5-2014

When Business is the Mission: A Study of Faith-Based Social Business in Sub-Saharan Africa

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WHEN BUSINESS IS THE MISSION: A STUDY OF FAITH-BASED SOCIAL BUSINESS IN SUB-SAHARAN AFRICA

by

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A dissertation submitted to the

Campolo College of Graduate and Professional Studies

in partial fulfillment of the requirements

for the degree Doctor of Philosophy

St. Davids, Pennsylvania

May, 2014

ABSTRACT

When Business is the Mission:

A study of Faith-Based Social Business in Sub-Saharan Africa

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Doctor of Philosophy, 2014

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There is an extraordinary group of people, motivated by their Christian faith, starting businesses in Sub-Saharan Africa because they believe that business plays a key role in alleviating poverty. These faith-based social business (FSB) leaders face situations similar to those faced by leaders in other academic and practitioner fields including business as mission, social entrepreneurship, international business, and international development, given their pursuit of multiple-bottom lines, cross-cultural engagement in undeveloped nations, and a focus on integration of faith. The complexities of their contexts create opportunities and challenges in which their strategies and operations require further investigation and analysis.

This case study of six FSBs explores what this author labels the “domains of influence” of business structure, outcomes, and partnership that shape the thoughts and actions of these business leaders. It found that in the domain of structure, FSBs only allow limited forms of subsidizations based on their desire to steer clear of unhealthy dependency and avoid harm to the local economy. Furthermore, there is an expressed need for creative funding during the pioneering/incubation periods to allow for the pursuit of traditional investment after proof of concept. In the domain of outcomes, FSBs identify various understandings of, and pursue multiple strategies toward, economic, spiritual and social goals. Findings suggest that the primary economic goal of FSBs is sustainability, defined in multiple ways. In the spiritual arena, given the predominantly Christian location in which these FSBs were operating in Sub-Saharan Africa, a contextual understanding of local views of spirituality promotes a reactive form of evangelism. Moreover, FSB leaders view spiritual and social outcomes as inseparable and strategically target not only the product itself towards social impact, but also use the power they have as a business to promote justice. This practice of "justice" is accompanied by a social practice of "tough love" in regards to the employees, since it is believed to be better developmentally in terms of building dignity and hope than non-profit handout efforts. Finally, in the domain of partnership, the findings show that the FSBs tend to employ a short-term expatriate rotation if U.S. partner exit strategies are not viable, and pay special attention to addressing pre-existing racial hierarchical stereotypes within the partnership.

(364 words)

DEDICATION

For Joyce, Rebecca, and Jeremiah

This dissertation is dedicated to the youth of Africa

who long for the opportunities to provide

for themselves, their families, and their people.

ACKNOWLEDGEMENTS

Though the journey of writing a dissertation can be a lonely and individual experience, I could never have persevered without the help, support, guidance and efforts of many. I want to express my deepest gratitude to the following:

The one and only true God, the reason.

My amazing wife, Kristin, for continually exploring life with me, holding hands the whole way.

Our kids, Isaiah and Hope, your beautiful faces inspire me every day. I promise not to read any more books at the playground.

My parents, Wayne and Anita Albright, for teaching me not to settle and reminding me to trust my desires.

My sisters, Angela Sipe, Bethany Miklik, and Alison Feinauer, for unchanging and unwavering support and putting up with my dreams.

My committee, Dr. David Bronkema, Dr. Neal Johnson, and Dr. Steve Rundle, for making me believe what I was doing was important to our discipline and profession, and treating me like an equal with something to contribute. I look forward to many years working together in the future.

The faculty at Eastern University, for truly living out the mission of faith, justice and reason. I chose this program because in my initial visit, each faculty I met with listened to my questions, affirmed them, and said “come here and we will pursue them together.”

Cohort 3 for the Eastern University PhD program, for the long discussions from differing perspectives with respect, and for sharing this season of life together.

The participants (my heroes) in this study, for sharing both the romance and the reality of your journeys. I hope I have honored you in the following pages.

My past employers, Azusa Pacific University, for the opportunity to learn through success and failure, **Empowering Lives International (Don Rogers)**, for continually reminding me the importance of heart when my head gets in the way, and **Living Room Ministries International (Juli McGowan Boit)**, for the opportunity to continue to grow together.

David Tarus, for teaching me the value of partnership.

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AN INTRODUCTION AND OVERVIEW OF THE DISSERTATION

Introduction

There is an extraordinary group of people, motivated by their Christian faith, starting businesses in Sub-Saharan Africa because they believe that business plays a key role in alleviating poverty. These faith-based social business leaders face situations similar to those faced by leaders in other academic and practitioner fields including business as mission, social entrepreneurship, international business, and international development, given their pursuit of multiple-bottom lines, cross-cultural engagement in undeveloped nations, and a focus on integration of faith. The complexities of their contexts create opportunities and challenges in which their strategies and operations require further investigation and analysis. The purpose of this multiple case study is to explore what this author labels the "domains of influence" of business structure, outcomes, and partnership that shape the thoughts and actions of these business leaders, areas that research has shown to be particularly important to understanding the practice of business in multiple contexts. Building off of a cross-section of current literature in related fields, this study illuminates how they engage these domains of influence and the perceived issues they see as most relevant in each domain. In so doing, this study helps further our understanding of these domains of influence on business practice among leaders committed to using business for economic, social, and spiritual ends.

Organization of the Dissertation

This dissertation is organized into eleven chapters. The first chapter begins with an overview of the context and background framing the study. Following the overview is the problem statement, the selection criteria for participants, the statement of purpose, and accompanying research questions. The chapter then moves to discussing the research design overview and how the study is delimited and limited. It concludes with research assumptions, along with definitions for some key terminology utilized.

The second chapter begins with an introduction to the literature review, followed by sections on each of the domains of influence: structure, outcomes, and partnership. Chapter 3 describes the multiple case study methodology used in the research for this dissertation, including the rationale for qualitative design, a description of the theory of multiple case studies, the role of the researcher, participants, data collection and data analysis strategy. Chapters 4 through 9 consist of individual descriptions of each case, with the tenth chapter summarizing the findings and insights. Chapter 11 provides recommendations for future research.

Autobiographical Background for the Study

My interest in the issue of faith-based social business leaders comes from a variety of personal experiences. After receiving a business degree from Azusa Pacific University (APU), I worked for six years sending APU students on short-term mission trips while pursuing an MBA at my alma mater. I took the job not because of any noble calling towards mission, but because it was a great opportunity that had me traveling around the world and gave me free tuition. During that time, a heart for different cultures and the poor began to develop within me. I had the opportunity to work alongside as many as twenty mission organizations annually, participating in and learning the variety of mission strategies used to accomplish mission. Because of my innate inclination toward business, I was most intrigued by economic endeavors and concerned by what I considered to be a lack of long-term effectiveness in charity efforts. This discontent led me to pursue another master's degree, this time in intercultural studies from Fuller Theological Seminary, in order to understand God's mission and His heart for the poor on a deeper level.

While pursuing my degree, my family and I moved to Kenya to work with a small international development non-profit organization. We went because of our belief in this organization's leadership and their response to poverty, as well as the expressed need for our skills. The programs of our organization included schools, orphanages, agricultural training, preventative health care, and alcoholic rehabilitation, among others. During those three years, two aspects of development work stood out to me. The first was the positive effect a stable job and income had on the local employees of the organization, and the second was the benefit of the agricultural training and micro-enterprise development (MED) on the small-scale farmers involved. As valuable as these developmental tools were in the process, I saw their limited capacity in empowering the farmers, especially the poorest farmers, to reach the market to get a fair price for their products. It seemed to me that more comprehensive business strategies were necessary to alleviate poverty in the lives of those alongside whom we lived, but the lines were blurry on how to engage with business considering our non-profit structure and mentality. This created a tension for me. While my studies at Fuller formed in me a foundational holistic theology as well as a great understanding of international development strategy, they did not help me understand the role that business can and should play in accomplishing God's holistic mission.

Prior to our return to the United States, a Kenyan partner and I convinced the non-profit organization to raise funds to start a milk collection and cooling plant. It was to be run with a for-profit mindset under the ownership of the non-profit, with the goals of generating income for the organization as well as providing farmers within the village with a dependable market to which to sell their milk and lift them out of poverty. After two years of successes but also great challenges with this business, the non-profit organization decided to sell the company in 2011. My Kenyan partner and I put together a group of investors to buy the company and continue with the same financial and social goals.

The experience of the past four years has brought about countless hours of working through issues of running a business to alleviate poverty. These have included considering the benefits and restrictions of running the business under the non-profit organization versus investing my own money and that of others; deciding whether we could pay the poorer farmers providing meager amounts of milk the same amount per liter that we pay to those farmers providing larger quantities; dealing with regular power outages (not good for milk cooling) and with the price of fuel doubling within a period of a few months; working through traffic accidents and theft within a "flexible" legal apparatus; communicating over the phone at 3:00am with Kenyan employees about Excel spreadsheets when "the cells just don't add up;" and continuing to develop a relationship with the most amazing Kenyan partner anyone could ask for. I could go on and on with the stories.

This experience led me to wonder how others who had similar interests, commitments, and callings were dealing with the problems and successes we experienced. Three years ago, I began the Ph.D. program at Eastern University in hopes of finding the answers to the very questions that I am asking in this dissertation. The questions asked are in response to my own experience, my search for answers in the existing literature, and the desire to learn from the experience of others in the field. I hope that this study will advance insight into how to understand unexplored dimensions of what is going on in the fields of business as mission (BAM), social entrepreneurship (SE), international business and international development. Also, I hope what I have learned through this research will make me a better businessman and help me and others appropriately develop current and future practitioners who will pursue business with a similar intentionality.

Statement of the Problem

Steve Rundle (2012), professor of economics and international business at Biola University and author of *Great Commission Companies*, after summarizing past business as mission (BAM) research, wrote,

> Thus far most of the scholarly discussion about BAM has focused on theological questions related to the compatibility of business and mission, or the compatibility of work and ministry more generally…my plea to Christian business scholars is to begin looking at the strategic and operations side of BAM, where there has been much less work done. (p. 76)

This dissertation is in large part a response to Dr. Rundle's plea, but it goes beyond just BAM businesses. Stated simply, we need to fill in the gap in the theoretical and applied literature on faith-based social business efforts by hearing directly from the practitioners on the ground regarding the implementation of various efforts in order to continue to develop theory that will help guide more effective practice. What I have above called "faith-based social businesses" (FSBs) is a grouping that brings together a variety of practices that can help inform and draw on theory from the business as mission, social entrepreneurship, international development, and/or international business fields.

Based on my research, experience, and the existing literature there are three specific "domains of influence," as I call them, that are helpful in describing and understanding the strategic and operational issues faced by FSBs in Sub-Saharan Africa. These domains are the *structural* type of business model, including so-called for-profit/non-profit hybrid models; the pursuit of multiple *outcomes*; and the management of cross-cultural *partnerships*.

The amount and relevance of literature addressing these domains of influence differs substantially within various "disciplinary" fields, such as business as mission, social entrepreneurship, international development and international business, creating gaps to be further explored. Moreover, there is a geographical gap in the literature. Much of business as mission research, for example, has focused on unreached people groups in the 10/40 window, and only a limited amount of social enterprise research focuses on Africa. A significant amount of literature in international development and international business is focused on Africa, but not much of the international development literature is from a business perspective and the literature on international business focuses mainly on multi-national corporations. In short, Sub-Saharan Africa needs more attention in these areas, and this dissertation provides it.

Participants and Selection Criteria

Six FSB efforts were selected that met five qualifying conditions; they (1) considered themselves a *business*, even though they could be organized as a non-profit, for-profit, or a hybrid, that was pursuing financial sustainability, (2) had explicit *social goals,* involving some articulation of the alleviation of poverty, (3) had stated that their efforts were of a *faith-based* nature, which may or may not have included a specification of direct spiritual impact, (4) had a strong emphasis on an *U.S./Africa leadership partnership* relationship sharing vision and authority and (5) were located in Sub-Saharan Africa. Establishing these specific criteria not only articulated what would be considered an FSB, but also clarified what was not being studied. For example, this dissertation did not include typical non-profit organizations with social goals, traditional businesses pursuing profit-maximization, secular organizations, or organizations with an exclusive U.S. leader in which Africans were viewed solely as employees. Multiple cases helped both in discovering commonalities among them and in exploring the diversity of engagement with the domains of influence used by these businesses.

Research Purpose

The purposes of this dissertation were to explore the experiences of FSB leaders to understand the opportunities and challenges they faced in achieving the goals of their business endeavors; provide new insights to the theory and practice of business as mission, social enterprise, international development, and international business; and to support current practitioners as well as encourage potential future participants on how best to accomplish their goals.

Research Questions

There were three main research questions that drove the research for this dissertation. These three questions correspond to the three domains of influence and potential relevant issues within them that guided the focus of the semi-structured interviews and literature review. The research questions were the following:

Research Question #1: Structure - *What is the nature and status of the structural aspects of the FSBs being studied?*

- Issues: Potential for profitability, source of funding, conflict of interest, unreasonable compensation, unfair competition, mission drift, and organizational control

Research Question #2: Outcomes - *What is the nature and status of the outcomes of the FSBs being studied?*

- Issues: Economic, spiritual, social, environmental

Research Question #3: Partnership – *What is the nature and status of the U.S./African partnership among the FSBs being studied?*

- Issues: Capacity of Partners, relationship between partners, partnership selection, U.S. partner exit, and pre-existing racial hierarchical stereotypes.

Research Design Overview

This dissertation used the multiple case study methodological framework described by Pauwels and Matthyssens (2004) to combat criticisms of lack of methodological rigor and an overdose of methodological vagueness in qualitative case study research. Pauwels and Matthyssens present four pillars of multiple case study research that this study adopted – theoretical sampling, triangulation, pattern-matching logic and analytical generalization – in an effort to validate the insights found.

Six FSBs were chosen using the participant criteria previously described and based on theoretical sampling logic to ensure diverse, rather than identical cases. Data collection made an effort to triangulate sources among various leadership constituents of the selected FSBs, including the U.S. and African partners, funders, former leaders/partners, founders no longer involved in operations, and clients. Beginning with email and phone calls focusing on pragmatic/factual data, a site visitation followed for two to three days with each business, where in-depth semi-structured interviews took place with participants. Some interviews took place over the phone, or in person in the U.S., depending on the location of the participants at that time. The interviews built upon the pragmatic/factual data inquiring more about the reasons (why) and operational (how) nature of the research questions. If further clarification was needed, post-interview emails and phone calls were used. Data from internal documents, websites, and other materials was used in a supportive role.

The data was prepared for content analysis using selective transcribing and "chunking" as part of the coding process according to the research question. A pattern matching logic was used to describe the connections between the identified insights in each case, followed by analytical generalization which tested the validity of the research outcome against the theoretical network that surrounded the phenomenon and research questions. Once data analysis was complete and insights emerged as relevant to the research questions, a narrative of each case was written organized by responses to the three domains of influence. Then the findings regarding the emerged insights were described pertaining to relevant results and potential for further research.

Delimitations and Limitations

The dissertation incorporated both delimiting and limiting factors to narrow its focus, but still allowed for diverse interpretation of terms and concepts as they related to the exploratory nature of the study. First, this study limited participants to businesses that had a U.S. and African partnership, were located in Sub-Saharan Africa, explicitly pursuing social outcomes, and were faith-based. However, the study did not define specifically the terms “business,” “social,” or “faith-based,” leaving room for interpretation of what those terms meant to the participants. These terms did exclude traditional non-profits, solely profit maximizing businesses, and those not considering faith as a factor. Additionally, the size of the businesses studied was not limited in terms of revenues, investment amount, number of employees, and other factors. This study did clarify that a partnership must include shared vision and authority, but did not limit other aspects of the partnership, such as amount of time spent in Africa for the U.S. partner, descriptions of roles and titles, percentages of shared ownership or decision making power.

Generalizability of this study was an issue. The research was focused on a limited, yet large geographical location and had a small sample size. Despite these limitations, the study does contribute to plugging significant gaps in the literature, and points to further research that can be undertaken to focus in on producing studies that will be more generalizable. Finally, due to financial and time constraints, the amount of time (two to three days) spent at each location was a limiting factor. Trust between the participants and researcher can take time to develop and lack of trust can limit the willingness of a participant to respond without restraint, particularly among the Africans. However, I believe that my experience living in Africa and running a similar minded business gave me ability to connect quickly and built the necessary trust in a short period of time to accomplish the goals of this dissertation.

Assumptions

Given the faith-based nature of this dissertation and the current state of business as mission literature, several issues of differing opinion emerged that were foundational in understanding FSBs. One was the tension that exists between those espousing a focus on social action versus evangelism and another is the problem of a vocational hierarchy that exists in the minds of many created by an unbiblical understanding of the purpose of business. While it was beyond the scope of this research to engage in this debate, the following assumptions reflect my personal beliefs and experiences on these tensions, and are presented here to inform the reader of aspects of the author's guiding framework. These assumptions fall into three areas, and they form the pillars of the metaphysical framework of this study: the concepts of holistic mission, giftedness and responsibility of all believers, and intrinsic/inherent value of business. What follows is a statement of my understanding of each of these, and the way they were used in this study.

Holistic Mission – The Lausanne tradition states, "The holistic mission of the Kingdom is to take the whole Gospel, to the whole man, by the whole church, to the whole world" (Lausanne Committee for World Evangelization, 2003). This wholeness includes meeting spiritual, relational, physical, psychological, and emotional needs through a redemptive process (Baer, 2006; Bronkema & Brown, 2009; Christiansen, 2008; Ewert, 2006; Johnson, 2009; Rundle & Steffen, 2003; Russell, 2010). Myers in particular summarizes well the assumption I make of the importance of a holistic approach: “Holistic mission is a frame for mission that refuses the dichotomy between material and spiritual, between evangelism and social action, between loving God and loving neighbor” (2004, p. 2).

Giftedness and Responsibility of All Believers – All people are called to a vocation as part of the body of Christ with different gifts, skills, and talents, whether one is a doctor, lawyer, teacher, pastor, missionary, politician, business person, etc…. (see 1 Corinthians 12:27-30). Additionally, there is no Biblical hierarchy valuing one vocation over another (Baer, 2006; Johnson, 2009; Rundle & Steffen, 2003; Russell, 2010). Yet all have the opportunity and responsibility to lead others towards Christ through word and deed as described in 1 Peter 3:15, “Always be prepared to give an answer to everyone who asks you to give the reason for the hope that you have” (NIV).

Intrinsic/Inherent Value of Business – Business has a special God-given value as part of accomplishing His holistic mission. While in a sacred/secular dichotomistic worldview business is seen as relevant to the degree that it provides a platform to accomplish spiritual outcomes, a holistic worldview embraces a different value of business. Primarily, the value that the products and services a business provides the community will enable it to flourish (Johnson, 2009; Van Duzer, 2010) as well as give it opportunities for meaningful work that allow employees to express their God-given creativity (Van Duzer). Every function of the company’s operations and every area of the company’s strategic business plan (i.e. the way business is done), provides an opportunity to seek kingdom impact with the internal integration of faith (Johnson). Additionally, there is the external (Johnson), or instrumental (Van Duzer) value of business which goes beyond the inherent/intrinsic value of business as it participates in other non-business oriented activities which help the community at large. Therefore, when business is done well, operating on Biblical principles and meeting the needs of the people of the world, it is an invaluable part of accomplishing God's mission.

Definition of Terms

To ensure the reader is cognizant of the intended meanings of the terminology used in this study, the following definitions were used throughout this document:

Social Entrepreneurship (SE)/Enterprise – The concepts of social entrepreneurship and enterprise mean different things to different people. For the purpose of this study the following definitions were used:

> *Social entrepreneurship* is the activity developed by individuals or groups of people to create, sustain, distribute and/or disseminate social or environmental value in innovative ways through enterprise operations, which could be either a social enterprise, non-profit, private or public institution.
>
> *Social enterprise* is an organizational form with primarily social drivers that undertakes innovative business operations in order to be auto-sustainable and guarantees the creation, sustainment, distribution and/or dissemination of social or environmental value. Therefore, economic drivers are means to a social end, not ends in themselves. (Granados, Hlupic, Coakes & Mohamed, 2011, p. 198-199)

Moreover, due to the nature of this study, the definition of an "*international for-profit social entrepreneur*" as presented by Marshall (2011) is helpful; "An individual or group who discovers, enacts, evaluates and exploits opportunities to create social value through the commercial exchange of future goods and services across national borders" (p. 185). The main concept distinguishing SE from a standard business or a standard non-profit is the dual mission of business methods and social mission, with primacy given to the social mission.

Business as Mission (BAM) – Similar to SE, BAM has evolved to mean different things to different people. For an in-depth detail of the various concepts and definitions, see Johnson (2009). For the purpose of this study, I relied on Johnson's own definition:

> *BAM* is a for-profit commercial business venture that is Christian led, intentionally devoted to being used as an instrument of God's [holistic][1] mission (*missio Dei)* to the world, and is operated in a cross-cultural environment, either domestic or international. (pp. 27-28)

There are other terms used in place of BAM to describe various aspects or "camps" of the movement including Great Commission Companies (Rundle & Steffen, 2003), Kingdom Business (Eldred, 2005), Marketplace Ministry (Johnson, 2009), Tentmaking/Tentmaker (Hamilton, 1987), and Business for Transformation/B4T (Open Network, 2012). It is beyond the scope of this study to go into a detailed comparison of these terms. Put simply, they are all part of a similar Christian movement to engage business to accomplish God's mission.

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[1] The term "holistic" has been added to the definition by the author after publishing of the book and amended by permission in this dissertation.

Social Business – Muhammad Yunus, founder of the Grameen Group, was one of the first to coin the term “social business” (SB) (Yunus, Moingeon, & Lehmann-Ortega, 2010). Seen as a subset of SE, a social business

> is designed and operated just like a ‘regular’ business enterprise, with products, services, customers, markets, expenses and revenues. It is a no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor. (p. 311)

The key differentiator between SB and SE is the effort by the former to repay solely the investment to investors, with no additional return. While not explicitly communicated, it also seems that most of the examples used by Yunus focus on involvement of multi-national corporations as parents or funders of social businesses.

It is worth noting in regards to this study that my use of the term “social business” is not grounded in Yunus’ definition. I use it more functionally, in that the cases studied are self-described as <u>businesses</u> intentionally pursuing <u>social</u> ends. Therefore, FSBs may or may not produce returns paid to investors.

Micro-Enterprise Development (MED) –

> MED is a development strategy that provides a broad package of financial services (savings, credit, and insurance) as well as other business development services (business training, marketing assistance, etc.) to entrepreneurs and the poor to enable them to operate their own productive economic activities. (Bussau and Mask, 2003, p. 2)

While MED engages business and the market for the purpose of a social mission similar to SE, BAM, and those included in this study, it is typically operated from a non-profit and developmental perspective, and not from a business perspective of providing a good or service at a market rate with an intended goal of profitability. There are several for-profit micro-finance institutions (MFI) that may offer an array of MED services, and those businesses could conceivably be included in this study if they met all of the participant qualifications. However, with this general understanding of business perspective, most MEDs would not qualify for this study.

Conclusion

This chapter has introduced and given an overview of the dissertation. Driven by personal experience and passion, the exploration of the identified relevant domains of influence (structure, outcomes, and partnership) was birthed out of the desire to understand the nature and actions of fellow faith-based social business leaders. A review of the literature in the second chapter gives evidence to the breadth of information available through the business as mission, social enterprise, international business and international development fields, but also highlights various gaps existing in this literature that can be addressed by looking at FSBs in Sub-Saharan Africa. The multiple case study research method used in this dissertation, targeting a diversity of participants, has provided the opportunity to gain from a field based perspective in a way that contributes to theory building and leadership practices focused in particular on Christian business people attempting to alleviate poverty.

CHAPTER 2:

LITERATURE REVIEW

Introduction to Literature Review

There are several streams of literature that speak to the practical aspects of running a faith-based business pursuing social impact in Sub-Saharan Africa (FSB). These are primarily related to the fields of business as mission (BAM), social enterprise (SE), international business (IB), and international development (ID). This literature has pointed to three domains of influence that are particularly important for understanding the efforts of FSB practitioners: structure, outcomes, and partnership. However, the exploration of these domains has been limited. In what follows, we will look at the importance of each domain and the potentially relevant issues inside of them, what the literature has to say about them, and the gaps that exist in the literature. This will provide the foundation for our primary research exploring the experiences of FSB practitioners to confirm, modify, and expand some of thinking in the literature, address the gaps in current theory, and make recommendations for further research and for more effective practice.

This review engages in three different levels of literature inclusion of the various streams mentioned above: exhaustive, thorough and anecdotal. First, due to the conceptual closeness of BAM to FSB efforts, the review of BAM literature is exhaustive, having incorporated most, if not all of the current BAM literature relevant to the research questions. Second, similar to BAM, the literature review of SE is thorough in that the most of the available literature has been considered, but due to the diversity of the field and the multiple definitions and understanding of the actual practice, the degree to which it is exhaustive is relative. Finally, given that FSB efforts have some conceptual connection to, and can draw on so many other fields, searches were done in the fields of IB, ID, missiology, sociology, psychology, religion, among others, with the intent of finding literature that could inform the issue or question at hand. This aspect of the review was by no means exhaustive or thorough, but can be characterized more aptly as anecdotal, with the hope that those interested in building on this study in the areas of practicing and researching FSB would at some point in the future look more exhaustively at these sources for additional insights.

Structure

The first domain of influence that came to the fore was that of structure. Structure is an important yet complex domain of influence that is crucial for understanding the nature and operation of FSBs. For the purpose of this dissertation, structure refers to the form in which the organization is registered (for-profit, non-profit, or a hybrid) and how it operates within that structure. BAMs, SEs, and social businesses are typically at some specific point on a spectrum that runs from for-profit on one end to non-profit on the other, with various types of hybrids anywhere in between (Dees, 1998; Rundle & Sudyk, 2007; Russell, 2010). As we will see in the literature review below, a leader's choice of structure and of the operations within that structure must consider at least eight key issues, including potential for profitability, source of funding, subsidizations, conflict of interest, unreasonable compensation, unfair competition, mission drift, and organizational control. The value of considering these issues related to an organization's structure is that it can bring about clarification of purpose among various stakeholders, help in strategizing funding options and limitations, understanding the legal and tax implications of differing structures, and limitations regarding personal gain and future growth desires.

Types of Structures

Before reviewing each of the eight potential key issues identified above within the structural and operational domain of influence, it is important to review the types of overarching structure that can exist. The number and nature of types of structure depend on the possibilities of registration afforded by the legal system in which the organization is operating. Traditionally in the U.S., there were only two basic choices for an organization: for-profit or non-profit. The first was designed to produce a good or service to sell as a corporation or Limited Liability Company (LLC) and the second pursued a social mission as a foundation, non-profit corporation, or trust (Gillespie & Lucas, 2012). However, over time, non-profits began looking to generate funds through market-oriented revenue streams, for-profits began looking to direct profits to social causes, and entrepreneurs began looking for solutions to social problems using market-based strategies. As a result, the sector boundaries between the purely philanthropic and the purely commercial in terms of organizations' motives, methods and goals as well as relationships with its key stakeholders began to blur (Dees, 1998). As described in the *Social Enterprise Spectrum* (See Figure 1), organizations are mixing motives, payment rates, funding sources, and staffing, creating new forms of structural hybridization.

If form follows function, then new legal structures are needed for these new hybrids. Certain states in the U.S., for example, are beginning to recognize the mix of mission and profit on the corporate level in the form of the Benefit Corporation "B-

Corp," the Low-Profit Limited Liability Corporation "L3C," and the Flexible Purpose Corporation (Westaway, 2011). Under the traditional view of shareholder primacy, there is no legal legitimacy to maintain a dual mission, or for the company to sacrifice shareholder interests for those of other stakeholders, but the B-Corp and L3C structures allow for the incorporation documents to include a general and specific social benefit mission statement (Gillespie & Lucas, 2012).

THE SOCIAL ENTERPRISE SPECTRUM

		Purely Philanthropic	⟷	Purely Commercial
Motives, Methods, and Goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key Stakeholders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

Figure 1. The Social Enterprise Spectrum (Dees, 1998, p. 60).

While most FSBs are not registered at the corporate level, many pursue hybrid structures through different combinations such as for-profit with a social overlay, non-profit with a mission-related enterprise (Fruchterman, 2011), or a subsidiary non-profit alongside a holding company, or vice-versa (Rundle & Sudyk, 2007). All three of these limited specific structures exist outside the traditional non-profit and for-profit options. Additionally, given that each of the cases explored by this dissertation is registered within the various African nations in which it operates, consideration of the diverse legal standards within those nations and implications that might have on the efforts of the company is important.[2] Within this spectrum of structural options, the eight issues listed above come into play as FSB leader considers the impact of a chosen structure on operations, each of which are reviewed in turn in what follows.

Potential for Profitability, Source of Funding and Subsidization

To what degree are customers willing to pay for the good or service the organization is providing? What is the potential for profitability? Can capital funds be raised through investors expecting a return, or are donations and grants necessary, requiring tax deductions to donors? Can donors receive tax deductions and investors receive returns in the same organization? In the process of choosing and operating within a for-profit, non-profit or hybrid structure of an FSB, these economic questions point to the importance of considering the issues of profitability, funding, and subsidization.

One of the first issues to evaluate is whether the product or service which accomplishes the social mission is, or may become, commercially profitable in the marketplace (Dees, 1998; Fruchterman, 2011). The market is a key determinant. If you do not have a willing buyer at a price that provides a proper return, then a for-profit model is not an option. Assuming that there is a potential for profitability, the next question is the source of funding. The type of structure chosen will have implications for this. For example, "The non-distributive restriction on surpluses generated by non-profit organizations and the embedded social purpose of for-profit or hybrid forms of social

[2] The term non-profit is most often used in a U.S. context. Similar types of organizations in African nations include Non-Governmental Organizations (NGOs) and Community-Based Organizations (CBOs). Throughout the dissertation, all of these terms will be used as communicated by the various companies in their specific contexts. For the purpose of this dissertation, all three structural types will be considered synonymous with one another meaning an organization designed primarily to accomplish a mission.

enterprise limits social entrepreneurs from tapping into the same capital markets as commercial entrepreneurs" (Austin, Stevenson & Wei-Skillern, 2006, p. 3). Raising capital through for-profit investment methods of debt or equity provide greater amounts of freedom in regards to how profits can be distributed. However, investors' willingness to take on risk will determine whether a for-profit structure is viable. If raising capital through investment is not possible, then looking seriously at the non-profit structure or reworking the business plan to start more slowly with less money are options (Fruchterman).

What if the opportunity does not create the financial returns of typical business expectations, but a business-oriented solution remains the best option for the social problem? For example, consider a situation where MED development efforts provide opportunities for farmers to increase production and current middleman efforts exclude the poorest from a positive financial return in the market. The opportunity here is to use a business strategy to become the middleman and utilize practices which will intentionally include and develop the poorest. However, the situation is too risky for traditional investment. The options are to pursue a less effective, non-business oriented strategy, to use a hybrid model, or to do nothing.

In this case, the organization could identify a mix of donations and investment as sources of funding, as well as a mix of options regarding labor, supply costs, and payer rates in efforts to subsidize revenues (Dees, 1998; Russell, 2010). One key is defining a level of "sustainability" at which the organization is willing to operate, that which enables the organization to continue to exist. There are at least four approaches to sustainability:

- Subsidized to Profitability Model: A mix of investments, donations, and generated income sustains the company until its cash flow is positive. Then the company operates under the traditional business model.
- Mission Agency Employee Subsidized/Investment Partnership Model: Investments and generated income cover all expenses, excluding the salaries of mission agency employees, which are covered by the mission agency. These salaries are the only subsidy.
- Missions Agency Employee Subsidized/Mixed Partnership Model: A mix of investments, donations, and generated income cover all expenses, excluding the salaries of mission agency employees, which are paid by the mission agency.
- Donor Subsidized Model: A mix of investments, donations and generated income cover all expenses and the salaries of mission agency employees. (Russell, 2010, pp. 249-250)

Within these models, organizations can choose aspects of the business to subsidize, or can choose a point in time at which to stop subsidization. However the leaders decide to structure the organization, financial opportunities and challenges are important to consider.

Conflict of Interest and Unreasonable Compensation

The type of mixing of funding and subsidization described above creates several other issues, including dangers regarding U.S. 501(c)(3) non-profit limitations such as conflict of interest and unreasonable compensation. The concept related to conflict of interest and compensation is that of private inurement. That is, “anyone who is an insider—generally any board member or officer of the organization [non-profit]—cannot unreasonably benefit from the organization's funds" (Worth, 2012, p. 81). For example, if a board member of a non-profit which helps to subsidize the start-up capital through donations in the "subsidized to profitability model" is also an investor in the business and will receive personal financial gain once the business has reached profitability, a conflict of interest exists. It could be argued that the non-profit board member used their position to create a personally profitable situation.

The second issue, in addition to conflict of interest, is that of unreasonable compensation. In the same way that a non-profit should not, without careful consideration, offer a compensation scheme dependent upon a percentage of the gross or of gifts to the organization (Overton, 2002), hybrid organizations must be careful how they compensate business-driven positions, such as sales. On the one hand, if employee compensation is limited in situations where pay for performance is highly motivational, such as in business, the economic performance of the organization can be limited (Rundle & Sudyk, 2007). Most business people would agree with the adage that people who have "a skin in the game" have a higher likelihood of being successful in business. However, if there appears to be personal gain, or unreasonable compensation connected to non-profit activities, the implications for non-profit organization could be the risk of losing its tax-deductable and/or tax-exempt status.

Unfair Competition

Does the presence of subsidization in FSBs, when it exists, create an unfair competitive advantage in the marketplace, resulting in an overall negative economic impact on the community? Is subsidization appropriate for a limited time, or on certain levels? This is ultimately a question of good or bad competition. When an organization is considering subsidizations within non-profit and hybrid structure, the creation of unfair competition and its potential negative economic impact on the community is an important issue.

Competition is a system that rewards better work with greater reward. However, when ungrounded in ethical principles, it can bring harm when it leads to lying, stealing, pride, excessive work, and distortions of life values (Grudem, 2003). In its most basic form, unfair competition exists when a business takes unfair advantage over its competitors by violating its duty to abide by the rules of the competitive business game (Gomes & Owens, 1988).

One theory behind the existence of SEs is that they emerge when there is a social-market failure, i.e., commercial market forces do not meet a social need (Austin et al., 2006). Under this theory, competition should not be an issue because anyone using hybrid organizations will be doing so because the commercial market is not able to cover a need. The problem arises when the SE response in some way infringes on the commercial efforts unfairly, for example, when one group of competitors enjoys a government-subsidized (Gomes & Owens, 1988), or donor-subsidized competitive advantage.

The issue of subsidization is not new and comes up regularly in the agricultural and energy industries, among others. Hassett and Shapiro (2003) argue that E.U. and U.S. agricultural subsidies keep African and Latin American products out of European and U.S. markets as well as crowd out third party markets, which is especially harmful considering 60% of Africa’s population is dependent on the agricultural sector for income. While a discussion on the larger issue of the fairness of subsidization is beyond the scope of this study, as FSBs consider subsidization options with hybrid and non-profit structures, unfair competitive practices must be considered for ethical reasons and for their social and economic impacts. One warning states that,

> Missional entrepreneurs should seek ways to grow sustainable businesses that look out for the best of all involved and work for the common good, even in the midst of competitive industries…business as missions operations need to ensure that their *overall economical impact is beneficial*. (Russell, 2010, p. 236, emphasis added)

As FSB leaders consider structure, therefore, they must be aware of the currently existing businesses in the location in which they wish to operate, and concern themselves with the greater impact on the local economy. Competition is harmful when we prevent others from earning a living (Grudem, 2003), and FSB efforts could result in a net loss of jobs and economic stimulation if not properly assessed. The FSB might generate income and be effective in accomplishing its social mission, such as helping poorer farmers get a better price and/or opening up opportunities to evangelize. However, it might need to choose against the hybrid or non-profit strategy if there are negative consequences on the common good.

Unfair competition is a rarely discussed issue in the literature. As stated previously, SE's are generally thought of as operating where commercial efforts do not exist. The one study in the BAM literature regarding unfair competition was focused primarily on competition with other BAM efforts, and not in regards to other private sector efforts (Russell, 2008). Therefore, this study explored whether unfair competition was a factor in the FSBs studied, whether it had an impact on the choice of structure and subsidization, and how it was dealt with or resolved in the area of competitive considerations.

In summary, the economic issues of profitability, funding, subsidization, conflict of interest, unreasonable compensation, and unfair competition have a vital and tangible impact on FSB structures. While the theoretical and conceptual ideas within these issues have ranged from being well documented to less so in the literature, the perspective of pragmatic experience from field based practitioners is lacking. This study not only explores the choices FSB leaders have made regarding their particular business with these issues in mind, but also how they manage these issues on a structural and operational level, especially in the case of hybrids.

Mission Drift and Organizational Control

Does a business automatically achieve positive social impact just by being profitable? If a profit maximizing business strives for social goals, does it become less effective at making profits? Do for-profit efforts in a non-profit organization cause a drift from the social mission? Will there be times of choosing between making money and making a difference? Who makes the decision in case of a disagreement over which goal to pursue? As is pertains to the for-profit, non-profit or hybrid structure of the organization, these questions point to the issues of mission drift, or the potential for tension between stated goals, and organizational control, or an understanding of who makes the decision about mission pursuit when tension emerges, both of which will be explored here.

In an attempt to clarify the issue of mission drift further, two fundamental questions will be addressed. Do multiple outcomes pursued by the organization enable or detract from one another? And what is the ideal role of business and nonprofits in benefiting the common good? Responses to the first question tends identify two differing positions. The first position is that there are economic, spiritual, social and environmental outcomes that are at odds with one another and the increased prioritization or pursuit of one leads to the decrease in prioritization or ignoring of the other. The inherent tension is articulated clearly in the following statement.

> Because of their inherent value, it is extremely important for non-profit organizations to focus on their organizational missions. Yet, organizational mission is threatened when for-profit partnerships, the generation of commercial revenue, and social entrepreneurship activities emphasize profit at the expense of a non-profit organization's mission…with increased involvement in for-profit partnerships, non-profit organizations have a difficult time preserving their organizational mission while fulfilling the demands of corporate stakeholders. (Eikenberry & Kluver, 2004, p. 136)

Similarly, in the case of non-profits pursuing business as a revenue stream, one of the dangers of a market-based funding approach is that it allows the revenue opportunities to pull the organization away from its original social mission (Dees, 1998). A common story in BAM literature, for example, is that of missionary organizations using businesses to enter closed countries/restricted access nations pursuing financial goals that may hinder or detour the desire to evangelize and church plant (Lai, 2003; Russell, 2010).

The second position is that multiple outcomes are connected to or enable one another and the increase or decrease in the prioritization of one result in a similar response towards another. This perspective argues that the multiple goals do not have to conflict, embracing the assumption that positive social action or caring for the environment leads to greater profits, and not being intentional about people and the environment will not lead to profitable business, i.e. doing well and doing good at the same time (Ariely, Bracha, & Meier, 2009; Hamilton, Jo, & Statman, 1993).

Responses to the second question, regarding the role of business and nonprofits in benefiting the common good, also identify two differing positions. The first is the belief that the common good is achieved when businesses are solely maximizing profits and non-profits solely pursuing social missions. The second position is the belief that businesses incorporating social goals and non-profits engaging with business strategies produce better societal results. One oft quoted perspective is that “the social responsibility of business is to increase profits” (Friedman, 1970), which can be interpreted in two ways. Businesses should not be pursuing social responsibility, or businesses are pursuing social responsibility by pursuing profits.

While multiple outcomes will be discussed in greater detail later in this chapter, and while the purpose of this study is not to promote one position or perspective over another, the impact of these positions on the structure of FSBs needs to be understood here. Oftentimes in hybrid structures, there are stakeholders at different organizational levels in FSBs that sometimes unknowingly adhere personally to one of the above positions or another and if this is not clarified it can exacerbate such tensions. When tension does exist, it brings into play the second issue of organizational control, or who has the power or authority to make the decision regarding competing outcomes. The literature suggests two strategies in dealing with such tension within organizations such as FSBs.

One strategy is the separation of the organization into different legal entities with different leadership structures, such as a non-profit creating a non-profit holding company or partnering with a privately owned or funded business. However, in cases such as those of a church or mission agency, for example, separating the leadership into different entities can create a potential for split mentality over the goals of ministry and the business, or for economics to become the focus (Rundle & Sudyk, 2007), i.e. it does not remove the tension, it simply compartmentalizes it into different organizations. In the situation of leadership separation, the church or mission agency may have no ownership stake, control, or accountability over the business entity, which may possibly lead to business and/or mission failure.

The other suggestion regarding how to deal with potential tension is for leadership to foster and develop a blended value proposition within the organization:

> In contrast to a traditional investment/return framework with its implicit "sinking economic returns" assumption, a blended value proposition of any given investment understands that both functions need to be integrated and fully assessed in order to maximize social and financial value creation and shareholder returns. (Emersen, 2003, pp. 43-44)

In fact, it may be that this course enhances one or both of the outcomes at tension. One study, for example, demonstrated that BAM companies pursuing social goals actually produced better spiritual results than those pursuing solely spiritual goals (Russell, 2010).

In summary, there are oftentimes differing opinions on whether pursuit of profits is at odds with, or connected to social mission, and what outcomes businesses and non-profits should pursue to accomplish the common good. A tension between outcomes and the potential conflict regarding decision-making authority is identified theoretically and conceptually by the literature. This dissertation speaks to both of these by looking at whether or not this tension exists in the FSBs being studied and exploring how FSBs address these issues and how they resolve the tension.

Structural Summary

Thus far, few studies in the fields of literature of BAM and SE have explored the types of business structures chosen and used. In the BAM literature, for example, of the five companies described in Russell's (2008) dissertation, only one functioned as a pure business with no financial subsidization, while the rest used some form of hybridization. One of the companies generated enough profits to cover costs, but chose to remain partially subsidized, using funds which could have covered expatriate salaries to further invest in the company and support other local ministries. In another study, Christiansen (2008) found that of the six currently functioning businesses, only one was a pure business, but this might have been due to the infant nature of several of the businesses. The most telling BAM study regarding structure is one by Rundle (2014) in which out of 119 survey respondents, 38 were drawing their salaries entirely from donors, 35 were living entirely on income from the business, and 46 were drawing salaries from a combination of the two sources. No information was available from my survey of the existing literature on the distribution of SE structures. However, if the impetus of research done in SE is evidence of structure existing in the field, the majority of SE entities implies non-profit and/or hybrid forms over for-profit forms (Marshall, 2011).

The literature on structures does point to the existence of a variety of structural approaches employed by BAM and SEs, including for-profit, non-profit, and various forms of hybridization in which a majority of BAM and SEs are organized. The literature on structure also identifies, at varying levels, several key issues connected to understanding the consideration and operations of chosen structures, including potential for profitability, source of funding, conflict of interest, unreasonable compensation, unfair competition, mission drift, and organizational control. But, the research on each of the issues and how they influence issues of structure in FSBs is limited. This dissertation seeks to plug that gap.

Outcomes

Effective identification, pursuit and measurement of outcomes is a domain of influence necessary for any organization to consider. Businesses, for example, typically identify economic outcomes; mission organizations and churches set forth spiritual ones; and development organizations name social ones. Sometimes organizations identify more than one outcome at the same time, such as is the case with SE organizations stating social and/or environmental ones, or BAM entities putting forth spiritual and/or economic outcomes. While the literature identifies four main types of outcomes towards which any type of organization may strive (economic, spiritual, social and environmental), referred to frequently as “multiple bottom lines” (Baer, 2006; Johnson, 2009; Russell, 2010; Tunehag, 2009), there is a wide range of more specific outcomes that exist within these broader categories. For example, alleviating poverty, providing health care, and empowering the poor could all be considered social outcomes. Moreover, outcomes change and emerge over time (Lavoy, 2012) and can differ from one industry and cultural context to another.

In addition to the identification of outcomes, organizations pursue their accomplishment through various strategic efforts. For example, social enterprises may provide jobs to the poor who then purchase food, development organizations may provide education to poor farmers to produce food, and missions organizations may receive donations to hand out food. In these cases, all are strategies organizations use to accomplish a common social outcome of stopping hunger. Organizations choose different strategies based on their beliefs in what is most effective as well as the access they have to resources and opportunities.

Beyond identification and pursuit, organizations also measure outcomes, using different tools to do so. They do this for a variety of reasons, including to determine if they are making a difference, to find more reasons to market to customers and/or stakeholders, to secure or maintain funding, and to improve the services or products they deliver and their organizational processes (Golden, Hewitt & McBane, 2010). The tools for measuring outcomes tend to vary according to the kind of organization. Businesses, for example, simply use established and readily understood quantitative metrics, such as profitability. SEs use social metrics or impact performance measurements, which are much more difficult to identify, quantify and measure (Golden et al.), and generally require qualitative approaches.

The companies in this study have been identified as faith-based social businesses, meaning that they belong to the category of organizations that pursue spiritual, social, financial, and possibly environmental outcomes. This section reviews the various outcomes identified by the literature as being important to efforts of entities similar to FSBs. Each of the four main categories of outcomes (economic, spiritual, social and environmental) will be addressed in terms of identifying the various potential outcomes contained within them, the strategies pursued to accomplish the outcomes, and the tools used for measurement.

Economic Outcomes

Profitability and sustainability are two common terms used in describing economic outcomes of for-profits and non-profits respectively. However, for SE and BAM, identifying, pursuing and measuring economic outcomes become a bit more complicated because the pursuit of multiple other outcomes in the context of pursuing the economic ones tends to change the way that all are measured. This complication happens in three main ways. First, the complexity of the hybrid and non-profit approaches to subsidization (as described in the structural section) can confuse the quantitative nature of economic outcomes. Second, there is the complexity of monetizing social and environmental outcomes in economic terms. Third, there is a question of trust in the transparency and accountability of internal assessment in the measurement process. A review of these issues will help understand how and why the consideration of economic outcomes becomes muddied, including the fact that social and environmental outcomes can be considered in economic terms.

The identification of economic outcomes differs between organizations and organization types. In business, economic performance is non-negotiable. If a business does not reach an acceptable level of financial return, it will not survive. Perhaps the simplest economic outcome, then, is profitability, or the difference between revenues and expenses, considering it is easily understandable and quantifiable. Equally straightforward, economic outcomes for non-profits, including development organizations, are most often thought of in terms of raising enough funds to cover operating expenses, creating a sense of sustainability towards the accomplishment of its mission. Towards this end, revenue streams consist of donations, grants, fees for services, and endowments among others.

At the same time, given the mix of desired outcomes, a difference in prioritization of them emerges in some organizations. The BAM literature, for example, questions whether the economic outcome is the most important with some holding the view of profitability as a means to achieve the end of social transformation, while others feel profitability should be pursued as an end objective in and of itself. On the other hand, there also exists at times a willingness to sacrifice the economic value for greater social and spiritual value (Christiansen, 2008). In fact, the value of social mission over economic gain is by definition what differs SE from traditional entrepreneurs (Dees, 1998).

As stated above, there are complications around identifying and measuring economic outcomes. First, the use of subsidizations in hybrid and non-profit organizations creates a complexity regarding economic measurement in terms of sustainability. As previously described, when traditional market strategies do not allow for a pure business approach for various reasons, FSBs must consider the proper mix of donations and investments as well as continual subsidizations of operational aspects of the business. After considering the potential for negative impact and deciding to move forward, how then does this type of business measure economic performance? The literature thus far does not provide any specific formula, or standard measurement in this area. Perhaps the measurement by default is that if a BAM or SE continues to be in existence, then it is meeting its economic performance objective.

Second, organizations pursue spiritual, social and environmental outcomes, each of which carries with it its own understandings of accomplishment and measurement (to be described in later sections). However, there is also a desire by some organizations to quantify the economic impact of these other outcomes, a desire to “monetize” them through financial lenses. One such tool, the Social Return on Investment (SROI), for example, assigns monetary values to social and environmental returns and provides an opportunity to demonstrate wider value creation (Rotheroe & Richards, 2007).

SROI is a simple financial assessment of socio-economic value that is carried out by comparing a project’s net benefits to the investment required to generate those benefits over a certain period of time (Emerson & Cabaj, 2001). The net benefits are comprised of two cash flows: (1) the net income of the business (business revenue minus expenses), and (2) the total net savings to society (additional tax dollars generated by individuals who are employed and become tax payers, the reduction of costs associated with unemployment, and the new wages of employees minus expense or grant and philanthropic dollars used to subsidize the organization). Both cash flows are forecasted over a period of time (perhaps ten years) and expressed in terms of present dollar value. In this way, therefore, the business can monetize the social impact. In general, it is not recommended that SROI be used as the sole indicator of social performance, in the same way that ROI is not used as a sole indicator of financial performance. However, combining this quantified outcome measurement with a qualitative, narrative description can be a good way to gain a more complete understanding of a business' social impact (Lingane & Olsen, 2004).

Two issues emerge as a result of attempts to quantify the economic value of social impact. First, some social, spiritual and environmental outcomes are simply unquantifiable, and second, when such values are self-assessed, opportunity for exaggeration or falsification emerges. One way to deal with this problem of accountability and measurement has been put forth by the Benefit Corporation (B Corp) certification. Unlike the SROI, which is limited to an internally derived financial measurement through giving economic value to social impact, the B Corp certification strives to meet rigorous standards of social and environmental performance, accountability, and transparency. The B Corp certification process provides a framework to measure success for all stakeholders—including employees, community, and environmental interests—not just for shareholders (B Lab, 2012).

Becoming a certified B Corp means that a third party non-profit, the B Lab, has evaluated positively a company's claims of social and environmental responsibility. B Lab uses four "impact areas"—workers, community, environment, and governance—to assess businesses interested in B Corp certification (B Lab, 2012). A few examples of questions used to create accountability in impact areas include: 1) Does the company have a board or advisory body that includes at least one independent member? 2) Do they regularly share the company's financial info with all full time employees? 3) Do they evaluate their managers in writing on social and environmental goals? (B Lab, 2012) (several more examples are provided in the social and environmental outcomes section of this chapter). Each of these impact areas is given a quantifiable score towards certification. While this score is not in a monetized form, it does create a comparable platform between businesses.

In summary, the literature points to the complexity of measuring economic outcomes including the consideration of subsidizations, the monetization and quantification of non-financial type social outcomes, and the challenge of accountability and transparency. A way of attempting to solve these issues has been put forth in the form of SROI and B Corp certification, although they appear to be used at the larger scale corporate type of businesses, making it unlikely that FSBs have the capacity to pursue such efforts. This study builds on these insights from the literature to assess whether and how the FSBs taken as case studies were identifying, pursuing and measuring their economic performance. As analyzed in Chapter 10, FSB leaders seem to be weighing, and should be weighing, the financial costs and benefits to social and environmental decisions and seeking to be clear about economic performance in light of subsidization strategies in the context of good stewardship.

Spiritual Outcomes

The identification, pursuit and measurement of spiritual outcomes can appear to be a very unspiritual endeavor. From de-personalizing a spiritual experience, to quantifying aspects of a God that is by nature unquantifiable, to charting the development of a relationship along points of a continuum, assessment of spiritual outcomes seems to defy the very essence of something as relational, emotional, and psychological as spiritual transformation. But how else are we to understand whether spiritual growth is happening? The broader issue of spirituality assessment has been explored not only in religious and missiology literature, but has also been addressed significantly in the fields of sociology, psychology, development and business in their own unique ways. This literature has significant implications for FSB leaders who are serious about the holistic purpose of their businesses.

A review of the literature on spiritual outcomes in the various fields listed above related to FSBs shows that there are many considerations involved in identifying, pursuing and measuring spiritual outcomes. First, there are several ways of identifying and defining spiritual outcomes, ranging from a consideration of contextual factors such as openness to the Gospel, views of spirituality, and puzzling through markers of spiritual outcomes. Second, there are different strategies for pursuing spiritual outcomes including various forms of evangelism, partnerships and programs. Third, there are several approaches to measuring spiritual outcomes, typically including some form of self-assessment or external numeric quantification. Each of these will be explored in turn.

As organizations seek to identify appropriate spiritual outcomes and determine appropriate strategies to pursue, it is important that they survey and understand the spiritual climate and context of the location in which they are operating. One tool, or scale, is often used in missiology to do this: the Winters E-1 to E-3 scale on intercultural witness (Winter & Koch, n.d.). This scale measures the degree of receptivity to both the message of the Gospel and to the carrier of the message, and is usually arranged along a continuum such as one that might run from hostility on one end, to indifference and then to hospitality toward the messenger on the other (Pavarno, 2009). In a similar way, stages of openness to the message might be along a continuum of no awareness of the Gospel on one end, to antagonism toward the Gospel, understanding the need for and the cost of the

Gospel, all the way to a commitment to maturing and leading others of faith on the other, with many other steps along the way (Pavarno, 2009).

A spiritual metrics tool such as this was designed primarily for non-Christian contexts, leaving one of the gaps in the BAM literature around contextual issues. Much of the BAM movement has overlooked certain regions of the world, including Sub-Saharan Africa, in pursuit of embracing the mission's strategy to enter restricted access nations (RAN) in the 10/40 window. These regions ignored by the BAM literature already have significant Christian presence, which means that the tools developed to identify and establish spiritual outcomes are limited.

Development literature on spirituality, on the other hand, affords more general insights than does BAM literature. In considering context, this literature points to the key role spirituality plays in a person's understanding of the world and their place in it. Consequently, spirituality is central to the decisions people make about their own and their communities' development (Ver Beek, 2000). Some development efforts have specifically avoided the issue of spirituality for reasons that include long traditions of separation of religion and the state (Marshall, 2001) and fear of imposing an outsider's perspective (religious or scientific/materialistic) (Ver Beek). However, supporters of recognizing the role of spirituality in development believe it can result in effective practices through understanding how spiritual factors influence people's worldviews on issues such as gender, indigenous knowledge and social structure (Ver Beek) , or tackle issues such as witchcraft that hold back development and that are beyond the capacity of secular development agencies (Bornstein, 2005). Supporters also believe awareness of the role of spirituality can strengthen people's capacity to reflect and determine their own values and priorities and that spirituality will shape their future (Eade & Williams, 1995). While recognizing engagement with spirituality as a strategic decision, awareness of people's views of spirituality is contextual and can help in the identification of spiritual outcomes.

In addition to understanding the spiritual context, the literature of the various fields previously mentioned identifies numerous types of spiritual outcomes, many times labeled as aspects, dimensions, themes, factors, or indicators of spirituality. The outcomes are usually described in list form, or on some type of continuum. In the BAM literature the most prevalent outcomes include conversion (salvation) and church planting (Lai, 2003; Name Withheld, 2011). However, less objective and less tangible spiritual outcomes are also mentioned, such as feeling happiness, experiencing joy, healing, or having a "changed heart." These are typically understood through a behavioral and attitudinal lens (Christiansen, 2008). One list from the field of sociology, on the other hand, identifies eight dimensions of "religiosity" including experiential, devotional, ritualistic, belief, knowledge, consequential, communal and particularism (Stark & Glock, 1968)[3].

In literature from the field of psychology, the term "spiritual well-being" is used to describe spirituality's impact on physical and mental health, psychological adjustment, and assertiveness (Bufford, Paloutzian, & Ellison, 1991). One inventory lists five factors: awareness of God, disappointment in relationship with God, realistic acceptance of God, grandiosity in relationship with God, and instability in relationship with God (Hall & Edwards, 2002). In business ethics literature, spiritual outcomes are identified through

[3] This list of dimensions is just one example, which here is much more literature from a sociological perspective on spiritual metrics that I did not explore.

personal criteria, as described through ten personal values that correlated with "individual spirituality" or "character and personal development": benevolence, generativity, humanism, integrity, justice, mutuality, receptivity, respect, responsibility, and trust (Giacalone & Jurkiewicz, 2003). In other business literature, the concept of "workplace spirituality" identifies employees' need for inner life nourishment, meaningful work, and a sense of community (Ashmos & Duchon, 2000). Leadership literature echoes these themes, positing that spiritual leadership identifies the aspects of calling (similar to meaningful work) and membership (similar to community) (Fry, 2003) as important to being an effective leader.

Religious and missiology literature, similar to BAM, often identifies spiritual outcomes in terms of spiritual and church growth. In the U.S., for example, Willow Creek Community Church did a survey called REVEAL to assess the spiritual life of their congregation in hopes of providing steps to accelerate and deepen their relationship with Jesus. REVEAL emphasized a concept that it termed a "spiritual continuum," which it used to represent relational closeness to Christ. Based on the respondent's description of the depth of their spiritual life, they were placed into one of four groups: those who have not yet crossed the line into Christianity, those growing in Christ, those close to Christ, and those who are Christ-Centered (Willow Creek, 2004). Another missional perspective describes growth in *efficacy* (author's emphasis) as the difference between merely going and proclaiming, or living and reflecting, and that of *being* (author's emphasis) which includes suffering the hopes and frustrations of the world (Costas, 1981). In practice, "missional incarnation" or spiritual growth is evidenced by not only the Church's involvement in structural and historical problems, but also in the personal and collective struggles of society (Costas).

While there are both similarities and differences between these lists of identified spiritual outcomes from the various fields, a detailed analysis of which is beyond the scope of this study, two observations worth noting emerge. First, understandings of spirituality often come from either an exclusive or inclusive perspective. The inclusive or pluralistic perspective is one where the source of spirituality is seen as less important, where no connection is seen between the “religious” or institutional nature of the source and the sacred and normative nature of spirituality involved. The other perspective argues that being inclusive sidesteps religion by focusing on the function of belief rather than its substance (Lynn, Naughton, & VanderVeen, 2009), positing that the source of spirituality is just as important. The second observation is there appears to be a separation between what one approach calls the difference between “religious” and “existential” well-being (Bufford et al., 1991). Religious well-being in this sense refers to the vertical dimension of spirituality (relationship with God), and existential well-being refers to the horizontal dimension (well-being in relation to the world around us), including a sense of life purpose and life satisfaction. In an effort to articulate the danger in such a division, one author states;

> On the one hand, there is a tendency to dissociate the Gospel from the world, declaring God's salvation to be spiritual and transcendent, thus denying the incarnational essence of the faith. On the other hand, there is the impulse to seek for the fullness of the New Age through the endeavors

> of worldly involvement, by implication confining the promise of eternal life to an ephemeral existence. (Watson, 1983, p. 6)

As evidenced in the literature, in summary, an identification of spiritual outcomes includes considering the context in which they exist, alongside a long list of potential aspects of the outcomes, based upon various understandings of spirituality.

In addition to identifying the types of spiritual outcomes, the literature also describes several strategies used to pursue them, including various forms of evangelism, and other types of activities and programs, and the leadership qualities and approaches that appear to be responsible for success, or not.

Evangelism, defined as "the communication of the gospel," can take on many forms or strategies including prophetic, personal, and friendship, lifestyle and management style, among others. Prophetic evangelism is proclaiming the coming of the Kingdom of God, typically done through a preaching platform (Watson, 1983). Personal evangelism is imparting to others the Christian message through one's own insights and convictions of faith, which is most effective in the directness of conversation and dialogue (Watson). What some consider a more authentic approach is friendship evangelism, or focusing on building a relationship before sharing one's spiritual beliefs or faith (McPhee, 1978). Lifestyle evangelism focuses on living a holy, winsome life among unbelievers with the goal of attracting people to the message of Jesus Christ (Aldrich, 2011). Finally, management style evangelism is what managers say, think and do in every aspect and activity of the company communicating the truth about the Gospel (Johnson, 2009). Concerns regarding lifestyle evangelism (and friendship evangelism to some extent) include being insufficient or ignoring the Bible's command to share the

Gospel verbally. In this view, there can be a tendency to put the priority on doing good works, which is not considered enough to qualify it as evangelism if the Gospel is never spoken.

Another strategy to pursuing spiritual outcomes involves a host of strategic activities to promote, develop and grow within individuals the spiritual outcomes previously identified. In BAM literature, the activities identified include weekly devotional times at the organization consisting of prayer, worship songs and Bible readings, funding local ministries directly through profits as well as employees' tithing, hiring refugees that eventually return home, and using special occasions such as grand openings for proclamation (Russell, 2008). Workplace spirituality literature points to strategies of accommodation which include "observance" requests at work for things such as holidays, ritual or events, Sabbath days, and leaves of absence. Accommodations also extend to "manifestation" requests at work which include specific types of dress, displaying of symbols, proselytizing, and allowance for informal group meetings of a spiritual nature (Cash & Gray, 2000).

The development literature contains examples of other strategies, such as those pursued by World Vision (WV) and Compassion International (CI), two large evangelical Christian relief and development organizations. CI's focus is on working with the local church in function of giving every child in their program a chance to respond to the Gospel by learning about Jesus and discovering how to develop a lifelong relationship with God (Compassion International, 2013). WV, on the other hand, has more of a focus on working through the character and conduct of its staff, through their words of testimony, and in this way seeking to witness to Christ through deeds of mercy and love

(World Vision, 2013). While both embrace a holistic perspective developing mind, body and spirit, WV has a less explicit approach to spiritual outcomes stating:

> We serve all people, regardless of religion, race, ethnicity, or gender. We do not proselytize, and we pledge never to exploit vulnerability to obtain a profession of faith. We do not feed the hungry as a means to an end. We feed the hungry because God cares about people who are hungry, and He wants them to be fed. (Psalm 145:13-17)

Alongside studies describing these strategies used to pursue spiritual outcomes, several studies have also focused on determining the causal factors of effectiveness in accomplishing them, with a special focus on the leaders of the organizations and efforts. For example, effective tentmakers are seen as spiritually mature and evangelistically zealous, socially well-adjusted, focused, well organized (Lai, 2003), are fluent in more than one language, actively share their faith, have a strong work ethic, have close national relationships, and have clear strategies for church planting (Name Withheld, 2011). Those who are described as effective spiritual leaders typically create vision and value congruence across the strategic, empowered team and individual levels and ultimately foster higher levels of organizational commitment and productivity (Fry, 2003). However, research has shown that those who believed the ultimate objective of mission was simply to win people to Christ were actually less effective in accomplishing spiritual outcomes than those who defined their objective as transforming society (Lai; Russell, 2008).

In addition to a focus on strategies and effectiveness of pursuing spiritual outcomes, the literature across the various fields offers a large list of tools with which to measure their accomplishment, including the Spiritual Well-Being Scale (Ellison, 1983), the Spiritual Assessment Inventory (Hall & Edwards, 2002), the Meaning and Purpose at Work Questionnaire (Ashmos & Duchon, 2000), and the Faith at Work Scale and Faith Maturity Scale (Lynn et al., 2009), to name a few. These and other tools do not receive an equal focus in the various fields of literature, however. Spiritual measurement within BAM literature, for example, is limited in scope, focusing mainly on measuring conversion (salvation) and church planting (Lai, 2003; Russell, 2008). This is likely due to the ability of these outcomes to be quantified, as opposed to the more subjective outcomes previously identified. World Vision keeps track of the number of Christian faith leaders trained, Bibles and New Testaments made accessible, and number of church partnerships as part of their developmental efforts (World Vision, 2013). Both workplace spirituality and spiritual leadership literature includes measurement of enhanced work unit and company performance in their assessment efforts (Elm, 2003; Garcia-Zamor, 2003). The REVEAL assessment tool emphasizes measurement in terms of “spiritual growth” as a combination of attitudes and behaviors that are good for Christians to hold and do, including tithing, evangelizing, serving others, reading the Bible, praying, loving God, and loving others (Wright, 2008).

While it is not the purpose of this study to thoroughly analyze each of these measurement tools, a few observations emerge as relevant to FSB efforts. First, most measurements tools appear to be quantitative, based on activity (volunteering for service), participation (attendance at a Bible study), and/or decisions made (conversion). Second, many use self-assessment tools in regards to how participants feel about their own spirituality. Third, tools tend to measure spirituality as either stagnant or based on one point in time along a growth trajectory, or a process that can increase or decrease, with various levels of complexity and nuance.

In summary, a review of the literature shows that there are many considerations around identifying, pursuing and measuring spiritual outcomes. Identifying outcomes in a sophisticated way incorporates the recognition of contextual factors as well as the diversity of aspects of spirituality. The pursuit of spiritual outcomes can be carried out through a variety of strategies including different forms of evangelism, partnerships and programs. Finally, the measurement of the accomplishment of spiritual outcomes can involve a range of tools including self assessments and quantification of various aspects of spirituality. This study broadens understanding the identification, pursuit and measurement of spiritual outcomes by expanding to a context, particularly in relationship to the BAM literature that is more focused on closed countries, where there is a predominantly Christian presence and explores the experiences of FSB practitioners in these contexts.

Social Outcomes

The social bottom line focuses on businesses' impact on the lives of the people connected to the business as stakeholders. From a non-holistic perspective, social outcomes are seen as important in that they are a means to an end of a spiritual outcome, or vise versa. However, when considered from a holistic worldview, where spiritual and social outcomes are both essential to God's mission, business appears to provide an opportunity to be a part of accomplishing that mission. The literature identifies five issues in which and through which this social impact of businesses occurs: job creation, community development support, training and education, meeting chronic needs of society, and using the power of business to bring about justice. The literature on identification, pursuit and measurement of social outcomes is more robust on the first three social impact issues, but is weaker on the latter two: how the product or service itself meets those chronic needs, and the potential impact of FSBs in places where business efforts are often seen as perpetuators of injustice. The identification and pursuit of social outcomes tends to be represented as one in the literature, and in what follows we will tackle these first in an integrated way, and then go on to the question of measurement.

First, businesses create jobs. Those jobs in turn create wages, which give people buying power to purchase goods and services that will improve living standards, health, housing, food, education and opportunities (Christiansen, 2008; Johnson, 2009; Pavarno, 2009; Rundle & Steffen, 2003; Russell, 2008). Businesses, therefore, increase a family's ability to capitalize on their present investment, making their children better off (Russell), especially in situations where the expatriate entrepreneur desires to give the locals ownership of the business (Christiansen). Further, jobs allow people to retain the dignity, self esteem, healthy pride and realistic hope that come from being usefully employed and economically self-sufficient (Johnson; Russell). This psychological impact is enhanced when businesses make efforts to treat people respectfully and humanely, giving them a place where they feel at home (Russell).

Businesses can also have an indirect social impact through funding community development activities that provide public assistance/welfare, create efforts to decrease criminal activity and addictions, promote nutrition, health, quality of life, and enhance forms of community participation (Pavarno, 2009). Moreover, business support for educational empowering developmental activities such as capacity building through vocational and skills training (Christiansen, 2008; Pavarno, 2009; Russell, 2008) especially among the disadvantaged (Russell) can have a long-lasting impact.

Job creation, community development, and education are only three of the five aspects of business social impact identified in the literature. The other two are meeting chronic needs of society and advocating for justice. In terms of the former, some businesses strategically target their products and services in a way that meets the chronic needs of society. For example, SEs such as A to Z Textile Mill produce anti-malaria bed nets in Tanzania (Acumen Fund, 2012) and the Grameen Bank uses micro-finance to empower the poor with capital and with village phones used to transfer information regarding markets (Grameen Foundation, 2012). One could argue that all products and services of business meet needs, within ethical reason (for example sex trafficking would not be an ethical product of business). However, there is a level of intentionality of product and service which can lead to a greater level of social impact and which is important to recognize and encourage.

Finally, businesses have an opportunity to influence political and economic issues from a position of power created by their revenue and contributions to society with an eye towards issues of justice. As stated by one author:

> How can business promote justice? Businesses are constantly making decisions regarding product pricing, wage rates, hiring procedures, procuring inputs, ownership of assets. Each of these management decisions can have significant implications for justice. It is in making

> these decisions that businesses have the opportunity to promote greater justice, that businesses are "distributors of justice." (Ewert, 2006, p. 68)

Businessmen and women also hold great potential, based on their power within society, to play a huge role—formally or informally—in pushing for changes in the political arena and political and economic culture in ways that open the doors on issues including trade, fiscal and monetary policies, and government reform (Bronkema & Brown, 2009). In short, business holds power as the economic engine of a society (Lindblom, 1977), and FSBs are an effort to exploit that power to accomplish social ends.

While some of these social outcomes can result from the operations of business without specific intentionality, efforts made by businesses to identify them intentionally and measure whether they are being achieved can lead to greater impact. There is some literature on the metrics used to measure these aspects of social impact that have to do with job creation, education, and community development. As mentioned above in the economic outcomes section, B Corp certification, for example, is one such tool created to assess the social impact of business on employees and the community (B Lab, 2012). One set of criteria for assessment and certification focuses on providing a good work environment and fair compensation for employees as well as allowing employee ownership, along the following lines:

- Pay bonuses to non-executive employees over the prior year
- Cover at least some of health insurance premiums for individuals
- Extend health benefits to part-time and flex-time employees
- Fund a 401(k) plan for employees
- Have >5% of company owned by non-executive employees

- >50% of employees provided paid professional development opportunities

A second set of criteria for assessment and certification targets the community, or the company's efforts to give back to the local community:

- Have >50% products/services that directly address a social issue (eg. microfinance, education)
- Have >25% of significant suppliers certified to meet specific social/environmental criteria
- Patronize >10% of significant suppliers from low-income communities
- Have >50% of products or input materials that are certified to meet fair trade sourcing practices
- Have >40% of significant suppliers that are local independent businesses
- Are majority owned by women or ethnic minorities
- Have >30% of management from previously excluded populations
- Donate >10% of profits or 1% of sales to charitable organizations
- Allow >20 hours per year of paid time off for community service

Overall, while there is some good literature on social outcomes across the fields, there are some gaps to be filled especially around whether and how business leaders consider questions of identification, pursuit, and measurement of using their businesses to meet societal needs and bring about justice. This study takes steps to plug those gaps, and to enhance the existing literature on overall social outcomes. To that end, the participants in the research of this dissertation were selected because they explicitly communicated the desire to have a social impact. This study explores, then, what, why and how social outcomes were identified, pursued and measured, not only through commonly understood methods like job creation, community development support, training and education, but also whether the leaders harnessed the intentionality of the products and services themselves to meet chronic needs of society and used the potential of the power of business to bring about justice.

Environmental Outcomes

The pursuit of environmental responsibility stems from an awareness of the need for stewardship of earthly resources for long-term sustainability. The literature shows that while many small business owners and managers have strong ‘‘green’’ attitudes, the implementation of environmentally-friendly practices has been minimal (Gadenne, Kennedy & McKeiver, 2009). This has always been a delicate subject for business endeavors, and one on which differing perceptions and complexity of the issue have lead to limited efforts. Up to a quarter of SEs in the UK see themselves as contributing to environmental aims, but only a small minority (5%) identify the environment as a main focus of their activity (Vickers, 2010), and environmental issues are rarely discussed in the BAM literature with corresponding little evidence of practice. The literature addressing environmental outcomes in various types of business settings can be broken down into two main streams that are reviewed below. First, an exploration of the various motivations that encourage and challenge pro-environmental efforts, and second, the types of environmental outcomes that are identified, the strategies by which they are pursued, and the tools used for measuring them.

There are four main sources of motivation that drive businesses to address environmental issues: pressure from various stakeholders, pressure from legal or other requirements, economic considerations, and personal values and beliefs. As seen below, while most of these lead towards some kind of pro-environmental action, some can work the other way or in both ways. Pressure for a business to pursue environmental outcomes can come from a number of different sources that to one degree or another are considered "internal" to a business, namely stakeholders including suppliers, customers, employers, managers, and owners (Gadenne et al., 2009; Naffziger, Almed, & Montagno, 2003). Pressure may also emerge from "external" requirements such as legislative and regulatory compliance as well as certification requirements (Delmas & Blass, 2010; Williams & Shaefer, 2013).

Economic motivations, on the other hand, have two different roots. One set is generally rooted in the potential for cost reduction over the long-term (Esty & Porter 1998; Hart 1995: Nehrt 1996), such as arguments that the high amounts of investment in equipment such as solar panels or low carbon emission vehicles will reduce ongoing costs leading to an eventually recouping of the investment. As explored below, however, there is significant skepticism around those arguments and calculations of cost reduction not being universal. The other set of economic motivations are rooted in the potential for increasing market share, such as in the case where being environmentally friendly can provide a competitive advantage through marketing (Bandley, 1992; Bansal & Roth, 2000; Remich, 1993; Williams & Schaefer, 2013) increasing sales among environmentally conscious consumers.

While economic arguments, stakeholders, and external pressure play a role in a company's decision around pro-environmental engagement, perhaps the most notable motivation for managers to tackle environmental and climate change issues are personal values and beliefs (Williams & Schaefer, 2013). Managers with individual and ethical concerns (Bansal & Roth, 2000) that create a willingness to voluntarily engage in these issues (Gadenne et al., 2009) make decisions that shape attitudes and activities that fuel environmental action, at times regardless of the economic ramifications. At times, these personal beliefs are spiritual in nature, as pointed out by the missiological literature, in which they find reason through the biblical foundations for creation stewardship and for honoring Christ through caring for the environment (Daneel, 2011; Sorley, 2011).

While all of these motivations generally drive towards a pro-environment engagement, there are some aspects that may drive the other way or at least prevent pro-environment action from being taken. As alluded to earlier, economically speaking, some argue that environmental activities negatively affect profitability (Naffziger et al., 2003). Owners and managers fear using more expensive eco-friendly materials arguing that savings do always materialize, in addition to the cost of regulation (Hornsby, Kuratko, & Naffziger, 1998). For small businesses, there can be a feeling of powerlessness in dealing with environmental issues due to the seemingly insignificant size of their company in the larger economic picture, lack of knowledge and an inability to devote significant resources to environmental efforts (Naffziger et al.).

These motivational and de-motivational factors for engaging in environmental efforts shape the creation of environmental outcomes, the strategies that businesses use to pursue them, as well as the methods of measuring them. Along these lines, the literature identifies three categories of environmental outcomes: reducing energy consumption, pollution prevention, and waste recycling, and corresponding strategies to achieve them. First, the strategies used to reduce energy consumption include using ecologically sustainable resources (Bansal & Roth, 2000) that conserve natural resources (Vickers, 2010), pursuing linear programming methods (Olsthoorn, Tyteca, Wehrmeyer, & Wagner, 2001), reengineering production systems (Porter & Van der Linde, 1995) to streamline processes, and generating renewable energy on site with solar or wind power sources (B Lab, 2012). The strategies used for pollution prevention include considering the environmental impact of toxicity and emissions (Ilinitch et al., 1998; Lober, 1996; Wood, 1991) such as ozone-depleting and agricultural chemicals (Waddock & Graves, 1997), and using facilities that meet green building standards and transport vehicles that are clean or low-emission vehicles (B Lab). Strategies for waste recycling include reusing, properly disposing, and selling waste products (Cordano, 1993) and ensuring that inputs come from recycled material (eg. recycled paper, reclaimed metal products, and soy-based inks) (B Lab).

These environmental outcomes and their correlating strategies lend themselves to evaluation and measurement that are science-based and formulaic in nature. Generally, the measurement of environmental outcomes is portrayed as objective, understandable, significant (i.e., covering all relevant aspects), consistent with the objectives, responsive to stakeholder expectations, and allowing for meaningful comparisons (Bartolomeo 1995; CICA, 1994). While such measurements require significant investments in scientific methods typically available only to large scale multinational corporations, there are other options building from the scientific methods that are helpful to smaller operations similar to the FSBs being studied. For example, the requirements for B Corp certification (previously described in the structure and social sections of this chapter), such as 75% of inputs coming from recycled materials or 25% of vehicles being low carbon emission vehicles, could be applied to smaller scale businesses, even if they are not B Corps (B Lab, 2012). In this situation, the scientific measurements and statistics are done externally (the car maker determines if a car scientifically qualifies as low carbon emission) and the business simply buys this more environmentally friendly vehicle over other less green options, resulting a better environmental outcome.

Another potential measurement tool for FSB type businesses is the ISO 14000, a set of voluntary environmental standards devised by the International Standards Organization that focus on an organization's environmental management system. Evaluation under this framework is designed to focus on assessing planning activities, procedures, processes and resources in an effort to reduce a firm's negative impact on the environment (Rishel & Hubble, 2001). Similar to relying on the car maker to provide the information regarding the environmental value of their car, information may emerge outside of the business itself regarding a procedure or process that can be incorporated into the business. For example, a study might find that operations carried out in the evening use less electricity than during the day, creating a positive environmental outcome. A business could incorporate this green practice by shifting production to the evening. In both cases, the business did not incur the cost of environmental research, but was able to pursue environmental outcomes using external sources of information.

In summary, environmental outcomes have a major presence in the business and development literature, and to a lesser degree in SE literature. According to this literature, they are identified, pursued, and evaluated for various reasons, such as economic gain or personal conviction, but sometimes only because they are incentivized and required by pressure from several sources, such as governments. The subject of environmental outcomes is minimally present in BAM literature, for reasons beyond the scope of this dissertation, but I suspect it may be because they are a low priority in this sector, difficult to understand, and expensive to measure. This study makes an attempt to remedy the paucity of the literature on this subject by exploring to what degree FSBs considered environmental outcomes, and how that manifested itself in their operations.

Outcomes Summary

The review of the literature on the identification, pursuit, and measurement of outcomes of businesses identified several key issues and insights that were used to guide this study of FSBs. First, utilizing profitability as an economic outcome was identified as a standard, yet problematic approach in hybrid organizations, even as attempts can be made to monetize social and environmental outcomes to demonstrate economic value. Businesses pursuing spiritual outcomes may contextually recognize people's view of spirituality, and also have a nuanced understanding of the tangible and intangible nature of this issue, even as they employ multiple evangelistic strategies to accomplish these outcomes and use tools of self-assessment and quantitative measurement to judge whether outcomes are being accomplished. Social outcomes may be defined as extending beyond needs being met through employment to intentionally meeting needs through the product itself and by using power to bring about justice. Efforts around identifying, pursuing and measuring environmental outcomes are driven not only by a host of motivations, pressured, and unpressured, but also by challenges in understanding the complexity of measurements and putting those into practice. Given the identified research question in this study *"What is the nature and status of the outcomes of the FSBs being studied?,"* an effort was made not only to identify the categories, types and range of outcomes used in each business, using the literature review as a jumping off point, but also to explore the experiences of the leaders and their understanding of the factors and implications of the chosen outcomes.

Partnership

One of the most important domains of influence in FSBs is that of partnership, defined as "when two or more entities work together towards some shared goal" (Butler, 2006). Often, partnership is thought of as taking place at an institutional level, between various organizations, such as churches and parachurch groups (Hammett, 2000), churches or missions organizations and businesses in BAM (Russell, 2010; Tunehag, McGee, & Plummer, 2004), public, private, and non-profit alignments in SE (Weerawardena & Mort, 2006), and Christian and secular development organizations (Birmingham, forthcoming), to name a few. However, an alternative view of partnership is as that of a relationship between people as opposed to organizations, people who share leadership, vision and authority within the same organization. In the case of the focus of this dissertation, for example, when U.S. and African leaders engage in FSB, they make particular choices regarding how they will effectively partner to strategically accomplish their intended goals.

While there are times when people opt to pursue a "Lone Ranger" strategy, a partnership between two or more individuals can enable or hinder effectiveness in accomplishing proposed outcomes. Several reasons for choosing partnership emerge from the literature including the importance of knowledge of the local market and business operations, both necessary for creating credibility, accountability and trust with potential employees and customers (Johnson, 2009; Shaw & Carter, 2007); access to greater resources such as funding and expertise from different and multiple sources (Shaw & Carter); the need to understand developmental needs of those impacted through the intended social mission (Drucker, 1969; Ewert, 2006); stewardship, or sharing rather than duplication of resources; and seeing the relationship itself as being good (Birmingham, forthcoming).

Two main issues are helpful in understanding the nature and status of FSB partnerships. The first involves the capacity that the individuals bring to the partnership, including their educational and experiential background, motivation for involvement, skills and characteristics. The second is focused more on the relationship between the partners, including how they engage in relationship (their roles, selection and possible exit), and how they respond to differences, especially those that are cultural. A review of the related literature on these two issues provides a foundation for understanding these issues of partnership and sets the stage to show how a study of FSB practitioners can speak into the partnership domain of influence.

Capacity of Partners

What knowledge, skills, and attributes do individual partners bring to the table? Does the capacity necessary to accomplish the FSB desired outcomes exist within one individual, or is that too much to ask, requiring partners with different skill sets, strengths and weaknesses to work together? A closer look at what makes up the dimensions of a person's "capacity" to contribute towards the partnership, defined as their educational and experiential background, motivation for involvement, and skills and characteristics, helps understand how this capacity can either enable or hinder effective partnership and the corresponding impact on achieving organizational outcomes.

Background and Motivation.

Individuals involved in efforts similar to FSBs come from many different educational and experiential backgrounds and are driven by a variety of motivations. These influence them in a host of ways in their FSB efforts: past exposure to work environments, professional education, and even indirect influence of parental work experiences, can predispose a person to incorporating the association of certain logics in subsequent ventures (Lee & Battilana, 2013). For example, in hybrid type organizations attempting multiple outcomes, such as FSBs, partners engaging with a “commercial logic” coming from for-profits, or a “social welfare logic” coming from non-profits can lead to conflicting internal pressures within the partnership (Lee & Battilana).

Understanding that background can inform perspective (logic), and with potential for conflict in mind, the background of partners should be considered. Given the similarity of BAM and SE to FSB, a review of the backgrounds of practitioners is beneficial. BAM practitioners, for example, typically come from a business or a mission background (Russell, 2010) while SE leaders tend to have been social workers, lawyers, professors, managers, and grassroots organizers (Alvord, Brown, & Letts, 2004). While there is a growing trend of young people coming right out of college interested in the SE field, there are also significant numbers that come out of vocations in which they have developed years of experience. They come equally from rich or poor backgrounds, from industrialized or developing countries, and are both men and women (Alvord et al.).

Motives for engaging in business also vary among these practitioners. A missionary turned BAM practitioner, for example, is usually driven by the desire to gain access to a closed country, the legitimacy and credibility provided by having a solid “story” about who they are and why they are there, and the deep level of relationships developed naturally in a work environment (Russell, 2010). On the other hand, the motivations of business professionals working in BAM or SE include the opportunity to engage their passions and use their skills towards a worthy activity, create jobs for the un- or underemployed, confront unjust social structures, and influence social elites (Russell). In common with for-profit entrepreneurs, a key motivator for SEs is to identify and exploit an unmet need which remains unmet by both the public sector and the established charity sector (Shaw & Carter, 2007). SEs are usually more concerned with caring and helping than with “making money;” they desire to help change people’s lives because they embrace important causes (Spear, 2006).

Skills and Characteristics.

Influenced by their background and motivations, FSB practitioners operate in settings that call on them to use their leadership and technical skills and characteristics in demanding ways. They are, in essence, simultaneously leading the mission of a non-profit and the business of a for-profit organization, balancing multiple bottom lines and stakeholders (funders, employees and partners) while operating under mixed altruistic and self-interested motivations in the context of cultural differences. The literature identifies several specific skills and characteristics helpful not only in effective partnership, but in leading and managing cross-culturally towards accomplishing organizational goals. These skills include, but are not limited to cultural intelligence, servant and missional leadership, being altruistic and cooperative, and being willing to take risks.

Cultural intelligence refers to one's success when adjusting to another culture, requiring the ability to depersonalize differences, suspend judgment (Triandis, 2005), have the desire/motivation for understanding by all involved, and the ability to communicate when knowledge is not understood (Brislin, Worthley & Macnab, 2006). Skills such as cultural intelligence are necessary for those engaging in the process of respecting universals as well as local traditions (Donaldson, 1996). A similar concept is that of cross-cultural competence, described as the effective application of the requisite cross-cultural skills, knowledge, and attributes, focusing on the functionality or "doing" (Johnson, Lenartowicz, & Apud, 2006). Hence, the descriptors of what it means to be culturally competent invokes more action oriented terminology, including *possessing* a strong personal identity; *displaying* sensitivity to the affective processes of the culture; *communicating* clearly in the language of the given cultural group; *performing* specially sanctioned behavior; *maintaining* active social relations within the cultural group; and *negotiating* the institutional structures of that culture (emphasis added) (Johnson, et. al.).

And yet, cultural intelligence needs to be supplemented by other forms of leadership and personal characteristics. Servant leaders, for example, are thought to be most effective in leading BAM organizations (Baer, 2006; Johnson, 2009) as opposed to those who conform more to the stereotypical view of business leaders being domineering, power hungry, and self-centered. A servant leadership approach is quite the opposite, consisting of an altruistic expression of genuinely putting the welfare of the organization and its employees ahead of the leader's own interests (Baer). Similar to servant leadership, missional leadership is also described an important skill for BAM practitioners, defined as the ability to positively influence others in matters of faith and work in the context of an organization that is not patently religious in nature (Russell, 2010). Finally, desirable characteristics of a BAM practitioner include one who is experienced, a strategic thinker, well-qualified (business), experienced in ministry, spiritually mature, willingness to serve (spiritual), culturally sensitive, persistence, and whole-hearted (personal) (Ducker, 2006).

In addition to the skills and characteristics identified in the BAM literature as necessary for effective performance, SE literature has a list of skills needed in the context of influencing multiple stakeholders, including the ability to seek common ground and shared goals, acknowledge past mistakes and being willing to accept influence from others, as well as allowing solutions to develop from others (Reade, Todd, Osland & Osland, 2008). Effective SE leadership skills aim to shift the mindset of a business person away from a competitive, confrontational, and closed-minded stance toward a more cooperative, empathetic, and open-minded stance vis-à-vis social and environmental issues (Kaptein & van Tulder, 2003; Pedersen, 2006). Given that the founders of SEs usually come from a variety of backgrounds, as previously described, they may bring with them a capacity to work with and build bridges among very diverse stakeholders in a way that often leads to successful initiatives (Alvord et al., 2004). Finally, based on the entrepreneurial nature of SEs, the mindset of the successful practitioner is usually one of a willingness to take risks, an ability to identify gaps in extant marketplace offerings, and make efforts to use network ties to more fully elaborate opportunities (Marshall, 2011).

This extensive list of skills and characteristics, alongside the individuals' background and motivations, make up an individuals' capacity. The question arises as to whether the same capacities are important to and represented in FSB practitioners, and how they play out in the partnerships of each company.

Relationship between the partners

The second issue helpful in understanding the nature and status of FSB partnerships has to do with the relationship between the partners, specifically how they manage their relationship and how they view and approach differences in function of effectively accomplishing their organizational goals. How do partners find, or select one another? How do they determine their roles? Do they have a specific approach or strategy to their partnership, and do they know when the partnership should end? Additionally, when people from various cultures interact, differences are bound to emerge. When they do, just how do partners for FSBs deal with the differences? Do they compromise on a middle ground, do they submit to the host culture, or do they pursue cultural change and embrace the outsider's perspective? The cost of not recognizing the benefits and pitfalls of the differences, and allowing the differences to become dividing forces in the partnership, can lead to ineffectiveness or failure. This review will explore three main issues of partner relationships: the management of partnership relationship, including the formation of partnerships, approaches, roles, and potential exit; the potential cultural differences in management and the understanding of business itself; and the potential responses to cultural differences that are crucial for understanding the workings of FSBs and their leaders.

Managing the Relationship.

Partnerships typically include intentional efforts geared towards searching, finding, forming, strategizing, clarifying, implementing, performing, and potentially ending the partnerships themselves. A wide range of literature from several fields engages partnership from a plethora of perspectives. This review explores that literature with an eye towards its relevance to FSB efforts, focusing particularly on the definitions and insights into effective partnership, how relationships are managed towards the purpose of effective partnership, and the issues of partnership roles, selection and exit.

Effectiveness in partnership can be defined in two ways; the quality of the relationship itself, and/or the successful accomplishment of the ends towards which the organization is striving. Elements that emerge in the literature as important ingredients to effective partnerships include shared vision; complementary roles; understanding the value of partnering; understanding how the partnership is assessed; managing the relationship; power, resources and fairness (Birmingham, forthcoming), mutuality, trust, communication and accountability (Rowe, 2009).

One approach to accomplishing effective partnership uses the metaphor of a "dance" to describe how both sides of a partnership can take steps needed to create authentic partnerships in missions (Reissner, 2001). These steps include; indwelling, or stepping into the shoes of the other; indirection, or taking time and patience to allow relationships to develop; inquisitiveness, or willingness to ask hard questions that partners usually want to avoid; iconoclasm, or the reversal of expectations and reciprocity in relationship; and imagining, or seeking the network of others. This approach is described as being helpful when referring to partnerships between people who have a history between them, and even between those who have economic disparities which leads to an element of dependency that makes an authentic partnership difficult to achieve (van Beek, 1992). This latter situation is frequently the case for FSBs.

In describing the roles of various partners, the only pattern noted by the literature focused on national partners responsible for local expertise and relationships, and international partners providing a bulk of the financial and technical resources (Birmingham, forthcoming). I suspect this is because partnerships are typically based upon skills and strengths of the individuals (as previously described) and differ in each partnership. Regarding partnership selection, beyond looking at the motivation of partners, and the potential reasons for pursuing partnership (both of which previously described), very little literature has been written about how partnerships are formed or how partners select one another. On the other hand, several perspectives are highlighted regarding the exit, or separation from partnership, citing paternalism and dependency as the primary intentional reasons for the partnerships ending (Birmingham, forthcoming; Estes, 2011; Houle, 2001; Hui, 2004; Lamberty, 2012; Reissner, 2001).

One exception to this kind of “exit” process has it built in from the start. Labeled in the missiology literature as ministry transfer, it is a process of handing over leadership and financial support to national control, an important step toward making ministries blend into the national context (Estes, 2011). This approach was devised in response to the view that the missionary movement adjusted to the end of colonialism by embracing the idea of partnership as the postcolonial model for cross-cultural relationships (Robert, 2011). This type of phase out is done believing that the nationals are empowered, and the missionary is no longer needed. While perceived to be beneficial, challenges exist, specifically in terms of financial dependence on the outside, which is hard to change in impoverished situations. It should be noted that there is disagreement among both national and expatriate leaders over the ministry transfer model, believing that partnership is still the best way forward (Estes).

International development literature describes similar desires to avoid creating dependency or paternalism, however from a slightly different perspective. Development efforts typically are project and short-term oriented with the goal of sustainability in mind. Therefore, exiting is oftentimes assumed and factored into the project efforts through strategies such as appropriate technology, national leadership involvement in the planning and implementation process, and a financially sustainable source to continue the benefits of the project. The business literature, on the other hand has little regarding exit. My assumption is that businesses do not typically want to exit that in which they have invested, because the whole point is to reap financial reward which typically comes later on in the process. However, as will be described in the analysis Chapter 10, the incorporation of social outcomes does contribute to an exit desire for some of the companies, with the motivation to overcome dependency on U.S. partners.

In summary, effective partnerships require strategic and intentional effort, including clarity of roles, mutuality, trust, communication, accountability, among other elements. How and why partners are selected is less known than how partnerships are exited, which provides opportunity in this study of FSB partnerships. Effective partnership also depends on understanding what potential cultural differences exist and how they are dealt with, which is explored in the next section.

Potential Cultural Differences.

In an analysis of IB management practice in Sub-Saharan Africa, Kiggundu notes that:

> Prevailing management styles are authoritarian, personalized, politicized, and not conducive to management development and the emergence of new leadership. Entrepreneurial, creative, and development talents are suppressed in favor of bureaucratic, risk-aversive administration based on absolute obedience. (Kiggundu, 1988, p. 226)

Leonard adds:

> many of the differences in organizational behavior between Africa on the one hand, and the United States and Europe, on the other, are not due to managerial failures but to fundamental dissimilarities in the value priorities of the societies that encapsulate them. Any attempt to treat management science as suitable for a mechanical transfer of technology is bound to meet with failure. We need to understand how sociopolitical realities affect the various levels of managerial behavior. (Leonard, 1987, p. 901)

As these authors imply, one way of understanding cross-cultural management found in IB literature is through the identification and measurement of dimensions of cultural differences that impact management practices, especially along the lines of individualism-collectivism; masculinity-femininity; uncertainty avoidance; power distance; and future orientation (Hofstede, 1980). While there may be differences of culture between the nations and people groups in Africa itself where the various FSBs studied in the dissertation were located, the literature suggests that there are some common features of African cultures that are present in all contexts, including respect for elders, importance of the extended family, collectivism, and deference to authority (Blunt & Jones, 1992). Clearly, cultural differences abound between African and U.S. management, a finding confirmed by this study and explored more in Chapter 10, whether it be ones that are transcontinental or idiosyncratic, and those differences have partnership implications.

In addition to the cultural differences in management, differences may also exist in regards to an understanding purpose, role, and influence of business itself. Johnson (2009) in his analysis of BAM efforts addresses the relationship between businesses and cultures stating:

> By its very nature the modern business-driven, market economy is not a respecter of cultures, except as may be necessary to increase sales. It is an ethnocentric, even paternalist philosophy that says, "You and your family will be better off, have higher living standards and enjoy the good things of life, if you become part of the global market economy" (p. 52).

While subscribing to the concept that global free trade is, in the long run, the only viable path for the world's economy, Johnson does point to two very important stumbling blocks for those engaging with BAM: the unrelenting attack of business on local cultures and the potential for negative consequences if unfettered "raw capitalism" lacks moral values and foundational business ethics.

Several other texts have also highlighted the nature of cultural implications in doing business internationally. The BAM movement, for example, has been critiqued as “a new venue through which to export American individualism, American values, consumerism, and American business ideology” (Ewert, 2006, p. 75). This critique is deepened by those who see capitalism as “a narrow view of human nature, assuming that people are one-dimensional beings concerned only with the pursuit of maximum profit…we’ve insulated him from the rest of life, the religious, emotional, political, and social” (Yunus & Weber, 2007, p. 18).

In fact, BAM and the Christian business community are taking these critiques to heart. The multiple bottom line efforts of BAM, as described in the outcomes section, are one response to this critique, positing the importance of things beyond profit. Another response to these critiques states,

> The market economy assumes that individuals will act in their respective self-interests. If everyone behaves this way, the market will allocate scarce resources efficiently.… Such a self-oriented perspective, however, seems at odds with the more communitarian, common-good orientation of the Garden. (Van Duzer, 2010, p. 76)

This common-good response to a self-oriented critique views the purpose of business as intrinsically providing goods and services, and creating meaningful productivity through employment in a way that helps humanity to flourish (Van Duzer).

As FSB leaders engage cross-culturally, special attention needs to be given to the cross-cultural differences in understanding of business, and their potential negative consequences. A detailed analysis of whether the African and U.S. FSB partners who were the subject of this study, have experienced these differences is a point of focus in

Chapter 10. Also analyzed in that chapter is how they resolved any cross cultural issues, which the literature also addresses and to which we now turn.

Responses to Cultural Differences.

Those engaged in cross cultural business need to find a way to navigate the relationships when differences emerge, such as the ones previously described. There are at least three main ways of dealing with this, aligned on a spectrum, that have been pointed to by the literature: relativism, absolutism, and compromise. The first, cultural relativism, states that no culture is better than any other and universal truths or international rights and wrongs are inexistent (Donaldson, 1996), resulting in acceptance of an indigenous culture's position. The other end of the spectrum is viewing differences through the lens of imperialism or absolutism, which is based on the principle that there is a single list of truths that can be expressed with one set of concepts and that they call for exactly the same behavior around the world (Donaldson), resulting in the acceptance of modern management techniques. Compromise, or a culture-fit model, suggests moving beyond the relativism (culture-free) versus absolutism (culture-dependent) debate, arguing that a synthesis between indigenous cultures and modern management techniques is most effective (Beugre & Offodile, 2001).

One study that addressed the questions raised by this spectrum for the effectiveness of cross-cultural management approaches, although it did not use this framework, was Russell's (2008) study of BAM companies in Chang Mai, Thailand. In that study, he found that the firms that sought to adapt their management style to the Thai context, such as coming across humbly, had far fewer complaints about management, lower employee turnover, and significantly higher levels of employee satisfaction than those that operated according to a distinct U.S. or Western management style. However, Russell also noted that those who had fruitful ministries and successful businesses and adapted in many respects to the culture had also intentionally worked to counter certain aspects of the local culture. For example, the most common cultural aspect that was challenged was to emphasize the foreign culture's perspective on the need to plan ahead and discipline toward more future orientation. Russell does not advocate for complete submission to local cultural norms, but advises that if entrepreneurs do choose to act counter-culturally in some instances they should have at least thought through the issues.

Another business approach identified in the literature on dealing with cultural difference is to create a "third culture" within the business (Graen, Wakabayashi, & Hui, 1999) modeling a compromise, or culture-fit model. The strategy is to create a cross-functional, multi-level, and cross-cultural team that creatively investigates and maps the cultural challenges and make recommendations for organizational change, which serves to create a third culture. If done effectively, in theory, the result will offend neither people from the cultures in its operation and hopefully encourage all people involved to commit to it as their own.

In short, the literature clearly identifies that cultural differences exist in both management and understanding of business in partnership situations, and that responses to these differences can vary in terms of the way they are addressed. Whether the FSB leaders dealt with and resolved these differences in ways already identified by the literature, or created new forms of resolution, is the subject of analysis in Chapter 10.

Partnership Summary

The literature regarding partnerships, though limited, does provide us with two main issues in our efforts to understand the nature and status of FSB partnerships. By acknowledging the motivations and predispositions that come with one's background, and the unique skills and characteristics necessary to deal successfully with the complexity of FSB situations, the capacity that the individuals bring to the partnerships is of vital importance. Also, the ability to manage the selection, relationship, differences, and potentially separation speak to the level of effectiveness the partnership will experience. This study takes these observations and uses them to analyze, in Chapter 10, how FSB practitioners view themselves and their partnership in efforts in function of accomplishing their organizational objectives, and the patterns and lessons that can be drawn from that.

Conclusion

The literature points to three domains of influence particularly important for FSB practitioners: structure, outcomes, and partnership. A review of this literature points to several issues within each domain that have been researched to varying degrees and can help explain and inform the practice of FSBs, as well identifying several gaps that this study helps to close. The predominance of hybridization creates various points of structural complexity in areas of economics, unfair competition, mission drift, and organizational control, among others. The potential tension between multiple bottom lines exists not only in pursuit and measurement of such outcomes as profitability, conversions, and jobs created, but also in less understood outcomes such as influence on unjust situations, intangible spiritual transformation, and environmental impact efforts.

The convergence of leaders in FSBs with diverse backgrounds, skills, and their particular approaches to leadership creates dynamic relationships which can enhance or limit partnership. Finally, the domains of influence outlined in this chapter, and their correlating issues, shape the methodological approach to research adopted by this study as described in the following chapter.

CHAPTER 3:

RESEARCH METHOLOLOGY

This study explores the role of the leaders of faith-based social businesses (FSBs) in Sub-Saharan Africa in understanding, shaping, and dealing with the nature and status of three domains of influence: the structure, outcomes, and partnerships that affect their businesses. The literature review in Chapter 2 provided a foundation for the exploration by identifying the diverse theories and issues within each domain, and showed clearly that there has been little research done to see to what extent these theories apply to the business practices of FSB leaders.

The purpose of this study, therefore, is to provide new insights on the literature on the theory and practice of business as mission, social enterprise, international development, and international business and to support current practitioners as well as encourage potential future participants on how best to accomplish their goals. This chapter outlines the case-study research method for this study, expounding on the qualitative research design of the multiple case studies investigated as part of this study. It also discusses my role as the researcher and describes the research participants in this study. Finally, this chapter reviews the data collection, analysis, and interpretation strategies that were used by this study in order to ensure its integrity and trustworthiness.

Rationale for Qualitative Design

Beginning from a social constructivist worldview, this research embraces the assumption that individuals seek understanding of the world in which they live and work through experiences which have varied, and multiple meanings due to individual historical and social perspectives (Creswell, 2009). Furthermore, it assumes that qualitative research enables the researcher to step beyond their role, enter into the world of the participants, and see the world from their perspective (Corbin & Strauss, 2008). Fundamental data is provided not by the isolated facts as such, but by the perception and interpretation by agents of these facts (Pauwels & Matthyssens, 2004). Hence, in considering the purpose of this study of exploring the understandings and perspectives of FSB leaders of their business contexts and actions, a qualitative research approach was most appropriate for this study.

Case Study Method

Of the many qualitative approaches that could have been chosen, the case-study method was chosen as best given the purpose of the study. Hartley (1994) defines a case study as “a detailed investigation, often with data collected over a period of time, of one or more organizations, or groups within organizations, with a view to providing an analysis of the context and processes involved in the phenomenon under study” (pp. 208-209). Case study research allows for expanding and generalizing theories by combining the existing theoretical knowledge with new empirical insights (Yin, 1994). A case study, as defined by Stake (1994), is undertaken in order to explicate or elucidate a particular issue with the explicit goal of better understanding. Case studies are also well-suited to studies of organizational processes (Hartley, 2004). For all of these reasons, the case study was the best format for exploring the experiences of FSB leaders.

In order to ensure methodological rigor (Dubois & Gadde, 2002; Yeung, 1995), this study utilized the multiple case study methodological framework described by

Pauwels and Matthyssens (2004). This consists of four pillars of research – theoretical sampling, triangulation, pattern-matching logic and analytical generalization – seeking validation through comparison, and combination and repetition of emerging themes from the data. Each of these components is described throughout the remainder of the chapter. Conceptually, by selecting cases ensuring diversity within certain criteria (theoretical sampling), by interviewing multiple participants holding differing roles within the FSBs (triangulation), by coding responses and comparing them to the responses in other cases as well as literature (pattern-matching logic), and identifying what might be useful in similar situations (analytical generalization), these pillars create a framework that was strong and stable enough to withstand many of the current methodological criticisms. Yet a qualitative semi-structured interview approach remains flexible enough to allow for a research design that meets the challenges of the actual research question, the phenomenon under investigation and the context of the study.

Role of the Researcher

Particularly in qualitative research, the role of the researcher as the primary data collection instrument necessitates the identification of personal values, assumptions and biases at the outset of the study (Creswell, 2009). My perceptions of faith-based social business in Sub-Saharan Africa have been shaped by my personal experiences as an international development worker and business owner, as laid out in the first chapter. As argued by other authors, I saw this to be positive rather than detrimental (Locke et al., 1987). In my case, for example, I believed the participants saw me as an insider, leading them to share more with me than they otherwise might have. I understood the issues and knew the right questions to ask, from their perspective. Additionally, by having lived in

Africa for a significant amount of time, I developed the cultural and communication skills to engage in conversation with the African partners being interviewed. I believed this experience brought me credibility among the participants.

However, I may have also had blind spots precisely because of my personal opinions and perspectives which may have swayed my judgments concerning research design and interpretation. While the three domains of influence in this study had been selected for their importance to the issues faced by FSB, the participants' responses did modify the research questions slightly in two ways. First, some of the issues identified by the literature were not mentioned or alluded to in participant's responses. Secondly, several new domains of influence and issues emerged as important to FSB leaders throughout the various interviews, but due to limited resources and time, as well as the desire to remain focused on the identified domains, the additional ones were only identified and analyzed in Chapter 11 as recommendations for future research. These adjustments made during research process gave evidence to my willingness to allow the data to speak to the selected material.

Considering the potential for personal bias to negatively impact this study, the following steps were taken. First, the research questions were used in an open ended fashion so that the participants had the opportunity to identify issues differing from those I had identified within the literature, which as previously described did happen. Second, in an effort at full disclosure, two of the companies researched (Onesimus and Kimbilio Funeral Home) were ones in which I personally participated alongside my partners, articulating first hand our experiences.[4] Third, I engaged in ongoing, critical self-

[44] As described in the role of the researcher section, I was intimately involved in two of the companies (Onesimus as a co-founder and co-owner, and Kimbilio Funeral Home as a board member of Living Room

reflection during the study around issues of potential personal bias and communicated regularly with my research committee to ensure accountability and accuracy of the content analysis portion of the study. Finally, after each individual case was written, a copy of the case was sent to the leaders of each FSB to obtain feedback regarding the accuracy of my interpretation of their responses. Comments were received and incorporated into the dissertation.

Participants

The first pillar of the multiple case study framework is theoretical sampling (Pauwels & Matthyssens, 2004). The general belief is that more cases allow for more identification of similar responses and eventually result in a more externally valid outcome. However this argument falsely relies upon an inappropriate notion of potential statistical significance (Dubois & Gadde, 2002). The purpose of using multiple cases is to create more theory-driven variance and divergence in the data, not to create more of the same. Therefore, sampling should have a theoretical basis (Pauwels & Matthyssens).

In theoretical sampling, the researcher deliberately selects both typical and atypical cases. Cross-analyzing these cases results in a literal and theoretical replication of findings (Yin, 1994) and the analysis of each additional case strengthens the emergent theory. Diverse rather than identical cases, as defined by an identified typology, produce contrasting results for predictable reasons (Pauwels & Matthyssens, 2004). Since it is the emergent theory that drives the sampling process, ideally sampling goes alongside data collection and analysis. Therefore, it is crucial that theoretical logic steers sampling.

Ministries International and part-time employee as Director of Income Generation). This information was disclosed to the dissertation committee during the proposal process, which agreed that these cases should be included due to the insight and experience that could be added to the overall research data.

In order to ensure a proper sampling, FSB efforts were selected that met several qualifying conditions;

1. considered themselves a *business*, in which they could be organized as a non-profit, for-profit, or a hybrid, but in which they viewed themselves as a business pursuing financial sustainability,
2. had explicit *social goals* involving some articulation of the alleviation of poverty,
3. had a stated *faith-based* nature of their efforts which may or may not have included a direct spiritual impact measurement process,
4. had a strong emphasis on *U.S./African national leadership/partnership* relationship in which vision and authority were shared, as opposed to being led exclusively by a U.S. leader with Africans being viewed solely as employees, and
5. located in *Sub-Saharan Africa*.

The purposes of identifying these specific criteria were to not only articulate what would be considered an FSB, but also to clarify what was not being studied. For example, this study did not include typical non-profit organizations with social goals, traditional businesses pursuing profit-maximization, secular organizations, or organizations with an exclusive U.S. leader viewing Africans solely as employees.

In addition to meeting these criteria, potential cases went through an exploratory interview to judge their diversity based on potential responses to the selected domains of influence (structure, outcomes, and partnership). The selected businesses covered the structural spectrum of for-profit, hybrid, and non-profit, as well as difference in financial inputs (donations, investment, loans) and results (profitability, sustainability). Various locations/countries (Kenya, Uganda, Zambia, and Zimbabwe) broadened the potential for differing contextual influence. Different partnership descriptions were considered such as the amount of time the U.S. partner spent in the country of business and the level of experience of both the U.S. and African partners. Finally, differing products/industries were considered (agriculture, transportation, restaurant, retail, and health care) as well as different markets for the products (local or international).

More than 15 potential FSBs were identified through existing relationships, referrals, and internet searches, after which email and phone contact was made with leaders of ten of the companies to address the qualifying conditions, including willingness to participate. Four of the ten potential FSBs were excluded from the study for various reasons, including the U.S. partner returning to the United States or leaving the company, a civil war breaking out in the country of the company, and lack of ability to connect with an African partner. Six of the companies were identified as not only meeting the necessary criteria, but also providing the diversity needed to address the research questions at a sufficient level for the purposes of this study.

Data Collection

The second pillar of the multiple case study framework is triangulation (Pauwels & Matthyssens, 2004). Triangulation aims at the integration of multiple data sources in the design. The assumption is that the weaknesses of a single data collection method/source are compensated by the counterbalancing strengths of another method/source (Jick, 1979). Triangulation increases the internal validity of the study by confirming findings' (Miles & Huberman, 1994) and reducing random measurement error (Kumar et al., 1993). Triangulation during the data collection can be performed by interviewing various respondents on the same issue, interviewing the same respondent on a particular issue more than once, as well as by the combination of primary and secondary sources (Pauwels & Matthyssens).

For this study, data collection came primarily from site visitation and in-depth, open-ended interviews with the U.S. and African leaders/partners of each business. Two trips were made (January 2013 and February 2013) during with I spent two to three days with each company, following Vissak's (2010) recommendation of using multiple informants/respondents from the same case organization as a way of increasing validity. This inclusion of other constituents is also very useful if the researcher wants to ask questions for which no one person has all the required knowledge or if the events being studied may have different interpretations or viewpoints (Voss et al., 2002). Therefore, in addition to interviewing the leaders/partners, whenever possible other constituents such as funders, former leaders/partners, and founders no longer involved in operations were also included in the interview process. In total 32 participants were interviewed as part of the study, 20 U.S. and 12 African. Several interviewees were contacted post-interview for follow-up clarification and confirmation of data collected.

The interview questions based on the identified domains of influence served to guide the process, while the FSB leaders interviewed were also allowed to freely share their stories. Where possible, a summary of selected research questions was sent to participants prior to the interview to prepare them for the depth of questioning. Interviews were recorded, either in person or by phone, and multiple copies of the recordings were securely stored by the researcher to protect from loss and to secure anonymity. Finally, internet websites, internal documents, articles, and personal emails were used in preparation and to supplement the primary data.

As the interviews progressed, the issue of anonymity emerged requiring adjustments to the data collection process. Requests for anonymity regarding several responses were given by participants. The typical reason given was for the purpose of respecting relationships while trying to provide information about challenging issues. The participants recognized the value of responding authentically regarding the reality of various situations, but not at the risk of harming relationships. Also, issues regarding corruption within the government and theft within the company elicited requests for anonymity. Therefore, several different places in the case descriptions, insights and recommendations, citations of anonymity were used with the identity known only to the researcher.

Data Analysis

The third and fourth pillars of the multiple case study framework are pattern-matching logic and analytical generalization (Pauwels & Matthyssens, 2004). In a pattern model, events are explained when they are related to a set of other elements – that is, events and (sub)systems – in such a way that together they constitute a unified system (Kaplan, 1964). With pattern-matching logic, the analyst compares an empirical based pattern of events with a predicted one, or with several alternative predictions (Yin, 1994). Pattern models are described as chains of process propositions consisting of hypothesized relationships between abstract events (Pauwels & Matthyssens). These pattern models are compared to each other and to pattern models described in the literature. As described in Chapter 2, multiple issues were identified based on the review of related literature creating the initial pattern model to be compared with the collected data in the analysis process.

Before the pattern models can be compared, the data must be prepared to be analyzed. During the data collection process, notes were made as part of a continual reflection process regarding themes that emerged in each interview. A complete transcription of interviews was made for 12 participants and notes and relevant quotations were typed as part of reviewing the remaining recorded interviews. After interviews were prepared for analysis, a coding process of organizing material into chunks or segments of text was done before bringing meaning to the information (Rossman & Rallis, 1998). These chunks were labeled based on the domains of influence, and further into identifiable issues where possible.

Once data analysis for each case was complete, and themes emerged as relevant to the research questions, a narrative of each case was written organized by responses to the domains of influence. Each case study in this dissertation begins with a brief, general *introduction* of the company, including what they did, where they were located, what their current status was, what their vision/mission was, among other descriptive information. Second, a *company narrative* is provided to help explain the context in which the company was created and developed. This was done mostly chronologically, but not always. The narrative is not exhaustive, but limited to information relevant to understanding the responses to the respective research questions. Next, the responses to each of the research questions are described separately under the headings of *structure, outcomes and partnership*. These sections were written in a manner to articulate the perspectives of the participants with as little analysis and conclusions drawn as possible. Finally, a *summary* of the themes that emerged related to each domain of influence concludes each respective case.

Once the responses were identified, coded and analyzed for each company, the pattern matching comparison between the cases as well as with the literature was done in an effort to lead to analytical generalization. Through analytical generalization a researcher aims at testing the validity of the research outcome against the theoretical network that surrounds the phenomenon and research questions (Yin, 1994). This process of testing requires continual returning to the literature and the different cases as new information surfaces. The outcome of the analytic generalization may indicate incompatibility with extant theories, which requires further research, or confirmation or rephrasing of an existing theory (Pauwels & Matthyssens, 2004).

In this study, the pattern matching logic process not only resulted in confirmation, rephrasing and incompatibility with existing theory, but also additional insights to be added to current theory, as described in detail in Chapter 10. The results and insights of this study are organized based on the domains of influence and are written by both addressing the comparison of the cases with the issues identified in the literature and introducing new insights to be added to the literature. In the final writing of the cases and results/insights, one point that emerged is worth noting. While new insights regarding issues within the three identified domains of influence are described in Chapter 10, several new domains of influence did emerge throughout the various interviews as important to FSB leaders such as production and quality control processes, working alongside other organizations on location like churches and NGOs, market development and exporting, and training and developing future FSB leaders, among others. As a result of limited resources and time, as well as the desire to remain focused on the identified domains of influence, the additional domains were identified in Chapter 11 as recommendations for future research.

Ethical Considerations

In this study, confidentiality of the participants was protected through the use of anonymous citations if requested. Permission was granted by each participant to record the interviews. The Institutional Review Board (IRB) of Eastern University served to ensure ethical research and treatment of the research participants. In doing so, a description of the research of this study was submitted to and approved by the IRB. In addition, confidentiality and research consent forms, as well as the interview protocol, was approved by the IRB.

Conclusion

In this study, a qualitative research method provided the opportunity to explore the nature and status of the structure, outcomes, and partnership of faith-based social businesses (FSBs) in Sub-Saharan Africa as experienced and driven by and their leaders. By selecting various businesses that met specific criteria based on theoretical sampling to provide diverse perspectives, a multiple case study allowed for comparison not only with the other businesses, but with the current literature. Using triangulation for data collection engaged the various participants within the businesses to get a broader view of the domains of influence pursued in the research questions. The use of semi-structured interviews, along with site visitation and other secondary sources provided the data necessary for analysis. Pattern matching and analytical generalization allowed for rigorous pursuit of incompatibility, support and refinement of, and additional insights to current theory, and for the drawing up of recommendations for future research and for more effective practice.

CHAPTER 4:

31 BITS

Introduction

31 Bits is a socially minded business designed to give internally displaced women in Northern Uganda an opportunity to counter poverty by making beaded jewelry which is then sold in the United States. The ongoing, catastrophic war started by The Lord's Resistance Army (LRA) has created limited access to education, employment, and sustainability. Many women are forced to leave their villages for the District of Gulu to seek aid and opportunity, oftentimes without hope for prosperity. The "31" in the company's name comes from Proverbs 31 (New International Version), which talks about the strength of a virtuous woman. "Bits" refers to the "bits" of paper used to make the beads.

Since its inception in 2008, the Costa Mesa, California-based company has grown to 127 employees, been highlighted in fashion magazines, promoted by celebrities, and recognized by national media outlets and local chambers of commerce. Despite these accomplishments, the primary measure of success for its five founders is the holistic empowerment of the ladies making beaded jewelry and accessories. Best described as a for-profit business focused on the cause-related[5] fashion industry, its developmental desire to encourage women towards self-sustainability through further employment after

[5] The term "cause-related" refers to the advertisement, marketing, or sale of a product based on helping address a social issue. In the case of 31 Bits, it's the strategy of sharing the story of the women being helped by the purchase of jewelry to motivate customers towards a purchase.

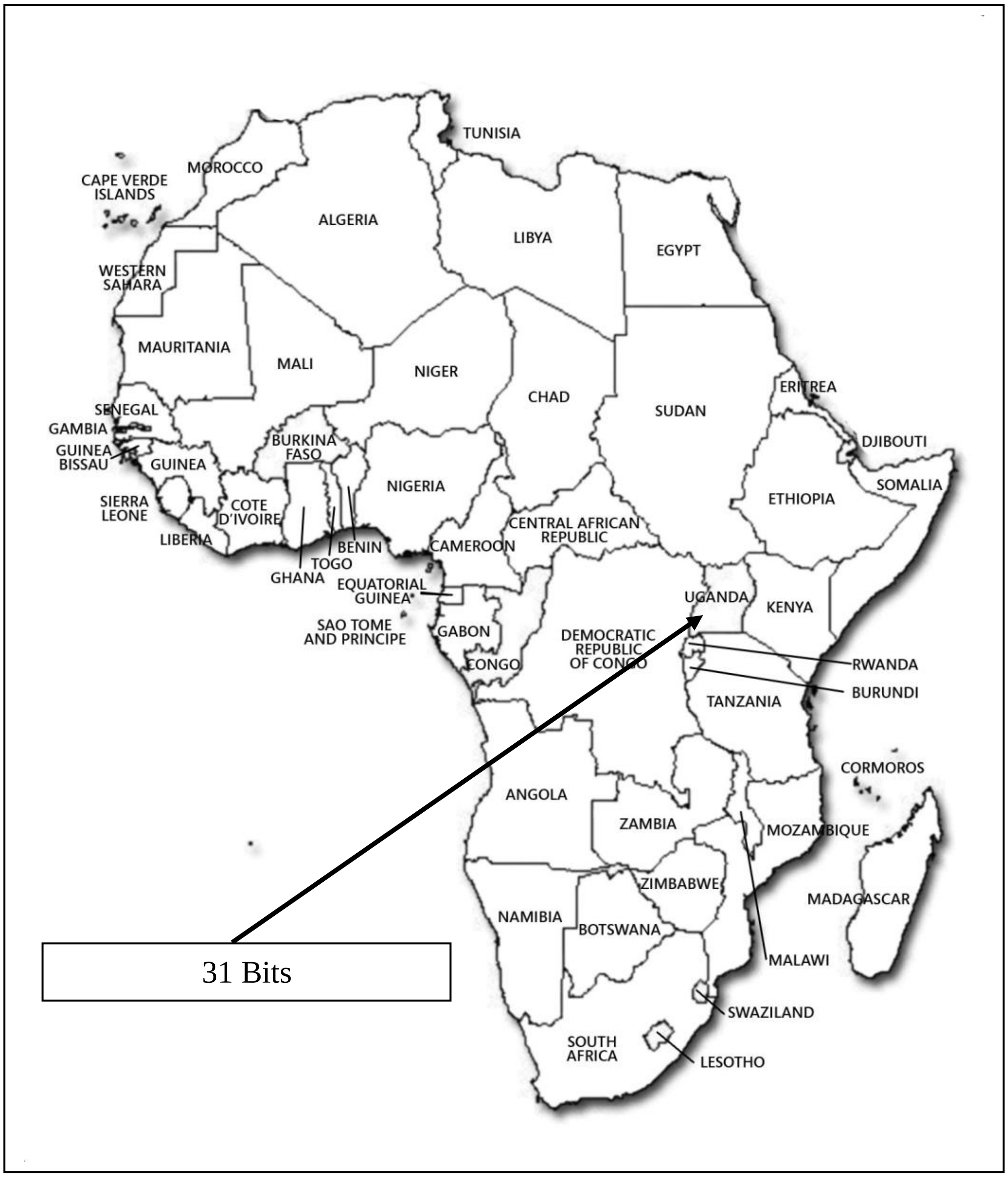

Figure 2. 31 Bits Map.

their time with the company equally drives its purpose, creating a dual vision of “the women” and “the product.”

Company Narrative

In the summer of 2007, co-founder Kallie Dovel traveled to Uganda to work at an orphanage. While there, she met women making paper beads, but they lacked a plan to market and sell them. After spending time in their homes and hearing their stories, Kallie knew there had to be a way to give opportunities to her new friends. When returning to the U.S. for her senior year at Vanguard University in Costa Mesa, California, she brought back a box of jewelry to sell and began to envision the concept for a development organization. Realizing that she was on to something, but being a dreamer and not an organizer, she teamed up with four college friends and her ideas quickly evolved into 31 Bits. The four friends traveled to Uganda in August 2008 and started purchasing jewelry on a monthly basis from six women, promising to employ them for at least two years. While Kallie stayed in Uganda for the next year overseeing operations, the others returned to the U.S. to finish their last year of school, registering the company in the States and developing the marketing side of the business.

When the remaining founders graduated in 2009, the process of growing a business was in full swing. While each member of the team gained invaluable experience as they rotated living in Uganda for a few months at a time, they quickly realized that defined roles and a consistent location (either in the U.S. or Uganda) was required to establish stable relationships with both producers and sales representatives. Those based in the U.S. worked as many as two or three other jobs to earn a living while receiving no salary from 31 Bits. The marketing leader, Jessie, describes their mindset at that time. “We needed to make enough money [through sales of the jewelry] every month to pay the women [the beneficiaries in Uganda] for the next month, the next round of jewelry” (Simonson, 2013). The sales strategy gradually shifted from fairs, churches, schools, and booths to establishing a brand in a larger market, both online and in retail stores. Jessie characterizes their development at this time as a shift from the homemade, “artsy” look to a more professional image for their logo, website, and branding. One key partnership—

supplying beads to the sandal maker Reef—was helpful for them to learn the demands of quality, inventory and the fashion business in general (Simonson).

At the same time the business was growing in the U.S., production and development efforts were being established in Uganda. Policies and procedures for quality control, timeliness, work schedules and compensation were established to match the capacity of producers with the demands of the customers. Educated and experienced Ugandan managers were hired to design and implement various trainings, targeted at addressing issues faced by the “beneficiaries” (the term used for the women making the jewelry). Education on AIDS, health, domestic violence, English, finance, and vocational training were among the issues taught in the process of preparing women towards the goal of “graduating” from employment with 31 Bits moving towards self-sustainability in their own businesses or other employment.

By early 2011, the business had grown enough to not only continue paying the beneficiaries and Uganda-based employees, but to begin paying modest salaries to the U.S.-based employees. This was quite a feat, considering the fact that 31 Bits never incurred one dollar of debt or received any investment funds, strictly growing from revenue derived from sales.

At the time of this study in 2013, 31 Bits produces three seasonal fashion lines per year, employing 127 people— seven U.S.-based staff focusing on web, shipping, sales, and design, three U.S. directors and eight Ugandan managers overseeing development, design and operations in the city of Gulu, Uganda, and 108 beneficiaries making the jewelry. In October 2013, the first group of twelve women hired by 31 Bits will begin the gradual process of reducing their employment in order to pursue other businesses and/or jobs, creating opportunities for 31 Bits to impact another new group of women.

Structure

In her interview, Kallie recalls their decision to register as a business in the U.S. instead of a non-profit. They had a product which they believed people actually wanted, and wanted not solely for the cause-related impact of the purchase (Dovel, 2013). In Kallie's words, "We just kept thinking…we don't want to need donations, we want to be self sustainable… If we could not sell a product, then this was not going to work" (Dovel). Considering three of the founders studied cultural anthropology, another sociology and another communications, and none of them had experience or education in business, it was a brave undertaking. Kallie admits that they were making it up as they went. They knew they wanted to sell a product and help women, the dual theme that came up time and time again in the interviews, but that was the extent of their strategy.

The cofounders registered 31 Bits in the U.S. as a Limited Liability Company (LLC) with the five cofounders as shareholders at differing percentages of ownership. They decided to register as a Community Based Organization (CBO) in Uganda because they realized the process of registering a business in that country was extremely difficult and they felt like their true vision was to operate as a CBO focusing on the needs of the women (Dovel, 2013). Standard employee taxes are paid, such as social security and health insurance. There are no import or export tariffs due to trade agreements between the U.S. and East Africa. The CBO is led by a board consisting of the U.S. founders and three Ugandans, which meets twice a year.

When asked about what motivated them to join the organization, most often the first response from those interviewed was “the beneficiaries,” or the women being helped by the organization (Applegate, 2013; Atim, 2013; Atuhaire, 2013; Fetner, 2013). To counteract the belief that people involved in business are primarily motivated by the opportunity to make money, Kallie explains that she does not buy into the “skin in the game” mindset as a necessity for successful business. She says she has experienced an extreme level of commitment from each of their employees because of the missional buy in (Dovel, 2013). While both U.S. and African employees communicate that they feel like they are working for both a business and a non-profit and at times feel tension between the two in certain decision making situations, they do not perceive it as a problem, and even embrace the tension as a healthy paradox (Applegate; Atuhaire).

Outcomes

The financial goal of 31 Bits is sustainability, described as “what allows the company to grow and all of us to live” (Dovel, 2013). The U.S. leadership sets financial (revenue) goals alongside quantities of production, and then builds a budget to support it. Kallie explains,

> We don’t want to outgrow ourselves in Uganda, having too much product. I think it is ok to run out of product. I think being conservative has allowed us to grow in a safe environment. We don’t want to be pushed by investors or debt. (Dovel)

While this conservative approach allows 31 Bits to maintain a sense of control by recognizing and respecting capacity, it may be limiting opportunities for taking advantage of business opportunities.

The social outcomes are driven by the goal of the employees eventually leaving the company with other means of income, or graduation of the beneficiaries previously mentioned. While turnover is a great challenge in business and usually targeted as something to try and minimize, it is at the core of the 31 Bits strategy. Because the goal is for the ladies to find self-sustaining income and reduce their dependency on their employment with 31 Bits, many of the social efforts are aimed at preparation for life after 31 Bits. Trainings in vocation, English, and finance all add to building the necessary capacity of the beneficiaries to be successful in their own business endeavors or in employment with other businesses. While the Ugandan managers do lead some of the trainings, 31 Bits utilizes relationships with other NGOs in the community to do the training, for several reasons (Orobmi, 2013). First, these organizations are experts in these fields and "why reinvent the wheel?" (Dovel, 2013). Second, they want the women to know where they can go for help if necessary after they leave 31 Bits. For example, when a Ugandan lawyer comes to the compound and talks about domestic violence and the ladies' rights, they now know where to turn in time of need. Finally, these other organizations are looking for pre-organized groups to fulfill their own missions. Companies like 31 Bits provide the economic piece of development—namely, providing jobs— that many NGOs and church ministries are missing. It's an ideal way to collaborate.

The options the beneficiaries have chosen after leaving 31 Bits are diverse. Many of the women are pursuing agricultural endeavors such as raising chickens or pigs, or growing beans. One lady has bought land and built rental huts, while another goes to the capital city to buy dresses to resell. One bought a motorbike taxi to hire out, another built a shop to sell produce, and yet another started a catering business. While most of these entrepreneurial choices are the best option because of the lack of job openings, a few of the ladies have gone back to school to complete their education— one in journalism and the other in teaching— and hope to find employment in those fields.

Kallie explains that because of the effects of the war, such as fear, loss of skill development through education, and hopelessness for opportunity, much of what is needed is to rebuild confidence and creativity, allowing the women to think about their future. One way 31 Bits attempts to accomplish this is to set days aside from work for the ladies to go and visit other businesses operating in the community to stimulate their own ideas. Another way of building confidence is holding the beneficiaries accountable to quality standards. While it can be discouraging to the women to be told to go back and do the work again, when they do push through and bring back a quality product, a joy and sense of accomplishment exudes from them, building confidence that they can do it if they work hard (Arnesen, 2013; Simonson, 2013). While this approach does weed some people out, approximately 5% of employees (Simonson), if done properly and with care, the requirements for production and performance instill a commitment to consumer service and timeliness that will help them in their future businesses. Finally, having women open up a bank account is another way of building confidence. The emotion shown is "an empowering experience" the first time they deposit their pay (Simonson).

In the area of spiritual outcomes, 31 Bits founders state openly that the love of Christ is their motivation and a catalyst for positive change. Kallie states, "We want people to know Jesus…but we don't have to push Christ. Most of the women are already Christian and go to church…they pray in the morning by themselves" (Dovel, 2013).

However, they do encounter beneficiaries with the view that by serving Christ they will be given more things (prosperity gospel), as well as those who mix witchcraft with Christianity (pluralism). Kallie continues,

> We want to teach our women to trust one another. We want to show them the freedom in Christ and it's about the love and action. Our staff is very good at caring for the women in a holistic way. If you see a woman crying, go be with them. (Dovel)

While the spiritual side of the business is mentioned several times on the company's blog and in the company's values, its approach is much less explicitly communicated than is actually practiced. Within the company, several programs are utilized to further spiritual development. Pastors visit and lead the beneficiaries in devotions once a month. The company closes a few times a year for a "service day" in the community, with the goal of developing the mindset of giving in the ladies. Every few months, 31 Bits hosts a "spouse day," giving women the opportunity to bring their husbands to work and get them involved in what they are experiencing. Different issues are discussed including everything from treating your family well to growing food at home to family values and raising children. Gladys, the Ugandan manager of development describes the spiritual approach in this way:

> …the spiritual goal is also there because…we want them also to develop spiritually. Actually, we are developing them in all aspects of life, because when someone is developed spiritually, the person dealing with the person first of all becomes very easy because first of all the person will say that when I do this thing, I'm like kind of sinning and that one reduce, change

> the moral behavior in the society. You know like most of these women have gone through different walks of life, so others have traumas, others still affecting them. So through prayers, you find that these things keep subsiding and then they become okay, and then others would see that now this person used to be maybe having mental problems, but now that she is working 31 Bits, she has changed. Because like we don't base on the religion or so much when recruiting beneficiaries but… majority let me say got born again from here. (Orobmi, 2013)

In an attempt to measure its effectiveness, an elaborate and strategic evaluation is completed once a year. A survey asking questions regarding family assets, child education, family health, is taken by each of the beneficiaries to assess how the income from 31 Bits is affecting the women, to see what the company can do to be more effective, and also to provide information to outside parties in order to help other organizations in their developmental efforts. The information partially includes questions connected to a national survey, in hopes to not only measure the longitudinal results of its own employees, but also to compare it to national results and with other similar organizations. One of the challenges in the evaluation process is getting accurate information. The survey is done once a year, but home visits are done twice a year for two reasons. First, the home is a place that is confidential and allows the women to be comfortable in the process (Orobmi, 2013). Secondly, it also affords the opportunity to confirm results (accuracy) and honesty. The surveyor can see, for example, if there is an addition of a cow, or if iron sheets are on the roof instead of grass thatch.

In response to pursuing environmental outcomes, 31 Bits is proud to claim that each piece of jewelry is handmade using 100% recycled paper and other local materials.

Partnership

Partnership in the context of 31 Bits is best understood by thinking of relationships between three different groups; the U.S. employees, the Ugandan managers, and the Ugandan members of the CBO board. The ten U.S. employees are made up of seven based in the States, four of which are the founders (one founder is not involved in operations at the time of this study), and three based in Uganda in the positions of directors of operations, design, and development. The second group is made up of nine Ugandans in management positions spread out over the same categories of operations, design and development. They are considered the primary partnering body. The third group is the three Ugandan members of the CBO board, serving in a non-operational advisory role regarding navigating the Ugandan system and understanding tribal situations. For the purpose of this study, the U.S. members of the CBO board are considered part of the U.S. employee group.

The different groups of partners have different specific skill sets. While most of the U.S.-based employees had limited business education and experience before coming to 31 Bits, they have pursued personal development in this area and sought advice from friends with great business acumen (Simonson, 2013). The U.S. director of design, based in Uganda, has a degree from a fashion institute with several years of experience in the apparel industry in the States. Most of the U.S. employees based in Uganda served overseas on a short-term basis (less than one year) prior to their work with 31 Bits.

The current Ugandan managers were not present during the initial founding of the company, and have been hired externally (Arnesen, 2013; Simonson, 2013). They typically have higher education levels than the average Ugandan and bring significant experience, mostly from working for either government programs or with NGOs alongside other expatriates. Two of the Ugandan CBO board members have managed different NGOs in the Gulu region, one working for a period of time with USAID. The third member is a professor at the International Peace and Development University.

To understand the role each group fills in the partnership, it is helpful to return to the dual theme of "the women" and "the product" mentioned above. Since the organization is dependent on the U.S. market for sales, the desires of the customer determine much of the vision and decision making of the company around the product, resulting in the U.S. employees having the primary voice in issues of product design, quality control, and most of the operational aspects. In a corresponding way, the Ugandan managers carry the vision and implementation of the developmental aspect of the company of the empowerment of the women beneficiaries, given their knowledge of the local context. When describing the partnership, both U.S. employees and Ugandan managers communicate the perspective that the Americans are technically the boss, but everyone operates as a "team" (Applegate, 2013; Arnesen, 2013; Atim, 2013; Atuhaire, 2013; Orobmi, 2013).

In the decision making process in the 31 Bits partnership, product-oriented decisions typically derive from U.S. employees with input from Ugandan management (Atim, 2013; Orobmi, 2013). Once a decision is made, the partners involved determine who will communicate to the women (Orobmi). An equally important decision is how the partners will respond to the women's reaction to a change. There have been times that the beneficiaries want to hear it from U.S. employees (Arnesen, 2013), while other times the Ugandans have needed to be mouthpiece, especially when language is the issue. The partners also collaborate on how decisions will be delivered. For example, there was a time when the U.S. employees asked the Ugandan management to communicate a decision in a more positive way (Arnesen). The key is that both partners communicate the same message (Orobmi).

A few examples of this stratified arrangement surfaced in descriptions of the decision making process (Simonson, 2013). One decision was to cut the time between collection of products from the beneficiaries from four weeks down to two weeks, due to challenges created when products did not meet quality standards. Under the four week collection model, if at the end of the month the women brought products that did not meet standards, two things happened; they would not be paid (putting financial hardship on the women), and the process of sending product to the States became significantly inconsistent (Arnesen, 2013). Changing to a two week collection period helped with both issues. Another change was for all production to be done on the 31 Bits compound in the city of Gulu, rather than in the women's homes, due to the lack of controls regarding who was producing the products and how supplies were being used. This change was not received as well by the beneficiaries as the collection period change. In both cases, the decisions to change were driven by the U.S. employees responding to their perceptions of problems and working with the Ugandan managers in deciding how to best implement the decision.

Another important component to partnership for the company in Uganda is the rotation of U.S. employees based in Uganda. As mentioned earlier in this chapter, the need to have stability in certain positions became evident in the early stages of the company (Simonson, 2013). Over the short lifetime of the company, U.S. employees have served differing lengths of time in Uganda—anywhere from four to eighteen months. Currently, U.S. employees are asked to commit to 18 months at a time, with a two week visit back to the States every six months.

Both Ugandan and U.S. partners mentioned the challenges of this rapid U.S. employee turnover in terms of the impact it has on issues of building trust, establishing relationships, and understanding personality (Atuhaire, 2013; Simonson, 2013). One example was given of Ugandan managers getting used to U.S. employee who was outgoing, decisive, and more aggressive in nature, and their replacement being much more quiet, to themselves, and inclusive in the decision making process. Another example was having new U.S. employees feeling a high level of responsibility for quality, not understanding how to best communicate to the beneficiaries, accepting products without proper input of the Ugandan managers, creating an environment of fear and distrust of Ugandan manager abilities.

Several efforts have been made by both the employees and the organization to manage the challenges. First is for both U.S. and Ugandan partners to recognize the importance of being intentional about learning about one another, visiting the Ugandan partners' homes, and communicating often (Orobmi, 2013). Julie, the current U.S. director of operations based in Uganda described her efforts saying, "I greet [the women] every day, every morning asking how things are going, catch things that are going wrong, who is struggling…I try to be outside [with the women] as much as possible" (Hubbard, 2013).

The second effort is to make more visible the consistent members of the leadership team, which are the founders and a few members of the Ugandan management. For example, Kallie, the CEO explains that the reason she goes to Uganda twice a year is she needs to be seen by the beneficiaries regularly. While the U.S. employees are only in country temporarily, knowing that the founders are continually involved creates stability (Dovel, 2013).

Finally, there is a continual effort to develop systems with pre-established roles and responsibilities to facilitate smoother transitions (Arnesen, 2013). Having specific responsibilities of who can and cannot approve product acceptance and all U.S. and Ugandan partners follow specific communication processes in regards to beneficiary complaints and requests are examples of clear systems. While the need to be somewhat flexible is present, due to the different skill sets of the U.S. employees on the ground, the more they can seamlessly step into a new position, the better.

31 Bits Summary

Several key insights emerge from hearing the story of 31 Bits and analyzing the various perspectives on its structure, outcomes and partnership.

Structure

- The growth of this business has been kept intentionally slow in an attempt to remain focused on its dual vision of "the women" and "the product."

- The desire to be financially sustainable through the wants of consumers, instead of solely relying on their cause-related nature, places great pressure on quality controls as well as marketing and fashion efforts.

Outcomes

- The exit outcome (graduation) for its beneficiaries creates a unique expectation for the business itself to be a means to a greater social end of self-sustainability.
- The intentional social programs facilitate and empower the beneficiaries to succeed beyond their time at 31 Bits.

Partnership

- The dependence of the company on the U.S. market for sales appears to create a hierarchical relationship between the partners. However, divided responsibilities of development with the Ugandan managers, and the business aspects with the U.S. employees creates an environment of shared vision and decision making.
- It is evident that the U.S. and Ugandan partners both have a strong and respected voices within the organization resulting in well thought out communication strategies and implementation.

CHAPTER 5:

THE SOURCE

Introduction

Located on the main street of Jinja, Uganda's second largest city, The Source provides a place where individuals meet daily to encourage each other to ask, seek, dream and strive to be a positive force in their surrounding communities. Offering a variety of services including a café, craft shop, internet access, and a library/resource center, The Source targets not only locals, but the large tourist contingent visiting the famous source of the Nile River less than a mile away. In its sixteen years of existence, the business has not only provided funds to partially construct several rural churches and support the operations of the Jinja church, but has also created and sustained over fifteen jobs, pumping more than a half million dollars into the economy of Jinja and its surrounding communities.

The story of The Source needs to be understood parallel to, or in the context of, the larger mission of its founders. Started by a group of five U.S. missionaries in 1997, this business is a unique coming together of the local Ugandan church and a U.S. based non-profit to meet multiple financial, spiritual and social goals. While church planting and economic empowerment in the villages of Uganda are the primary goal of the missionaries (now known as the Kibo Group), The Source has also become a key component to the overall missional strategy for financial sustainability.

Figure 3. The Source Map.

When asked to describe the vision and purpose of The Source, several themes emerged from the interviewees, including: to provide funds that would support the local Jinja church sustainably, to provide funds to support rural churches, to provide a location for the Jinja church to meet as well as for the rural churches to come and connect, to be a place where local Ugandans and tourists can be together, to create jobs, and to be a model of good, Godly, ethical business.

Company Narrative

In 1994, a group of five U.S. families traveled to Uganda and learned the local language and culture surrounding Jinja, Uganda in the hopes of spreading the Gospel and planting churches. While befriending the community, they learned firsthand the challenges of extreme poverty, and responded with multi-faceted Christian community development projects to meet the physical needs they saw, alongside the spiritual ones. By 1997, a handful of rural village churches had begun to function, as well as a small congregation of approximately twenty people in the urban center of Jinja. Because of the missionaries' desire for these churches to be financially self-sustaining without external help from donor dollars from the U.S., as well as the desire for a strong urban presence and a common gathering place for all of the churches, the idea of an income-generating business emerged. A variety of circumstances led to the opportunity to purchase a small café, resulting in the initial stages of creating The Source. While the business functioned as a café/restaurant, a craft store selling many different souvenir products, and providing internet services, the location also acted as a community learning center with a library and Bible training classes. The whole operation continued to develop through varying phases, but the core business activity remained somewhat continuous. As it pertains to the questions of this study, this narrative will focus on those different phases, or transitions of the people involved.

Joined by another family in 1997, the six families began operations by identifying different Ugandans to lead the business. In 1999, Moses Kimeze, a local businessman, carpenter and friend of the missionaries, emerged as the right man to lead The Source. By 2003, the six missionary families had returned back to the U.S. Various other U.S.

missionaries began spending differing amounts of time in Uganda, fulfilling a variety of roles in the development of church ministries, as well as with The Source. Church planting efforts had been passed to Ugandan leaders from the local churches and the U.S. missionary efforts focused more on developmental projects in the communities where the churches existed.

The business had steadily grown and become financially profitable, building up financial reserves and meeting its other financial goals supporting the various connected ministries. Tragically, in January of 2007, Moses and one of the U.S. missionaries were killed in a car accident, resulting in a difficult transition of leadership to two other employees, Lazarus Wogoli and Ronald Mugulusi. The business itself struggled financially as Lazarus and Ronald grew and established their leadership, but eventually returned to a sustainable status.

Around the same time of this transition within the business, the U.S. participants, including some of the original missionary families, formed an organization called Kibo Group in the U.S. to support The Source as well as fund and manage the other ongoing development projects both inside and outside of Uganda. At the time of this study, 100 churches have been planted throughout the region since 1994, and the development programs have expanded to include reforestation, water, loans, recycling and other endeavors, not only in Uganda, but in Mozambique, Tanzania and Rwanda as well.

Structure

Unlike the structure of 31 Bits in the previous case study, the legal structure, registration, and source of vision and decision making power are quite complex and ambiguous in the case of The Source. In order to get a handle on the structure of The

Source and its operational structures, it is important to first review the church structure that maintains ownership of the property on which The Source is located and the structure in the US that functions as manager of the operations.

Foundationally, it is important to understand that the five original missionary families came from a decentralized church movement. On the U.S. side, while the missionaries are supported by various individual churches, they are not sent directly through a specific denominational governing body. Therefore, there was no U.S. organization involved in the legal ownership structure of The Source. While the start-up funds were given by various individuals, no donor maintained an operational or legal ownership role. The churches that the missionaries planted in Uganda followed a similar pattern of denominational structure. While the churches and their Ugandan pastors/leaders do connect through loose affiliations with one another, they remain autonomous entities.

One of the affiliations in Uganda with which the missionaries developed close relationship was a registered NGO which is connected to thousands of churches in this movement, with both U.S. and Ugandans in leadership. While its serves primarily as an organization providing work permits for visiting missionaries (Garner, 2013), this NGO is the legal owner of the land in which The Source exists. The operational involvement of the NGO in The Source is minimal. Rather, the operations of The Source in Uganda are conducted primarily by three groups (1) the Jinja church leadership, (2) the leadership from the various rural churches, and (3) the Ugandan managers, specifically Moses, Lazarus and Ronald. On the U.S. side, three groups are also participating in operations; (1) the founders, or the six initial families, (2) a second group made up of various missionaries with limited levels of operational involvement from approximately 2003 thru 2008, and (3) the Kibo Group. While I will address the manner in which these different groups worked together later in the partnership section of this study, for now I will simply address their roles and positions from a structural perspective.

Both the Jinja and rural church leadership have been involved, during times of financial abundance at The Source, in determining what to do with excess funds (profits). They have also both supplied from their congregations many of the employees who work at the business. The difference between the two groups is that the Jinja church is more intimately involved in some operational decisions, given that they occupy the same meeting space as the business. The rural churches have less input due to their distance; especially those that were not part of the origination of The Source, having been planted after The Source began. While the managers— Moses, Lazarus and Ronald— were Jinja church members, they were appointed by the U.S. missionaries and did not directly represent either of the church leadership groups.

At The Source's inception, the founding group of U.S. missionaries occupied the primary operational role as visionaries and decision makers. Once Moses moved into the managerial role, and upon the return of the founders to the States, he was the primary operational leader with limited and sporadic levels of operational involvement from the second group of missionaries. As previously stated, Lazarus and Ronald were identified as the co-leaders to follow Moses, and understandably it took time to transition to a new operational structure.

While the leadership transition from Moses to Lazarus and Ronald was progressing in Uganda, a structural shift was also taking place in the U.S. In 2004, a

501(c)(3) organization called Kibo Group was created for several reasons. First, the Ugandan churches planted by the missionaries were doing very well and growing with U.S. support. The U.S. employees based in Uganda were now more involved in the development projects and there was no legal U.S. entity to support them and the projects. Second, the developmental side of the ministry had grown to include projects in several other African nations with churches not connected to the original church planting movement. Finally, organizational clarity was needed not only "to separate the economic resources from churches making theological decisions" (Garner, 2013), but also to bring clarity to the roles of both Ugandan and U.S. employees involved in the development projects versus the business staff.

With the formation of this new non-profit organization, it was agreed in a memorandum of understanding (MOU) that Kibo Group would fulfill an administrative and management oversight function while the Ugandan NGO would retain ownership of the property. The profits made by The Source would now go to the Kibo Group and would be put towards development projects connected to the rural churches, and the Jinja churches operational costs would still continue to be funded. So in essence, the churches were continuing to benefit from the income generated, but in a less direct manner and without a formal voice in the decision making process.

Outcomes

As previously alluded to a number of times above, in financial terms the goal of The Source was "sustainability," which took on several meanings. First, the business was intended to be self-sustainable. As one of the founders put it, they "didn't want to establish anything that was going to be a money pit" (Abney, 2013). In other words, if the business did not cover its own costs, it would not continue. Return of the startup funds was not considered part of the sustainability equation, partially because the raised amount to purchase the buildings and the land served several purposes in addition to the business, including the church, offices for numerous ministries, and the Bible school. On top of paying its own bills, the definition of sustainability for The Source included paying the various bills of the overall property (alongside the tithes and offerings from the church members) creating a level of financial sustainability for the Jinja church in that no U.S. funds were needed.

The social goals of The Source focused on three areas—funds to support ministries and developmental projects, empowering employees, and interracial connection. First, from the first wave of financial surplus up until 2007, roofs had been put on 50 rural churches. Future surplus funds will continue to support other development projects in addition to its funding of the Jinja church. Second, while not as explicit as the other social goals, the stakeholders of The Source do recognize the job creation aspect of the business and the impact that has not only on empowering the employees, but also on meeting the needs of their family and community. Turnover is much lower than other similar businesses, which they believe to be a result of treating employees well (Garner, 2013).

The final social goal is to tackle this issue of race and reconciliation, by providing a space for locals and foreigners to connect over a meal. During the colonization period of Uganda, oftentimes the relationship between whites and blacks was one of exploitation and oppression. This created a separation in society which is still evident when visiting other restaurants or cafes in the area. As Bobby, the current U.S. partner in Uganda with Kibo Group, states,

> We are living in that [blend] and trying to maintain some sense of cohesiveness between the two cultures, thinking it's appropriate and good and healthy for both sides to be taking tea together, to connect people not only with resources but to realities of the narrative. (Garner, 2013)

In essence, The Source has a social goal of reconciliation and restoration of broken relationships. This blending of cultures in the café has been achieved not only by offering an environment that is hospitable and comfortable to both groups, but also has to do with the pricing of the food. Local food and tea are served at reasonable prices, while foreign food and specialty coffees are served at a price too high for locals. Of course, a tension is present when trying to offer fair pricing while making money at the same time (Garner). The Ugandan food prices are typically a break-even transaction, while "customers [foreigners] spend a lot of money, and they are comfortable when they see quality" (Mwesigwa, 2013).

When asked about spiritual goals and outcomes, the interviewees' responses included spiritual practices, voluntary weekly devotions, closing on Sundays, and having Christian books in the library (Bazonoona, 2013). Bobby says part of what they do is "to create a spiritual posture for who we are" (Garner, 2013). Using an example of how employees look, act and behave differently, Bobby shares,

> The numbers of people that look at a guy like Lazarus and know what he could be doing… how much he could be making… and yet he is not. It speaks volumes. And so the people are coming for counseling and coming

> to talk to him. It's the most honest, genuine form of evangelism that I have seen here; moving beyond the street preacher, the loud speaker guy, the pastor who speaks in Christian-ese. He is Christian to the core, and it shows; people recognize it. (Garner)

He adds that there is a desire not to have evangelistic quotas because it "creates suspicion in the employees and the community… How faithful are you really?… Of course you are faithful right now because you are on the clock,… so that the faith that they see can be as genuine as possible" (Garner).

Another overwhelming response to the question of spiritual outcomes was related to business ethics. The Source states that they want to be a model to other businesses by paying taxes, bills and employees on time, which is not common practice in the current economic climate. Ida shared the disbelief one supplier had when excess materials that were delivered to The Source by accident were returned to the supplier (Bazonoona, 2013). Bobby also pointed out that it was not just about the basics of operating accountably. It was also about the employee – management relationship. "To appreciate members of our team… [we are offering] continued education… being available for family tragedy and celebration… spending more time mediating and less time sacking [firing]… and being creative about options for forgiveness and reconciliation" (Garner, 2013).

In the same vein of business ethics, one of the goals this year was to work much closer with the government. Bobby states, "Saying that the government is corrupt isn't taking us anywhere, we have got to engage… [with] generous patience and the decision to be liked rather than exposing their darkness directly" (Garner, 2013). Brent added,

> When our partners walk into the governmental offices or the tax offices, ultimately we wanted people in those offices to know that they are dealing with disciples of Jesus. These people are going to play by the rules and do everything the way that it is designed to. We wanted them to be a light in that fashion. (Abney, 2013)

Both Brent and Bobby recognize how difficult this is to actually do, especially for the Ugandans trying to maintain good relational standing with their countrymen while trying to keep the business financially profitable, when most other businesses are not using the same ethical practices.

Partnership

The story of partnership with Source is one of change and transition through adversity. Specifically, the partnership went through three different phases—the incubation stage, the Moses/middle missionary group stage, and the Lazarus & Ronald/Kibo Group stage. In each there was a different set of challenges that were managed through partnership.

In the beginning, there was a difference of opinion within the original five missionary families on whether it was a good idea to engage with a business, whether it could be sustainable and reproducible, and whether it was the best use of their time and energy. There were so many questions regarding funding, human resources, legal issues, profitability, etc. In this discussion, several key figures stood out. Mark Moore, the charismatic visionary of the group, championed the idea with great passion. Brent Abney, initially the one with the greatest concern about the financial aspects, eventually became one of the Source's biggest advocates. In doing so, he gave a great example of trusting the team, putting aside his own reservations, trusting that the others were following God's will, and jumping fully on board after the decision was made. And, operationally speaking, one of the strategies to address the difficulties and overcome doubts was to have a Clint Davis (from the sixth family) join the team, and focus on the Jinja church and The Source as his primary responsibility.

After this group began the business, a few Ugandan managers were hired and tested in order to find the right person to lead The Source. Unfortunately, a fit was hard to find due to mismatched personalities, gifts/strengths, and a lack of business or management experience. Brent sympathetically reflected,

> I can only imagine it was a difficult place to be the manager… because you had ten Americans coming in and making changes or sharing ideas or giving ideas, but it was necessary at the same time just to keep the place functional. (Abney, 2013)

Eventually, Moses Kimeze emerged as the right man for the job. Moses was a skilled carpenter who made furniture for the missionaries. One of the missionaries began developing a relationship with him and the team quickly noticed his wisdom, leadership skills, hard-working attitude, and sense of right and wrong (Abney; Davis, 2013; Mwesigwa, 2013). He was also a good businessman who knew urban life. Once the property where The Source was located began to be built out, Moses was hired to oversee the project as the chief contractor, including the accounting and finances. Moses had a reputation for honesty and willingness to admit when something was not going to work (Bazonoona, 2013). While participating as a lay church leader, Moses was not really a pastor, and the Ugandans clergy and laity respected him because of his unique skills as a businessman (Mwesigwa).

When the original missionaries left, there was a difficult transition process (Davis, 2013). Moses had to reestablish his role and authority in two ways. First, the departure of the missionaries created a need for Moses and the Ugandan church leadership to redefine their relationship in relation to The Source. Secondly, the next group of three missionaries arrived with a focus on helping the growing churches reach independence (Mwesigwa, 2013) and therefore had limited role with the business, but still at times intervened in it. Roy described how that season was very confusing regarding who was making decisions. “Sometimes they [the missionaries] would jump in, and other times not” (Mwesigwa). Even through the challenges, Moses was able to lead The Source to a positive position, building up significant cash reserves.

As stated previously, the death of Moses and one of the missionaries led to an abrupt and shocking transition. The founding missionaries decided that instead of going outside the organization to find a replacement, they would hire a manager internally. One of the co-managers selected, Ronald Mugulusi, primarily handled the accounting/tax side of things, but resigned after a short period of time, leaving the management to Lazarus Wogoli. One of the original missionaries had met Lazarus as a young yard boy. After being sponsored through school, he was first employed in the internet cafe and continued on to be trained in computers. He embraced technology and became very good at training others on computers as well as fixing them. Even people from outside the business began bringing computers for him to fix.

Lazarus is described as a “very quiet, soft looking introvert that will talk to you all day one on one, but not in a crowd” (Garner, 2013). He had to build up confidence and grow into the position while pursuing a bachelor’s degree in business administration and management. During this time, Lazarus faced the same confusing decision making role as Moses had with the second phase of missionaries. The business went through a difficult few years financially because of mismanagement, using much of the reserves that had been built up.

In 2010, Bobby Garner and his wife Candice arrived in Uganda and became the only U.S. missionaries with any links to The Source, stabilizing the U.S. partner involvement. Bobby’s role was not with The Source or the church ministry, but to create an organizational structure as part of the transition to the administrative role of the U.S.-based Kibo Group. Part of that role was to separate some of the crossover employees to work solely with either The Source, Kibo Group, or the churches.

The partnership between Bobby and Lazarus got off to a rocky start. After a robbery resulting in the theft of some computers and merchandize, Bobby jumped into the situation full-force to help sort through the mess. That involvement bled into every aspect of The Source and Bobby started making suggestions about the restaurant, the spacing and seating, getting rid of equipment, and adding Wi-Fi, among other things. He says, “looking back it was done inappropriately for sure… not involving management… It had to be threatening to Lazarus’ leadership” (Garner, 2013). Bobby regretfully admits that he did not approach changes to The Source with an inclusive mindset, specifically in regards to Lazarus’ management. He says he has learned from his mistakes and now takes the time necessary to make joint decisions and communicate effectively.

At the time of this study in 2013, The Source has returned to profitability and begun to rebuild its cash reserves. The creation of the Kibo Group has brought much needed clarity to the role of the U.S. partners and the church leadership separating the developmental projects from the ongoing church operations. While the complexity of shared authority remains, with the Ugandan NGO and church leadership controlling the ownership of the property, and Kibo Group being responsible for the management and operations of The Source, the agreed upon MOU articulating those roles is beneficial. Lazarus continues to manage the Source developing in his leadership and Bobby is continuing in a supportive role of Lazarus and The Source while overseeing the developmental projects of the Kibo Group.

The Source Summary

Several key insights emerge from hearing the story of The Source and analyzing the various perspectives on its structure, outcomes and partnership.

Structure

- Having multiple stakeholders involved in the structure complicates operational functionality. While similar vision does limit the complexity, different groups or people having similar roles and authority is challenging to manage.
- The process of "nationalizing" the management is a very important but challenging process.

Outcomes

- The social goal of racial reconciliation in a place with a history of exploitation and injustice is incorporated into "the product" of the company by intentionally creating a place where different races can commune together.

- The partners and employees pursue spiritual endeavors by being an example that is then recognized through curiosity of observers. This approach is a result of careful consideration of the spiritual climate and other evangelistic efforts in the surrounding culture.
- In addition to individual efforts, The Source strategically targets acting as a whole business as a positive example, not a negative accuser, to influence both government and other businesses towards ethical business practices.
- The Source is used as an income generation tool for developmental projects and church ministry.

Partnership

- This story highlights the importance of continual leadership development and succession plans as experienced through the different stages of transition and partnership.
- The creation of Kibo Group was particularly important for partnership understanding and management as a response to make sure things were well organized with clearly defined roles.

CHAPTER 6:

ONESIMUS

Introduction

Onesimus is a milk collection and cooling plant located in Kipkaren, Kenya that I co-founded in 2009. The daily routine for the company begins with purchasing and collecting raw milk from farmers at several remote locations as well as at the plant itself throughout the morning and early afternoon. While many farmers supply larger quantities of milk (more than 100 liters/25 gallons per day), most of the supply comes from farmers selling smaller quantities (less than 12 L/3 gal. per day). After collection, the milk is cooled to a temperature that can protect it from spoiling during the transportation process, which can be as long as three hours. The milk is sold to several external milk processors, both large and small, and is then sold direct to consumer by the processors in various forms (pasteurized milk, yogurt, cheese…). The average daily collection is 3,000 L/750 gal. during the low/dry season (December through May) and 8,000 L/2,000 gal. during the high/rainy season (June through November). At its peak, Onesimus collected as much as 15,000 L/3,750 gal. per day from more than 4,000 farmers. The business has 12 employees in roles such as quality control, accounts, drivers, and management.[6]

While the company has passed through two different phases of ownership during its four years of existence, the vision of the business has remained the same, revolving around three goals, (1) to be profitable, (2) to provide market access and a fair price to poorer farmers, and (3) to create jobs. The name Onesimus was chosen because of its

[6] Information taken from internal company documents.

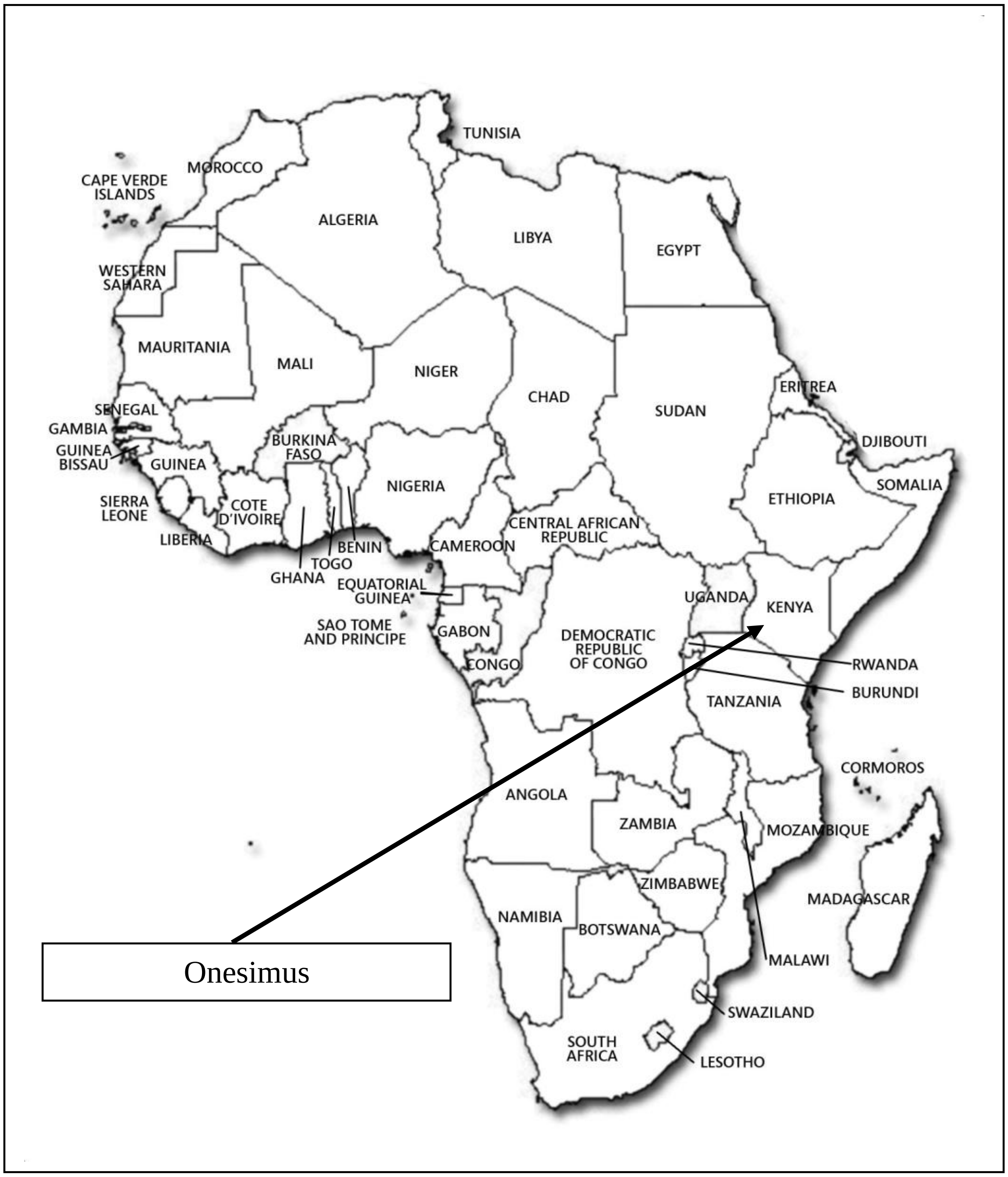

Figure 4. Onesimus Map.

Greek meaning of "useful" or "profitable." In the book of Philemon in the Bible, chapter1 verses 8-20 (New International Version), Onesimus was a "useless slave" sent by Philemon to Paul in jail. However, upon returning him, Paul pleaded for Onesimus to be treated like "a brother" because of his usefulness. One of the motivations I had to create this business was because business has often been viewed as useless, or even the cause of poverty in the world. I wanted to be a part of returning business to being perceived as useful.

Company Narrative

Onesimus was started under Empowering Lives International (ELI), a non-profit economic development organization working in several East and Central African countries in the areas of farmer training and microloans, as well as other development projects such as orphanages, schools, health care, pastoral training, youth camps, and drug and alcohol rehabilitation. The idea for the milk plant came from two ELI employees, David Tarus (Kenyan cofounder) and me, who saw the need of the poorer farmers to be trained by ELI to gain better access to the market, which would lead to receiving better returns. At the time I was thinking that we could do all the training and micro-loans we wanted, but if the farmers could not get a fair shake in the market, they would not gain any ground and our development efforts would be less fruitful. While the motivation to help the farmers was strong, the desire to generate income to support the ministry of ELI was equally important.

The business model was to combine the purchase of milk from both larger scale farmers alongside the smaller scale/poorer farmers and pay an equal price per liter to all. The typical business practice of other collectors in the area was to pay more per liter to those who brought larger quantities and less to those bringing smaller amounts. Additionally, we attempted to create a niche in the market by paying all farmers at regularly scheduled times (monthly or weekly), as opposed to the common practice of making payments sporadically and often times delaying them for extended periods of time. The strategy of regular payments would not only attract farmers who desired more predictability and stability, but also provide regular cash to poorer farmers living "hand-to-mouth." In the past, the need for cash had typically reduced the smaller farmers' options to selling to the local "hawkers" at a significant loss.

At its outset in 2009, the business started off well. Recruitment of farmers (mobilization) was steadily increasing while sales kept up with production. Within six months the business had reached an operational break-even point. However, nearing the end of the first year several problems began to emerge. The first problem involved cash flow. After 80% of the start-up investment had been acquired, we decided to begin the business, believing that the remaining amount would come soon. However, the remaining 20% of investment funds was never raised, forcing the business to buy cheaper equipment and vehicles than originally planned. The equipment and vehicles eventually began breaking down and requiring expensive repairs. Also, the amount of milk the farmers wanted to sell Onesimus grew faster than expected, and receivables were difficult to collect in a timely fashion. The amount designated for cash reserve for milk inventory at times was only 50% of what was needed to pay the farmers on a timely basis as promised. Therefore, payments were delayed when there was not enough cash available.

In addition to the cash problems, other issues surfaced. The price of fuel doubled within a period of two months. Competition became overwhelming with the large processors increasing efforts to buy directly from farmers at significantly higher rates, pushing out smaller cooling plants. A no-fault accident including a company vehicle tragically resulted in the death of a child, which required financial remuneration. Finally, the accuracy and speed of information (quantities of milk, payables and receivables, purchase price of competitors, etc…) was not keeping pace with the need to make timely decisions. The confluence of all of these factors resulted in negative financial performance, and led to the desire of ELI to close or sell Onesimus in 2011.

The two co-founders, David and I, thought that with an additional cash injection and other operational modifications, the business could be turned around. My father, Wayne Albright, became a third partner and brought a background in corporate accounting. He focused on creating better financial and reporting systems to improve information and decision making. An additional vehicle was purchased to tap into a market further away instead of competing with the big processors. We three partners (majority shareholders), with the addition of three additional minority investors, together acquired Onesimus from ELI, with ELI remaining a fourth minority shareholder.

Unfortunately, the new ownership was not able to make the necessary changes to make the business profitable. The milk business was just too fast, too unpredictable, and too dependent on others along the supply chain. One year later in 2012, we decided to sell the business and milk equipment to another Kenyan businessperson, while retaining ownership of the land and building, leasing them for one year to the new owner. The decision to sell rather than close the business was based on the desire to not let the farmers down, the hope that another businessperson could make the business successful, and the desire of David, Wayne and me to try another business opportunity in the future.

After the lease was completed in 2013 (at the time of this study), we decided to liquidate all assets and return the invested funds to the seven shareholders based on percentage ownership for several reasons. Even though several options were discussed, no clear direction surfaced regarding any future business to pursue. The circumstances of a few investors changed—one for health reasons and others for financial reasons. Finally, the motivation to help the farmers was no longer relevant to the future, in that the milk plant was now under other ownership and those farmers were still being served.

Structure

ELI is registered as a 501(c)(3) non-profit organization in the U.S. and a nongovernmental organization (NGO) in Kenya with two separate boards. When David and I convinced both the Kenyan and U.S. boards to pursue this business opportunity, a Limited Liability Corporation was created in Kenya. David and I, as well as one representative selected by the U.S. board and another selected by the Kenyan board, became four equal shareholders. Each of us signed a memorandum of understanding (MOU) clarifying ELI's ownership, stating not only that all profits would go to ELI, but also that in case of closure all assets would be liquidated and treated likewise. Additionally, a precaution was needed due to the legality of shares being passed to the closest relative of a shareholder in case of death. Therefore, the MOU stated that in that instance, shares from the deceased would be split evenly among the remaining shareholders. The start-up capital consisted of donated funds (tax-deductible to the donors) which were raised through the U.S. non-profit and invested into the newly created Kenyan LLC.

When the decision was made by the Kenyan and U.S. ELI boards to sell the company, careful consideration was required to ensure no conflict of interest was present. Because the two founding partners, David and I, were interested in purchasing the company, we had to be removed from any decision making on the part of the non-profit. A few board members and employees from both the Kenyan and U.S. organizations were appointed to oversee the sale of the company, and David and I became outside potential buyers. At the time of the sale, the only job responsibilities we had as employees of ELI were with Onesimus, therefore the change in ownership ended our employment with ELI. A negotiation process took place to ensure that we and the non-profit were fairly represented. Once the sale was complete, the original MOU was no longer in effect and the ELI boards assumed the position of a minority shareholder.

While there were many stakeholders involved in the company, the question of agreement on the purpose of the business did not appear to be an issue. I think that everybody—both boards and partners—had the same goals (described in the introduction). The decisions made had to do with the belief in whether the business could be successful and whether the risk was worth taking.

When the business and milk equipment was sold to the Kenyan business by the investors, there was no real structural change. However, the most recent decision of the shareholders to liquidate all assets of the company highlights another interesting structural tension. David, Wayne, and I (majority shareholders) had the desire to find a new business which had similar goals of helping the poor. As described in the company narrative, a few of the minority shareholders had the desire to exit. While the majority shareholders had the legal right to continue on, we made the decision to respect the wishes of the other shareholders and liquidate. This is noteworthy, not because of the decision to liquidate, but because there was a fundamental change regarding shared purpose.

Over the past two years, we had all been on the same page. We all wanted to help the farmers through the business. Now that helping the farmers was not a factor and things changed in peoples' lives, we had to recognize that we were not all on the same place that we once were. It was a hard decision because we (the majority shareholders) wanted to keep going and now we had to start over from the beginning, but I ultimately felt it was the right decision.

Outcomes

Onesimus was created to be a profitable business financially. While the funds to start the company were donated, it was treated like an investment that was to be returned—not to the donor, but to the non-profit organization. There were no explicit goals of expected financial profitability other than the desire for the business to generate income to fund the development projects of ELI. After the sale of the business from ELI to the group of investors, we decided the business would tithe 10% of profits to ELI, still fulfilling the desire to generate funds for ELI. Unfortunately, profitability was never reached, so no funds were able to be given to ELI.

The social outcomes, as described in the vision of the company, were threefold—to create jobs, to help small-scale farmers, and to generate income for ELI. The development efforts (training, health care, loans, drug and alcohol rehabilitation) of ELI were good, and I was proud to have had the opportunity to participate in them. But while living in Kenya, the greatest economic transformation I witnessed was in the employees of ELI. There are lots of subsistence farmers with an acre or two that just try to produce enough to consume, but when someone has a job with steady income, it is not just more income. It actually allows them the freedom, stability and confidence to take more risks with their farm, which could result in a higher standard of living.

There were so many youth with high school diplomas and even college degrees that just needed a job. I wanted to be a part of creating those jobs, and employment can also break the cycle of poverty passed down through generations. As Wayne explained, "Our employees can be an example to their children, helping them to believe that they can have a job too because dad or mom is doing it" (Albright, 2013).

The second social outcome focuses on the farmers producing the milk. As previously described, Onesimus paid poorer farmers who brought smaller quantities of milk at the same rate per liter/gallon as those who brought larger quantities. Grounded in the belief that the poor often do not typically have power in the market, and are often taken advantage of because of their position, an effort was made to provide the opportunity to help with excess income (more than they would be paid by the exploitative hawkers). Because the assistance was based on production and was not a handout, the action ideally could provide the motivation for the farmer to strive for growth. One story of success came from a farmer who brought his three children to meet the employees at Onesimus in their school uniforms. He told his children that this was the place and the people that paid for their school fees.

The final social outcome came from the development projects funded through the profits of the business. ELI runs orphanages for 200 children, alcoholism rehabilitation leading hundreds to sobriety, primary schools serving over 500 students, among other projects that have a tremendous social impact. While Onesimus did not participate in these activities directly, funding was a necessary part of keeping them going, connecting Onesimus in a financial "means to an end" approach. Of course this was an outcome that was never realized, but is worth mentioning as an original intention.

When asked what the spiritual goals were for the company, responses touched on themes of honesty, dignity and honor. David explains that by not giving people free help, dignity and honor can be restored to them. He adds,

> I think that one is being spiritual by honoring people they way they are. Because in markets, the way you are really looking for money, people always don't want to…do business with people who have many problems, but those of the spiritual parts of us [because of our Christianity] , we were willing to be with the poor. (Tarus, 2013)

Efforts were made by Onesimus employees to encourage farmers to share their worries, and opportunities for counseling would open. Also, honesty was valued as a spiritual outcome, in the sense that "…when I'm paying someone for his work, it is right [and] it is biblical to pay somebody [for] what he has done to you. And it is biblical for you to sell something" (Tarus). Finally, Onesimus worked very closely with churches and the clergy, not only in caring for farmers and employees, but also in "mobilization" efforts. Churches would communicate to their congregation where their milk could be sold, filling an identification of farmers and networking role for the business.

When the leadership reflected back on what we might have done better, prioritization of outcomes was identified as an issue. I recall a conversation with a U.S. board member where we agreed that social goals had been put before profitability goals. We did not focus on running a good business first, and as a result we were not able to accomplish any of our goals in the long term. If our strategy is to help the poor through business, then making money is not a bottom line that can be sacrificed.

Partnership

The partnership portion of this case study focuses on the phase of the company when David was the African partner and Wayne and I were the U.S. partners, post purchase from ELI. As previously stated, Wayne was a retired corporate accountant residing in the U.S. and traveling to Kenya once or twice a year for a few weeks at a time to work with the company. David lived in the community where Onesimus was located and served in the biggest operational role. While I had lived in Kenya for three years during the time I worked with the NGO (ELI), I had returned to the U.S. by the time Onesimus opened for business. While being a full-time doctoral student, I had the opportunity to travel to Kenya several times a year. Wayne and my roles' were best described as monitoring information through internet mediums and offering advice when possible, while David's role was day-to-day supervision.

In recounting what each partner brought to the company, David was described by those interviewed as a person with strong communication and motivational skills. He was a pastor and could bring the farmers together to get them behind a common cause. He was well established in the community and had influence over local systems and processes. I served more of a big-picture role, asking strategic questions, communicating with investors, and analyzing reports to inform decisions. Wayne served in a methods, numbers and systems role. He created reports for inventory, payables, receivables and trend analyses, among other measurable data.

The responses in the interviews regarding partnership tended to focus on the challenges Onesimus faced that led to the sale of the business, in short, geographical distance between the leaders, lack of technological knowledge, and lack of understanding of the industry led to the challenges. Efforts were made to use electronic accounting programs and Microsoft Excel spreadsheets to track both milk and financial transactions. While the Kenyan employees were educated in accounting, most of them only had experience with paper ledger, not computer-based systems. Therefore, there was a large technological learning curve, resulting in inaccurate data entry. Additionally, unreliability of power and internet created challenges with sharing information between continents, leading to delays in timely decision making.

The technology problems and distance exacerbated the businesses operational challenges. Wayne explains,

> I thought this was a simple business. You collect milk from farmers, chill it and drive it to the sellers, and you do that every day. But it was much more complicated than that. We had good quality control and took care of the milk well from spoilage. The marketing, procurement, and collections were not done well. I tried to solve things with metrics and systems to follow, which is how we do things in America, and that didn't work. We didn't understand the dynamic nature of the business. (Albright, 2013)

Given the distance of the U.S. partners from the business, the expectation was a limited operational role for them. However, the company was more dependent on the U.S. partners operationally than was desired. As partners, there was a need for communication more often— weekly, or even more. Regarding our failure to operate the business successfully, I still do not think this is a bad business idea. With the right management in place monitoring the information continuously allowing for quick changes, and the proper systems tracking payables and receivables, I believe this milk cooling plant can be competitive, even including the intentional social impact efforts. I think that we just could not perform, and I hope the new owners of the business are more successful.

David describes how the U.S. partners' cultural knowledge was important. He emphasizes how I understood how things worked in Kenya, "the politics, the social, the speed, the corruption" (Tarus, 2013). While Wayne had not lived in Kenya and understood it only minimally, he accepted the differences and submitted to the local knowledge. I recall a few of the situations involving cultural differences. For example, when I heard about the traffic accident with the child's death, I was heartbroken and asked David if I should come over. He told me not to because my white presence would cause more problems. I'm glad David was there and able to handle it.

We also had an employee steal some money. When I heard that we caught him, I was told that if his family paid the money back, then there would be no further punishment. I was so upset thinking that if that is all, then there is no reason the next guy will not do it. David described how taking the employee to the government court was just as risky for us because of corruption, it would cost a lot of money, and that it was not worth it. David said that they deal with these things within the village and the employee's family had learned the lesson. I wish I could say that made me feel better, but I just had to trust David.

I have great respect for David as a partner. During my time in Kenya, I found that most Kenyans would not question my ideas or decisions. David was not afraid to tell me no or that something would not work. That made me more willing to work alongside him. The reason I was willing to invest my own money into buying the company from ELI was because David was willing to have a skin in the game, and put up the same amount of money that I and my father (Wayne) did. That communicated a level of commitment that made me willing to take the chance and try to make it work.

Onesimus Summary

After describing the story of Onesimus and analyzing its structure, outcomes and partnership, several key insights emerge.

Structure

- Onesimus is an example of how a non-profit organization can set up a for-profit company using donated funds and develop an MOU to create understanding and clarity regarding legal ownership.
- Onesimus appeared to handle a difficult transfer of ownership process well. We avoided conflict of interest problems and protected the non-profit legal status by isolating responsibility of decisions to the proper individuals.
- In the decision to sell the company, Onesimus seemed to accept change, both of the economic climate and the desires of various investors, reconciling differences and attempting to do what was best for all stakeholders.

Outcomes

- Onesimus is an example of participating in the ongoing local market, in an agricultural product the poor are directly involved with, as a strategy for accomplishing social goals.
- Onesimus is a self-identified example of the negative results that can happen if the social outcomes are prioritized over the financial outcomes.

Partnership

- Partnership in Onesimus is one where an attempt to manage things from a distance with technology proved a challenge.
- Partnership which includes local knowledge of culture and systems is vital, especially in times of crisis. Demonstration of buy-in and risk taking by the African partner to the U.S. partner is also important.

CHAPTER 7:

ZAMBIKES

Introduction

Zambikes is a company in Zambia that manufactures, assembles and distributes high quality bicycles, bicycle ambulances and cargo bicycle trailers to the underprivileged, empowering individuals to fight the mindset of poverty and address economic and social needs. Zambikes is set up as a social enterprise run as a for-profit company that has a social footprint (Company Overview, 2012). Focusing on community development, vocational and leadership training, and developing relevant custom-made Zambian products makes Zambikes different than other companies in Zambia. Based in a workshop on twenty acres of land in Lusaka West, Zambikes employs around thirty-five Zambians. They have not only distributed products within Zambia, but also to Tanzania, Malawi, Uganda, and DR Congo.

Zambikes has four different but related products. First, the "Zambike" is a steel framed mountain bike designed by Zambikes, manufactured in and imported from Taiwan, and assembled at Zambia. They are sold to medical workers, pastors, teachers and developing entrepreneurs, allowing recipients to travel three times faster than walking.

Second, the "Zambulance" (a bicycle ambulance) is an approximately six-foot long flat cart with cushion and covering, which can be pulled along village trails by bicycle, but can also be used with a motorcycle. They are designed and manufactured by

Figure 5. Zambikes Map.

Zambikes, and offer a medical transportation alternative to automobile ambulances, riding a bicycle or walking, by allowing patients to be ferried to health facilities faster and more comfortably.

Third, the “Zamcart” (a cargo bicycle trailer), which is similar to the Zambulance, is typically used for economic and agricultural purposes, and can also be used with a motorcycle. It allows the individual using it to carry a load up to three times larger than a bicycle alone, which not only increases efficiency but also earning power.

Finally, the Zambikes bamboo bicycle frame is a custom bicycle frame designed for the global market. They are handcrafted by skilled Zambians, using locally grown and sustainably sourced materials. Each bamboo frame undergoes a painstaking process of cutting, curing, drying, gluing, wrapping, sanding, and painting. The process to build a frame takes more than two months. Since 2007, Zambikes has delivered over 10,000 Zambikes, custom designed and manufactured over 1,000 Zambulances and Zamcarts, and built over 550 custom Bamboo frames.

The vision of Zambikes is threefold. First, getting helpful products to the people. Zambikes has several different retail distribution outlets in Zambia, but a significant portion of their sales is to other non-profit organizations, such as World Vision, who use the products for their missional purposes. Second, offering employment to underprivileged, uneducated people. And finally, having the business run by Zambians sustainably, which includes both financial sustainability and the labor capacity to continue succeeding. Co-founder Dustin McBride says, “We are trying to run a business, prove a model, scale and franchise it” (D. McBride, 2013).

Company Narrative

Visiting Zambia on a university-led missions trip during the summer of 2004, Dustin McBride and Vaughn Spethman saw the need for high quality bicycles and the potential for positive impact. Upon returning to Azusa Pacific University in Azusa, CA, they created their first business plan for a class on entrepreneurship in 2006. Dustin returned to Zambia in 2007 to do a feasibility study, and after meeting with like-minded nationals Gershom Sikaala and Mwewa Chikamba, their dream quickly grew legs and was launched in late 2007 as a partnership with them. Dustin says the final piece in deciding to start the company was the African partnership.

> I had heard so many people say that you need to have an African partner if you are going to do this right and that it can't be just your vision where you are telling them what to do. It needs to be their vision for their country, otherwise it's never going to be possible. So I was praying…Vaughn and I are not going to start this thing unless someone says, "It's my vision for my country," … and that ended up being Gershom… To me that was like a confirmation from the Lord that we can go for it. (D. McBride, 2013)

The next four to five years were not only a great adventure, but a necessary and at times painful period of testing and establishing the business. Even with the expertise of bike designer Daryl Funk, the process of securing the manufacturing and importing of the bikes parts from Taiwan was not easy. Regarding the challenge of getting started, Dustin says,

> We started high…we were higher quality than anybody else and also higher priced, and we slowly figured it out. Where do we need to keep quality and where could we cut cost? It has taken five years to figure that out, not to mention all the middle men that we've had to cut out. (D. McBride, 2013)

By late 2011, Zambikes had nearly reached each of their intended goals of being Zambian-run and sustainable, providing products that benefit the poor, and developing a workforce which includes those who would otherwise have difficulty finding work. While remaining a co-owner, Gershom had moved on to other pastoral and evangelistic positions. In 2012, Vaughn began the process of exiting his operational role with Zambikes and has ventured off into another social enterprise focused on green energy in a different part of Zambia. Dustin has moved to Uganda to expand Zambikes to the East Africa region, while Mwewa continues as the managing director of Zambikes in Lusaka, Zambia.

Structure

Zambikes is a Value Added Tax (VAT) Registered Company Limited by Shares in Zambia. Interestingly enough, Vaughn says that their original intent was to be a non-profit, but chose a for-profit route for several reasons. First, there are more registered non-profits than registered for-profits in Zambia, which is responsible, in part, for the severe handout syndrome among the poor. Mwewa states, “We really didn't want us giving things out for free, because people out here never really appreciate something they never paid for, and it would have gone to waste within no time” (Chikamba, 2013). Second, Dustin and Vaughn bought into a stigma that business was bad and not a good way to help people, and they did not want to be a part of the problem. While reluctantly accepting to engage in the for-profit route, their belief in the value of business gradually changed over time. Third, registering a non-profit would have taken two to three years because the government does not want more non-profits. Vaughn adds that the Zambian government did not trust the idea of social business because they had been burned by those abusing the term but not really benefiting society. Finally, the tax laws in Zambia require that non-profits pay over 50 percent import tax, whereas for-profits pay between 5 and 12 percent import tax (Spethman, 2013). In summary,

> because of the market, because of the people that we found there and because of the handouts there, because of the Zambian government that didn't want to allow that to happen, it's almost like they forced us to become a for-profit entity. (Spethman)

Zambikes is registered in the U.S. as a 501(c)(3) non-profit originally under the name of Akerfa (Africa backwards phonetically), but is currently under the name Zambikes USA. The non-profit board consists of Dustin and Vaughn as well as several other U.S.-based business and development-oriented members. In the first few years, Zambikes USA raised approximately $200,000 through donations to fund the initial startup expense of the “proof of concept” phase, and these funds continue to subsidize the U.S. partner salaries (to be discussed in more detail in the outcomes section). The company in Zambia has a $300,000 line of credit from a private individual used for the purchase of a large number of bicycles at a time, and financially operates sustainably for all expenses within Zambia (excluding U.S. partner salaries).

The registered company in Zambia has four shareholders consisting of the original founders—Dustin, Vaughn, Gershom, and Mwewa. Due to the legal requirements for the purchase of land, the business had to be at least 75 percent Zambian-owned. Therefore, the two Zambian partners split 75 percent and the two U.S. partners split the remaining 25 percent. Because of IRS requirements for a non-profit registered in the United States, Vaughn and Dustin signed a document stating that they could not received any funds from Zambikes in Zambia. The four partners also had a verbal memorandum of understanding (MOU) that no partner would take dividends out of the business.

When asked if all stakeholders were on the same page as to their motivation and vision for what was to be accomplished, Dustin responded,

> I think so. Generally speaking, the overarching mission and vision of being a bike company that brings affordable bikes…focused on development. Promoting from within, having the social and spiritual bottom lines, all that was pretty clear between the four of us [the founders] and the board in the States. (D. McBride, 2013)

Both Vaughn and Mwewa confirmed that they believed all parties involved were in agreement on the desired outcomes. Marc McBride, chairman of the board for the non-profit in the U.S. adds,

> They [donors] really love the idea of what is going on, not just with the product but with those 30 or 40 guys [mostly men and a few women] that are working every day. They have a job and a real environment where yes, it's a job, but when there is a situation that occurs… are they going to be handled in a way that is based on principles of how you would run a business. (M. McBride, 2013)

When asked how he sees the relationship with the U.S. board, Mwewa responded that Akerfa (Zambikes USA) is not an imposing kind of organization, but advises those on the ground in a very positive way.

When asked if there were ever tensions between the non-profit and for-profit mindset, a few similar responses emerged. Dustin explained that while there is a non-profit aspect to the work, "I think of it and run it like a business" (D. McBride, 2013). Mwewa stated, "The temptation is there to be more business, but the amazing thing is we have noticed that being totally business does not bring the satisfaction we are looking for" (Chikamba, 2013). He adds,

> The business side has challenges… from tax to price increments that come spontaneously…then there is a threat on the social side because you would probably won't have as much money as you wanted to be an overflow [because some social efforts cost financially], and so you start bargaining and weighing what should come first… and a number of times you would have to sit down and say, 'Guys, let's not forget the focus of what we are doing'. (Chikamba)

One area of concern for Zambikes was the inability of the company to cover the cost of the U.S. partners' salaries. Ultimately, this issue relates to profitability. Dustin admits, "We wanted our [his and Vaughn's] salaries to be off donations after three years, and now six years later we haven't made it happen" (D. McBride, 2013). There are several reasons for this, but one of the main ones is what they called the "martyrdom syndrome." What they mean by this is that focusing on the social aspects might have taken away energy that was necessary to generate more profitability. Looking back, Dustin says he wishes they had been able to set up an infrastructure that allowed for growth and financial return that would make scaling and franchising with investment funds possible.

The challenge of profitability, or the inability to see the product as profitable enough to attract for-profit investors, led to a structural decision to expand Zambikes into

Uganda in 2012 as a non-profit, in partnership with a Ugandan-based non-profit organization called CA Bikes. While the decision was to not register as a for-profit, their efforts were still retaining the mindset of a business. While continuing to pursue the financial sustainability through sales, the only product offered in Uganda is the Zambulance, targeting the 4,700 rural health clinics in the country. In this structure of this partnership, Zambikes is best characterized as a pro-bono consulting agent to CA Bikes, where Dustin's salary is continuing to be funded through Zambikes USA. However, the salary of a Ugandan director to be hired in the future is being factored into financial projections so that he or she can carry on after the business is established and Dustin will be able to exit operations in Uganda.

Outcomes

As briefly described in the structure section, the financial goal of Zambikes was to prove a business model that was financially sustainable and could be replicated and franchised. While the term "sustainability" was used most often, the founders were more likely seeking a type of profitability. The founders knew there would be a period of exploration, incubation, and testing (perhaps a few years) which would require financial support from donors. Once the business model was proven, they wanted to continue growing with traditional types of investments and returns. After five years, the business reached a pseudo-sustainability, in that it was financially sustainable with all expenses covered except the U.S. partner salaries. As a result of these financial outcomes in Zambia, the leaders of Zambikes chose a non-profit structure for the expansion into Uganda (previously described in the structure section). While their initial expectations were not fully met, Dustin was quick to note that he is very proud that the business is financially sustainable in Zambia, and he sees what is going on there as a great and continuing financial success.

The social goals reported focused on two main points—the impact of the product itself and the development of the employees. The Zambikes products have intrinsic social value— people with bikes are more efficient with their time, cargo trailers allow for greater opportunity to increase income, and ambulances offer a better chance to receive important health care. Mwewa describes how he communicates the motivational aspect of finding meaning in the impact of the product with the employees,

> It [the product] is helping someone and whenever you see it, you should remember that whatever part of the bicycle, whoever has touched this bicycle, they have at one point had to come through you, to get it to the ground, and that in itself should make you realize that you are a very important aspect of this whole business. Without you, this would not happen, and so everyone takes pride whenever they go. (Chikamba, 2013)

This approach enables a buy-in, or ownership mentality within the company to flourish causing employees to take responsibility and care for their work. Dustin adds,

> Zambikes is huge on ownership… Paul [one of the managers] loves the tag line 'not only building bikes but changing lives'. Changing lives, we're changing lives, we're changing Zambia. He loves that tagline. We have reporters twice a week coming to the shop, the guy [Paul] just... 'we're changing Zambia, the ambulance is saving lives. These bikes are strong; these bikes are the strongest bikes in Zambia'. (D. McBride, 2013)

This type of employee ownership is not only about the impact of the product, but is connected to the second aspect of the social impact of Zambikes, best described as building up or encouraging positive characteristics and values in its employees. Because the products themselves are positively affecting their community, there is a clear opportunity to teach employees to value themselves, others, and their community. But the partners do recognize there are specific challenges when trying to empower their employees, which tend to be underprivileged and uneducated poor. Mwewa states,

> We are trying to… change completely the mind-set of people we are working with… to a place where they say I am doing this not just for myself, but the recipient of this product should appreciate and it should be of their standard. (Chikamba, 2013)

In short, the idea is that if people value others by putting effort into what they produce and provide, then they will value themselves with confidence and dignity. Mwewa adds,

> [Our employees] should realize that they are a treasure, they are of great value, they were not meant to look up to others but they can also get to that level. Level of education, level of skills, level of understanding as well, and so we are building a team which in turn builds up families, and besides families we have a lot of people we are not working directly with, we extend our arms towards them to just make them realize that they have so much going for them and all they need to do is wake up and begin to move in that direction. (Chikamba)

Vaughn gives an example of the process of building up an employee:

> So Tik for example... he started as a construction worker with us... he was digging ditches… grade 12… and now he's selling you know $300,000, $400,000 worth of product per year. But I mean Dustin worked day after day with him for three and a half years, so it didn't happen overnight. (Spethman, 2013)

Vaughn goes on to describe another employee. Viera, who was a biology major who knew nothing about accounting and finance. So together they [her and Vaughn] talked to other accountants and figured things out, and now she is a vital member of the operations team at Zambikes.

Despite their successes in building up employees, they admit there are stories of "theft or laziness, coming to work drunk, fighting, and that just happens when you work with impoverished people where their fathers are drunks and they don't know what clean is, they don't know the pride like a job well done" (Spethman, 2013). Vaughn says it was a terrible feeling to fire, fine, or discipline someone, but he realized the consequences of continually offering additional chances to employees.

> …if I'm always giving them slack and if I don't have those standards, I'm not letting them get to the potential that I think they can get to. But the thing is you realize there are hundreds of people within like two miles that are looking for jobs that want to get there on time, want to come sober, want to follow directions, so why not give those opportunities to those people. (Spethman)

And, there have been plenty of stories of success in character development, like the one Vaughn recounted of a former employee:

> Coach is a great example. Coach lived in a ten by ten foot mud-brick house that every year the rains came they got swept away. He did drugs, he did alcohol, big time. To the point now if he even has a sip of alcohol, he's got an ulcer and a stomach thing, he'd literally kill himself. So Coach came to work one time, a little hammered, and I said if you ever come like... you're the best builder, if you ever come like this again I'm going to fire you, you're not going to be allowed on the property, and to my knowledge, he hasn't like done drugs or anything. You had like a good shot, not only are you letting yourself down, you're letting your kids down. Now he's got an amazing house, he owns two buses [minivan public transportation], he's got a generator, he's got power, he's got farming, stuff like that. Now if you took everything away from Coach, let's say someone stole his… he knows what to do now. (Spethman)

In addition to building up their employees as an outcome of the business, spiritual outcomes also come into play. Dustin shares that the social bleeds into the spiritual; they overlap and are inseparable. This is particularly true in the eyes of the partners because of what they perceive to be the spiritual climate in Zambia. Vaughn describes Zambia as an evangelized place, known as a “Christian nation,” with many churches within just a mile of Zambikes.

> …you have these crusades which come up every month and these guys that come for a week at a time, and like 5,000 people came up and accepted Christ. And another comes later and 5,000 people came up, and then the same people when they get sick, they go to the witch doctor and

wherever else and you know and they are getting hammered and not being good stewards of their money and not treated properly… [Evangelism] is not needed. What's needed is below the surface, it's more of ethical teaching… it's like mentoring in discipleship in the next level. (Spethman, 2013)

Dustin says they have the tangible spiritual efforts such as weekly devotions, an annual spiritual theme for the company, core management who are strong in faith, a chaplain that comes regularly, fasting and prayer as a management team, and Christ-centered core values (D. McBride, 2013). There are a lot of denominational churches in the immediate area of the company, and because Zambikes is not a church, they have the opportunity for a platform and a forum to talk about issues that are not safe to talk about in the churches.

> We are lucky because pastors only get them for three or four hours a week… we have our people for forty-five hours a week… with a lot of teachable moments. This guy stole, do you give them grace?... And also, how do you deal with that, or this person messed up. We are going to collectively do it together. Everybody knows that this guy is sleeping with his girlfriend…so way more opportunity than if you do it in a Bible study once a week. (Spethman, 2013)

Board member Mark McBride adds that they are not into "checking off the spiritual boxes or putting Bible verses on bikes" (M. McBride, 2013). They are not measuring spiritual outcomes, but they are engaged in intentional efforts at spiritual formation that have a significant impact. Vaughn explains,

> We live with our people and we've lived life with them. We do life with them. When Benjamin has something that goes down, if something happens, if a kid is sick or his wife got this and that, I know about it because I am here… I see you have a drinking problem and that's okay, let's work through it together. (Spethman, 2013)

Mwewa echoed how they see their role in walking with people along spiritual lines, sharing about one employee whose daughter has some kind of mental disability.

> It's pretty heavy on him. That is the first child he has, and he would come with a low face sometimes… but once you would sit down and talk about the will of God and everything he stays motivated and he is doing excellently well and performing very well." (Chikamba, 2013)

And, the impact of walking with people in this way is significant in a variety of ways, as Mwewa relates through another story of when a client from a university came in the office:

> I heard him on the phone and he was talking. He was having problems with someone and probably it was his wife and they had gone separate ways… so I sat down to just find out and talk to him. The guy was weeping. I began talking to him about Christ… he was all broken and he gave his life to the Lord, situations turned round, he had a different perspective of how to handle his breaking marriage. (Chikamba)

Vaughn shares how good it feels to see changes take place.

> …as guys are getting this mentorship and discipleship, they are getting challenged to give… we gave a loan to this guy to build a house and he

has paid back the loan over a year, and I know that he is giving a loan to another guy…Coach has buses and he has employed people and he doesn't come asking for transport anymore. He is the one giving transport… he is learning how to give as he is receiving. (Spethman)

Zambikes also tries to have an indirect spiritual impact through business ethics and principles. Mwewa estimates that 90 percent of businesses in their area are not doing business in a "straight way," but paying bribes and kickbacks. "We have lost out on some deals based on the fact that we still do hold our principles and so we have basically encouraged ourselves to do things the right way, and temptations are huge" (Chikamba, 2013). However, he adds,

> In the long term you have a lot of companies that come back to you, choose you instead of anyone else because you are…reliable and you are trying to keep straight and clean and they don't expect anything to come haunting them afterwards. (Chikamba)

Partnership

Partnership within Zambikes revolves around three main points— the process of working within the strengths and weaknesses of the various partners, the promotion of equality between partners and between the partners and the employees, and the continuous role of the Americans, given their desire for an exit strategy.

When asked to explain the partnership between the four founders (Dustin, Mwewa, Vaughn and Gershom), the initial responses of the partners described the various roles, skills, personalities, and strengths of each. In the beginning, the partners did not really have defined roles. They all did everything together, taking on each task in front of them. As time went on, roles began to be formalized, identifying specific areas of responsibility. Gershom was a pastor and speaker by trade. His role at the beginning was that of a networker. Vaughn described how Gershom would "cast out a broad net to people to bring them in, then the rest of us would decipher who was good and who was not… One out of five would work out" (Spethman, 2013). Gershom did not have much business acumen and was never consistently involved in operations after the first few months.

Mwewa had a background as a broker importing automobiles. They depended on him for much of the logistics, as well as human resources because he was good with people. He led the way when it came to purchasing the land, getting electricity, going into government offices and dealing with work permits, the Zambian Revenue Authority, and worker's compensation. He showed great discernment and wisdom. Dustin says,

> He was kind of like the only family guy at the beginning, so he was kind of the papa… and helped Vaughn and I when we would want to go and he would want to slow down…we had some balance there. (D. McBride, 2013)

Both Vaughn and Dustin studied international business and came straight to Zambia right out of college, so they did not bring much experience to the table. But they both had a strong vision and worked extremely hard. Vaughn settled into roles in the financial and production side. Dustin took on the CEO and sales roles. Another key piece of the partnership which came from outside the main four partners was the technical bicycle expertise brought by Daryl Funk. Daryl would be in Zambia for months at a time at the beginning, not only working on the various designs, but also training the mechanics.

In describing how the partners worked together, Dustin shared, "the shaping up of the initial two years was a foundation for what was to come" (D. McBride, 2013). There were differences, both in personality and cultural perspectives that took time and patience to work through. Mwewa describes Vaughn as the "let's do it yesterday guy… he wants things happening. 'Now' is the word for Vaughn" (Chikamba, 2013). Dustin's approach was much more "big picture," and he asked questions about the effect decisions would have in the long run. Vaughn says that Mwewa had trouble articulating his thoughts in the moment of the meeting and would call that night or come in the next day explain something. Conversely, Mwewa was impressed by the way that Dustin and Vaughn could be so direct and transparent.

Mwewa used an interesting example in describing their different perspectives.

> I think Americans will tell you… [in business] 'if this person can't get us where we are going, we are best getting him out of the way and moving on'. On the other hand, an African will say, 'If you move him out of the picture, what will become of him?' There are two different perceptions. An American is not only looking at this particular individual. [They know] there are probably 100 other people that will either benefit or be down with what is going on there. Whereas the African guy will be saying, 'Let me pull you up here', and sometimes even at the expense of [the other people in the company]. So it's a balance that really matters. Both are right in their own rights. (Chikamba)

Mwewa continues with another example.

> An African will tell you 'this won't work.' An American like Vaughn would say, 'And then what?' If you are saying this won't work, there should be an option. An African will stop at 'this won't work for now' and moves one step back. This guy [an American] will say, 'No, if you are saying this won't work, give us another solution.' And so when you find these people coming together…the African will begin to say, 'Ok, I should always have a solution other than just saying no.' There is a blending… that obviously calls for a lot of patience… The American culture is very strong, and it takes a lot to bring it to place where it begins to understand, 'ok, my culture works best at home out here I will have to begin to negotiate'. (Chikamba)

Dustin echoed this approach, explaining how they found common ground. "We were able to knit together and get to the point that you trust each other and are willing to not only see it your way, but also see it through the eyes of your partner and then move forward" (D. McBride).

Vaughn, Dustin and Mwewa all communicated the need to promote equality. All three stated that they viewed each other as equals, however they did recognize that power was an important aspect of partnership. While the U.S. partners may have had more financial power, the African partners had more power regarding decision making on the ground and knowledge of the local customs. While power can be abused as well as a point of great tension, Vaughn sees it as a healthy thing. "They can flex their muscles just like we can flex our muscles, so it's very healthy. We definitely had different opinions…

and I love that he [Mwewa] has strong opinions. It's one of my favorite things about him" (Spethman, 2013).

The greater challenge in equality came when trying to communicate and promote equality in the partnership to the rest of the employees. Dustin described how respect was given to him and Vaughn quickly—deservedly or not—because of their education and abilities, being white, and their access to resources. Not so with Mwewa, who had to work harder for it both with people from the first world and from his own country. Mwewa attributes this to differences between first world and third world cultures. He stated, "People from the first world feel like they know what to do and have a mindset that things run a certain way," speaking not of Dustin and Vaughn specifically, but people in general. He believes people from the third world have to do well to prove themselves and bring about results to people from the first world in order to gain respect and be treated equally. The same can be said about the way that the employees related to the partners. Dustin mentioned that they had to work very hard to convey that Mwewa was the managing director and he was to be treated the same as he and Vaughn. They had to be careful that employees did not try to go around Mwewa and come directly to Dustin or Vaughn about issues or requests. Dustin added that Mwewa did an amazing job gaining the respect of the employees and says he has continued to be effective since their exit from operations.

The final area of partnership deals with the overall understanding of the role of U.S. partners on the ground, especially over the long term. As is expressed in the vision of Zambikes, one of the goals was for the business to be nationally led and run with the exit of the U.S. partners. Dustin admits that he had some idealistic views about how dependency on U.S. involvement was unhealthy. The partners were very intentional about hiring and developing people to replace them, using Viera in finances and Tik in sales as successful examples of hand-offs upon their exit. However, a problem of returns of bamboo bike frames because of quality issues has now changed his ideology a bit. Dustin believes that if products are going to be sold to a first world market, “they need to have first world eyes on them…[the Zambians] have never experienced that market and don’t understand the first world standards” (D. McBride, 2013).

Zambikes’ response to the issue of quality control was to send someone with bicycle manufacturing experience from the States to be in Zambia full-time, overseeing the frame production. Regarding the financial sustainability of taking on that expense, they believe that not only will they experience a greater financial return on that product line, but that a strategy of rotating expats for several years at a time can keep the costs down. While paying someone a $50,000 salary plus expenses (a typical expat salary) is not realistic, Dustin believes there are plenty young, recent college graduates with a little bit of experience who would love to spend a few years overseas if they can get their expenses covered and have a little pocket change. Zambikes is hoping this expat replacement strategy can meet the need of sustainable quality control.

Zambikes Summary

After hearing the story of Zambikes and analyzing the various perspectives on its structure, outcomes and partnership, several key insights emerge.

Structure

- Zambikes is a successful example of a non-profit created and existing solely to support a for-profit, with all stakeholders aligning with a united mission. As opposed to a non-profit involved in other projects, one of which is the company.
- While the degree of financial sustainability might not have met expectations, the adjustment to a consulting type of relationship allows for further growth.

Outcomes

- Zambikes not only intentionally focuses on the social impact of the actual product (bikes, carts, ambulances), but also on its efforts to build up and empower its employees to tell stories of success in the face of extremely difficult life situations.
- Due to the predominately Christian context of the company, its spiritual efforts, which are inseparable from its social efforts, are less overtly evangelistic and more intentionally focused on personal depth, discipleship, and God-led navigation of life circumstances.

Partnership

- The partnership model within Zambikes gives evidence of individuals recognizing how to respect one another even in the face of tension and difference, and promoting equality not only between partners, but also between the partners and the employees. It also recognizes the need for Americans in Zambia when required by market demands.

CHAPTER 8:

KIMBILIO FUNERAL HOME

Introduction

The Kimbilio Funeral Home (KFH) has been serving the community of Cheboiywa, Kenya since September 2012. The business is owned and operated by Living Room Ministries International (LR), a non-profit hospice and palliative (relief from suffering or end of life) care ministry located in the same community, which has been in existence since 2009. LR was started by a U.S. nurse, Juli McGowan Boit, who had served in the field of health care in Kenya for five years prior to starting the organization. Juli asked me to serve on the LR board since its inception and I also serve as a part-time employee as the Director of Income Generation. Juli and I are part of a team including several Kenyans who began KFH and oversee its operations.

KFH offers both mortuary (embalming, storage and autopsy) and funeral home services (transportation, chair/meeting tent rental, caskets, flowers, etc). Employing four full-time staff, KFH exists not only to provide an important service to the community with compassion and quality, but also to be a source of income generation for various LR ministries. LR's prayer and vision is to create a community of compassion that honors life and offers hope to those in great physical need, both through the hospice ministries and the funeral home.

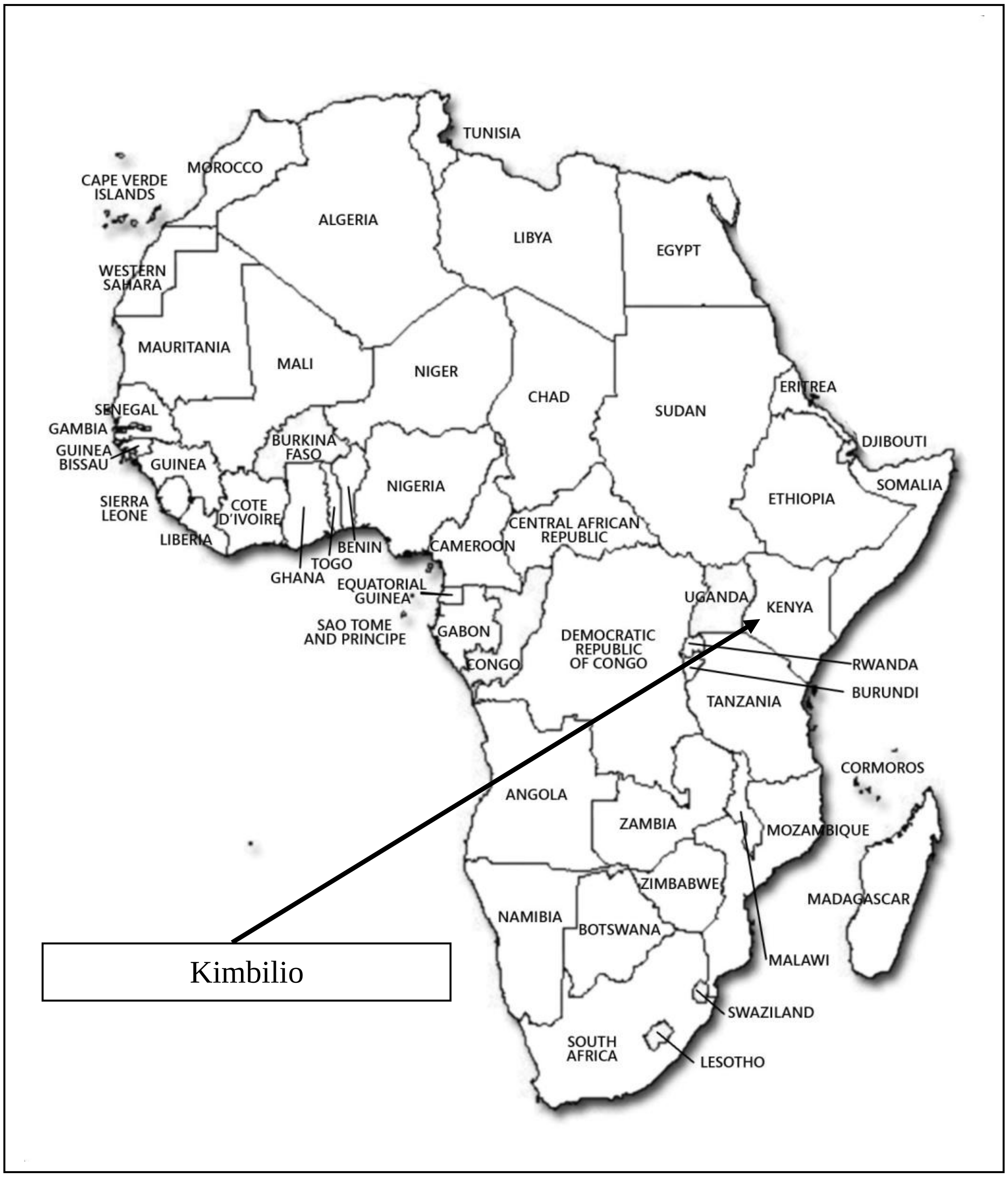

Figure 6. Kimbilio Map.

Company Narrative

In 2004, a community-based HIV/AIDS prevention and treatment program was created in Western Kenya called Tumaini na Afya (Kiswahili for "Hope and Health"). Initially, Tumaini na Afya focused its efforts on mobilizing people in rural villages for HIV testing and treatment, training on HIV prevention, and offering home-based care for people living with HIV/AIDS. However, as time went on, another ministry emerged rather unintentionally. In 2008, what started as an isolated situation of creating a treatment center—a home of sorts—for two HIV+ orphans gave birth to the dream of Living Room Ministries and Kimbilio (Kiswahili for "refuge") Hospice. After encountering countless others in desperate need of palliative care, the founders of LR and Kimbilio Hospice created the latter in 2009 to be a care home with the aim of offering palliative care services to the community. In addition to the 24-bed hospice, other LR ministries include home-based care services, outpatient and physical therapy services, as well as the original AIDS awareness, testing, and treatment programs. Since its inception, LR has reached out to many among the community who are not only faced with life-threatening illnesses, but who also lack the love and care that signify human dignity.

The idea for the funeral home was grounded in two different needs—income and service. One desire of the LR leadership was to decrease dependence on donations from the U.S. to support the ministry, and increase capacity for self-sufficiency over the long term. The U.S. and Kenyan boards together set the goal of generating 25% of the operational budget from "income generating" businesses. LR's initial business efforts began with utilizing its own 15 acres of land for agricultural purposes by planting passion fruit, potatoes, hay, and other crops, as well as creating a fish farm. While some of the agricultural efforts resulted in modest returns, the financial goal set by the boards required investment in an opportunity with greater potential for return.

In addition to income generation, the funeral home was also based on the need for the services. Initially, after a patient in the hospice died, the body was transported an hour away to the city of Eldoret. There it was taken to the government-affiliated mortuary and then picked up by the deceased's family members. Because the mortuary in Eldoret continuously operates over its capacity, the LR leadership believed there was a business opportunity to create a local mortuary. The families and community members of most of LR's deceased patients were covering the cost of the transportation and other related expenses. LR believed that they could provide the mortuary services themselves, thereby directing the money that was already being paid for transportation by family members back to the hospice. Additionally, they could expand the services to other communities within a certain radius who would choose a closer destination for their needs than Eldoret, creating extra income.

In 2011, a feasibility study was conducted which confirmed the need, and also concluded through discussion with village elders that the overall feeling from the community about this idea was very positive. In fact, there was great excitement that came out of the meeting and all were in full agreement for such a service to be offered in their midst. The doors of Kimbilio Funeral Home were officially opened in September 2012. The business has experienced steady growth over its first year as word continues to spread of the services offered.

Due to the desire of LR to have an impact on the overall Kenyan palliative care system nationally as well as its initial business success with the funeral home, LR leadership is planning for future development projects and business expansion. First, there are plans to construct a workshop where KFH could build its own caskets instead of buying wholesale, as is currently being done. These caskets will not only meet the needs of the KFH clients, but also will be sold to other markets throughout the country. The second area of expansion would be to extend its hospice care and the funeral home business into the nearby city of Eldoret. Juli says the Lord has blessed the ministry by raising hundreds of thousands of dollars through donations, but she believes that the financial model is not sustainable if true transformation is to happen in the field of health care in Kenya. Therefore, using business strategies, LR will be moving into offering services using a fee-based strategy as well as tapping into Kenyan financial programs such as government health care and private insurance to fund the operations of the expanded ministry. Additionally, the funeral home business services will continue to be a key income generating strategy, reaching a middle class urban market broader than the current rural village constituents. The hope is that this model will be taught to and replicated by other ministries and businesses in other locations.

Structure

Living Room Ministries International is registered in the U.S. as a non-profit 501(c)(3), and in Kenya as a nongovernmental organization (NGO), and operates with two separate boards. The only shared member of both boards is the founder, Juli. While all members of the U.S. board are from the U.S., two of the board members in Kenya are from the U.S. but reside in Kenya full-time, with the remaining board members being Kenyan. KFH is a subsidiary of the LR Kenya NGO under the ownership and authority of the board. The funeral home shares the same revenue tax exemption benefits and pays the same value added tax (VAT) as the NGO (to be discussed further in financial outcomes).

The two boards are described as working very well together with different, yet complimentary roles. The Kenya board focuses greatly on vision, operations and implementation. While Kenya does participate in fundraising from sources within Kenya, the U.S. board carries the lion’s share of fundraising as well as financial accountability and human resource issues with all U.S. employees, both U.S.- and Kenya-based. In describing how well the two boards function together, Juli states,

> There is mutual trust between the boards. It is built through people proving themselves over time and the existence of good accountability. The U.S. board coming and being on the ground [done as a group every two to three years] and seeing the quality leadership that we have on this side [Kenya], whether it be on our board or management team, that builds trust. They [U.S. board members] can see when money is sent here, it is accounted for and used wisely. I don't feel like the U.S. board is a rubber stamp. They do add a lot of valuable input and healthy push-back, but most of the vision comes from this side. The Kenyans feel like there is support for their vision with people standing alongside them. (McGowan Boit, 2013)

Despite this understanding of roles and mutual respect, the income generating decision making process did provide times of tension and differing opinions. I remember when we first started with all of the farming and things were not going so well. We would make a little money here and lose a little there— not big amounts—but it was concerning to me because of the habits, the mindset we were forming. During the Kenyan board meeting we had a discussion about whether we were trying to do commercial (business to make money), or provide a service (produce food to consume in the hospice). It just did not seem like we were very serious about the business side. We were reacting to and not being proactive like you need to be in successful business. The feeling was that while both business and non-profit people were involved on the boards, different hats needed to be worn depending on which conversation was going on. During meetings, I felt schizophrenic trying to figure out how to respond to issues. Juli adds, “When the small scale farming didn’t succeed, then we kind of said, ‘oh well, it was a ministry type thing.’ We defaulted to a non-profit mindset” (McGowan Boit, 2013).

The decision to start the funeral home brought out other differing opinions. While board members liked the idea of generating income to relieve fundraising pressure, choosing which business to pursue was challenging. Business plans were presented for projects such as rental homes (the most financially stable option), to large scale agricultural projects like grain storage, passion fruit, and sugar cane (the highest potential for financial return). However, several members believed strongly that no business should be done that did not have a direct correlation to the mission of the organization. The problem was not a fear of drifting or compromising the mission; it was the belief that businesses and organizations are successful at what they are good at, and LR was good at taking care of people in very difficult end-of-life circumstances. Therefore, the business should be in the same vein as the ministry.

After the feasibility study was completed, the boards agreed to pursue the funeral home, holding on to the vision of generating income, but also providing the same care, compassion, and service to its clients that exists in the rest of the ministry. This dual desire of business and mission still creates a natural tension of push and pull, but for the time being, the organization seems to be balancing them well. As Juli describes it,

> One of the challenges is the business itself, in that it is a sensitive thing talking about bodies and needing to get to a number [of bodies per month]… which is more sensitive than other businesses… but our

business people have been good at not pushing too hard too fast.

(McGowan Boit, 2013)

Outcomes

While the term used is “income generation,” the financial goal of KFH is profitability, specifically targeting a 10% return on investment (ROI). If making money is not possible, then having the community use the existing mortuary services in Eldoret is much simpler. As part of the leadership of KFH, I have a strong desire to pass a business litmus test, factoring in depreciation and return on investment for two reasons; breaking the non-profit mentality and fair competition. The non-profit mindset is ‘we fundraise and buy a car, maintain it and run it until it dies, and then fundraise for a new car.’ While there is nothing wrong with that, a business operates under different rules, where that cost is part of the financial picture. If fundraising is the solution to financial problems or shortfalls of the business, then the income generated by the business is not real enough. We might as well just stick to the fundraising plan for the ministry and avoid the headaches involved in running a business. While the invested funds for KFH were donated to the ministry, realizing a return is still valuable and important because the returns can go to funding the ministry or be reinvested into the company for further growth.

In the first year, KFH was off to a good start financially. The first three months saw the business take a bit of time to get running, and had operational loses, but months four through eight saw the business reach an operational breakeven level, averaging about 20 clients per month, a success by any business standard. However, 40 clients per month was the level needed to cover depreciation and the target ROI. Months nine thru twelve have averaged 35 clients and there is still much more opportunity with our capacity around 100 clients. My experience is that non-profits tend to relax and become reactive when certain goals are met, but we have to stay proactive, striving for further growth.

The second reason for pursuing financial goals in line with standard business practices is to avoid unfair competition practices that can harm the overall economy. KFH does not have to pay revenue taxes to the Kenyan Revenue Authority (similar to the U.S. IRS) due to its NGO ownership and the related nature of the business to the mission of the organization. This creates a tremendous advantage—a cost savings of approximately 10%, which if viewed improperly could put local competitors out of business, creating more economic hardship in an already impoverished situation. When it comes to our mortuary services, I do not have a problem with the tax break because the main competition is a government affiliated operation probably subsidized on some level. However, with our expansion into casket making, we are going into territory where there are already local entrepreneurs doing this. I do not want to hurt them. If we can do it better by being more efficient and make a better product, then that is fair, but we have to play by the same rules. KFH's strategy is that the amount that would be paid in tax should either be donated to the non-profit, or even be used to fix the road or other infrastructure problems that the government would usually be responsible for. Either way, we believe the amount should be factored into the financial equation and not be discounted in pricing to undercut competition.

Socially, both the U.S. and Kenyan partners recognizes the jobs created through its business efforts as a positive thing, but job creation is not described as one of its explicit goals. Titus Boit, Joel Sawe, and David Tarus, the Kenyan partners responsible for the operations of KFH, do, however, emphasize the importance of jobs to the local community. David describes how they intentionally hire people from the Cheboiywa village for available jobs if they are qualified. The practice creates ownership, tying the success of the business to the income going directly into the community.

Another goal is considered both a social and spiritual one, having to do with the manner in which the services of the funeral home are provided. Within the vision of LR, the care and compassion with which the ministry is practiced is integral to the operations of the business as well. A client gets the same competitive prices as elsewhere, but there is a strong focus on quality and treating people well. Juli explains,

> If we are trying to improve the standards of care in general in the health care system, whether that is in the hospice or in the funeral home, those qualities and standards should be across the board. Our communication style is different. With a grieving family, it's not just a body, but that's someone's mother, father, or child. We hire social workers and chaplains to help in the grieving process. (McGowan Boit, 2013)

Juli adds that often times in the Eldoret mortuary, bodies are stacked on top of one another, and a piece of tape is put on someone's forehead for identification. Those practices seem to devalue life, even after death. KFH wants to emphasize dignity and celebrate life even in the dying process, so they do not use those same practices.

Environmentally, the LR, in both the funeral home and the hospice, has taken extra precautions to build a sealed septic system to protect the soil from chemicals and other toxic fluids.

Partnership

Partnership at the Kimbilio Funeral Home is best described as a team operating within the framework of different and balanced gifts. Juli is by profession a nurse practitioner and has lived in Kenya for nine years. David Tarus is the chairman of the Kenya NGO board and part-time employee in charge of marketing and mobilization. Joel Sawe is the managing director of all of LR operations, including the funeral home, and is involved in management of the employees. Titus Boit has a business background and is a part-time employee working on business plans and implementation. I am chairman of the U.S. board and part-time employee focusing on monitoring finances and performance through reports. While I did live in Kenya for three years, I currently reside in the U.S. and travels to Kenya a few times per year. All other partners live in or near the Cheboiywa community. Interestingly, the roles of the board members and staff are not completely separate, which is unusual in the eyes of many in the U.S. nonprofit and business community.

When asked how he sees the various partners working together, Titus Boit describes a teamwork aspect in this way:

> There are people who have strong feelings for different aspects of the project. Tarus [David] sees that it has to impact the community around him. Juli sees that it is assisting the ministry that already exists. For Sawe, he feels like he has to contain the people working in it. You [Brian] always want to know if it is workable, is it going to be good into the future. (Boit, 2013)

In short, KFH is balancing several aspects of a business that can at times feel like opposing realities, specifically the shared compassion with the ministry, the support of the local community, and the practicality of the business.

As previously described in social/spiritual outcomes section, KFH strives to have an impact on those who use its services. Juli is the champion for the heart of the business. She wants to make sure the families (clients) are cared for, and that compassion and dignity are present in the business as much as they are in the ministry. While this appears to be standard business practice under the customer service category, KFH sees it less as a source of competitive advantage and more as an extension of who they are. Juli cannot help but be compassionate. It is ingrained in her DNA and that seems to be a trait that exists in all LR employees. It is impossible to work at KFH and not care deeply about people.

Community ownership and cultural awareness is vital, especially in this type of business, which David and Sawe champion. In the beginning stages of the hospice, the staff had to be careful because it could be viewed as "bringing death to the community" (Tarus, 2013). Juli explains, "Sawe and David… helped to prepare the ground in the community to receive and accept this kind of service… also to make sure that we are not bringing something from the West, but that it is appropriate" (McGowan Boit, 2013). The partners believe that the hospice laid the foundation for KFH by becoming a respected and highly valued part of the community, not only through creating jobs, but also by caring for those in need in the community. David believes that if the community does not perceive a benefit, then there will be challenges. But if the community is on your side, then things get done much quicker and the business will be defended against outside problems that may arise (Tarus).

Titus and I champion the business aspects, watching margins, looking for cost cutting measures and opportunities to increase revenue. To us, numbers and information tell a very important story regarding the success of the business. All parties recognize the potential of tension. Titus mentions that “many times our decisions are based on feelings and not facts” (Boit, 2013). David describes how systems in Kenya are not as developed as in the U.S., specifically the amount of time it takes to get things done, and U.S partners have to remember patience (Tarus, 2013). However Juli adds, “In general, throughout the organization there is a respect across cultures, decent communication, and we all understand for the most part what the goals are” (McGowan Boit, 2013).

As LR plans to expand the hospice care and business to new opportunities in the future, how partnership might work, especially adding new partners, is being considered. For example, there have been discussions about whether LR should maintain complete control of expanding the business to new markets, or whether it might be better to partner with private investors and companies that are experts in business growth. We have been successful in what we have done, but that is in part because we are operating in our own community where we are known. It sounds much easier if LR becomes an investor and leaves the implementation to more business oriented people. LR is also developing a relationship with a U.S. church with a passion for mobilizing its businessmen and women towards missional efforts. This church is not only interested in funding businesses, but also in having its members travel on short term trips to help in needed areas such as mentoring and training. Both of these options (connecting with investors and/or with a church) involve another level of partnership, each with its own potential for positive and challenging results.

Kimbilio Funeral Home Summary

After hearing the story of the Kimbilio Funeral Home and analyzing the various perspectives on its structure, outcomes and partnership, several key insights emerge.

Structure

- KFH is model of non-profit/NGO (LR) creating a subsidiary for-profit entity for the purpose of income generation and service provision.
- As an example of two boards working together in mutual trust and respect, a seemingly creative balance of engaging in a natural tension between business and hospice care is found.
- The non-profit chose a mission-related business to pursue, as opposed to an unrelated business which may have been more profitable or safer financially.

Outcomes

- The intentional pursuit of financial profitability as income generation to the overall organization is tempered by the awareness and desire to avoid a negative impact on the overall economy through unfair competition. Specific effort is made to consider various factors including taxation, depreciation and return on investment to prevent that from happening.
- The social and spiritual goals of offering compassion and dignity to its clients through the business are viewed not only as a potential competitive advantage, but an extension of the overall palliative care perspective.

Partnership

- Partnership is described as teamwork capitalizing on the individualized gifts and respective perspectives of compassion in health care, the inclusion of and benefit to the community, and the business emphasis on numbers and information.

CHAPTER 9:

AFRICAWORKS AND KUMBULA

Introduction

AfricaWorks and Kumbula are sister organizations with a shared mission to reduce poverty through sustainable economic empowerment and holistic transformation. AfricaWorks is a development-oriented NGO working alongside pre-organized community groups of vulnerable and economically disadvantaged people, providing microfinance services such as loans and training. What makes AfricaWorks different than other microfinance institutions is their facilitative role in identifying business opportunities in the supply-production-marketing value chain and their role in building partnerships between potential businesses and the community groups. Kumbula is AfricaWorks' for-profit investment arm, focusing on larger scale businesses along the value chain, including but not limited to the businesses which purchase the products of the community groups working with AfricaWorks.

AfricaWorks and Kumbula operate in several Southern African nations including Mozambique, Swaziland, Zimbabwe and Zambia. While agriculture (horticulture and poultry) is its biggest area of engagement, they are also intending to be involved in mining, apparel, technology, and banking. Their strategy of supporting the development of small to medium enterprises (SME's) along the value chain among marginalized communities empowers individuals and local enterprises to operate as viable business entities and join the expanding market economy. It also creates sustainable opportunities

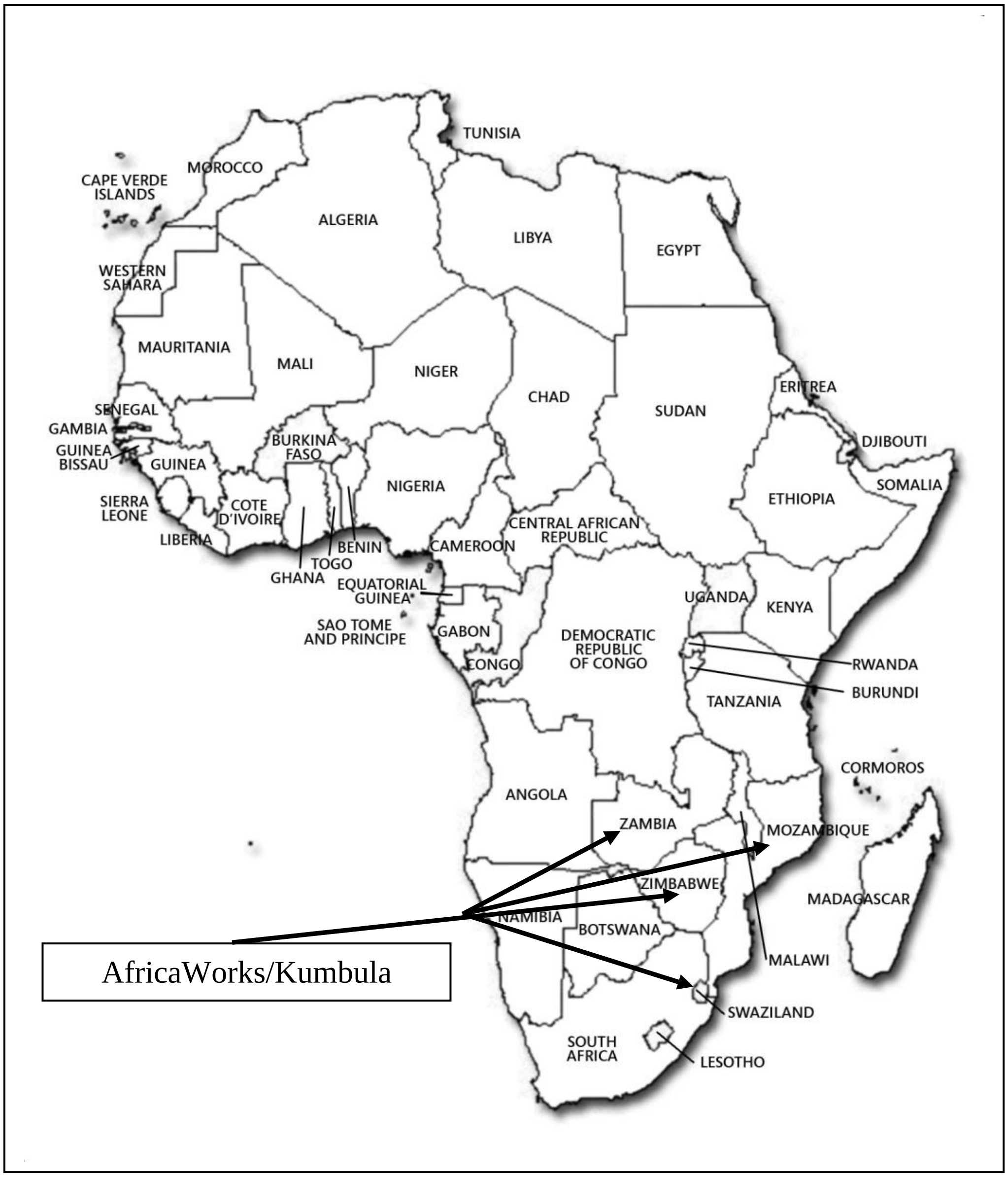

Figure 7. AfricaWorks/Kumbula Map.

for these groups to gain ownership and power over their devastating circumstances so that they are able to support themselves and their families as well as build a foundation of sustenance that will allow this empowerment to live on from generation to generation. While these two organizations are technically separate entities, which will be explored in the structure section of the case, from this point on I will consider them one company given their united purpose.

Company Narrative

The company narratives of the other cases in this study have a chronological approach, describing the creation and development of the business and its participants over time in an effort to communicate the context in which the structure, outcomes and partnership can then be understood. This company narrative will differ slightly by focusing on the macroeconomic context in which the efforts of AfricaWorks and Kumbula exist, including a look at the economic impact and leadership of both the European colonists and the African liberators immediately following independence as described by one of the company's founders. This will be followed by an explanation of how this context, and more specifically the interpretation of this context, influences AfricaWorks and Kumbula's ideology and strategy.

Samuel Grottis, one of the company's Zimbabwean founders, describes his perspective of business and leadership in Africa by using the concept of historic economic exploitation. He explains how the colonialist came in to take raw materials (gold, platinum, uranium, coal, and copper) that they then added value to through processing and manufacturing, subsequently using the profits to benefit themselves. Land was also distributed among the white settlers, resulting in the blacks being used only for labor and excluded from the economic benefits of the land. After years of fighting, the colonists eventually departed, promising to redistribute the land to the black Africans. However, frustration over broken promises and the time it took to redistribute led to the blacks forcefully removing the colonist land owners. The new African leaders, mostly military/liberation commanders, made promises to the people of future benefits, but continued to hoard the wealth for themselves. Samuel states, "It is history repeating itself, exactly the same thing was done… but now the blacks are leading in the same style as the British [colonizers]" (Grottis, 2013).

Samuel believes one of the negative effects of this historical exploitation is the lack of a sense of ownership or commitment to business within the indigenous people. While he does not put multinational corporations, or what he calls "conglomerates," into the same category as colonists or ex-military African leaders, Samuel believes that because these companies are externally owned (resulting in capital repatriation), the same sense of perpetuating a lack of ownership and benefits to the indigenous population continues. Additionally, conglomerate methods are very controlling, in that many industries are monopolized, keeping the blacks marginalized through lack of access to capital, along with limited access to supplies and inputs due to protectionist terms and conditions. Samuel believes that what currently dominates the economy is a group of elite blacks and conglomerates that lead from a point of self-interest. He states,

> You can continue to build this big wall around you… and then outside of this you have got all your workers and the village people… it is not going to last for long and a revolution will take place… or you can start to develop those around you. (Grottis, 2013)

Within this context, several national efforts have been made for affirmative action that would place blacks into senior positions in the various industries as well as encourage more black-owned businesses. Samuel describes AfricaWorks and Kumbula's efforts as not only a different business strategy in this context, but also as a push for a broader philosophical/ideological change. Ideologically, it is a shift from self-interested to transformational, altruistic, interconnected leadership in business. Strategically, it is a “whole new paradigm on how business is done in Africa,” focusing on a larger number of entrepreneurs and small scale producers working together in smaller units to push from the bottom up rather than continue with the concept of large conglomerates.

In discussing the strategy during our interview, I pushed back on the multiple smaller units idea, arguing that in the U.S., “Mom and Pop Shops” cannot compete with “Wal-Marts” on cost. Samuel responded that big companies with their vertical structures have labor costs and employee development costs, but that employees are stuck at a minimal sustenance wage. However, if people get the same production training as in the conglomerates and the capital, and they have ownership and the opportunity for greater benefit, then this strategy can compete in cost. Any additional cost that may result can be offset by increased and more efficient production because the producers will have a vested interest. He continued to tell me that he is not "anti-conglomerate," but pointed out that in Africa, unemployment is rampant and only a few people at the top are realizing the benefits of conglomerates, which may or may not be the case with U.S. conglomerates. Therefore, he believes a new strategy is necessary in Africa.

AfricaWorks and Kumbula’s strategic shift in the implementation of economic empowerment along the lines described by Samuel is more easily understood by describing their poultry model *(see figure 2).* AfricaWorks targets what they call “the hub” (marketing and processing, or the slaughterhouse in this poultry example). AfricaWorks develops an MOU with the marketing processor if they are willing to commit to buy from small scale producers at fair prices as long as a standard of quality is met. Then, AfricaWorks connects with pre-established community groups, providing microfinance services and training to small scale producers. The community groups can be church-based, NGO-based, or self-organized. The practice of small processing businesses buying from small scale producers is not new, but there has been a pattern of inconsistency, which has resulted in unreliability. What AfricaWorks does is act as a facilitator, promising to relieve the worry that businesses have of working with the producers in exchange for the commitment to purchase if standards are met, reducing some risk for both sides. AfricaWorks may also offer supplies and/or services to the producers if appropriate. In addition, Kumbula, the for-profit investment arm, may become involved in funding in the marketing processing if feasible.

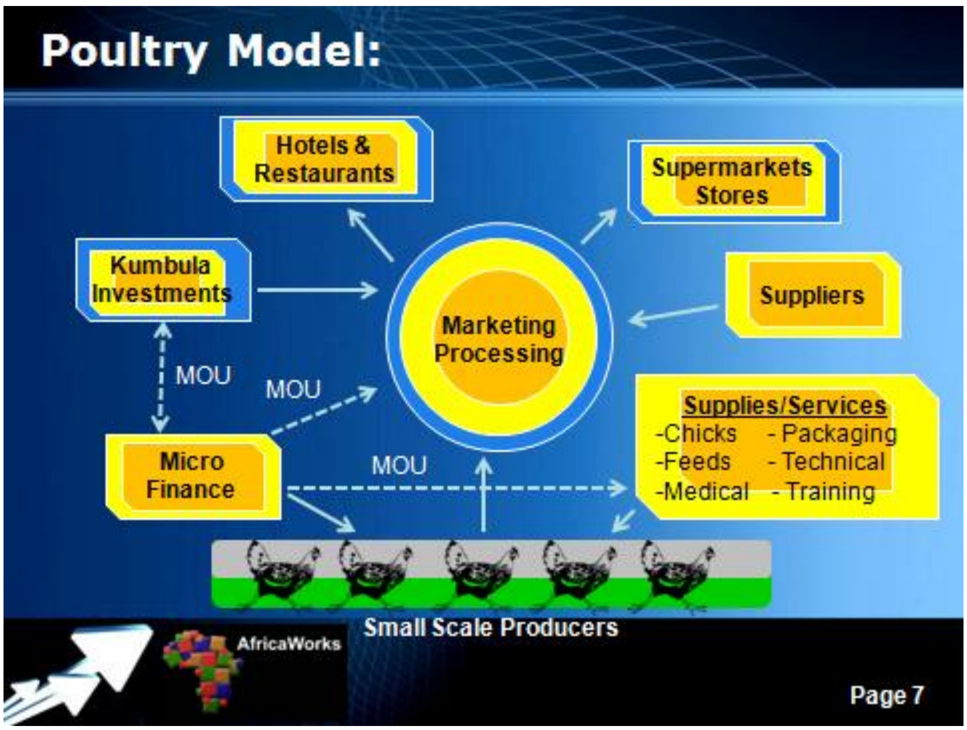

Figure 8. Poultry Model.

Samuel recognizes that this strategy is not simply grassroots development of the producers, but takes a different kind of leadership mentality at all levels, especially at the top. Most examples of African leadership come from the government or social sectors, not business. Business leaders are not trained to have a mentality of engaging with the poor of society, but to have a self-centered perspective (Grottis, 2013). Samuel says,

> It is going to take leadership that embraces altruism, to know that there is enough for everyone. They [leaders] see everybody around them. They're not just looking at their own interest and doing something for themselves, they also look at "how does it impact the other person?" It's like a father. You become an alcoholic, it impacts your children. If I'm going to take a job in another city far way, how's it going to impact the children? (Grottis)

When asked if he felt like this was more of a stakeholder theory perspective, he replied,

> I think I probably would move that more to a Biblical term… looking at it from the kingdom mentality, where there's enough for everybody… There's no parent that needs to be without any income at any level. So I think it's just been part of the kingdom which is inclusive. (Grottis)

To summarize, given the unfavorable conditions for the marginalized created by historic and continuous economic exploitation, AfricaWorks and Kumbula efforts are twofold. First is to strategically facilitate a bottom-up business process, empowering the marginalized producers with ownership opportunities. Second is to ideologically change leadership at all levels of business through intentional efforts of instilling a transformational and altruistic mindset in its various relationships and partnerships.

Structure

The structures of AfricaWorks and Kumbula can be described quite simply as a non-profit and a for-profit existing alongside one another, working together to accomplish the same mission. AfricaWorks is registered as a non-governmental organization (NGO) in the various African countries where it operates. Kumbula is a for-profit entity operating in the different countries as well. Of its investors with equity stakes in the company, 60% are African and 40% are from the U.S.

As was briefly described in the introduction, the two entities were communicated almost synonymously by those interviewed because of their like mission and their team like approach. Understanding the role of several key partners is helpful in understanding the interconnectivity. The boards of AW and Kumbula are made up of both U.S. and African partners with no crossover of board members. Jim Louwsma (U.S.) is the chairman of the AW board, and Paul Sjolund (U.S) is chairman of the Kumbula board. Samuel Grottis (Zimbabwean) is the central figure in both organizations as the CEO of Kumbula and sitting on the board of AW. It is important to mention that no entity is registered in the U.S., which Samuel describes as beneficial because, according to him, Africans do not care as much about the legality, but more about what is being done.

Two additional structural entities that are worth mentioning because of their intertwined nature and structural connections to the strategy of AfricaWorks/Kumbula are “the hub” businesses and the community groups. As described in the company narrative, AfricaWorks/Kumbula’s entry strategy is to make the first structural connection identifying pre-existing businesses (the hubs), such as the chicken processing plant described in the example, and create a facilitation opportunity for local, small scale producers. Samuel describes how they look for what they call "the 5 C’s" in any partner on this level (call, character, competency, commitment, and chemistry). While the need for like-mindedness is important in any business relationship, the desire for social impact in this case makes business and partner selection much more vital to success. He explains that what these hubs are looking for is consistency in the small producers, which AfricaWorks facilitates by providing the financing, organization, and training. Additionally, Kumbula may come in as an equity partner in the hub company, providing not only financial capital, but also ensuring transparency and financial oversight.

The second structural connection is with community groups of producers. These groups can take on several different forms including community formed associations, local churches, and other NGO development organizations, which receive the microfinance and training services from AfricaWorks mentioned above. These groups typically have their own governance structures and manage their own affairs in accordance with their own constitutions.

When asked about potential tensions that may exist between the various structures and partnerships, the response was that they were very minimal. Because AfricaWorks and Kumbula have the same goal and mission, all participants seem to be in agreement. When asked whether “the hubs” were concerned about the social goals, Samuel responded to the negative quite emphatically, “We are a business from the word go” (Grottis, 2013). He continues, “They don’t even know we are an NGO… We don’t come across like a social organization, in fact, highly the opposite.” The way AfricaWorks explains their goal to the business is that it is to open up new markets to produce a financial return.

The same approach is taken with the community groups. Samuel says AfricaWorks is there to provide the “disciplines of business” to the development efforts of the community groups. There are situations where a member of the group may come to them asking for a gift or a delay in loan payment because of a need, but the response from AfricaWorks is typically to say that they are sorry about the situation, but that they are a business and to direct them back to the community or church for that type of support. Additionally, churches have asked AfricaWorks for funds to support their ministry, but they respond that they are already supporting the ministry of the church by teaching the group members to tithe and give to the church. The one exception to this rule has been from time to time helping widows who are not ready to engage in the business, but the objective in that case is to work with them to get them to a point where they can eventually participate as a productive contributor to the businesses.

Outcomes

Economically, the goal for both entities is profitability. AfricaWorks operates as do most micro-finance institutions where the cost of training and maintaining the loans is built into the interest. Any additional gain from the loans goes back into expanding the loan fund. Additionally, even though Kumbula is still young and has not yet realized returns, a percentage of its profits will go to fund AfricaWorks. Jim, one of the U.S. partners and an AfricaWorks board member, says there was never any desire from the start to raise donated funds “to keep the lights on” (Louwsma, 2013). The goal is to create jobs and be sustainable, and fundraising does not accomplish that. Jim acknowledges that funds have been donated and grants received, but they go directly into increasing the revolving loan fund within the NGO.

The company targets social outcomes through developing groups of the marginalized for the purpose of empowerment through jobs. Several of the groups involved come from extremely difficult situations, including a group of ex-military war veterans, as well as groups from areas with unpredictable rainfall susceptible to drought.

Several evaluation tools are used to measure both economic and social impact, such as quantifying loans disbursed, number of chicken houses, number of chickens, chicken mortality rate, repayment rate, total sales of clients, food security, average profit margin, number of clients, indirect beneficiaries (family and dependents), and number of people employed by clients. In line with the empowerment mentality, Jim states,

> We very much want to lead transformationally; we want to serve the people. We want to push as much accountability, responsibility and ownership down as far as we can. And we want to teach people how to manage their lives and manage their businesses. (Louwsma, 2013)

Samuel described his personal motivation by painting a picture of his own people.

> I will see a day in Africa when our children will enjoy the privilege of a good education, a well-balanced meal, and a choice of lifestyle. I will see a day when our fathers, mothers and young people will all be gainfully employed as skilled, educated people. I will see a day when health care will be a norm and the health facilities will be functional and treatment found within the village. I will see a day when fathers, mothers and children of Africa will live as a family in well built homes. I will see a day when transport will be easily and readily accessible, roads will be well maintained, access to electricity and clean water will be the norm of the day. Finally, I see a day when African leaders take rightful responsibility and serve their people well. (Grottis, 2013)

AW's strategy to accomplish the social outcomes are incorporated into the microfinance product. Training is done to build capacity within the producers. But as previously described, AW does not try to do it all. Jim states:

> AW professes a triple bottom line, economic, social and spiritual empowerment. Unlike many NGOs that try to do all three, we made a strategic choice to specifically focus on economic and seeking to align with partners to deliver the social and spiritual. While we do this, we have not developed robust metrics to measure our social and spiritual results, but it is definitely an area of continual improvement, because it is integral to our mission. (Louwsma, 2013)

Regarding spiritual outcomes, Samuel describes a holistic approach, stating his belief in an interconnected nature to the spiritual and social. "When we talk about holistic, we talk about the church [spiritual]; we talk about the social" (Grottis, 2013). This holistic approach relies on the importance of communicating a message of one Christ that is at the center of all that is done, but recognizing differences between church as the people of God and the role of the various institutions, including the church, partnering with AfricaWorks/Kumbula.

> The church is the agent for economic transformation, that's the thread throughout this. So if you get that, everything we do is centered on the church. So you will see the church…every way you see AfricaWorks you will see the church, very evident; even at the grass roots level, you see the church. You may not see the church in a pastor, but you will see the church in a member. So here we are not talking about an institutional

> church, we are talking about the church as a body of Christ; it is the agent of economic transformation in Africa. (Grottis)

Samuel explains the need to be active both spiritually and socially, but makes a separation in what he calls the different "disciplines" of business, NGOs and the institutional church. AfricaWorks does not focus on training about HIV/AIDS and healthcare, but works alongside organizations that do. Similarly, AfricaWorks does not specifically measure spiritual aspects, but is aware of the impact on the church in terms of attendance, church growth, tithing and personal growth because they work together with the pastors. They often talk to the pastor about how the sermons and shepherding develop a strong and economically vibrant rural private sector grounded on solid Christian spiritual principles and practice.

Partnership

Partnership in this case is focused on the relationship between the U.S. and African participants, not between AW and Kumbula. When asked to describe their partnership, the first words that emerged from each of the interviews was, "We are Africa owned, Africa run and Africa led" (Grottis, 2013; Louwsma, 2013; Sjolund, 2013). While the U.S. partners, Paul and Jim, were involved as board members, funders, and active in decision making, the importance of this organization[7] being driven by the Africans was central to the ethos of the company. Both U.S. partners have extensive business experience in the States and describe their motivation being a desire to help people through business. They travel to Africa a few times a year, but describe their roles as mostly advisory, ensuring adherence to the mission.

[7] Referring to both AfricaWorks and Kumbula.

Samuel, has ten years experience in microfinance and development and another 20+ years experience in the corporate and business world in Southern Africa. Samuel works alongside two other African principal players. Tinashe Chitambira, the Regional Technical Director and Swaziland Director, brings a great amount of experience in agriculture development programs and agri-business commercial projects. Claudien Nsengimana, the Mozambique Director, offers expertise in microfinance as well as small business development. While Samuel, Tinashe and Claudien each have responsibilities for the ongoing operations in each of the countries, they also function as a leadership team for both AfricaWorks and Kumbula.

Each of the partners recognized the strengths that all of them bring to the overall efforts. Samuel thrives in his ability to work with various African leaders, Jim is seen more as a coach or mentor, and Paul fills the deliberate and analytical role. Similarly, they also recognize the challenges of working cross-culturally. Samuel appreciates that there are many good Christian business people in the U.S. that want to do this type of thing, but he knows there are times when it is difficult for them to understand what is going on in Africa because they come from a different culture. Both Jim and Paul admit that there are times when they are stretched more than what they are comfortable with, given the intentionality of being African led. As Jim describes, there are times that he wishes he had more of a role in decision making and releasing authority in situations where it is a challenge to understand what is really happening is stressful, but everyone involved understands very clearly that trust and accountability are vital in such efforts.

AfricaWorks/Kumbula Summary

After hearing the story of AfricaWorks/Kumbula, and analyzing the various perspectives on its structure, outcomes and partnership, several key insights emerge.

Structure

- AfricaWorks and Kumbula work alongside one another as sister organizations with the same mission of empowering the poor through job creation. Because of an interconnected team approach, no tension exists between the two organizations.

Outcomes

- The desire for systemic change drives a strategy to not only engage within their own business, but also to have an influence on business leadership outside the company by promoting an altruistic/transformational approach.
- The recognition of the different “disciplines” existing within businesses, churches and NGOs drives the strategy to partner with diverse organizations in accomplishing economic, spiritual and social outcomes.

Partnership

- As highly experienced and qualified business and development professionals, the AfricaWorks/Kumbula partners offer an example of organizational leadership focusing on being Africa owned, Africa run and Africa led.

CHAPTER 10:

FINDINGS AND INSIGHTS

The findings and insights of this study are organized based on the domains of influence covered in the first two chapters, and are written based on a comparison of the information from the cases with the issues identified in the literature. Issue charts are provided near the end of each section summarizing the various findings of each company.

Structure

The literature, as described in Chapter 2, pointed towards three types of structures employed by entities similar to FSBs: for-profit, non-profit and various forms of hybridization. The first research question in this study focused on understanding the nature and status of FSB structures as described by the experience of its leaders. This understanding included not only the actual types of chosen FSB structures, but the reasoning for the selected structure, and operational issues related to the structural approach. Several key issues relevant to structure were also identified as shaping the understanding and actions of leaders of these organizations, including the potential for profitability, source of funding, subsidizations, conflict of interest, unreasonable compensation, unfair competition, mission drift, and organizational control. The findings of this study confirm the importance of these issues, but also point to one additional one that was not stressed as much in the literature, which is the importance of financial models of pioneering, or incubation within non-profit and hybrid structures.

Types of Structures

The first step in understanding the structural nature and status of FSB's was identifying the registration of their type of organization(s). This study supported the observations of current literature that efforts similar to FSB's (SE and BAM) are mostly structured as hybrid approaches as opposed to either non-profit or for-profit (Christiansen, 2008; Marshall, 2011; Rundle, 2014; Russell, 2008). While some of the companies in this study could be considered functionally for-profit, all were registered as some form of non-profit/for-profit hybrid. Three companies were what we would consider non-profit/NGO "birthing" businesses, or a non-profit with a mission-related enterprise (Fruchterman, 2011)— the Kimbilio Funeral Home out of the Living Room hospice ministry, the Onesimus milk plant out of the agriculturally focused Empowering Lives International development organization,[8] and The Source café out of a church planting movement. In each of these cases, the non-profit/NGO was involved in other "projects" of which the business was one.

The other three companies were examples of a non-profit and a for-profit being formed and existing alongside one another, created for the sole purpose of accomplishing the same mission with no other "projects" involved – 31 Bits as a for-profit in the U.S. and a CBO in Uganda, Zambikes a non-profit in the U.S. and a for-profit in Zambia expanding as an NGO into Uganda, and AfricaWorks/Kumbula as both an NGO and for-profit in the four Southern African nations it operated. One study in the literature used the term "subsidiary" to describe a similar type of relationship between organizations (Rundle & Sudyk, 2007) meaning that one organization would have oversight over or

[8] While Onesimus was legally registered as a LLC in Kenya, due to an MOU, it was conceptually owned by the non-profit organization. Also, Onesimus became a for-profit after sale to private investors with same financial and social objectives, but no longer under the ownership of the non-profit.

own the other. However, in these three companies, there was no specific pattern as to which organization— non-profit or for-profit—would have been the subsidiary of the other. They appeared to co-exist equally pursuing the shared mission. Given the identified structures of each company, the question becomes how other financial issues such as their potential for profitability, sources of funding, subsidizations, conflict of interest, unreasonable compensation, and unfair competition had an impact on or related to the chosen structure.

Potential for Profitability

This study looked at the influence that potential for profitability had on structure. Potential for profitability, or commercial viability (Dees, 1998; Fruchterman, 2011), was defined as attempting to provide a financial return on investment while also accounting for depreciation. At the time of this study, three of the companies had either proven themselves financially viable or were on that trajectory, including 31 Bits, Kimbilio,[9] and AfricaWorks/Kumbula.[10] The three other companies, Onesimus, Zambikes,[11] and The Source, were not considered financially viable, either because they were unsuccessful in their attempt, or were not attempting to generate enough revenue to cover initial funding. While the companies differed in their commercial viability, there were two examples in which the choice of structure was based on this issue. 31 Bits registered as an LLC in the

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[9] Given that Kimbilio had only been in existence for one year, it was premature to conclude its financial viability. However, given that it had reached operational breakeven during the seventh month, and it's eighth thru 12th months had positive cash flows which could, if continued, provide a return to investors factoring in depreciation, it was considered financially viable as part of this study.

[10] AfricaWorks had operated its microfinance operations for a period of four years, covering all operational expenses through interest charged to clients. While Kumbula had only been in existence for one year as AfricaWorks' for-profit investment arm, it was expected to produce a financial return. Additionally, AfricaWorks plans to spin the microfinance off to a for-profit. Even though AfricaWorks will still continue to operate as non-profit supporting the marginalized to engage in its economic mission, its funding will come from a percentage of the profits of the micro-finance and Kumbula. Therefore, AfricaWorks/Kumbula was considered financially viable in this study.

[11] While both Onesimus and Zambikes desired to be financially viable, they were both unable to be so.

U.S. because they did not want to continue if they could not produce a product that people wanted. However this did not keep them from registering as a CBO in Uganda. One of the reasons Zambikes decided to expand into Uganda as a non-profit was because it was not able to be commercially viable in Zambia. Therefore, potential for profitability was only one of several issues in choosing a structure.

Source of Funding

This study identified among the companies a variety of types of sources of funding including donations, investments, lines of credit, loans and no funding at all. Four companies received donations during initial start-up, including Zambikes, Onesimus, Kimbilio, and The Source. AfricaWorks/Kumbula received both investment and loan funds and Zambikes additionally utilized a line of credit as part of its ongoing funding for large inventory purchasing. 31 Bits received no funding, operating solely on cash reserves built up over time.[12] It is important to note that donation as a source of funding did not preclude financial/commercial viability, given that the non-profit ownership allowed for donation, but the intention and capacity of the organization was to include return on investment and depreciation into its financial equation. In the case of Kimbilio, the investment would be returned to Living Room which would either be reinvested into the company or used to fund the ministry.

The source of funding was an issue in the decision regarding structure in only one company. Zambikes intentionally registered as a non-profit in the U.S. for the purpose of receiving donations to fund the start-up phase. Onesimus, Kimbilio, and The Source

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[12] During the start up phase of 31 Bits, the jewelry sold was (for lack of a better term) on consignment from the producers, but they eventually switched to paying up front for production. No specific time was given by the partners for when the change actually took place. It was not a part of any strategic plan, but simply a solution to their needs at the time.

already existed as non-profits when the businesses were started and did use their non-profit status as a tool for raising funds.

Subsidization

Similar to how these companies considered the role of donations existing alongside other forms of funding, the responses of the participants to this study identified subsidizations, or the use of donations in the operational portion of the business, as relevant to the issue of structure. Different mixes of funding were described as strategies to reach financial sustainability.

In general, there was a sense of reluctance to use, even a disdain for using, subsidization given the financial and social goals of these companies, as described in greater detail in the financial outcomes section of this chapter. For the purpose of the discussion of subsidization and how it relates to structure, it is important to understand that the use of subsidizations was thought of as a last resort by FSB practitioners when typical for-profit financial models were not possible, but typical non-profit financial models of fundraising were not the best alternative for accomplishing the intended goals either.

The companies in this study that did engage in subsidization appeared to only operate within two types: initial start-up subsidization (as explained previously in the source of funding) and U.S. partner salary. Therefore, the “Missions Agency Employee Subsidized/Mixed Partnership Model” and the “Donor Subsidized Model” were unacceptable to the FSBs due to the idea that in these models a portion of the expenses (outside the start-up and expat salary) are continuously subsidized (Russell, 2010).

The situations where U.S. partner salaries were subsidized included a few certain underlying restrictions or principles based on sustainability. Three of the companies (Onesimus, AfricaWorks/Kumbula, and Kimbilio) did not have any U.S. partners involved in active operational roles of the company, and therefore they were viewed more as volunteer advisors,[13] or mentors.[14] Similarly, The Source had one U.S. partner living in Uganda, but his primary role was with the development projects of the non-profit Kibo Group and he acted as an advisor to The Source secondarily. Zambikes, after realizing the business would not make enough to cover the cost of the U.S. salaries, modified their strategy to incorporate the salary of a local director with the remaining amount being subsidized by the non-profit. This subsidization was with the understanding that an exit strategy for the U.S. partner be made a priority, so as to minimize the long-term dependency of the business on the subsidization. This form of subsidization most closely matched the “Mission Agency Employee Subsidized/Investment Partnership Model” where expat salaries were the only subsidy (Russell, 2010), but with the added conditions that U.S. partners not have a dependent operational role (mentors/advisors), or that a national director salary eventually be built into a sustainable model with the U.S. partner eventually exiting the operational role.

The fourth model identified in the literature, the “Subsidized to Profitability Model” (Russell, 2010), matches closest with The Source’s strategy in that they operated under some donations until their cash flow was positive, then operated as a business. The last company, 31 Bits, operated financially as a business with all revenues derived from sales, making subsidization not an issue.

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[13] With both Kimbilio and Onesimus, it should be noted that the U.S. partners had previously lived in Kenya and worked for a non-profit before the businesses had started.

[14] A term used by AfricaWorks/Kumbula.

One finding of this study connected to subsidization emerged regarding U.S. roles on the ground for both Zambikes and 31 Bits. Because the companies had products that were marketed in the U.S., both came to believe that a U.S. partner presence in Africa was necessary for quality control and knowledge of the first world market. Two types of U.S. presence emerged—experienced long-term employees and less experienced short-term (two to three years) employees. While an experienced person would have been ideal, they would have required a higher salary (perhaps $50,000 annually), so that was not financially viable without ongoing subsidization. However, what Zambikes called an “expat replacement” strategy, meaning rotating younger recent college graduates with limited experience every few years for minimal compensation, did have financial feasibility. With this second option, the cost would be significantly reduced to less than $20,000 annually. While not using the same terminology, 31 Bits operated under a similar system. This second option appeared much more viable for the size of companies in this study and could obviate the need to subsidize U.S. partner salaries. Again, the use of any subsidies appeared to be unwanted for these companies due to the desire to be sustainable, not dependent on outside financial sources.

To summarize, similar to the source of funding findings, this study does find that subsidization was an issue considered in these FSB companies. Given that four of the six companies engaged in some kind of subsidization, a hybrid or non-profit component of the structure was necessary. Additionally, the findings support the idea that certain limited subsidizations were seen as appropriate for some FSBs, such as investment and limited expat salaries, with the broader goal of long-term sustainability in mind (discussed further in the financial outcomes of this chapter).

Conflict of Interest and Unreasonable Compensation

The literature points to two potential issues, conflict of interest and unreasonable compensation, that could arise within a non-profit or hybrid structure when mixing various forms of funding and subsidization, jeopardizing U.S. 501(c)(3) non-profit status (Worth, 2012). While agreeing that improper benefit, or gain, are important to consider, none of the participants communicated this as an issue within their organizations. The participants—either U.S. or African—somewhat amusedly responded that they did not believe they had received unreasonable compensation, which was not hard to believe considering the sacrifices they were making. Neither of these issues pertained to 31 Bits and AfricaWorks/Kumbula considering they had never received any donor funding. The other four companies did not have an issue because they were owned by non-profit organizations who did not receive any realized or potential returns.

Regarding conflict of interest, one identified concern was the sale of Onesimus from the non-profit to the private investors which, as described in the case, was carefully dealt with through a process of separating and isolating parties from authority who may have inappropriately benefited. In another case, those connected with Kimbilio explained that in looking into expansion of their business, the idea of connecting through investment and/or management with other for-profit entities or a U.S. church did cause them to consider potential for conflict of interest. Additionally, AfricaWorks/Kumbula mentioned that they registered both the non-profit and for-profit within the various African countries it operated, but did not register as a non-profit in the U.S. due to complexity and limiting constraints of the U.S. system.

One explanation as to why there appeared not to be issues with conflict of interest and compensation in these companies might be because they were not showing much potential for large financial returns. As this field matures and companies show more opportunity for significant profit, these issues may emerge as more relevant.

Unfair Competition

Considering the unlevel playing field that could be created by the use of subsidizations within FSBs, unfair competition emerged in the literature as important issue in non-profit and hybrid structures. This study approached the issue from the standpoint of considering the overall economic impact of subsidizations used by each company (Russell, 2010). While only self identified by two of the companies as an issue considered, I observed the potential for unfair competition emerged within several of the companies, with only one appearing not to have addressed the issue. Because they did not use subsidizations, it was not a concern for 31 Bits or AfricaWorks/Kumbula. For Onesimus and Kimbilio, it was not an issue because the subsidizations were factored into the financial viability, covering return on investment and depreciation. With Zambikes, it could be argued that the subsidization harmed the local bike industry, however since there were few or no bike companies operating in the higher end market as was Zambikes, the negative impact would be minimal at best. The greatest potential for unfair competition was with The Source because there were several other restaurants/cafés in direct competition. However, when the business started in 1997, more than a decade ago, there were very few competitors and the only subsidization used by The Source was the start-up capital with no continuous funding.

This study supported the idea that FSB practitioners agree to a duty to abide by the rules of the competitive business game (Gomes & Owens, 1988), and should not operate in a way that is harmful by preventing others from earning a living (Grudem, 2003). Unlike some SEs that only exist where commercial market forces do not meet a social need (Austin et al., 2006) absolving themselves from any potential for unfair competition, the FSBs studied do engage in the commercial market and therefore must consider it as an issue. This study demonstrated that unfair competition should be a factor worth considering when operating a non-profit or hybrid structure, or more specifically when considering subsidizations.

Mission Drift and Organizational Control

In this study, mission drift did not appear to be an issue at the higher levels (board, owners, partners), but tensions were present on more of a functional or operational level. Responses by the participants described several instances of competing projects within the organization, and personal differences among individuals regarding prioritization of outcomes. These findings, described in what follows, broaden the issues related to mission drift and organizational control impacting structures of FSBs that were found in the literature.

As reviewed in Chapter 2, the literature suggested that businesses created for multiple purposes could experience mission drift, allowing the various financial, social, spiritual, or environmental goals to crowd out one another. Different perspectives exist as to why this potential for opposition exists, such as the differing inherent nature of pursuit of profits versus the pursuit of mission (Eikenberry & Kluver, 2004); positive social action leading to greater profits, i.e. doing well and doing good simultaneously (Ariely et al., 2009; Hamilton et al., 1993); or that increasing profits in business is being social responsible (Friedman, 1970).

In light of these differing perspectives, organizations structured in hybrid or subsidiary forms could experience tensions between those sharing decision making authority, the issue of organizational control. Two suggestions provided by the literature were to create separate organizations and leadership structures when tension existed within the same organization (Rundle & Sudyk, 2007), and/or to promote a “blended value” position understanding that both functions need to be integrated and fully assessed in order to maximize all intended returns (Emersen, 2003).

In this study, the ideology/philosophy shared by most, if not all of the participants can be characterized as “more business leads to more social impact.” Most participants recognized the inherent (Johnson, 2009) or intrinsic (Van Duzer, 2010) value of the material and psychological benefit of business itself. For example, greater profitability enabled more social impact in the form of adding more employees, or greater social development within employees (becoming sober or operating ethically) enabled better financial results. Zambikes very clearly communicated how more bikes, carts, and ambulances led to more lives saved and more income generated for the purchasers of their products as well as the company. 31 Bits easily tied the amount of jewelry sold to the empowering of more women and the development trainings of the women resulting in better, higher quality products produced. Onesimus connected the sale of more milk to more money being made by the poor. These perspectives do not support the mentality of an inherent tension between outcomes at the higher, or missional level.

However, the participants did, while recognizing the potential for shared benefit, communicate several different types of tensions on a lower level of implementation within the organization. One of these tensions occurred where other “projects” required attention of its leaders, specifically in the three non-profit “birthing” for-profit companies (Onesimus, Kimbilio, and The Source). In the face of limited human resources, employees are forced to split time between the business and other projects. The creation of the Kibo Group in The Source partially addressed this issue by clarifying which employees worked for the business, the development projects, and the church. Even with this separation, however, there were times where they would shut down the business for an organization wide event, resulting in lost revenue opportunities. Kimbilio described how before starting the funeral home, the LR board had a discussion about whether their gardens were for “commercial” use to generate income, or to “support” the ministry through producing food consumed in the hospice. This tension forced a decision around whether the funeral home would be more business or ministry oriented, in which financial goals were determined to be first priority. The board agreed that it was appropriate on a rare occasion for services to be provided at a discounted or free rate based on need, but it was to be the exception, not the rule.

Another tension had to do with various leaders on the same team being motivated to differing degrees by differing outcomes. A few participants, wishing to remain anonymous, described how there were some leaders who were more interested in the income generated (profits) than the development of employees, and vice-versa. The best response to this situation, as identified by the participants, was to be sure to communicate your desires to the other, recognize and respect all outcomes as good, and make

Table 1

Structural Issues Chart

	31 Bits	AfricaWorks /Kumbula	Zambikes	Onesimus	Kimbilio	The Source
Type of Structure	Non-profit alongside For-profit	Non-profit alongside For-profit	Non-profit alongside For-profit	Non-profit birthing For-profit	Non-profit birthing For-profit	Non-profit birthing For-profit
Potential for Profitability[15]	Yes	Yes	No	No	Yes	No
Source of Funding	None- built from cash reserves	Investment / revolving loan fund	Donation / line of credit	Donation, then investment	Donation	Donation
Subsidization	None	None (U.S. partner advisor)	Start-up / U.S. partner salaries minus nat'l director	U.S. partner advisor, none after privatiza-tion	U.S. partner advisor	Start-up / U.S. partner advisor
Reason Conflict of Interest Not an Issue[16]	No donations	No donations / registered in Africa	N/A (owned by non-profit)	N/A (owned by non-profit) dealt with in sale	N/A (owned by non-profit)	N/A (owned by non-profit)
Unfair Comp-etition	None – No subsidi-zations	None – No subsidi-zations	No - High end bike with no comp-etitors	Yes, but factored in financially, then none after sale	Yes, but factored in financially	Yes
Mission Drift & Organ-izational Control[17]	Employee related challenges	None	Employee related challenges	Competing project & employee related challenges	Competing project challenges	Competing project challenges

[15] Defined as commercially viable, or attempting to provide a financial return to investment as well as factoring in depreciation.
[16] As stated in the chapter, unreasonable compensation was not a factor in any of the companies due to the belief that compensation was not significant.
[17] As stated in the chapter, at the higher levels, there did not appear to be disagreement regarding what the purpose/mission of the companies were. Operationally, there were minor personal differences with prioritization of outcomes as well as how to handle ethical situations which cannot be broken down by company for sake of anonymity.

intentional efforts to pursue the outcomes that the other values as a sign of unity. If differences could not be resolved and became tenuous, then the best solution was to part ways. While it was not described as a tense situation, as part of the sale of Onesimus, a few of the investors desired to exit because of the change of circumstances in social outcomes, which provided a good example of how to resolve differences amicably. One of the most often mentioned tensions were ones that occurred during decision making at the operational level. Several examples were given of when participants felt as if they had to make choices that, while having a positive impact on one outcome had an adverse impact on another. Ethical tensions were present when figuring out what to do about bribes being demanded for easing legal delays or the securing of contracts. There were also tensions around employee performance issues, trying to decide what was best for the business and for individual employees who were not performing well or struggling outside of work. However, partners described these tensions as healthy and as keeping them on their toes by reminding them of reality and why they were engaged.

In summary, as it pertains to structure, mission drift did not appear to be an issue at the higher levels (board, owners, partners). As previously stated, participants agreed that results in the various outcomes were connected to one another, and these businesses existed to accomplish financial, social, and spiritual goals. However tensions were present on more of a functional or operational level. Organizational control became an issue not between differing outcomes, but between resources allocated to differing projects within the same organization. Personal motivations varied between individuals on the same team regarding prioritization of outcomes, which could have impacted organizational control, but did not appear to in these cases. And tensions were identified in micro situations regarding ethical issues and individual employee situations.

Need for Financial Incubation Models

The most significant finding of this study regarding the nature and status of FSB structures was one that was not stressed as much in the literature, namely the recognition of a need for flexible financial models of pioneering, or incubating businesses within non-profit and hybrid structures. These models, which may require donation types of funding during the proof of concept phase, could then facilitate expansion with typical business funding and personal financial return without the limitations of subsidizations through donations. These limitations include potential for conflict of interest and unreasonable compensation in non-profit organizations. In response to this need to fund the “pioneering/incubating” period without limiting the receiving of donations, several structural and financing models have not only been identified in the literature of SE and BAM, but also emerged from this study. These include patient capital, risk absorbing investment, external incubation, and separation from the non-profit incubator.

What should a potential FSB pioneer do if they want to start a business in Africa with a social goal, a business that needs to take a period of time to lay the groundwork for it to be successful, but cannot find traditional business financing and does not want to be limited by receiving donations?

One U.S. partner stated,

> I want to help people through business, but the situation is too unpredictable to promise returns. It took me a few years just to prove what I’m trying to do. I needed to get to know and trust the people [Africans]

> I'm working with. I needed to learn the culture and the language good enough to know when I'm not getting taken advantage of. I had to prove that we could make [the product] and that people wanted it. I couldn't do all of that at the beginning financially without donations. (Anonymous 1)

A pioneering/incubation period was mentioned as being necessary for long-term success of the business in five of the six companies. Both the U.S. and African partners needed cultural, business and technical capacity building, relationship and trust between the partners needed to be established, and the concept for the businesses needed to be proved (described in greater detail in the partnership section of this chapter). Due to the financial riskiness of these efforts, traditional business financing models did not and do not appear to be possible.

One potential incubation model is that of patient capital. Patient capital means longer time horizons for return of capital, greater tolerance for risk than traditional investment capital, a willingness to forgo maximum financial returns for social impact, and an unwillingness to sacrifice the interests of the end customer for the sake of shareholders (Friedman, 2007; Novogratz, 2007). Given that most FSBs exist in contexts with problems such as unstable governments, potential for rapid inflation, and minimal rule and enforcement of law, among others, a level of patient capital is necessary for any kind of investment in these countries, FSB or not. Therefore, one option is to continue to explore direct investment with this patient type of mentality, avoiding donations all together.

A second model to fund the needed incubation period is through risk absorbing investment, which means setting up a layered or prioritized type of investment structure that allows for investors with different levels of risk propensity to exist in the same company. For example, a foundation or other form of non-profit entity could receive donated funds and invest in a company that aligns with its social mission. This foundation would take a “first out” position in that if the business did not provide a financial return, then this investment would be the first to absorb the financial hit, before other investors. However, if the business did provide a return, then this foundation would share in the reward equally with the other investors. Theoretically, a non-profit organization such as any of the ones participating in this study could adopt this model of receiving donations and become a risk absorbing investor.

A third model is external incubation, or the idea that the founder(s) are able to support themselves outside of the business structure through employment during the incubation/testing period. One U.S. partner said that if they were to start over, they would have moved to the location and gotten a paying job with an NGO or teaching English for a few years while they tested out the potential for their business (Anonymous 2). The founders of 31 Bits practiced something like this initially, living in the U.S., working in several jobs outside of the company for the first few years to support themselves until the company could pay them salaries. While the strategy of using “external funding” during the incubation period can avoid the traps of receiving donations, it does hold the possibility that the growth of the company is slowed due to the limited amount of time the partner is able to spend on the business itself.

A final option is separation (spin-off or sell-off) from the non-profit incubator. In this scenario, the incubation would begin within the non-profit organization. A business under non-profit ownership could use donated funds to incubate with the understanding that there will eventually be a separation from the non-profit through either sale or disconnection. While not its original intention, Onesimus was an example of a business making a transition from a non-profit to a for-profit through sale. The founders separated themselves from the authority and the benefits of the non-profit, creating an opportunity for the non-profit and the new for-profit investors to enter a negotiation wherein the interest of both parties could be represented. Fair value, as determined by the non-profit board and the buyers, was the result. The key is for the non-profit board to determine fair value in line with its mission and guarantee proper compensation, in financial or social terms.

Another way to separate from the non-profit incubator is to expand through a newly created for-profit, leaving ownership and operations of the incubator to the non-profit. Again, in order to receive traditional for-profit investment, a complete separation must be made from the non-profit. This separation could include the founding non-profit retaining an ownership stake in the newly formed for-profit company. The non-profit would receive financial reward along with the decision making power/authority that its ownership stake permits.

A question that often surfaces in this type of situation is whether an employee can work for both entities, receiving donor support from the non-profit as well as revenue generated income from the for-profit. If they remained an employee of the non-profit, they would be limited by the reasonable compensation requirements of a non-profit. Yet if they have ownership stake in the company, or have unlimited potential compensation from their business efforts, a potential for conflict of interest exists. The ethical answer to that question appears to be that the employee can receive moneys from both entities as long as the non-profit is receiving reasonable value or services for the level of compensation the employee is receiving. The work done by the employee for the non-profit should be clearly documented based on the importance, or benefit to the organization, hours spent working and compensation.

While this conversation regarding alternative models seems premature due to the fact that the FSBs studied were not in a financial position to provide great returns, two related insights emerged. The first insight has to do with founder motivation. One participant admitted that he might have been more motivated to make the company financially viable if the potential for personal financial gain was present. While connecting personal gain to social impact or ministry is not popular in some circles, incentives do matter and lack of financial opportunity will make success less likely (Rundle & Sudyk, 2007). This may be an indication that there are potential FSBers hesitant to enter into this field because of the limited options for personal gain. Second, with the potential growth of the larger movement of BAM, SE, and FSB, financially viable businesses are bound to emerge as lessons are continued to be learned. Therefore, it is not too early to consider different models and structures in predicting challenges that may lie ahead.

Outcomes

In Chapter 2, the literature review showed that organizations similar to FSBs identify, pursue and measure outcomes in a variety of different ways and for multiple reasons. In an effort to understand the nature and status of outcomes of FSBs, this study looked at what outcomes FSB practitioners pursue and explored, the experience of these practitioners and their understandings of the factors and implications of this pursuit. The literature review identified four types of outcomes that were particularly important—economic, spiritual, social, and environmental (multiple bottom line approach) (Baer, 2006; Johnson, 2009; Russell, 2010; Tunehag, 2009), and this summary of the findings of this study is organized below along these lines.

Similar to the findings of structure, this study both confirmed several aspects of the current literature and added to it. In particular, this study found that (1) economically – there were a variety of definitions of sustainability and an understanding of limited acceptable subsidizations, (2) spiritually – there was a view that social and spiritual outcomes are inseparable, a belief that practicing business principles and ethics are spiritual, and a strategy of responsive evangelism, (3) socially – there was an emphasis on "tough love" in developing and building capacity in employees and on an intentional focus on the product or service itself in accomplishing social goals, and (4) environmentally – there was a limited focus due to the size of the FSBs.

Economic Outcomes

When asked what the economic or financial goals were, the term most often used by the FSB participants was "sustainability" or "self-sustainability," followed by the term "profitability," which was used only a few times. When asked to explain what was meant by "sustainability," several definitions or understandings of the term emerged: "what allows the company to grow and all of us to live" (Dovel, 2013), "providing a product that people actually want and not just because of its cause related nature" (Simonson, 2013), "we didn't want to establish anything that was going to be a money pit" (Abney, 2013), "if the business didn't cover its own costs, it wouldn't continue" (Garner, 2013), and “I wanted to create something that was going to last if I [a U.S. partner] was out of the picture” (Spethman, 2013).

The participants’ perceptions or definitions of sustainability focused on two main themes: surviving over the long-term and staying as far away from donor dependency as possible. If the business was funded through donations perpetually, it was not viewed as “sustainable.” The leaders of these companies also spoke of financial dependency in terms of being tied to U.S. partner dependency. In their eyes, if the business was dependent on the U.S. partner being on the ground over the long term, it was not “sustainable.”

The subject of sustainability and dependency was, furthermore, intimately related to the issue of subsidizations covered in the structure section of this study. Subsidizations took two acceptable shapes or forms: start-up funding and/or U.S. partner salaries. Any other forms of operational subsidizations were generally not accepted as sustainable or in line with their business efforts. The common feeling by those who used subsidies was that they were necessary for a period of time or for certain aspects of the business that were simply unrealistic to cover through the sales revenues.

Regarding startup subsidizations, four of the six companies[18] used donations ranging from $100,000 to $300,000 as part of initial funding. The leaders of three companies stated that while they had received these donations, they were attempting to consider them in the same light as investment funds that were expected to provide a return, in these cases to the non-profit organization. The fourth company did not have this attitude, considering the donation simply was a subsidy.

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[18] The other two companies either had no investment funding or no numeric details were provided.

Regarding subsidization of U.S. partner salaries, the two financially acceptable models were having the U.S. partners serve as non-resident (in Africa) volunteer advisors, and as consultants subsidized through donations for a limited period of time. All other U.S. partner salaries were fully funded through company revenues. Therefore, the views of these types of subsidizations still fit within the concept of sustainability in that they were seen either temporary or as not depending on donated funding over the long term, even as they were seen as necessary for the companies to exist.

Articulation of specific measurable financial outcomes was limited in these companies. Only two of the companies had actual numeric financial goals (in terms of percentage of return) which they hoped to attain. Moreover, there were no attempts by these leaders, as opposed to what was described in the literature, to monetize or economically quantify social and environmental outcomes, even as they strove extensively for social impact (to be described in detail in the social outcomes section). Reasons for not pursuing this type of measurement may include the difficulty or time-consuming nature of monetization, the fact that donors and investors were not requiring it perhaps because they were satisfied with measurement of other outcomes, and that participants simply trust in the social value of the jobs created. A recommendation coming out of these findings for those engaged in FSB companies is that pursuit of profitability is important to the FSB efforts because it provides the opportunity to attract investment and to scale, two things that future leaders of FSBs will depend on. While monetization of social and environmental outcomes is not vital at this time, if these companies ever increase to the size where they are competing with traditional profit-maximizing businesses or multinational corporations, monetization may be helpful in communicating comparative value.

Spiritual Outcomes

One of the qualifying criteria for selection as a participant in this study was a self-identified faith-based approach by leaders and their companies. Given that the BAM literature on spiritual outcomes came largely from the perspective of reaching those who have not heard the Gospel, this study offered the opportunity to understand FSB efforts regarding spiritual outcomes in predominantly Christian locations. The findings of this study not only confirmed the desire of the leaders of FSBs for spiritual conversion and transformation to take place as a result of their work, but also showed the importance of broadening the understanding and definition of spiritual outcomes that is found in the literature. Three insights emerged from the research of this study on the spiritual outcomes pursued by FSB leaders: the inseparability of social and spiritual outcomes, the importance of the implementation of business ethics and Biblical principles, and the effectiveness of responsive evangelism.

When the FSB leaders were questioned about spiritual outcomes, many responses revealed their inability to separate the social from the spiritual. This may be related to the subjective or intangible in nature of spiritual outcomes described in the literature review (Chapter 2) — things such as happiness, healing, and other attitudinal behaviors (Christiansen, 2008), as opposed to more quantifiable outcomes such as conversion and church planting (Lai, 2003; Name Withheld, 2011). The leaders in this study tended to focus on subjective spiritual outcomes like honesty, dignity, compassion and honor, which are similar to outcomes identified by psychological and sociological literature on spirituality. Participants described their opportunities to spend a substantial amount of time with their employees as the basis for creating a platform for discipleship and modeling Christ-like behavior. They explained that when someone has a restored sense of identity, hope, and value because of Christ, and the opportunity for meaningful work, productivity, and creativity, the results—or outcomes—are spiritual in nature, a perspective that is similar to those found in workplace spirituality and spiritual leadership studies. The capacity of the employees to provide for their families' needs and to contribute to society was also a spiritual outcome in the eyes of the FSB leaders. Additionally, four of the companies described how they were attempting to instill a spirit in their employees of "giving back" to the church as well as giving directly to others.

In a similar fashion, FSB participants described the implementation of ethical business and biblical principles in their companies as a spiritual outcome. Leaders of The Source, for instance, explained their efforts to intentionally be a positive example, as opposed to an accuser, in the face of corruption. Several of the leaders used phrases like being a "model to other businesses" by paying taxes, bills and employees on time, and staying on the "straight way" by not paying bribes and kickbacks. One company detailed how their business had both lost deals as a result of ethical efforts and had been rewarded by its reputation of being reliable and clean. In short, FSB leaders see ethical and principled efforts as spiritual in nature.

Most participants in this study communicated a desire to see people come to faith in Christ and a desire for the opportunity to share their faith. Several stories were told about customers, suppliers, and employees turning towards God and recognizing spirituality in their experience with the companies. However the contexts in which these businesses exist suggested what could be described as a "reactive approach," similar to the lifestyle evangelism (Aldrich, 2011) identified in the literature. Evangelistic efforts are evident on a regular basis in the societies where these FSBs are located, in the form of crusades and street preachers, reflecting prophetic evangelism (Watson, 1983). Many well attended churches are found throughout the cities and villages where these companies operate. However, the challenge faced by the employees is nominal Christianity, or a lack of depth in their spirituality, much like what exists in the United States and other well-evangelized countries. The view expressed by participants was that people recognize God and often claim to have a saving faith in Christ, but promiscuity, alcoholism, poverty, disease, and injustice are rampant, which brings into question the impact of previous evangelistic experiences recounted by the employees.

As described in both the Zambikes and The Source cases, there is a hesitancy to engage in evangelistic efforts which appear to be "checking off spiritual boxes" because they can be problematic, creating suspicion and questioning authenticity. As such, no formal efforts towards measurement of spiritual outcomes were described. In general, the evangelistic approach by these participants was that of allowing one's lifestyle and actions to give evidence to "something different" in them which others might then inquire about. This "reactive" response to inquiry, as opposed to a proactive verbal proclamation without evidence of lifestyle difference, is a preferred strategy. As one participant stated, "We don't want to push Christ" (Dovel, 2013). Another said, "[we want] faith that they see can be as genuine as possible" (Garner, 2013). Therefore, while FSB efforts towards spiritual outcomes may appear to be emphasized less than those that characterize BAM efforts, due to a less explicit evangelistic approach, this study shows that the FSB practitioners studied are, in reality, very intentional about spiritual outcomes as they define them.

Interestingly enough, one participant identified a tension and disappointment in the way that these differences of emphasis between FSBs and BAM companies can drive practitioners apart:

> I don't understand why what I do isn't considered God's mission. When I see BAM stuff, I walk away feeling like I'm not one of them. They recognize that jobs are good and poverty is bad, but it seems like lip service or just a nice byproduct to me because most of what they talk about is evangelism. Maybe that's the way they really see it, I don't know. But if what I'm doing is not God's mission because it's in a "reached" place… I guess I really don't understand what "reached" or "missions" really means. (Anonymous 3)

Given this understanding of spiritual outcomes by FSB participants, one recommendation comes out of these findings for the BAM community: BAM practitioners should incorporate this broader sense of spiritual outcomes into their understanding of mission. First and foremost, Christians should be intentional about spirituality, so as not to fall into the some of the pluralistic/exclusive challenges as described previously in the literature review faced by the field of development. However, the understanding, or definition of mission needs to be truly viewed holistically so that efforts similar to the FSBs studied in this dissertation can be understood as accomplishing God's mission. A lack of formal spiritual measurement should not discount efforts towards God's mission, given the context in which these FSBs are located. A dynamic synergy could be gained by a more inclusive approach to what is characterized and defined as BAM.

Social Outcomes

The identification, pursuit and measurement of social outcomes focuses on businesses' impact on the lives of its various stakeholders (owners, employees, customers, suppliers, community, among others). When asked to describe the social goals of their companies, FSB leaders, as expected, affirmed the identification of several basic aspects of social impact, including the material and psychological benefits (Johnson, 2009; Russell, 2008) to employees and their families, and meeting the needs of society through the provision of goods and services (Christiansen, 2008; Johnson; Pavarno, 2009; Rundle & Steffen, 2003; Russell). However, what came to the fore as equally important was the strong emphasis by the FSBs on two strategies geared towards producing social outcomes: "tough love" in developing and building capacity in employees and the intentional focus on the product or service itself in accomplishing social goals.

As described in the spiritual outcomes section, the instilling of confidence, creativity, dignity, and hope in employees, among other positive psychological benefits, was considered both a spiritual and social outcome. An interesting insight that emerged from these FSB practitioners had to do with their strategy of accomplishing this goal with what could be called "tough love." Quality control in the purchase of products from the beneficiaries in 31 Bits provides a good example of this tough love approach. Because the business was dependent on the sale of a product or service to a willing customer, quality was non-negotiable. By not accepting the products of or paying women who had not met the requirements, a hardship was placed on the women and could be deflating.

But when the women returned having done it right and payment was made, a long-term developmental impact of building confidence and a sense of accomplishment came about that might not have happened if a lower quality product had been accepted the first time. While FSB practitioners did not want a person to fail, they realize there were many others capable and willing to do the job waiting for the opportunity to replace those who were not trying. It is possible that low quality could be a reflection of capacity, or lack of capacity in some cases, and not a lack of will or motivation. Businesses intentionally attempting to empower the poor, therefore, should be aware of this and help to develop the skills of people who are truly trying.

Participants from four different companies compared their efforts along these lines to those of other NGOs in close proximity. NGOs were often described as propagating a handout mentality, enabling an unhealthy pattern of trapping people in a cycle of looking for the next free gift. FSB efforts in the participants' eyes, on the other hand, provided a platform for exchange which required something from the poor: work for compensation. Business, then, provides an opportunity to weed out those looking for the next handout, perhaps more effectively than typical non-profit efforts. Therefore, NGOs need to be aware of opportunities where businesses are a better strategy to solving social problems, and should incorporate such strategies in overall efforts.

The second main strategic focus considered both the intrinsic and the instrumental pursuit of social impact. Social outcomes are often pursued instrumentally (Van Duzer, 2010) by companies using their profits to financially support community development activities outside of the business itself, but FSBs give evidence to an equally strong effort to accomplish social goals intrinsically (Van Duzer) through the products and services themselves. Three of the FSBs acted instrumentally through donating towards church construction (The Source), hospice care (Kimbilio), and orphanages, health care, alcoholism rehabilitation, among others (Onesimus through Empowering Lives International). Zambikes most clearly harnessed the intrinsic social value of their products in the potential for increased income for the purchasers of their Zambikes and Zamkarts, as well as the direct health benefit of the Zambulances. The leaders of Kimbilio truly believed their mortuary and funeral home services were a direct extension of their social ministry goals of providing compassion and dignity through the dying process. The Source made specific efforts to reconcile black and white relationships, in a context of extreme and perhaps unjust separation, by providing a space for locals and foreigners to connect over meals through pricing and ambiance strategies. Finally, Onesimus recognized that milk was a product everyone needs for consumption and that most of the local poor participate in this industry through production.

Additionally, this study gave examples of other strategies used towards social outcomes. Three companies (AfricaWorks/Kumbula, Onesimus, 31 Bits) described how they partnered closely with outside NGOs to accomplish social goals. One participant, for example, explained how NGOs and churches are experts in trainings, health care, and spiritual development, and that the FSBs job is to bring the business discipline to the situation. 31 Bits' graduation plan for beneficiary women, to move them out of employment with its company and gradually into self-employment, has tremendous social potential if proven successful. AfricaWorks/Kumbula's efforts to harness the power and motivation of enabling ownership to reside with the poor in their production processes is truly an empowering strategy. Finally, two participants in FSBs explained the potential for, and their desire to effect, systematic societal transformation through growing influence of the companies, specifically on the political processes of their respective countries.

While strategies in pursuit of the identified social outcomes dominated the interviews with participants, a few measurement tools were also described. Primarily, FSB leaders used the number of jobs created as the greatest measure of social impact. Two of the companies used other social measurement tools, including AfricaWorks/Kumbula who integrated the business performance (for example, number of chickens produced) with the number of people helped, and 31 Bits who used a survey with various questions regarding economic, health, education, among other aspects of their beneficiary lives to assess impact.

While identification and measurement of social outcomes were not as extensive as one might think considering that this outcome was by far the most important to FSB efforts, the amount of time that the participants spend talking about them and the diversity and depth of strategies pursued does give evidence to its importance. FSBs have made a strong interconnection between a business approach and accomplishing social outcomes, and rightly so. The leaders would argue that their focus on social impact is vital to finding meaning in their work.

Environmental Outcomes

As predicted, the environmental outcome efforts defined as considering the stewardship of earthly resources were the least discussed and intentionally targeted aspect of desired impact in FSBs. Two specific efforts mentioned in the study were the use of recycled paper in making the jewelry of 31 Bits, and the usage of proper drainage systems in regards to discarding chemicals used at Kimbilio.

Analyzing why there is a lack of attention given to environmental outcomes by the FSBs that were studied takes us back to the motivational and de-motivational factors identified in the literature in Chapter 2, including the economic motivations influenced by marketing, regulatory compliance, lack of prioritization, and the complexity of scientific measurement. First, with the exception of 31 Bits marketing jewelry in the U.S., the consumers of the products of these companies do not factor environmental issues into their purchasing decisions. In developed countries, consumers have the capacity to pay a bit more for a “green” product that is a higher priced. While some of the literature describes efforts towards pro-environmental products as having the potential to cut production costs, this does not generally result in lower prices to the consumer. This can either be because costs savings are not realized, or because businesses see customer willingness to pay higher prices for “green” products, resulting in such pricing. Ultimately, in impoverished contexts and nations, the consumers do not have the luxury of choosing higher priced products resulting in a market that does not encourage businesses to go “green.”

In addition to a lack of market awareness, a lack of regulatory structure exists in the countries in which FSBs operate as a result of limited governmental resources and unstable justice systems. This lack of infrastructure does not create a platform of information and trust for monitoring environmental efforts. This lack of reliable information also creates a challenge of procurement. When FSBs buy from suppliers, there is typically little information regarding the ingredients or the processes that went

Table 2

Outcomes Issues Chart

	31 Bits	AfricaWorks & Kumbula	Zambikes	Onesimus	Kimbilio	The Source
Economic[19]	Sustainability – "what allows us to live," conservative growth strategy	Sustainability – MED thru interest Profitability - investment activities	Sustainability – "prove business model and scale"	Profitability – % return	Profitability – % return	Sustainability – cover the costs of business & church
Spiritual[20]	"Know Jesus, but not push Christ," pastors visits, devotions, service day	Partner with churches, "we provide the discipline of business," altruistic leadership mindset	Discipleship, devotions, Christian management, chaplain, fasting and prayer, not paying bribes	Honesty, dignity and honor, working closely with churches for caring and networking	Same care, compassion and service in times of death as the ministry	Devotions, closing on Sundays, genuine, not suspicious, business ethics, engage corrupt government
Social	Job creation & benefits to employees, graduation of beneficiaries, tough love (quality standards), survey measurements	Job creation & benefits to employees, empowerment through ownership, business oriented measurements	Job creation & benefits to employees, product (bikes, carts and ambulances), tough love (character development)	Job creation & benefits to employees, product (milk), market access and fair pricing to poor farmers, profits to ministries	Job creation & benefits to employees, product (care through dying process), profits to ministries	Job creation & benefits to employees, product (race reconciliation), profits to ministries
Environ-mental	Recycled paper	None	None	None	Disposal of chemicals	None

[19] See also the issue of subsidization in structures chart.

[20] There were three overall summary insights gleaned from the analysis of spiritual outcomes: the inseparability of social and spiritual outcomes, the importance of the implementation of business ethics and Biblical principles, and the effectiveness of responsive evangelism. The spiritual outcomes listed on this chart are intended to give a more detailed picture of specific spiritual outcomes stressed by each company in the context of those overall outcomes.

into its production, which exists in more regulated markets as evidenced by various certification standards. The result is an inability of the business to make decisions regarding environmentally friendly purchases.

Finally, a lack of prioritization is present. It is usually challenging enough to run a profitable business, and pursuing multiple outcomes requires a significant amount of energy and resources. Considering the difficulty of measuring scientific aspects of environmental effects, the lack of demand of consumers of their products, the level and prevalence of poverty faced by FSBs in their locations, and possibly the opinions held by leaders that this is an issue of a lesser degree of importance, environmental are the least engaged outcomes to FSBs.

My recommendations to current and future FSBs coming out of this study are to simply take small steps to doing what is possible. FSBs should look into opportunities for solar or wind power, to recycle waste and to use recyclable materials. They should also create a system that educates employees, suppliers and customers about environmental issues. These seemingly small efforts could potentially lead to greater environmental impact.

Partnership

As described in the literature review (Chapter 2), BAM, SE, ID and missiology material mainly discusses partnership between organizations, not individuals within one organization. This study explores a slightly different dimension of partnership that is crucial in FSB efforts, the relationship between U.S. and African partners who have chosen to work together in FSB efforts, sharing vision as well as decision making authority. Guided by desire to understand the nature and status of the U.S./African partnership among FSBs, the unique stories of each of the partners in the business are revisited below in more detail to explore the themes that were most important in these relationships. Many of the responses touched on the issues identified in the literature regarding the capacity of individual partners, including their educational and experiential backgrounds, motivations, and skills, as well as the relationship between the partner's articulation of their roles and their responses to cultural differences. Additionally, three noteworthy themes emerged as important issues of partnership in FSBs; partnership selection and the methods of U.S. partner exit strategy, both addressed briefly in the literature review, and the presence and need to address pre-existing racial hierarchical stereotypes which will be explored in greater detail here.

Capacity of the Partners

The literature review suggested that BAM leaders typically come from either a business or a mission background (Russell, 2010) and that SE leaders come from any number of fields (Alvord et al., 2004). The largest concentration of FSB partners' backgrounds were in business and/or development fields, yet other backgrounds were present. 31 Bits was started by five recent college graduates with degrees in social work and cultural anthropology who hired African partners with backgrounds in development. The Source was founded by a group of church planters, but some of them, as well as their African partner, had business experience. One of the Kimbilio partners came from the health care field, while most of the others were involved in development. Zambikes' U.S. partners came right out of college with degrees in international business, while the African partners were a businessman and an evangelist. The Onesimus partners had backgrounds in a combination of development, business and missions. The

AfricaWorks/Kumbula partners had business and development backgrounds. Levels of experience ranged from recent college graduates to seasoned professionals.

In addition to a variety of backgrounds, there was also a wide array of skills present within the partners. The literature review suggested several specific leadership skills as necessary to be successful including cultural intelligence (Triandis, 2005), servant (Baer, 2006; Johnson, 2009) and missional leadership (Russell, 2010), altruism (Reade et al., 2008), cooperation (Kaptein & van Tulder, 2003; Pedersen, 2006), and being willing to take risks (Marshall, 2011). While the results of this study show that most of these skills are present within the leaders of FSB companies, it appears that these skills can-- and perhaps should-- be spread out among the partners. Additionally, one might even conclude that a partnership approach to FSB efforts is more likely to be effective given that it is unlikely that all of these skills will be found in any one individual.

While every situation was different and patterns were not the same across the board, several repeated responses regarding skills emerged. African partners were often described as vital for local knowledge, both in understanding the market and how to deal with sticky cultural problems or situations, as well as determining what was appropriate for the particular situation. The U.S. partners were often described as having a direct approach, communicating transparently, moving or pushing forward, being proactive, and adding technical expertise. In addition to the patterns of skills that partners brought to the table, common concerns also emerged. Partners communicated concerns regarding a lack of business savvy, critical thinking and problem solving skills among the Africans. Concerns about the U.S. partners included lack of patience, unrealistic expectations for quick information, lack of understanding of feasible options and challenges in adapting to ambiguity.

Given the nature of FSB efforts towards social and economic outcomes, knowledge of business and development appear to be of the highest priority for success. Even the participants with backgrounds in other fields agreed that they have had to learn about entrepreneurship, finance, and markets, as well as issues regarding the causes of poverty and strategies for countering it. The skills identified as most important within the African partner were a business savvyness, critical thinking and problem solving skills, and an ability to build relationships and negotiation with people of power, specifically in the government. The skills identified as most important with in the U.S. partner were the ability to sensitively, respectfully, and patiently push the partnership towards action, the flexibility to operate within ambiguity, and the awareness of the limited infrastructural and regulatory system within different African contexts.

Relationships between partners

This exploration of the capacity of the various individuals involved in partnership helps to us understanding how and why the relational engagement between partners is so important for partnership effectiveness. There are two points to be made regarding these relationships: clear articulation of roles and managing cultural differences. Many agreed that a clear articulation of roles is vital to good partnership, but no patterns emerged regarding who took what role. In 31 Bits, the U.S. partners had a strong role in the product and marketing side (design and technical expertise) while the Africans focused more heavily on the development and management of the women producers. AfricaWorks/Kumbula, Onesimus and Kimbilio were all examples of U.S. partners with advising roles regarding strategy, including aspects of financial monitoring from a distance, with Africans largely responsible for all day-to-day operations. Zambikes provided an example of both African and U.S. partners initially sharing responsibility in operations, but then transitioning to the U.S. partners exiting operations to expand as consultants into new locations. Both Zambikes and 31 Bits described the importance of a U.S. partner being involved in quality control and offering technical expertise on the product in country, due to sales in a first world market. The Source provided the most challenging example of the articulation of roles in partnership due to the different phases of transition. Specifically, the three groups of missionaries operated differently from one another, and the different African partners involved did likewise. To summarize, roles can vary, but need to be clearly articulated, clarified, and thought through based on the particular context.

The literature suggests that cultural differences between people can be expected in international efforts (Hofstede, 1980) such as FSBs. As previously touched on, certain trends emerged in the responses regarding the skills of the partners which could also be described as culturally different management styles. Responses to this study focused less on what the differences were, and more on the process partners used to work through the differences that emerged. Most responses emphasized the importance of regular communication, the need to build trust, and a willingness to see things from the others' perspective. In 31 Bits, while the U.S. partners made most of the decisions due to market dependency, all partners agreed that one message/decision needed to be communicated with the same voice from all partners to the employees. One partner in The Source highlighted the need to be inclusive during the decision making and communication process (Garner, 2013). Onesimus and Kimbilio were examples of the partners building trust through working together for years before starting the business. Dustin from Zambikes explained their need to find common ground. "[You have to] get to the point that you trust each other and are willing to not only see it your way, but also see it through the eyes of your partner and then move forward" (D. McBride, 2013). These processes of building trust, communication and willingness, even in the midst of disagreement, alongside the clarity of roles, help partners work though cultural differences.

Partnership Selection

One interesting theme that emerged, largely but not exclusively from the U.S. partner perspective, had to do with the selection process of partners. Selections were not made solely at the beginning stages of the business, but also during times of transition and expansion. Two U.S. partners communicated their desire to work with Africans who would disagree with them, Africans who would tell them "no" when appropriate. There appeared to be two streams of thought in the selection process, as is common in most business situations: build from within or hire experience. Driven by the strong social focus and desire to empower the poor through job creation, one approach found in the cases studied was to select members of the community who showed leadership and business potential, and then work alongside them to transfer power. The Source hiring Lazarus and Ronald after Moses died is an example of hiring staff with managerial potential, but little experience. The other approach was to find "the best and brightest" who had a proven track record, were already doing something in business or had education in a related field, but were not in need of personal social development, and focus social efforts on the employees. AfricaWorks/Kumbula was an example of U.S. partners selecting to work alongside Africans with a tremendous amount of experience, matching the large size of its vision.

Each approach had its own strengths and weaknesses. The build-up strategy was oftentimes less of a financial burden, gave more control to the partners, and allowed for the molding and shaping required for the unique missional mindset of FSBs. While hiring for experience required greater financial risk, it could offer better odds of being successful financially. It also meant that hired experienced veterans who were set in their ways might be slow to accept change and new ways of thinking about things. While neither approach was accepted by all, and many stories were told of success and failure from both sides, recognition of the partnership selection as an issue by the participants warrants consideration by those wanting to pursue FSB efforts.

U.S. Partner Exit

Another theme of partnership that emerged had to do with a predominant desire for U.S. partners to exit operational roles within the companies. This mindset emerged from the desire for the company to be sustainable over the long term in the context of knowing there was a likelihood that U.S. partners would eventually be returning to the U.S., and that therefore dependency on the U.S. partner’s continuous presence was unhealthy. Participants pointed towards examples from the NGO and missionary worlds of expats who stayed too long as reason for wanting to exit to avoid dependency and paternalism, a point highlighted numerous times in the development and missiology literature (Birmingham, forthcoming; Estes, 2011; Houle, 2001; Hui, 2004; Lamberty, 2012; Reissner, 2001).

Table 3

Partnership Issues Chart

	31 Bits	Africa Works & Kumbula	Zambikes	Onesimus	Kimbilio	The Source
Capacity – Background and Skills[21]	African – Dev. U.S. – Social Work & Anthropology, tech. exp. (fashion)	African – Bus. & Dev. U.S. – Corporate Bus.	African – Bus. & Evangelist U.S. – Intl. Bus., tech. exp. (bicycle)	African – Bus., Dev. & Pastor U.S. –Bus. & Dev.	African –Bus., Dev. & Pastor U.S. – Health Care, Bus., & Dev.	African – Bus. U.S. – Church Planting & Bus.
Relationship between Partners (Roles)	African – development & operations U.S. – product & market/quality control	African – day to day operations U.S. – advising	Initially shared roles, then separated African – day to day operations U.S. – consultant & quality control	African – day to day operations U.S. – advising, monitoring finances from a distance	African – day to day operations, vision U.S. – advising, monitoring finances from a distance	African – day to day operations U.S. – initially operations, then sporadic involvement
(Responses to differences)[22]	Decisions derive from US, whole team communicates	"Africa owned, Africa run and Africa led"	Find common ground	Typically rely on African perspective	Teamwork capitalizing on differences	Inclusive approach
Partnership Selection[23]	Hired educated and experienced African managers		Matched with like-minded vision	Worked together previously in same NGO	Worked together previously in same NGO	Hired experienced African & built from within
U.S. Partner Exit	Expat Rotation (18 month terms)	Advisor – 1 trip to Africa per year	Expat Rotation (2 to 3 year terms)	Advisor – 2-3 trips to Africa per year	Advisor – 2-3 trips to Africa per year	Advisor – in country with NGO

[21] Skills are described in Chapter 10 in terms of strengths and concerns of both U.S. and Africans as a group.
[22] The responses listed in this chart are descriptors used to communicate how each partnership worked through their differences.
[23] For Onesimus and Kimbilio, describes how African and U.S. partners found each other. For 31 Bits and The Source, describes how U.S. partners hired African partners.

As noted in several other places in this study, while the majority of the partners involved in the businesses were aiming for a U.S. partner exit, both Zambikes and 31 Bits described how they had changed their minds about the need for a U.S. presence in Africa when products were destined for U.S. markets. Both companies had discovered “expat replacement” models which could work financially (see financial outcomes section) while still bringing the technical expertise needed. While benefitting from this model, both African and U.S. participants within 31 Bits also mentioned the challenges of this rapid U.S. employee turnover in the areas of building trust, establishing relationships, and understanding personality (Atuhaire, 2013; Simonson, 2013). The response to this challenge was to develop systems with pre-established roles and responsibilities to facilitate smoother transitions (Arnesen, 2013).

Pre-existing Racial Hierarchical Stereotypes[24]

One theme that emerged, with some trepidation, during the interviews had to do with the impact of race on the partnership. When asked to describe partnership, some responses would hint at the existence of racial issues. Noticing this trend, I would ask more explicit or directed questions about what they meant, and once reassured of the safety and anonymity in their response, openness emerged to discuss this uncomfortable issue.

In the case of AfricaWorks/Kumbula, the African partner gave a brief historical sketch of the colonization and independence periods, in order to clarify the context where their FSB effort existed. While each country in which the six companies were located had

[24] Due to the sensitive nature of this issue, most of the interviewees asked for anonymity to their responses. Therefore, all citations will be labeled anonymous and remain known to the researcher. Additionally, I did not include this issue at all in the individual case studies so as to safeguard anonymity even further.

its own unique history, there seemed to be a common theme across countries expressed by both U.S. and African participants of exploitation, oppression and injustice toward the marginalized/poor to varying degrees, first by colonizers and then continued by African leaders post independence. In this study, participants in each of the six of the companies identified a pre-existing racial hierarchical stereotype (i.e. whites are viewed as better than blacks) which they had to actively confront in the partnership process. This stereotype was described by both the African and U.S. partners.

To illustrate, an African partner shared a story with a U.S. partner that had been passed down for generations in the African's community.

> A father got drunk, and the first son saw his dad and laughed at him-- that dad is stumbling around. The younger son picked him up and took him home, put him in bed and took care of him. The father woke up the next day, figured out what happened, and the father said, "I curse you older son; you will be black." And to the younger one [he said], "I bless you. Have all my fortune, everything, and you will be white." (Anonymous 4)

Similarly, one U.S. partner shared what an employee told him; "God loves you more because he made you white. White is pure, black is dirty" (Anonymous 5). Another U.S. partner noted that the only white people that most Africans have met were either the colonists of the past that had cars, houses, and money, or the tourists and short-term missionaries that come now, who are all educated and middle to upper class. "They don't know any of the poor in the U.S." (Anonymous 6).

One African partner shared how "Africans were jostling to be the favorite [of the white people]… [they] benefited from relationship with the [white people], and it created tensions" (Anonymous 7). This partner described how this mentality came from years of white people coming but leaving quickly, after a few years. He believed that they learned that they need to get what they can while the whites are present. One U.S. partner echoed a similar thought, stating that the people who are seeking the relationships "just [wanted] an opportunity for a better life and they had all sorts of family members who were urging them to take advantage where they could from these white [people] who were in town" (Anonymous 8).

When I asked the partners how they responded to this pre-existing racial hierarchical mentality, two general and five specific strategies emerged. The general strategies consisted of first building a mindset of equality between the partners themselves (i.e. the U.S. partner and African partner view themselves as equals), and second, between the partners and the rest of the employees in the company (i.e. even though the U.S. and African partners view and treat each other as equals, the African employees viewed the U.S. partner as better than, or higher than the African partner). These general strategies tended to emerge in the interviews as ways to deal with specific problems, and were not identified as intentional strategies to deal with the problem of racial hierarchies. The five specific strategies, however, were more intentionally thought through.

The first was simply to recognize that the problem of racial hierarchy existed. One U.S. partner described it as being similar to when you have a problem with your spouse, but never talk about it. "It only gets worse" (Anonymous 9). A second strategy, expressed by one African, was for them [the Africans] to perform well. "They must prove that they are capable" (Anonymous 10). The third recurring strategy was to strive for clear communication. The partners recognized the need to communicate often and make decisions together, but the key was how they voiced the decision to the rest of the company. Sometimes the African was the announcer, but other times communication was done together, creating a tangible image of being on the same page. The fourth strategy was not to permit “go arounds,” where an employee goes around the African partner to the U.S. partner regarding a decision or a complaint (Anonymous 11). In one company, the placement of U.S. and Africans in positions of authority was used as a strategy (fifth), in that no U.S. partners were in the vertical chain of command (Anonymous 12). While all of these strategies were identified as important tools in combating the racial hierarchies, most partners recognized that the best way to overcome them was to simply treat one another as equals, caring about one another as people, being involved in each other’s lives and families, and recognizing the God-given gifts and talents of each partner.

In the end, this particular relational issue that the FSB leaders and their partners are faced with is one of several, explored above, that drive and reinforce the commitment that these leaders have for their business endeavors. As one U.S. partner stated in an introspection that is worth quoting at length:

> Part of the reason I am here is to right the wrongs of the injustice of the past. I grew up in a white, middle class, good Christian family… of privilege. I never knew hunger. I got a good education, went to college, got a job, I went to the doctor and got medicine when I was sick, went to the store and bought food, without much standing in my way. After my experience in Africa and listening to [my business partner’s] and my

employees' stories, I came to understand how everyone does not have that same opportunity I had. In learning about history, I also realized that part of my privilege was built on the backs of exploiting others. *Part* (verbal emphasis) of the reason I have my privilege is because of what my ancestors did to their ancestors, and it was horribly wrong.

In business school, I was taught that people come to business on a level playing field with choices and opportunities which they can control. I've found that not to always be true in my experience. In Africa, you take any job you can get, and you take whatever salary is being given. You buy whatever option is available at whatever price is available. There are very few choices here, and I'm not talking about between Coke or Pepsi. I'm talking about eat or not eat.

In talking to other business people about this idea, the responses I get are 'well I didn't do anything to them', or 'the corruption in their governments is the problem, not us', or 'they have the opportunity, the freedom, why don't they do anything about it'. I would say back to them, 'there is some truth to each of those things and I recognize that, and no you shouldn't go to jail and you shouldn't sell everything you have and give it to them, and yes they are continuing some of their problems with the decisions they make, but you don't even see the possibility that what happened back then can have an impact on what is happening today.' These people I hire in my company, they want to work hard, they wanted to go to school, and no, we are not on the same level playing field. For some reason, when I am here in Africa, I am given some kind of power because of the color of my skin, and I can choose to ignore it, use it to make more money for myself, or use it to help people. Sometimes I think we use these things as excuses not to act. I'm not against charity, but I'm not convinced that our giving, and even the way we typically do business internationally, and our trade policies and subsidies, doesn't *unintentionally* (verbal emphasis) continue making problems worse.

If my business efforts here can in anyway repay the debt I owe, then that is what I want to do. I know not everyone feels the way I do, and I don't want to be the [person] who makes everyone feel bad. I just think we need to face some ugly truths that we don't like and we are afforded the opportunity to ignore. In fact, I think that the kind of stuff I and other business people like me get to do is amazing and a huge opportunity. It's not a downer; it's exciting. Others may not be motivated by the justice as much as I am, but that's ok, as long as they understand the reality of the situation and do something. Please tell your people [the people who will read these case studies] that we *get* (verbal emphasis) to do business like this, and it is awesome. It is so hard and so much fun and so rewarding. (Anonymous 13)

CHAPTER 11:

RECOMMENDATIONS FOR FUTURE RESEARCH

The purpose of this study was not to test a specific theory or model, or come up with certain generalizations that can be applied across FSBs or other related fields. In the spirit of qualitative research, it was to identify and explore potential for new theory among an un-researched population. It was to tell the stories of practitioners in order to identify themes that could be helpful for other practitioners and academics interested in this field, and to point to areas of future research. What has come out of this study, in fact, are findings that point to the need for additional quantitative research geared to identifying best practices and comparative measures of impact. These are gathered in this chapter as recommendations for future research.

My intention as the author, while recognizing that a certain amount of bias was inevitable, was to let the participants' stories speak for themselves. While the findings and insights in Chapter 10 are the result of my analysis and recognition of themes, my goal in the case studies (Chapters 4 thru 9) was to write in a way that would provide enough information/data to the readers so that the readers may judge whether my conclusions are correct and even draw their own, different ones. I also wanted to draw on the case studies to make some recommendations for practitioners, which I did at the end of several sections within Chapter 10. In this chapter, however, I will focus on recommendations for future research.

This study specifically targeted a group of people and businesses with certain similar criteria. As stated in the introduction, while this group was identified as "Faith-based Social Businesses in Sub-Saharan Africa," the intention was not to create another title or category to exist alongside Social Entrepreneurship (SE) and Business as Mission (BAM). The goal was simply to gain insight from these pioneers and learn from their efforts and experiences. There are others doing similar things, which not only offers the opportunity for further research, but also creates the need for them to be included in these other identified groups, or connected through some kind of networking system.

Continuing with this line of thought, FSBs are a part of a larger movement which intentionally pursues multiple outcomes using business strategies. This group not only includes SE and BAM, but is also conceptually similar to those organizations and groups involved in cause related marketing (CRM), corporate social responsibility (CSR), benefit corporations (B-Corps), low profit limited liability corporations (L3Cs), non-profits pursuing income generating, international development that is expanding beyond micro enterprise (MED) and micro-finance to small and medium size enterprises (SME), among others.

While there are dangers in using labels to highlight general differences between groups, including an almost inherent diminishing of the "other," great synergy may be found both academically and practically in this case by first distinguishing and then considering all of these efforts as being part of the same family. First, we can continue to find common themes and issues to learn from and build off of. Second, we can compare their differences, but in a way that does not exclude or belittle other efforts. All of these groups are pursuing a broader understanding of business. They are intentionally trying to do good, to solve social problems, and to have a positive impact on people by using business strategies. Whether working with the poor in Africa, the unreached in Asia, or the physically handicapped in the U.S., it is most often the context and the need that drive the decisions of the practitioners regarding outcomes, strategy, structure, among others.

Current research in BAM and SE appears to still be in the qualitative stage, trying to understand the issues faced by practitioners and analyzing their responses to the issues. While this study focused on the issues of structure, outcomes and partnership, studying other issues—operations, production, financial processes, marketing and sales, to name a few—with this same group is needed in the future. Additionally, while there are other companies that could be considered FSBs, there may not be enough of a sample, as well as a wide range and diversity of strategy and implementation, (which this study gave evidence to), to engage in quantitative studies at this time. However including businesses like these in SE and BAM studies could provide quantitative research opportunities.

Similarly, these types of “FSB-like” efforts lead to cross disciplinary research opportunities. While academic disciplines often remain isolated in their unique fields of study, with both positive and negative consequences, the diversity of such business approaches encourage—in fact, require— using different analytical tools and perspectives to understand them well. For example, understanding how and why to measure social outcomes can incorporate the fields of psychology, social work, and international development, among others. The analysis of spiritual outcomes can draw profitably on the fields of religion, missiology and intercultural studies. Understanding environmental outcomes requires the services of the sciences, and exploring business outcomes fits well within the fields of economics and management. While not easy to harness and collaborate due to the notion that disciplines tend to speak “different languages” regarding research, the power of using such diverse perspectives could be beneficial across different fields.

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