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Mohammad Yunus and Microfinance: The Creation of a Glocal Marketspace

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Abstract: This paper reveals how Grameen has been following a Glocal vision in microfinance and defends that following such will ultimately benefit the social and financial objectives of microfinance institutions. Furthermore, this study identified that microfinance institutions are facing various environmental and organizational constraints in the implementation of a Glocal approach. The research follows a case-study methodology and makes a comparison between Grameen Bank, two of its replicator programs in Pakistan and India and two microfinance organizations in Portugal and France.

Keywords: Microfinance, Glocal, Grameen, Europe

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1. Introduction

Muhammad Yunus is considered the father of microfinance. The Grameen approach is perhaps the most talked about microfinance model in the world, not the least because hundreds of microfinance institutions (MFI's) demonstrated that Grameen's approach can be effectively replicated in a variety of contexts. Grameen Trust (GT) alone, a partner organization of the pioneering bank, has been supporting 149 replication programs in 39 countries around the world; all of which have an impressive performance¹. It has become clear that Yunus identified a hidden Glocal code: poor people everywhere are lacking access to affordable credit and with it, opportunities to get out of the poverty cycle. But is there all there is to it? Apparently not. International experiences suggest that exact replication of the Grameen product without taking local considerations and clients' needs in to account can cause more harm than good. In fact, the Indian microfinance crisis in 2010 has shown that failure to recognize important elements of Grameen's approach and thereby neglecting the importance of the institutional environment can have disastrous consequences for the microfinance organizations and their clients, leading to bankruptcy, over-indebtedness and in some cases even serial suicide (Taylor, 2011).

This study defends that following a Glocal approach - identifying similar needs and values across the markets while simultaneously recognizing the need for tailoring to the local environment (Svensson, 2001) - is a prerequisite for microfinance organizations to achieve financial and social performance. Moreover, it argues that the Grameen network over the years has in fact been following a Glocal vision in its overall marketing strategy. Furthermore, this paper also aims to provide insights into forces that might

¹ Grameen Trust Monthly Report, Grameen Trust, Dhaka, October 2012

influence the implementation of a Glocal approach. It does this by taking a closer look at two distinct MFI's in Europe as to contrast with the characteristics of the low-income countries in which Grameen has traditionally been operating. In particular, it aims to identify the reasons for the small scale development and the lack the lack of standardized/adaptive approaches in Europe.

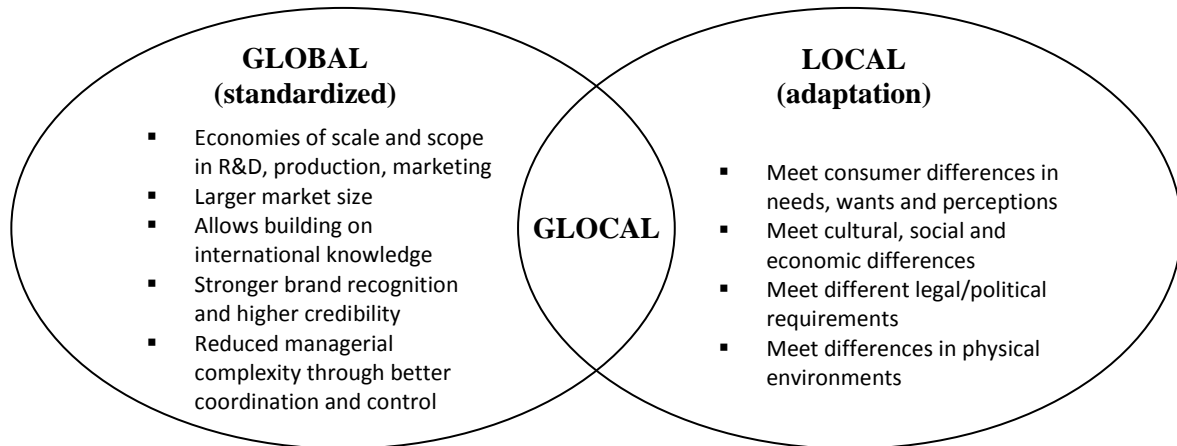
Our research can be positioned within the standardization/adaptation debate of management literature. It follows the lines of thought of both the contingency theory and the Glocal perspective by defending that standardization and adaptation should be used simultaneously in order to reap the benefits of each approach. As such, this study attempts to contribute to the development of a Glocal theory framework.

The first part of this paper will provide an overview of the theoretical background. The case study methodology will then be explained and the cases will be discussed in light of the literature. The first part of the case discussion consists of an examination of Grameen Bank in Bangladesh and two of its replication programs in Pakistan and India; the Kashf Foundation and Ujjivan. After the identification of Grameen's Glocal strategy, the discussion turns to Europe to analyze what differences and similarities exist between Grameen's (Glocal) marketing program and that of Andc in Portugal and Adie in France. Third, important contingency factors that impede the implementation of a Glocal approach in microfinance are identified. We provide a conclusion and end with the managerial implications and limitations and directions for future research.

2. Conceptual framework

Standardization vs. adaptation debate and the Glocal perspective

Figure I: Glocal perspective



While the term *global* has been used ambiguously in the past, we refer to a global marketing strategy as a standardization of international marketing strategy with little or no consideration for the local context (Levitt, 1983). A *local* marketing strategy then refers to a purely adaptive response to fit to local needs. Whether standardization of adaptation should be used in international marketing practice has been widely debated within the management literature (Theodosiou *et al.*, 2003). On one hand, supporters of the standardization approach see the world as a ‘flat’ entity in which consumers’ needs and environmental factors do not vary across markets and countries (Buzzel, 1968). The school proclaims the use of a single marketing strategy for the entire global market to make use of significant benefits – *see figure I* (Levitt, 1983; Douglas *et al.*, 1986). In contrast, proponents of the adaptation approach argue that, despite increasing globalization, heterogeneity across markets is still too great to use a standardized approach. They envision a ‘spiky’ world where adaptation is essential to accommodate the divergent consumer needs, laws and regulations, culture, infrastructure and purchasing power between countries (Yip, 1989; Douglas *et al.*, 1987).

Only recently, has the term *Glocal* gained in importance in management literature and reflects the ambitions of following a global strategy while simultaneously recognizing

the need for adaptations to the local environment (Svensson, 2001). By following a Glocal vision, companies can benefit from economies of scale by identifying similar needs and values – rather than differences – in markets around the world while satisfying regional needs (Lages, 2012). The approach allows companies thus to benefit from the advantages of following both a *global* and *local* perspective by balancing the use of standardized and adapted marketing strategies while avoiding the disadvantages of following either one extreme approach.

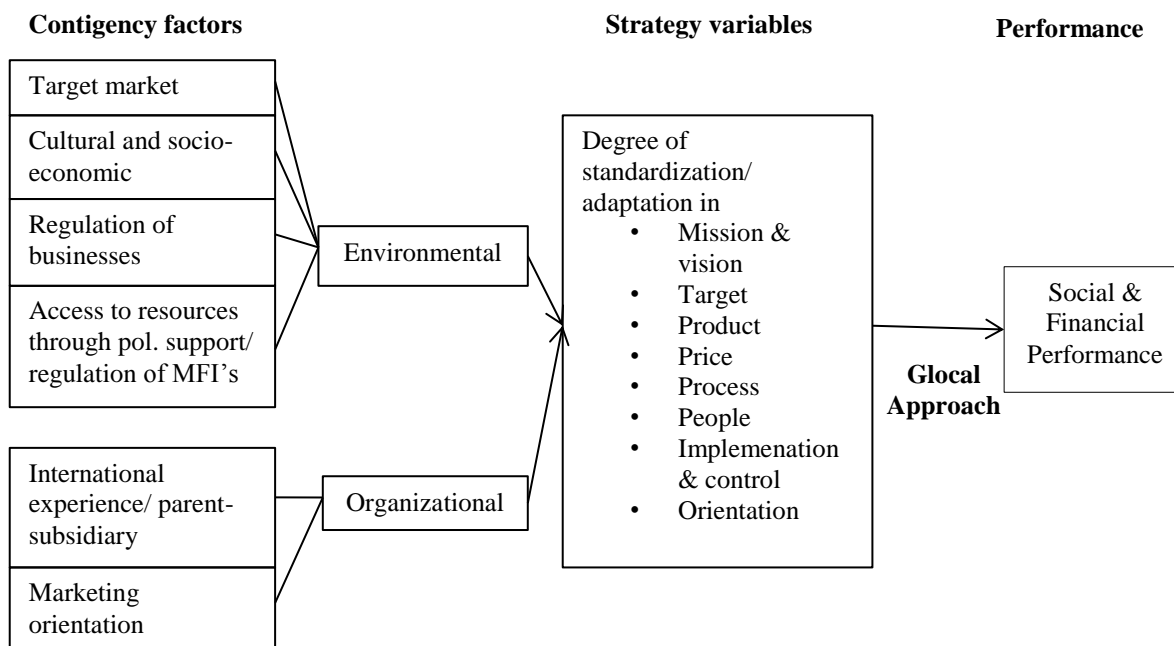
The Contingency theory

This study is also influenced by the contingency theory which proclaims that it is more important to examine the potential for adaptation or standardization and the factors that influence it than to debate over which approach is better. The degree of standardization/adaptation is according to the theory dependent on the contingency factors of a specific market at a specific time (Cavusgil *et al.*, 1993).

Contingency research usually focuses on the factors influencing the standardization/adaptation of the marketing mix within the context of a multinational firm (Theodosiou *et al.*, 2003). In this study however, is the ‘adaptation’ of a strategy defined as the degree to which the marketing strategy of a microfinance institution differs between the Grameen Bank Approach (GBA) and the country where a microfinance program is being implemented. The elements that make up the GBA in Bangladesh as seen by Yunus (1997) and are considered by many researchers crucial for Grameen’s performance (Holcombe, 1995; Sarker, 2001; Syed, 2009) can be found in the first column of the table in the appendix. It consists of an integrative approach in the following elements of the marketing strategy: mission, vision, target, product, price, process, people, implementation, control and orientation. Consequently, the contingency

factors influencing these elements will be examined. Particular attention is given to European contingency factors.

Figure II: Conceptual framework



The list of contingency factors identified by empirical research is quite long but unfortunately, no contingency research has been carried out in the microfinance sector. This study identified the most important contingency factors for the microfinance sector and grouped them into two categories: the environmental and the organizational factors. *Environmental factors* encompass socio-economic, cultural and political-legal forces which can severely restrict the company's ability to develop and implement a standardized marketing strategy (Douglas *et al.*, 1987). These factors have been selected because they are believed by many experts to play a major role in the development of the microfinance sector (Pearson, 1998). The institutional particularities of the European environment for instance, are considered as being a restraint to the growth of activities (Guichandut, 2006). More specifically, this study has identified that the existence of (a)

target market characteristics (b) socio-economic and cultural factors, (c) degree of regulation of the business environment and (d) access to resources through favorable regulatory framework and political support are the most important environmental forces that influence an MFI's ability to standardize.

The most important *organizational factors* identified for microfinance institutions are (a) management's international experience/headquarters-subsidary relationship and (b) marketing orientation. Management international experience refers to the degree to which the management has acquired international knowledge and experience (Cavusgil *et al.*, 1993). This element has been selected because the study identified that management's participation in trainings, the transfer of knowledge and the development of common frameworks in a microfinance network such as Grameen Trust has had tremendous influence on the ability to implement a Glocal approach. Another way to look at this factor is through the lens of a parent-subsidary relationship; the greater consensus among parent-subsidary managers on key strategic choices, the more likely and effective will a marketing strategy be standardized (Jain, 1989). In this case can a network be seen as the headquarters and the independent MFI's as subsidiaries. Additionally, this study identified that the marketing orientation (i.e. social and/or financial) plays a crucial role in the ability to access resources and the willingness to standardize/adapt procedures and operations.

The need for a Glocal perspective in Microfinance literature

While only Rugimbana and Spring (2009) mention the importance of integrating global and local features to provide a diversified 'glocal package' of services instead of credit-only products; the focus stays on one aspect of the marketing plan: product. The development literature leads a debate concerning the risk of following a 'blueprint'

model in microfinance as a poverty alleviation mechanism, pointing out the importance of integrating the country-specific context when designing microcredit models (Pearson, 1998). However, as Holcombe (pg. 1, 1995) effectively pointed out: “The search for models may distract us from *how* models are implemented. Poverty alleviation may not depend on a model, but on the effective implementation of a management process. . . Implementation can adapt and improve models on the basis of experience”.

This study aims to fill these gaps by exploring the following research propositions:

- ✓ Examine the hypothesis that ‘success’² of an MFI does not depend on a model but on following a Glocal approach in the overall marketing strategy.
- ✓ Explore the hypothesis that the Grameen network is following a Glocal approach
- ✓ Identify which elements of the Grameen Bank Approach are being standardized/adapted and the underlying reasons.
- ✓ Identify contingency factors that influence the implementation of a Glocal approach in Europe.

3. Methodology

A case study research methodology has been chosen as the most appropriate way to explore the research propositions as qualitative data offers unique insights into complex social processes that quantitative data cannot easily reveal (Eisenhardt *et al.*, 2007). Moreover, the richness of detail allows for a better understanding of the context in which an entity operates and answers *how* questions more appropriately (Eisenhardt, 1989). This study opted for a multiple case study analysis to make useful comparisons between geographical areas with divergent cultures, economic standards, institutions

² ‘Success’ is here defined as performing well on both financial (funding structure, profits) as well as social (outreach – accumulated number of loans, repayment rate) indicators. Conclusions about the performance will be derived from Table I.

and experience in the microfinance sector. It selected a total of five cases that best illustrates the research propositions it is trying to explore. For the purpose of examining Grameen's Glocal approach; the following three cases have been selected: a) Grameen Bank Bangladesh, b) The Kashf Foundation in Pakistan and c) Ujjivan in India. The latter were selected because both participated in the Grameen Bank Replication Program of Grameen Trust and have an impressive financial and social performance. With regards to the European analysis, two cases have been selected: a) Associação Nacional de Direito ao Crédito (Andc) in Portugal and b) Association pour le Droit à l'Initiative Economique (Adie) in France. These are both part of the European Microfinance Network and have distinct environmental and organizational factors.

Table I: Key facts and indicators of the cases

Key facts	Grameen Bank (Bangladesh)	The Kashf Foundation (Pakistan)	Ujjivan (India)	ANDC (Portugal)	Adie (France)
Established in	1979	1996	2006	1998	1989
Type	Bank	Bank	MFI	NGO	NGO
Financing	Financially self-reliant; profit	Financially self-reliant; profit	Financially self-reliant; profit	IEFP (80%) and partner org.	EU, State and private sector
Acc. Nr. of loans (approximitaly)	10 million	2 million	1 million	1740	106000
Nr. of Employees	23000	1380	N/A	13 employees + 10 volunteers	436 employees + 1700 volunteers
Av. repayment rate	96.68%	98%	97%	85% - 90%	94%

Initially, preliminary interviews were conducted with microfinance experts of the European Microfinance Network through skype. These interviews provided a general overview of the microfinance industry, both in the developing world and in Europe. Secondly, an extensive analysis of research literature about Grameen Bank revealed which elements of the marketing plan are essential for its success and together make up the Grameen Bank Approach. Primary data was then obtained through thorough analysis of the websites of the cases. This analysis was enriched by the use of already

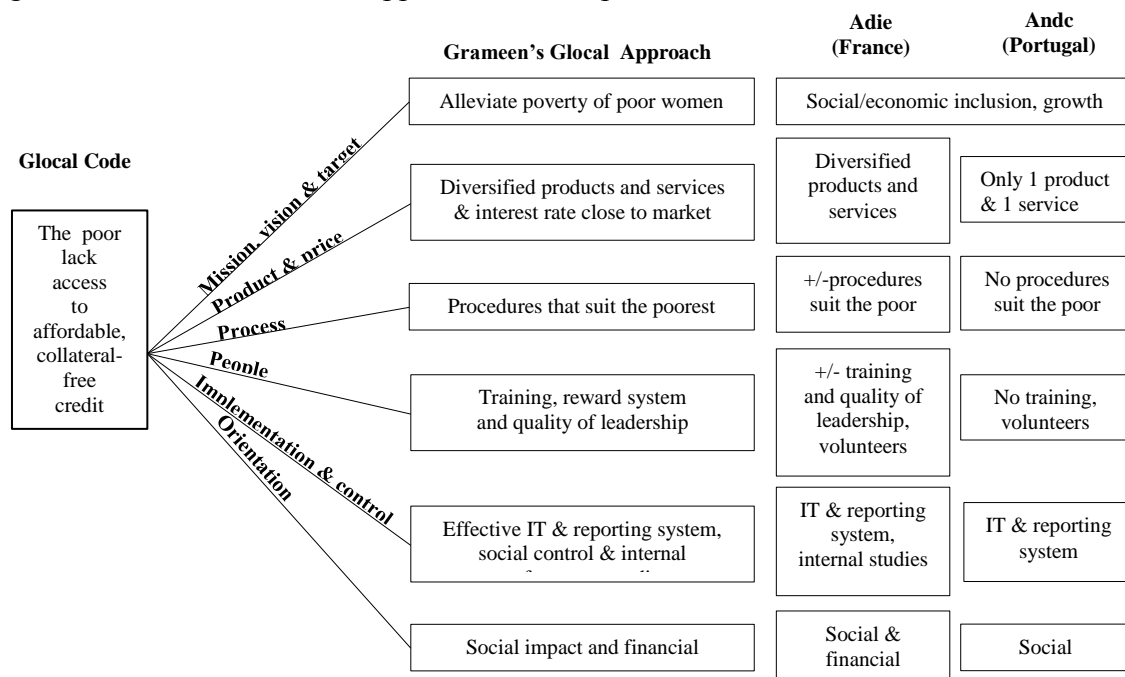
existing case study materials with regards to the Asian organizations and the conduction of semi-structured interviews with the top management of the European organizations. The interviews were structured around the following elements of the marketing plan: mission, vision, target, marketing mix, strategic objectives and control. Additionally, questions were asked concerning local challenges and the method of knowledge transfer that is used within the network they are part of.

4. Case discussion

4.1 Grameen’s Glocal Approach

In order to become part of the Grameen Trust network, Ujjivan’s and Kash Foundation’s managements needed to follow an intensive training at the headquarters in Bangladesh. It consisted of an immersion into the field operations and interactions with borrowers and staff from different hierarchical levels. Moreover, specialized trainings and technical support are giving in areas such as monitoring and evaluation; financial management, technology and HRM. In addition, research on best practices and the development of common frameworks are being published in a variety of languages.

Figure III: Grameen’s Glocal Approach vs. Europe



In what follows, a comparative study of the elements of the Grameen Bank Approach (see Appendix and Figure III) reveal an effective implementation of a Glocal vision.

The underlying mission, vision and values of the Grameen partners are essentially the same. The Grameen network aims to create a world without poverty by ‘helping the poor help themselves out of poverty’. The three cases primarily *target poor women*. Through years of experience, Grameen partners identified that not only has women proved to be better repayers than men, they also tend to invest their income more effectively in the needs of the family (Yunus, 1997). However, while Grameen Bank is targeting the poor *rural* women, Kashf Foundation focuses on *low-income married* women because in Pakistan unmarried women are prone to move out of a location upon getting married. Moreover, because Ujjivan decided to operate in urban India, they target primarily the *economically active* poor; the salaried and self-employed women.

The three cases seem to follow an *adaptive approach in their product offerings*; having a diversified product and service portfolio to meet the diverse needs of their target populations and overcome contextual constraints. Kashf Foundation for example, offers pre-planned business and targeted social reform trainings on gender, health and social myths because these are crucial to overcome the entrenched bias against individual motivation in the non-entrepreneurial and oppressive feudalistic society of Pakistan. The resulting higher operational costs lead KF to practice an interest rate that is around 60% higher than market interest rate. In contrast, both GB and Ujjivan stick to the principle of applying an *interest rate that is close to the commercial one* as to guarantee access to affordable credit.

The *process* of obtaining and repaying a loan at the three institutions is *suited to serve the poorest* in a variety of ways. First, their distinctive feature is that *no collateral* is

needed; most often they employ the *group-lending mechanism*³ to ensure that pressure and social capital effects occur when a borrower has difficulty to repay (Yunus, 1997). However, Ujjivan also introduced individual loans to provide an alternative for women who are reluctant to be joint responsible for the increasing amount of loans in the city (Krishnan, 2010). Furthermore, Grameen partners require *small and frequent installments* and follow a *sequential loan plan*⁴ in order to incentivize the poor to better manage their loans and stay in the program (Yunus, 1997). Besides investing in *simple, disciplined and transparent* procedures, Grameen network also give high priority to building *social capital* and trusty relationships to facilitate understanding of principles and participation for the poorly educated members (Holcombe, 1995). Furthermore, credit is *delivered 'at the doorstep'*, i.e. as close as possible to the homes of the poor.

Critical for the success of a microfinance organization is that philosophy and practices are properly assimilated and that staff feels rewarded for the labour intensive work that the program requires (Sarker, 2001; Holcombe, 1995). Both replicators strongly commit to the principles of GB Bangladesh in their HRM approach. Newly hired go through an extensive *training* and motivation is sustained by providing a *mixture of formal and informal rewards*. Essential for the commitment to values, is the *quality of leadership* (Sarker, 2001; Holcombe, 1995). Grameen partners have been influenced by Yunus' vision throughout their development and seem to have strongly committed leaders.

Through a decentralized-centralized structure, Grameen partners can effectively implement, control and adjust where needed (Krishnan, 2010; Syed, 2009; Holcombe, 1995). First, *social control* is exercised through the group-lending mechanism and transparent operations. Furthermore, a standardized *reporting system* and an effective *IT*

³ Group lending mechanism: borrowers form groups and are held jointly responsible for the loans of each of the members.

⁴ Sequential loan plan: initial loans are small and grow bigger as the previous ones are repaid

communication systems enables the rapid processing of information from the bottom to the top level of management. They also carry out *internal performance studies* based on standardized social and financial indicators. Grameen partners firmly acknowledge on their websites that a highly efficient operational and technological system is a prerequisite for capacity building and economies of scale.

Grameen Bank and its replicators have had since their start a *dual orientation*. They see themselves as a *poverty alleviation* mechanism but are at the same time very concerned about their *financial viability*. Financial sustainability is seen by Grameen as a means towards increasing their outreach, which will then lead to economies of scale and a higher social impact (Yunus, 1997).

As such, we can see that standardized approaches are being used in process, human resources, technology and control management which severely diminishes R&D and transaction costs. The identification of the previous described common needs and values (see figure III) leads thus to considerable economies of scale and scope in R&D and marketing approaches, as is suggested by literature (Svensson, 2001). By focusing on similarities across markets and building on international knowledge and experience, best practices and common frameworks can be developed (Lages, 2012). This also allows for better coordination as managerial complexity is reduced (Levitt, 1983). By operating under the umbrella of the Grameen Trust, replicators can also benefit from higher credibility and worldwide brand recognition (Douglas *et al.*, 1986). The case studies illustrated that this greatly contributed to the effectiveness of lobbying efforts for favorable regulations and access to resources (Krishnan, 2010; Syed, 2009). Furthermore, it can be shown that by following a Glocal vision, microfinance institutions can grow faster because they are able to target a larger market and benefit

from new market segments and the development of products that are customized to the local needs of their clients (Lages, 2012). Ujjivan for example effectively identified that besides the rural poor, the economically active population in urban areas also saw their basic financial needs unmet. At the same time, a diversified gamma of loans and services were developed in order to meet local conditions. As Yunus (1997) points out, adaptation of the Grameen Bank Approach becomes necessary in certain contexts. So is the Ujjivan's offering of individual loans and Kashf Foundation's practice of higher interest rates the consequence of adaptive practices to the environment. As such, differences in the consumers' needs, culture and the social and economic environment can also be satisfied (Yip, 1989). In sum, it has been verified that Grameen partners are in fact following a Glocal vision. Moreover, the relative high social and financial indicators (see table I)⁵ strongly suggests that by balancing standardized and adaptive practices, microfinance organizations can benefit from considerable advantages. The success of the Grameen cases stand in strong contrast to the low performance of the European ones, particularly to ANDC in Portugal. In what follows, a possible explanation will be provided.

4.2 Europe: the cases of France and Portugal

Microfinance in Europe targets *the socially and economically excluded persons* and is seen as a tool for *social inclusion and generation of employment and growth* rather than a poverty alleviation mechanism for individuals (Guichandut, 2006). However, the cases do not seem to follow a common vision and approach in the other elements of their marketing program and while Adie seem to explore some of Grameen's values,

⁵ Social indicators: outreach in terms of accumulated number of loans and repayment rate/ financial indicators: funding structure, existence of profits and number of paid employees (instead of volunteers)

Andc seem rather far away from following Grameen's Glocal approach (see Appendix and Figure III). First, while Adie offers a wide range of products and services that are adapted to the local needs and realities of the developed world, Andc only offers one product (the micro-enterprise loan) and one service (business development assistance). Secondly, procedures in Europe seem not entirely suited to serve the poor. However, Adie seem to make more effort to accommodate the process to the needs of their clients. While ANDC does not employ the group-lending methodology, it is only limitedly applied by Adie and merely when dealing with certain immigrant groups. Furthermore, procedures in Europe are often difficult to understand for persons who do not have a business background and social capital building efforts are kept to a minimum. Members barely meet each other and only meet personally with their advisor. Furthermore, as ANDC only has one permanent office and acts as an intermediary between banks and borrowers, members frequently need to make long trajectories in order to make a financial transaction or get some business advice. In contrast, ADIE has established sufficient (168 permanent and 119 mobile) local offices and provides a telephone advice service that effectively brings service closer to the members' 'doorstep'. The sequential loan principle and the small installments are being applied by both organizations to motivate repayment. Thirdly, the human resource management seem to differ considerable with that of Grameen's. Both organizations confess that their reward system should be improved; they depend heavily on their volunteering workforce to be able to function and this creates considerable problems in terms of commitment and quality of service. Standardized trainings for staff or volunteers seem to be inexistent or poorly developed. While Adie's employees receive some training, there is a clear lack of qualified staff at ANDC. Currently, only thirteen persons are

permanently employed and staff did not receive any training prior to their working or volunteering activities. External experts of partner organizations or companies solve the technical questions (e.g. in accounting, law) that may arise from clients. As pointed out by the organization, this turns the whole process inefficient. In terms of quality of leadership, Adie's former leader Maria Nowak has been driven the vision of the organization with the support of Muhammad Yunus, has been involved in the foundation of the European Microfinance Network and is a well-respected expert in the European microfinance scene. Fourth, while both organizations signaled the utilization of an effective reporting and IT system, only Adie has performed systematically internal performance research. Social control is inexistent in both cases as operations and decisions are not openly conducted and transparent. At last, while Adie is committed to achieving both social and financial performance (part of mission statement and objectives), Andc's orientation is limited to social impact.

In sum, we can conclude that while Adie does not seem entirely to follow Grameen's Glocal vision, it does share some common aspects; merely in product diversification to fit to local needs, process, human resource management, control management and marketing orientation. Moreover, some aspects of Adie's approach have been adapted to fit to the local context (e.g. telephone platform to bring services closer to clients). In contrast, Andc seem to differ significantly with both Grameen's and Adie's approach. The lack of both standardized methodologies and adaptive approaches to fit to local needs and context, seem to be well reflected in Andc's low performance (see table I). Adie's relatively higher performance indicators then suggest that following a more Glocal approach pays off. The next section provides a possible explanation of the differences in strategies between Grameen and Europe on one hand and between Adie

and Andc on the other and the lack of development of standardized approaches in the European Microfinance Network: the existence of contingency forces.

4.3 Europe's contingency factors

This study identified the most important contingency factors in Europe that affects the standardization/adaptation decision. These are summarized in table II.

Target Market characteristics: Firstly, because the target market is much smaller in size and geographically more spread in Europe than in the developing world, MFI's find it harder to identify and reach potential customers (Guichandut, 2006). This seems to primarily affect the process and delivery system as organizations can benefit less from economies of scale in bringing credit to 'the doorstep'. Adie's innovative telephone platform for instance, has been an effective adaptive response to this contingency factor; thereby replacing physical proximity with technology. Secondly, Europe's target market – the socially and economically excluded - consists of distinct groups of people with divergent needs, behaviors and lifestyle (e.g. unemployed, immigrants, elderly, students, handicaps, etc.). A greater similarity in customer profiles in the target markets of the developing world – poor women - might provide an explanation for a higher degree of standardization among the Asian MFI's (Jain, 1989). At last, the smaller market size might hinder organizations to develop new market-led products because the lower sales derived from smaller markets are less likely to cover the added costs of adaptation (Chhabra, 1996).

Cultural and socio-economic factors: While some argue that cultural and socio-economic differences has a tremendous influence on the standardization decision (Jain, 1989), this seems not necessarily to be the case at Grameen. In fact, Yunus (1997)

claims that Grameen has to create a 'counterculture' in which cultural beliefs (e.g. prohibition of Muslim women to earn an income, non-entrepreneurial feudalistic society) are severely fought against to. As previously noted, additional services are developed for this purpose (e.g. social reforms trainings). This might work well because the only alternative to poverty in the developing world is self-employment. In Europe however is the existence of a social security system impeding the organizations to acquire clients on large scale as clients are reluctant to change their dependency on the welfare system to a more 'risky' entrepreneurial mindset (Yunus, 1997; Guichandut, 2006). We can thus expect that providing trainings aimed at changing people's mindsets is less effective in Europe and therefore less implemented. Furthermore, social solidarity is not considered strong enough in European cities to implement the group liability principle. An adaptive response in Europe is to let a family member guarantee repayment in difficulties. At last, differences in living standards and welfare systems also required adaptation in mission, vision and target on the part of Europe.

Regulation of the business environment: The divergent laws, taxes and standards that exist across and within countries may require marketing strategy adaptation (Buzzel, 1968). While most micro-enterprises are set up in the informal sphere in developing nations, regulations and administrative processes are complex in Europe. The European clients are thus in need of a more personalized and technical advice; often geographically dependent. This affects process as well as human resource management as it is more difficult to develop standardized methods to assist micro-entrepreneurs in the development of their business. Moreover, it may affect the price as a higher interest rate is needed to cover up for increased transaction costs.

Access to resources through political support & favorable regulatory framework: This study identified that differences in availability of resources has a major influence on the standardization/adaptation decisions of MFI's. First, we can expect that the more resources an organization has, the more it will be able to spend on product development to meet the diverse needs of its clients. Secondly, more resources might allow organizations to invest in human resources and standardized operational and control systems. This study identified that the political support and regulatory environment are crucial components in the ability to access resources. This is in line with Grameen's experience (Yunus, 1997). According to Yunus (1997), the sustainable growth of the Grameen Bank would not have been possible without the government's support and the existence of a national wholesale fund. In Europe then, differences in political support and regulatory environment between Portugal and France might provide an additional explanation for the divergent marketing approach of Adie and Andc. While the existence of a plafond interest rate and the prohibition of non-bank actors to provide loans or accept deposits make Andc highly dependent on external donors, no such limitations exist in France. Furthermore, the political financial support acquired throughout the years has been considerably higher for Adie than for Andc.

International experience/Parent-subsidiary relationship: The greater consensus among network and MFI's that arises from the sharing of knowledge and experience might provide an explanation for the greater development and effectiveness of standardized approaches among the Grameen cases (Jain, 1989). It has been shown that being part of the Grameen network enables management to understand in detail Grameen's philosophy and methodology while improving it on the basis of international experience. In contrast, the European Microfinance Network has no standardized

methodology for the transfer of knowledge and technology (e.g. HRM, IT system) and has little consensus over strategic marketing choices. It lacks a fundamental Glocal vision and this has an influence on all aspects of the marketing approach.

Marketing orientation: Unlike ANDC, Adie has made both the evolution towards a favorable regulatory environment and financial viability part of its mission and strategy towards social impact. It is for this reason that since the beginning, Adie has been investing in standardized implementation and control systems and has taking up a pro-active lobbying role which resulted in greater availability of resources (see before).

Table II: Contingency factors and effect on strategy variables

Contingency factor	Effect on standardization/adaptation of
Target market characteristics	Product development, process (delivery) and control
Cultural and Socio-economic	Product & services, process (group-liability/social capital), mission, vision and target
Regulation of businesses	Process, people, price
Access to resources	Product development/diversification, price, people, implementation and control
International experience	All
Marketing orientation	All

5. Conclusion

The Grameen cases have clearly shown that by following a Glocal vision, organizations can benefit tremendously from economies of scale, larger market size, higher credibility, the building on international knowledge and a reduced managerial complexity while simultaneously being able to satisfy differences in consumer needs, and local contexts (Lages, 2012). For microfinance institutions, following a Glocal marketing approach seems also to benefit their financial and social objectives. While

standardization leads to lower operational costs, an adaptive approach sometimes becomes necessary in product development and procedures as to assure the inclusion of the targeted population and customers are maintained. Furthermore, it has been identified that the case studies of France and in greater extent of Portugal have not been following entirely the Glocal marketing of Grameen. This paper defends that it is due to the existence of forces that might impede or facilitate the planning and implementation of a Glocal approach. The greater differences in target market characteristics, socio-economic, cultural, political and legal environments between countries might provide an explanation for the lower degree of standardization (Jain, 1989) between the Grameen cases and Europe on one hand, and between the European countries on the other hand. Additionally, the access to resources and two organizational factors seem to also have a tremendous influence on the standardization/adaptation decision.

6. Managerial implications

It is clear that microfinance institutions could benefit tremendously from shifting their paradigm towards a Glocal approach rather than a global or a local one. In Portugal for instance, the lack of standardized procedures in processes and control and the low adaptation of products and services to its target population, prevents them from scaling up their activities and benefit from economies of scale. While the ability to follow a Glocal approach is dependent on environmental contingency factors, we also saw that the commitment and capacity to follow such an approach is largely influenced by management's orientation and international experience. In this regard, a lot can be improved in Europe. The case of France has showed that integrating a dual orientation in its long-term marketing strategy could also have an impact on the 'uncontrollable' factors of the environment (e.g. regulatory framework). Furthermore, while efforts have

been made in the European Microfinance Network, the method of transferring knowledge and experiences should be improved. Development of common frameworks and standardized processes in implementation, control and HRM could be developed.

7. Limitations & Directions for future research

Since the amount of cases in this study is limited, one should be careful with generalizations to the microfinance industry as a whole. We are aware that other important contingency forces could be identified when broadening the research to other cases and countries. Moreover, while this study has been focusing on the Grameen Bank Approach, we acknowledge the fact that other successful international microfinance programs exist (e.g. BRAC). In terms of future research, the link between following a Glocal approach and performance could be investigated more closely by comparing the performance of Grameen replication programs (members of GT) with other MFI's within one country as to limit the effects of the environmental factors. At last, further investigation could be made regarding the 'exportation' of microfinance programs to the developed world as to better identify the common grounds and differences with the third world and as such, establish a Glocal framework for the planning, implementation and management of microcredit programs all over the world. Grameen America for instance, would be a valuable added source for this purpose.

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Appendix: Comparative Case Analysis (S: standardization)

GB (Bangladesh)	Kashf Foundation (Pakistan)	Ujjivan (India)	ANDC (Portugal)	ADIE (France)
Mission & Vision: “Help the poor help themselves out of poverty” & “Create a world without poverty	S	S	“Generate employment and growth through social and financial inclusion”	“Generate employment and growth through social and financial inclusion”
Target: poor rural women	Low-income married women	Economically active urban women	Socially and financially excluded	Socially and financially excluded
Main product: micro-enterprise loan	S	Family loan + working capital loan	S	S
Add. Products: housing, education, beggar, village phone loans, insurance, deposits	Also consumption loans	Also emergency and livestock loans, life insurance, individual business loans	No additional products	Loan for personal employment
Add. Services: No	Business incubation labs & Social reform trainings	Literacy program, Health education, Social reform program	Individual business advice	Trainings for business support, personal advice
Price: interest rate is close to the market interest rate	60% higher than market interest rate	S	S	S
Procedures that suit the poorest:				
No collateral: group-lending mechanism	S	S: Group-lending + some individual loans for higher amounts	Individual loans	Individual loans + group-lending for immigrant groups
Simple, transparent and disciplined procedures	S	S	Complex procedures, financial transactions in the bank, no scheduled time for repayment or advice	Complex procedures but assistance in local office and telephone service, no scheduled time for repayment
Sequential loan plan	S	S	S	S
Small & frequent installments	S	S	S	S
‘Doorstep’ delivery	S	S	No: Intermediary between banks and borrowers, only 1 office	S
Building social capital	S	S	No	No
People:				
Quality of leadership: Yunus	S	S	No strong leadership	S: Maria Nowak + influenced by Yunus Only training for employees, not for the volunteers
Training	S	S	No training in place	
Reward system: competitive salaries, rapid advancement, respect and sense of belonging.	S	S	Heavily dependent on volunteers	Heavily dependent on volunteers
Implementation & control:				
Social control	S	S	No: transactions take place in bank	Little: transactions do not take place in front of borrowers
Reporting system	S	S	S but other than GB	S but other than GB
IT system	S	S	S but other than GB	S but other than GB
Internal performance research	S	S	Only occasionally	S but other than GB