into through kinship (Mafeje, 1971) that cannot be subjectively changed from one to another, and second; because there are little to no similarities between in and out-groups, other than national identity.

These differences are further heightened by the increased salience in social identities which arises due to tribal nomenclature, and accentuation during speech which give away tribal identity. The salience of tribal identity results in the marginalization and trivialization of several out-groups, that have no access to power, resources, and opportunities (Derry, 2012) for scaling social and economic mobility. The limited access to power arises from

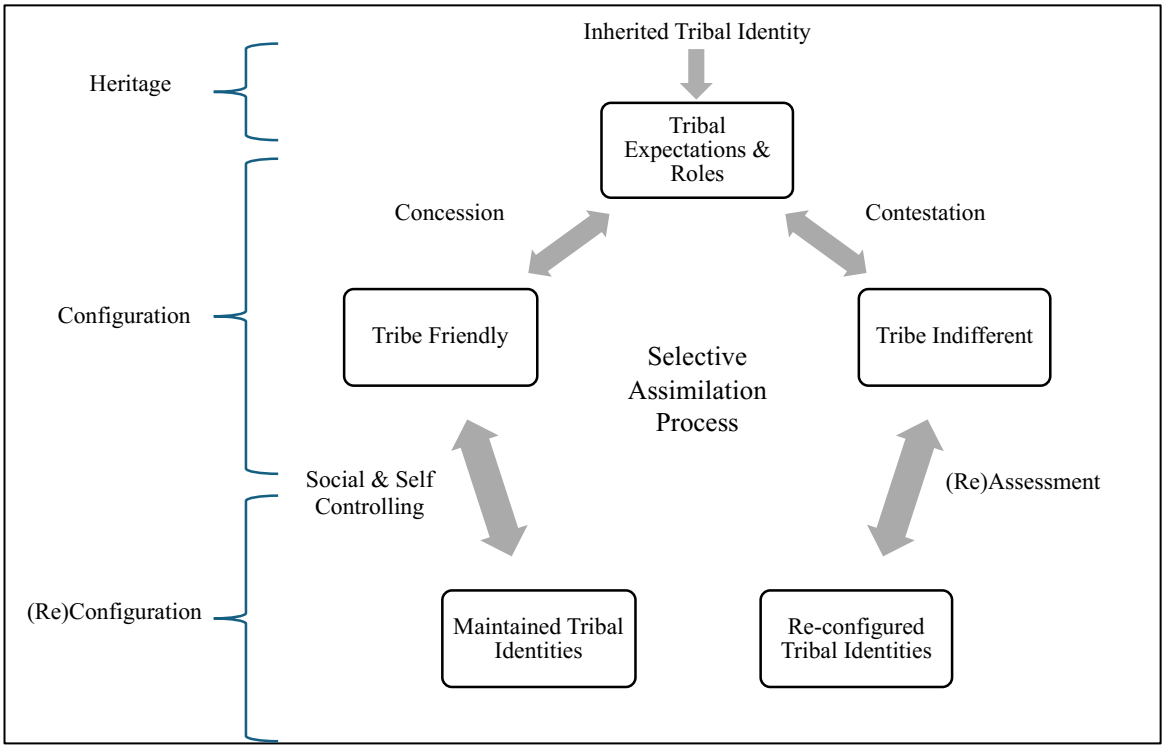
years of being deprived from political discourse, thereby limiting their participation in distribution of resources, resulting in their exploitation (Chowdhury, 2021). The findings cast light on the immobility that tribal identity creates on individuals, especially since one cannot easily change affiliation from one tribe to another.

Consequently, given our findings we find it may be beneficial to supplement SIT with belief-signalling theory (Funkhouser, 2022) to better understand tribal identity work. SIT focuses on group identity and intergroup relations but does not fully capture how, marginalized out-group members manoeuvre intergroup tensions to a) overcome marginalization, b) gain in-group benefits and c) gain trust from in-groups as an out-group member. Our findings suggest that since tribes in this context cannot be changed from one to another, actors engage in belief-signalling for "cooperative or other prosocial ends", to manoeuvre between one tribe and another (Funkhouser, 2022, p.448). Belief-signalling is done so for two main reasons: to allow members of an out-group to trust and predict the behaviour of an actor as a perceived member of an in-group and second, to signal worthiness of receiving in-group benefits (Funkhouser, 2022).

Our research therefore seeks to expand the boundaries of SIT by combining it with belief-signalling, to capture how marginalized tribespeople can overcome intergroup behaviour to achieve and scale socio-economic mobility. Marginalized actors, despite being deprived of power, resources, and opportunities, still strive for social and economic mobility, and therefore engage in belief-signalling to scale and manoeuvre through what we term as the tribal identity straitjacket that inhibits social and economic mobility. We therefore make three contributions to identity literature.

*First,* we add that belief-signalling could be seen as a form of identity work undertaken by marginalized tribal actors. They do this through a process we term as *selective assimilation*, which occurs "when a member of a marginalized out-group, re-configures their tribal identity through various signalling tactics in order to exploit identity opportunities associated with being perceived as a member of an in-group". Our contribution suggests mainly that marginalized actors select powerful in-groups in which they will gain the most from when they appear as members of those groups. This selection is determined by the in-group's proximity to power, and the resources they hold or have access to, as well as the social status of the group in society.

**Figure 3.5:**
**Process Diagram of Selective Assimilation**




From the findings, we infer a process diagram that begins with the inheritance of one's tribal identity that is symbolized by a single-headed arrow. This shows that heritage is derived one way, from lineage and ancestry. Nonetheless, over time, actors realize that their tribes can constrain, or enhance, their ambitions to scale socio-economic mobility. Those from minority tribes slowly realize that it is seemingly impossible to access social and economic opportunities due to their constant marginalization and trivialization over long periods of time. As actors grow and *configure* their identities, some *concede* to tribal expectations and roles as their reality and become *tribe-friendly*, where they are in concordance with their tribal expectations and roles. The arrows showing the concession and contestation are double-ended to show a continuous (re)assessment as individuals go through life and discover new expectations and roles. For example, when expectations when it comes to marriage, may open an avenue for concession or contestation. In later life, expectations when it comes to funeral rites could also open avenues for concession and contestation. Those that continuously concede, we term them as tribe-friendly actors and tend to prefer a maintenance of the status quo through tactics that have been observed in literature through social sanctioning (Barsoum, 2006), impression management (Chang *et al*., 2019), and intergroup conflict arising from contestation of social identities (Gupta *et al*., 2018).

We find these social controls existing in the form of tribal expectations and roles, allocation of resources and opportunities amongst majority tribes. These social controls especially exist where tribes-members live amongst themselves, away from other tribes, not allowing for mingling with other diverse tribes. This has been reported in our findings where in rural areas, "not only do they (tribes-people) stick to these roles, but they often extend them to those within their social circles (familial and non-familial)." In doing so, the minority tribes, and actors themselves believe in these delimitations to their abilities. Thereby unintentionally limiting their own ability to scale socio-economic mobility.

These social and self-controlling tactics socially regulate tribal expectations and roles, *maintaining* and strengthening their tribal identities against those that are *tribe-indifferent*. I define tribe-indifferent actors as those whose aspirations and ambitions are not limited to and are in *contestation* of their tribal expectations and roles. This contestation comes from a lifetime of marginalization, powerlessness leading to an existential crisis of the groups in general, which could also be conceived as a form of violence on minority and marginalized groups (Habiburahman and Alamgir, 2023) in addition to the physical violence meted on minority groups during tribal wars.

We infer these sentiments from a respondents' statement that "if your tribe is from the minority, you are not considered anywhere, in terms of development, employment or any other sector….. so, people who are there are neglected, looking at a place like Teso, people there are living a low life because they are from the minority tribe". Consequently, they *(re)assess* their tribal identities through selective assimilation, where the minority group members seek to be viewed as part of one of the powerful tribes through various signals that offer varying membership signal strengths to overcome marginalization, trivialization, and violence. Similarly, this process is also symbolized by double-ended arrows to show the continuous (re)assessment throughout a tribal actor's life.

Summarily, tribe-friendly and tribe-indifferent actors *(re)configure* their tribal identities. The former maintains and strengthens tribal identities while the latter re-assesses their tribal identities through selective assimilation to achieve a re-configured tribal identity that allows them to take advantage of identity opportunities in order to scale social and economic mobility.

*Second*, we contribute to identity literature by stating that while actors may signal belongingness to powerful tribes, there are varying levels to which tribal actors signal their re-configured tribal identities. We infer three signals that we rank as strong, medium, and faint. The strength level is inferred by the level to which the signal could limit tribalism and

foster one-ness as opposed to division and marginalization. The strength of the signal by an out-group member also signifies the (perceived) level of commitment to the in-group.

A strong signal of belonging to a powerful tribe would be marrying into the tribe – indicated by a response from an interviewee stating that "I am married from the Luhya land and it has favoured me to get a man from that side and to be appreciated on the other side too, so, I have a lot of...I can say when I go to Luhya land I will fit there, when I go to Kikuyu land I will fit there, socially, economically I am yet to see." A medium signal would be one of speaking the language and understanding the tribal expectations of the powerful tribe as occasioned by a respondent - "What I know is, there is that desire that has been created in me to get to learn like tribes of the various people, because there is that desire, you feel like you also want to belong somewhere, I don't want to go to this particular region of the country and they can clearly know that this is a stranger, like this is an outsider, you know."

The faintest form of selective assimilation would be undertaking economic activities from the powerful tribes and hoping to gain their support. This was described by a respondent when they stated that "I have had even experiences of people who are not of a certain tribe, but they want to identify with that particular tribe, because that will help them venture into business or it will help them do better in business."

**Table 3.3**

**Excerpts of various belief-signalling actions**

| **Signal** | **Excerpt from Respondents** | **Inferred Signal Strength** |
|---|---|---|
| Undertaking economic activities of powerful tribes | "I have had privileges that my peers may not have had, and my upbringing has allowed me to easily camouflage myself into higher class tribe settings as well. That has allowed me to build strong network connections and relationships that can further my success" | Faint |
| | "When I sell online, no one cares about tribe in that moment." | |
| Speaking Language and Understanding the | "when I go maybe for shopping in the market place, you find that when you are bargaining for prices and you tend to speak in a specific tribe, | Medium |

| | | |
|---|---|---|
| culture of a powerful tribe | they will get to listen to you more, other than you talk....like most of the people in the market are Kikuyus, they are more prominent in businesses, so when I get to the market and try to speak as a Kikuyu I get to interact with them more than when I get to speak Swahili." | |
| Marrying into a powerful tribe | "So, in the past tribalism was more compared to nowadays, where people integrate and intermarry" | Strong |
| | "For now we have different tribes living in the same places, they marry each other and raise their children, I would say tribalism is slightly getting to an end unlike it was in the past." | |

Table 3.3 above offers insights into the various signals that we infer are done so at varying strengths. These signals are undertaken for two main reasons, first, for social recognition and acceptance into the powerful tribe, and second, for an increased chance at social and economic mobility given the socio-economic straitjacket of tribal identity.

*Third*, we contribute to identity literature through our finding that tribal identification withers over time, explained by avoidance motivation, resulting in a demographical disparity on the need for selective assimilation. This is especially the case with tribal identity that is attained through ancestry that has withstood historical violence. As ancestors age, and newer generations become far removed from historical tribal roles and expectations, fewer inhibitions are placed by the historical roles and expectations. In the context studied in this paper, ancestors were regarded as being highly tribal, and the tribal nature, began withering during the struggle for independence from colonial rule.

Through historical dispersion, coupled with urbanization, globalization, and the advent of technological advances, meant that over time, tribal expectations, and roles loosened, and/or struggled to swiftly pass through generation to generation, especially as the younger generations began moving away the associated violence that tribes and tribalism have historically stood for (Karari, 2018)).

While tribal identity remains salient across the divide as an actor's identity is gained through kinship, identification on the other hand appears to be strong and seemingly perpetual amongst the older generation, and lesser so amongst the younger generations. This

leads us to the inference of the diminishing tribal identification amongst the younger generation – one that elucidates a transience of tribal identification.

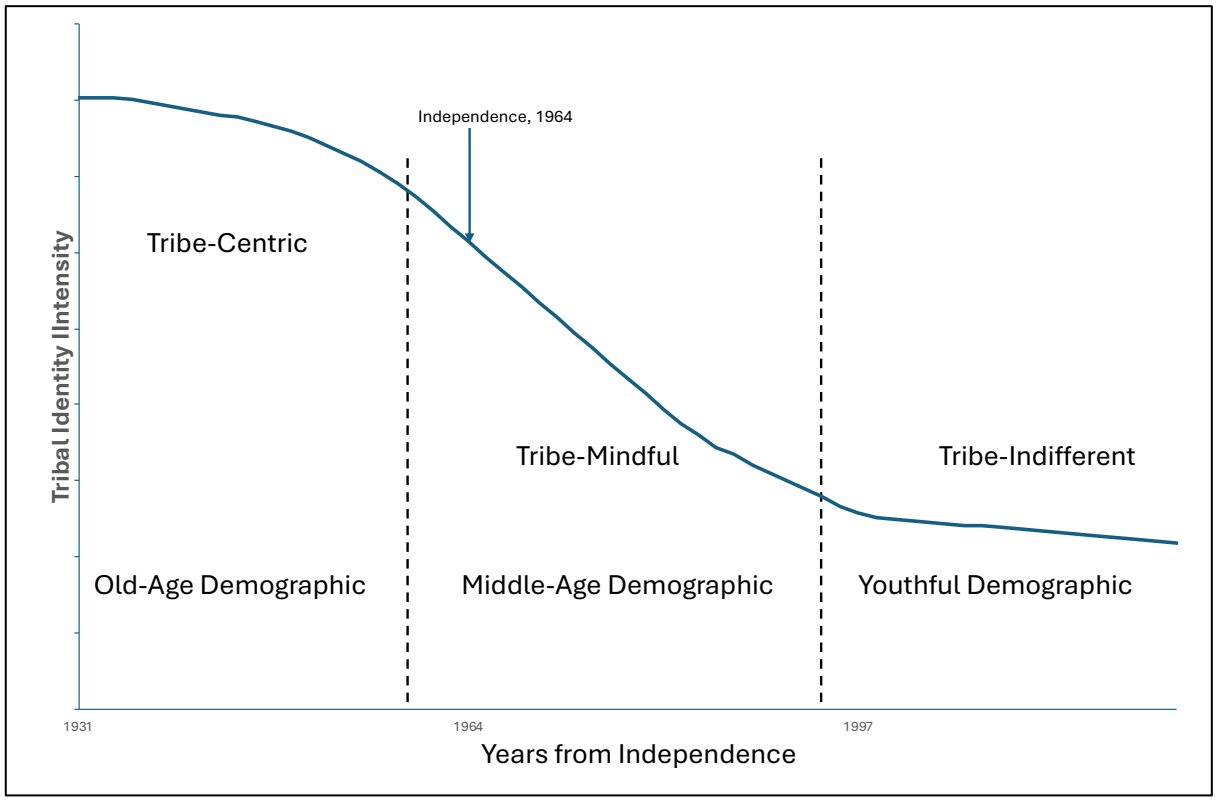
This transience of tribal identification could be explained by the historical violence meted on tribes and the negative connotation that tribes have in such contexts (Prasad, 2020; Zulfiqar and Prasad, 2024), which finds grounding in identity literature whereby negative experiences are perceived as identity threats and harbour negative emotions (Bataille and Vough, 2022) and as such, actors move away from these identities – avoidance motivation (Elliot *et al*., 2006). While the avoidance motivation may counteract the need for selective assimilation, it may dilute tribal identification where actors altogether fail to identify with their kinship.

However, the past is persistently brought about through political rhetoric. Some scholars have argued that social identities of groups are made more salient through politicians and their campaign rhetoric (Dickson and Scheve, 2006). Knowledge of this salience is used by politicians and voters alike to reshape and redistribute resources, disadvantaging the median voter (Kalin and Sambanis, 2018). Therefore, a need to selectively assimilate remains persistent to survive such periods of high salience.

Nevertheless, this need to selectively assimilate appears to be demographically imbalanced. The younger generation, those furthest removed from colonial independence, being tribe indifferent, which means that they have little inclination to follow tribal expectations, norms, and roles. Those that have parents that grew up during colonial reigns, are tribe-mindful where they may give some credence to tribal expectations and roles, as some would argue that it is those roles and norms that have maintained order in the society – "some of our cultures socially helps us to maintain the standard of the society, the way the society wants you to be so some of the cultures there they tend to make us to be who we are, because of our tribe". Lastly, those that grew up during the early post-colonial periods, harbour great affinity to tribal expectations and roles, and are deemed tribe-centric, where these roles and expectations come first above all else – "the more the traditional upbringing and tribal-focused a person is, the more likely they are to believe in rigid conservative gender roles. Not only do they stick to these roles, but they often extend them to those within their social circles (familial and non-familial)". An illustration of this demographic discrepancy is shown in figure 3.6 below.

**Figure 3.6**

**Tribal Identity Intensity Life Cycle**




## 3.6 Conclusion

Organization and Management Studies have often overlooked marginalized contexts in their theorizing of identity work in and around organizations in the Global South. This paper sought to provide such contextual enrichment to identity literature by illuminating how marginalized actors engage in identity work since they cannot subjectively affix or change their tribal identity. Since they cannot change their tribal identity, an actor's tribal identity becomes a straitjacket when it comes to scaling social and economic mobility, even when organizations that seek to spur such economic mobility operate in these tribal contexts.

We theorize that to scale social and economic mobility, tribal actors, through a belief-signalling performance that we term as selective assimilation, are able to scale social and economic mobility by posing as members of the in-group through various signals that offer varying signal strengths. The need to undertake this performance is largely due to years of marginalization and exclusion from power, resource allocation processes and historical violence meted on natives.

These insights are hoped to spur greater explorations on identity work in such contexts in the MOS field.

# 4. Towards a theory of Moralized Value Creation - Incorporating socialization and morality in Agency Theory Assumptions


**Abstract**

**Agency theory explains moral hazard as a consequence of information asymmetry, rational self-interest, and differential risk exposure between principals and agents. Remedies have therefore centred on monitoring, incentive alignment, and enhanced transparency, most recently through Environmental, Social and Governance (ESG) disclosure. Despite these remedies, socio-economic inequalities persist, while the world also experiences environmental degradation, raising questions about the adequacy of existing theoretical explanations. This paper argues that moral hazard cannot be understood solely as a contractual or economic problem, but must also be conceptualized as a socialization and morality problem, especially in tribal contexts. Therefore, the paper conceptualizes Socialized Moral Hazard (SMH) to explain how morally harmful behaviour becomes normalized within organizations. SMH arises when an agent, possessing superior information, acts against the interests of the principal and against social or environmental welfare, and such behaviour is enabled or reinforced by social conditions in respective contexts. To address SMH, the paper develops a model of Moralized Value Creation (MVC), which operationalizes morality within organizational governance by embedding social and environmental considerations into strategic targets, performance metrics, and reward systems. By reframing moral hazard as a structurally reproduced morality problem, this research extends agency theory and offers a governance framework aimed at fostering sustainable value creation for organizations, society, and the environment.**

## 4.1 Introduction

Agency relationships permeate organizational life. From investors and executives to boards and managers, to founders and organizational stewards, such relationships govern the allocation of capital and the direction of enterprise. One such relationship that has been explored throughout this thesis is that of MFI owners and their boards, loan managers and officers, and ultimately, the borrowers. In chapter 2, we saw how this relationship affects outcomes related to gendered economic participations, while in chapter 3, we learnt how the social effects of ethnicity can limit gendered economic participation. It therefore begs the question of how Agency relationships can best be harnessed to create sustainable value creation.

At the core of agency relationships, lay agency theory which answers the normative question, "whose welfare ought to be served?" (Heath, 2009, p. 505). Agency theory has traditionally answered this question by positioning the principal's interest—typically shareholder value maximization—as paramount (Jensen and Meckling, 1976). The agent is expected to act on behalf of the principal, yet is assumed to be self-interested, rational, and more risk averse than the principal (Eisenhardt, 1989). Under conditions of information asymmetry, this constellation of assumptions gives rise to moral hazard: agents may take actions that are "not verifiable" (Puelz and Snow, 1997, p. 169), thereby pursuing their own utility at the expense of principal welfare.

Typically, the agent ought to serve the principal, but it has been argued that agency relationships often provide an "excuse for unethical conduct" (Heath, 2009, p. 507). This is because agents deflect responsibility for their actions, stating that they are serving the principal. Such deflection of responsibility and unethical conduct is made possible through the abuse of information asymmetry, among other factors such as opportunism and risk aversion (Shapiro, 2005). Agents are more risk averse in comparison to their principals (Eisenhardt, 1989). This is because agents have less at stake as compared to principals when capital destructive events occur (Urionabarrenetxea *et al*., 2016; Panda and Leepsa, 2017). Therefore, information asymmetry allows the agent to act in self-interest and maximize their own value. Information asymmetry arises where the agent has superior information on what actions they have undertaken resulting in what is known as moral hazard, or what Puelz and Snow (1997, p. 169) refer to as actions that are "not verifiable".

Within this agency theory framework, moral hazard is treated primarily as a contractual and economic problem. Its causes are in opportunism, differential risk exposure, and asymmetric information (Shapiro, 2005). Consequently, remedies have focused on

monitoring, incentive alignment, performance-based compensation, legal compliance, and, more recently, enhanced transparency through Environmental, Social and Governance (ESG) disclosure (Bosse and Phillips, 2016; Pereira da Silva, 2022; San-Jose et al., 2022). ESG "is the term used to identify matters that may traditionally be associated with sustainability or corporate responsibility, but that are deemed to have a material financial impact on an organization's short- and long-term value" (Ernst and Young, 2019, p. 2).

Similarly, other remedies such as incentives and bonuses (Bosse and Phillips, 2016), legal compliance (San-Jose *et al*., 2022), and performance appraisals are among those that have been sought to remedy moral hazard problems. These remedies try to align the interests of agents and principals. ESG reporting has been advanced as a mechanism capable of mitigating conflicts of interest while promoting sustainable value creation (Ernst and Young, 2019).

Yet, despite these remedies, economic inequalities as seen in chapter 2 and 3 persist, while the world also experiences environmental degradation, labour exploitation and greenwashing. This raises fundamental doubts about the sufficiency of these remedies. Despite increased disclosure regimes and sophisticated governance mechanisms, socially and environmentally harmful practices continue, often under the veneer of compliance or sustainability reporting (Cornell and Damodaran, 2020; Taparia, 2022). Recent critiques suggest that carbon neutrality pledges and ESG disclosures have produced limited substantive change in environmental outcomes (Greenfield, 2023). These empirical realities indicate that moral hazard cannot be adequately explained as merely a failure of monitoring or incentive design.

This paper therefore advances a central argument that moral hazard is not only a problem of rational self-interest under information asymmetry, but a socialization problem, that is often devoid of morality.

In this paper, morality is defined as not only doing what is right at one's workplace, or doing right according to legal frameworks, but also doing what is right for societal and environmental welfare to ensure organizational morality and sustainability. Morality along social and environmental dimensions ensure that we, as humanity, look after the people and the planet, without which, organizations cease to exist. This definition of morality involves actions and undertaking activities that primarily foster environmental development and regeneration. Morality also involves undertaking activities that foster social wellbeing through fair opportunities and pay, nurturing inclusive societies, working conditions and human rights. This definition of morality also goes beyond ethics in management and

organization studies (MOS) which mainly focus on the policies governing how businesses and individuals engage in business activity to ensure they are within legal frameworks. The definition instead guides what policies should be undertaken to ensure social and environmental wellbeing, while within legal frameworks.

While agency theory predicts opportunistic behaviour, it does not sufficiently explain why agents repeatedly engage in actions that undermine not only principal interests, but also broader social and environmental welfare, even when formal governance mechanisms are strengthened. The prevailing theoretical lens explains how moral hazard occurs, but not why morally harmful behaviour becomes normalized within organizations.

Through processes of organizational socialization, actors internalize behavioural norms associated with their roles (Tuttle et al., 1997). When these norms prioritize financial metrics, short-term performance, or competitive in-group loyalty over social and environmental considerations, morally harmful behaviour may be rendered legitimate, routine, or even rewarded. This paper contends that actions against the interests of the principal and the society occur due to an absence of a sense of duty to uphold morality by rogue agents. Rogue agents are those who act against the interests of the principal and the interests of societal and environmental fairness and justice. Consequently, the paper aims to solve for the shortcoming of agency theory and moral hazard that have overlooked the notion of morality and socialization in its underpinning assumptions.

To address this limitation, this thesis introduces the concept of Socialized Moral Hazard (SMH). Socialized Moral Hazard arises when an agent, possessing superior information, acts against the interests of the principal and against social or environmental welfare, and such behaviour is enabled, reinforced, or normalized by the social conditions of the organization. Social conditions are the "potentially modifiable characteristics of social, economic and physical environments at the individual, household, and community levels — that is, features of homes, schools, workplaces, and neighbourhoods that could be shaped by policies" (Braveman, 2010, p. 32).

Socialized moral hazard arises when an agent, with superior knowledge of a situation, acts against the interest of their principal, due to pressures arising from their socialization within an organization. The agent is (un)knowingly and (im)morally socialized to organizational norms/vices through the social cues of reward and punishment as provided by peers and superiors (Tuttle *et al*., 1997). Agents trigger socialized moral hazard when they obscure the nature of their actions, deceiving principals into thinking their environmental and socially conscious interests are being pursued (Taparia, 2022).

To overcome these morality and socialization issues in agency relationships, this conceptual paper offers a model of Moralized Value Creation. The operationalization of morality offers a methodology towards which value creation can be sustainable for the organization, society, and the environment. This model, works as a remedy to socialized moral hazard, ensuring that the interests of the society and environment are at the forefront of decision-making. By doing so, the paper makes three novel theoretical contributions.

First, the paper finds that existing assumptions of agency theory, such as the assumption that agents act in self-interest, could excuse the behaviour of rogue agents and provides a breeding ground for socialized moral hazard. A rogue agent is one who is self-interested and pursues rational value maximization against the interest of the principal, society, and the environment. Agency theory assumptions allow for the perpetuation of moral hazard problems by merely justifying and predicting actions of rogue agents. These agency problems are intentionally/actively exploited, especially when agents are socialized to organizational norms i.e., if everyone within the organization is also partaking.

Second, this paper's conceptualization of socialized moral hazard attempts to further contextualize and explain the actions of rogue agents. Therefore, the paper extends agency theory through the conceptualization of socialized moral hazard, which explains why rogue agents pursue their own interest, at the expense of the principal and the society at large. Rogue agents pursue self-interest in disregard of organizational, social, and environmental welfare. They do this because of an absence in morality as they make decisions, paving way for self-interested pursuits. Consequently, the inclusion of a morality perspective invokes a need for organizational, social, and environmental consideration when pursuing value creation. Considerations along social and environmental perspectives may inform policy reforms, ensuring that organizations primarily seek to achieve social and environmental targets first and shareholder value second.

Third, the paper proposes a model of moralized value creation that overcomes socialized moral hazard. The model shows a new way of operationalizing morality by passing organizational targets through a lens of morality. The lens of morality is one that assesses what benefits society while ensuring environmental restoration and conservation. The lens of morality thus checks organizational targets against what would be good for both social and environmental welfare. Operationalizing morality ensures that the targets are grounded on social and environmental welfare, resulting in sustainability. The proposed model has benefits for both principals and agents as both their interests are aligned on social and environmental welfare. While practical challenges in implementation of the model such as

abandoning long standing methods of aligning interests of agents and principals through incentives like bonuses, the long-term benefits of a thriving social and environmental welfare are hoped to supersede these. This is because, without social and environmental sustainability, there may be no organizations to create value for shareholders and stakeholders alike.

## 4.2 Theoretical Context

### *4.2.1 Moral Hazard Problem that Perpetuates Epistemic Straw Man*

Moral hazard has been described as occurring when one person makes a decision for which he does not bear the risk of the outcome, especially in the situation where things go badly (Krugman, 2009). The 'moral' aspect of moral hazard in academic research has remained relatively ambiguous (McCaffery, 2017). Historically, moral hazard had been referred to as a non-moral issue that "has little to do with morality" (Pauly, 1968, p. 531). Instead, it is viewed as a risk to investors and principals, and as such, should be included in risk management strategies to mitigate losses through moral hazard risk (Pereira da Silva, 2022).

Moral hazard in agency theory has often been used for predictive and explanatory purposes (Donaldson, 2012). It predicts the behaviour of agents with superior information (Myers and Majful, 1984) whilst also being used to explain the failure of agents to maximize the value of principals. The argument for such a perception is that the capital of an organization assumes all the risk of losses arising from destructive moral hazard problems, thereby reducing shareholder equity (Urionabarrenetxea *et al*., 2016). Consequently, management and business ethics scholars have come up with measures that endeavour to reduce the risk of the agency problem and attempt to offset moral hazard.

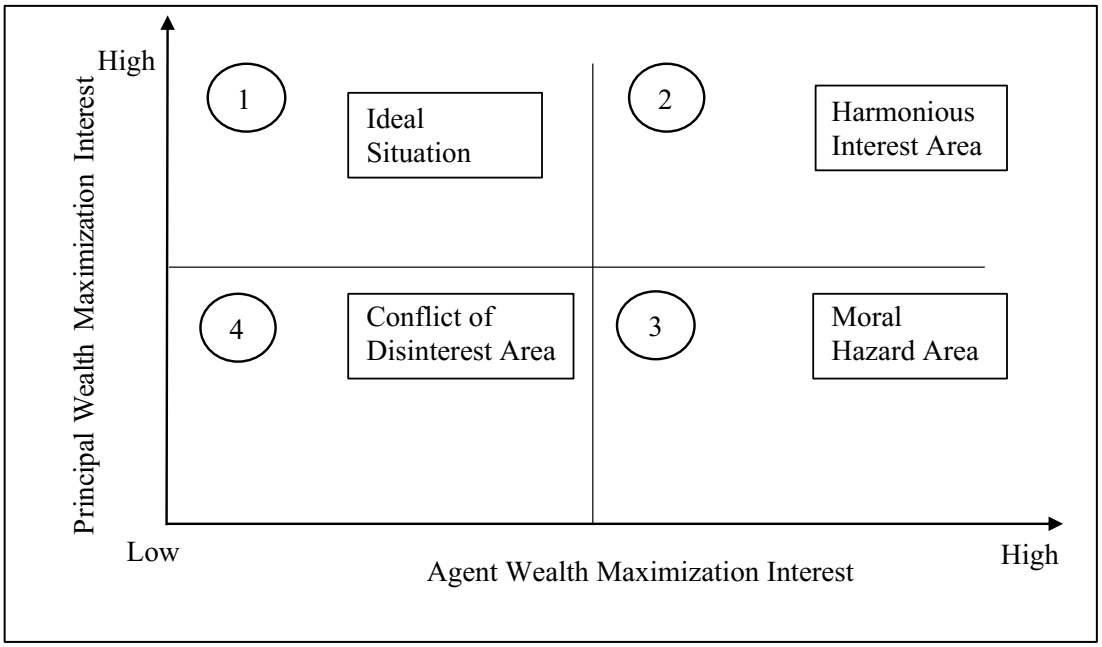
Eisenhardt (1989) observes that agency theory is underpinned by three main assumptions: 1) That actors are self-interested, 2) bound by rationality, and 3) agents are more averse to risk compared with their principals. Consequently, actors act in a manner that maximizes their own self-interest, by making rational decisions. Rational choice theory posits that a rational decision is one that maximizes the utility of an actor i.e., maximizes their personal gain. Utility, however, varies from actor to actor as each actor has varying desires, egoistic or altruistic (Heath, 2009). Agents are therefore averse to risk as they do not bear the risk of capital loss of the corporation when they pursue their own rational self-interest (Urionabarrenetxea *et al*., 2016). Therefore, the principal's interest is to maximize the return on their investment, while the interest of the agent is to maximize their own interest.

Below, we use a logical illustration of quadrants that compare various levels of principal-agent interests to pinpoint the commencement and manifestation of the moral hazard problem. These illustrations allow the paper to seek adequate remedies to moral hazard as a morality problem, rather than a risk management or rationality problem. To do so, the assumptions underpinning agency theory are deconstructed by showing the absence of a morality perspective in them. A morality perspective to moral hazard problems is one that considers the social and environmental dimensions in deciphering how and why rogue agents act against the interests of the principal.

As per the traditional view of the firm, the shareholder's (principal) rational decision is to maximize their own wealth (Jensen and Meckling, 1976). However, the agent also has an interest to maximize their own value resulting in divergent interests, thus agency problems (Hill and Jones, 1992). Nonetheless, the agent ought to primarily serve the interests of the principal (Heath, 2009). Therefore, in theory, the ideal situation when academics perceive agency theory from the traditional view of the firm is one where the principal's interests should outweigh those of the agent. Figure 4.1 illustrates this ideal situation in quadrant 1 where the principal's interests for value maximization are high as compared to an agent who has a low self-interest in their own value maximization.

**Figure 4.1**

**Quadrant of Principal-Agent Interests**




In some instances, for example, in non-profit organizations, the principal may have a low interest in wealth maximization. The appointed agents may also have no interest in maximizing their own wealth/value. In such an instance, there would be a conflict of

disinterest in pursuing wealth maximization according to the traditional view of the firm. This area of conflict of disinterest sits in Quadrant 4.

Given that the agent may not always act in the interests of the principal (Hill and Jones, 1992), let us assume such a scenario where the agent acts in their own self-interest. In such a scenario, the interests of the agent are high, while those of the principal are low. This results in the moral hazard area highlighted in Quadrant 3, where despite the amount or size of interests of the principal, the agent will act in their own self-interest.

### *4.2.2 Identifying Socialized Moral Hazard*

Quadrant 3 illustrates the inception of the moral hazard problem. Both the return of the investor and the sustainable growth of the organization are at risk, as the agents' interests have surpassed those of the principal. The third assumption of agency theory is that agents are averse to risk compared to the risk appetite of their principals. This is because the principal ultimately bears the risk of loss of capital. Donaldson (2012) further clarifies that where one owns and displays a tiger in a circus to earn money from it, should the tiger maul attendees, the owner bears the ultimate responsibility, morally and financially. Agents therefore may have the incentive to exploit this moral hazard problem with no repercussions on their utility/value.

Remedies have been sought through limiting information asymmetry by increasing disclosure. Remedies have also been sought aligning the interests of the principal and agent by incentivizing the agent with rewards for pursuing the interests of the principal (whatever these may be). Yet, the agents' interests still take precedent as the principal cannot verify that the agent is acting in their interest until the target is missed or achieved (Puelz and Snow (1997). Herein a situation arises where the morality of the agent may be eroded, as they will do whatever it takes to meet the interests of the principal, in order to attain his incentive (maximizing his value).

This is the area of interest that this paper seeks to remedy. That is, to move from Quadrant 3 to Quadrant 2 where agents and principals are harmonious in their interests and there are no conflict or agency costs that need to be incurred to align principal-agent interests (Zhang, 2016). To do this, let us assume a situation where the traditional view of the firm is anchored on a morality perspective i.e., doing what is right for social and environmental welfare. Consequently, the purpose of the firm would be to undertake opportunities that foster: human rights, enhance working conditions, give rise to fair opportunities and compensation, generate environment-friendly outputs, sustainable sourcing of raw materials,

and the use of renewable sources of energy. Anchoring interests of principals and agents along such a morality perspective may result in high interests from both the principals and agents as social and environmental welfare affects them both and affects the sustainability of the organization that they are stakeholders to.

Socialized moral hazard may be caused through three main avenues that ensure its continuity in perpetuity. First, bonus-based incentives are hedged on the principals' return on investment. This results in a paradox of incentives where rogue agents act against societal and environmental welfare, as they instead have incentives for "personal, organizational and/or institutional gain" (Tamvada and Chowdhury, 2022, p. 482). Such a paradox makes it difficult for the agent, or the organization, to pursue social and environmental agendas, as their incentives are not based on social and environmental agendas. Thus, the capacity of agents, rogue or not, to act in the interest of social and environmental welfare, is limited, as their incentives are not aligned to social and environmental welfare

Second, these avenues that lead to socialized moral hazard may also continue in perpetuity due to the absence of consideration of morality in remedies to this socialized moral hazard problem. When the social and environmental welfare dimensions of morality are ignored, immorality prevails, resulting in environmental destruction and worsening social wellbeing, even when faced with global crises that threaten human existence. Increased disclosure does not tackle the moral problem that exists in moral hazard. Immorality can be checked against the moral code of doing what is right for all, while preserving the environment for future generations. It is therefore necessary to consider the adoption of moral checks and balances for agents and organizations alike to limit the abuse of socialized moral hazard.

Third, short-termism in decision making may result in foregoing not only the principal's interests, but environmental and social welfare. Such short-termism may result in opportunistic behaviour that undermines the importance of social and environmental agendas (Connelly *et al*., 2011). Short-termism may affect both the principal and agent, and the onus therefore should be on an agent to be aware of this. Where both principals and agents act immorally, in self-interest, and with a short-term horizon in mind, sustainable practices may be overlooked. When sustainable practices are overlooked, the society and environment stand to lose (Christensen and Anthony, 2007).

Socialized moral hazard poses a threat to social and environmental welfare, especially when agents and actors are hypothesized to act rationally and in self-interest. The avenues of socialized moral hazard described above highlight the conceptualization that socialized moral

hazard is a morality problem, and not one borne out of rationality, self-interest and risk appetite of the agents. It is therefore paramount to incorporate socialized morality, which will in turn improve individual moralized decision making resulting when seeking solutions to the moral hazard problem. Organizational failures relating to social and environmental welfare that have been attributed to moral hazard problems should also be assessed from a lens of absence in socialized morality.

Agents may give utterances on sustainability and increased disclosures on ESG, but agent practice remains unethical and exploitative of agency problems. Agents exploit moral hazard, exacerbated by its socialized nature in organizations. Consequently, the interests of principals are hardly ever truly pursued to the desired extent. The actions of such agents tend to be unpunished due to the smokescreen they create in communications with their principals. Their actions are often realized when it is too late, and/or when progress that was purported to be made is not actualized. Agents with superior information have awareness of the moral hazard problem and participate, willingly or unwillingly, in the planning and execution of exploitative behaviour against principals. Hence, agents with superior information often fail to act morally.

**4.3 Conceptualization of Socialized Moral Hazard**

This paper advances a central claim: moral hazard is not merely a problem of incentive misalignment or information asymmetry, as traditionally framed in agency theory, but a socially reproduced morality problem. This is especially the case in tribal contexts where social identity pressures could induce self-interested and group-interested decision making. This results in outcomes that are substandard for both the society and the natural environment as a whole. While agency theory assumes that agents act opportunistically due to rational self-interest and differential risk exposure, it overlooks how socialization processes normalize and perpetuate morally harmful behaviour in and around organizations, particularly in relation to social and environmental welfare. We conceptualize this phenomenon as Socialized Moral Hazard (SMH).

Socialized Moral Hazard (SMH) arises when an agent, with superior knowledge of a situation, acts against the interests of their principal, due to pressures arising from their socialization within an organization. Socialization occurs when an actor who assumes a role in an organization, "learns, accepts and adopts behavioural and organizational norms associated with that role" (Tuttle *et al*., 1997, p. 12). The paper therefore extends the

argument that moral hazard is indeed a morality problem as well as a function of socialization.

At the beginning of the 21st Century, it was observed that individual morality had become less important (Dufwenberg and Lundholm, 2001). Despite the discourse surrounding the duty of organizations to environmental and social welfare, morality has been nearly absent in these discussions (Donaldson, 2012). Socialized morality and individual morality are both key tenets in the pursuit of environmental and social welfare.

Given the conceptualizing a socialized form of moral hazard, this paper will look at morality as a social phenomenon (Hitlin and Vaisey, 2010; 2013). Social structures comprise of formal/explicit as well as informal/implicit mechanisms which address human needs, provide meaning, and organize social life in various manifestations such as educational systems, family structures, governments, and religious communities (Hitlin and Vaisey, 2010).

#### 4.3.1 *Characteristics of Socialized Moral Hazard*

Socialized moral hazard can arise through two main ways. First, there is the avenue where an agent acts immorally by acting against the interest of the principal and that of the society. These agents may be termed as rogue agents, where they only intend to pursue their own self-interest, with no regard for the principal's interest, stakeholder interest, social and/or environmental welfare. In some cases, rogue agents may be aware of their principals' desire, which is usually, above anything else, a return on their investment. These agents will do whatever it takes to achieve that, and to make it worthwhile so that principals reward them, financially or as otherwise agreed. Consequently, the rouge agent may undertake actions that are against social and environmental welfare, in order to satisfy the interests of their principals. From this perspective, the agent is rewarded for acting immorally i.e., against social and environmental welfare, when the principals' interests are met through increased returns on investment. The financial interests of the principal take primacy over social and environmental interests. A statement from BlackRock, one of the world's largest asset managers, alludes to this too. They claim that climate-related proposals by shareholders are not "consistent with their clients' long-term financial interests" (BlackRock, 2022, p. 3).

Second, there is an avenue where an agent may intend to act morally but is socialized to act immorally. Immoral socialization of moral agents in an organization may make it difficult for them to act morally. Morality is not only based on what an actor intends to do (Shook and Giordano, 2017). Shook and Giordano (2017, p. 3) argue that morality is also

based on those surrounding the individual. They state that "how one's morality affects oneself, as well as others, depends on the social contexts making behaviour meaningful, effective, and productive." They further argue that the social conditions surrounding organizations "cannot be left out of account as they shape morality as much as morality guides society" (Shook and Giordano, 2017, p. 3). The agent is (un)knowingly socialized to organizational norms/vices through social cues of reward and punishment as provided by peers and superiors (Tuttle *et al*., 1997). This process of socialization comprises of individual learning, collective adaption and cultural manifestation via social interactions between those actors who are involved in or affected by the relevant elements of morality, pertained practices or objects, and associated changes (Durkheim, 2005; Parsons, 1991).

These rewards may be through official channels - incentives (Bosse and Phillips, 2016), or otherwise – by bribery, lobbying (Goel and Rich, 1989) and favours (De Chiara and Manna, 2022). Socialized moral hazard provides a never-ending dilemma where agents are socialized to maintain the status quo, for instance, the existing principal-agent problem of moral hazard. Such socialization may even encourage the exploiting of the moral hazard problem. Actors who accept norms associated with their role gain a strong commitment to their organization that "transcends" self-interest (Tuttle *et al*., 1997, p. 12).

Therefore given these avenues, we can state that Socialized Moral Hazard is considered as occurring when the following 3 parameters are met: First, an agent must have superior knowledge as compared to their principal during commission of action that is against their interest; Second, the agent may act immorally by making decisions or acting against the interests of environmental and/or social welfare; and Third, this behaviour is attributable to the social conditions surrounding the operating environment, as a function of social identity theory (SIT) behaviour of an actor's preference for in-group over out-group members (Hartwell and Lupina-Wegener, 2024).

#### 4.3.2 ***Implications of Socialized Moral Hazard***

Agency theory and moral hazard principles do not unearth the underlying causes of the desire to act against the principal, and in totality, environmental and social welfare. Below, we use global scenarios to illustrate three main consequences of socialized moral hazard. These scenarios exemplify where there has been futility in remedying moral hazard problem through disclosures on environmental and social welfare. These disclosures have recently been termed as ESG disclosures and report on corporate actions that act in the interest of social and environmental welfare. However, the actions undertaken by the same corporates

show otherwise. Such misalignment of reporting and action, this thesis argues, indicates an absence of morality in the pursuit for social and environmental sustainability. Disclosure isn't tenable because agents obfuscate transparency, and the reality on the ground through reporting that cannot be verified by readers of these reports.

#### *4.3.2.1 Reproduction of Social Ills and Norms*

The socio-cultural norms that exist in tribal contexts, such as Africa, may paradoxically result in the reproduction of social issues such as the prominence of tribalism that has plagued countries such as Kenya. In Kenya, it was found that 9 out of their 45 tribes have been locked out of State Jobs since independence (Public Service Commission [PSC] Kenya, 2023). Further, in South Africa, cultural practices have resulted in social norms that infringe on female property ownership rights (Mubangizi and Tlale, 2023).

Misgovernance may also take place by allowing social issues to transpire in the public service or in private sector, as seen in Kenya, where Tribalism and Nepotism has led to misgovernance of opportunities, and recruitment practices where four of the 45 tribes account for nearly 60% of top management positions in civil service (PSC Kenya, 2023). There has also been misgovernance where social conditions such as those associated with ownership rights results in the reproduction of social inequalities, especially around female ownership rights (Lazarte, 2017).

These situations arise especially during recruitment, where the recruiters, as agents of subsidiary managers, have superior knowledge of the candidates, and use this superior information to act the principal by picking candidates that may not necessarily be the best, but instead selected due to affiliation to the in-group. Such selection problems in the African context are made possible, as the population is often named along tribal lines, giving rise to high tribal salience through nomenclature (Arthur, 2016), which may result in such SMH situations arising during selection processes.

Moreover, there have also been instances of unfair distribution of resources such as land, minerals, roads, hospitals, and education facilities, with the best of these being highly skewed towards the regions where those in power come from due to "centralized authority" (Murombedzi, 2016, p. 2). These governance consequences can be attributed to SMH, as those in power, are privy to superior information on budgetary allocations, act against the interests of the society by allocating these resources in a skewed manner, inhibiting social welfare through diminishing social access to equality, thereby acting immorally.

Within the confines of this thesis, we have also seen adverse socio-economic effects of what we can presume to be socialized moral hazard. In Chapter 3, there is evidence that microfinance loan officers make life difficult by not giving those from other tribe's access to loans, despite them qualifying for them. Moreover, there was evidence that debt collectors were excessive when dealing with out-group members compared to in-group members. This shows the socialization aspect of it, while also showing actions against the interest of the society. Moreover, they were also acting against the interests of the principal by denying those that qualify for microcredit, any access to the facilities. This can also result in our deduction of the results that we saw in Chapter 2, where there was a glass ceiling in the number of female borrowers over the period of analysis. These situations characterize Socialized Moral Hazard within the confines of this thesis.

From these examples, it highlights the importance of understanding the social conditions in the African context such as that of tribalism and the centralization of political authority, which may provide the breeding ground for immoral behaviour. It is therefore important that such outcomes of SMH be overcome or at least, highlighted, for moralized value creation to occur.

#### *4.3.2.2 Greenwashing*

Greenwashing arises when consumers and investors are misled about the environmental benefits (if any) of a product or the environmental performance of an organization's products and services (Delmas and Burbano, 2011). Greenwashing occurs in various ways such as through falsification of sustainability claims, vagueness of environmental/green benefits and having no evidence supporting environmentally beneficial claims (Moran and O'Neill, 2022). The market for green products and services has grown drastically so much so that investment grade assets are also being classified as green products.

Professional asset managers oversee these products employing socially and environmentally responsible techniques to create returns for investors. These asset managers act as agents of principals. They may be prone to socialized moral hazard which enables greenwashing to take place when rogue agents make claims that they are pursuing principal's interest. In this case, green investors have an interest to invest in green products and assets. However, in reality, rogue agents are doing the opposite, or nothing at all. There have been instances where the claims of agents (asset managers) have turned out to be fictitious and false. These proclamations by asset managers and agents often have "varying degrees of earnestness and lack good intention" for environmental and social welfare (Buller, 2022). It is

reported that over $35 trillion has been invested in assets relating to green criteria (Buller, 2022).

DWS Group is an asset management firm that pools funds from investors, promising a certain return on investment. DWS formed a niche by advocating to invest pooled funds in activities and companies that have been screened for sustainability and scored on their ESG standards. By 2021, DWS had over $900 billion assets under management and was Germany's top asset manager (Storbeck and Agnew, 2024). However, in late 2021, the United States Securities and Exchange Commission (SEC) and the German Federal Financial Supervisory Authority (BaFin) launched investigations into the misrepresentation of ESG investing by DWS Group. These investigations came after the Group's ex-sustainability chief lifted the lid on misleading statements by DWS. First, it is alleged that DWS misrepresented half of its portfolio as being invested through ESG screened criteria. Second, it was alleged that ESG screening was not mandatory when considering investment options. In any case, ESG screening was undertaken using outdated software. These factors supported investment by DWS in the now bankrupt company, Wirecard, which scored poorly on ESG metrics (Lindsay-Bayley, 2020).

Greenwashing has also been rife in the oil and extractives industry. The extractives industry (such as mining and oil drilling) poses threats to the world as we know it through climate change (Siyobi, 2022). Poor practices by firms in this industry expose the environmental, operational and governance neglect. These poor practices include, but are not limited to, poor working conditions, environmental degradation (pollution and oil spills), and community exploitation (Siyobi, 2022). In Nigeria, over 40,000 citizens were affected by Shell's operations in and around the Niger Delta. To this end, the company was fined $111 million for oil spills in the 1970s (BBC, 2021). The company appealed against a $1.95 billion fine imposed by the Nigerian government for oil spills that damaged the farms and waterways of 88 communities in Rivers State (Eboh, 2022). Shell plc admitted that their Nigeria operations are not compatible with their 'green strategy' (Bloomberg, 2021). However, this did not mean that they closed their operations in the country.

#### *4.3.2.3 Profiteering*

Profiteering is the intention to amass exorbitant profits (Gaylord and Levine, 1997) during times of crises and scarcity by hoarding and suppression of stock of goods (Chakraborty, 1997), thereby diminishing supply of the goods, increasing prices. Socialized moral hazard enables profiteering through two ways. First, an agent may seek their own financial interests

and that of the principal over the welfare of the society and the environment. Doing this will result in the insatiable desire for the agent to create profits/returns for the principle and get rewarded through bonuses. Second, profiteering through socialized moral hazard can occur when an agent is pressurized by the social conditions of the workplace to act in self-interest and pursue profits despite social and environmental crises.

The earlier mentioned case of Shell plc where over 40,000 citizens and 88 communities were adversely affected by their operations in Nigeria, while the company posted record profits, is an example of profiteering despite humanitarian crises and environmental degradation. Shell plc rebutted by claiming to have contributed $33 million in social investment and have paid nearly $1 billion in royalties and taxes to the Nigerian economy (Shell, 2022). This is despite posting a $21 billion profit in 2021 (Shell, 2022).

Oil firms have further made record margins and profits, despite the rising cost of living amidst the Ukraine war. Russia's invasion of Ukraine and the subsequent economic sanctions on Russia, a major energy supplier, have led to the creation of a supply shortage. Consequently, households are facing high home energy prices and high cost of fuel (Grantham-Phillips, 2022). The increase in energy costs and electricity prices have also resulted in higher consumer goods prices – inflation (Grantham-Phillips, 2022). However, higher prices of fuel and energy have boosted the margins of oil and gas companies, leading to record profits for companies such as Exxon Mobil and Shell. Yet, British oil and gas firms were reluctant to have a 25% windfall tax imposed on them for profits made during this period of record-making profits (Sky News, 2022). A windfall tax is aimed at taxing wealthy corporations in order to provide increased revenues for government. This revenue is intended to support low-income households that suffer more during periods of higher costs of living (Jeong, 2022). However, against their rhetoric of social investment, oil and gas suppliers such as BP have claimed such a move to be an assault on their profits which would drive away investors (Parker *et al*., 2022). Such statements by profit-making companies in times of humanitarian crisis where profit-seeking remains the only true pursuit of these organizations, suggests the existence of profiteering.

#### *4.3.2.4 Obfuscating Environmental and Social Welfare*

Socialized moral hazard enables the obfuscating of environmental and social welfare when agents publicly disclose and claim to be pursuing sustainable initiatives while in actual fact, they are not. This may be due to socialized pressure from competitors and other stakeholders to disclose as much, while in essence, there is not much regard for environmental and social

welfare. While the first two consequences also result in obfuscating environmental and social welfare, this paper particularly aims at the recent calls for increased ESG disclosures to truly highlight the maladministration in organizations. ESG ratings score the commitment of an organization to achieving ESG investing standards. However, actions by organizations have shown that ESG ratings and disclosures are used only to lure investors while social and environmental welfare is often neglected in the short and long-term. The inefficiencies in ESG ratings in enforcing corporate responsibility must also not be muted. The ratings merely state the risk of exposure to social and environmental risk, rather than gauge the actual corporate responsibility output with regards to social and environmental efforts (Taparia, 2022).

An illustration of this was experienced in Sri Lanka, where investors were urged to invest in the country's bid to be carbon neutral by 2050. To achieve this, the government would limit the overuse of artificial fertilizers in order to curb health concerns, whilst also increasing "the contribution of renewable energy sources to 70% of national energy needs by 2030" (EY Sri Lanka, 2021). For these efforts, investors and ESG rating agencies gave Sri Lanka a near perfect ESG score of 98%, thereby deeming it a suitable investment for investors concerned about social and environmental welfare (Blackmon, 2022). However, the country soon went into bankruptcy due to the rapid and drastic pursuit of ESG and sustainability demands created by these SDGs. Consequently, Sri Lanka failed to meet its $12.6 billion debt to foreign bondholders to avoid financial losses (Heath, 2022). The country's citizens have also faced a rapid increase in the cost of living, together with fuel and energy shortages which led to countrywide protests. These protests caused political unrest, culminating in the resignation of the president who had initiated the ESG-based changes that have plunged the country into an economic crisis (Ellis-Petersen, 2022). The Sri Lanka example gives credibility to sentiments that ESG ratings may be used to obfuscate the true pursuit of environmental and social welfare.

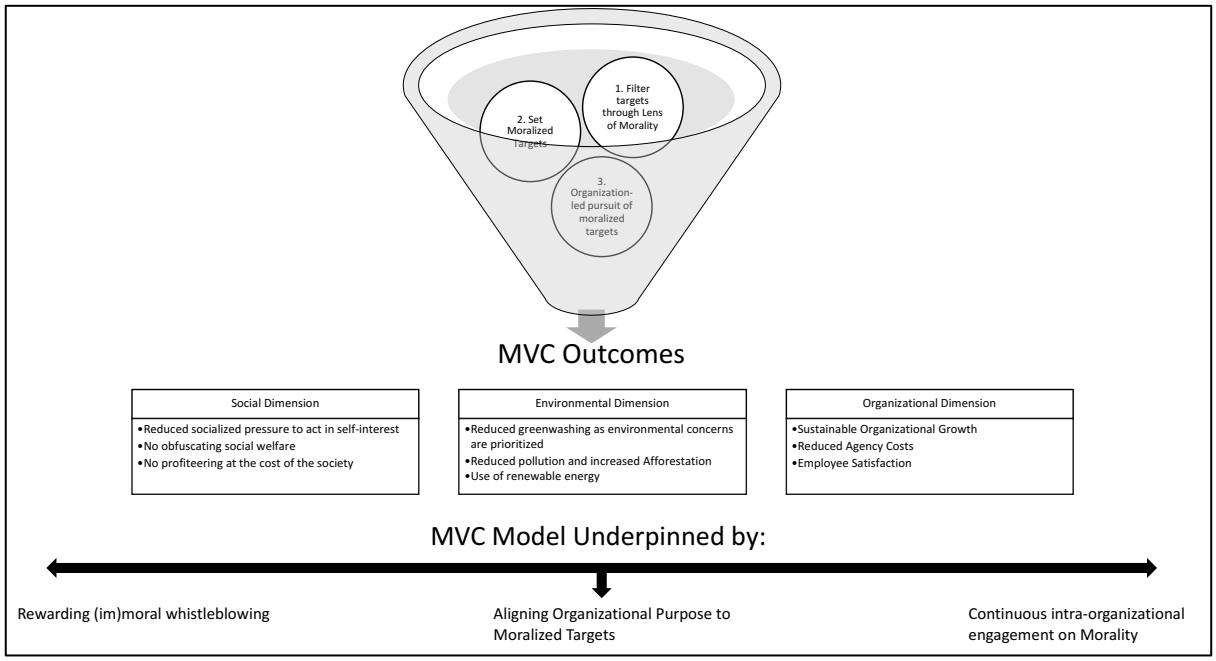
Carbon offsets and carbon credits have also been found to suffer from the same obfuscation of environmental welfare. A recent investigative report into the validity of carbon offsets and carbon credits found them to be generally valueless and could potentially worsen global warming (Greenfield, 2023). It was found that the efforts for a reduction in deforestation were futile, with just over 6% of carbon offsets having a benefit to the climate. Furthermore, human rights concerns persist in areas where rainforest carbon offsets have been purchased. Companies purchasing these carbon offsets include Shell and Gucci, with both having had serious environmental (Eboh, 2022; Siyobi, 2022) and human rights issues

(Wang and Snell, 2012). The company issuing the standards for carbon credits, Verra, stated that their efforts have been subdued due to local threats, especially in rainforest areas such as the recent election unrest in Brazil. One may however argue that these standards and credits have existed longer than the electioneering period.

### 4.4 Towards a Model of Moralized Value Creation (MVC)

**Figure 4.2**

**Moralized Value Creation (MVC) Model**




We develop a model that offers remedies for overcoming socialized moral hazard by operationalizing morality in the day-to-day running of organizations. Figure 4.2 is an illustration of how organizations can implement the model of moralized value creation. Operationalization of morality occurs in three steps.

First, the model tasks organizations to filter their targets through a lens of morality. The lens of morality is one that filters targets based on what benefits society as a whole and ensures environmental regeneration and conservation. Second, targets are redefined into moralized targets that have taken into consideration the environmental and social welfare of where the organization operates. Third, for full operationalization, an organization-led pursuit of the moralized targets is done. The model is enabled by promoters that harness the effectiveness of the operationalizing of morality. These promoters harness the operationalization of morality by ensuring that the purpose of the organization is aligned with the moralized targets, while measuring and rewarding achievement of moralized targets.

Rewarding (im)moral whistleblowing and ensuring continuous intra-organizational engagement on morality are also encouraged to ensure the morality is operationalized. Finally, outcomes of the model are tri-dimensional with social, environmental and organizational benefits accruing from operationalizing morality.

Morality, from a social perspective, depicts the efficient behavioural solutions developed for problems in general as well as in specific social contexts (Spates, 1983). The influence of morality on individual and collective behaviour is then described as resulting from social sanctions such as loss of reputation and subsequently diminishing social interactions for actors who are noncompliant with a given interpretation of morality (Durkheim, 2005; Parsons, 1991). Social sanctioning results in the formation of socialization, whereby actors submit to societal authority.

However, morality can only ensure the functioning of society when a unified or at least integrated understanding among all actors exists. Morality in organizations is primarily actors acting in a manner that benefits society as a whole and ensures environmental regeneration and conservation. Operationalizing morality in organizations takes place by anchoring the organization on a morality perspective. This is done by screening an organization's targets through a lens of morality, aligning the purpose of the organization with these screened targets, while also aligning the measurement of achieved targets to a morality perspective. To act morally, it is therefore prudent that organizations pursue targets that are anchored on environmental and social welfare and sustainability.

### *4.4.1 Screening an organizations' targets through the lens of morality to set moralized targets.*

We conceptualize a lens of morality whereby an organizations' targets are put through a weighted arrangement where environmental and social considerations take primacy. Doing this ensures that pertinent issues surrounding the society and the environment are prioritized over shareholder return and profit. In any case, social and environmental returns could be argued to be greater than financial returns in the long run. This is because, in the long-run, once social and environmental issues have been addressed, prosperity for all is a reality as there will not be a squabble for resources, opportunities and a good quality of life will exist.

Therefore, with the long-run outcomes of a moralized value creation model in mind, social and environmental considerations would have equal weight when target setting, with profit-seeking considerations taking a lesser weight. So, assuming that all targets add to 100%, social and environmental considerations would each have weightings of 35%, and

profit-seeking considerations having 30%. This weighting creates moralized targets that give greater attention to environmental and social considerations.

Operationalizing morality will tend to occur amongst the strategy-makers and target setter in organizations and will therefore be a high-level operation to ensure that moralized targets are pursued. When organizational targets are actually based on environmental and social issues, ESG rhetoric and disclosure is rendered useless. Reporting of organizations will be based on environmental and social issues, and therefore there will be no need for supplementary reporting. Moreover, the trivia that surrounds ESG as a whole will be solved. This trivia has proven to be greatly pervasive to the extent that in the US, a presidential veto of legislation was required to pass a law requiring the inclusion of ESG considerations in decision making (Financial Times, 2023). Consequently, pursuing moralized targets may overcome not only this trivia, but also the politicization that ESG has resulted in. If organizations pursue, and report on environmental and social targets, the entire notion surrounding ESG may be deemed redundant

#### *4.4.2 Organization-led pursuit of moralized targets*

While morality exists idiosyncratically within individuals, it becomes a powerful, independent institution as soon as it derives from or is a part of those complexities of meaning and is thus shared by many actors in an organization. If the organization pursues moralized targets, then actors will be socialized to act morally in pursuit of the same moralized targets, without seeking self-interested notions. Only then can morality be seen as a social phenomenon, a part of the 'swamp' so to say, which influences human and organizational behaviour and can even be used instrumentally to create sustainable development.

Since individuals are the only bearer and source of morality, considerations of moral issues are typically seen from a rather behavioural perspective, taking the full spectrum of what it means to be human into account (Abend, 2012; Bykov, 2019). Consequently, if every individual in an organization acts in the interest of the environment, and society, then the sum of these actions results in organizational morality.

However, there may be difficulty in the acceptance of pursuing moralized targets as a new value creation system. This is because it contradicts already existing shareholder-maximization value creation systems. Accepting a new value creation anchored on morality may prove a highly difficult task for organizations for two key reasons.

First, an introduction of new values typically experiences resistance in a community. This is because such new values potentially contradict already existent societal forms of morality and the social identities connected to them. Therefore, introduction of new forms of values and entire moralities require individuals to hold on to their own evaluation even against social pressure (Dolson *et al.,* 1908). Organizations have also historically been shown to be rigid towards change from the status quo due to what has been argued to be internally generated organizational inertia (Schwarz, 2012).

Second, since individuals are part of communities where they adopt existing imprints of societal morality throughout their life as already indicated above, creation of truly new values free from such previous imprints are almost impossible. Creation of such new values would require an individual to break free from its social imprint and to discover individuality in oneself. This task is, according to Nietzsche, only possible for a handful of gifted actors to master (Nietzsche, 1966).

Actors who do not possess the ability to break free from their social imprints and withstand social pressure, Nietzsche argues, will adapt to those values presented to them in the process of socialization rather than to create their own, new ones (Nietzsche, 1966). This has two major implications. First, different moralities can simultaneously exist. Second, while change in morality is mainly marginal and path dependent as assumed in the traditional approaches, fundamental and antithetical change of morality is theoretically possible in compositional approaches to morality (c.f. Roberts, 2013).

It is therefore paramount for the organization to adopt this moralized value creation model, to give legitimacy for individuals to then accept it as a new norm. The next section outlines the potential benefits of pursuing the moralized value creation model to outline the sustainable social, environmental and organizational benefits that firms could reap.

**4.5 MVC Outcomes**

Ultimately, the MVC model seeks to provide tri-dimensional outcomes that create an opportunity for sustainable organizational growth, while also providing societal and organizational-level improvements in the management of community and environmental welfare. These tri-dimensional outcomes are along social, environmental and organizational dimensions. The outcomes cater to the needs of organizations to run sustainably for the future, while also catering to the needs of the natural environment and communities within operating environments of organizations. Furthermore, these outcomes counterpoise some of the agency costs that are incurred by the shortfalls of agency theory. The MVC model also

results in outcomes that offset the socialization aspect of socialized moral hazard that arises from self-interested behaviour.

### 4.5.1 *Social Dimension*

Outcomes along social dimensions tackle social welfare benefits as well as offsetting the socialized aspect of socialized moral hazard. In this dimension, we hypothesize 3 key outcomes. First, the pressure to act in self-interest, and in group interest, and the threat of being socialized to do so, becomes redundant as the interests of principals and agents are aligned in acting in the interest of the society. Agents and principals will be necessitated to act in a manner that promotes social inclusivity regardless of social identities, and inherent social norms. This will give rise to fair opportunities as acting in the benefit of society will give rise to meritocracy and not favouritism due to socialized pressures to act along in-group interests or self-interest. Operationalizing morality will therefore result in reduced socialized pressure to act immorally, resulting in a self-correcting inclination to act morally through an actor's own accord. In sum, the social dimension benefits along inclusivity of all members of society and fair opportunities to pursue individual ambitions on the basis of merit and without prejudice to social norms, social belongingness or identity.

Second, through this model, when the principals and agents have aligned interests, there would be no obfuscating social welfare for their own interests and the pursuit of wealth maximization. Social welfare will take primacy. This will offset the consequences of socialized moral hazard such as that of historically powerless marginalized communities having their land taken from them by organizations who use this land for profit-seeking activities without ever rightfully compensating the community (Lujala, 2020). Instead, the communities remain damaged and with worsened qualities of life due to environmental pollution (Eboh, 2022), and human rights violations (Kabir, 2020).

Third, given that the notion of wealth maximization cedes priority to social and environmental welfare, there is a reduced urge to seek profiteering initiatives and exploiting the society for profit and wealth maximization. Exploiting of the society in order to gain exorbitant profits, especially in times of crises such as natural disasters, and public health emergencies can happen through manipulation or hoarding of stocks of goods, medicine, and services. When not in moments of crises, profiteering can be done at the cost of society through grabbing of property and ancestral land.

### 4.5.2 *Environmental Dimension*

Environmental outcomes from the MVC model also offset consequences of socialized moral hazard. First, when environmental considerations are pursued with superiority over profit, environmental concerns will be prioritized over financial returns by principals and agents seeking to maximize wealth. Consequently, there will be no greenwashing as environmental initiatives will be truly pursued and prioritized over self -interested wealth maximization of principals and agents.

Second, when organizations set targets that consider wide-ranging sources of environmental inputs, decision making has been shown to be of higher quality (Reed, 2008). The moral duty therefore lays with the organization and its leaders to make decisions that are in the best interest of the environment. Such a decision is one that ensures the rejuvenation of depleted resources, does not diminish sources of non-renewable energy and where possible, uses renewable sources of energy. Moreover, it is important that such decisions also result in limited forms of pollution (air, noise, soil, water) to ensure that biological lives and ecosystems are not interfered with.

Third, environmental considerations could lead to long term noble actions such as afforestation and reforestation that improve soil structure and long-term resilience of the land (Wang *et al*., 2017). Such actions like tree planting may also have a long-lasting positive impact on climate change (Cvjetković and Mataruga, 2020). Further, environmental programs such as afforestation, are not as costly as alternatives that have been sought such as carbon credits, that have been proven to be nothing more than expensive hot air (Greenfield, 2023) with adverse climate effects arising from them.

### 4.5.3 *Organizational Dimension*

Organizational sustainability stemming from the MVC model will be driven by a new determination to act morally. Consequently, there may be a reduction of agency costs that currently exists through profit-based bonuses or incentives. When an organization has anchored and aligned its purpose, targets, rewarding on a morality perspective, profit-based incentivizing through bonuses, which is often costly to organizations, can be replaced with other forms of incentivizing such as nominal tokens of appreciation for acting morally.

Further, employee job satisfaction from the organization acting morally and doing good (Vlachos *et al*., 2012), which in turn can drive organizational performance resulting in optimal returns from the organization (Zhou *et al*., 2008). Globally, it is estimated that only 21% of employees are engaged at the workplace (Gallup, 2022). However, there may be an

increased level of employee engagement with employees striving to act morally for an organization that acts morally. When both the individual and the organization strive to act morally, an integration in organizational identities and personal identities can drive increased engagement, resulting in greater firm performance (Cornelissen *et al*., 2007).

In the long run, given social and environmental welfare will be a constant make-up of the organization, then the organization will co-exist as long as there is social and environmental sustainability. Humanity and the natural environment have outlived any organization. Then it holds that if organizations pursue social and environmental welfare, they will be harnessing their own sustainability. To ensure the success of operationalizing morality in organizations, the paper proposes the use of promoters to harness the uptake of morality by actors in organizations.

### 4.6 MVC Promoters

Promoters of the MVC model are aimed at continuously strengthening a morality perspective in the day to day running of an organization. These promoters work in tandem with the operationalizing of morality. While operationalizing of morality is more high-level, the below promoters are part of, and underpin the operationalization of morality. They ensure that all actors within the organizations are aligned to a morality perspective of actively pursuing social and environmental prosperity.

#### 4.6.1 *Aligning Organizational Purpose to Moralized Targets*

Aligning the purpose of the organization to moralized targets is key in order to ensure that the organization keeps primacy to pursuing socially and environmentally friendly interests. This alignment has to be consistent throughout the organization (Crotts *et al*., 2005). From the purpose to the targets set, to the measurement of achievement of the targets and finally to rewarding the successful attainment of targets. While aligning to this new way of operationalizing morality may take time due to structural resistance against fundamental reorganizations (Peli, 2009, p.344), it may be advantageous to quickly harmonize targets with an organization's purpose given the urgency that humanity has to act to halt environmental degradation and social vulnerability (WHO, 2021).

Alignment to a morality perspective ensures that the model does not succumb to the shortfalls of agency problems where profit-based incentives encourage profit-seeking behaviour from rogue agents, thereby foregoing environmental and social initiatives. Such alignment across a morality perspective safeguards social and environmental sustainability. Without social and environmental sustainability, the organization seizes to exist in entirety,

therefore it is in the interest of the organization to align along social and environmental interests in order to achieve its own sustainability.

### 4.6.2 *Rewarding (im)Moral Whistleblowing*

It is paramount to incentivize actors in organizations to speak out about immoral actions that have been undertaken by agents. While rewarding whistleblowing may cultivate a culture of speaking out, it may also be important to consider creating anonymous whistleblowing channels to protect those whistleblowers who would rather not be rewarded for speaking out. Anonymity may protect whistleblowers from social sanction from actors in organizations who may be opposed to the culture of speaking out or may be privy to the actions of rogue agents. It would therefore be supportive of the model to promote a culture of speaking out as this may curb the socialization aspect of socialized moral hazard, allowing rogue agents and their actions to be curbed before it spreads to others, and more importantly, before those actions damage social and environmental wellbeing.

### 4.6.3 *Continuous intra-organizational engagement on Morality*

As with any change in modes of operation, organizations are also faced with resistance due to inertial forces that are rigid to new ways of doing things (Kelly and Amburgey, 1991). Therefore, it is important to carry out various engagements with actors in organizations to sensitize them on the importance of operationalizing morality and inculcating a morality perspective in the day to day running of their tasks and activities. Continuous engagement across all levels improves support for new initiatives (Trahant, 2009), boosting performance by clarifying on the purpose being pursued by an organization (Albrecht *et al*. 2015). A survey by Watson Wyatt (2009) showed that effective organization engagement improves when there is clear communication to all actors in organizations on the strategic direction that is to be undertaken. Not only will continuous employee engagement drive the attainment of moralized targets, but it will also safeguard the affirmation of a morality perspective amongst actors in organizations.

## 4.7 Discussion

Socialized moral hazard not only explains the apparent abuse of agency relationships. It also identifies the underlying issue in agency relationships where the agents act against the interests of principals, and against social and environmental welfare. It goes beyond the assumption of agency theory that actors are rational and self-interested. It identifies (im)morality as the root cause of self-interest against the greater good of society and the environment. Socialized moral hazard can be brought about by socialization within an

organization, or through an inherent willingness to act immorally. Without redress, it can continue in perpetuity where the needs of stakeholders, principals, and the environment are foregone under the watchful eyes of self-interested agents (and principals).

### 4.7.1 *Superior Schemes of Purposeful Moral Actions*

Our conceptual model of moralized value creation seeks to provide a practical tool to combat socialized moral hazard. Further to the model, below the paper ascribes superior schemes of moral actions that can be undertaken to ensure the success of the moralized value creation model. Superior schemes of purposeful moral actions are a bundle of practices and means to create consistency in the pursuit of social and environmental welfare and the alignment of interests on a morality perspective. These superior schemes can be implemented to ensure moral decision making which enables the tri-dimensional outcomes of moral value creation outlined above.

#### *4.7.1.1 Morality Over Rationality*

Rational actors have been argued to deplete resources up to a point where their own expected benefits equal the costs (Ostrom *et al*., 1999). Given a singular resource then, each rational actor will use up the resource with no regard for the costs on other uses, short or long-term. Consequently, this results in the overuse of the resource, depletion of the resource and potential destruction to the resource (Hardin, 1968). Some of the overused resources are those considered to be common-pool resources. Common-pool resources are those that do not involve property rights and include components of the earth such as "groundwater basins, the atmosphere, and products of human civilization such as the World Wide Web" (Ostrom *et al*., 1999, p. 279). Such resources are vast and can be relatively difficult to establish a universal mode of their use, distribution, monitoring, and management.

Given the difficulty in developing governance methods over such resources (Ostrom *et al*., 1999), individual temptation to exploit these resources arises. This is especially due to the absence of individual morality which has become negligeable in contemporary social welfare systems (Dufwenberg and Lundholm, 2001). Dufwenberg and Lundholm (2001) posit that social welfare is not only exacerbated by the absence in morality but also the use of economic models that focus on material rewards other than social rewards. Agency theorists have historically argued the use of external incentives in different forms to align the interests of the principal and the agent (Eisenhardt, 1989; Fama and Jensen, 1983; Goel and Rich, 1989; De Chiara and Manna, 2022). However, these incentives have often been based on outcomes rather than behaviour (Bosse and Phillips, 2016). These outcomes are based on the

traditional view of the firm, and on the agent acting rationally in pursuing value maximization, for the self, and for their principal. These incentives have become known as agency costs, i.e., the cost of reducing principal-agent problems. Agency costs are defined as "the residual costs that result in a failure to maximize the principal's wealth" (Fontrodona and Sison, 2006, p. 34).

We therefore suggest a radical, but necessary mode of organizing that is not based on rationality but based on morality and anchored on delivering social and environmental enrichment. As rationality in economics is founded on maximizing the economic beneficial interests an actor has (Fontrodona, and Sison, 2006), it may be important for agents and principals to practice the purposeful moral action of continually and publicly declaring their vested interests when undertaking organizational tasks. This can be beneficial in ensuring transparency on the interests of principals and agents. Further, declaration of vested interests will ensure that those principals and agents that are conflicted in the pursuit of social and environmental welfare step aside, allowing unconflicted agents to pursue "both their own ends and the ends of others" without bias (McCaffery, 2017, p. 49). Doing so, also ensures that no agency costs are borne in attempts to align interests of the agent and principal.

It is in the consideration of morality over rationality that the paper proposes the adoption of *moral cost-benefit analysis*, that is antagonistic to the usual financial cost-benefit analysis. A moral cost-benefit analysis is one that ensures that each action being undertaken has an overall benefit to both the society and the environment. This can be done at Manager-Level where there is constant oversight and is respective to the social context of subsidiary operation. The moral cost-benefit analysis should be seen as a continuous and dynamic process whereby any decisions undertaken during the day-to-day operations of an organization should be subjected to such a moral trade-off. This will ensure that no short-term, self-interested decisions are undertaken by rogue agents.

#### *4.7.1.2 The Society as Primary Investors*

On matters that are bound to affect the society, in both the short and long-term, then the society should take primacy. From historical arguments surrounding the tragedy of common resources (Hardin, 1968) to arguments surrounding joint value creation (Bridoux and Stoelhorst, 2022), the world has been unable to sufficiently and sustainably cater for the needs of its population. This is mainly due to the exploitation and "destruction of the very resource on which" we depend on (Ostrom *et al*., 1999, p. 278). Given that humanity depends on certain resources, such as water, air or oxygen, food,  and energy, actors may be

incentivized to cooperate in order to ensure joint value creation (Bridoux and Stoelhorst, 2022). Cooperation is defined as an actors' behaviour that has mutual benefit to a group of people - society, or another actor (Bridoux and Stoelhorst, 2022). This cooperative behaviour is enacted due to its beneficial effect rather than an inadvertent outcome of an action (West *et al*., 2007).

Thus, joint value creation is intentionally pursued for the benefit of the collective - society. As much as cooperation towards joint value creation by an actor may appear to be costly to them in the short-term, it may be beneficial to the society in the long run (West *et al*., 2007). In situations where the society does not take primacy, there may be goods produced for profit, or economic value maximization, that are socially harmful (De Chiara and Manna, 2022).

Preceding agency theory has tended to place financial investors as the primary principal whose interests ought to be served (Eisenhardt, 1989; Blair and Stout, 1999; Heath, 2009; Ellili, 2020). However, financial investors, on average, hold their shareholding in publicly listed companies for less than 10 months (Christensen and Anthony, 2007). Besides, they have been shown to have no long-term interest in social and environmental welfare as this does not support value maximization on their return on investment. BlackRock, one of the world's largest asset managers with nearly $8.5 trillion assets under management (Masters, 2022) voted to pull back on enforcing climate-related proposals. They cite that many of the climate-related proposals by shareholders are not "consistent with their clients' long-term financial interests" (BlackRock, 2022, p. 3). Such a statement elucidates that the financial investor is ultimately the one who matters most. It was reported that "BlackRock would want to signal its contribution and commitment to addressing climate change by supporting more disclosure — but not wanting to go beyond that" due to the financial repercussions (Masters, 2022). Such a position from one of the world's largest asset managers is truly alarming in an age where the world seeks social and environmental wellbeing.

We consequently suggest a rather radical prescription, whereby the financial investor is not deemed as the ultimate stakeholder, but instead, the society be the primary investor. Without society and the environment, the organization ceases to exist. By viewing the whole society as the investors of an organization, this will ensure for the cooperation between organizations and societies. Moreover, it will also allow an organization to be accountable for its actions towards the society as opposed to accountability by a select few financial investors. Further, there will be no room for conflicts of interest between principal and agent.

They will both be aligned in pursuing what is in the best interests of the society, including environmental welfare. Therefore, when agents maximize value morally, this would not be in conflict of any of the stakeholder groups (principals) as their long run benefits are assured.

In considering the society as primary investors, then it is necessary for organizations to undertake what we conceptualize as *social conditions reconnaissance* that primarily explores societal logics (Ocasio, Mauskapf, and Steele, 2016) in contexts that MNEs would desire their subsidiaries to expand into, or are already in. A social conditions reconnaissance is an exploration into the historical and current social conditions, social norms, and social identities surrounding a given social context. Such an exploration would ideally provide a platform for learning and mapping the social and environmental conditions in a context. This reconnaissance will elicit insights as to how to align or combat with the social conditions, such as in recruitment, which may be convoluted by social conditions.

#### *4.7.1.3 De-Fantasize Profit Seeking, Risk-Taking Behaviour*

Traditionally, profit has been perceived as a reward for the risk taken (Hawley, 1893). It is this paper's contention that when moralized value creation is sought, profit cannot take precedence. They are mutually exclusive. In neoclassical economic theory, a rational actor is deemed to pursue economic value maximization which in turn results in profit maximization in order to maximize the value of the firm and shareholder wealth (Simon, 1986). Jensen (2002) however clarifies that enlightened economic value maximization considers wider stakeholder groups in the maximization of the long run value of the firm.

Contemporary studies find that managers are still incentivized to achieve short-term profits (Graham *et al*., 2005; Liljeblom and Vaihekoski, 2010; Dill *et al*., 2015). These short-term profit pursuits, while producing bonuses for managers, produce "suboptimal outcomes for the wider society" (Tamvada and Chowdhury, 2022, p. 482). These incentives create a paradox of incentives where actors who are in a position to rectify a problem, do not have incentives to rectify these problems, but instead, have "incentives to perpetuate problems for personal, organization and/or institutional gain" (Tamvada and Chowdhury, 2022, p. 482). The paradox of incentives could be argued to be in play when pursuing moralized value creation, as there is no incentive to act morally. Instead, there is incentive to act in economic value maximization. This paper therefore proposes that when socialized moral hazard is overcome, the paradox of incentives may be solved, as there will be no profit/economic gain to pursue by either the principal or agent. Instead, they will pursue the operationalization of morality, which results in a reduced inclination for profit-seeking behaviour, both by the

principals and agents, as the primary reward to reap from operationalizing morality benefits society as a whole and the environment.

De-fantasizing profit may be done through two avenues. First, by not anchoring targets on the profit bottom line but instead anchoring targets on tangible social and environmental outcomes for example, the number of trees planted, or the number of lives uplifted out of poor working conditions. Second, by not hedging bonuses and incentives to performance on the profits an organization makes. De-fantasizing profit may allow for moral decision making where the society takes primacy resulting in long-run superior moral actions. Consequently, the sole purpose of the organization would be to maintain its status as a going concern, to meet obligations, pay staff and break even. This would in turn result in matching the risk appetites of both the agent and the principals as there would be no incentive for increased financial performance of the organization.

#### *4.7.2 Actionable Strategies of Superior Schemes*

Consequently, this paper proposes actionable strategies to support organizations seeking to realize moral value creation in tribal contexts through the operationalization of the superior schemes proposed above. It has been observed that it may be useful to consider, acknowledge and adapt to those aspects of social conditions and norms surrounding each subsidiary, that tend to be "sticky" (Bicchieri and Mercier, 2014, p. 66).

This can be done through tools such as the 'social conditions reconnaissance' proposed earlier. This reconnaissance can inform actionable strategies such as having a local community representative who is versed in socio-environmental matters in that context, or a tribe-neutral recruitment team to combat tribal situations such as those highlighted in the Kenyan case above. Moreover, organizations may benefit from hiring a political affiliate who may assist in gathering insights and reporting on the existing political climate, the agendas in place with existing governments, the distribution of resources, natural or otherwise, and how these may affect the business operations.

Second, organizations may also make use of 'moral cost-benefit analysis' (MCBA), that ensures that each action being undertaken has an overall benefit to both the society and the environment. This can be done at Manager-Level where there is constant oversight and is respective to the social context of subsidiary operation. The moral cost-benefit analysis should be seen as a continuous and dynamic process whereby any decisions undertaken during the day-to-day operations of an organization should be subjected to such a moral trade-off. This will ensure that no short-term, self-interested decisions are undertaken by rogue agents.

**Table 4.1**

**Actionable Strategies of Superior Schemes**

| SUPERIOR SCHEME | TOOL | STRATEGIES | IMPLEMENTATION LEVEL |
|---|---|---|---|
| **Morality over Rationality** | Moral Cost-Benefit Analysis (MCBA) | Inclusion of social and environmental measurements in BSC | All |
| | | Annual review of targets to align with changing social and environmental conditions | Board and Senior Management |
| **The Society as Primary Investors** | Social Conditions Reconnaissance | Local community representative in Board | Board |
| | | Tribe-neutral recruitment team | Mid-Senior Management |
| | | Have a political affiliate | Independent |

### *4.7.3. Translating Actionable Strategies into Organizational Practice.*

As conceptualized above, environments characterized by sticky social norms, entrenched in ethnic affiliation, moral conduct can be institutionalized rather than left to managerial discretion. This is done so as to defray the capacity for socialized moral hazard to arise. While these suggestions may be context-specific to tribal jurisdictions, the proposed actionable strategies may be operationalized within multinational enterprises and subsidiary governance structures.

#### *4.7.3.1 Embedding Moral Cost-Benefit Analysis into Decision Architecture*

The proposed moral cost-benefit analysis (MCBA) should be operationalized as a continuous, structured decision-making requirement rather than a symbolic moral guideline. To ensure consistency, organizations should incorporate MCBA criteria into existing approval templates for capital investments, procurement decisions, restructuring processes, and community engagement initiatives.

Operationalization may involve:

- Requiring decision memoranda to document social, environmental, and distributive impacts alongside financial projections.

- Establishing cross-functional review committees at the managerial level to assess high-impact decisions.
- Recording deliberations to create accountability and audit trails.
- Linking managerial performance evaluations and incentive systems to long-term socio-environmental indicators, not solely financial metrics.

By embedding moral trade-offs within formal approval and incentive systems, organizations reduce the risk of short-term, self-interested decision-making by rogue agents and align managerial behavior with broader societal outcomes.

#### *4.7.3.2 Institutionalizing Social Conditions Reconnaissance*

Organizations operating in tribal contexts should formalize a *social conditions reconnaissance* process as a pre-entry and ongoing governance requirement. Rather than treating socio-cultural analysis as informal background knowledge, firms should integrate structured mapping of tribal affiliations, informal authority structures, political patronage networks, and resource distribution patterns into their risk assessment and subsidiary approval procedures.

Practically, this may involve:

- Requiring a socio-political risk assessment as part of board-level market entry approval.
- Establishing a formal reporting line for socio-environmental intelligence to regional or headquarters-level risk committees.
- Conducting periodic updates to account for electoral cycles, shifting alliances, or emerging inter-tribal tensions.

Embedding reconnaissance within formal governance processes reduces information asymmetry and mitigates the risk of elite capture or unintentional alignment with dominant tribal factions.

#### *4.7.3.3 Designing Tribe-Neutral Organizational Structures*

In tribal contexts, recruitment, promotion, and procurement decisions, if left unchecked, may become conduits for the implications of socialized moral hazard listed in section 4.3.2 above. To safeguard moral value creation, and contain SMH, organizations should implement structural neutrality mechanisms within human resource and compliance systems.

This may include:

- Centralized or cross-regional oversight of senior hiring decisions in high-risk subsidiaries.

- Transparent recruitment criteria and standardized evaluation procedures.
- Formal conflict-of-interest disclosures covering social, political and tribal affiliations where legally permissible.
- Periodic diversity and representation audits to identify imbalances that could reinforce local grievances.

By having these formalized procedural safeguards that take into consideration social conditions in tribal contexts, organizations can protect, and possibly gain, legitimacy by showing commitment to ensuring sustainable moral value is created, especially during recruitment and procurement decisions.

#### *4.7.3.4 Monitoring and Accountability*

Moral value creation in tribal contexts requires ongoing vigilance. Organizations should therefore establish monitoring mechanisms capable of detecting emerging grievances, representational imbalances, or environmental harms before they escalate into conflict or reputational crises.

Possible measures include:

- Independent social and environmental audits.
- Anonymous community grievance reporting systems with protected escalation pathways.
- Periodic board-level review of socio-economic-political risk dashboards.

Such mechanisms reinforce that moral governance is not episodic but continuous and adaptive.

### *4.7.4 Contributions to Agency Theory*

Our first contribution supplements the assumptions of agency theory that merely predict and justify their actions and explain *how* rogue agents act. This paper adds that morality explains *why* rogue agents act in rational value-maximization and in self-interest. They do this acting against the interests of - 1) their principals, and 2) environmental and social welfare. The agents act in this way due to an absence of morality. With this paper's definition of morality as actions undertaken in the interest of society and the natural environment, acting in self-interest to maximize utility and value, may deem such actions immoral as they do not favour the wellbeing of the society, and can lead to exploitation and depletion of natural resources.

Without morality, the remedies correct the deed that makes them rogue. Rogue agents will still be rogue and may conjure new methods of performing their rogue deeds. However, once we know why they perform this deed, then we can rectify both *how* i.e., the action, and *why* i.e., the underlying cause of the action. Therefore, this paper's proposition for agency theory would thus be to consider moral foundations underlying the actions of rogue agents, and how these can be rectified. This paper proposes rectification along moral lines, in order to set a moral benchmark, to supplement the ethical benchmarks that are already in place. An example of moral benchmark would be that an action is undertaken if it enhances both social and environmental welfare, and then satisfies the firm value maximization, if at all the value of the firm must be maximized.

Second, in implementing morality in agency relationships, principals and agents engage in moral value maximization, where maximizing social and environmental welfare, and the development and retention of the natural environment takes precedence over all other interests. Consequently, remedies of moral hazard anchored on the assumptions underlying agency theory are futile. For example, ESG disclosure and the pursuit of sustainability would not be necessary when social and environmental welfare take primacy in decision making. This is as opposed to the firm value maximization perspective which has been shown to take precedence in the examples highlighted above. The persistence of the remedies of traditional moral hazard problems such as increased disclosure has led to scepticism about corporate actions, especially those surrounding green initiatives by organizations. Consequently, increased disclosure may have the opposite effect where it erodes stakeholder confidence.

Contrary to pursuing firm and self-value maximization, this paper suggests that agency theorists and business ethics scholars, pursue the notion of moral value maximization to create a sustainable and habitable future for the society and the natural environment. To do this, agency theorists and managers of organizations ought to unshackle from economic theory that prioritizes firm value maximization. Firm value maximization that is hedged on maximizing the interests of the shareholders may not necessarily be beneficial to both the society and the natural environment. While some have argued that self-interest does not necessarily exclude the interests of stakeholders (Fontrodona and Sison, 2006), the global evidence presented above indicates that social and environmental interests have been excluded. Pursuing remedies of moral hazard problems on this basis, would allow for the continued persistence and exploitation of moral hazard problems as the root cause remains unaddressed. This would in effect contravene social and environmental welfare while continually increasing costs of remedying moral hazard problems.

The implication for agency theory is the extension of its underpinning assumptions that justify the behaviour of rogue agents as rational value maximisers (Heath, 2009). The extension is such that rogue agents are seen for acting beyond rationality, but instead, are deemed to be acting immorally, against interests of the society and the environment. The notion of morality renders the assumptions and the problems of agency theory and their resultant remedies redundant. Consequently, these rogue agents will be reprimanded for their rogue actions and falling below the moral benchmark of undertaking an action that satisfies social and environmental welfare. Further, the pursuit of firm and self-value maximization would not be necessary, as the firm value maximization would be tied to the moral value maximization where environmental and social welfare is maximized.

**4.8 Conclusion**

This paper set out to better grasp the underlying issues behind agency relationship problems. It hypothesizes that the absence of morality underlies these agency relationships. In doing so, the paper conceptualizes this as the manifestation of immorality as socialized moral hazard. Socialized moral hazard may hamper the pursuit of sustainable growth for organizations, societies, and the environment. The thesis argues that when considering social and environmental welfare, utility maximization and the self-interests of principals and/or agents are fruits of the tree of immorality. To overcome this, the paper provides remedies that consider the immorality of moral hazard problems in the hope that these remedies charter a path to equitable and sustainable social and environmental enrichment.

# 5. Thesis Conclusion

## 5.1 Revisiting the Research Aims and Objectives

At the beginning, the thesis set out to assess how social identities affect the relationship between organizational identification and gender-based organizational goal achievement. In doing this, the thesis would also assess the socio-economic value that organizations such as MFI's seek to create in tribal contexts. This would consequently unearth the mechanisms through which tribal identities promote or limit value creation, and how organizations, such as MFIs succeed in creating such socio-economic value. The thesis set out to achieve these aims through 3 papers, each with a granulated form of the research aim, and its own research objectives as outline in the introduction.

**Chapter 2** investigated the impact that the intensity of the host society's social identity has on the level of gender-based goal achievement of Microfinance. Social identity theory (SIT) posits that individuals are assigned or assign themselves into descriptive or perspective social groupings. SIT literature suggests that these groupings have implications on intergroup relations. Ashforth and Mael (1989) argue that social identity is based on the distinctiveness between one group from another, thereby creating in-groups (similar groups) and out-groups (dissimilar groups. With this, comes the salience of the characteristics of the in/out-group. This results in equivalence, which forms the basis of intergroup relations and intergroup competition (Tajfel and Turner, 1979).

This social identification enables the individual to define himself in the context of the social environment. Further, this identification leads to the participation in activities consistent with an individuals' identity. Social identification also results in support for institutions that epitomize the identity that all work to reinforce the precursors of identification (Ashforth and Mael, 1989). Literature has found that individuals face identity tensions (Brown, 2019) when shifting from one setting to another, e.g., from home to organization. These tensions result in the (re) construction or reinforcement of new or old identities respectively.

Academics have assessed consequences of these identity (re)constructions and reifications on organizations. Petriglieri and Stein (2012, p. 1223) give insights as to how leaders create "toxic environments" by working with those they do not identify with, merely to form positive comparisons with their projection of their unwanted selves in others. Identity reification and re-construction has also been assessed in leadership development programmes. In these programmes, leaders are asked to self-reflect on their strengths and

weaknesses, comparing themselves with a prototypical style of leadership (Gagnon and Collinson, 2014). Some academics have studied how these identity conflicts may lead to emotional distress, particularly when creating a desired identity. This was seen when nurses pursued a 'leader' identity, foregoing professional identity and group identity influence (Croft *et al*., 2015).

These identity conflicts and tensions may have implications for organizations. Individuals often identify with organizations in which they are stakeholders. Organizational identification is the definition of self, with reference to the central features and values of organizations (Cornelissen *et al*., 2007). An individual is considered to have a strong organizational identity when their organizational identification more salient than their other identities (including social identity) (Dutton *et al*., 1994). Therefore, identity tensions arise in determining whether social identity or organizational identity takes precedence over the other. Identities have been argued to be inherently fluid, allowing individuals to (dis)engage with various identifications depending on the setting (Brown, 2021). This engaging and disengaging may result in a match or mismatch between social and organizational identities. When studying the effect of this identity (mis)match on organizations, no study has tested the effect of organizational and social identity (mis)match on gender-based organizational goal achievement. Especially in contexts where social identities are salient and contested, like in rural and tribal areas. However, it has been theorized that an organizational identification that closely matches the social identity of may be beneficial in enhancing employee output, thereby improving organizational output (Cornelissen *et al*., 2007).

Therefore, chapter 2 empirically tested whether the intensity of social identity in an organization's host society affects the gender-based goal achievement of MFIs. Tribalism provided the measure of the host society's intensity of social identity. Results of this analysis supported the hypothesis that organizational identification has a positive relationship with gender-based organizational goal achievement. However, there was no statistically significant effect on the relationship upon introduction of tribal identity as a mediating variable. These findings therefore suggested that the relationship could be affected by other factors that result in gender-based goal achievement not being fully attained. Consequently, these findings underpinned the inference of the presence of low identity fusion between social identity and organizational identity in tribal contexts. These findings are important as they have three key important theoretical and practical implications.

First, we conceptualize the existence of a paradox of organizational identification exists in areas where social identities are salient and contested such as tribal nations. The

paradox is such that an organization has a decision on whether to integrate its host society's social identity into its organizational identity, or impose its own foreign organizational identity in tribal societies. The former, allows for easier identification with local stakeholders. However, the paradox arises in that the organization may unintentionally replicate prevailing social norms (positive or negative) inherent in the host society's social identity, should they opt to integrate its host society's identity to its organizational identity.

Second, the paper proposed a spectrum of organizational and social identity in which individuals in host society's lie. The weaker the social identity, the easier it is for organizational identification to occur. This improves gender-based organizational goal achievement. Finally, these results imply that indeed identities are fluid, however, they are and can be limited by the intensity of the where the organization is situated.

Third, the paper contributes to identity literature by suggesting a 3-step approach to how organizations can overcome the paradox of organizational identification. The paper suggested that organizations undertake an identity exploration at national and tribal levels, particularly those organizations that operate in tribal areas. This is done so, to discern what elements of tribal identities can be incorporated into OI to create fertile ground for identity fusion. This Identity exploration is undertaken in three steps: First, organizations must pilot tribal contexts by immersing themselves into the society before deciding on operations. They should unearth the social conditions, as well as the inherent social norms in tribal contexts. Second, they undertake a goal (re)alignment, to determine whether their organizational goals are in line, challenge or are malleable to the social identities therein. Finally, the organizations can propose a social identity-informed organizational identity that considers the intensity of the social identity in tribal contexts. Doing so, is hoped to allow for greater identity fusion between social identities and organizational identities in tribal context.

**Chapter 3** set out to explore how and what social and economic value is created or destroyed in tribal contexts, and how MFIs have been received in tribal contexts. Research on tribes and tribalism has declined steadily, especially in Africa. This is because of backlash from African scholarship arguing that 'tribe' and 'tribalism' carry an inherent negative connotation (Ekeh, 1990). Prior research has tended to ask *why* tribalism persists both in rural and urban areas (Ekeh, 1990). However, this paper sought to understand *how* these tribes persist after facing colonialism, marginalization, and trivialization. This was done through a qualitative study that resulted in 25 semi-structured interviews that explored the tribal relations surrounding microfinance and the value it creates (and/or destroys) for borrowers, and microfinance institutions, alike.

From the study, the paper found consistently emerging themes. First, a theme of *tribal identity as a socio-economic straitjacket*. This appears is especially shown where microfinance faces a monumental task of creating economic empowerment and creating value for females in an environment that constrains that very goal, female empowerment. In tribal societies, it is found that roles and expectations, particularly, gendered roles emanate from tribal associations. It appears that the attainment of goals that are far-removed from the tribal expectations result in social and economic repercussions for those that do not conform to tribal expectations and roles.

Second, a theme emerged of the *hierarchical permeation of tribal identity*, which identifies the sources of the salience of tribal identities and how these. This theme is grounded by salience that arises from the basis of nomenclature of tribes members, and the people are often reminded of their tribes during electoral cycles. They are reminded of their affiliation to tribes by political leaders, who seek for the people to vote along tribal lines as, tribes appear to be the easiest denominator of the population. It therefore seems the easiest way to garner support, especially amongst the major tribes.

Finally, a theme emerges where the country is filled with an ever-growing youthful population that has experienced tribal clashes and seeks to free themselves from the negative (un)intended consequences of tribalism. This *youthful and resilient positivity* may appear to give hope for future generations to break free from tribal expectations that hamper progressive socio-economic mobility for all. Mobility in this case is the improvement of social and economic status in the society.

These findings have implications for management and organization studies that allow us to understand how actors in tribal contexts engage in identity work. These findings could prove beneficial for organizations that seek to extend operations to tribal contexts such as those studied in this paper. It may prove beneficial, but difficult for organizations to create an organizational identity that resonates with its stakeholders (Cornelissen *et al*., 2007), especially in these contexts.

Therefore, this paper offers three key implications for management and organization studies. First, the paper highlights the benefits for organizations to undertake a social conditions reconnaissance. Such a reconnaissance is done to understand how and what the historical social and economic backgrounds in tribal contexts are - that is, colonialism, the division of tribes and tribal identities, access to resources, ability to scale social and economic mobility, the marginalization and trivialization experienced by tribal actors, and how these actors engage in identity work.

To overcome the threats of marginalization, and make the most of opportunities for socio-economic mobility, actors may seek identity opportunities that organizations such a s microfinance may offer. This may consequently result in greater organizational identification. It would therefore be important for organizations to outline the identity opportunities, that tribal actors faced with years of marginalization and trivialization, seek to gain by identifying with an organization. That is, how an actor may be better positioned to scale social and economic mobility should they choose to identify with an organization in a tribal context.

Second, it would also be beneficial for organizations seeking to operate in tribal contexts to be alive to the electoral life cycles in various countries. This is because the paper found that there appears to be heightened tribal identification during these periods, that may inhibit or promote identification with an organization. This electoral life cycle, coupled with the transience of tribal identities, and the youthful population, may provide an opportunity for organizations to selectively decide when to enter such markets, just as the actors selectively assimilate.

Third, the paper offers a clarion call for management and organization studies practitioners, and researchers to further enrich literature with insights from the global south to expand management and organization studies knowledge. Theorization developed in the global north, has been applied universally especially in regard to identity research, while in truth, this literature, has for long periods, been bereft of contextual and cultural input from the global south (Zulfiqar and Prasad, 2022).

While tribal identity in the past has been viewed negatively as groupthink, resulting in negative bias, there appears to be a youthful population in tribal countries that is devoid of tribal expectations and roles, thereby being indifferent to tribal biases. It is this youthful population, that is especially present in multi-socio-cultural backgrounds such as the African context, that is expected to harbour 25% of the global population by 2050 (Stanley, 2023), and 40% of the global population by 2100 (United Nations, 2015). This therefore underpins the urgency in which such contexts should take interest of management and organization studies, practitioners, and researchers alike.

**Chapter 4** set out to conceptualize a practical framework that international organizations can use when seeking to build inclusive socio-economic value in tribal contexts. Over the past 3 years, there has been a worrying revelation that despite a prominence of the role of microfinance and microfinance institutions (MFIs) in enhancing female participation in economic activities and developing inclusive societies over the last 40 years, the World Economic Forum (2025) estimate that it may take 135 years (2159) to

achieve gender parity in female economic opportunity and participation (World Economic Forum, 2025). Given that SDG 5 is premised on achieving gender equality and empower all women and girls, this proved a stark clarion call to conceptualize a model of organizing that ought to be beneficial to the society at large as well as the environment we inhabit. Such a model would ensure that everyone has equal access to opportunities and the environment is well-preserved for our generation and many more to come.

Some scholars argue that societal logics often hamper the rate at which the gender gap in economic opportunities is narrowed (Karim, 2012; Mair *et al*., 2012). The rate of closure of the gender gap has been partially attributed to individuals' conformity to social norms (Ybema, 2020). Conformity to social norms occurs mainly because of (i) community pressure and social sanctioning (Barsoum, 2006; de Aghion and Morduch, 2005; Griffin, 2009); (ii) inadequate property rights stemming from social group beliefs where female participants are deemed inadequate to own resources (Duflo, 2012); and (iii) negative scrutiny from community members (Chang *et al.,* 2019). These social pressures support or drive human behaviour and thus, knowingly or unknowingly, produce and maintain social norms. Consequently, individuals and societies alike absorb these social norms over time (Ybema, 2020). Thus, community disapproval of programs challenging social norms may inhibit the uptake of programs such as microfinance. For example, there are cases where female borrowers access loans, but their husbands control the loan proceeds or in extreme cases abuse their female partners (Barsoum, 2006). Goetz and Gupta (1996) observe increased tensions in Bangladeshi households because of such loans where men sought to control funds and direct businesses.

From a gender perspective, where the in-group (male) are aware of their privileged identity in contradiction to the out-group (females), members of the out-group may be guided by the "logic of appropriateness". This is guided by both cognitive and normative mechanisms (March and Olsen, 2011, p. 1). In order to avoid social sanctioning and negative scrutiny that is imposed on female borrowers by their 'tribespeople', they may not undertake propositions that are normatively 'foreign' in fear of the social sanctioning they may face, for their attempts at going against the grain by participating in programs that are aimed at uplifting them (Barsoum, 2006; Chang *et al.*, 2019; Hoffman *et al.*, 2018; Karim, 2008; Mair *et al.* 2012). Thus, we hypothesize that this fear of social sanction will cause a maintenance of the norms.

Therefore, to conceptualize a model that may also offer societal benefits to all, the paper problematizes agency theory as a theory that underpins many designated authority

relationships the world over. One such relationship is that of MFI owners and the Boards, that is pertinent to this thesis, but beyond this thesis, agency relationships dictate most of the resource allocation globally, from investors, founders of organizations, non-profit organizations, and community-based organizations. Consequently, given all these organizations, how is it that earth and humans have been unable to provide an equitable, sustainable world for all?

The paper problematized agency theory in two ways: First, agency theory lacks an appreciation for socialization in and around organizations. That is, how social identity and categorisation can result in social norms and socialisation that results in the reproduction of social ills and norms which may make it difficult for change makers and change agents to effect desired change, positive or negative. Secondly, the third paper problematizes the absence of the role (im)morality plays in agency relationships and moral hazard problems. Moral hazard often speaks of agents acting against interests of principals but omits discussion of morality of agents. This resulted in the conceptualization of *Socialized Moral Hazard (SMH)*.

Socialized moral hazard arises when an agent, with superior knowledge of a situation, acts against the interest of their principal, due to pressures arising from their socialization within an organization. The agent is (un)knowingly socialized to organizational norms and vices through the social cues of reward and punishment as provided by peers and superiors (Tuttle, Harrell and Harrison, 1997). An agent may trigger socialized moral hazard when they obscure the nature of their actions, deceiving principals into thinking their environmental and socially conscious interests are being pursued (Taparia, 2022). Subsequently, principals may request increased transparency, such as recent calls for ESG disclosures, but agent practice may remain unethical, resulting in negligible value creation for shareholders and other stakeholders (Cornell and Damodaran, 2020).

To overcome SMH and (im)moral issues in moral hazard problems, and provide actionable remedy to moral hazard problems, the paper offers a model of *Moralized Value Creation (MVC).* The model strives for the operationalization of morality which ensures value creation is sustainable for the organization, society, and the environment. This model, works as a remedy to socialized moral hazard, ensuring that the interests of the society and environment are at the forefront of decision-making.

This approach not only results in tri-dimensional outcomes along social, environmental, and organizational lines, offsetting the consequences of socialized moral hazard, but the proposed model has benefits for both principals and agents as both their

interests are aligned on social and environmental welfare. While practical challenges in implementation of the model such as abandoning long standing methods of aligning interests of agents and principals through incentives like bonuses, the long-term benefits of a thriving social and environmental welfare are hoped to supersede these. This is because, without social and environmental sustainability, there may be no organizations to create value for shareholders and stakeholders alike.

Collectively, the three papers contribute to broadening our understanding of how organizations create socio-economic value in identity-intensive contexts that are highly fractionalized. The findings demonstrate that pro-social development initiatives such as microfinance do not operate independently of the social environments in which they are embedded. Instead, the interaction between organizational identities and local social identities shapes both the opportunities and constraints faced by organizations and individuals. By identifying the paradox of organizational identification, uncovering the identity work undertaken by marginalized actors, and proposing the Moralized Value Creation framework, the thesis provides an integrated explanation of how social identities influence organizational value creation in tribal contexts. In doing so, the thesis contributes to management and organization studies by foregrounding the role of social conditions and identity dynamics in shaping the effectiveness of development-oriented organizations. This is further explained below.

**5.2 Theoretical Contributions of the Thesis**

The joint contribution of the results of the above three papers seeks to bring to fore the conversation of tribe and tribalism in management and organization literature. It is hoped that the aspect of tribalism will not be ignored in attempts to create value for tribally diverse societies. Microfinance is an example of a programme that seeks to create value in tribally diverse societies. However, there is scant explanation as to how tribal societies derive value from these programmes, and the tribal economics surrounding microfinance proceeds. Anthropologists and modern sociologists deem tribal societies to be ancient when it comes to modern organizing. Tribal organizing is viewed as a rung on the ladder to nation/statehood (Ekeh, 1990). Therefore, tribes have been considered backward in the face of postcolonial organizing. However, it is the reality of those who live in it. Consequently, this academic research pioneer's investigation as to how tribal societies continue to persist despite years of marginalization.

This exploration into tribal literature and gathering empirical evidence on the consequences of tribalism on organizations can help increase modern understanding of tribal societies in three ways. **Firstly,** in showing the mediating role of social identity in the relationship between organizational identity and gender-based organizational goal achievement, organizations may need to appreciate the diversity in their tribal host society to avoid getting caught in the *paradox of organizational identity*. Therefore, when organizations seek to impose their organizational identity on their host society, they ought to consider the social context of where they operate, that is, the social norms therein, and the intensities of social identities of their host society as different societies have different levels of social identification. **Secondly,** through our findings of tribal identity as a socio-economic straitjacket, we show how tribal actors engage in identity work through belief-signalling, to overcome this straitjacket. They engage in what is conceptualized as *selective assimilation*. Selective assimilation allows tribal actors to appear as part of the in-group to take advantage of identity opportunities. This proves that marginalized actors may engage in identity work not only in the event of identity threats, as has been conceptualized in literature, but also to take advantage of identity opportunities. How tribal actors engage in identity work may be beneficial for organizations to understand the identity threats (colonialism, marginalization, trivialization), and identity opportunities (socio-economic mobility, belongingness, access to power and resources) that tribal actors face, and how they overcome them. Understanding these can better allow organizations to propose organizational identities that are relatable, and possibly, selectively assimilated into, so that tribal actors can use this OI to scale socio-economic mobility. **Thirdly,** the thesis proposes how foreign organizations seeking to set up operations in tribal contexts could operationalize and appreciate the social conditions in such contexts to create moral value. The premise is that foreign organizations (parents or principals) tend to form subsidiaries (agents) that operate in these contexts. These principal-agent relationships are not only limited to microfinance relationships between investors/owners and the board officials of MFIs. Many relationships within and out of organizations could be classified as agency relationships. Consequently, the inclusion of social conditions in agency relationships could help explain why agents act against principal interests. Such action against principals may also compounded by the absence of morality to act in the interest of social and environmental welfare. Consequently, this thesis suggests a novel model of Moralized Value Creation (MVC) that incorporates social conditions and morality in the day-to-day operationalization of organizations with agency relationships such as MFIs. This MVC model offers solutions that could also help in overcoming the paradox of

organizational identification. When the MVC model is operationalized, the social wellbeing is inherently pursued during value creation, which is done in the interest of the society.

### 5.3 Practical Implications of the Thesis

The MVC model that this thesis proposes, offers a new way of operationalizing morality that would result in not only, the social conditions existing in each context, but may assist in also overcoming the paradox of organizational identity. The practical implications outlaid below are given in the context of Multinational Enterprises (MNEs) which operate subsidiaries (agents) in tribal countries, while the parents (principals) are domiciled abroad. Therefore, these practical implications are pertinent to International Business practitioners and MNEs seeking to expand operations into tribal contexts such as Africa. This would particularly benefit subsidiary managers in the case of greenfield investments and integration managers in the case of brownfield investments.

From the MVC Model, the thesis proposes a 5-step framework that can be used in day-to-day operationalization of the social conditions inherent in a given context, in order to create sustainable, and inclusive moral value. The framework emphasizes organizations learning from the local communities on the social and environmental conditions that exist in each context as part of an investment appraisal. The framework strives for the operationalization of morality which ensures value creation is sustainable for the society, the natural environment, and ultimately, the organization. This process may be carried out by a team led by the integration or subsidiary managers before setting up of operations.

First, determining what is beneficial for the social context in which an MNE, or its subsidiary operates, will require a '*social conditions reconnaissance'* that would ideally provide a platform for learning and mapping the social and environmental conditions in a context. This reconnaissance will elicit insights as to how to align or combat with the social conditions, such as in recruitment, which may be convoluted by social conditions.

Second, the integration or subsidiary managers can inform their principals of findings from the reconnaissance, to share the information gained. This step is crucial in limiting SMH by determining whether, after the mapping, the interests of the principal are still aligned with the findings of the agent, and whether the targets of the organization, fit in with the social and environmental context.

Third, once feasibility of the parents' targets to the social and environmental conditions has been approved, it is important to pass these targets through a lens of morality. This is done by putting an organizations' targets through a weighted arrangement where

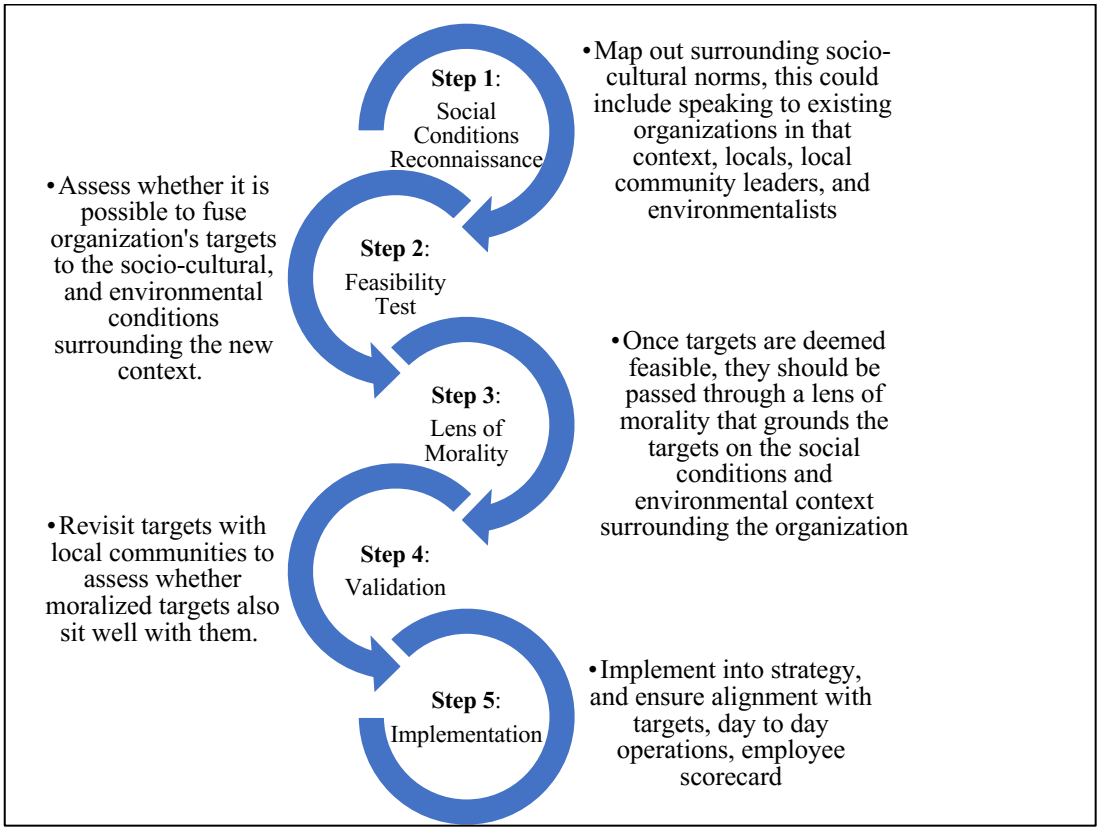
environmental and social considerations take primacy. Doing this ensures that pertinent issues surrounding the society and the environment are prioritized. For example, if all the organizational targets add to 100%, social and environmental considerations would each have weightings of 35%, and financial considerations having 30%. This weighting creates moralized targets that consider environmental and social considerations.

Fourth, it would be essential to seek validation with local communities, environmentalists, and other pertinent stakeholders to ensure that these targets serve not only the interests of the MNEs, but also serve the social and environmental welfare. This may help ensure that the moralized targets truly echo: (a) a society-based people agenda that upholds fundamental labor rights of workers in organizations, ensuring equality in opportunity, meritocracy, fair competition, safe working conditions, no discrimination, and abiding by minimum age, and abolition of forced labor conventions (Lazarte, 2017); and (b) the interest of the natural environment.

Fifth, MNEs can implement and align these moralized and validated targets into the strategy of the subsidiary, by ensuring the moralized targets resonate across the organization. This is done through ensuring the placement of moralized targets in the day-to-day objectives, as well as in the annual review processes, including in Balanced Scorecards (BSC) of members of the organizations. Balanced Scorecards could have similar weightings as those used in setting moralized targets in step 3. This step ensures that the local strategy of a subsidiary is tailor-made to their respective social and environmental context.

**FIGURE 5.1**

**FRAMEWORK FOR MORALIZED VALUE CREATION (MVC)**




## 5.4 Implications for the Global South

Although this thesis focuses on microfinance institutions operating in tribal contexts, the findings give relevance towards understanding organizational value creation in identity-intensive environments across the Global South. Many developing economies are characterized by strong social identities rooted in ethnicity, kinship, religion, or caste, which shape patterns of cooperation, resource access, and economic participation. The findings of this thesis highlight three broader lessons. First, organizational initiatives aimed at promoting socio-economic development are deeply embedded within social identity structures that may either facilitate or constrain their effectiveness. Therefore, it is paramount that individuals, and organizations in the Global South, be cognizant of the effect of tribal identity, as they strive to develop and enhance their quality of living. Be it through pro-social NGOs such as microfinance, or publicly driven initiatives through local and national governments.

Second, we found that individuals navigating in tribal contexts often engage in signalling, as a form of identity work to access opportunities for socio-economic mobility.

This suggests that development outcomes are shaped not only by organizational interventions but also by how individuals negotiate identity constraints they face.

Third, organizations seeking to create sustainable value in such contexts must account for social conditions and moral considerations in their decision-making processes. While the specific manifestation of tribal identity is context-dependent, the mechanisms identified in this may extend to other developing economies where social identities play a central role in structuring economic life.

### 5.5 Broader Implications for Identity, Microfinance, and Socio-Economic Value Creation

This thesis also offers broader lessons for research on identity, microfinance, and sustainable and inclusive socio-economic value creation.

First, the findings extend identity research by demonstrating that social identities do not only generate conflict or bias but can actively structure access to economic opportunities and shape the ways individuals and organizations engage with development initiatives. This is especially the case in tribal contexts where social identities are salient and open to contestation, regulation and marginalization. Therefore, pro-social programs that seek to foster financial inclusion amongst other social causes, do not operate in silos, but are embedded within complex social environments. Access to credit alone does not automatically translate into empowerment or improved livelihoods when prevailing social norms and identity structures shape how financial resources are accessed, controlled, or utilized.

Second, the findings provide insights into socio-economic mobility by illustrating how marginalized actors navigate identity constraints through signalling, as a form of identity work. They do this to take advantage of identity opportunities, while also overcoming identity threats such as tribal violence.

Third, the thesis has implications for discussions on how organizations can create sustainable and inclusive socio-economic value without harming the society and natural environment. The implication is such that the organizational value creation is not exclusively an economic or organizational process. It is also a socially embedded process, shaped by identity dynamics, local norms, and the social conditions in which organizations operate. This thesis examined this in tribal contexts, suggesting that it is prudent that input is required from those that organizations and governments seek to create value for, marginalized actors. Their exclusion from this input, further marginalizes them from the value creation process. Harmonizing social identities and organizational identities could bear greater fruit than

imposition of organizational identities, especially when considering already marginalized groups in tribal contexts.

### 5.6 Generalizability, Limitations and Future Research

In a bid to enrich management and organization studies with insights from the margins, much of this thesis has focussed on the global south. However, not all the developing countries have been represented in this research. While this thesis draws on empirical evidence from microfinance institutions operating in tribal contexts, it is important to distinguish between mechanisms that are specific to the research setting and those that may extend to other developing economies and beyond.

Certain elements of the study are context-specific, particularly the historical and socio-political manifestations of tribal identity and the specific cultural norms observed in chapter 2 and 3. These features are shaped by local histories of colonization, political dynamics, and institutional arrangements that may differ across countries. Chapter 2 only focused on microfinance institutions in tribal contexts, which could limit the generalizing of findings. Moreover, the effects of these microfinance firms in this thesis were limited to gender inclusivity around microfinance institutions and their ecosystem. Therefore, future explorations could also consider assessing international organizations in tribal contexts to gather insights from their perspective on the realities of operating in tribal contexts.

Moreover, the scope of the interviews conducted in chapter 3 were limited to the impact tribes and tribalism has had in social and economic value creation and indeed, social and economic mobility, future explorations could consider broader assessments, over multiple horizons, should funding and capacity allow.

Nonetheless, the thesis identifies several mechanisms that could be generalized beyond the examined context. First, the interaction between organizational identities and socially embedded identity structures can shape the effectiveness of development-oriented organizations in identity-intensive environments. Second, organizational behaviour may be influenced by socialization processes that extend beyond formal governance structures in MNEs with global subsidiaries. This socialization aspect may shape how agents interpret and act upon organizational objectives. While the specific expressions of these mechanisms may vary across contexts, the underlying processes through which identity structures influence value creation and/or destruction, may be relevant across many developing economies characterized by salient social identities.

It would therefore be beneficial to management and organization researchers to further explore the dynamics through which value creation can be promoted in the global south where tribal identities operate. In doing this, it would be worth considering how tribal actors engage in collective action to overcome marginalization, and how organizations in these contexts promote such collective action, or instead, play a part in promoting marginalization.

In our pursuit for sustainable and inclusive value creation that provides equal opportunities to all, it is our responsibility as researchers to highlight how actors, individuals, and organizations globally, engage in such value creation or destruction. Highlighting such value creation and destruction, while appreciating cultural contexts from all corners of the globe, enriches our world view while also highlighting successes and failures of our attempts at creating inclusive societies. In doing so, we can formulate frameworks that protect, and enhance the natural environment, and at the same time, does not infringe on human and labour rights.

# Appendix

## Appendix I

*Table A1: Model Fit Summary*

**CMIN**

| Model | NPAR | CMIN | DF | P | CMIN/DF |
|---|---|---|---|---|---|
| Default model | 50 | 900.446 | 4 | .000 | 225.112 |
| Saturated model | 54 | .000 | 0 | | |
| Independence model | 18 | 9427.950 | 36 | .000 | 261.888 |

**Baseline Comparisons**

| Model | NFI Delta1 | RFI rho1 | IFI Delta2 | TLI rho2 | CFI |
|---|---|---|---|---|---|
| Default model | .904 | .140 | .905 | .141 | .905 |
| Saturated model | 1.000 | | 1.000 | | 1.000 |
| Independence model | .000 | .000 | .000 | .000 | .000 |

**Parsimony-Adjusted Measures**

| Model | PRATIO | PNFI | PCFI |
|---|---|---|---|
| Default model | .111 | .100 | .101 |
| Saturated model | .000 | .000 | .000 |
| Independence model | 1.000 | .000 | .000 |

**NCP**

| Model | NCP | LO 90 | HI 90 |
|---|---|---|---|
| Default model | 896.446 | 801.494 | 998.784 |
| Saturated model | .000 | .000 | .000 |
| Independence model | 9391.950 | 9075.983 | 9714.200 |

**FMIN**

| Model | FMIN | F0 | LO 90 | HI 90 |
|---|---|---|---|---|
| Default model | .264 | .263 | .235 | .293 |
| Saturated model | .000 | .000 | .000 | .000 |
| Independence model | 2.765 | 2.754 | 2.662 | 2.849 |

**RMSEA**

| Model | RMSEA | LO 90 | HI 90 | PCLOSE |
|---|---|---|---|---|
| **Default model** | .256 | .242 | .271 | .000 |
| **Independence model** | .277 | .272 | .281 | .000 |

**AIC**

| Model | AIC | BCC | BIC | CAIC |
|---|---|---|---|---|
| **Default model** | 1000.446 | 1000.740 | | |
| **Saturated model** | 108.000 | 108.318 | | |
| **Independence model** | 9463.950 | 9464.056 | | |

**ECVI**

| Model | ECVI | LO 90 | HI 90 | MECVI |
|---|---|---|---|---|
| **Default model** | .293 | .266 | .323 | .293 |
| **Saturated model** | .032 | .032 | .032 | .032 |
| **Independence model** | 2.775 | 2.683 | 2.870 | 2.775 |

**HOELTER**

| Model | HOELTER .05 | HOELTER .01 |
|---|---|---|
| **Default model** | 36 | 51 |
| **Independence model** | 19 | 22 |

## Appendix II

### *Table B1: Robustness Test*

| Standardized | Observed coefficient | Bootstrap std. err. | z | P>\|z\| | Normal-based [95% conf. interval] | |
|---|---|---|---|---|---|---|
| Structural | | | | | | |
| Tribalism Index | | | | | | |
| Percentage of Females on Board (OI) | .1223534 | .0237424 | 5.15 | 0.000 | .0758191 | .1688877 |
| cons | 4.304898 | .1673951 | 25.72 | 0.000 | 3.976809 | 4.632986 |
| Percentage of Female Staff (OGA) | | | | | | |
| Tribalism Index | -.1062717 | .0271097 | 3.92 | 0.000 | .0531376 | .1594058 |
| Percentage of Females on Board (OI) | .4216395 | .0249349 | 16.91 | 0.000 | .3727681 | .4705109 |
| Inflation | -.0763674 | .0307894 | -2.48 | 0.013 | -.1367135 | -.0160213 |
| Real Interest Rate | -.1862076 | .036906 | -5.05 | 0.000 | -.258542 | -.1138733 |
| GDP per Capita | .4799812 | .0304824 | 15.75 | 0.000 | .4202367 | .5397257 |
| Log of Total Assets | -.9309532 | .1076507 | -8.65 | 0.000 | -1.141945 | -.7199617 |
| Log of Gross Loan Portfolio | .8140545 | .1102428 | 7.38 | 0.000 | .5979826 | 1.030126 |
| WGI_Control of Corruption | .0564663 | .0233268 | 2.42 | 0.015 | .0107465 | .102186 |
| cons | .9954129 | .2349171 | 4.24 | 0.000 | .5349839 | 1.455842 |
| Percentage of Female Borrowers (OGA) | | | | | | |
| Tribalism Index | -.0005682 | .0359696 | -0.02 | 0.987 | -.0710673 | .069931 |
| Percentage of Females on Board (OI) | .3256588 | .0190693 | 17.08 | 0.000 | .2882836 | .363034 |
| Inflation | .0416535 | .024086 | 1.73 | 0.084 | -.0055541 | .0888612 |
| Real Interest Rate | -.2560477 | .0400097 | -6.40 | 0.000 | -.3344653 | -.1776301 |
| GDP per Capita | -.3960161 | .0300364 | -13.18 | 0.000 | -.4548863 | -.3371458 |
| Log of Total Assets | -.558803 | .1043306 | -5.36 | 0.000 | -.7632872 | -.3543189 |
| Log of Gross Loan Portfolio | .5799631 | .1061537 | 5.46 | 0.000 | .3719056 | .7880205 |
| WGI_Control of Corruption | .041407 | .0323124 | 1.28 | 0.200 | -.0219241 | .1047382 |
| cons | 2.150942 | .279249 | 7.70 | 0.000 | 1.603624 | 2.69826 |
| Percentage of Female Loan Officers (OGA) | | | | | | |
| Tribalism Index | .1523292 | .0274471 | 5.55 | 0.000 | .0985339 | .2061245 |
| Percentage of Females on Board (OI) | .4064755 | .0272273 | 14.93 | 0.000 | .3531109 | .4598401 |
| Inflation | -.0185863 | .022151 | -0.84 | 0.401 | -.0620015 | .0248289 |
| Real Interest Rate | -.1829316 | .0360783 | -5.07 | 0.000 | -.2536438 | -.1122194 |
| GDP per Capita | .3380291 | .0304033 | 11.12 | 0.000 | .2784397 | .3976184 |
| Log of Total Assets | -.8090357 | .1525549 | -5.30 | 0.000 | -1.108038 | -.5100337 |
| Log of Gross Loan Portfolio | .6889011 | .1554669 | 4.43 | 0.000 | .3841917 | .9936105 |
| WGI_Control of Corruption | .0778995 | .0243349 | 3.20 | 0.001 | .030204 | .1255951 |
| cons | .8891831 | .2526201 | 3.52 | 0.000 | .3940567 | 1.384309 |
| Percentage of Female Managers (OGA) | | | | | | |
| Tribalism Index | -.0777373 | .0221117 | 3.52 | 0.000 | .0343992 | .1210754 |
| Percentage of Females on Board (OI) | .3395409 | .0299851 | 11.32 | 0.000 | .2807712 | .3983107 |
| Inflation | -.0828762 | .0290134 | -2.86 | 0.004 | -.1397415 | -.0260109 |
| Real Interest Rate | -.1589787 | .0346332 | -4.59 | 0.000 | -.2268586 | -.0910987 |
| GDP per Capita | .4231035 | .0279097 | 15.16 | 0.000 | .3684014 | .4778055 |
| Log of Total Assets | -.932376 | .1428252 | -6.53 | 0.000 | -1.212308 | -.6524438 |
| Log of Gross Loan Portfolio | .7257426 | .1491545 | 4.87 | 0.000 | .4334051 | 1.01808 |
| WGI_Control of Corruption | .0776906 | .0272717 | 2.85 | 0.004 | .024239 | .1311421 |
| cons | 1.743874 | .2668959 | 6.53 | 0.000 | 1.220768 | 2.266981 |
| mean(Fboard) | .8664119 | .0179882 | 48.17 | 0.000 | .8311557 | .9016681 |
| mean(Inflation) | .4591571 | .1156136 | 3.97 | 0.000 | .2325586 | .6857555 |
| mean(Real_Interest_Rate) | 1.452904 | .0621571 | 23.37 | 0.000 | 1.331078 | 1.57473 |
| mean(GDP_per_Capita) | 1.457591 | .0377237 | 38.64 | 0.000 | 1.383654 | 1.531528 |
| mean(log_Total_Assets) | 8.559421 | .1368068 | 62.57 | 0.000 | 8.291285 | 8.827558 |
| mean(log_Gross_Loan_Portfolio) | 8.500898 | .1158404 | 73.38 | 0.000 | 8.273855 | 8.727941 |
| mean(WGI_ControlOfCorruption) | -2.529518 | .0504065 | -50.18 | 0.000 | -2.628313 | -2.430723 |
| var(e.Tribalism_Index) | .9850297 | .0058099 | | | .973708 | .996483 |
| var(e.Fstaff) | .6094562 | .0218587 | | | .5680851 | .6538402 |
| var(e.Fborrowers) | .5423062 | .0202535 | | | .504028 | .5834913 |
| var(e.FLoanOfficer) | .6841398 | .0264758 | | | .6341673 | .7380502 |
| var(e.Fmanagers) | .6645007 | .0193038 | | | .6277229 | .7034333 |
| var(Fboard) | 1 | . | | | . | . |
| var(Inflation) | 1 | . | | | . | . |
| var(Real_Interest_Rate) | 1 | . | | | . | . |
| var(GDP_per_Capita) | 1 | . | | | . | . |
| var(log_Total_Assets) | 1 | . | | | . | . |
| var(log_Gross_Loan_Portfolio) | 1 | . | | | . | . |

## *Table B2: Replicability Test*

| Standardized | Coef. | OIM Std. Err. | z | P>\|z\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| Structural | | | | | | |
| TribalismIndex | | | | | | |
| Fboard | .0104929 | .0171203 | 0.61 | 0.540 | -.0230623 | .044048 |
| _cons | 3.557054 | .0487109 | 73.02 | 0.000 | 3.461583 | 3.652526 |
| Fstaff | | | | | | |
| TribalismIndex | -.0072062 | .0161432 | -0.45 | 0.655 | -.0388462 | .0244338 |
| Fboard | .4186544 | .0135935 | 30.80 | 0.000 | .3920116 | .4452971 |
| Inflation | .0040159 | .0149387 | 0.27 | 0.788 | -.0252634 | .0332952 |
| RealInterestRate | .0481737 | .0150229 | 3.21 | 0.001 | .0187294 | .077618 |
| GDPperCapita | .2903684 | .0155868 | 18.63 | 0.000 | .2598188 | .320918 |
| _cons | .4943034 | .0733933 | 6.73 | 0.000 | .3504552 | .6381517 |
| Fborrowers | | | | | | |
| TribalismIndex | -.2109859 | .015509 | -13.60 | 0.000 | -.241383 | -.1805888 |
| Fboard | .2631483 | .014559 | 18.07 | 0.000 | .2346131 | .2916835 |
| Inflation | .0641635 | .0150759 | 4.26 | 0.000 | .0346153 | .0937118 |
| RealInterestRate | -.1325455 | .0151248 | -8.76 | 0.000 | -.1621896 | -.1029013 |
| GDPperCapita | -.3072867 | .0152013 | -20.21 | 0.000 | -.3370807 | -.2774927 |
| _cons | 2.450716 | .0644012 | 38.05 | 0.000 | 2.324492 | 2.57694 |
| FLoanOfficer | | | | | | |
| TribalismIndex | .0682942 | .0162557 | 4.20 | 0.000 | .0364337 | .1001547 |
| Fboard | .3853805 | .0140378 | 27.45 | 0.000 | .3578669 | .4128941 |
| Inflation | .0452463 | .0152046 | 2.98 | 0.003 | .0154458 | .0750469 |
| RealInterestRate | .0160807 | .0153036 | 1.05 | 0.293 | -.0139138 | .0460753 |
| GDPperCapita | .2884621 | .0157211 | 18.35 | 0.000 | .2576493 | .3192748 |
| _cons | .0020407 | .0725494 | 0.03 | 0.978 | -.1401535 | .1442348 |
| Fmanagers | | | | | | |
| TribalismIndex | -.0478257 | .0163757 | -2.92 | 0.003 | -.0799216 | -.0157299 |
| Fboard | .4186951 | .0136894 | 30.59 | 0.000 | .3918643 | .4455259 |
| Inflation | -.0157458 | .0151026 | -1.04 | 0.297 | -.0453465 | .0138548 |
| RealInterestRate | .0401241 | .015193 | 2.64 | 0.008 | .0103464 | .0699019 |
| GDPperCapita | .2561535 | .0159706 | 16.04 | 0.000 | .2248516 | .2874554 |
| _cons | .3483211 | .0731843 | 4.76 | 0.000 | .2048824 | .4917597 |
| mean(Fboard) | .8394411 | .0199113 | 42.16 | 0.000 | .8004156 | .8784666 |
| mean(Inflation) | .6513483 | .018851 | 34.55 | 0.000 | .6144011 | .6882955 |
| mean(RealInterestRate) | .8547378 | .0200065 | 42.72 | 0.000 | .8155258 | .8939498 |
| mean(GDPperCapita) | 1.148751 | .0220592 | 52.08 | 0.000 | 1.105516 | 1.191986 |
| var(e.TribalismIndex) | .9998899 | .0003593 | | | .999186 | 1.000594 |
| var(e.Fstaff) | .7393317 | .0132051 | | | .7138979 | .7656716 |
| var(e.Fborrowers) | .7566538 | .0144802 | | | .7287988 | .7855735 |
| var(e.FLoanOfficer) | .7662433 | .013398 | | | .7404285 | .7929581 |
| var(e.Fmanagers) | .755878 | .0128235 | | | .7311577 | .7814341 |
| var(Fboard) | 1 | . | | | . | . |
| var(Inflation) | 1 | . | | | . | . |
| var(RealInterestRate) | 1 | . | | | . | . |
| var(GDPperCapita) | 1 | . | | | . | . |
| cov(e.Fstaff,e.Fborrowers) | .1847393 | .0201421 | 9.17 | 0.000 | .1452615 | .2242171 |
| cov(e.Fborrowers,e.FLoanOfficer) | .1192801 | .0175267 | 6.81 | 0.000 | .0849284 | .1536317 |
| cov(e.FLoanOfficer,e.Fmanagers) | .5172478 | .0125612 | 41.18 | 0.000 | .4926283 | .5418673 |
| cov(Fboard,Inflation) | -.0511504 | .0170774 | -3.00 | 0.003 | -.0846215 | -.0176793 |
| cov(Fboard,RealInterestRate) | .0097286 | .0171206 | 0.57 | 0.570 | -.0238271 | .0432843 |
| cov(Fboard,GDPperCapita) | -.0209725 | .0171147 | -1.23 | 0.220 | -.0545166 | .0125716 |
| cov(Inflation,RealInterestRate) | -.1537757 | .0167173 | -9.20 | 0.000 | -.186541 | -.1210104 |
| cov(Inflation,GDPperCapita) | -.0062216 | .0171215 | -0.36 | 0.716 | -.0397791 | .027336 |
| cov(RealInterestRate,GDPperCapita) | .1325869 | .0168212 | 7.88 | 0.000 | .099618 | .1655558 |

## *Table B3: Model Fit Indicators*

| Fit statistic | Value | Description |
|---|---|---|
| Likelihood ratio | | |
| chi2_ms(.) | . | model vs. saturated |
| p > chi2 | . | |
| chi2_bs(30) | 9277.312 | baseline vs. saturated |
| p > chi2 | 0.000 | |
| Population error | | |
| RMSEA | . | Root mean squared error of approximation |
| 90% CI, lower bound | 0.000 | |
| upper bound | . | |
| pclose | . | Probability RMSEA <= 0.05 |
| Information criteria | | |
| AIC | 48457.460 | Akaike's information criterion |
| BIC | 48751.929 | Bayesian information criterion |
| Baseline comparison | | |
| CFI | 1.000 | Comparative fit index |
| TLI | . | Tucker-Lewis index |
| Size of residuals | | |
| SRMR | 0.136 | Standardized root mean squared residual |
| CD | 0.564 | Coefficient of determination |

**Appendix III**

***Semi-Structured Interview Instrument/Guide***

1. **Do you come from a major tribe? Yes or No**
2. **Have any issues arisen given your tribal identity?**
3. **What kind of job have you or do you undertake?**
4. **How have you survived in the workplace given your tribal identity?**
5. **How does your tribal identity affect your social life and socialization?**
6. **Does tribe lead to gendered roles?**
7. **How do women cope with gendered roles?**
8. **What consequences are there when roles aren't followed?**
9. **As a woman, how do the gendered roles affect your day-to-day life and aspirations?**
10. **Does your tribal identity influence your social and economic decisions?**
11. **How have you managed to survive in a tribal country?**
12. **What is success to you?**
13. **What is success to you in a tribal country?**
14. **What are your life goals?**

15. **Would you consider yourself successful? To your life goals and to what you consider success?**

16. **What are the headwinds and tailwinds have you had as you pursue your goals and your success?**

17. **Does tribe limit your ambitions in any way?**

18. **Does the tribal nature of the country lead to division/fractionalization?**

19. **If so, has this division affected your life output? Or your success levels?**

20. **Does tribe play a factor in the kind of economic life one pursues?**
21. **Does access to microfinance affect your socio-economic life?**

22. **How?**

23. **Do you currently have access to any microfinance product?**

24. **Would you desire such access to microfinance to achieve your goals?**

25. **What is your understanding of tribal economics?**

26. **Does tribal identity dictate the economic success of tribesmen? How?**

27. **Does your tribe position you in an advantageous position over other tribes? And how?**

28. **What is your perception of the informal sector?**

29. **Does tribe permeate the informal sector?**

30. **How do informal workers survive in tribal societies such as this?**

31. **What can the government or local council do to better tribal identities and relations?**

## Appendix IV

*Revised Semi-Structured Interview Instrument/Guide*

1. **So, Tell me your view about tribes in Kenya that and their influence specifically on social life?**
2. **Do you come from a major tribe?**
3. **So, now I want you to tell me more about your life goals in terms of social life and economic life?**
4. **So when you talk of achieve more, what do you mean?**
5. **Do you consider yourself successful? How or Why?**
6. **How or why?**
7. **Tell me about your experience with tribes in Kenya**
8. **Do they influence your social life?**
9. **So what are their influence when you talk about the majority tribe?**
10. **So that is on the negative side, let's focus on the positive side (or vice versa, or ignore)**
11. **So I would like to hear your view on influence of tribal identity like if you consider in the past how it was and right now?**
12. **And does tribal identity influence the kind of economic life one lives?**
13. **In your own opinion tribalism can influence the informal sector? What about the formal sector?**
14. **And gender roles?**
15. **Is there any other instant where tribal identity has played a role in your social life?**
16. **And time when it played a role in your decision-making capabilities?**
17. **So how does it affect your ambitions and success?**
18. **Tell me about the role that tribal identity has played in the access to any microfinance products such as Faulu, Kenya women microfinance bank, Rafiki?**

**19. Would you say that tribal identity played a major role in such?**

**20. Has there been any impact due to tribal identity of accessing these products?**

**21. So what can be done to better the tribal identity relations in Kenya, what do you think can be done?**

**22. What do you think you as an individual can do?**

**23. Is there anything else you would want to say?**

**Appendix V**

***Rationale For Initial Interview Questions***

1. **Do you come from a major tribe? Yes or No**

This question provides contextual information on the respondent, an indication of whether the respondent is from a historically marginalized tribe or comes from a tribe like those that have been in power through presidency. The question does not seek to identify which of the 45 tribes the respondent comes from.

2. **Have any issues arisen given your tribal identity?**

This question assesses whether tribal identity gives rise to potential challenges.

3. **What kind of job have you or do you undertake?**

This question is used to identify the kind of job undertaken by various respondents to also help to assess their standing in society.

4. **How have you survived in the workplace given your tribal identity?**

This question assesses whether tribal identity leads to survival tactics that need to be undertaken to survive in workplaces, purely because of tribal identity.

5. **How does your tribal identity affect your social life and socialization?**

This question elucidates on the impact one's tribe has had on their socializing and community welfare.

This question assesses whether tribalism affects the social networking, socializing and the social welfare that tribesmen live.

6. **Does tribe lead to gendered roles?**

This question seeks to understand the socialization surrounding tribal identities and the roles that tribes create.

7. **How do women cope with gendered roles?**

If gendered roles do exist, how do women cope with these roles and can they break free.

8. **What consequences are there when roles aren't followed?**

This question seeks to understand whether the social sanctioning that exists in literature (Barsoum, 2016) actually exists in tribal nations, as they do in religious nations.

9. **As a woman, how do the gendered roles affect your day-to-day life and aspirations?**

This question, will only be asked to women respondents to understand how they get by gendered roles if any exist.

10. **Does your tribal identity influence your social and economic decisions?**

This question alludes to the decision-making surrounding tribes and tribal behaviour which informs the different kinds of decision-making processes various tribes may have.

11. **How have you managed to survive in a tribal country?**

Despite constant tribalism, this question asks participants to elucidate on how tribal life is, and how they have manoeuvred across tribal lines.

12. **What is success to you?**

This question, and the subsequent 6 questions allow the participant to elaborate on their success and what they deem as success from a world view.

13. **What is success to you in a tribal country?**

This will gauge what the overall view of success is in respective villages and asks the participant to narrow down if their definition of success changes from a world view to that of success in a tribal nation.

14. **What are your life goals?**

This question allows for the comparison between success and the respondents' life goals as they live their day to day lives.

15. **Would you consider yourself successful? To your life goals and to what you consider success?**

The question can be simply answered as yes or no. To both parts of the extension. However, more elaboration would be welcome to gauge the ambition that the respondents have in achieving their success.

**16. What are the headwinds and tailwinds have you had as you pursue your goals and your success?**

The expectation is for an open conversation from this question on around 2-3 of both headwinds and tailwinds. This will allow us to gather their sentiment as to why they have or have not achieved their success. In future, this can allow to know the bottlenecks that need solving to better allow for value creation.

**17. Does tribe limit your ambitions in any way?**

This allows the respondents to assess whether they see tribalism as an inhibition as has been reported in academia. Tribalism in literature, has persistently carried a negative connotation. This may allow us to explore whether this holds, or not.

**18. Does the tribal nature of the country lead to division/fractionalization?**

Another element of literature that may be better answered from those experiencing the phenomenon of tribalism and whether it leads to division or fractionalization.

**19. If so, has this division affected your life output? Or your success levels?**

This question aims to inform the research study whether tribalism, and its subsequent cause of fractionalization, has affected personal life output and their view of success.

**20. Does tribe play a factor in the kind of economic life one pursues?**

This question aims to assess whether certain tribes have acceptable social norms in terms of economic pursuits that one makes. It may inform the social norms and roles inherent in tribal societies.

**21. Does access to microfinance affect your socio-economic life?**

This question seeks to assess how microfinance is perceived by the respondents.

**22. How?**

If so, what is their perception of microfinance and its impact on socio-economic life.

**23. Do you currently have access to any microfinance product?**

This question informs the study of whether the respondents have access to financing which they believe or not, affects their socio-economic life.

**24. Would you desire such access to microfinance to achieve your goals?**

The question seeks to understand whether they perceive microfinance key to the achievement of their goals.

**25. What is your understanding of tribal economics?**

This question seeks to gauge the knowledge of the respondents on whether there exists tribal economics in their tribal country.

Tribal economics is based on tribal complexities surrounding opportunity availability, trust and access to public goods and services.

**26. Does tribal identity? dictate the economic success of tribesmen? How?**

Following their knowledge, or none of tribal economics, we assess whether their tribal identity has dictated the success of fellow tribesmen and others. And how this effect comes to be.

**27. Does your tribe position you in an advantageous position over other tribes? And how?**

This question seeks to understand whether being part of a certain tribe is advantageous over other tribes, minority or not. It also seeks to elucidate what kind of advantage one gains from being a member of a certain tribe.

**28. What is your perception of the informal sector?**

This question appreciates that the employed economy of Kenya is 77% made up of the informal sector (Murunga, 2021). The question gauges the response to understand whether the respondents see the informal sector as having potential or being a hamper to the economy.

**29. Does tribe permeate the informal sector?**

Given the prevalence of the informal sector, it would be imperative to understand whether in their opinion, tribes permeate the informal sector.

30. **How do informal workers survive in tribal societies such as this?**

Like question 7, this question asks participants to elucidate how tribal life is, and how they have manoeuvred across tribal lines in the informal sector.

31. **What can the government or local council do to better tribal identities and relations?**

This question seeks to understand whether there any interventions the government or local council can make to harmonize tribal identities and relations.

**Appendix VI**

***Preliminary Briefing Sheet***

Context

Kenya has a population of nearly 48 million people (Kenya National Bureau of Statistics, 2019). The country is made up of 45 tribes (Kenya National Bureau of Statistics, 2019), each speaking their own language, others with several dialects within their languages. Therefore, the country serves as a unique context of salient tribal diversity for purposes of this research. Some tribes have faced severe marginalization due to being out of power (incumbent presidents have favoured their own tribe, and area for development, rendering other areas undeveloped).

Current management and development economic theory dictates that tribalism negative outcomes, and we hope to learn whether the same holds from a localized context. Consequently, the study seeks to examine the effect tribalism has had on socio-economic development and the life aspirations of villagers in rural Kenya.

The study seeks to explore tribal economics and the socio-economic value creation inherent in tribal societies. The paper seeks to understand, from a first-hand experience of tribesmen, the value/role microfinance has had in their survival

Research Objectives:

1. Examine the role of tribal economics and its influence on economic and social value creation through microfinance programmes.
2. Develop a grounded theory of tribal economics.

Research Questions:

1. What role has tribalism played in the socio-economic quality of life of tribal people?
2. To what extent has tribalism affected access to micro-finance and finance?
3. What role has tribalism played in economic and social value creation in tribal villages?

**Benefits to Organizations and Society**

Results of this study will be used to contribute to the growing field of literature on the impact of microcredit facilities. The results will also be used to inform literature on under-studied tribal nations and value creations in tribal societies. It is hoped that the results will inform policy and provide governments and non-government organizations with insights on how to facilitate greater penetration and value.

**Participant Involvement**

Participation will involve answering questions based on your insights and experiences. For some participants, they may be shadowed to further gain insights into their daily lives. This will involve:

• Face-to-face interview, 60-90 minutes. Tape-recorded for translation and transcription.

**Confidentiality**

Your participation is anonymous, and you do not have to provide or write your name or any personal identifiers such as ID Number, Driving license, or even bank account number.
The study will be conducted free of prejudice and as objectively as possible, and the data will be stored for no longer than is needed, upon which it will be destroyed after analysis has been concluded.

**Consent**

The participant, by signing the consent form, agrees to participate in the survey and answer the questions asked truthfully and based on their experience or those of members of the society known to them. They may also be shadowed briefly for 2-3 hours, if they consent to it.

**Right to Withdraw**

The participant can withdraw at any time as participation is not compulsory and/or binding.

**About the Researcher**

Wilson Odek is a trained accountant and a doctoral student in Business Studies and Management, with a master's degree (MSc – Distinction) in Banking and Finance. He has an interest in monetary policy, credit, and transparency in financial reporting. Wilson is skilled in data collection and analysis, academic and business research, and financial performance analysis. His research areas of interest are in microeconomics, entrepreneurship, banking and microfinance, marginalized communities, their resource mobilization, value creation and survival. He has demonstrated strong interpersonal skills while working in departments and organizations alike. He has undertaken capacity building activities for stakeholders in his previous banking employment. He has also coordinated collaborative research, both in organizations and in academia with involvement from research proposal stage to publication. His soft skills include but are not limited to timeliness, communicating ideas clearly and effectively, and diligence in carrying out tasks.

**Appendix VII**

***Participant Information Sheet***

**Study Title**: The impact of Tribal Relations on Socio-Economic welfare

**Researcher**: Wilson O. Odek
**ERGO number:** 81093

You are being invited to take part in the above research study. To help you decide whether you would like to take part or not, it is important that you understand why the research is being done and what it will involve. Please read the information below carefully and ask questions if anything is not clear or you would like more information before you decide to take part in this research. You may like to discuss it with others, but it is up to you to decide whether or not to take part. If you are happy to participate you will be asked to sign a consent form.

**What is the research about?**

Wilson Odek is the lead researcher for this study, under the supervision of Prof. Tapas K. Mishra. Both of the University of Southampton.
Wilson is a trained accountant and a doctoral student in Business Studies and Management at the University of Southampton. He is working on a thesis titled: The social value of Microcredit, towards which this research study will support. Wilson's PhD is funded by the United Kingdom Research and Innovation (UKRI), Economic and Social Research Council (ESRC) through the South Coast Doctoral Training Partnership (SCDTP) and part funded by Turing Mobility Scheme. They provide funding for international opportunities in education and training across the world.

The study seeks to explore tribal economics and the socio-economic value creation inherent in tribal societies. The paper seeks to understand, from a first-hand experience of tribesmen, the value/role microfinance has had in their survival. The research objectives and questions of the study are listed below.

**Research Objectives:**

1. Examine the role of tribal economics and its influence on economic and social value creation through microfinance programmes.
2. Develop a grounded theory of tribal economics.

**Research Questions:**

1. What role has tribalism played in the socio-economic quality of life of tribal people?
2. To what extent has tribalism affected access to micro-finance and finance?
3. What role has tribalism played in economic and social value creation in tribal villages?

Results of this study will be used to contribute to the growing field of literature on the impact of microcredit facilities. The results will also be used to inform literature on under-studied tribal nations and value creations in tribal societies. It is hoped that the results will inform policy and provide governments and non-government organizations with insights on how to facilitate greater penetration and value.

**Why have I been asked to participate?**

Your invaluable experience as a member of this community is why you have been chosen to participate. Your experiences will inform the study on how tribal relations affect day-to-day life of villagers in tribal nations.

Participants are chosen at random in the CBD (Nairobi City), while others will have also been referred to take part in the study by interviewees as they are deemed to have deeper knowledge.

**What will happen to me if I take part?**

All that is required is your informed consent and honesty. Participation will involve answering questions based on your insights and experiences. In summary, the involvement will be:

• Face-to-face interview, 60-90 minutes. Tape-recorded for translation and transcription.

**Are there any benefits in my taking part?**

There is no direct benefit of participation to the participant. However, the results of the study may help inform policies geared towards harmonizing tribal relations and these may be beneficial to participants, academia and policy makers. The results will improve current understanding of tribal relations and value creation in tribal nations.

**Are there any risks involved?**

We do not foresee any potential harmful consequences because of this research. Your data will be safely handled in adherence to General Data Protection Regulation (GDPR) is paramount and the Kenya Data Protection Act of 2019.

**What data will be collected?**

The lead researcher will administer the questionnaire, and the data that will be collected will not involve any personal identifiers. Responses will be sought from experiences of the respondents and what they have seen in their day-to-day lives. We do not foresee any potential harmful consequences because of this research.

**Will my participation be confidential?**

Your participation and the information we collect about you during the course of the research will be kept strictly confidential.

Only members of the research team and responsible members of the University of Southampton may be given access to data about you for monitoring purposes and/or to carry out an audit of the study to ensure that the research is complying with applicable regulations. Individuals from regulatory authorities (people who check that we are carrying out the study correctly) may require access to your data. All of these people have a duty to keep your information, as a research participant, strictly confidential.

Your participation is anonymous, and you do not have to provide or write your name or any personal identifiers such as ID Number, Driving license, or even bank account number. The study will be conducted free of prejudice and as objectively as possible, and the data will be

stored for no longer than is needed, upon which it will be destroyed after analysis has been concluded.

Access to the raw responses and their tape-recordings will strictly be between the lead researcher and the supervisor. The recordings will be password protected and anonymized to protect the confidentiality of the respondents. These recordings will be destroyed after publication of the results. Further, All signed consent forms will be kept safely and scanned for digital safekeeping and encryption. The physical copies will be shredded thereafter and the digital consent forms destroyed on completion of the project.

**Do I have to take part?**

No, it is entirely up to you to decide whether or not to take part. If you decide you want to take part, you will need to sign a consent form to show you have agreed to take part. You can elect to opt-out of participation by not signing the consent form.
One can also withdraw at any time as participation is not compulsory.

**What happens if I change my mind?**

You have the right to change your mind and withdraw at any time without giving a reason and without your participant rights being affected. Should you change your mind during the interview, the data collected up to that point will be destroyed and not be used for purposes of the study. Since the study is anonymous, once completed, it may not be possible to retract any contributions you have made towards the study by filling in the questionnaire.

**What will happen to the results of the research?**

Your personal details will remain strictly confidential. Research findings made available in any reports or publications will not include information that can directly identify you without your specific consent.

Publications made by the lead researcher, can be accessed through his ORCID page: https://orcid.org/0000-0003-1981-8534. It is likely that the output of the study will be accessible through the link. The output will be used to contribute to the growing field of literature on the impact of microcredit facilities. The results will also be used to inform

literature on under-studied tribal nations and value creations in tribal societies. It is hoped that the results will inform policy and provide governments and non-government organizations with insights on how to facilitate greater penetration and value. However, your personal details will remain strictly confidential. The PhD and its contents (including the questionnaire) will be kept at the University of Southampton data repository. However, as no personal identifiers will be used, the data will be anonymous.

**How can I make a complaint?**

To make a complaint of give feedback, kindly email the lead researcher through woo1g13@soton.ac.uk. If you remain unsatisfied, kindly contact the University of Southampton Research Integrity and
Governance Manager (Tel: 023 8059 5058; Email: rgoinfo@soton.ac.uk).

**Where can I get more information?**

Feel free to contact the lead researcher at woo1g13@soton.ac.uk or the supervisor T.K.Mishra@soton.ac.uk, who will have all gained ethical approval to undertake this study from the University of Southampton.

**What happens if there is a problem?**

If you have a concern about any aspect of this study, you should speak to the researchers who will do their best to answer your questions.
If you remain unhappy or have a complaint about any aspect of this study, please contact the University of Southampton Research Integrity and Governance Manager (023 8059 5058, rgoinfo@soton.ac.uk).

**Data Protection Privacy Notice**

The University of Southampton conducts research to the highest standards of research integrity. As a publicly-funded organisation, the University has to ensure that it is in the public interest when we use personally-identifiable information about people who have agreed to take part in research. This means that when you agree to take part in a research study, we will use information about you in the ways needed, and for the purposes specified, to conduct and complete the research project. Under data protection law, 'Personal data' means any information that relates to and is capable of identifying a living individual. The University's data protection policy governing the use of personal data by the University can

be found on its website (https://www.southampton.ac.uk/legalservices/what-we-do/data-protection-and-foi.page).

This Participant Information Sheet tells you what data will be collected for this project and whether this includes any personal data. Please ask the research team if you have any questions or are unclear what data is being collected about you.

Our privacy notice for research participants provides more information on how the University of Southampton collects and uses your personal data when you take part in one of our research projects and can be found at http://www.southampton.ac.uk/assets/sharepoint/intranet/ls/Public/Research%20and%20Integrity%20Privacy%20Notice/Privacy%20Notice%20for%20Research%20Participants.pdf

Any personal data we collect in this study will be used only for the purposes of carrying out our research and will be handled according to the University's policies in line with data protection law. If any personal data is used from which you can be identified directly, it will not be disclosed to anyone else without your consent unless the University of Southampton is required by law to disclose it.

Data protection law requires us to have a valid legal reason ('lawful basis') to process and use your Personal data. The lawful basis for processing personal information in this research study is for the performance of a task carried out in the public interest. Personal data collected for research will not be used for any other purpose.

For the purposes of data protection law, the University of Southampton is the 'Data Controller' for this study, which means that we are responsible for looking after your information and using it properly. The University of Southampton will keep identifiable information about you for 10 Years after the study has finished after which time any link between you and your information will be removed.

To safeguard your rights, we will use the minimum personal data necessary to achieve our research study objectives. Your data protection rights – such as to access, change, or transfer such information - may be limited, however, in order for the research output to be reliable

and accurate. The University will not do anything with your personal data that you would not reasonably expect.

If you have any questions about how your personal data is used, or wish to exercise any of your rights, please consult the University's data protection webpage (https://www.southampton.ac.uk/legalservices/what-we-do/data-protection-and-foi.page) where you can make a request using our online form. If you need further assistance, please contact the University's Data Protection Officer (data.protection@soton.ac.uk).

***~~~~~Thank you for reading this information sheet and considering taking part in the research. ~~~***

Survey FAQs

### Who is funding the research?

The study is funded by the United Kingdom Research and Innovation (UKRI), Economic and Social Research Council (ESRC) through the South Coast Doctoral Training Partnership (SCDTP) and part funded by Turing Mobility Scheme. They provide funding for international opportunities in education and training across the world.

### Do I have to take Part?

No. By signing the consent form, you agree to participate in the survey and answer the questions asked truthfully and based on their experience or those of members of the society known to them. They may also be shadowed briefly for 2-3 hours if you further consent to it.

### Why have you been chosen as a participant?

Participants are chosen at random, while others are purposefully selected as you are representative of your community. Some participants will have also been referred to take part in the study by interviewees as they are deemed to have deeper knowledge.

### How were they identified? For example, is it because they live in a certain area or belong to a certain professional group?

The village was identified following "multi-stage random sampling technique," having chosen the location and sublocation at random. The county was chosen as a result of familiarity by the researcher and the researcher being from the same tribe, there would be less hostility and language barriers.

### What will they be expected to do? What does participation involve?

All that is required is your informed consent and honesty. Participation will involve answering questions based on your insights and experiences. For some participants, they may be shadowed to further gain insights into their daily lives. In summary, the involvement will be:

- Face-to-face interview, 60-90 minutes. Tape-recorded for translation and transcription.
- Possible shadowing – 2/3 hours

### Are there any risks associated with participation?

We do not foresee any potential harmful consequences because of this research. Your data will be safely handled in adherence to General Data Protection Regulation (GDPR) is paramount and the Kenya Data Protection Act of 2019.

### Will other people know they have participated?

We urge that you do not discuss the questions asked herein with anyone until you have completed them.

### Will their data be kept confidential and anonymous?

Your participation is anonymous, and you do not have to provide or write your name or any personal identifiers such as ID Number, Driving license, or even bank account number.
The study will be conducted free of prejudice and as objectively as possible, and the data will be stored for no longer than is needed, upon which it will be destroyed after analysis has been concluded.

### What will happen to the results? Will they be available to them and how will they be used?

You may opt in to receive the results and output of the study should you desire. They will be used to contribute to the growing field of literature on the impact of microcredit facilities. The results will also be used to inform literature on under-studied tribal nations and value creations in tribal societies. It is hoped that the results will inform policy and provide

governments and non-government organizations with insights on how to facilitate greater penetration and value. However, your personal details will remain strictly confidential.

### What if they change their mind and want to withdraw?

You can withdraw at any time as participation is not compulsory.

### Who do they contact with any questions or concerns before and during the study?

Feel free to contact myself at woo1g13@soton.ac.uk or the supervisor T.K.Mishra@soton.ac.uk, who have all gained ethical approval to undertake this study from the University of Southampton and the Local County Council (see attached approvals).

### How can I make a complaint?

To make a complaint of give feedback, kindly email me through woo1g13@soton.ac.uk. If you remain unsatisfied, kindly contact the University of Southampton Research Integrity and Governance Manager (Tel: 023 8059 5058; Email: rgoinfo@soton.ac.uk).

**Appendix VIII**

***Consent Form***

**Study title**: The impact of Tribal Relations on Socio-Economic welfare

**Researcher name**: WILSON O. ODEK

**ERGO number**: 81093

***Please initial the box(es) if you agree with the statement(s):***

| | Tick/Cross |
|---|---|
| I have read and understood the information sheet ([Monday, 27 April 2026] [V1]) and been given the opportunity to ask questions. | |
| I agree to participate in this study and agree for my responses to be used for the purpose of this study. | |
| I understand that my participation is voluntary, and I may withdraw at any time for any reason without my participation rights being affected. | |
| I understand that I may be quoted directly in reports of the research but that no personal identifier will be used (e.g., that my name and/or ID Number will not be used). | |
| I understand that participation in this study also involves audio recording, and the recording will be later transcribed, and the audio recording destroyed. The transcribed notes will be securely held in the University of Southampton research data store for the purposes set out in the participation information sheet. | |

Signature of participant…….

Date……..
…….

Name of researcher (print name)……

Signature of researcher
…….

Date……
……..

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