

Article

Solidarity Finance and Sustainable Development Strategies for Solidarity Funds in Pichincha, Ecuador

Pablo Dávila Pinto ^{1, 2, *} Sigfredo Ortuño Pérez ³ Diego Mantilla Garcés ⁴ and Andrés Palacio-Fierro ⁵

¹ Technical University of Madrid 1; pablo.davila.pinto@alumnos.upm.es

² Central University of Ecuador 2; pgdavila@uce.edu.ec

³ Technical University of Madrid; sigfredo.ortuno@upm.es

⁴ Central University of Ecuador; dmmantilla@uce.edu.ec

⁵ Indoamerica Technological University; andrespalacio@uti.edu.ec

* Correspondence: pablo.davila.pinto@alumnos.upm.es; Tel.+593987325186: (Quito-Ecuador)

Abstract: This research was carried out with the objective of analyzing the principles of social and solidarity economy in the community funds of the rural sector of Pichincha, Ecuador. Small organizations promote microcredits for local, social and economic development, representing an alternative to those managed by traditional banks. The research was descriptive, non-experimental field research. The population analyzed consisted of 220 community funds, and the size of the representative sample was 49 community organizations that practice solidarity finance. The data were collected through online questionnaires using a Likert scale, and the validity of this approach was judged by experts; the reliability of the instrument obtained was 0.95 using the Cronbach's alpha method. The results highlight that in these organizations, the following traits prevail: associativity, self-management and organization. However, autonomy and solidarity have a negative valuation, which shows that strategies must be rethought to achieve the empowerment of the financial service. This will allow them to be sustainable and to expand with more benefits that promulgate financial activity and promote structures in rural community networks that promote local development and strengthen deficient principles as a basis for generating a greater benefit to the partners.

Keywords: associativity; self-management; autonomy; solidarity; micro-credits; sustainability

1. Introduction

The community funds in the rural area of Pichincha represent an important contribution to the growth and organization of the popular and solidarity economy. After the enactment of the Law of Popular and Solidarity Economy (EPS), local governments have promoted in their plans and policies the organization of community funds that take monthly contributions from their partners. These loans are microcredits, and these organizations are of importance in local development, as when handling financial management they become agents of change that help each other to achieve rural wellbeing, without having to go to a bank. The difficulty of accessing banks, added to the costs of credit, makes their use impossible.

In turn, the activities of these funds are focused on their organization, the achievement of objectives, financial management, accounting, tax and marketing; this set of factors makes them productive.

The work of (Caué & Furquim, 2013)[11] points out that "É consensual na literatura cooperativa associar o comprometimento de seus cooperados com um melhor desempenho financeiro dessa organização" [It is consensual in the cooperative literature to associate the commitment of its members with a better financial performance of that organization]. When members of savings banks become members, they acquire a link that allows them to meet the financial objectives of the organization. The authors in (Jurado, 2017)[19]note that it is important that "the communities implement diverse practices for decision making, where the collective interest must prevail". These practices are based on

their experience in which there may be tensions to resolve, but the collective interest of the organizations to manage conflicts predominates.

Montalvo and Jacome (2019), as cited in (Mejía, Olmedo, & Benítez, 2020) [23] state that:

They are organized under assumptions that are different from conventional finance; their actions stem from the commitment to sustain, expand and legitimize the processes of democratic and egalitarian participation of the members and guarantee the economic sustainability of the organization through the development of financial products that respond to the needs and requirements of the association and the cultural and social environment in which they operate (p.105).

One of the most interesting issues with regard to community funds is the democratic participation with equal conditions by its members, which allows for making decisions for the benefit of the community, considering sustainability as a part of this economic management. Financial products are small loans, which in turn are promoted according to their needs, that translate into requirements specific to their agricultural economic activity.

On the other hand, (Montalvo , 2020)[25] points out that:

Popular and solidarity finance organizations have emerged not only as strategies for access to financial products such as credit, but also as mechanisms and processes that favor the social integration of people, strengthening their links and identity with values oriented towards collective benefit and group autonomy (p.345).

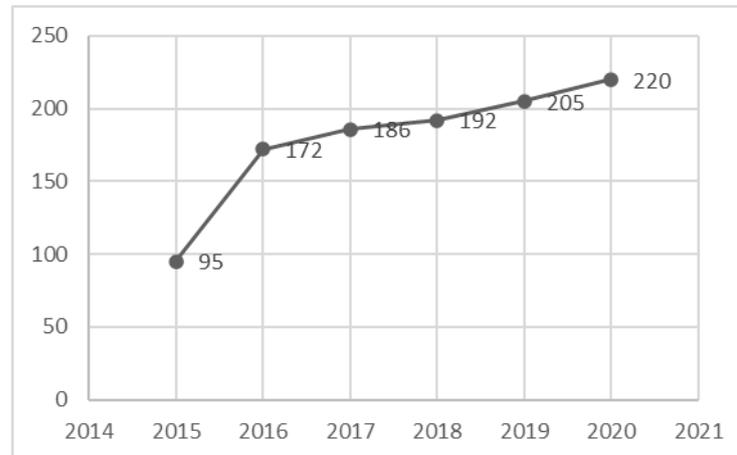
The participation of the community allows the union of its partners to maintain a solidary position that allows social integration, in which attitudes of trust are created. Subsequently, behaviors are generated based on cooperation as a process of self-management, the related activities of which strengthen the organizations in terms of administrative and financial culture.

This study highlights the intrinsic relationship of the principles expressed in the Law of Popular and Solidarity Economy with the elements of cooperative management and the organization of community financial cooperatives operating in Pichincha, and also aims to determine the action of the dimensions in these organizations by evaluating the following: (i) associativity, (ii) autonomy, (iii) self-management, (iv) solidarity, and (v) organization.

1.1. Communal Funds in the Province of Pichincha

The development of the Law of Popular and Solidarity Economy (EPS) allows local governments and public institutions to generate policies that are related to the practice of this type of economy. For its part, the Prefecture of Pichincha, which is a public entity that acts in rural sectors, with one of its competences being rural productive development, created the Directorate of Popular and Solidarity Economy, which trains and organizes community financial cooperatives in the rural sector of Pichincha. Its operation is focused on activities that are part of rural economic development, the aim of which is to promote solidarity finance as an alternative financial support mechanism to replace micro-credits, due to their high interest rates. On the other hand, the number of registered funds is as follows:

Figure 1 shows that the number of communal funds has been increasing significantly year after year, because their creation and promotion in the communities is encouraged through the principle of associativity. These funds are registered in the registry of the Superintendence of Popular and Solidarity Economy (SEPS).

Figure 1. Number of community funds in Pichincha.

Note: Adapted from (GAD Pichincha, 2019)[14].

1.2. Principles of the Popular and Solidarity Economy and Its Relationship with the Communal Savings Banks

Since the Law of Popular and Solidarity Economy (EPS) was enacted, the prefecture has issued public policies in its strategic plan that strengthen and promote the community financial system, under the premise of achieving local rural development. These actions consider the principles of the EPS, expressed in the Constitution of the Republic of Ecuador Art. 283, which defines the economic system as "social and solidary". The Law of Popular and Solidarity Economy (EPS) recognizes the organizations of this type of economy as the engine of development of the country, and its principles promote cooperation, participatory democracy and solidarity in economic activities. In relation to the cooperative principles for the community funds of the popular and solidarity financial sector (SFPS), it is guided by leaving aside individual interests, emphasizing work over capital, gender equity, self-management, social responsibility, and solidarity. If we consider that rural communities are organized societies abandoned to their fate, with few inhabitants and having been forced to manage in an associated way in order to achieve better opportunities for growth and development, the principles of the (EPS) are related to the values of environmental and social behavior of the rural population. The popular and solidarity economy is based on the cooperation and solidarity of the activities. In order to create economic benefits that favor their needs, part of this organization uses community funds as a mechanism that allows the promotion of savings by means of the contributions to help partners with accessible and opportune credits, which allows them to improve their production.

In Table 1 we can observe the relationship that exists between the principles of the financial system of the popular and solidarity economy (SFEPS) and the dimensions in which the associativity stands out, which is a way of creating groupings within a territory in a communitarian way. This depends on their interests, establishing productive and commercializing networks of products. Another dimension is the self-management when a communal box is already constituted, in which the strategy of the partners is to look for the greatest amount of benefit. Therefore, during training, knowledge of administrative and financial management is sought, so that the operation of the microcredit process is achieved, delivering the same in a democratic, transparent and inclusive way. Related to the previous dimension is the autonomy of individual actions, which plays a key role in the implementation of resources by making decisions without depending on any institution and with the independence that characterizes financial management.

Table 1. Relationship between the principles and dimensions of the popular and solidarity financial system.

Principles	Dimensions
The priority of labor over capital and of collective interests over individual interests	Solidarity; organization
Fair trade and ethical and responsible consumption	Associativity; autonomy and self-management
Gender equity	Associativity; organization
Respect for cultural equity	Organization; associativity
Self-management	Self-management; organization
Social and environmental responsibility, solidarity and accountability	Solidarity; autonomy
Equitable and solidarity-based distribution of surpluses	Solidarity; self-management

Note: Adapted from the Law of Popular and Solidarity Economy, EPS.

Another dimension is solidarity, which refers to the mutual support in the management of the financial organization so that the surplus credits are reused in the same financial organization, and so that obtaining resources is equitable. A last dimension is related to the organization; in this case, the activities are distributed between men and women, who manage the resources in an individual way but in such a way to also procure the wellbeing of all of the partners.

1.3. Community Social Development through Community Funds

The majority of the population in rural areas have limited financial resources, which do not satisfy their basic needs. Activities in these rural areas are focused on agriculture, livestock, and the trade of agricultural products, and household chores are part of the daily life of this population. The citizens of rural areas manage a type of financial organization in which the initial funds come from the contributions of the partners, who accumulate a social investment that gives them the opportunity to participate in rural development.

In (Castelao, 2016)[6], the author highlights "the social and solidarity economy and the role that public policies assign to it in the strategy to fight unemployment and social exclusion"; the creation of employment and income without conditions of exclusion are part of this type of policy. Therefore, promoting communal funds is a way to ensure that the public policy fulfills its role; therefore, gaining access to microcredits without so many requirements is a valid action toward community development.

1.4. Functionality of Community Funds

The community funds operate as part of the national cooperative system in Ecuador—the Superintendence of EPS—under a legal registry based on the number of partners and statutes that conform with the requirements of the administration and surveillance councils, as well as the credit committee, which allows the authorization of applications for microcredits.

According to (Dávila, y otros, 2018, pág. 88)[13]:

Worldwide, there are organizations based on the practices of associativity, cooperation, solidarity, self-management, reciprocity, democracy, among others. These organizations are identified in a particular institutional framework in each country, with different approaches parallel to the capitalist economy as a complement to the market or the State, or alternative socio-economic model; with various denominations

The actions used in the community funds are part of cooperativism at a global level. Each country has its own regulatory framework and establishes a different socio-economic model to be used in its communities.

In (Midgley, 2014, pág. 171)[24], the author points out that "the widespread belief that poverty can be addressed simply by providing credit to poor people has fueled the commercialization of microfinance". Programs undertaken by state institutions can harm poor people in communities because they are poorly educated. Many members of the community funds work to market their products, saving money until the end of the month to pay their quota and their microcredit quotas, and few have the time to meet, train and undertake solidarity actions. The risk that they do not pay their credit quotas becomes an individual condition, which requires assistance and motivation to build confidence. The same author points out that "Technical assistance, training and other support are fundamental. To achieve this, it is essential to have expert and adequately trained personnel who can help micro entrepreneurs", and for this reason local governments participate with training and guidance in financial management.

1.5. Elements of Management in Community Funds

A new strategy for promoting savings and boosting credit for the benefit of rural communities in the province is the organization of rural community banks with the aim of solving liquidity problems which cannot be solved by traditional banking. In (James, 2014, pág. 170)[18], the author notes that "microfinance ceased to be seen as a quick solution to the problem of poverty". Financial activity therefore begins to experience difficulties in terms of loan repayments, and here is where the effectiveness of microfinance has weaknesses.

Therefore, to be successful in financial activity, technical assistance and training must be available in order to help communities that carry out such financial practices to build the trust of partners, to organize finances in a supportive manner, and to self-manage resources. For such an operation, an association is established between the community and the adequate management of the community leaders; a position of "social" management is thus established. In (Medina, 2018, pág. 103)[22], the author emphasizes that "its purposes are social and solidary, as it does not seek accumulation and does not put money as the main purpose but work"; that is to say, the organization promotes its activities with solidary purposes, promoting the work of the members.

The communal funds work with an intangible goal: the trust of the partners. Honesty is part of the administration of such organizations, and internal rules and regulations are established both to define the contributions and to grant loans to beneficiaries. In (Sánchez de Pablo & Jiménez Estévez, 2010)[29], the authors emphasize that "When a cooperative agreement is related to access and acquisition of knowledge, it requires an important level of trust and commitment among the partners". To these ends, the delegates of the funds must specify the objectives of the organization. Therefore, the initial stage of this type of agreement is crucial, and the leaders must establish the basis of operation under a statute that will be respected by all.

1.6. Solidarity Finance Management

Financial activity is a way to obtain microcredit through a financial product managed by community representatives, providing a fundamental support that strengthens the work in the community. This activity meets the high requirements of local banking through the inclusion of solidarity, which creates certain conditions for local development in a sustainable manner. In this regard, (Castelao Caruaca, 2016, pág. 349)[7] highlights "its potential to contribute to the generation of employment, social inclusion and development of their communities", suggesting that the funds help communities to generate work.

The managers of this type of finance are elected representatives among their associated partners. In (Iturriaga, 2021, pág. 88)[17], the author describes "the production, reproduction and accumulation of social capital that gives rise to social representations and values such as solidarity, reciprocity and cooperativism". Such responsibilities guide financial activity and are framed by the trust of the leaders. The associated management of the actions of community funds in rural areas highlights a new form of financial structure. In (Rodríguez & Donantez, 2016, pág. 105)[28], the authors describe the "increase in financial deepening, above all, via financial inclusion and financial education", which suggests that financial inclusion is promoted through this association, and so that financial structures can operate in an orderly, legal and ethical manner, the contribution of the partners is fundamental.

In this sense, within community management, self-management is practiced in which members actively participate in the decisions of the community organization and decide on its regulation and operation. This community effort to seek solutions to the credit needs of the community promotes the voluntary organization and dynamic action of members, as described by (López, y otros, 2018, pág. 39)[20], pointing to these "new tendencies of massive and self-managed participation by the citizenship". The practice of community financial activities leads to the solidary support of the members, taking responsibility under a regulation that looks for viable alternatives for operation and growth.

Adopting an attitude of respect for their actions and the adoption of a system of aid turns cooperators into beneficiaries of microcredit at convenient interest rates for local development. Solidarity is therefore a behavior practiced in the community, centered on reciprocity and the achievement of collective benefits. It focuses on adopting an attitude of detachment and respect towards others. The ability to operate in an orderly and legal manner with ethical values such as responsibility, honesty and the integrity of leaders allows uniting wills with similar interests, thus allowing partners to collaborate by being punctual in their payments and with the commitment to use the money for works in the rural area.

Another element of these organizations is the autonomy represented by the savings banks in independently managing their actions according to their rules and regulations. In (Castelao Caruana, 2016, pág. 353)[8], the author points out that "first and second degree cooperative and mutual organizations possess the necessary autonomy to adapt policies to the needs of their territories, except for the content of training programs". Such a position emphasizes that the policy is adapted to these organizations through training and technical assistance, which provides technical support to community leaders in order to motivate, facilitate, promote and strengthen community participation and organization.

Community cooperativism is a method of organization for mutual aid that is destined to improve the conditions of the partners, who are sufficiently organized to save small monthly contributions. This allows them to establish a savings fund that later will be destined to be microcredit, to cover the productive necessities and the consumption of the contributors. If the fund is cancelled on time, with the interests generated, another partner benefits, and this is carried out in a successive way such that the fund is not left unfinanced.

The community funds in the rural area of Pichincha work in a solidary and self-managed way in the provision of financial services that they provide to their partners through associativity. Such financial actions constitute a social organization oriented toward managing financial aid to beneficiaries, with objectives, strategies and policies in a regulatory framework highlighting community cooperativism as an alternative action of development. In (Ault, 2016, pág. 967)[3], the author points out that there are "non-profit methods in developing inclusive markets for the poor"; that is to say, the spaces of participation are part of inclusive finances and contribute to the dynamics of the market, and to the local and cultural economy of each community. In the Table 2 details the specific activities.

Table 2. Specific activities of the community funds.

Main Actions	Advantages	Disadvantages
Community associativity	Targets groups in rural areas	Not accepted from different communities
Initial capital contributions	Collected through equal and monthly contributions	No additional contributions can be made to the fund
Administrative expenses	1% of the costs are retained from each loan	Amounts can be spent that put credit at risk
Location and hours of operation	The member is disciplined to contract the loan on a certain day of the month	If emergent credit is needed, members must wait until the next month
The regulation fixes the loan amounts and interest rate	A USD 100 initial contribution; USD 20 monthly dues; USD 5 one-time administration fee; and USD 1 per month for the strategic fund	Every month, USD 21 must be contributed; unemployed members that cannot make this contribution will fall into arrears
Productive and commercial microcredits	Productive: up to 5 times the contribution Commercial: up to 3 times the contribution	Delinquency is deducted from the capital and savings, and two guarantors are requested
The interest rate for microloans	2% monthly and 24% annually	The rate is higher than the one charged by traditional banks
The administration of the funds	Managed with a savings book, as in the financial system	Managed with a savings book, as in the financial system

Note: Adapted from (Gobierno Provincial de Pichincha, 2019)[16].

Article 90 of the Regulations of the Law of Popular and Solidarity Economy states that the communal funds "are organizations that carry out their activities exclusively in precincts, communities, neighborhoods or localities in which they are constituted and can be financed with their own resources"[2]. therefore, these organizations operate with the contribution of resources from members who generally have little training in organization and financial management.

2. Methodology

This work has a qualitative and quantitative character. Firstly, a bibliographic review was considered of the specialized references of the control and regulation of financial organizations. Secondly, an offline survey of 25 questions using a 5-point Likert scale was carried out, and the validity of the instrument was obtained through the judgment of 5 experts in the financial area. The consistency of the data collection instrument takes into account its relevance, because it is based on the principles of the popular and solidarity economy, set out in the law. The variables and their dimensions are described in the introduction (see Table 3). For the calculation of reliability, Cronbach's alpha method was used, with a result of 0.959.

Table 3. Sample validity.

Reliability Statistics	
Cronbach's Alpha	N° of elements
0.959	27

Table 4 shows the technical research sheet that was used to summarize the characteristics of the survey.

Table 4. Research data sheet.

Characteristics	Survey
Universe	220 communal funds
Scope of study	Pichincha; Ecuador
Sampling unit	49 community fund leaders
Sampling procedure	Simple random
Sample size	49 community funds of Pichincha
Margin of sampling error	5% overall for a confidence level of 95%.
Date of fieldwork	January to March 2019
Statistical analysis	SPSS 2.5

To determine the relationship with each principle, a scale of interpretation was constructed in which the total values of the survey were used as a base, where the highest and lowest values were determined by the SPSS program (2.5). These values were obtained by transforming the variable product of the scaling determined in the following response options: Always (5); Almost Always (4); Frequently (3); Almost Never (2); and Never (1). The new target variable imbues a certain value with meaning, for which the results of the Likert scale are transformed with a coding strategy product of the scores obtained in the survey. Likewise, this new system of values allows us to facilitate the interpretation, for which we use the following categories.

As summarized below, three measurement criteria were established: Low, Medium and High. For each one a range was established with the values previously found, and to establish the ranges, from the highest value was subtracted the lowest value, and the result was divided by the number of criteria previously established (3). The range obtained was determined by the statistical program using the visual grouping command. Table 5 shows the construction of the scale.

Table 5. Scale with criteria and ranges.

Principles	Criteria	Ranges
Associativity	Low	12
	Medium	24
	High	31
Self-management	Low	15
	Medium	20
	High	26
Autonomy	Low	15
	Medium	21
	High	26
Solidarity	Low	18
	Medium	24
	High	31
Organization	Low	15
	Medium	21
	High	26

Note: Statistical program SPSS 2.5.

3. Results

In relation to the transformed variables, the results of each can be analyzed with a description of their behavior, which is given below.

3.1. Associativity

Associativity is understood as a cooperative mechanism among the members of the community fund, who are generally small rural producers, with the objective of obtaining benefits that support their activity.

From Table 6, which defines the measurement of the scale of associativity in the communal funds of Pichincha, it is evident that 47.1% is in the medium level and that 33.3% is in the high level, while a score of 17.6% is low; this reflects that the variable is significant when grouping the medium and high positions, and that associativity is the driver of cooperativism activities. These results are affirmed by (Maldovan Bonelli, 2012, pág. 57)[21], which states that "the formation of associative organizations, generally formalized as cooperatives, has been a collective strategy that has allowed the improvement of the sector's working conditions based on its legitimization as a working subject". This strategy allows for the improvement of labor activities as a way of grouping together to achieve community-driven goals.

Table 6. Grouped scale for the associativity variable.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Low	9	17.6	18.0	18.0
	Medium	24	47.1	48.0	66.0
	High	17	33.3	34.0	100.0
	Total	50	98.0	100.0	
Lost	System	1	2.0		
Total		51	100.0		

Note: Results of SPSS 2.5.

3.2. Self-Management

This variable allows the associates to carry out different activities to improve their income and to promote the operation of the community organization with social purposes, whose actions facilitate their own development.

Table 7. Grouped scale for the self-management variable.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Low	12	23.5	24.5	24.5
	Medium	22	43.1	44.9	69.4
	High	15	29.4	30.6	100.0
	Total	49	96.1	100.0	
Lost	System	2	3.9		
Total		51	100.0		

Note: Results of SPSS 2.5.

In Table 7 the variable is significant when grouping the medium (43.1%) and high (29.4%) positions. When the self-management of the community organization takes into its own hands the task of solving the needs of the community, both its responsibilities and activities are regulated by means of a regulation created for the operation of the communal fund, where the administration, surveillance and credit councils stand out. The latter allows the qualification of the credits and the distribution of the financial product, as discussed by (Vargas, Villalobos, & Araya, 2020)[31], who state "The self-management advocates the direct and democratic management of the workers, in the entrepreneurial functions of planning, direction and execution". These elements are present in the community

funds, whereby the partners are empowered to qualify and place the loans and to impel the solidary finances in the communities.

3.3. Autonomy

This variable represents the possibility that the partners accept the responsibility to work voluntarily, and by accepting their obligations in a certain way, function independently in the management of the financial organization.

Table 8. Grouped scale for the autonomy variable.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Low	15	29.4	30.0	30.0
	Medium	29	56.9	58.0	88.0
	High	6	11.8	12.0	100.0
	Total	50	98.0	100.0	
Lost	System	1	2.0		
Total		51	100.0		

Note: Results of SPSS 2.5.

For this variable, the following results are considered: 56.9% is medium and 29.4% is low, whereas a high valuation is 11.8% (see Table 8). If we consider the results with a medium and low valuation, the community funds are not managed with autonomy and independence. They have the capacity of self-government and are democratically controlled by their members; however, the conditions to fulfill that principle depend on the contributions of the partners and the decision-making process depends on the administrative council and the surveillance council. This means that they do not act with independence and are influenced by the actions of their managers, not the partners. In (Olmedo, Achinelli, & Ayala, 2016, pág. 50)[26], the authors state "The expansion of economic opportunities is a fundamental pillar of women's economic empowerment and through it the fight against poverty". By obtaining a loan without further requirements, members can improve their conditions by eliminating the uncertainty of not having an income and using these funds to ensure their family's wellbeing.

3.4. Solidarity

For this variable, the members have the right to access credits in a programmed way, and at the same time they are owners of the financial organization. Members are united by common interests that include social and family ties, as well as by their mutual goals.

Table 9. Grouped scale for the solidarity variable.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Low	16	31.4	33.3	33.3
	Medium	22	43.1	45.8	79.2
	High	10	19.6	20.8	100.0
	Total	48	94.1	100.0	
Lost	System	3	5.9		
Total		51	100.0		

Note: Results of SPSS 2.5.

The variable is significant when grouping the medium (43.1%) and low (31.4%) positions (see Table 9), which are unfavorable, while the high variable has a position of 19.6%, indicating that solidarity—considered a basic principle of cooperativism that promotes

the union of partners to meet financing needs—fails to consolidate, resulting in insufficient mutual aid and a lack of support for each other in solving the financial problems of members. In (Coba, Díaz, & Tapia, 2020, pág. 202)[12], the authors highlight that "A greater economic participation of the members and adequate programs to help the community through compliance with laws, environmental care, respect and social help, positively influence the results of the cooperatives". In other words, the greater the participation of the members, the more this has an impact on their results. This distinctive feature of these organizations is based on solidarity and the equal participation of the members, a situation that is being neglected.

3.5. Organization

The organization is fundamental to the success and failure of its partners; therefore, the participation of members in the rural area becomes a process, the provision of which is handled with agreements for the common good, focused on cooperation and participation in order to establish actions that allow solidarity in finance work and provide timely attention to partners.

In Table 10, it is evident that for 54.9% of the respondents the organization of the communal funds is medium, while 25.5% considered it high, and the remaining 15.7% considered it low. If we group the medium and high results, this variable is favorable, because according to their functioning they have a regulation to dispose of the micro-credits. Income and cash outflows are registered based on the contributions of the partners, and the capital is moved according to the needs of the partners, in alignment with community development objectives. The partners promote the financial product and there are collection mechanisms based on trust. In (Bustamente, 2019, pág. 243)[4], the author emphasizes "Work methods, which refers to the arrangements for organizing work". These elements are considered in these organizations, and it is evident that they have a distribution of activities that, under a directive, fully comply with their aims.

Table 10. Grouped scale for the organization variable.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Low	8	15.7	16.3	16.3
	Medium	28	54.9	57.1	73.5
	High	13	25.5	26.5	100.0
	Total	49	96.1	100.0	
Lost	System	2	3.9		
Total		51	100.0		

Note: Results of SPSS 2.5.

4. Discussion

In different countries, we can observe community organizations that carry out the practices of associativity, cooperativism, self-management, autonomy, solidarity, organization and community management, a situation that is not alien to Ecuador. These elements are part of the community funds that allow financing opportunities for members to help themselves, before resorting to traditional banking, which demands high requirements. These organizations, despite having an institutional framework, are different from one country to another, but represent an alternative socioeconomic model. In (Valentin Mballa, 2017, pág. 110)[30] the author emphasizes that "Local development and micro-finance are fundamental tools to meet the socioeconomic needs of individuals and therefore both realities are conceived as tools for the empowerment of endogenous capacities". In other words, a financial organization can be strengthened by internal actions within a

community from the inside out to make it sustainable and sustainable, and to allow it to provide financing mechanisms among the members of the community financial funds.

If we consider the principles expressed in the Ecuadorian EPS, we can observe their relationship with the dimensions of the community funds. In (Castelao M. , 2016)[9], the author highlights that "it is complex for these organizations to preserve their principles, as they do not have the capacity to self-finance their activity". The members of the organizations practice such principles that are related to those of financial cooperatives. Within the management of these organizations, the following traits stand out: associativity, autonomy, self-management, solidarity and organization. In the measurement of said dimensions, it is evident that solidarity finances are fulfilled through their actions in all the variables previously identified. Likewise, it is observed that there are two variables, autonomy and solidarity, that become the backbone of cooperativism, and that are considered unfavorable in the opinion of community representatives. In (Planas & Valls Junyent, 2011, pág. 315)[27], the authors point out that "The participation of peasants in cooperatives was highly conditioned to the trust inspired by their leaders". This is similarly suggested in (Caballero, 2015, pág. 208)[5], which mentions that "productive activities are organized on the basis of reciprocity, another important aspect is the diversification of activities, which entails more integral processes of saving, consumption, production and marketing, to reduce the vulnerability of the organization". A contrary idea is put forward by (Alarcón & Arturo, 2018, pág. 13)[1], in which it is stated that "the poor management of cooperatives, the existing corruption among other members brought as a consequence their decline and the failure of most of them". This shows that for community banks to be sustainable, the principles of cooperativism must be promoted, which are elements present in financial organizations that are backed by trust and that allow the development of communities.

5. Conclusions

This study managed to relate the principles of the Law of Popular and Solidarity Economy (EPS) with the dimensions of the management of community funds. The functionality of the community funds in the province of Pichincha was identified, and the significant contribution that the popular finances make toward the community development of rural sectors was considered as a promoter of community welfare. The financial product called "microcredit" was recommended as an element that allows the partners of the community organization to develop their activities in replacing traditional banking, for which requirements are difficult to reach. This activity manages to position itself on the basis of the confidence of the partners and the work and administrative management of their representatives.

Therefore, rural communities have developed processes for cooperative or associated economies in order to promote solidarity finance, supported by government institutions that train and provide technical advice for the promotion, management and organization of community funds in the province of Pichincha. Such an operation allows community funds to adapt their actions through governance by a set of partners. At the same time, community leaders are selected for the management, administration, and organization of community funds, who promote the financial product and through a credit council qualify beneficiaries according to the availability of cash and the needs of the members. Collections are made on the basis of trust and the surpluses are distributed to the members after deducting administrative expenses. Therefore, these organizations contribute to productive development, and maintain a balance between economic and environmental growth, because at the time of accessing microcredit, partners are concerned about increasing their production and thus care for their resources. This ensures that the dynamism of the community fund continues to provide this financial service in a timely manner and with minimal conditions.

Within this context, we considered the financial organizations that are based on the principles of the Law of Popular and Solidarity Economy (EPS), and that highlight the following traits: associativity, self-management, autonomy, solidarity, and organization. Of all of these elements that are driven by the communities, autonomy and solidarity are considered deficient variables. This affects the cooperativism and sustainability of the communal financial organizations, since they can disappear. In that sense, it is pertinent to consider strengthening these variables based on different actions, such as training to develop activities to achieve change in this social reality. Communities have been creating financing networks for their partners. The other variables measured are fully developed and include the following: the associativity, self-management and organization of the community fund. It is observed that the operation and financial management of community funds, which have the potential to be sustainable and to achieve the sustainability of their resources, are facing an emerging socio-economic reality that seeks space to improve the quality of life of its partners. This work seeks to guide this type of organization to improve the elements indicated, and to contribute to the generation of independence and solidarity, as the ingredients that will generate confidence in order for their actions to last and so that these organizations are consolidated by rural development.

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