The 2011 Microfinance Field Study, supported by the University of Hawaii (UH) Shidler College of Business and the Pacific Asian Management Institute, provided three MBA students with the opportunity to explore fair trade, microfinance, and social business initiatives taking place in the developing world. The trip was coordinated by the University of Hawaii, Fair Trade Forum-India based in New Delhi, and Grameen Bank of Bangladesh.

In India, students had the opportunity to meet several fair trade groups and speak to organization representatives and workers. Site visits and open discussions allowed the MBA students an opportunity to apply their knowledge of marketing, operations, and supply chain management in discussions with socially responsible businesses. Interactions with workers gave students a firsthand glimpse of how fair trade policies are helping to improve the lives of India’s poor. Students also gained a policy perspective on development after meeting with several governmental and non-governmental organizations working on microfinance and other poverty reduction programs.

In Bangladesh, students met with the Nobel-prize winning Grameen Bank to experience microfinance in a bottom-up approach and learn from direct recipients of the loans. This experience was combined with the opportunity to learn about Grameen Bank’s joint ventures with multinational corporations in social business and explore how new projects are addressing other key issues related to poverty. Students gained a holistic view of the many factors contributing to global poverty and different ways to address them.

The Microfinance Field Study was an unforgettable learning experience in microfinance and fair trade, and expanded the students’ perspective of the developing world, providing personal and professional reflection. The experience contributes to and continues the Shidler College of Business’ mission for international excellence and understanding the complex, global economic and business environment.

Program Objectives

The overall objective of the field study was to enrich and expand the students’ international business school education.

By studying the many facets of the global economy, students were able to:

- Understand the roles of local, national, and global public and private organizations in economic development.
- Learn about economic growth and self-sufficiency in developing.
- Understand the principles of microfinance and rural village marketing and explore linkages to local and multinational corporation management.
- Acquire a comprehensive view of the connection between local conditions and the international arena.
Program Schedule

Saturday, May 8
- Depart Honolulu

Monday, May 9
- Arrive in New Delhi
- Meeting with USAID/India
- Visit to Sanskriti Kendra

Tuesday, May 10
- Meetings with Fair Trade Forum-India and Tara Projects.
- Visit fair trade stores at Rajiv Gandhi foundation.

Wednesday, May 11
- Travel to Pardada Pardadi Education Society in Anupshahr, Bulendshahr, Uttar Pradesh.
- Tour school facilities and meet students.
- Visit nearby village and community toilet.
- Travel back to New Delhi.

Friday, May 13
- Meet with Access Development Services.
- Visit MESH.
- Travel and overnight in Agra.

Saturday, May 14
- Sunrise exploration at Taj Mahal, view Agra Fort.
- Meet with Pushpanjali.
- Travel back to New Delhi.

Sunday, May 15
- Fly to Dhaka, Bangladesh.
- Travel and overnight in Mirpur.

Monday, May 16
- Meet with Grameen Bank GM.
- View case study of woman who has benefited from microloan.
- View Nobel Peace Prize Gallery.

Tuesday, May 17
- Travel to Tangail and Bogra.
- Meet with Grameen Shatki and observe village using solar panels and high efficiency stoves.
- Visit to Mahasthangarh and Govinda Bhita.
- Overnight stay at RDA.

Wednesday, May 18
- Meet with Grameen Danone Foods GM, visit villages and milk collection center.
- Sample Grameen Danone doi, a fortified yogurt product.
- Observe local village borrower meeting and loan repayment.
- Visit Grameen Eye Care Hospital.
- Return to Mirpur.

Thursday, May 19
- Meet with Padakhep, observe borrower meeting and borrower businesses.
- Meet with Yunus Center.
- Meet with Dr. Yunus, founder of Grameen Bank and the Yunus Center.

Friday, May 20
- Travel back to New Delhi, India.
- Meet with UN Development Programme.
- Visit Humayun’s Tomb, Qutub Complex.
- Visit Dili Haat, an outdoor craft fair.

Saturday, May 21
- Visit Lotus Temple, Hare Krishna temple.
- Visit Ode to Earth
- Depart New Delhi for Honolulu.

Course Reading

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

This autobiography by world-renowned economist Muhammad Yunus illustrates Yunus’ inspiring vision of creating a system of micro-credit loans. In 1983, Yunus established Grameen, a bank dedicated to providing the poorest of Bangladesh with miniscule loans not more than $100. His first attempt at this idea of micro-credit began in 1976 when loaning 42 village people $27 of his own money. The poor only needed enough credit to purchase the raw materials for their trade and were a way for them to lift themselves out of poverty. His solution to world poverty was 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.

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

This book features a conversation between a scholar and a practitioner of participatory development exploring the inner and outer journeys of both development facilitators and women villages. The key to sustainable social change requires development from within and change in individual and group consciousness. A method of dialogue called collective reflection that enables considerable changes in the lives of both development facilitators and villagers is demonstrated in the book.
Overview of India & Fair Trade

Globalization and trade have had an immense impact on India in terms of economic growth and opportunity. In the past decade alone, the country has witnessed such accelerated economic growth that it has emerged as the world’s fourth largest economy in terms of purchasing power parity (World Bank). However, poverty still remains a problem. With approximately 1.2 billion people, India has the second largest population in the world, and according to the World Bank, 37.2% of India’s population lives in poverty (Indexmundi). This means that India is home to about one third of the world’s poor.

Upon closer examination, it becomes more evident that this economic growth in India has come at the cost of increased inequality and economic divide. Inequality has heightened primarily because populations in rural areas as well as other marginalized groups have been excluded from lucrative trade systems. With 70% of India’s population still living in rural India, only a small minority in India have benefited from the economic progress India has experienced.

Fair Trade is a social movement that empowers artisans, farmers, and other marginalized groups in developing nations and promotes social and economic self-sufficiency and sustainability. Fair Trade also advocates social, economic, and cultural inclusion. Fair trade organizations are required to follow 10 standards, which include “livable” wages, gender equity and nondiscrimination, and fair working conditions, to name a few. To date, the Fair Trade Forum India (FTF-I), the national network of Fair Trade in India, reaches out more than 100,000 grassroots level producers in India through its 85 member partners.

Fair Trade Forum India (FTF-I)

The India portion of the 2011 Microfinance Field Study was generously hosted by Fair Trade Forum India (FTF-I). Through round table meetings and a thoughtfully planned program, students were allowed to gain a wealth of knowledge and firsthand exposure to Fair Trade in India.

The mission of FTF-I is to improve the lives of people, especially the economically and socially marginalized, through education, inspiration, and capacity building. The FTF-I membership is made up of a broad range of partners, who focus on helping socially excluded people such as women and leprosy patients. FTF-I also aims to promote and spread Fair Trade awareness in India and throughout the world.

To accomplish this goal, FTF-I just launched in May of 2011 India’s first Fair Trade Brand, which includes a chain of stores selling Indian Fair Trade branded products. As a nationwide network, this initiative will create a brand for all members and provide all services included to all related small producers. The FTF-I brand will create opportunities such as a wider network of buyers and increased production and revenues for the many producers involved.
Producer Groups

TARA PROJECTS

As one of the founding members of FTF-I, TARA Projects is an active catalyst in fighting exploitation, poverty, illiteracy and slavery of artisans through its principal goal of Fair Trade. TARA Projects aims to facilitate change through education to spread awareness, which in turn lead to inspiration and empowerment. TARA is one of the pioneering Indian organizations in the field of fair wages, informal education programs for children and women, health and environmental awareness and further development for its member artisans. Artisan benefits from TARA include medical insurance, interest-free loans and advances, a savings program and skills training.

PUSHPANJALI

Pushpanjali is a Fair Trade organization based in Agra and is committed to providing marketing and financial support to small and marginalized producers in surrounding areas. The organization also provides educational support to girl students and medical support to the poor living in villages. Because of the cost advantages that competitors not engaged in Fair Trade have, one of the main challenges is to spread awareness of Fair Trade and promote its benefits and value in the local areas.

MESH (MAXIMIZING EMPLOYMENT TO SERVE THE HANDICAPPED)

MESH is a non-profit organization that practices Fair Trade with disabled and craft artisans affected with leprosy. Its mission is to provide opportunities for the disabled and those affected by leprosy to achieve social and economic integration and self-sufficiency through trade. Due to the nature of the disease and the stigma that has traditionally been associated with it, MESH’s primary role is to be an agent for these artisans to market their products to the public. As MESH supports producers throughout the country, one of the organization’s main challenges is to find a solution to high transportation costs and other logistical problems.

Pardada Pardadi Educational Society

Pardada Pardadi Educational Society is a non-profit organization founded by Virender (Sam) Singh, whose vision was to create a school for poor impoverished rural girls who are normally not given the opportunity for academic and social achievement. Located in the Uttar Pradesh area, Pardada Pardadi in English translates to “great grandparents” – symbolic of the love and support Sam and his 84 membered staff provide for the young girls. Starting with an enrollment of 45 girls from the poorest families in the area in 2000, Pardada Pardadi currently educates 911 students and has graduated 99 girls thus far, many who continue on to college.

As part of our day trip with Pardada Pardadi, Sam accompanied the MBA students to visit a nearby village where the students saw the reality of the harsh living conditions a caste system can segregate people into. In impoverished areas such as these, one must make 30 cents a day to remain above the poverty line. With large families and many mouths to feed, it is a blessing Pardada Pardadi can offer the girls free schooling, free textbooks and most importantly, free meals. The incentive program Pardada Pardadi offers also includes giving each girl a bank account where money is deposited for every day they attend school. Girls are also provided vocational training classes which will give them a marketable skill to pursue after graduating, while also promoting a self-sustainable school.
U.S. Agency for International Development

The U.S. Agency for international Development (USAID) is the primary federal agency responsible for providing official development assistance to developing foreign countries.

In partnership with the national government of India, the agency primarily provides development assistance for public health programs, such as addressing HIV/AIDS education and prevention, child/infant survival and healthcare, maternal health, family planning, reducing the rate of infectious diseases, and strengthening public health systems.

USAID/India also works on Food Security, Energy, Water, Education, and Gender Equality programs to improve living conditions and provide opportunities for those living in poverty.

Although the agency does not contribute to microfinance programs in India, it does provide financing support for sanitation and clean water initiatives through Development Credit Authority loan guarantees.

Students learned the complexities of foreign aid and how the governments work together to evaluate pilot programs for future funding and expansion.

UN Development Programme

The UN Development Programme (UNDP) is the United Nation’s global development network. In India, UNDP works in five thematic areas: Democratic Governance, Poverty Reduction, Energy and Environment, Crisis Prevention and Recovery, and HIV and Development. Programs supported by UNDP address these areas in addition to responding the UN’s Millennium Development Goals.

UNDP discussed the difference in microfinance organizational structure and business model between the decentralized self help group structure in India and the centralized structure of Grameen Bank and the pros and cons inherent to both structures.

Further discussions related to self help groups helped students to understand the importance of having several different models and organizational structures to meet the diverse needs of India’s poor. A diverse pool of groups is better able to meet the needs of a community, rather than relying on a one size fits all approach.

Students also received a wealth of information to take back for further study, including microfinance impact analyses, a handbook of important microfinance resources, and the latest report on Human Development.

Access Development Services

Access Development Services (ADS) is a non-profit organization that supports other organizations providing microfinance products and livelihood solutions to the poor. ADS aims to support all levels of microfinance projects in India, from providing technical assistance to new organizations developing microfinance products and helping small organizations apply for grants to organizing a microfinance alliance and preparing various reports analyzing major changes and initiatives in the microfinance industry.

ADS recently released a detailed study of ten self help groups in India to analyze their organizational structure, costs, and performance in search of best practices in microfinance. These types of studies help to highlighting initiatives that are working well and share best practices across the industry.
The Taj Mahal, a UNESCO World Heritage Site, is an architectural masterpiece definitely worth visiting. It is the most beautiful monument built by the Mughals, the Muslim rulers of India. Completed in 1653 by Emperor Shah Jahan as a monument in memory of his wife, Mumtaz Mahal, the construction of the Taj Mahal took over 20 years to build and is the home of the Emperor and Empress’ tomb.

Located in Agra city, about a five hour drive from Delhi, we arrived to our hotel in time for a few hours of sleep and woke at dawn to catch the Taj Mahal at the peak of its beauty during sunrise. The serenity of the white marble mausoleum depicts the complexity of the symmetrical decorative elements seen in the paint, stone inlays, carvings, and Islamic calligraphy. Often translated as “crown palace,” the Taj Mahal’s intricate architecture incorporates elements from Persian, Turkish and Indian architectural styles.

Agra Fort (The Red Fort)

After a quick breakfast at the hotel, we packed up and embarked on Agra Fort. Also a UNESCO World Heritage site, it was completed in 1573 during Shah Jahan’s reign. Approximately 1 mile from the Taj Mahal, the stunning beauty of the Taj from across the river can be seen from the top of the Red Fort. Agra Fort also shares a historical mix of Hindu and Islamic architecture, featuring red sandstone embellished with inlay work in white marble, a sign of wealth and power of the Great Mughals.
The Baha’i House of Worship (Lotus Temple)

The Baha’i House of Worship in New Delhi celebrated its 25th year in 2011. The unique flowerlike shape of the Lotus Temple attracts an average of 4 million visitors annually for worship and a glimpse of the sacred lotus flower, which is one of India’s religious symbols. Inspired by the lotus flower, the Baha’i House of Worship incorporates the flower design with light and water which adorn the temple in a magnificent evening light.

Humayun’s Tomb

A tomb of the Mughal Emperor Humayun, this UNESCO World Heritage Site was founded in 1533 and was the first structure using red sandstone in this grandiose manner. This is the first garden-tomb on the Indian subcontinent and is located in Delhi. The main tomb took over eight years to build and the garden is enclosed within high stone walls on three sides, with the fourth side lining the Yamuna River.

Mahasthangarh

Located in the Bogra District of Bangladesh, Mahasthangarh is the earliest urban archaeological site discovered in the country. Mahasthangarh is derived to mean a fort that has excellent sanctity and was first mentioned in a Sanskrit text of the 13th century.

Govinda Bhita

After visiting the Mahasthangarh, the group walked down the road to the Govinda Bhita. This archaeological site is situated on the bank of the river Karatoya outside the Mahasthangarh. Archaeological excavations commenced in 1928-29 and 1960 which included discoveries of cast copper coins, silver coins, terracotta female figurines, and semi-precious stone beads.
Grameen Bank Goals and Objectives

After learning about fair trade organizations in India, students flew to Dhaka, Bangladesh to meet with the Grameen Bank. From the success of a small pilot program, Grameen Bank has expanded to over eight million members – of which over 96% are women – with nearly 1.3 million groups in over 81,000 villages. July 2011 data shows a cumulative disbursement of over 11 billion USD with a 96.88% recovery rate (Grameen Bank, Monthly Report).

The visit to Grameen Bank began with viewing the Nobel Peace Prize gallery and a case study of a longtime borrower. This gave students a better understanding of the opportunities that a microfinance loan can create and how the bank has been able to improve the lives of the Bangladeshi poor. As Grameen Bank works in rural settings, the group left for the Bangladesh countryside to observe the bank in action. Students observed a village member meeting and operations at a local Grameen Bank branch. In Dhaka, students later met with Padakhep, an organization providing microfinance services to the urban poor.

Grameen Bank officials also arranged for the students to meet with officials involved in Grameen’s social business organizations. Students learned from officials at Grameen Shatki, Grameen Danone, and Grameen Eye Care Hospital.

Students also met with officials at the Yunus Centre, which is responsible for facilitating the formation of new social businesses and replicating the Grameen Bank model in other countries. This meeting gave students insights into the different businesses and organizations interested in starting joint ventures or partnerships with Grameen.

The time in Bangladesh ended with a surprise Q&A session and photo opportunity with Dr. Yunus himself.

Grameen Bank Programs

After the visit to Grameen Bank in Dhaka, the group visited a Grameen Shatki (Energy) field office, to learn more about one of the various social business programs Grameen Bank is engaged in. Grameen Shatki, which started in 2006, aims to rebuild the energy infrastructure of Bangladesh through alternative and renewable energy. Currently, the program uses three energy initiatives, solar power, biofuel and new stove types, to make the life of village people easier. These initiatives not only make it possible for more households to have electricity, but also create more job opportunities.

After, the group visited a few villages involved with the Grameen Bank Programs. Many of the villagers welcomed the students into their homes and proudly showed material indicators of how they have been able to improve their lives through the help of Grameen Bank loans and other Grameen Bank programs, such as electricity, a TV, a ceiling fan, or a latrine.
Grameen Bank Joint Ventures

Grameen-Danone Foods

Grameen Bank and France-based Danone Foods formed a joint venture in 2006 with the idea of providing low-income, malnourished children with daily nutrients through the concept of yogurt. The yogurt is designed to compensate for the lack of calcium, vitamin A, iron, zinc and iodine that many Bangladeshi children suffer from. Based on a social business model, both companies agreed that the focus was alleviating poverty through this affordable yogurt product as opposed to making profit. The students had the opportunity to visit the village people with Grameen-Danone CEO, Corinne Bazinia, and view the homes where the cow milk originates from before it is sent to the milk collection and chilling center. Grameen-Danone has also created a local distribution system of the yogurt by employing “Grameen Ladies” who sell the calcium-rich yogurt door-to-door. By providing employment to women in the area, Grameen-Danone continues to reduce poverty by creating more jobs in the local community of Bogra.

Grameen GC Eye Hospital

Situated next to the Bogra Grameen-Danone Plant, the Grameen GC Eye Care Hospital is another social business that operates to provide health care services to the rural area. The hospitals provide an array of high quality eye services at an affordable cost, so both the wealthier and poor can afford treatment. Annually, thousands of eye examinations and cataract operations are performed at the hospital.

Padakhep

Grameen Bank is authorized to work in rural areas. Other non-profit organizations, such as Padakhep, fill the needs of the urban poor. Padakhep began providing microfinance services in 1993 and follows the Grameen organizational and loan structure model.

In addition to microfinance, Padakhep works with development partners to implement livelihood programs, such as HIV/AIDS health centers, skill development centers for urban women, and programs for poor street children.

Students observed a member meeting in a member’s home. Members were enthusiastic to show the students the businesses that have been supported by microfinance loans.
Student Evaluation and Resource Requirements

The goal of this report is to gain more interest and provide basic information necessary to attract potential participants. By providing indelible learning opportunities in the field, the MBA students enhanced their understanding of fair trade and microfinance, along with immersing themselves in the many cultural differences of visiting a country such as India or Bangladesh. Should students be interested in exploring more on a specific interest from the program, they can opt to earn class credit by doing a directed study course with Dr. Dharm Bhawuk.

Dr. Bhawuk has led MBA students on the 2009, 2010, and 2011 Microfinance Field Studies trip and intends to continue leading the program as long as there is interest with students. The success over the past three years has strengthened the relationships formed with Fair Trade Forum-India and Grameen Bank. PAMI/CIBER assists in costs for the program with small scholarships, however the total cost still exceeds $3,000 to participate, excluding course credit expense. The Program Expense breakdown is below.

### Impact on Businesses and the MBA Education

India and Bangladesh offer a wealth of opportunities for businesses that are not limited to socially conscious businesses seeking to enhance the welfare of the socially and economically disadvantaged. As globalization expands, corporate social responsibility (CSR) is becoming more critical for many businesses to stay competitive in an environment where the number of socially aware consumers, investors, and employees is growing. CSR means behaving responsibly at every level of the business, including suppliers. Many corporations have worked directly or indirectly with various organizations in both India and Bangladesh in some sort of CSR capacity. In India, Fair Trade ensures that the suppliers are treated fairly in terms of wage, working conditions, and equality, to name a few. In Bangladesh, as well, companies such as Uniqlo, which manufactures most of its products in the country, is working with Grameen Bank on a CSR campaign to support the local economy as well as create a specific line of clothing to meet the physical and economic needs of the Bangladeshi people. These CSR initiatives benefit both parties involved because they build positive reputations for the businesses involved as well as empower the producers and support their local economies.

A common thread that runs between microfinance and fair trade is that an entrepreneurial spirit is a key trait in both systems. As borrowers of microfinance and fair trade producers are essentially all entrepreneurs, an understanding of the basics of entrepreneurship and the mindset of entrepreneurs will be indispensable in microfinance and fair trade.

### Travel Expenses (USD):

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<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Airfare</td>
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<tr>
<td>Visa</td>
<td>$ 223</td>
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<tr>
<td>Medication</td>
<td>$ 70</td>
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<tr>
<td>Fair Trade Forum Fees</td>
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<tr>
<td>Grameen Bank Fees</td>
<td>$ 161</td>
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<tr>
<td>Cash</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 3,813</strong></td>
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### Some important things for the trip:

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<th>Medical/Toiletries:</th>
<th>Other Stuff:</th>
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<tbody>
<tr>
<td>Band Aids</td>
<td>Plug Converter for India</td>
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<tr>
<td>Tylenol</td>
<td>Extension cord</td>
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<tr>
<td>Benadryl</td>
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<td>Gatorade Powder</td>
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<td>Purell</td>
<td>Crackers</td>
</tr>
<tr>
<td>Hand Wipes</td>
<td>Snacks</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 co-authored 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: Final dinner in Bangladesh with Field Study Participants, visit with Pushpanjali fair trade organization, final farewell to our FTF-I coordinator Rajeev.

Field Study Participants

Dr. Dharm Bhawuk

Brendan Jinnohara

Heather Otani

Olivia M. Wong