The 2010 Microfinance Field Study, the second for the University of Hawaii (UH) Shidler College of Business, provided eight MBA students with invaluable and unforgettable experiences. The intensive trip was coordinated by University of Hawaii, the Management Development Institute of Gurgaon, India and Grameen Bank of Bangladesh.

In India, students visited various fair trade groups. Site visits and roundtable discussions allowed the MBA students an opportunity to apply their knowledge of marketing and supply chain management in meaningful discussions with socially responsible businesses.

In Bangladesh, the group linked up with the Nobel-prize winning Grameen Bank. Grameen Bank gave the students the opportunity to experience microfinance in a bottom-up approach. Students gained a holistic view of microfinance and banking for the poor.

The group also explored cultural treasures such as the Taj Mahal, floated along on the Ganges River, and experienced the Indian and Bangladeshi countryside. Vehicular transportation gave students a chance to observe, both the poverty and wealth, and the hustle and bustle of city to the slower agrarian lifestyle.

The Microfinance Field Study was not only a great learning experience in microfinance and fair trade, but it also expanded the students' perspective of the developing world, providing personal and professional reflection, thereby contributing to, and continuing the Shilder College of Business' mission to international excellence.

**PROGRAM OBJECTIVES**

The overall objective of the 11-day field study was to enrich and expand the students’ international business school education. This international experience allowed students to acquire a broad understanding of the many issues that fair trade and microfinance initiatives encounter in today's global marketplace.

By cultivating an awareness of the many facets of the global economy, students were able to:

- Understand the roles of domestic, national and global public and private organizations through an economic development perspective.
- Learn about economic growth and self-sufficiency in developing countries, and the possibilities for rural women entrepreneurs.
- Understand the principles of microfinance and rural village marketing and develop discourse related to their business school education and experiences.
- Learn and analyze the principles of fair trade and its impact on participants and their community.
- Acquire a comprehensive view of the connection between local conditions and the international arena.
PROGRAM SCHEDULE

Sunday, May 9, 2010
• Depart Honolulu to Japan

Monday, May 10, 2010
• Arrive Narita

Tuesday, May 11, 2010
• Depart Narita to Delhi, India
• Check-in to Management Development Institute (MDI), Gurgaon (Haryana) India.

Wednesday, May 12, 2010
• Visit Fair Trade Forum-India, Tara Projects and Mesh, New Delhi
• Visit fair trade shops at Rajiv Gandhi Foundation

Thursday, May 13, 2010
• Travel to Pardada Pardadi Education Society, Anupshahr and Bulendshahr (Uttar Pradesh)
• Tour School and site visit to nearby village
• Visit Ganges River

Friday, May 14, 2010
• Visit Sanskriti & Sa-Dhan
• Overnight stay in Agra

Saturday, May 15, 2010
• View Taj Mahal at Sunrise and Agra Fort
• Visit Pushpanjali, a fair trade organization
• Travel back to MDI in Gurgaon

Sunday, May 16, 2010
• Fly to Dhaka, Bangladesh
• Check into Grand Prince Hotel

Monday, May 17, 2010
• Visit Bangladesh Grameen Headquarters
• Grameen briefing and meeting with GM
• Drive to Joysagor. Overnight at Grameen Fisheries

Tuesday, May 18, 2010
• Drive to Bogra
• Visit Grameen Danone Foods Ltd
• Visit Grameen Eye Hospital

Wednesday, May 19, 2010
• Meeting at Padakhep, urban micro-finance program
• Visit urban school program
• Review and discussion at Grameen Bank headquarters

Thursday, May 20, 2010
• Depart Dhaka to Delhi to Narita. Return to Honolulu

COURSE READING

“Banker to the Poor: Micro-Lending and the Battle Against World Poverty”
By Muhammad Yunus

This is an autobiography of the world-renowned, visionary economist, Muhammad Yunus, who developed the simple yet revolutionary - micro-credit. In 1983, Yunus established Grameen, a bank devoted to providing the poorest of Bangladesh with loans not typically more than $100. These loans helped break the cycle of poverty and changed lives. His solution to world poverty, founded on the belief that credit is a fundamental human right, is brilliantly simple: loan poor people money on terms that are suitable to them, teach them a few sound financial principles, and they will help themselves. Today, more than 250 institutions in nearly 100 countries follow the Grameen methodology of micro-lending.

“Development from Within: Facilitating Collective Reflection for Sustainable Change”
By Varun Vidyarthi and Patricia Wilson

This book is a conversation between a scholar and a practitioner of participatory development exploring the inner and outer itinerancy of both development facilitators and women villagers. The key to sustainable social change needs development from within and change in individual and group consciousness. The book demonstrates a method of dialogue called collective reflection that has enabled considerable changes in the lives of both development facilitators and villagers.
OVERVIEW OF INDIA & FAIR TRADE

India has the second largest population in the world with roughly 1.2 billion people. Some notable demographic data is that about 75% of the population lives in the rural areas, 35% of the population is illiterate, and 50% of the population is under 25 years old. The religious make up of the population is 81% Hindu, 13% Muslim, and Christians and Sikhs each making up about 2%, respectively.

According to the World Bank, after adjusting for purchasing power parity 76% of the population lives on less than $2 USD a day, and roughly 42% of the entire population lives below the poverty line ($1.25 USD per day). This means that about 500 million people, or one 12th of the entire world’s population, live in poverty in India.

Fair Trade addresses the needs of artisans and farmers, and works towards social, economic, and cultural inclusion. Fair trade organizations follow specific standards that includes capacity building, fair wages, gender equity, and creating opportunity for economically disadvantaged, to name a few. To date, Fair Trade Forum - India (FTF-I) supports over 4,000 producer groups and over 90,000 people.

ROUND TABLE MEETING WITH FAIR TRADE FORUM - INDIA (FTF-I)

Part of Fair Trade Forum - India’s (FTF-I) mission is to eradicate poverty by developing acceptability, marketability and sustainability for the fair trade movement. FTF-I aims to accomplish this through policy advocacy, alliance building, training, and monitoring and evaluation. In particular, the organization focuses on helping socially excluded people such as women and former leprosy patients to attain the knowledge and skills to make a living through fair trade.

After a preliminary assessment of FTF-I’s needs and meeting several producer groups, Shilder MBAs returned to the FTF-I headquarters to discuss supply chain management issues in both the Indian and global market, specifically exporting and marketing Indian fair trade products to the US. The collaborative discussion provided an opportunity for students to share technological and market information that directly related to the challenges Indian producer groups encounter when strategizing for growth and market expansion. Through open discourse, FTF-I and Shilder MBAs gained new perspectives and possibly added value to the FTF-I supply chain management strategy.
TARA PROJECTS

Tara Projects was started by Prof. Shyam S. Sharma. Upon his passing in December of 2009, his daughter, Moon Sharma, took the lead at Tara Projects to provide vocational training, education, health, micro credit, and work with the community through health projects and rainwater harvesting partnerships. Students toured the headquarters, observed vocational training taking place, and talked with staff from all levels of the organization to gain a better understanding of their projects, challenges, and accomplishments.

MESH (Maximizing Employment to Serve the Handicapped)

MESH is a non-profit organization that adheres to the principles set out by FTF-I, selling handicrafts that are predominantly made by lepers and individuals disabled by polio (about 75% and 25%, respectively). Due to the nature of the disease and the fear and stigma that comes along with it, MESH’s primary role is to act as a go between to market these products to the public. While most of MESH’s customers understand the value of fair trade, one of the organization’s greatest challenges has been marketing to individuals who unaware of the situation motivating the fair trade movement.

PARADADA PARADADI EDUCATIONAL SOCIETY

In response to a lack of schools and opportunities for women in rural India, social entrepreneur Virender (Sam) Singh established Paradada Paradadi Educational Society. Today, the school enrolls 1,079 students. The school’s overarching mission seeks to transform young girls into socially and financially independent women. Through value-based educational and vocational training, the students continue to show their achievement; many of which go on to higher education programs.

While touring Paradada Paradadi, Sam and a teacher, who was once a student, took the Shilder MBAs to a nearby village, similar to where many students live, to show the harsh conditions in which the children live. The group learned about the reality of poverty found in rural areas, the lack of opportunities for women, and the implication of the caste system on marginalized groups. Inspired, Shidler MBA students see Paradada Paradadi as an example of community-based efforts creating better opportunities for the next generation. Both Paradada and the MBA students recognize the value in developing long-term partnerships and creating a sustainable business model to ensure the longevity of this community-based program.

A quote found on one of the School’s walls summed up the mission best: ‘The greatest loss is the loss of self confidence.’
CULTURAL EDUCATION AND ACTIVITIES

THE TAJ MAHAL
The Taj Mahal, a UNESCO World Heritage Site, is a must see on a trip to India. Arriving at sunrise to enjoy the soft colors of the Taj Mahal, the group enjoyed learning about the history of the mausoleum, the cultural influences apparent in the architecture, and the optical illusions utilized to make the building appear symmetrical.

Located in the city of Agra, construction on the Taj Mahal was completed in 1653; it took 17 years to build the main “palace” and another 5 years for the peripheral structures and gardens. The emperor Shah Jahan built Taj Mahal in honor of his wife, Mumtaz Mahal, who died in childbirth. The Taj Mahal serves as their tomb. Despite actually being a mausoleum, the Taj Mahal is commonly translated as “crown palace,” or “place of the crown” (However, the group’s tour guide was insistent that this was wrong, and that it in fact means “the tomb of Mumtaz Mahal”). Like most things in India, the greatness of the Taj Mahal served as yet another reminder of the immensity of India. Not all work, the students took the time to create some optical illusions of their own, like holding the Taj by its finial, before moving on to the Red Fort.

AGRA FORT (THE RED FORT)
The Red Fort, located a mile from the Taj Mahal, was also constructed under Shah Jahan’s reign (and is another UNESCO World Heritage Site); although this only took ten years to complete. Perhaps ironically, soon after the completion of the Taj Mahal, Shah Jahan was imprisoned in the Red Fort with an unobstructed view of the Taj Mahal until he died and was then laid to rest with his beloved wife in the Taj Mahal.

THE GANGES RIVER
The group went on a short boat ride on the holy Ganges, one of the original cradles of civilization. This was a time to reflect on the role that the river plays in India, not just as a source of water, but as a source of life. Though the river is severely polluted from industrialization and population pressure, the villagers use it for everything from drinking, bathing, irrigating crops, recreational activities to religious ceremonies. Students were particularly impressed with the volume of watermelons grown on the islands in the middle of the river.

SANSKRITI FOUNDATION
Sanskriti Foundation; a non-profit regulated public charitable trust, was established in 1979 to promote excellence in all areas of Indian art and culture. Focusing on the cultural heritage of India, the galleries displayed a wide variety of pieces that were over 2000 years old. This was the group’s first opportunity to learn about some of underlying tenets of Indian culture and its rich history through reoccurring themes in art. Some common themes encountered were the importance placed on the combination of functionality and esthetics, that life is an expression of one’s journey, and that good and evil are one side of the same face.
The second portion of the Microfinance Field Study Program consisted of a five day stay in Bangladesh. After checking in at the Grand Prince Hotel, the group was off to Grameen Bank, a microfinance organization founded by Professor Muhammad Yunus, the 2006 Nobel Peace Prize awardee. The poor own Grameen Bank; 97% of its borrowers are women. Grameen Bank requires no collateral against its loan. Borrowers currently own 95% of bank with the remaining 5% owned by the government.

Grameen Bank has 2,564 branches, working in 81,351 villages. Since its inception, approximately $9.09 billion has been disbursed, $8.05 billion of which has been repaid; a loan recovery rate of 96.72% (source: Grameen Bank). Since its inception, Grameen Bank profited every year except in 1983, 1991, and 1992. In 2009, Grameen generated approximately $209.80 million in revenue.

To understand Grameen Bank and learn more about its programs and network, the group drove to Joysagor, a small village a few hours outside of Dhaka. During their visit, the Shilder MBAs held roundtable discussions with every level of the Grameen Bank organization, from the village group, branch and area offices, zonal office to headquarters.

GOALS AND OVERVIEW OF GRAMEEN BANK

GRAMEEN BANK PROGRAMS

After visiting the branch and area offices, the group observed the daily work of the Grameen fisheries and also spoke to the program director. The Grameen Fisheries and Livestock Foundation (also known as Grameen Motsho O Pashusampad Foundation, GMPF) is a non-profit sister organization of Grameen Bank. GMPF activities spans across thirteen districts of Bangladesh assisting in various projects associated with the national poverty alleviation through sustainable rural development programs.

While visiting the branch office, the group met three recipients of the Grameen Higher Education Loan and participated in the discussion concerning education and alleviating poverty. By March 2010, 42,885 students received higher education loans from Grameen bank.
GRAMEEN BANK JOINT VENTURES

GRAMEEN-DANONE

Grameen-Danone was established in 2005 as a joint venture with the French-based Groupe Danone, a multinational dairy company. Grameen Bank does not own any share of Danone and has not given loans to or received loans from the company. The joint venture aims to produce the nutritious calcium rich yogurt to sell at an affordable price to the poor, primarily targeting young children. The company manages to offset the affordable price by selling it for a higher margin in urban areas.

GRAMEEN GC EYE HOSPITAL

Grameen GC Eye Hospital was the first initiative of the Grameen Health Care Services, a social business established in 2007 to address the unmet healthcare needs of the rural poor. The hospital seeks to promote and assist in blindness prevention through community awareness and eye health education to eradicate needless blindness. The hospital offers many services from routine eye exams to cataract eye surgery to corneal repair.

URBAN MICRO-CREDIT AND URBAN SCHOOL PROGRAM

The group returned from rural Bangladesh to visit Padakhep Manabik Unnayan Kendra, an urban microcredit lender. Padakhep was founded in 1986 and serves urban Dhaka because, by law, Grameen Bank lends to rural poor, not urban poor. Padakhep offers services such as a savings program, insurance, microcredit, and housing loans. Padakhep also has loan programs that serve street children and the “Very Poor”; although the payback rate is lower for these specific programs, they address access to credit for all poor.

Padakhep aims to reduce poverty in Bangladesh by taking a holistic approach and provides a number of non-finance based programs. They offer health, sanitization, and nutrition services as well as education on HIV/AIDS prevention. In addition, they work to reduce human trafficking and protect children. In particular, Padakhep serves vulnerable and disadvantaged children. The group visited one of the schools that established a drop-in-center, healthcare, education, recreation, and psychological counseling for street children.
The most important lesson learned is the easiest to foresee, yet the hardest to implement. It is simply, culture matters. Only companies that truly understand a culture and incorporates a business model that embraces the local culture will succeed. For instance, in Bangladesh, Grameen Bank only visits villages by bicycle or foot— in the age of motor vehicles, airplanes and space shuttles, they have made a conscious choice. They understand that the villagers would be less willing to trust an individual traveling in a fast moving vehicle, an object far removed from their lives. Grameen Bank also builds relationships. Bank staff visit villagers at least once a week, and thereby become familiar with a borrowers family and life. Grameen’s comprehensive knowledge and recognizable understanding of its clients and its passionate employees is what made Grameen Bank successful.

LESSONS LEARNED

IMPACT ON BUSINESSES AND THE MBA EDUCATION

Bangladesh and India offer many opportunities for potential businesses, especially businesses that enhance the welfare of those in poverty. Such businesses include those relating to agriculture, or aquaculture as well as those that promote handicrafts and goods needed in our daily lives. Many threats to business exist in India and Bangladesh as well. Perhaps, the greatest threats are the limited market infrastructure and lack of standard practices. Thus, a business must seek out its customers as there are limited central markets for goods outside of the basic necessities. Furthermore, new products need to be full service solutions due to the limited number of established standards.

A product must be accompanied with a protocol that solves the consumer’s problem.

For those students wishing to pursue a career in microfinance or fair trade, we recommend developing a skill set similar to that of an entrepreneur. There are several reasons for this but the most convincing reason is that every client you may encounter is an entrepreneur. In microfinance, you will be lending to borrowers wishing to start a business, and for those in fair trade, you will be marketing and distributing for artisan entrepreneurs. Furthermore, the artisans or borrowers will know their trade, but you will need to know their business.

Top to bottom: Taj Mahal, Meeting Village Center Participants, students learning software, Pushpanjali Producer Group, and floating on the Ganges River.
STUDENT EVALUATION & RESOURCE REQUIREMENTS

A goal of this report is to outreach to more students. Related to this goal is to provide basic information that gives potential participants an opportunity to begin to identify a case study specific company to evaluate prior to and following the field study. Students will benefit from this regardless of whether the course is credit based or tied to a directed study program. Additionally, pre-departure sessions on microfinance and fair trade practices, country-specific profiles and current events, and research on the scheduled site visits (Grameen Bank, Fair Trade Forum-India, etc) would enhance the on site learning experience and discussion.

A structured program plan and course syllabus would enhance student learning, built around student learning outcomes and evaluation instruments. Greater involvement of University of Hawaii faculty would be required, preferably tenure-track faculty for the purpose of field study program longevity. This would also require a greater emphasis on microfinance and South Asia in the overall business school curriculum. Dr. Dharm Bhawuk led the 2009 and 2010 Microfinance Field Studies and stated his intent to lead future programs.

A goal of the program is to make it self-sustaining. PAMI/CIBER fully funded the program in 2010. Per the below Program Expenses, it costs students over three thousand dollars to participate excluding course credit expense.

<table>
<thead>
<tr>
<th>Travel Expenses (USD):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfare</td>
</tr>
<tr>
<td>Deposit</td>
</tr>
<tr>
<td>Visa</td>
</tr>
<tr>
<td>Medication</td>
</tr>
<tr>
<td>MDI Accom.</td>
</tr>
<tr>
<td>Grameen</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

**Travel Expenses (USD):**

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfare</td>
<td>2,050</td>
</tr>
<tr>
<td>Deposit</td>
<td>200</td>
</tr>
<tr>
<td>Visa</td>
<td>204</td>
</tr>
<tr>
<td>Medication</td>
<td>40</td>
</tr>
<tr>
<td>MDI Accom.</td>
<td>572</td>
</tr>
<tr>
<td>Grameen</td>
<td>80</td>
</tr>
<tr>
<td>Cash</td>
<td>250</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,396</td>
</tr>
</tbody>
</table>

FACULTY

Faculty Leader: Dr. Dharm Prakash Sharma Bhawuk

Professor for the Department of Management and Industrial Relations, an Affiliate Graduate Faculty of Psychology, Culture and Community, and part of the Psychology Department. Dr. Bhawuk holds an M.B.A. in Organizational Behavior with a focus on International Management and Cross-Cultural Training and a Ph.D. in Organizational Behavior and Human Resource Management.

Dr. Bhawuk coauthored a book entitled Asian Contributions to Cross-Cultural Psychology, and has published articles in the International Journal of Intercultural Relations, Journal of Environmental Engineering and Policy, and Journal of Management. He received the Lum Yip Kee Outstanding MBA Student Award and Distinguished Scholar Award from the College of Business Administration at the University of Hawai‘i.

For more information, please visit his academic website: http://bhawuk.shidler.hawaii.edu/

Left to Right: Visiting fair trade producer groups, students from Paradada Paradadi, and women walking in rural India.

Left to Right: Sanskriti Foundation Visit, Fish from Grameen Fisheries, Typical Transportation, and some curry for lunch.