DETERMINING THE CRITERIA FOR SUCCESS IN SOCIAL VENTURES: A CASE STUDY OF SOCIAL ENTREPRENEURSHIP

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“In the best sense, I don’t really care about my organization. What I care about is the impact, and if we have a model that can create that impact.”

- Greg Van Kirk
  Co-Founder,
  Community Enterprise Solutions
Acknowledgements

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Abstract

This thesis attempts to provide a comprehensive list of factors that explain success in social entrepreneurship. In doing so, it defines success for social ventures to consist of three parts: 1) creating social impact, 2) ensuring implementation and survival, and 3) having the capacity to grow, expand, and develop. Based on previous literature of the field, a list of possible criteria of success is compiled, with groups of criteria associated with each of the three parts of the definition. The proposed factors associated with the first part are: 1) Presence of a Demonstrated Need and Identifiable Group of Beneficiaries, 2) Measured and Defined Impact, 3) Large Number of Beneficiaries. The factors related to the second part are: 1) Acceptance by the Community and Involvement of the Beneficiaries, 2) Social Capital, 3) Appropriate Level of Embeddedness, 4) Sound Financials and Reliable Source of Funding, 5) Dedication of the Leadership Team, 6) Relevant Work Experience, 7) Organized Structure with Well-Defined Responsibilities. The factors associated with the third part are: 1) Emphasis on Learning and Improvement, 2) Long-term cooperation with other organizations, 3) Drive to Expand and Grow. The goal of the study is to determine how effective these factors are at explaining success in grassroots development organizations. To do so, it utilizes a comparative case study of two social entrepreneurship models, microconsignment and microcredit, to systematically test each of the proposed criteria against differing models of the field. The results of the case study indicate that the literature, as it currently stands, does not comprehensively explain sustainability. Four of the proposed factors were removed, and 7 of the other 9 were all revised to some degree. This thesis also concludes that the existence of 9 commonalities between the two models studied lends credence to the concept of generalizing across the varied field of social entrepreneurship.
Introduction

In its World Economic Outlook report for October 2010, the International Monetary Fund recognized 150 nations to be either emerging or developing countries (IMF). Those searching for a need for development work in today’s society need look no further than this. With the vast majority of countries classified as such, many of whom have little hope of promising improvement, development organizations have witnessed the importance of their work increase exponentially. Of these organizations, a specific subsection has seen rapid expansion in recent years and emerged into an entirely new field, the field of social entrepreneurship.

Social entrepreneurship is a “process that catalyzes social change and/or addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs” (Mair abstract). Organizations that practice social entrepreneurship are not simply aid organizations. They do not hand out financial aid or donate products to those in need. Rather, they are ventures that employ entrepreneurial techniques to develop innovative solutions to the host of social problems plaguing the global community. While the majority of social entrepreneurship effort is concentrated in developing countries, where the need is most evident, the field also plays a prevalent role in combating existing social issues in developed nations.

Overall, social entrepreneurs are very comparable to business entrepreneurs. The only difference is their measurement of success. In social entrepreneurship, a high priority is given to promoting social value, whereas traditional businesses strive for financial success. Nevertheless, it is important to note that social entrepreneurs can be for-profit as well as non-profit. The important point is, as previously stated, that the venture addresses social needs.

Over the past few years, the field of social entrepreneurship has become the focus of many economists, researchers, philanthropists, and entrepreneurs. Countless ventures have come
to fruition, and have been met by both success and failure. With such varied results, an analysis of the successful ventures becomes highly intriguing. Why did they succeed where others failed? What determines success for social entrepreneurs? As the field continues to grow and expand, the answer to this question may come to determine the extent of its overall impact.

**Defining Success in Social Entrepreneurship**

Before considering potential answers to this question, the details of it must first be established, specifically the definition of a successful social venture. In doing so, the similarities between social entrepreneurs and business entrepreneurs offer a valuable perspective. That is, as a result of these similarities, a general definition can logically be inferred from the requirements needed for a generic business venture to be considered successful. Several researchers have done just that, and the resulting three-part definition for successful social ventures is as follows: 1) The venture should achieve its declared goals; 2) The venture should ensure the survival and sustainability of the program by acquiring the resources necessary to maintain current operations; 3) The venture should have a number of resources available for its growth and development (Sharir). The first of these aspects relates to social ventures in terms of social impact. Social entrepreneurship focuses on promoting social value, and while the specifics of social value may vary with each example, this is the general goal in all cases. The second and third aspects are related to the ability of the venture to be implemented and survive, and to grow and expand, respectively. In sum, successful social enterprises,

1. Create social impact
2. Ensure implementation and survival (sustainability)
3. Have the capacity to grow, expand, and develop
However, this is an imprecise definition and, frankly, quite obvious. In order to understand the specific characteristics that determine success in organizations, one must turn to the research in the field that has been done to date. Much of this research has taken the form of case studies, as researchers have studied specific organizations to highlight important contributors to their success. When reading such literature, it becomes evident that the most thorough and comprehensive work includes both qualitative analysis and quantitative measurements of organizations. However, the specific factors analyzed vary greatly from one case study to another. Consequently, the researcher has drawn upon the results of a number of studies to identify a comprehensive\(^1\) list of potential key factors\(^2\) that directly contribute to a social venture achieving success, as described by the general definition above. The factors can thus be divided according to which of the three general aspects they directly address:

**Creating Social Impact**

1. Any valuable venture should “lead to the creation of a new area of activity” and “answer needs not addressed by the existing services” (Sharir 8). There should be an identifiable group of beneficiaries in need. When implemented, a social venture must have the ability to stand the market test. Additionally, a core group of consumers creates sustainability and reduces its dependence on grants and other unreliable sources of funding. (Sharir).

2. Social ventures obviously must have an impact on their beneficiaries. However, the nature of the impact varies across three general forms of social entrepreneurship. The three forms are “building local capacities to solve problems, providing ‘packages’ needed to solve common problems, and building local movements to deal with other powerful actors” (Alvord 270).

\(^1\) Comprehensive is a very subjective term in this case. It is the researcher’s opinion that, after reading a number of studies, these factors provide a comprehensive representation of all the potential contributing factors to success proposed by the research community.

\(^2\) It should be noted that throughout this essay, the terms “factors,” “characteristics,” and “criteria” are used interchangeably.
“Capacity building initiatives alter local norms, roles, and expectations to transform cultural contexts of marginalized groups, package distribution initiatives provide tools and resources to enhance individual productivity and transform economic circumstance; movement-building initiatives increase the voice of marginalized groups to transform their political contexts and their ability to influence key decisions” (Alvord 279). Capacity building projects therefore have cultural impact, package distribution initiatives have economic and health impact, and movement-building initiatives have political impact.

3. Also, for most successful projects, this core group of consumers eventually grows to be quite large. A comparative analysis of several social entrepreneurship cases widely considered to be successful found that most of them have an impact on more than 10,000 individuals and many reach more than 1,000,000 (Alvord).

**Ensuring Implementation and Survival**

1. The idea and concept of the venture must be accepted by society (Sharir). This involves acceptance at a variety of levels. The targeted population must acknowledge and support the project, and the general public, though not necessarily those being targeted, must be aware of the issue being addressed. A lack of acceptance will, for obvious reasons, prevent a venture from sustaining a presence in the community. To gain community approval, mobilizing the existing resources and skills of the people in need becomes imperative (Alvord). This means directly involving the people of the community in its rebuilding. This is not solely to gain their approval, but also because low income populations can play a vital role in the development of their families and societies. A prime example of the success of organizations directly involving those in need is the *Big Issue* magazine in the UK. The magazine, which focuses on “social exclusion issues” related to the impoverished, provides the homeless with an opportunity to
earn an income by selling the magazines. It donates the profits to a charity concerned with solving the issue of homelessness (Hibbert). Researchers found that consumers buy the magazine because they feel that they are helping the homeless help themselves. They recognize the involvement of homeless people as an empowering process (Hibbert).

2. The social capital of leaders is vital to acquiring the funds and securing the partnerships that will facilitate an organization’s implementation and survival. There are three dimensions of social capital: 1) structural capital – actual network of individuals, 2) relational capital – the nature and quality of the relationships, and 3) cognitive capital – the extent of the common aspects shared with a group (Mair). Social capital will help entrepreneurs access the necessary individuals, but then it is their social competence, or their ability to interact, that will determine their success (Baron and Markman). Leaders must have the “capacity to work with and build bridges among very diverse stakeholders,” which include organizations as well as the targeted population (Alvord). Thus, this is also directly related to the first factor of gaining the acceptance of and involving the public.

3. The level of “embeddedness” of a social entrepreneur has also been identified as a contributing factor to an organization’s sustainability. “Embeddedness” relates to the inability to detach a social entrepreneur from the community. This can have positive and negative aspects. On one hand it allows them to obtain resources and establish legitimacy at both the local and broader levels. On the other hand, the degree to which the venture challenges norms is not likely to be high if a social entrepreneur is highly embedded in the community. Thus, the appropriate level of “embeddedness” contributes to an organization’s ability to survive. The ideal level of “embeddedness” depends on the phase of the project. A low level would be helpful initially, while a high level would be essential in the start-up phase (Mair).
4. The assets of the organization at the start-up phase can also be prominent indicators of whether an organization is doomed to collapse or, at least initially, achieve sustainability (Sharir). All ventures need a certain amount of capital to survive the immense number of initial costs. Also, the expenditures and revenue, coupled with funding beyond this point, are indicators of the direction the venture is heading.

5. Aside from the second and third characteristics, there are a number of other dimensions of the leadership team that may also play a crucial role in an organization’s survival, such as the leaders’ dedication to the project, as measured by their time commitment, investment of personal resources, and willingness to sacrifice (Sharir).

6. Studies have also shown that previous experience in management or the area of the project’s work is a contributing factor to success (Sharir).

7. The composition and organization of the team will have a significant impact on the implementation and subsequent survival of a venture. The staff must be well organized and each individual must have clearly defined responsibilities that coincide with the skills they bring to the organization.

**Having the Capacity to Grow, Expand, and Develop**

1. As social entrepreneurs gain more experience, they should learn from this experience and adapt their practices accordingly, in order to develop and improve their organizations. All successful organizations emphasize individual learning by members of their staff, and larger organizations implement organizational learning relating to the actions of the venture as a whole (Alvord).

2. Long-term cooperation with other organizations is a critical feature (Sharir). Such cooperation will provide much needed support and could expose new future prospects for expansion. The
social capital of management, discussed in the implementation/survival characteristics section, becomes instrumental to developing these relationships.

3. If growth and expansion is a measure of success, a focus on expansion is a contributing factor.

In order to expand, social ventures utilize a variety of strategies dependent upon the form of social entrepreneurship in place. Capacity building projects access a wider range of clients, package dissemination projects provide more services, and movement-building projects establish more alliances and become involved in more campaigns (Alvord).

The following is a summarizing table of these thirteen factors:

<table>
<thead>
<tr>
<th>Social Impact</th>
<th>Implementation/Survival</th>
<th>Growth, Expansion, and Development</th>
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<tr>
<td>1) Presence of a Demonstrated Need and Identifiable Group of Beneficiaries</td>
<td>1) Acceptance by the Community and Involvement of the Beneficiaries</td>
<td>1) Emphasis on Learning and Improvement</td>
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<tr>
<td>2) Measured and Defined Impact</td>
<td>2) Social Capital</td>
<td>2) Long-term cooperation with other organizations</td>
</tr>
<tr>
<td>3) Large Number of Beneficiaries</td>
<td>3) Appropriate Level of Embeddedness</td>
<td>3) Drive to Expand and Grow</td>
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<td>4) Sound Financials and Reliable Source of Funding</td>
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<td>5) Dedication of the Leadership Team</td>
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<td>6) Relevant Work Experience</td>
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<td>7) Organized Structure with Well-Defined Responsibilities</td>
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While various researchers have been able hypothesize and conclude that groups of these factors contribute to a social venture’s success, the various models of social entrepreneurship have yet to be systematically tested against all thirteen together. Thus, the goal of the following study is to determine how effective the compiled factors are at explaining the success of grassroots organizations. To do so, this study analyzes two differing models of social entrepreneurship: the microconsignment model and the microcredit model. The analysis of two differing models offers a more complete perspective of whether these characteristics are vital to success across the field of social entrepreneurship. However, it is important to recognize that the nature of the field creates some concerns as to whether such a generalization is even possible. The broad definition of social entrepreneurship has expectedly resulted in a wide range of initiatives that classify as social ventures. While the basic principles and premise of social entrepreneurship are the same for all, the ventures themselves vary greatly across the field. Thus, drawing conclusions about the criteria of success for all of social entrepreneurship may not be feasible, and is a question to be answered through this case study as well.

**General Research Question:** How effective are the proposed criteria at explaining success in grassroots development organizations?

**Specific Research Questions:**

1. How does the microconsignment model reflect the criteria of successful social ventures?
2. How does the microcredit model reflect the criteria of successful social ventures?
3. How do the microconsignment and microcredit models relate in terms of these criteria and what are the resulting implications for the models, as well as the field?
Methodology

The Comparative Case Study

In order to determine the effectiveness of the proposed criteria for successful social ventures, this research project utilizes a comparative case study. The case study involves the microconsignment and microcredit models, specifically focusing on the NGOs Community Enterprise Solutions (CE Solutions) and the Grameen Bank, respectively. While this is a comparative case study, it is more specifically a comparison of difference, as both organizations employ models that have stark differences in their structure.

Microconsignment is a relatively new model of social entrepreneurship that first emerged in late 2003/early 2004. At the time, Greg Van Kirk, who had recently completed two years in the Peace Corps, decided to invest in a wood-burning stove project. Many rural families in Guatemala had always “cooked campfire-style on their dirt floors” (New Development Solutions Group), which was recognized as being detrimental to their health, as well as inefficient. Therefore, the goal of the project was to provide wood-burning stoves to these rural families, which would “dramatically reduce energy costs and improve the health and safety of family members” (New Development Solutions Group). However, the scope of the project was limited, as they could only provide as many stoves as they had the funds for. Greg recognized this and realized that they would have to create a sustainable solution if they were to have a significant and lasting impact on the community. His solution was what would become the microconsignment model. They would train local entrepreneurs and provide them with the stove building materials on consignment. The entrepreneurs would, in turn, market and sell the stoves to families in villages. The stoves would be locally manufactured and families would be able to develop a payment plan to pay off the stoves over time. These payments could be made from the
money the families would now save on energy costs, with the health, economic, and environmental benefits continuing on for years to come (New Development Solutions Group). Additionally, the entrepreneurs would keep a portion of the revenue and return the rest to the project. In this way, the model would be offering villagers access to an essential product, while also providing “income generating opportunities to local individuals as entrepreneurs” (New Development Solutions Group).

On the other hand, microcredit is a model that has its origins in the mid-1970s, when Muhammad Yunus, Chairman of the Economics Department at Chittagong University in Bangladesh, conducted a series of economic experiments in the rural villages around his university. In one of his experiments, in the spring of 1976, Yunus decided to provide forty-two villagers running local businesses with a total of 856 takas, or $26. With these loans, these villagers were able to cover all of their initial costs and run their businesses freely (Bornstein 39). They would repay the loans in small installments; and thus began the microcredit model. Essentially, microcredit programs “extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families” (Grameen Bank, “What is Microcredit?”). While microconsignment provides entrepreneurs with products, instead of loans, and focuses on the impact of these products, microcredit is solely dedicated to the entrepreneur.

For this case study, the two organizations chosen as representative examples of these two models are Community Enterprise Solutions (CE Solutions) and the Grameen Bank. This is primarily because both organizations are considered to be the first to implement their respective models. The Grameen Bank was established in 1983 and was the direct result of Nobel Laureate Muhammad Yunus’s research on designing the microcredit system. Comparably, founders Greg
Van Kirk and George Glickley created CE Solutions in 2004, immediately after developing the microconsignment model. Additionally, both organizations are considered to be leaders in social entrepreneurship. Muhammad Yunus won the Nobel Peace Prize in 2006 for his work with Grameen, and both Yunus and Greg Van Kirk are heavily involved with the Ashoka Foundation. Van Kirk, while not having received the same acclaim as Yunus, was selected to be an Ashoka Fellow in 2008, a distinction that puts him among the leading social entrepreneurs in the world.

In this case study, the overriding question asked of the subjects is not whether they are successful, but whether the factors predict their success, which, for these two, has already been established by an outside set of criteria. The choice of these two ventures was therefore a conscious decision.

Data Collection

Overview

To provide a comprehensive analysis of each of these organizations, this case study utilized data of both the quantitative and qualitative variety. For the Grameen Bank, this data was acquired from a number of secondary sources. Journal articles, essays, public statistics, and first-hand accounts of the bank’s work were consolidated to form the qualitative and quantitative data required. On the other hand, data from CE Solutions was collected through original research. Qualitative data was primarily collected through interviews with both the co-founder, Greg Van Kirk, and two of the organization’s local Guatemalan personnel, who began as entrepreneurs and have risen through the ranks to now serve as Regional Coordinators. These three interviews were conducted in September 2010. The questions that the interview subjects were asked are listed in
Appendix B. Quantitative data was obtained from the organization directly, as well as through public statistics.

For both organizations, every piece of data collected was utilized in the analysis of at least one specific contributing factor to the success of social ventures.

**Concerns and Challenges of Data Collection**

There are four major challenges/concerns related to this method of data collection. First of all, the reliance on an interview with the co-founder of CE Solutions logically brings up concerns about validity with respect to two of the factors: social impact and acceptance within the community. There is nothing to prevent the co-founder from exaggerating the work of his organization when discussing these two aspects. The analysis of the Grameen Bank relies on the work of various unbiased researchers, and thus offers more credibility. Nevertheless, these concerns are both addressed in this case study. Firstly, the impact of CE Solutions is also analyzed through the quantitative economic impact of their products, results that are not subject to opinion. Secondly, the interviews with Guatemalan staff members were conducted for the purpose of ensuring a verifiable answer to the question of the organization’s acceptance within the community. Because they are rural Guatemalans and began as entrepreneurs, they offer a different perspective that can either verify or discredit the co-founder’s perspective. The rest of the factors of the study are areas of fact rather than opinion, and should therefore be unaffected.

Additionally, the researcher spent 10 weeks working with CE Solutions in Guatemala during the summer of 2008. As a result, there are instances in the subsequent case study where the personal experiences of the researcher are provided as evidence. However, the researcher has taken care to ensure the objectivity of these experiences and solely relies on them for further clarification of the organization’s work. Nevertheless, every aspect of the description of CE
Solutions that relies on the researcher’s opinion is noted as such. Furthermore, the analysis and conclusions of the case study have been drawn with no preconceived notions of the organizations or the importance of the individual factors studied.

Thirdly, because CE Solutions is based in Guatemala, the researcher was forced to rely on conducting phone interviews. These interviews were recorded solely to ensure clarity and accurate transcription of the conversations. The recordings were thus deleted after the transcription process was complete. Interviews with the CE Solutions’ beneficiaries were conducted in Spanish. However, the researcher is proficient at Spanish and thus conducted these interviews with relative ease. Once transcribed, the responses of the beneficiaries were translated into English for inclusion in this paper.

Finally, the primary challenge to comparing these two organizations is the difference in the stage of development that each organization has reached. The Grameen Bank was established over 25 years ago, and the field of microcredit has since experienced a rapid period of growth in which numerous other organizations have been founded. CE Solutions, on the other hand, is about 6 years old, and microconsignment is still an emerging model, as CE Solutions is the only example of its implementation. Nevertheless, many of the factors measured are not time sensitive. That is, they have likely been consistent within the organizations since their beginnings. For those factors that have changed as the Grameen Bank has evolved, data relevant to comparisons between the two organizations was acquired from its first years six years of development.\(^3\)

\(^3\) Data was acquired from the first six years, starting in 1983, when the Grameen Bank became independent.
The Subjects

Before the proposed criteria are tested by means of the comparative case study and data detailed above, it is important to get a better understanding of the subjects of the study. With a basic exposure to the origins and work of each organization, the reader will find the subsequent analysis of each factor to be straightforward, regardless of his or her level of previous exposure to each organization.

Community Enterprise Solutions

History

Community Enterprise Solutions (CE Solutions) has employed the microconsignment model for the entirety of its existence. In fact, CE Solutions was a direct result of the initial development of the model by Greg Van Kirk. After completing two years of work in the Peace Corps in 2003, Greg, joined by fellow Peace Corps volunteer George Glickley, decided to remain in Guatemala (New Development Solutions Group). Together, they began providing consulting services to a number of development organizations, including USAID (New Development Solutions Group). One of these organizations, the Scojo Foundation, hired them in 2004 to help develop an effective way to distribute reading glasses to villagers (New Development Solutions Group). At the time, the Scojo Foundation, now called VisionSpring, was utilizing the microcredit model with unsatisfactory results. Greg and George proposed the recently developed microconsignment model as a more effective solution (New Development Solutions Group). They felt that, due to the awareness and training needed to sell a product like reading glasses, as well as the lack of a local distributor, the microconsignment model would be a more successful distribution vehicle. VisionSpring decided to implement the model, leading
Greg and George to seriously consider its potential to uniquely address health, economic, environmental, and educational needs (New Development Solutions Group). Soon after, they would establish the US non-profit 501(c) (3) Community Enterprise Solutions to further implement and grow the microconsignment model in Guatemala (New Development Solutions Group). In 2006, because of a realization that local leadership would further ensure the sustainability of the organization, they also established the Guatemalan-owned for-profit enterprise Soluciones Comunitarias (SolCom) (New Development Solutions Group). SolCom took over operations, with the financial and logistical support of CE Solutions, and the final goal is for it to achieve self-sustainability. Nevertheless, for this case study the name “CE Solutions” will refer to the venture as a whole, unless noted otherwise. Additionally, in the years since, the organization has expanded internationally. However, with international operations still in the development stage, the focus of this case study is the venture’s work in Guatemala.

**Mission and Work**

The mission of CE Solutions is to create access to essential products and services that have positive health, economic, and environmental impacts on rural Guatemala. However, in doing so, they are not simply acting as an aid organization, but work to promote small business opportunities as well. They recruit rural Guatemalan entrepreneurs, principally women, who they train and provide the products to on consignment. The entrepreneurs then organize campaigns to sell these products to villagers in remote areas. In doing so, it is their responsibility to market the products, as well as educate the villagers about the benefits they offer. In these areas, many people are unaware that the conditions they face can be improved. It is thus the goal of the entrepreneurs to increase awareness of the problems in these communities and convince the people that the products being offered can truly change their lives. The entrepreneurs realize a
profit from each sale, and return the rest of the revenue to CE Solutions for the purpose of covering costs and reinvesting in more products.\(^4\) \(^5\)

The products offered by the entrepreneurs cover a variety of needs. Prime examples include water filters, wood-burning stoves, near-vision glasses, protective glasses and eye drops, energy-efficient light bulbs, seeds, and solar-powered light (Guia de Franquicias). They are inexpensive, reliable solutions that are acquired from reputable third-party organizations.\(^6\) As a result, beneficiaries purchase all of the products at reasonable prices, and have the opportunity to choose from a number of payment plans for the more expensive ones, such as water filters and wood-burning stoves.

In addition to this work, CE Solutions also runs a few other initiatives, such as a tourism business and the Centro Explorativo, which is a library and education center for children.\(^7\)

### Grameen Bank

**History**

The Grameen Bank’s origins lie with a series of economic development projects that Muhammad Yunus, along with his students, conducted in the mid-1970s when he was Chairman of the Economics Department at Chittagong University in Bangladesh. After conducting a few of

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\(^4\) When SolCom was established in 2006, they began receiving all of this returned revenue. CE Solutions provides support and finances some of the operation, but the revenue from the products now goes solely to SolCom. However, as previously stated, for the purpose of this case study, “CE Solutions” will refer to both organizations as a whole, which is why it is used here.

\(^5\) This description of CE Solutions’ work is based on the researchers experience with the organization in 2008. Having worked with the organization for 10 weeks, he was able to acquire a complete understanding of the entire operation.

\(^6\) As a result of the researcher’s experience with the organization, he has had the opportunity to view demonstrations of the products, as well as read literature and studies ensuring their reliability. He has handled each type of product and also utilized the water filter throughout his stay. It is thus his opinion that the products are of very reliable quality.

\(^7\) This description of CE Solutions’ work is based on the researchers experience with the organization in 2008. Having worked with the organization for 10 weeks, he was able to acquire a complete understanding of the entire operation.
these development experiments in Jobra, a village near the university, Yunus discovered a deep problem confronting the rural poor. The people were working jobs that offered no opportunity for improvement because of the limitations imposed by the lack of access to capital. A prime example of this was the situation of the women bamboo weavers. The only people who would give them loans to buy bamboo were the traders who purchased their products. However, this allowed the traders to set their own prices and resulted in little to no profit for the weavers (Bornstein 39). Yunus recognized that because the capital requirements of these individuals were not very much, if they were able to secure the funds, they would be able to work freely and have the opportunity to ultimately break the cycle of poverty. Thus, in the spring of 1976, Yunus decided to provide forty-two villagers running local businesses with a total of 856 takas, or $26 (Bornstein 39). He told them to pay him back in small installments. However, after doing so, he was unsatisfied. This was not a sustainable solution. The villagers needed a constant resource to turn to for money. So, Yunus met with the Janata Bank, who refused to loan to the poor directly, but did provide Yunus with a loan. After taking the loan, Yunus set up the Jobra Landless Association and began disbursing loans in January 1977 (Bornstein 46). However, as demand increased and the loan approval process slowed, he saw people’s confidence in the program wane. So, he decided to approach the director of one of Bangladesh’s nationalized banks, and pitch the experiment that he was conducting, in hopes of acquiring more funding. The manager agreed to set up a branch for him and, in 1978, the Experimental Grameen Branch was born (Bornstein 51).

Soon after, Yunus also presented his project at a rural credit conference, and fortunately impressed the deputy Governor of the Bangladesh Bank, A.K. Gangopadhyay. Intrigued by Yunus’s ambitions, Gangopadhyay called the managers of the seven nationalized banks, and
after seeing Yunus’s operation first hand, they decided to launch the project in 1979 (Bornstein 63). Yunus was forced to give up his teaching position, but had established the Grameen Bank Project.

Grameen grew, but by 1982 Yunus wanted to break free of the government. Bangladesh’s finance minister at the time, A.M.A. Muhith, had been previously invited to one of Grameen’s branches and had been impressed by Yunus (Bornstein 128). Knowing this, Yunus contacted him and pitched the idea of the bank’s independence. Muhith agreed and helped push through the required legislation, so that in September 1983, the Grameen Bank officially became independent (Bornstein 130). Since then, the bank has continually grown and expanded to the state that we see today.

**Mission and Work**

The mission of the Grameen Bank is to offer the rural poor opportunities to access credit. The bank does this primarily through offering microcredit loans. Individuals are eligible for a loan if they are from a household that “owns less than .5 acre of cultivated land” (Hossain, “Origin, Organization” 12).

Once villagers become members of the bank, they are organized into groups of five and elect a chairperson. “The chairperson is responsible for discipline in the group and for supervision of loan utilization by the members” (Hossain, “Origin, Organization” 13). A number of groups come together to form a center and weekly meetings are held at the center level. The chairpersons elect a center chief, who ensures “attendance at the weekly meetings, payment of loan installments, and overall discipline” (Hossain, “Origin, Organization” 13). A bank worker attends these meetings, where all business is conducted in front of the members (Hossain, “Origin, Organization” 13).
At the center meetings, group members discuss potential loans. Once they, along with the bank worker, “are convinced of the viability of a potential loan, the center chief initiates the loan approval process” (Hossain, “Origin, Organization” 17). Once the center chief fills out the loan proposal form and submits it to the bank worker, the bank worker makes a recommendation and it is passed to the branch manager. Here, individual proposals are consolidated into a single one and submitted to the area’s program officer, who gives the final authorization for the loan. The loan is then distributed by the bank worker at a center meeting, with this entire process taking about two weeks (Hossain, “Origin, Organization” 17).

From this point, the loan is closely monitored to ensure that it is used for the stated purposes. The repayment of the loan follows a strict timetable with weekly installments, and is repaid with 10% interest. Additionally, each borrower was originally required to pay a small amount to an Emergency Fund that was for “insurance coverage in case of default, death, disability, or other unforeseen events” (Hossain, “Origin, Organization” 15). However, in the mid-90s, Grameen stopped collecting money for the Emergency Fund and it is now used as life insurance for members (Bornstein 52).

In addition to microcredit loans, the Grameen Bank also provides other financial services. Grameen has a number of savings instruments and takes deposits from members, as well as non-members (Latifee). Also, each group is required to have a Group Fund that members deposit a small amount to on a weekly basis. It serves as a savings account from which members can borrow in times of need. For example, if a member or someone in their family is sick, and there are expenses that the member cannot cover, they can turn to the Group Fund instead of taking the money out of their necessary capital or turning to informal loans (Hossain, “Origin, Organization” 14).
Furthermore, Grameen has greatly expanded its loan services to include such tools as housing loans and family loans. Family loans are simply larger loans, while housing loans offer villagers blueprints and the necessary loan to build a home. However, these housing loans are only provided to borrowers who have followed their repayment schedules, as well as all the rules of the bank. They are provided anywhere between 8,000 and 18,000 Taka to build homes constructed from wood, cement, tin, and bamboo (Rahman, “Housing” 72 and Bornstein 154). Grameen also has a struggling members program that provides loans to beggars. These members follow different rules, and while they are not required to give up begging, they are encouraged to take up other income-generating activities.

Finally, Grameen also organizes a number of community-building workshops, a practice that began in 1980. The bank conducts almost “3,000 workshops each year, some one-day affairs, some lasting a full week, focusing on health care, nutrition, family planning, child care, and business opportunities” (Bornstein 96).

Factors of Success

In accordance with the goal of the case study, these two organizations are systematically tested against the thirteen proposed characteristics of successful social ventures. However, the characteristics do not serve as a check list. Each factor does not have a threshold that an organization must meet in order for the factor to be considered a contributor to its success. Rather, because this is a comparative case study, the presence of each of the factors in each organization is discussed individually, with no baseline of measure, and then trends between the two are analyzed to draw conclusions about the effectiveness of each factor in explaining
success. Additionally, this structure allows for comments on any differences in the applicability of each factor to the two models, as well as the potential implications of these differences.

**Creating Social Impact**

**Factor 1 - Presence of a Demonstrated Need and Identifiable Group of Beneficiaries**

**CE Solutions**

According to a 2004 estimate, about 7.6 million people, or 56.2% of the population, live below the poverty line in Guatemala, a statistic that puts the country among the most impoverished in Latin America (CIA World Factbook). Rural Guatemalans make up the vast majority, about 71%, of the poor population (IFAD, “Republic of Guatemala”), and when observing the conditions they live in and the difficulties they face, the reason for this becomes clear. One of the primary obstacles to breaking the cycle of poverty is the fact that in rural Guatemala, many individuals are either subjected to unnecessary costs or health problems that prevent them from reaching their full potential. There is a fundamental lack of access to essential products and services that people need to address these issues and improve their standard of living (Van Kirk). This concern is clearly evident when visiting villages throughout the country, as Greg Van Kirk, co-founder of CE Solutions, describes:

Primarily in rural areas and small villages between 200 to 5000 [people], people have a lack of access to essential products and services that they need, that many of us take for granted; that have a positive health and economic impact and ideally a positive environmental impact. The fact that this exists is demonstrated through our work for the past 8 years, like my work starting and living in rural Guatemala and seeing the conditions that people live in. That need continues to, unfortunately, be identified by the work of the women entrepreneurs who go out to these villages and market and sell solutions. (Van Kirk)

Additionally, prior to CE solutions’ emergence there was little being done to rectify this. As one of the Guatemalan staff members succinctly put it, “We offer access to products for communities
that don’t have a clinic. Other organizations don’t do what we are doing” (CE Solutions Guatemalan Personnel).

Some of the health problems that CE Solutions attempts to address include gastrointestinal illnesses from unpurified water, pulmonary illnesses from antiquated stoves, and vision-related problems resulting from old age or exposure to harmful agents in the air. These are issues that plague rural Guatemala. Water purification is nonexistent in much of the country. Only 24 of the 331 municipalities treat their water, and Guatemala has the highest rate of water-borne diseases in children under 5 in Central America (Guía de Franquicias). As a result, the rural population has been forced to spend as much as 50% of their income on medicines for diarrhea and water-borne diseases (Guía de Franquicias). Additionally, pulmonary illnesses are the cause of about 70% of deaths in Third World countries, and are the direct result of cooking indoors with an open flame and no chimney, a practice that most rural Guatemalans use (Guía de Franquicias). This has also been known to cause Pterygium, an abnormal growth of the eye that is caused by overexposure to smoke, dust and UV rays. Along with Pterygium, many Guatemalans also suffer from Presbyopia, or a loss of near vision, which prevents them from going about their daily lives with ease (Guía de Franquicias).

The villagers in rural Guatemala are clearly the group of beneficiaries that CE Solutions targets with its products and services. However, in addition to these beneficiaries, there are also the entrepreneurs that realize a profit from the sales of the products. These entrepreneurs are mostly women, which is simply because they stand the most to gain from this opportunity. In rural Guatemala, the men are undoubtedly the primary sources of income, while the vast majority of women are homemakers with a primary school education. “There are very few jobs to begin with, especially for someone who cannot dedicate themselves full time to something, because
they have to take care of their home and their children” (Van Kirk). As a result, the opportunity to earn an additional income and financially provide for their families is something that many of them find appealing (Van Kirk). Villagers and rural women homemakers are thus the primary identifiable beneficiaries of CE Solutions’ work.

**Grameen Bank**

Bangladesh, just like Guatemala, is one of the world’s poorest countries. About 85% of its population lives in rural areas, with anywhere from 43-53% of this group living in poverty. This translates into a rural poor population of about 51 million people (“Rural Poverty in Bangladesh”). Nevertheless, the country has been making progress, with the percentage of the population living below the poverty line decreasing by about 1% every year since 1990 (“Rural Poverty in Bangladesh”). This has been the result of the hard work of a number of people and organizations like Muhammad Yunus and the Grameen Bank. However, when Yunus began his work with the bank, Bangladesh was, as researcher David Bornstein describes it, “a country so poor it had been dubbed the *Fifth World* and labeled by diplomats an ‘international basketcase.’ To many observers, Bangladesh was not just a troubled nation, it was a disturbing *notion*. From afar, this little country seemed proof of the randomness of the universe, proof that some people are just plain unlucky and there’s not much that can be done about it” (Bornstein 22).

At the time, Bangladesh was a fledgling nation, having just won its independence in 1971. As the country slowly recuperated, the population grew and food production declined, resulting in high levels of unemployment and hunger. With these socioeconomic conditions, the country was in a very vulnerable position, and a 1974 flood thus proved to be devastating. Famine struck along with the flood, resulting in the deaths of hundreds of thousands of people (Wahid, “Socioeconomic Conditions” 6).
Little aid was reaching the poor. Yunus, through his economic development projects, realized that they were perfectly capable of taking care of themselves, but were unable to accumulate the capital to do so. He observed that despite their condition, the poor worked hard, and concluded that without any further major disruptions, they would be able to survive (Wahid, “Socioeconomic Conditions” 6). He recognized the demonstrated need for credit, a need that was going unmet, but for which he had a solution.

The beneficiaries of the Grameen Bank are, just as with CE Solutions, the rural poor. Yunus was ambitious from the beginning, saying that his target market was “the poorest half of Bangladesh, some 10 million families” (Bornstein 22). However, since its inception, the bank has continuously narrowed its targeted population from the rural impoverished to rural impoverished women. The target population is still rural villagers, but primarily female rural villagers. Today, 97% of Grameen’s borrowers are women (Grameen Bank, “Historical Data Series in USD”). When he was first developing the bank, Yunus made this decision to target women for two reasons. The first was that “women experience poverty more acutely than men” (Bornstein 142). Not only do they have the responsibility of caring for their families, but any opportunities to earn a living are restricted by purdah, the practice of preventing women from being seen by men. They are thus dependent on their husbands, who often beat them, for well-being. In Bangladesh, wife abuse is common, and many women remain with their abusers, because leaving would only bring shame on a woman’s family (Bornstein 139). Yunus wanted to erase this oppression, and believed that bringing in an income would do so, because in rural Bangladesh economic worth often determines individual worth (Bornstein 141).

The second reason that Yunus wanted to focus on women beneficiaries was because he believed they were more in tune to the needs of the family. Yunus, and his staff, observed that
women utilized money in ways that had greater impact on the family, whether that was “buying better food or cooking utensils, or patching the roof” (Bornstein 142).

**Trends/Conclusions**

The trends that cross both case studies are fairly obvious to identify. There is clearly a demonstrated need for the work of both organizations. Without such a need, the very existence of these organizations would be unnecessary. There would be nothing for them to impact, preventing them from fulfilling the mission of social ventures. Additionally, both organizations have identifiable groups of beneficiaries. This serves to not only allow the organizations to stand the market test and create impact, but also to focus the efforts of each venture.

The general targeted population of both ventures is evidently the rural poor. However, with such large groups of targeted beneficiaries, a more notable trend is the fact that each organization has found a way to make the task of addressing these populations more manageable. CE Solutions utilizes a subset of the population, namely women, to organize and deliver the solutions to the rest of the rural poor. Each entrepreneur, because of their proximity to the beneficiaries, is assigned specific regions that allow the organization to reach as many of the beneficiaries as possible. This offers a more manageable process of tackling the problem for the entire targeted population. Grameen, on the other hand, focuses in on one subset of their targeted population, women who own less than .5 acres. They do so to maximize impact, but in the process are also increasing the feasibility of having any impact at all. The most important insight to be drawn here is that not only must the group of beneficiaries be identifiable, but it must also be feasible to impact.

**Revised Factor:** Presence of a Demonstrated Need and Identifiable Group of Beneficiaries. It should be feasible to have a defined impact on the targeted population.
**Factor 2** – Measured and Defined Impact

**CE Solutions**

If we refer back to our literature discussion of this factor, we see that social impact varies across three generic forms of social entrepreneurship. Of these three, the forms that are most applicable to CE Solutions’ work are “package distribution” and “capacity building.” It is primarily a package distribution initiative, as the products that CE Solutions offers are meant to enhance productivity and transform economic circumstance. However, it can also be classified as capacity building, because the women entrepreneurs are offered the opportunity to transform their societal roles. Thus, the overall impact can be broken down into the impact on villages and the impact on the entrepreneurs.

**Villagers**

The impact on villagers can be further broken down, and should be analyzed for each individual product offered, as they each address a specific need of the communities:

**Wood-burning stoves:** The improved wood-burning stoves that CE Solutions offers have positive health, economic, and environmental impacts. As Van Kirk describes:

> In some of these areas people cook on the floor, campfire style, which means that they are inhaling smoke every day. The inside of their homes are black, so you can imagine how it affects their lungs. Pulmonary illnesses are one of the most prevalent causes of death in the developing world. (Van Kirk)

The wood-burning stove offers much needed relief from these illnesses, due to the simple fact that it has a chimney to direct smoke outside instead of keeping it in the home. Furthermore, individuals using these improved stoves are using less wood. Therefore, they are spending significantly less time and money collecting or buying wood, and are thus retaining money they...

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8 The economic benefits to the villagers for each product are calculated based on a series of conservative assumptions. The details of these assumptions and all the calculations can be found in Table 1 in Appendix C. The resulting total economic impact of the products on the villagers, through October 2010, is depicted in Table 2 of the same Appendix.
would have otherwise spent (Van Kirk). Each stove creates approximately $332 of economic benefit for families, and CE Solutions has sold close to 2000 stoves over the past six years, resulting in a net economic impact of $656,696.\(^9\) Additionally, by using less wood, families are also not incurring the opportunity cost associated with devoting their time to this activity. This also has profound environmental consequences, as with “less wood usage, it means that people don’t have to chop down trees and there isn’t as much deforestation” (Van Kirk).

**Water filters:** Water filters have a two-pronged impact on rural households. They have an economic as well as a health impact. First and foremost, they prevent their users from contracting a variety of gastrointestinal diseases (Van Kirk). There is no water purification in rural Guatemala. The water is never guaranteed to be pure, and so even the slightest exposure to it can be devastating, especially to children. Secondly, a quantifiable impact is the costs that its users now save. If villagers choose not to have a water filtration system, their only two options are boiling water and buying jugs of bottled water (Van Kirk). The first option requires a substantial portion of time and is simply impractical because of how much water a family needs on a daily basis. The second option is extremely expensive, and weighs heavily on the budgets of these families. As a result, each water filter creates approximately $313.50 of economic benefit for families. CE Solutions has sold 630 filters since the product’s inception in 2007, resulting in a net economic impact of $170,809.\(^10\)

**Near-Vision Glasses:** Over 90% of people over 40 around the world are gradually losing their near vision over time (Guía de Franquicias). This condition, called Presbyopia, goes untreated in rural Guatemala, when the solution is simply a pair of glasses. However, near-vision glasses also offer a tremendous economic benefit. Most villagers earn a living with their hands, whether that

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\(^9\) See Appendix C for complete assumptions and calculations.
\(^10\) See Appendix C for complete assumptions and calculations.
is through farming, weaving, or other activities (Van Kirk). As a result, individuals affected by Presbyopia have to exert a great deal of effort to conduct their business, with some even being forced to stop working entirely. These near-vision glasses therefore increase an individual’s productivity and allow for a number of added income-earning years. This translates into an economic benefit of $210.25 for each individual. CE Solutions has sold well over 14,000 reading glasses, resulting in a net economic impact of $895,852.11

**Protective Eye Glasses/Eye Drops:** Many Guatemalans also suffer from Pterygium, which is an abnormal growth in the cornea caused by overexposure to UV light, smoke, and dust (Guia de Franquicias). It causes redness, irritation, and inflammation of the eye. The only cure is surgery. However, protective eye glasses can prevent initial and further development of the condition, while eye drops offer temporary relief for those who suffer from it (Guia de Franquicias). Just like the near-vision glasses, protective glasses and eye drops can also improve the productivity of individuals who depend on their eyes to earn a living. However, because this impact is not well-defined, CE Solutions assumes, for simplicity, that these products have no economic impact.

**Energy Efficient Light Bulbs/Solar Light:** Energy efficient light bulbs and solar light have a significant economic impact on households that utilize them. The resulting decrease in electricity bills or candle purchases far outweighs the cost of these products (Van Kirk). In fact, the net economic impact of energy efficient light bulbs on households is a benefit of $104.50. With over 4000 sold since 2004, CE Solutions has created a total economic impact of $422,912. Furthermore, the organization’s solar light solutions, while having just been implemented in 2010, have already totaled $213,367 in economic impact. These products are thus a small step that can go a long way to improving the economic standing of villagers.

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11 See Appendix C for complete assumptions and calculations.
12 See Appendix C for complete assumptions and calculations.
**Vegetable Seeds:** CE Solutions also sells seeds for a variety of vegetables. By growing vegetables themselves, beneficiaries are afforded greater food security (Van Kirk). They have an assurance that they will always be able to have vegetables, even if they do not have the money to go out and purchase them. In this way, they are also saving money that can be devoted to other necessities (Van Kirk). The calculated savings of one packet of seeds for its beneficiaries is $9.75. This has resulted in a net impact of close to $50,000 for all seed packet sales since the product’s inception in 2008. Additionally, vegetable seeds obviously offer a health benefit as they ensure that beneficiaries will be getting proper nutrition in their diet.

Together, the products and services offered by CE Solutions have positive economic, health, and environmental impacts for the beneficiaries. With each product, beneficiaries are either definitively saving money or increasing their income-earning potential. The economic impact is quantifiable in that sense. While the magnitude of the health impacts cannot be similarly calculated, they are nevertheless tangible and address issues that currently plague the rural parts of the country.

**Entrepreneurs**

The second group of beneficiaries of CE Solutions’ work is the entrepreneurs who actually go into the rural communities and create access to these products and services. The impact on these individuals is twofold. Firstly, an additional source of income is created for these individuals (Van Kirk). They receive a portion of the revenue of each sale they make and, as shown below (Table 2), have totaled over $94,000 in profits over the last 6 years.
Table 2: Total Economic Impact of Sales on Entrepreneurs

<table>
<thead>
<tr>
<th>Product Solution</th>
<th>Sales Inception Date</th>
<th>Total Sales (through Oct. 1, 2010)</th>
<th>Net Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Earnings per Sale (GTQ)**</td>
<td>Earnings per Sale ($)</td>
</tr>
<tr>
<td>Reading Glasses</td>
<td>Aug-04</td>
<td>14203</td>
<td>12.50</td>
</tr>
<tr>
<td>Glasses - Sun and Protection</td>
<td>Jan-05</td>
<td>8146</td>
<td>10.00</td>
</tr>
<tr>
<td>Glasses Cases</td>
<td>Sep-04</td>
<td>11333</td>
<td>2.50</td>
</tr>
<tr>
<td>Glasses Cords</td>
<td>Sep-04</td>
<td>4657</td>
<td>2.50</td>
</tr>
<tr>
<td>Eyedrops</td>
<td>Jan-06</td>
<td>8798</td>
<td>8.00</td>
</tr>
<tr>
<td>Water Purification Buckets</td>
<td>Dec-07</td>
<td>630</td>
<td>30.00</td>
</tr>
<tr>
<td>Energy Efficient Light Bulbs</td>
<td>Jan-08</td>
<td>4047</td>
<td>4.00</td>
</tr>
<tr>
<td>Improved Cook Stoves</td>
<td>Feb-03</td>
<td>1978</td>
<td>135.00</td>
</tr>
<tr>
<td>Seeds</td>
<td>Jan-08</td>
<td>4956</td>
<td>1.00</td>
</tr>
<tr>
<td>Solar Charger and Lamps</td>
<td>Feb-10</td>
<td>2246</td>
<td>25.00</td>
</tr>
<tr>
<td>Solar Flashlights</td>
<td>Sep-10</td>
<td>33</td>
<td>20.00</td>
</tr>
</tbody>
</table>

61027 $94,005

** Guatemalan Quetzales

However, the impact of their roles as entrepreneurs extends far beyond the personal economic benefit. The second aspect of the impact is the cultural and societal value it provides. Most of the entrepreneurs, as previously noted, are women who are homemakers with no more than a primary school education. Nevertheless, as an entrepreneur they are able to financially contribute to their family’s well-being. This, in turn, builds self-esteem, an effect that is noticeable in the way they carry themselves. The fact that they drive their own success creates this sense of pride and accomplishment.

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13 This is an opinion of the researcher, observed during his time with CE Solutions in 2008.
**Grameen Bank**

Similar to CE Solutions, the Grameen Bank is an example of both a “package distribution” and a “capacity building” initiative. The microcredit loans and other financial services it offers make it a “package distribution” project, while its effects on women’s role in society make it a “capacity building” venture. Grameen’s main impact is providing the poor with the opportunity to become self-sufficient, but a deeper analysis can be conducted by breaking down this impact to look at the specific effects of each major service provided, as well as the cultural impact of the work. The bank does offer smaller services including providing members with “items such as iodized salt, vegetable seeds, saplings, water-purification crystals, and textbooks,” (Bornstein 95) for a small fee. However, while these are important services, they are not the major focus of the bank, and this study will not assess their impact.

**Major Services**

The primary service that the Grameen Bank offers, its microcredit loan, has a well-defined economic impact on its beneficiaries. These loans create income-generating opportunities for borrowers, most of which “reported having no primary occupation before joining the bank” (Rahman and Islam 59). Additionally, what may be less obvious is that there is a nutritional benefit of the increased income. Studies have shown that with an increased income, Grameen members have a healthier diet, as they consume more food and nutrients (Rahman, Wahid, and Islam 125).

Returning to Grameen’s economic impact, we can generally gauge that it is positive by looking at a number of indicators. First of all, the bank’s loan repayment rate is incredibly high, as 97.24% of loans are recovered (Grameen Bank, “Grameen Bank at a Glance”). Additionally, Grameen has steadily increased its disbursements each year. In 1983, Grameen disbursed about
99 million takas to borrowers. By 1989, that number had reached 1.7 billion takas, and has continued to climb ever since (Grameen Bank, “Historical Data Series in USD”). Finally, over the years Grameen has provided larger and larger loans to individual borrowers. There have been countless stories of borrowers starting with 1,000 Taka loans and soon borrowing double or triple that amount.

However, these are just indicators that the Grameen Bank has a positive impact. If we want to quantify this impact, we have to look at the wealth created by the loans. We can formulate a loose estimate of this by starting with the typical return for every taka spent by a borrower. In 2009, the number one reason for borrowers to take loans was to buy dairy cows. Therefore, we can use this investment to represent the typical use of a loan. By studying the personal experiences of borrowers, we can determine the cost and income-generating potential of a dairy cow.

When Aleya received her first loan of 3,000 takas, she purchased a cow. Each week, she earned 90 to 120 takas selling milk. (Bornstein 149)

Cows lactate for about 300 days at a time, meaning that if we used the conservative 90 takas per week, a cow could produce 3857 takas in income each year. This means that for every taka spent, the average return is 1.29 takas. To determine the total wealth created by 1989, Grameen’s 6th year of existence, we then look at the cumulative general loans disbursed by the bank to that point, and calculate how much of these loans was repaid ($156.53 million). This is done to determine the estimated value of the loans that resulted in successful business opportunities, because if someone can repay a loan with interest, it can be assumed that they created an income-generating opportunity. By then taking the product of that value and the average return on investment (1.29), we are left with the total revenue generated by the loans. Subtracting the value

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14 We are determining the total wealth created by the 6th year of Grameen’s existence in order to allow for a comparison with the total economic impact created by CE Solutions, should one be necessary.
of the loans plus interest leaves us with the total wealth created for the borrowers, which is about $29 million. However, this only serves as a general estimate, as we did not factor in the lost wealth of any failed businesses. We also assumed that the loan a borrower takes only gives them a return for one year and that they cannot earn any money by selling the assets they bought with the loan (selling the cow for example).

The second major service that the Grameen Bank offers, its housing loan, presents economic, as well as intangible benefits. First, housing provides villagers with many practical benefits. For example, with suitable storage space, villagers are able to stock food and take advantage of seasonal price fluctuations. However, the most important effect of owning a home is the reduced risk of illness that comes with improved living conditions (Bornstein 154). Borrowers have also noted that owning a home “increased peace in the family, improved joy and happiness, fulfilled hopes and dreams, revitalized self-dignity and self-confidence, and enhanced social status” (Rahman and Hasnat 77).

Cultural/Societal Impact

The women targeted by the Grameen Bank have also experienced a cultural impact as a result of their work with the bank. Just as Yunus intended, earning an income has gone a long way towards changing the social standing and self-confidence of the women borrowers. It is a transformation that is evident to all who work with them:

‘When you see women who have just joined the bank, they go around the outskirts and avoid people,’ explained Maheen Sultan, formerly one of the bank’s top women field managers. ‘But once they’ve been borrowing money for a long time and they’re sure of themselves, they walk through the center of the village greeting people. Before they were apologizing for being there, later they belonged. It’s their village, it’s their territory…and in the home as well...The husband agrees more often or at least doesn’t contradict her. You can see that their relationship also changes. He’s proud of what his wife has been able to do.’ (Bornstein 144)
The opportunity to own a home also provides the women with a great deal of security. “Land, by far the most important asset in Bangladesh, is typically kept out of women’s hands” (Bornstein 153). Additionally, a woman is at risk of being thrown out of her husband’s house at any point in time. Thus, owning a home offers protection and a more secure standing.

Finally, as a result of other offered services, Grameen also has a societal impact on communities. Its set of resolutions, called the Sixteen Decisions, provide a sense of order and discipline for members. They offer a set of guidelines to live by, and are recited at every center meeting. Furthermore, the workshops the bank holds each year help educate the community on a number of prevalent family issues such as health care, nutrition, family planning, and child care. This is information that members might otherwise not receive. Most importantly, all of these issues are contributing factors to breaking the cycle of poverty.

*Trends/Conclusions*

The second factor, of measured and defined impact, is undoubtedly present in both organizations. While many of the details of the social impact are specific to each organization, an interesting trend between the two is the fact that they both have multiple types of impact. CE Solutions offers access to products that have economic, health, and environmental impacts, while also providing cultural as well as economic benefits for their entrepreneurs. The Grameen Bank clearly offers the economic benefit of loans, but also has a dramatic societal/cultural impact on the women these loans support. A second commonality is that both organizations deliver impact through a variety of vehicles, whether they are each of the products CE Solutions offers, or the variety of loans and community building workshops promoted by the Grameen Bank. However, the question arises of whether these two trends actually contribute to success across social entrepreneurship or are specific to the models and their examples. Looking at both organizations
as a whole, it is clear that they could both still achieve social impact with a single type of impact and one delivery mechanism. These two common characteristics may enhance the impact each organization has but they do not determine whether they can have one at all.

**Revised Factor:** Measured and Defined Impact

**Factor 3 – Substantial Portion/Large Number of Beneficiaries**

**CE Solutions**

Over the past six years, CE Solutions has reached an estimated 64,000 villagers and held over 2,000 sales campaigns (CE Solutions, “Impact Tracker”). With about 5.4 million rural poor in Guatemala, the number of beneficiaries reached amounts to about 1.2% of the rural poor population. Additionally, over 200 entrepreneurs have been trained, with 65 currently active in the field (CE Solutions, “Impact Tracker”). Outside of Guatemala, CE Solutions is attempting to reach three new markets of rural populations in Ecuador, Nicaragua, and Argentina.

**Grameen Bank**

Through its first six years of existence, the Grameen Bank totaled 662,263 members and covered over 15,000 villages (Grameen Bank, “Historical Data Series in USD”). With about 51 million rural poor in Bangladesh, the number of beneficiaries reached amounts to about 1.3% of the rural poor population. By 2010, these numbers have swelled to 8.33 million members and over 81,000 villages (Grameen Bank, “Historical Data Series in USD”).

**Trends/Conclusions**

While both CE Solutions and the Grameen Bank have reached a similar proportion as well as a substantial amount, as determined by the range outlined in the literature, of their targeted beneficiaries, this factor does not explain sustainability. After analyzing both case
studies, in their entirety, it becomes apparent that the number of beneficiaries is more a result of other factors than a factor, itself. If an organization meets an unmet, demonstrated need of an identifiable group of beneficiaries and has a well-defined, measured social impact, it is only logical that it should reach a substantial amount of beneficiaries. The number of beneficiaries a social venture reaches is a product of its work, and an indicator of its success, not a factor that explains success.

**Revised Factor: N/A**

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**Ensuring Implementation and Survival**

**Factor 1 – Acceptance by the Community and Involvement of the Beneficiaries**

**CE Solutions**

When asked for their opinion on this factor, leadership noted the importance of community acceptance for their continued existence across the nation:

> I think one of the reasons why it works is because we are very appreciated. I think that what we’re offering, if you look all along the value chain, are solutions in the appropriate place, at the appropriate price, in the appropriate way. You’re offering people solutions that they’ve never had before, so people are very thankful to have an opportunity to get something that can truly have an impact on their lives. (Van Kirk)

Van Kirk believes that the key to securing the people’s appreciation is the fact that the organization is “offering,” rather than imposing, its ideas. “We’re not pushing something on people. People respond very positively to that opportunity and see that we are just there to create an impact” (Van Kirk). Using logic and honesty, and describing their work as an opportunity for change, they hope to gain the support of the community. Their goal is to foster an environment of mutual respect, and nowhere is this more evident than in the recruitment of entrepreneurs:
When we first meet a group of entrepreneurs, we say that we are here to simply offer an opportunity. You can take it if you want to, or not if you don’t want to. That’s ok. And you don’t have to invest any money. You don’t have to give us anything. You simply have to invest your time and learn about it. If it doesn’t work out for you, you’re no worse off. People are so used to hearing you should do this, you should do that, you’ve got to give me this thing so that I can do this for you, that it’s a breath of fresh air and starts off the relationship on a very positive footing. (Greg Van Kirk)

CE Solutions has no shortage of interested entrepreneurs, an indicator that this approach and the basic premise of their work have gained acceptance.

That being said, community approval goes beyond initial acceptance of what the organization is “offering.” There are additional barriers to continued appreciation that all development organizations face when actually putting their ideas into practice. It certainly helps that the organization try to begin any relationship it has on “positive footing,” but cultural barriers, language barriers, and trust are all potential obstacles to sustaining the support of its targeted population. However, in breaking down the microconsignment model, it is evident that its design overcomes these barriers and maintains the community’s belief in an organization. It does so through a dependence on the beneficiaries in their own development. Both the entrepreneurs and the villagers are drivers of the implementation and impact of CE Solutions. The interactions between these players decide the success of the organization, and it is this dependence that actually ensures the acceptance of the organization and its work.

**Entrepreneur Involvement**

The microconsignment model relies on the entrepreneurs to carry out vast majority of the work in the field. It is entirely up to them to enter communities, organize the logistics for a campaign, advertise, raise awareness about the problems the communities are facing, and finally sell the solutions to the village population. The fact that the entrepreneurs are the agents of implementation as well as rural Guatemalans, just like the targeted population, is paramount to
the acceptance of the organization in the communities (Van Kirk). When the entrepreneurs approach the villagers and attempt to explain the host of problems affecting their community, there is already an established level of trust and solidarity between them (Van Kirk). Villagers understand that the entrepreneurs are in a similar situation; that they share the same concerns and needs as the villagers. However, it should be noted that many of the entrepreneurs initially do not find much success in their own villages, because people still only view them as homemakers. Entrepreneurs must therefore begin their work in other villages. Only after word of their success begins to get around will they build credibility with the people they already know.

Additionally, because the entrepreneurs are from the local communities, the organization’s presence is sustained. Entrepreneurs have the ability to hold multiple campaigns in an area all year round. Villagers recognize this and appreciate this commitment to the cause. One of the organization’s Guatemalan personnel put it best, “When Soluciones Comunitarias comes to the communities we bring our office instead of just selling the products and giving advice. This is what the communities value. We stay there” (CE Solutions Guatemalan Personnel).

Also notable is the challenge of the language barrier. There are 23 different Mayan languages in Guatemala and while it is impossible for management to know all of them, the entrepreneurs speak the same language as the people in their assigned communities (Van Kirk). Their involvement thus allows any language barrier to become nonexistent.

Villager Involvement

The model is also based on the concept of villager involvement in community development. It requires the rural poor to help themselves by purchasing the goods instead of simply receiving aid. CE Solutions offers them access to the products and services, but they still
have to make a personal investment. This allows them to take ownership of their own development, an action that they can be proud of. If an aid organization donates a water filter to a needy individual, it is not the individual’s accomplishment, but rather the good deed of the organization. This dependence on others only hurts morale and does not build the confidence necessary for these individuals to eventually break the cycle of poverty. However, the microconsignment model creates the opportunity for them to build confidence (Van Kirk). Instead of being powerless individuals who privileged society is helping out of pity, they are instead the proactive drivers of change and development in their communities. This translates into a positive opinion of the organization and the capacity to grow and expand within a community.

The culmination of these aspects of the microconsignment model and CE Solutions approach has been a general acceptance of and gratitude for the organization and its work. The appreciation of the communities has been most evident to the entrepreneurs and personnel working in the field, directly interacting with the villagers. “The people are very pleasantly surprised by the work we are doing in the rural communities. They accept us and appreciate us very much for what we are doing,” noted one Guatemalan staffer, while another added, “The people are very happy when Soluciones Comunitarias comes to the communities. In my experiences, no one has been unappreciative of our work. Everyone is happy and content because of our work” (CE Solutions Guatemalan Personnel). Having begun as entrepreneurs when the organization was created six years ago, these women have had a wealth of experience to substantiate these observations.
Aside from acceptance by the community, an additional result of the involvement of both groups of beneficiaries is that innovation is “focused on the needs of the client, not what somebody from a certain party thinks might be what the people want” (Van Kirk). The fact that the entrepreneurs have a rapport with the villagers, and the villagers are actively involved, allows for open communication between them. In turn, CE Solutions can constantly tailor its products and services to the needs of the villagers, an aspect that only increases its standing in the community. The model is intended to overcome known barriers while also exposing new ones, so that the organization can adapt to better suit its needs (Van Kirk).

In this way, the involvement of beneficiaries also serves to enhance the effectiveness of the organization’s efforts. This is also a primary reason why the involvement of local individuals has expanded throughout the organization. Soluciones Comunitarias, which is Guatemalan-owned and staffed, was established so that local individuals would take over and execute the work in the field (Van Kirk). Leadership recognized that, just as the model was built around the involvement of local individuals, the implementing organization should be as well. They felt this was the most efficient way to ensure long-term sustainability, and thus enhance the effectiveness of their efforts (Van Kirk).

**Grameen Bank**

Gaining initial acceptance was something that did not come with ease for Yunus and the Grameen Bank. At first, the bank faced a number of obstacles in the rural communities. One of the first challenges was overcoming the conservative values of most the villages that Yunus was targeting. He had found that because he and most of his staff were men, women in rural villages would disappear as soon as he arrived. He essentially had no access to them. Another challenge he faced was the villagers’ inherent distrust of banks. Fear from past experiences with banks had
taught these people to avoid them entirely. Banks were places with unknown rules and regulations, and bank workers who offered no assistance in navigating them. However, Yunus was confident that through persistence and dedication, he would be able to convince the villagers of the benefits that could be realized, regardless of what obstacles stood in his way.

For example, on one occasion, Yunus accompanied a female staffer to a member’s hut to discuss a requested loan. The staffer was explaining why only half of the woman’s loan had been authorized and was trying to convince her to accept the authorized half. Yunus, respecting the conservative culture, waited outside. However, just as the staffer was about to give up, he stepped into the hut. The twenty women inside immediately turned away (Bornstein 60).

However, Yunus persisted. The staffer describes what happened next:

> He spoke on, and as he did, it became apparent that the women were listening. And then something remarkable happened: They started turning toward him. This was tremendous for me. It was the first time I saw that it was possible to get through to people. (Bornstein 60)

It is this culture of persistence and dedication to the cause that eventually allowed Grameen to gain the initial approval of the rural communities. However, just as with CE Solutions, it is the design of the model and the involvement of the beneficiaries that has allowed for the organization’s continued acceptance.

The microcredit model, and Grameen’s implementation of it, are built upon the concept of beneficiary involvement. The bank’s approach is to focus “on the individual in need as the agent of change” (Bornstein 215). What it offers beneficiaries is “not wage-employment, but self-employment” (Bornstein 23). By being provided the resources to drive their own change, villagers are afforded the opportunity to eventually, years down the line, secure their own “profitable niches in the world economy” (Bornstein 24). This concept of the beneficiaries actively participating in their development is one that permeates the microcredit model. First of
all, the beneficiaries are the ones who decide what business ventures they pursue with their loans. Secondly, as members, they also have a great amount of influence in determining how the bank deals with their peers. When a new member wants to join a group, it is up to the group to decide whether to accept or reject the member. This is a decision that is not taken lightly, because if one group member defaults on his or her payments, any future loans of the entire group are jeopardized. Thus, the structure ensures mutual accountability. Groups also have to discuss and approve any loan requests made by their members. Finally, beneficiaries also have an influential presence throughout the organization. The Board of Directors includes a group of democratically-elected borrowers. These three aspects of the model ensure that the beneficiaries are continually invested in the organization and thus continue to approve of the organization’s presence. Most importantly though, they are trusted, which given the stigmas associated with the poor is likely something they have never experienced before.

As a result of all these aspects, today, Muhammad Yunus and the Grameen Bank are unquestionably loved and appreciated by the communities they serve. This is most evident to the visitors who, over the years, have come to witness the bank’s work; visitors such as Ron Grzywinski and Mary Houghton, two community development bankers from Chicago who visited Grameen in the early 1980s:

Ron and Mary traveled to Bangladesh and visited Tangail with Yunus. They could not believe the enthusiasm he generated and the way the villagers responded to him. ‘It felt like traveling in Caesar’s entourage,’ Ron commented.” (Bornstein 130)

Trends/Conclusions

It is evident that Muhammad Yunus takes a more proactive approach to gaining community acceptance than the leaders of CE Solutions. However, this is a result of the differences in the models and work of each organization. Van Kirk just has to convince the
entrepreneurs to take a potentially profitable job. They have to make no investment and have nothing to lose. On the other hand, Yunus has to convince people to take a loan, which requires them to enter into an obligation. He therefore must actively work to gain their trust; not an easy task when they have an inherent distrust of banks. However, after this initial stage, the involvement of the beneficiaries in both models is what ensures their continued acceptance. In both organizations, the beneficiaries determine the venture’s success and are therefore invested in the organization, ensuring its survival. Without this maintained approval of the benefiting population, a venture will see its impact wane and soon disappear. A community must trust and believe in an organization and its work if they are going to make any concerted effort to utilize its services.

**Revised Factor:** Acceptance by the targeted community and the integral involvement of beneficiaries in the organization’s work

**Factor 2 – Social Capital**

*CE Solutions*

In the initial stages, the leadership team did rely on their social capital to establish a starting point and secure funding for their venture. Having already worked in the country for a few years doing development work, Van Kirk and Glickley both had contacts within their immediate communities that allowed them to take the initial steps to develop CE Solutions:

“We started working where I lived, so I obviously had years of experience working there and knew people in the community. Then when we decided to replicate in other parts of the country, it was attempting to work within those networks. We had no big organization or other network that we were plugged into” (Greg Van Kirk).

These local contacts allowed them to have an initial area in which to focus and grow their work. They also relied, according to Van Kirk, on their Peace Corps network and contacts at
organizations they had previously worked with to get a better understanding of where the needs were and where it would be best for them to work.

Their initial funding also grew from social capital. They secured funding mostly from friends and family (Van Kirk). VisionSpring, who they had worked with just prior to establishing CE Solutions, also contributed (Van Kirk). However, overall, it appears that their social capital was not extensive. In interviewing Van Kirk, it also seemed that social capital was not a focal point of the organization’s development, as indicated by his emphasis of the fact that they did not rely on any large organization for support.

Personal experience with the organization indicates that CE Solutions does value building an extensive social network, but does not focus on existing social capital to do so. In his capacity with CE Solutions, the researcher and a team of peers were tasked with expanding the presence of the venture through establishing partnerships with other organizations. Leadership emphasized taking the initiative to seek out potential partnerships by actively searching for, and setting up meetings with, organizations that shared CE Solutions’ interests, but with whom they had had no previous contact. Thus, social competence is what seems to be the driver in the expansion of the organization’s network. As discussed in the literature, leaders must have the capacity to “build bridges among very diverse stakeholders” (Alvord), and in seeking out entirely new contacts, the organization is required to do just that.

**Grameen Bank**

For much of the Grameen Bank’s development, social capital has proved to be vital in three areas: securing manpower, funding, and independence. As a professor at Chittagong University, Muhammad Yunus utilized the resources at his disposal, his students, to help start
and run his initial economic development experiments. In fact, a few of these students have continued with Yunus all the way through the development of the Grameen Bank.

Additionally, Yunus relied on the Bangladesh Bank for funding and support throughout the development stage of the Grameen Bank. Before establishing this relationship with the Bangladesh Bank, Yunus was only capable of implementing the Grameen Bank in one village, Jobra. However, with the support of the Bangladesh Bank, the project was launched throughout the Tangail district. This relationship also opened the door to funding from the International Fund for Agricultural Development (IFAD). In 1980, when the IFAD was looking to invest in promising programs in Bangladesh, an official from the Bangladesh Bank suggested Grameen (Bornstein 120). Although the IFAD initially declined, they soon decided to consider the project. At this point, Yunus drew upon another existing relationship. The Ford Foundation had funded the Rural Economics Program when Yunus was at Chittagong University, and now agreed to guarantee 10% of Grameen’s loans (Bornstein 120). This helped reassure the IFAD and they agreed to lend $3.4 million to Grameen. The Ford Foundation also continued to fund Grameen for years.

Similarly, the relationship with the IFAD also continued for years, and they have provided Grameen with millions more than the original $3.4 million. Unsurprisingly, this has also created further funding opportunities for the organization, as the IFAD has helped Grameen reach out to such agencies as the Norwegian Agency for International Development (NORAD) and the Swedish International Development Authority (SIDA).

The last area for which Yunus relied on social capital was Grameen’s drive towards independence. Yunus’s relationship with A.K. Gangopadhyay, who Yunus had convinced to pitch and support his initial request with the Bangladesh Bank, connected him with Bangladesh’s
Finance Minister, A.M.A. Muhith. Muhith had mainly supported Grameen’s original proposal to the Bangladesh Bank because he greatly respected Gangopadhyay. However, Yunus solidified that support when he invited Muhith to visit one of Grameen’s branches. Muhith was noticeably impressed and when Yunus later approached him with the independence proposal, Muhith helped push it through.

However, it is important to note that all of these relationships did not stem from some existing network that Yunus had developed before he began this venture. They all resulted from his social competence, his ability to interact and convince people of his ideas. In fact, his close friend, Muzammel Huq, has even said that Yunus is uncomfortable networking, noting that “he doesn’t like to go to people” (Bornstein 123). However, whenever Yunus does approach others, he is able to convince them of his ideas. Another friend is quoted as saying of Yunus, “when he speaks, he is able to change the minds of 80 percent of the people he meets” (Bornstein 61). This is evident in all of the relationships that have made up Yunus’s social capital. He had to gather the support of his students. He had to convince Gangopadhyay to pitch his idea to the Bangladesh Bank. He had to convince the IFAD that he was a promising investment, and he had to convince Muhith that Grameen was worth taking a chance on.

*Trends/Conclusions*

While the experiences of both organizations support the notion that social capital is a valuable asset to implementation and survival, both Yunus and Van Kirk/Glickley did not have an extensive pre-existing social network to draw from during implementation. They were both able to develop one, but through a reliance on social competence rather than previously existing relationships. The ability to interact with others, convince them of your ideas, and bridge the gap between parties is the factor that pervades both organizations. That is not to say that pre-existing
social capital would not help ensure the successful implementation of an organization, but it is clearly not a requirement, as demonstrated by these two cases. On the other hand, social competence is a requirement. Pre-existing social capital can only go so far. Funds may run out, or the needs of the beneficiaries may change. At some point you have to develop relationships to ensure the survival of your venture, and without social competence, you will be unable to do so. Therefore, the second factor, as it stands, does not reach the core of what explains sustainability.

Revised Factor: Social competence and acquired social capital

Factor 3 – Appropriate Level of “Embeddedness”

CE Solutions

The level of “embeddedness” of the leadership team was both high and low throughout the different stages of development, depending on how one views the situation. It was initially relatively high because Van Kirk and Glickley first developed the idea in 2003 after they had already spent two years in Guatemala in the Peace Corps (New Development Solutions Group). One could argue that they were able to recognize the issues of rural Guatemala because of their level of “embeddedness.” However, they were not local individuals, which detracted from their level of “embeddedness” and may have also contributed to their ability to understand the problem and develop a solution.

In the start-up phase, their level of “embeddedness” could also be considered high because their relationships with the local community helped them develop an initial credibility. However, this is not to say that they were inseparable from the community. There were still cultural barriers that likely existed. Thus, the level of “embeddedness” appears to be subject to one’s perspective of the situation. The literature argues for low “embeddedness” initially and
high “embeddedness” subsequently, while it could be argued as either low or high for both periods in this case.

_Grameen Bank_

The level of “embeddedness” of Muhammad Yunus also varied throughout Grameen’s development. It could initially be deemed high because he first developed the idea while he was a professor at Chittagong University. He was well-respected, witnessed the problems Bangladesh was having with poverty, and saw the drastic changes that were needed. His level of “embeddedness” had made the problem clear. However, as an educated individual, he was not poor, and was thus not completely “embedded” in the community. Just as with the leaders of CE Solutions, this could also have contributed to his ability to recognize an unmet need and formulate a solution. Furthermore, as he began to implement Grameen, Yunus seems to have had a moderate level of embeddedness. While he had already developed some credibility from his previous experiments, he was by no means deeply embedded. He was still Chairman of the Economics Department at Chittagong University.

_Trends/Conclusions_

Both organizations benefitted from their founders’ ability to recognize societal problems and develop innovative solutions. However, this can be attributed to both high and low levels of “embeddedness,” depending on what perspective one considers. The lack of a concrete understanding of the factor poses a problem to reaching a conclusion about its relevance. “Embeddedness” could influence implementation and survival, but without a defined level it is solely a measurement rather than an explaining factor. The only somewhat clear aspect of the leaders “embeddedness” is that both were not members of their target population. This is a factor
that could also ensure successful implementation and survival, but further research would be
eeded to make a definitive conclusion.

**Revised Factor:** N/A

**Factor 4** – Sound Financials and Reliable Source of Funding

**CE Solutions**

The primary expenses for CE Solutions\(^1\) consist of overhead (including salaries), product purchases, and general support for Soluciones Comunitarias (SolCom) (CE Solutions, “Impact Report – 2009 and 2010”). Additionally, in 2009, the organization expanded internationally, resulting in similar costs, although noticeably less, for work in Ecuador, Nicaragua, and Argentina (CE Solutions, “Impact Report – 2009 and 2010”). The vast majority of revenue collected comes from donations and the Social Entrepreneur Corps program. The Social Entrepreneur Corps is a program established by CE Solutions leadership in 2005 that brings in college students to intern/volunteer with the organization. The students also pay a program fee that goes towards necessary funding for the venture as a whole.\(^2\)\(^3\)

Prior to establishing SolCom in 2006, CE Solutions also received the revenue from product sales, which was re-invested in new product purchases. However, since then, SolCom has received the entire revenue from product sales (Van Kirk).

\(^1\) In this section, the term “CE Solutions” will only refer to Community Enterprise Solutions. The expenses and funding for Community Enterprise Solutions is kept separate from that of Soluciones Comunitarias because while Community Enterprise Solutions is non-profit, SolCom is for-profit.

\(^2\) The funding from Social Entrepreneur Corps is managed in a separate entity from Community Enterprise Solutions and SolCom. The funds from the program go towards any necessary costs and reduce dependence on donations across the entire venture.

\(^3\) This was the program in which the researcher participated in 2008. However, funding for the researcher’s involvement was provided through a grant.
CE Solutions was able to secure $19,000 in donations in its initial year (CE Solutions, “Impact Tracker”). This primarily came from individuals and small private foundations. Initial sources were family and friends, as well as VisionSpring, the organization who the founders had worked for just prior to establishing CE Solutions (Van Kirk). The first year revenue proved to be more than sufficient, as they covered costs and netted about $5,000 (CE Solutions, “Form 990-EZ 2004”). Since then, donations secured have steadily increased. In 2009, CE Solutions received about $110,000 in donations, while from January to October of 2010 the organization secured around $194,000 (CE Solutions, “Impact Report – 2009 and 2010”).

However, in the past six years, costs have steadily risen as well. The organization’s bank balance peaked in 2005, as it had over $50,000 at year’s end, but has steadily decreased since (CE Solutions, “Form 990-EZ 2005”). In fact, at the end of 2009 it was down to $8,200. By October 2010, it had rebounded slightly to $11,589 (CE Solutions, “Impact Report – 2009 and 2010”). There are a number of contributing reasons for the recent trend. First of all, the organization is still in the developing stage, and rapidly expanding every year. Recent expansions outside of Guatemala have incurred significant additional costs, while expansion within the country has caused general support for SolCom to remain steady. Additionally, in 2010, SolCom began receiving loans from CE Solutions, in an effort to slowly phase out pure funding from CE Solutions and increase the sustainability of SolCom. SolCom received over $59,000 in loans from CE Solutions and, as of October 2010, is well-positioned to repay the loans having already returned close to $24,000 (CE Solutions, “Impact Report – 2009 and 2010”). However, a substantial portion of CE Solutions’ revenues was devoted to providing these loans, and explains much of the drop in the bank balance. In fact, if CE Solutions was in possession of the $35,000 in outstanding loans, its bank balance would total over $47,000.
**Grameen Bank**

When first established, the Grameen Bank was dependent on the Bangladesh Bank for funding. However, in 1980, it also received a loan of $3.4 million from the IFAD. This was utilized over the next few years, including after the bank achieved independence in 1983. Over the years, the Grameen Bank has received funding from a number of organizations, including the Bangladesh Bank, IFAD, Ford Foundation, NORAD, and SIDA. However, the bank’s borrowing has steadily decreased as member and non-member deposits have increased, especially in recent years. Grameen only had $24.16 million in borrowings for 2009, as opposed to $228.24 million in borrowings for 1999 (Grameen Bank, “Past Thirteen Years in USD”).

The funding that Grameen brings in is primarily used for providing loans and for investing in fixed- and short-term deposits with other banks. These investments are very profitable, as they bring in additional income with the interest they earn (Hossain, “Operating Costs” 271). The other primary source of income for the bank is the interest it makes off of its loans to members. While profitability is not the primary goal of the Grameen Bank, by looking at its profits, we can see that throughout Grameen’s initial implementation the income generated exceeded the costs incurred, excluding the loans disbursed. The loans were covered by funding not dedicated to the fixed- and short-term deposits (Hossain, “Operating Costs” 278). The profits for the first six years, starting in 1983, were -3.26, 4.25, .40, .36, .44, and 1.17 million takas (Grameen Bank, “Historical Data Series in USD”).

However, over the years, there have been some concerns regarding Grameen’s reliance on donors to fund loans. “In the early 1990s, some of Grameen’s donors felt that the bank should consider raising its interest rate again in order to boost revenues…On principle Yunus rejected the idea. He didn’t believe that poor people should pay more for credit than rich people”
Yunus was not afraid to lose his big donors, and began looking for less expensive funds for the bank. The organization would stay profitable, and Masud Isa, a high-ranking official within the bank, was sure of it. "All profitability depends on is increasing the volume of the operation without proportionally increasing the volume of support services, so that the per-unit cost continues to fall. If you can expand and maintain quality, then you can be financially viable," he said (Bornstein 295). In fact, he predicted that the bank would be more than viable. He said that in ten years (from around 1995) the bank would have annual revenues of about $200 million and $20 million in profits (Bornstein 295). In 2006, the Grameen Bank had a profit of $20 million.

Overall, throughout its history, Grameen’s profits have generally risen, with the exception of a few downturns in recent years that were still positive profits. Additionally, the concerns with Grameen’s reliance on donors are now nonexistent due to the sharp decline in borrowings in the past decade, coupled with the meteoric rise in deposits that can fund the loans.

**Trends/Conclusions**

The state of the financials of any venture is obviously influential to its survival. It is only logical that an organization would be unsustainable if it had net assets that drastically fell into the negatives. The decreasing bank balance of CE Solutions, as detailed above, is most notably the result of rapid expansion and the institution of loans for SolCom in 2010. Guatemala serves as the organization’s test lab, where it implements new ideas. The general support for SolCom has thus remained steady. However, the loan system is evidence of SolCom’s decreased dependence as it has taken over the vast majority of the product purchases, whereas before CE Solutions filled that role. One can therefore conclude no immediate issues with CE Solutions funding, as
their costs are poised to decrease and they still have an additional secure source of revenue in Social Entrepreneur Corps.

The secure sources of revenue for both organizations directly contribute to their survival because of the security they provide in case of a collapse of all other funding. Donations and grants are a source of revenue that has the potential to fluctuate greatly from year to year, and while both organizations utilize this source of funding, they both do not completely depend on it. However, they have done so in very different ways. CE Solutions’ secure revenue stream was developed by the leaders of the organization, outside of the work they were already conducting. On the other hand, the Grameen Bank’s solution to reducing its dependence on loans, donations, and grants was a product of the microcredit model. The fact that Grameen collects deposits is unique to its role as a bank. Most cases of social entrepreneurship do not have a sufficient revenue stream built into their model.

It is also important to note that both organizations had to rely on unstable sources of revenue for some period of time. All emerging ventures cannot guarantee secure funding from the time of their founding, but in order to ensure survival, they must establish one eventually.

**Revised Factor:** Sound financials and a secure source of revenue, realizing that this secure source may not present itself initially or result from the model. Initial reliance on grants/donations is acceptable.

**Factor 5 – Dedication of the Leadership Team**

*CE Solutions*

The leadership team was completely devoted to this effort from the beginning. However, while the description of this proposed factor highlights such aspects as time commitment,
personal investment, and willingness to sacrifice, it was the passion of the leadership team that truly defined their dedication to the project:

I don’t think that I’ve sacrificed anything, because this is what I love to do and this is what I want to do with my life. I found my passion; something that I can do that has incredible meaning for me. I’ve never woken up in the morning and said darn I have to go to work. But there are tradeoffs…I started doing this work when I was 31, so it’s been ten years, and those are supposed to be your prime earning years…Certainly, living in a foreign country, the tradeoff is also relationships. You lose touch with friends and family…but the rewards that you get out of it are well worth the tradeoffs. (Van Kirk)

**Grameen Bank**

Muhammad Yunus has been wholly committed to the Grameen Bank since he conceived the idea in the late 1970s. When the Bangladesh Bank first decided to back the project, they stipulated that he give up his teaching career to become a full time banker, and Yunus did so. No matter what sacrifices he has had to make or challenges he has faced, Yunus has always approached his work with a passion and persistence that has proved vital to Grameen’s success. In any decision he makes, Muhammad Yunus refuses to make concessions that alter the main principles of his vision, and the Grameen Bank is clearly better for it.

**Trends/Conclusions**

The dedication of the leaders of each organization is unquestioned. However, this dedication does not necessarily manifest itself in the personal investment, time commitment, or sacrifices these individuals make. It is represented by the passion that each brings to their organization and its work. Through the case studies, we can repeatedly see that passion drove the leaders to overcome both obstacles and sacrifices.

**Revised Factor:** Demonstrated Passion by Leadership
Factor 6 – Relevant Work Experience

CE Solutions

Greg Van Kirk and George Glickley were both Peace Corps Volunteers in Guatemala from 2001 to 2003 (New Development Solutions Group). Prior to entering the Peace Corps, Van Kirk was a successful investment banker, winning “Deal of the Year” honors from “Structured Finance International” magazine twice (CE Solutions, “Leadership”). He and Glickley have also done some economic development consulting work while running CE Solutions. Before joining the Peace Corps, Glickley worked for a consulting company that advised entrepreneurs with start-up businesses (CE Solutions, “Leadership”). He also graduated from Arizona State University with a degree in Interdisciplinary Studies with concentrations in Economics and Small Business Management/Entrepreneurship (CE Solutions, “Leadership”).

Grameen Bank

Professor Muhammad Yunus had been Chairman of the Economics Department at Chittagong University in Bangladesh prior to and during his initial economic development experiments. He conducted a series of these experiments, including the New Era Three Share Farm, before developing the idea for the Experimental Grameen Branch.

Trends/Conclusions

Previous positions held by leadership in both organizations provided them with initial exposure to and experience in development work. Additionally, backgrounds in business and economics may have provided leadership with the tools to develop the models they are currently implementing. However, this hardly proves that previous relevant work experience of the leadership team is a necessity for the implementation/survival of a venture. Therefore, any
conclusions drawn about this factor’s relationship to success would be unfounded and speculative.

**Revised Factor:** N/A

**Factor 7 – Organized Structure with Well-Defined Responsibilities**

**CE Solutions**

CE Solutions is a highly organized venture consisting of senior leadership as well as field leadership, which includes both country and regional coordinators. The organization and responsibilities in CE Solutions tend to be decentralized. Lower levels of the venture have a great deal of responsibility in terms of organizing and recruiting the entrepreneurs. Regional coordinators oversee a group of entrepreneurs and, among other duties, are responsible for taking inventory of the products and ensuring that the campaigns run smoothly.\(^{18}\) The model itself is built on decentralized authority, as the entrepreneurs determine the extent of the impact of CE Solutions. Higher levels of the organization are primarily responsible for such concepts as expansion and networking, as they work to increase the impact created by the venture.\(^{19}\)

Additionally, CE Solutions is devoted to entrusting a substantial amount of the responsibility to local Guatemalans. This is primarily done through the Guatemalan-led enterprise Soluciones Comunitarias (SolCom), which was created to ensure long-term sustainability for their work (Van Kirk). As stated previously, SolCom manages much of the operations while receiving logistical and financial support from CE Solutions.

\(^{18}\) This description of CE Solutions’ work is based on the researchers experience with the organization in 2008. Having worked with the organization for 10 weeks, he was able to acquire a complete understanding of the entire operation.

\(^{19}\) This description of CE Solutions’ work is based on the researchers experience with the organization in 2008, along with subsequent exposure to the organization’s work.
Grameen Bank

The Grameen Bank has a highly organized structure as well, which is necessary to support its extensive network of branches across Bangladesh. The hierarchy of the bank consists of a head office in Dhaka, zonal offices, area offices, branch offices, centers, groups, and finally members. There is also a board of directors that includes beneficiaries of the bank among its members.

Just as with CE Solutions, the organization within the Grameen Bank can be described as decentralized. The lower levels, specifically at the group and center level, carry out much of the day-to-day operations. Members of groups are dependent on one another for securing loans, as well as support in times of need. Center meetings are where much of the bank activity takes place. They are very business-like, as the center chiefs and bank workers are always disciplined. It is their responsibility to resolve any problems with specific members, as well as discuss loan requests and late payments, in front of the entire center. Overall, it is a highly mechanical process.

To supplement this system, the bank has a series of strictly defined processes and rules by which it operates. The loan approval process, as described in the subject overview of the Grameen Bank, is especially complex but is well-defined. Loan repayment also follows a strict schedule with weekly installments, and loan supervision is taken extremely seriously by bank workers, as well as other members of a group.

Along with these rules, there are a number of rituals that the members are required to do, such as chanting slogans and saluting. Many individuals in the development community have criticized these practices as being coercive (Bornstein 107). However, Yunus is adamant about the importance of these activities in providing discipline and promoting the values that Grameen
is trying to impart to its borrowers. For example, in Bangladesh, men and women are not allowed to shake hands, and so the salute offers an alternative (Bornstein 107). “In Bangladeshi villages, women reflexively lower their eyes when they encounter a man who is not part of their extended family…The salute obliges a woman to look her banker in the eye” (Bornstein 103). As one branch manager described it, “Dignity grows out of a straight back” (Bornstein 103).

**Trends/Conclusions**

While there are differences in the structure and composition of each venture, both employ a level of organization that allows the ventures to smoothly expand and increase in complexity. Responsibilities are clearly delineated and there is a common trend of decentralization. With much of the lower levels shouldering the responsibility of running each organization, upper management is allowed to focus almost exclusively on the bigger picture, such as funding, improvement, and further expansion. These are all other factors of successful social ventures, a connection that makes this one as well.

**Having the Capacity to Grow, Expand, and Develop**

**Factor 1 – Emphasis on Learning and Improvement**

*CE Solutions*

Leadership at CE Solutions fosters a culture of learning from past mistakes. When asked about this culture, Greg Van Kirk described it to be:

… about trying to make the most informed decision upfront, working 100% at that, but then everyday trying to look back and analyze what exactly is going on, and say, ok if I had the same decision today would I make the same decision. The point being, if something doesn’t make sense anymore, you don’t hold onto it for some legacy issue, but you stop doing it and you move on. You have to be willing to say that that doesn’t work anymore so we’re going to go do this, but we learned a lot from it. You continually get this institutional knowledge and understanding at all levels, and are able to make better and better decisions based on diversity of experience. (Van Kirk)
In striving to make better decisions, CE Solutions emphasizes individual and organizational learning simultaneously. Senior leadership holds monthly meetings to discuss all aspects of the organization with leadership in the field (Van Kirk). They discuss the entrepreneurs, including any issues team members are having with specific individuals, as well as any positives and negatives that staffers have noticed in the field (Van Kirk). The goal is to work towards improving individual and organizational efforts in the future. However, aside from this, there is no highly structured evaluation and modification process (Van Kirk). Instead, leaders try to have constant communication and informal evaluation (Van Kirk).

**Grameen Bank**

The Grameen Bank firmly believes in a structured process for learning. The bank has strict standards and intensive training for its employees, particularly branch managers and bank workers. Branch managers undergo training courses that last about six months, with three weeks of classroom instruction and the rest at a branch in the field (Hossain, “Origin, Organization” 18). With such programs, the Principal at the Dhaka training institute is able to ensure that the recruits are prepared for the challenges of the job. These courses also provide the opportunity to weed out “the less motivated, the less dependable, and the less competent” (Bornstein 57).

Once in the field, employees are also taught to strive for constant improvement. They are subjected to a well-defined evaluation process, and are assessed according to a number of subjective and objective criteria. Grameen also has a Monitoring and Evaluation department, whose sole purpose is to analyze data associated with the bank’s activity. Masud Isa, the former head of Monitoring and Evaluation, once described the importance of the department’s work:

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20 In addition to the interview with Greg Van Kirk, this description of CE Solutions’ work is based on the researchers experience with the organization in 2008. Having worked with the organization for 10 weeks, he was able to acquire a complete understanding of the entire operation.
If you understand the quality of the operation – how many target beneficiaries are covered, for what types of activities they have taken loans, and what kinds of problems they are facing – then it is possible to ensure quality; otherwise it is not. If monitoring is effective you can immediately rectify and respond to new situations. And if you can transmit your ideas to the field level, then the entire system works. (Bornstein 220)

Furthermore, Yunus is a strong proponent of learning from experience in the field, and continually listens to advice from his field staff. At one point, he even encouraged all personnel with ideas or problems to write to him directly (Bornstein 133). This concept of learning from each other’s experiences is one which he has imparted on the entire organization.

Unlike other banks, Grameen staff were specially trained to manage disputes among villagers, Sabina [bank worker] added. But there was no substitute for experience. She had made plenty of mistakes; now other bank workers came to her for advice. (Bornstein 105)

**Trends/Conclusions**

This case study demonstrates how the concepts of learning and improvement can differ greatly in their implementation across the field. However, some differences between these specific organizations are a product of the different models they employ. The Grameen Bank has an intensive training program because it deals with a highly complex loan process that requires staff to be thoroughly prepared and trained. On the other hand, the differences in the methods of evaluation appear to be simply the product of differences of opinion between the leaders of the two organizations.

Nevertheless these differences are overshadowed by a shared emphasis on constant learning and improvement that allows both to grow and develop, as well as anticipate obstacles and ready solutions. They also both highly value the active learning process that occurs in the field, and have tangible benefits to show for it.

**Revised Factor:** Emphasis on Learning and Improvement
Factor 2 – Long-term Cooperation with Other Organizations

**CE Solutions**

Relationship building and networking is at the core of CE Solutions’ work. They maintain long-term relationships with providers of the products they sell, while also utilizing their network for opportunities for growth in four major areas. First, relationships between entrepreneurs and local mayors and villagers help identify new needs the organization can address (Van Kirk). Secondly, CE Solutions has relationships with a number of other grassroots organizations who they collaborate with and learn from (Van Kirk). Thirdly, the organization has a very valuable relationship with the Ashoka Foundation, which affords them the opportunity to promote the microconsignment model on the global stage (Van Kirk). Finally, they also utilize a number of university partnerships to draw additional funding and manpower from the Social Entrepreneur Corps program (Van Kirk). Through this program, CE Solutions has established university partnerships with a number of institutions, including Duke University, University of Connecticut, University of Notre Dame, Columbia University, and Miami University of Ohio (Van Kirk).

**Grameen Bank**

Grameen also has working relationships with a number of organizations, but primarily as sources of the bank’s funding. Additionally, with Grameen’s drastic reductions in donations in recent years, these relationships are likely becoming less important. Grameen and Muhammad Yunus also have a strong relationship with the Ashoka Foundation. Yunus is a founding member of the Ashoka Global Academy, a group of global leaders who provide guidance for the field of social entrepreneurship (Ashoka Foundation).
Trends/Conclusions

There is a noticeable dichotomy in terms of the working relationships of each of the studied initiatives. While CE Solutions heavily depends on relationships for its growth and development, Grameen appears to be a self-sufficient venture with the ability to expand and develop as a result of its own success. In the strongest relationship it has, with Ashoka, it serves as more of a resource than a beneficiary. However, this relationship does demonstrate the initiatives’ shared desire to promote their models and ideas internationally.

Returning to the differences, they could be a product of the different states of each venture. The Grameen Bank is established, while CE Solutions is still nascent and in the process of expansion. However, even when it was emerging, Grameen essentially limited its relationships to funding purposes. These differences prevent the researcher from definitively concluding that the factor explains successful growth and development. However, the importance of long-term cooperation for CE Solutions indicates that further research is warranted.

**Revised Factor: N/A**

**Factor 3 - Drive to Expand and Grow**

**CE Solutions**

Since the founding of CE Solutions in 2004, the leadership team has constantly looked to grow the organization’s impact. All resulting expansion has taken one of two forms. It has either deepened the impact in the organization’s existing areas of operation or has increased the breadth of the impact through geographic expansion (Van Kirk). To deepen its impact, CE Solutions continues to look for additional products and services that it can offer. This process, as Van Kirk
describes, is continuous and never-ending, and has given rise to a number of products, most recently solar panels and light. CE Solutions has also continually broadened its impact by expanding within Guatemala. This expansion reached the international level in 2009, when they first started work in Ecuador (Van Kirk). Since then, they have started work in Nicaragua and are contemplating doing the same in Argentina (Van Kirk).

When it comes to geographic expansion, CE Solutions has found two reasons to continue to do so. Firstly, it allows the organization to reach other regions in need. Secondly, it helps raise awareness of the model so that others can use it, modify it, and potentially improve it (Van Kirk).

This is especially true of international expansion, as explained by Greg Van Kirk:

If you’re only working in one country, you’re not going to create that level of awareness. You have to go and prove it in other places. Then you start to get a critical understanding, the recognition, and that awareness so that people say, “there’s something that could work somewhere else.” You’ve got to draw attention to what you’re doing if you want other people to then be able to go do it. (Greg Van Kirk)

**Grameen Bank**

Muhammad Yunus has also always sought to expand his organization’s influence. Additionally, he has also done so in two ways. First of all, Grameen actively looks to promote higher yield activities for its borrowers, in order to provide a deeper impact. For example, in 1986, “the Ministry of Fisheries was looking to unload a development project that had been a financial disaster: an eight-hundred-pond fish farm in western Bangladesh” (Bornstein 218-19). Yunus, however, believed that the farm, when properly managed could be a great success. Grameen’s Technology Division initially took over management of the farm, but gradually turned it over to the villagers (Bornstein 218-19). After seven years, over 2,000 villagers were cultivating half of the ponds and producing $500,000 of fish a year. The farm was nearly covering costs and soon began turning a profit (Bornstein 218-19).
Secondly, Yunus has always been ambitious about branch expansion, regardless of the reactions of others. In the mid-1980s, when Yunus approached the IFAD with a plan to expand to 500 branches, they were shocked (Bornstein 176). Today, the Grameen Bank has 2562 branches, and counting (Grameen Bank, “Historical Data Series in USD”). However, since 1992, with the exception of 2003-2007, Grameen has moved away from rapid branch expansion to focus on developing more effective poverty reduction systems:

Previously, Grameen had focused on horizontal growth – establishing new zones, new areas, and new branches. The new focus was on vertical expansion – concentrating on existing borrowers and trying to devise new systems to move them out of poverty as fast as possible. (Bornstein 290)

The bank was trying to deepen its impact, just as it had done with the fish farm. In doing so, it introduced a new loan, the family loan, which had a ceiling of 25,000 takas (about $625) (Bornstein 291). The poor now had the capacity to use more money than Yunus had ever imagined. Additionally, in 2003, Grameen developed the Struggling Members Program. The program targets beggars and was created in response to the notion that “microcredit cannot be used by the people belonging to the lowest rung of poverty” (Yunus, “Struggling Members”).

**Trends/Conclusions**

The steps both organizations have taken to grow indicate a common goal to expand in multiple ways. Both have looked to deepen their impact through an increase/improvement of services, while also broadening it geographically. This approach allows both organizations to maximize their capacity for change. It is important to note that while all organizations may not have the ability or need to expand geographically, broadening impact is more about reaching new beneficiaries, and geographic expansion is just one vehicle to doing so. Also significant is that, in the case of CE Solutions, international expansion has only been recently introduced. Thus, the long-term viability of these expansions has yet to be definitively determined.
Interestingly, CE Solutions’ goal of geographic expansion is also to raise awareness of their organization. Since microconsignment is a promising emerging model, the founders are trying to gain a foothold in the global discussion of the future of social entrepreneurship.

**Revised Factor:** Drive to expand the breadth and depth of impact

## Final Conclusions

**Factors that Explain Success for Social Ventures**

Compiling all the revised factors resulting from the comparative case study, it can be concluded that there are 9 factors that explain success in social ventures (Table 2).

| Table 2: 9 Factors that Explain Success in Social Ventures, as concluded by the study |
|---------------------------------|---------------------------------|---------------------------------|
| **Social Impact**               | **Implementation/Survival**     | **Growth, Expansion, and Development** |
| 1) Presence of a demonstrated need and identifiable group of beneficiaries. It should be feasible to have a defined impact on the targeted population. | 1) Acceptance by the targeted community and the integral involvement of beneficiaries in the organization’s work | 1) Emphasis on Learning and Improvement |
| 2) Measured and defined impact | 2) Social competence and acquired social capital | 2) Drive to expand the breadth and depth of impact |
| | 3) Sound financials and a secure source of revenue, realizing that this secure source may not present itself initially or result from the model. Initial reliance on grants is acceptable | |
| | 4) Demonstrated passion by the leadership team | |
| | 5) Decentralized and organized structure with delineated responsibilities | |
As originally stated, the goal of this comparative case study was to determine how effective the proposed social entrepreneurship criteria are at explaining sustainability in grassroots development organizations. However, the researcher expressed initial concerns that conclusions would not be able to be drawn from comparing the two organizations because of the broad definition of social entrepreneurship. The two models exhibit vast differences, but the inclusive nature of the definition allows them both to be labeled as social ventures. There was therefore no guarantee that a comparison of the two models and organizations would result in any substantive conclusions. However, the factors listed above are the result of a number of shared trends between the two ventures. These nine commonalities indicate that comparability between the two models is not an issue, which in turn adds credence to generalizing across the field of social entrepreneurship.

Returning to the primary goal of this study, the differences between the revised factors of success and those originally proposed by the literature indicate a deficit in the existing literature. Of the thirteen original factors, only two remained the same, and four were completely discarded. The four discarded were:

1) Large Number of Beneficiaries
2) Appropriate Level of Embeddedness
3) Relevant Work Experience
4) Long-term cooperation with other organizations

However, these were not removed because they had no perceivable contribution to the success of a social venture. In fact, all of them were demonstrated to be at least somewhat relevant to the organizations. Each was discarded for its own specific reason, as indicated in their respective
conclusion sections, and with the exception of “Large Number of Beneficiaries,” all of these factors were determined to require further research. It is not that this study proved these factors to definitively not be contributors to success; it is that it did not definitively prove that they are contributing factors.

That being said, the revised factors have been definitively proven to explain successful social ventures, and thus require the literature to be updated. While not necessarily a comprehensive explanation, they can be assumed to provide a basic framework for success in social entrepreneurship. As indicated in the introduction to this thesis, the implications of this have the potential to determine the course of the field for years to come. As a result of this research project, the researcher contends that any emerging social venture that ensures it fits these listed criteria is much more likely to achieve success than its counterparts who do not. With the immense need for development organizations across the globe, both in developed and developing nations, a model for successful social ventures can go a long way to combating worldwide social concerns.

As an aside, this case study noted that most differences between CE Solutions and the Grameen Bank can be explained by disparities in their respective models, and do not suggest the superiority of one over the other. Nevertheless, there is a fundamental difference in the basic approach of each organization to engineering small business development that may ultimately determine the comparative effectiveness of the two ventures. That is, in comparing CE Solutions’ entrepreneurs to Grameen’s borrowers, the distinctions between the impacts on these

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21 “Large Number of Beneficiaries” was determined to be an indicator rather than an explaining factor of successful social ventures. However, both organizations did reach a substantial portion of their targeted population.
two groups may result in dissimilar paths of development, and may ultimately determine whether each can break the cycle of poverty.

CE Solutions provides its entrepreneurs with materials that are needed by their communities. Entrepreneurs are not burdened with the process of discovering a niche in the community where they can grow a business. Instead of investing time and effort contemplating the intricacies of a business venture, they are provided with an existing structure of a well-established demand and a continuous source of supply, at no cost to them. In this way, they are afforded the opportunity to immediately hone the entrepreneurial skills that will be of great value if they decide to eventually start their own venture. On the other hand, the Grameen Bank provides its borrowers with the capital, but leaves it to them to develop and implement a business plan. In this way, borrowers are not confined to a single business model. They are also immediately exposed to all the requirements and challenges of being an entrepreneur. If a CE Solutions entrepreneur decides to pursue their own venture, he or she may be overwhelmed when confronted with the vast array of issues entrepreneurs must deal with without the benefits of a structured support organization. While their experience with CE Solutions may prevent them from understanding the immense difficulties entrepreneurs will face, the Grameen borrower develops no such disillusions.

This fundamental difference in the work of the two organizations is an area of study that requires further research. The importance of the consequences of this inconsistency is unquestionable. If it does engender an essential disparity in the entrepreneurial development of these individuals, it may have far-reaching consequences for their eventual success. However, as both methods appear to have their own benefits and drawbacks, the nature of the specific consequences is unclear. Thus further research is necessary. The results of such a study may
offer an insight into the relative value of the two ventures, and in turn, whether the eventual result of their beneficiaries’ journey to overcome poverty has already been determined.

**Limitations**

In conducting this study, it should be noted that there were limitations that prevent the conclusions drawn, including the revised factors of success, from being definitive. The study is limited to two models of social entrepreneurship, and while the researcher believes the models are representative of the field, the study would have benefitted from additional subjects. Furthermore, the initial thirteen criteria were proposed by the researcher to be a comprehensive representation of the literature on the subject. They were compiled by the researcher and their breadth is therefore subject to his opinion.
Appendices

Appendix A: Tables of Factors that Explain Success in Social Ventures

Table 1: Proposed 13 Factors that Explain Success in Social Ventures, as compiled from the literature

<table>
<thead>
<tr>
<th>Social Impact</th>
<th>Implementation/Survival</th>
<th>Growth, Expansion, and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Presence of a Demonstrated Need and Identifiable Group of Beneficiaries</td>
<td>1) Acceptance by the Community and Involvement of the Beneficiaries</td>
<td>1) Emphasis on Learning and Improvement</td>
</tr>
<tr>
<td>2) Measured and Defined Impact</td>
<td>2) Social Capital</td>
<td>2) Long-term cooperation with other organizations</td>
</tr>
<tr>
<td>3) Large Number of Beneficiaries</td>
<td>3) Appropriate Level of Embeddedness</td>
<td>3) Drive to Expand and Grow</td>
</tr>
<tr>
<td></td>
<td>4) Sound Financials and Reliable Source of Funding</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5) Dedication of the Leadership Team</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6) Relevant Work Experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7) Organized Structure with Well-Defined Responsibilities</td>
<td></td>
</tr>
</tbody>
</table>
Table 2: 9 Factors that Explain Success in Social Ventures, as concluded from the study

<table>
<thead>
<tr>
<th>Social Impact</th>
<th>Implementation/Survival</th>
<th>Growth, Expansion, and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Presence of a demonstrated need and identifiable group of beneficiaries. It should be feasible to have a defined impact on the targeted population.</td>
<td>1) Acceptance by the targeted community and the integral involvement of beneficiaries in the organization’s work</td>
<td>1) Emphasis on Learning and Improvement</td>
</tr>
<tr>
<td>2) Measured and defined Impact</td>
<td>2) Social competence and acquired social capital</td>
<td>2) Drive to expand the breadth and depth of impact</td>
</tr>
<tr>
<td></td>
<td>3) Sound financials and a secure source of revenue, realizing that this secure source may not present itself initially or result from the model. Initial reliance on grants is acceptable</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4) Demonstrated passion by the leadership team</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5) Decentralized and organized structure with delineated responsibilities</td>
<td></td>
</tr>
</tbody>
</table>
Appendix B: Interview Questions for CE Solutions Staff

The following is the list questions asked during the CE Solutions staff interviews. The interview questions are separated according to which aspect of the definition for successful social ventures they were used to address. Each question is also associated with the specific factor(s) for which it was used.

  e.g.,  Is there a demonstrated need for the work your organization is doing? (1)

The “(1)” indicates that the answer to this interview question was utilized in the analysis of the first factor of the associated aspect, in this case, “Creating Social Impact”.

Creating Social Impact

  For the Co-Founder,
  - Is there a demonstrated need for the work your organization is doing? (1)
  - Is there a core group of consumers/beneficiaries that is targeted by your organization? If so, could you describe the group? (1)
  - Can you briefly describe the work of the organization and the associated goals and impact on the community? What is the nature and type of impact the organization has? (2)
  For the Guatemalan Personnel,
  - What impact does the organization’s work have? (2)

Ensuring Implementation and Survival

  For the Co-Founder,
  - Could you describe the extent of the organization’s presence in the local communities? Are you openly appreciated in the community? Does the organization have ties to the community? (1,2,3)
  - Are local individuals directly involved in the work of the organization? If so, how? (1,2,3)
  - Have there been any language or cultural barriers either now or in the past? (1,2,3)
  - Can you describe the social network of the founders of the organization at its initial stage? How large of a role did this play in the development of the organization? (2)
  - Were there certain individuals or connections that proved to be vital? (2)
  - At the initial stages, how would you describe the leadership team’s commitment to the project? Do you feel that the team made sacrifices to develop the organization? (5)
  For the Guatemalan Personnel,
  - Is the organization’s presence appreciated in your community? (1,2,3)
Having the Capacity to Grow, Expand, and Develop
For the Co-Founder,
- How is learning and improvement emphasized within your organization, in terms of individuals and the organization as a whole? (1)
- Can you describe the nature of any relationships you have with other organizations? Have you found these relationships to be valuable? (2)
- How has the organization expanded? What areas of the organization do you focus on for expansion? (3)
Appendix C: Individual and Total Economic Impact of CE Solutions’ Products on Villagers

The following is a table detailing the individual economic impact of each of CE Solutions’ products on the buyers (villagers). It describes the assumptions of each calculation, as well as the calculations themselves. This table has been provided courtesy of Community Enterprise Solutions.

Table 1: Individual Economic Impact of CE Solutions’ Products on Villagers

<table>
<thead>
<tr>
<th>Product and Economic Impact Assumptions</th>
<th>Total Economic Impact</th>
<th>Economic Impact Assumptions</th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading Glasses:</td>
<td>$210.25</td>
<td>Average price of glasses: $5.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Productivity increase: $30 X 30% = $9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$9 X 12 months= $108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $108 - $5.75 = $102.25</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Protective Glasses:</td>
<td>$0</td>
<td>We assume zero economic impact.</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Glasses Cases and Cords:</td>
<td>$0</td>
<td>We assume zero economic impact.</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Eye Drops:</td>
<td>$0</td>
<td>We assume zero economic impact.</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Water Purification Bucket (Water Filter):</td>
<td>$313.50</td>
<td>Average price of water purification bucket: $48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Savings: $16 X 12 months = $192</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $192 - $48 = $144</td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Item</td>
<td>Initial Cost</td>
<td>Initial Cost Description</td>
<td>Savings Calculation</td>
<td>Net Economic Impact</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
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<td>--------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>Energy Efficient Light bulb:</td>
<td><strong>$104.50</strong></td>
<td>Average price of energy efficient light bulb: $3.50</td>
<td>Savings: $3 X 12 months = $36</td>
<td>$36</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $36 - $3.50 = $32.50</td>
<td></td>
<td>$32.50</td>
<td></td>
</tr>
<tr>
<td>Improved Cook Stove:</td>
<td><strong>$332</strong></td>
<td>Price of Stove: $100</td>
<td>Savings: $12 X 12 months = $144</td>
<td>Net Economic Impact: $144</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $144 - $100 = $44</td>
<td></td>
<td>$44</td>
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</tr>
<tr>
<td>Packet of Vegetable Seeds:</td>
<td><strong>$9.75</strong></td>
<td>Average price of packet of vegetable seeds: $0.65</td>
<td>Net Economic Impact: $10 - $0.65 = $9.75</td>
<td>$0</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $9.75 - $0.65 = $9.10</td>
<td></td>
<td>$9.10</td>
<td></td>
</tr>
<tr>
<td>Solar Charger and Lamp:</td>
<td><strong>$145</strong></td>
<td>Average price of solar charger and lamp: $25</td>
<td>Savings: $5 X 12 months = $60</td>
<td>Net Economic Impact: $60 - $10 = $50</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $60 - $25 = $35</td>
<td></td>
<td>$35</td>
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<tr>
<td>Solar Lantern:</td>
<td></td>
<td>Average price of replacement battery: $10</td>
<td>Net Economic Impact: $60 - $10 = $50</td>
<td>$50</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Economic Impact: $50 - $10 = $40</td>
<td></td>
<td>$40</td>
<td></td>
</tr>
</tbody>
</table>

Gumaste
The following is a table detailing the total economic impact of each of CE Solutions’ products on the buyers (villagers), through October 2010. It describes the assumptions of each calculation, as well as the calculations themselves. These calculations utilize the individual economic impact numbers outlined in Table 1. This table has been provided courtesy of Community Enterprise Solutions.

<table>
<thead>
<tr>
<th>Product Solution</th>
<th>Sales Inception Date</th>
<th>Total Sales (through Oct. 1, 2010)</th>
<th>Net Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>We conservatively assume that 30% of purchasers are working in a trade where productivity increases create increased income.</strong></td>
<td></td>
<td>0.3 * 14203 * 210.25 $895,852</td>
<td></td>
</tr>
<tr>
<td><strong>We assume zero economic impact.</strong></td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td><strong>We assume zero economic impact.</strong></td>
<td></td>
<td></td>
<td>$0</td>
</tr>
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<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td><strong>We assume zero economic impact.</strong></td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td><strong>We assume 75% of users will replace the purification candle.</strong></td>
<td></td>
<td>(630 * 144) + (630 * 0.75 * 169.5) = $170,809</td>
<td></td>
</tr>
<tr>
<td><strong>No additional assumptions.</strong></td>
<td></td>
<td></td>
<td>4047 * 104.5 = $422,912</td>
</tr>
<tr>
<td><strong>No additional assumptions.</strong></td>
<td></td>
<td></td>
<td>1978 * 332 = $656,696</td>
</tr>
<tr>
<td><strong>No additional assumptions.</strong></td>
<td></td>
<td></td>
<td>4956 * 9.75 = $48,323</td>
</tr>
<tr>
<td><strong>We assume 50% of users will replace the batteries for two years for simplicity purposes.</strong></td>
<td></td>
<td>(2246 * 45) + ((2246 / 2) * 100) = $213,370</td>
<td></td>
</tr>
<tr>
<td><strong>We presently assume zero economic impact.</strong></td>
<td></td>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>

61027 $2,407,961

80
Appendix D: Total Economic Impact of Sales on Entrepreneurs

The following is a table detailing the total economic impact of the sales of each of CE Solutions’ products on the entrepreneurs through October 2010. It specifies the amount an entrepreneur earns with the sale of each individual product and uses that number to calculate the total economic impact of the product on the entrepreneurs. This table has been provided courtesy of Community Enterprise Solutions.

<table>
<thead>
<tr>
<th>Product Solution</th>
<th>Sales Inception Date</th>
<th>Total Sales (through Oct. 1, 2010)</th>
<th>Earnings per Sale (GTQ)**</th>
<th>Earnings per Sale ($)</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading Glasses</td>
<td>Aug-04</td>
<td>14203</td>
<td>12.50</td>
<td>1.60256</td>
<td>14203 * 1.60256 = $22,761</td>
</tr>
<tr>
<td>Glasses - Sun and Protection</td>
<td>Jan-05</td>
<td>8146</td>
<td>10.00</td>
<td>1.28205</td>
<td>8146 * 1.28205 = $10,444</td>
</tr>
<tr>
<td>Glasses Cases</td>
<td>Sep-04</td>
<td>11333</td>
<td>2.50</td>
<td>0.32051</td>
<td>11333 * .32051 = $3,632</td>
</tr>
<tr>
<td>Glasses Cords</td>
<td>Sep-04</td>
<td>4657</td>
<td>2.50</td>
<td>0.32051</td>
<td>4657 * .32051 = $1,493</td>
</tr>
<tr>
<td>Eyedrops</td>
<td>Jan-06</td>
<td>8798</td>
<td>8.00</td>
<td>1.02564</td>
<td>8798 * 1.02564 = $9,024</td>
</tr>
<tr>
<td>Water Purification Buckets (Water Filters)</td>
<td>Dec-07</td>
<td>630</td>
<td>30.00</td>
<td>3.84615</td>
<td>630 * 3.84615 = $2,423</td>
</tr>
<tr>
<td>Energy Efficient Light Bulbs</td>
<td>Jan-08</td>
<td>4047</td>
<td>4.00</td>
<td>0.51282</td>
<td>4047 * .51282 = $2,075</td>
</tr>
<tr>
<td>Improved Cook Stoves</td>
<td>Feb-03</td>
<td>1978</td>
<td>135.00</td>
<td>17.3077</td>
<td>1978 * 17.3077 = $34,235</td>
</tr>
<tr>
<td>Seeds</td>
<td>Jan-08</td>
<td>4956</td>
<td>1.00</td>
<td>0.12821</td>
<td>4956 * .12821 = $635</td>
</tr>
<tr>
<td>Solar Charger and Lamps</td>
<td>Feb-10</td>
<td>2246</td>
<td>25.00</td>
<td>3.20513</td>
<td>2246 * 3.20513 = $7,199</td>
</tr>
<tr>
<td>Solar Flashlights</td>
<td>Sep-10</td>
<td>33</td>
<td>20.00</td>
<td>2.56410</td>
<td>33 * 2.56410 = $85</td>
</tr>
</tbody>
</table>

61027 $94,005

** Guatemalan Quetzales
References


Van Kirk, Greg. Telephone Interview. 2 September 2010.


