A CONTEXTUAL AND PRACTICAL ANALYSIS
OF TECHNOLOGY-RELATED SOCIAL
ENTREPRENEURSHIP VENTURES]

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EXECUTIVE SUMMARY

This capstone project contributes to the emerging research on social entrepreneurship at the Bottom of the Pyramid with a focus on technology ventures. Social entrepreneurship can be defined as the creation of social systemic change and value through the application of practical, innovative and sustainable approaches. This analysis shifts the discussion away from overly anecdotal or theoretical reflections by concentrating on what factors determine the success of social entrepreneurship ventures. This analysis focuses specifically on ventures that provide access to technology as a means of communication and a source of information because their potential to create concrete social value is considered to be especially strong. This analysis aims to be valuable not only from an academic perspective but most importantly from a practical perspective. This is accomplished by first providing a contextual analysis followed by a case study. The contextual analysis explores the evolving field of social entrepreneurship, the role of technology at the bottom of the pyramid as well as the determinants of success, best practices, and challenges of technology-related social ventures. These issues are then applied in a case study on a new Reuters technology venture currently being implemented in India. The case study explores this venture’s environment, strategies, impact, and future outlook in order to draw some conclusions and make a few recommendations. This analysis highlights the valuable concept of blended value creation, the importance of appropriate technology, and the necessity of social impact measurement for technology ventures at the bottom of the pyramid. It provides a useful tool for current and prospective social entrepreneurs to understand the potential and the challenges of such ventures.
PART 1: CONTEXTUAL ANALYSIS

1.1 Social Entrepreneurship

Social entrepreneurship has recently become a mutual buzz word and nexus for innovation between the development and business worlds. This concept can be defined as the creation of “social systemic change” and value through the application of practical, innovative and sustainable approaches (Bornstein 2007, 13). While there have been more than a few instances of endeavors that could be classified as social entrepreneurship throughout the ages, the concept has become a truly exploding field over the last decade. The concept of social entrepreneurship emerged in the 1980s through the endeavors of visionaries like Bill Drayton at Ashoka who embarked on the mission of supporting social innovators around the world (Ibid). It has stemmed from a growing dissatisfaction with past attempts to address society’s problems through ‘centralized’ government programs which have largely been deemed to have wasted resources without adequately creating social value. This new concept uncovers and creates new opportunities through a process of “exploration, innovation, experimentation, and resource mobilization” which is far removed from previous approaches (Ibid).

Social entrepreneurship has understandably been gaining increased awareness in recent years. It has captured the imaginations of many observers and led many to consider it a new engine of reform (Dees 2007, 24). There is also understandably some skepticism among others about whether all this attention and enthusiasm is warranted. As J. Gregory Dees points out, “the current boom in social entrepreneurship exists despite a relatively poor understanding of this work” (28). The question being posed at present is whether social entrepreneurship does in fact have the potential to create the sustainable and scalable impact that its supporters are expecting. As David Bornstein suggests, “social entrepreneurs need to be able to match the excitement and rising expectations they are generating” (xiii). Though much good work has been done using this new concept, social
entrepreneurs are now increasingly “being pressed to demonstrate their efficacy” (Bornstein 2007, 5).

Because it is a relatively new discipline, the body of scholarly work on social entrepreneurship is still relatively limited, though it is expanding at an impressive pace. There is a good amount of work on what the characteristics of successful social entrepreneurs are. David Bornstein’s book “How to Change the World: Social Entrepreneurs and the Power of New Ideas” for example provides valuable introductions to several social entrepreneurs around the world and incredible insight into how their roles and personalities led them to success in their respective ventures. The work on what makes particular ventures successful as opposed to others however is more limited. Furthermore, the existing work is still usually either overly anecdotal or theoretical. As Bornstein notes, the field of social entrepreneurship is “full of stories that can encourage people” (xv). While these positive stories undoubtedly represent a powerful force, more concrete analysis is needed to provide a realistic perspective on this growing field and to allow it to reach its full potential, whatever that may be.

1.2 The Bottom of the Pyramid

The concept of the Bottom of the Pyramid (BoP) has recently been getting a lot of attention both within development and corporate communities as an unforeseen treasure trove of business activity. If one imagines a timeline of corporate strategy, it becomes clear that companies have traditionally targeted mature markets; more recently began focusing on emerging markets; and are just now discovering the untapped potential further down the economic pyramid. Several forces have helped the BoP concept gain power including the diminishing role of governments and aid in development, the poor’s increased access to information and corporations’ diminishing returns and overcapacity in more well-established markets (Prahalad and Hart 2002, 5). This concept has been written about extensively by scholars like C.K. Prahalad who explain that there is a fortune to be
made by addressing the unmet demands of the four billion people at the bottom of the world’s economic pyramid. The diagram below illustrates this idea.

**Figure 1: World Economic Pyramid**

Prahalad and his colleagues actually discard the notion of corporate social responsibility and argue that the profit motive alone is enough drive for companies to do good because selling to the poor can simultaneously make profits and eradicate poverty (Prahalad 2004, 6). It is important to understand however that participating in these new markets requires completely new strategies and business models. According to Prahalad and Stuart Hart, companies will need to do four things in order to successfully serve the bottom of the pyramid: create buying power, shape aspirations, improve access, and tailor local solutions (Prahalad and Hart 2002, 8). Proponents of Bottom of the Pyramid initiatives are also determined to move away from “highly localized, small-scale experiments” and towards scalability (PSD Blog 2006).

Critics of the Bottom of the Pyramid proposition argue that serving this potential market is much too costly, inefficient and difficult (Karnani 2007). They also argue that the concept is overly idealistic in its consideration of the world’s poor as customers. The response of those championing the BoP idea is that a huge informal economy already proves the untapped purchasing power of the poor and that ignoring the bottom of the pyramid would be much more costly than addressing the challenges of serving it (Prahalad and Hart 2002, 3). As Prahalad explains, the key to success in

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1 From Prahalad and Hart 2002, 4.
these new markets is innovation. He especially highlights the importance of innovation in price performance, scalable operations, product design and adaptability, distribution methods, and use of technology (Prahalad 2004, 25). The unique demands of the poor as consumers are effectively drivers of innovation and the bottom of the pyramid is therefore “wide open for technological innovation” (Prahalad and Hart 2002, 4).

1.3 For-Profit Social Entrepreneurship

When social entrepreneurs reach past the point of simply recovering costs and begin to make profits, they fully enter the business world and can be called “social business entrepreneurs” (Yunus 40). Muhammad Yunus argues that we should open up the marketplace to allow for a blending of both social and profit goals. As he explains, this possibility has traditionally been excluded because our system of capitalism has been too narrowly interpreted. As Yunus makes clear, making profit does not disqualify an enterprise from being a social business enterprise but instead opens up “limitless possibilities” (Yunus 42). The exploration of these possibilities is called “Corporate Social Entrepreneurship” (CSE) which is defined as “the process of extending the firm’s domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value” (Austin et al, 170). Clearly, this definition closely parallels that of social entrepreneurship and has simply been adapted to operate in the business world.
According to James E. Austin et al, the blossoming interest and investment into Corporate Social Entrepreneurship is driven by both push and pull factors. The push factors stem from increasing consumer expectations and have traditionally elicited defensive reactions. As CSE becomes more popular however, it is hoped that companies will go beyond reactive and “protective” responses to more proactive value-creating activities (Austin et al, 171). The pull factors represent more positive incentives and are based on the CSE principle that “creating social value creates business value” (Ibid).

As this diagram shows, James E. Austin and his colleagues also make the interesting suggestion that in order to be successful and sustainable, corporate social entrepreneurship must be driven by a blend of altruistic (social) and utilitarian (economic) motivations (176).

Austin et al. also suggest that in order to be successful in their endeavors, companies must engage in the “CSE process” which integrates social dimensions into the leadership, strategy, structures, and systems of the organization (176). They argue that company leaders must create an internal environment that fosters the CSE process through the commitment of both financial and human resources and the implementation of structural and decision-making changes (Austin et al, 176 - 178). They also propose that companies strive to align the social and business dimensions of their corporate strategies, leverage their core competencies and form strategic partnerships to reach their social and business goals (Austin et al, 177). Clearly, there is great potential for corporations to become powerful actors in the field of social entrepreneurship and in anticipation of their increased role in this realm, processes for corporate social entrepreneurship are already being developed.

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2 From Austin et al, 175.
1.4 Need for Technology in Development

In our increasingly interconnected world, access to information for any individual is both empowering and enabling. While having access to information may simply mean saving a few minutes for someone in the developed world, it may save a day’s travel time, lost wages, or even lives in the rural developing world (Lehr 2007). There is a general acknowledgment among scholars and practitioners in international development that technology represents “a strong and evolving tool to acquire information in all sectors” (Aspen Institute 2000). Technology is currently spreading to emerging markets at a groundbreaking rate yet its use remains highly concentrated, often leaving out rural dwellers who need it the most (The Economist 2008). Of course, as every good entrepreneur knows, social need and market demand are not the same things. The most compelling evidence on the need for technology at the Bottom of the Pyramid however, is the actual demand for it.

As a recent World Resources Institute study shows, average Information and Communication Technology (ICT) spending per household in the middle and upper BoP income segments generally exceeds spending on water and sometimes even exceeds spending on health (Lehr 2007). There is a growing recognition in this field that though purely non-profit social ventures do play a role among the poorest of the poor, the willingness-to-pay of the majority of the bottom of the pyramid should not be underestimated (Lehr 2007). In fact, the total BoP ICT market in Africa, Asia, Eastern Europe and Latin America and the Caribbean is estimated to be 51.4 billion dollars (Lehr 2007).

With all this potential for transformational impact in mind however, experts are also very wary of presenting technology as a silver bullet capable of completely ending poverty on its own (World Bank 2008 and Aspen Institute 2000). Even those who champion the role of technology in development are careful to specify that “technology is not a panacea, or a silver bullet, or an end in itself” (Aspen Institute 2000, 19). Furthermore, there is a consensus that technology does not have to be high-tech to make a difference. Practitioners caution that decision-makers should not become “blinded by science” and attempt to apply every new technology on the market to social ventures.
Relatively simple technologies and innovations can have very profound development impacts in developing countries where even basic technologies are often hard to come by (World Bank 2008). There seems to be an understanding that development efforts can be significantly aided by applying a broad range of appropriate technologies, both new and old (Aspen Institute 2000).

### 1.5 Best Practices and Success Factors

Social entrepreneurship can be a very effective model for creating social value but the mere creation of such a venture and the championing of a good cause obviously do not guarantee success. As Dees notes, social entrepreneurs are “focused on achieving sustainable results and will use whatever tools are most likely to work” (28). In recent years, there has been a shift away from purely anecdotal reporting in this field toward more concrete research and analysis on best practices and factors of success of social entrepreneurship ventures (Lehr 2007, Lerner and Moshe 2005, RISE 2003). One of the most important issues in social entrepreneurship which arguably does not receive enough attention is that social need and market demand are two completely separate things (Letterman 1996). In other words, the venture’s ideas must be viable in the market. Non-profit ventures that serve a need cannot necessarily be converted into profitable social entrepreneurship ventures if there is no real demand (Seedco 2007 and Ostasiewski). Applying the ‘market test’ to social ventures is therefore increasingly recognized as a necessary step toward determining a venture’s success.
Many other dimensions determine the success of a social entrepreneurship venture. A qualitative study of 33 social ventures in Israel concludes that the most important of these dimensions are: the entrepreneur’s experience and dedication, the environmental dimension (social network and acceptance of idea), the organizational dimension (budget and staff) and the process dimension (long-term cooperation and market test of the venture) (Lerner and Moshe 2005). SE organizations like the Schwab Foundation, Ashoka, and Echoing Green have each developed their own criteria for assessing the potential success of social entrepreneurship ventures.3 This diagram above reveals the major success factors that such organizations seem to reach a consensus on.

The RISE Social rubric is another attempt at establishing the success factors of social ventures which incorporates both financial and social elements (RISE 2003). Most of the frameworks currently available to scholars and practitioners however are somewhat limited in their applicability to particular ventures and must be considered alongside many other tools to be of value.

In the context of technology-related ventures, there are a few very useful frameworks and best practices to consider. The Acumen Fund for example recently compiled a very useful checklist for mobile phone technology that is very much applicable across other sectors (Lehr 2007). First, according to this list, entrepreneurs should listen to users early and often. The importance of this factor is reflected throughout the literature and proved through countless cases. The design and

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3 Ashoka, Shwab, and Echoing Green as cited by Levinson, SIS 496026, Spring 2008.
decisions about technology must involve both providers and users from the beginning so that factors of needs, usability, affordability and desires are taken into account (Talyarkhan et al. 2005 and Aspen Institute 2000). Ideally, social entrepreneurs should adopt a constant process of researching, planning, implementation, evaluation, learning and sharing, to ensure that their venture challenges previous assumptions, learns from experiences and involves the community at each stage (Talyarkhan et al. 2005, 53).

One of the most recurring themes in the literature on technology-related ventures is the issue of ‘appropriate’ or ‘realistic’ technology. In effect, appropriate technology fills a basic need, is context-specific, sustainable, usable, affordable and culturally accepted by the local population (Aspen Institute 2000, Lehr 2005 and Talyarkhan et al. 2005). This means of course that technologies that are appropriate in one context may not be applicable in another. Technology solutions must also be cost-effective. This necessity for such context-specific solutions makes scaling up quite challenging. The Acumen Fund also notes that no matter how appropriate a technology may seem, one should not underestimate the potentially high costs of implementation and consumer education (Lehr 2007). Finally, the importance of assessing and quantifying performance and impact should not be overlooked, especially as it is still one of the greatest challenges in social entrepreneurship (Mair and Marti 2005).

1.6 Challenges and Issues for Technology Ventures

As mentioned previously, making use of appropriate technology is essential to a successful venture. Not surprisingly however, this can prove to be very difficult and a lot of research and study is dedicated to analyzing the difficulties of achieving successful absorption and diffusion of new technologies. The ability and willingness to permanently adopt technology can be limited by many factors including inadequate access, certain behaviors, lack of skills or literacy, lack of organization and last but not least, culture (Aspen Institute 2000 and World Bank 2008). In order to successfully introduce new technologies, one must be very mindful of culture because for better or worse, culture can sometimes impede technological progress and technological progress can sometimes undermine
culture (Aspen Institute 2000). On the whole, technological absorptive capacity in the developing world is still quite weak, and needs to be strengthened.

Scaling up technology successes is also one of the most important but challenging goals for social entrepreneurship ventures. Once appropriate technology is found and applied, scaling up the individual success to reach much larger numbers can prove to be very difficult (Aspen Institute 2000, 59). In fact, one of the recognized problems particularly in ICT ventures is that most initiatives are pilot projects which are never scaled up into full-fledged programs (Talyarkhan et al. 2005, 14).

When social ventures fail to solve problems with technology, it is undoubtedly disappointing for both the entrepreneurs and the local communities. As members of the Aspen Institute Conference on Alleviating Poverty point out however, the effects are potentially disastrous because such a failure can set back development, waste resources, and create hostility toward technology and its advocates thus hurting the chances of future ventures (Aspen Institute 2000).

1.7 Conclusions

As Jeff Skoll explains, “social entrepreneurs have a unique approach that is both evolutionary and revolutionary” and the impact of their approaches is gaining more and more attention (preface to Nicholls 2006). Though much research remains to be done, social entrepreneurship’s role in development efforts is now irrefutable. At the same time, the potential and need for innovation at the Bottom of the Pyramid has been attracting the attention of both the development and business communities. As Prahalad and others explain, in order to succeed in this new tier of the pyramid, companies are going to have to make radical changes in their price performance, accessibility, environmental impact, product design, infrastructure needs and technology uses (Prahalad 2004, 25 – 26). The Bottom of the Pyramid concept challenges us all to shift away from our old assumptions and realize that the world’s poor are in fact potential customers who have a need and demand for an array of basic and advanced products and services and that addressing these factors is vital not only to development efforts but also to the viability of any organization operating in our increasingly globalized world. As proponents of the BoP concept explain, for those with the drive to compete at
the bottom of the pyramid, “the prospective rewards include growth, profits, and incalculable contributions to humankind” (Prahalad and Hart 2002, 2).

The link between the concepts of social entrepreneurship and the Bottom of the Pyramid has yet to be fully developed but the emergence of concepts like “corporate social entrepreneurship” suggests that this is already occurring. The fact that within the domain of social entrepreneurship there is very little difference between a for-profit and not-for-profit organization is slowly being acknowledged. As Jed Emerson explains this is occurring because we are realizing that value is multifaceted and “from the perspective of value creation itself, not-for-profits and for-profits both have the potential to create full, blended value” (394). Now of course, performance tracking needs to take into consideration this concept of blended value while still staying true to the need for concrete measurement and evaluation.

Best practices and success factors for social entrepreneurship are still being defined and delineated by both experts and practitioners. Fortunately, there is a growing shift away from purely anecdotal materials on the role of social ventures in development to more concrete case studies, best practices and frameworks. The body of work on technology ventures specifically is not very large yet because it being written at this very moment and still needs many contributions.

There is undoubtedly a consensus that technology, when applied appropriately, can be a very powerful tool in development efforts. It would not be suitable to simply apply general models on social entrepreneurship to technology ventures because as this contextual analysis has shown, ventures dealing with technology must address very specific concerns and challenges. As many experts suggest, the challenge is to determine how to apply appropriate technologies of all types that can change the lives of the poor and be scaled up to reach larger numbers. The literature is still very much lacking both on a theoretical and practical level regarding the fundamental but challenging subject of scaling up. The common echoes across the domains of social entrepreneurship, bottom of the pyramid initiatives and technology in development are undoubtedly the calls for innovation and scalability. A case study on the new for-profit Reuters Market Light venture in India which is
providing vital information to farmers through the use of mobile phone technology and already undertaking scaling up plans should therefore be a very valuable contribution to this growing field.
PART 2: CASE STUDY

Reuters Market Light (RML) is a Reuters venture established to generate growth in a new market by providing poor farmers with access to affordable, accurate, and up-to-date agricultural information via their mobile phones.

2.1 Environmental Assessment

a) Resources

Reuters is a global information company which provides news and financial market data to financial institutions as well as media and corporate markets (Business Wire India). The company was founded over 150 years ago and in 2007 it counted approximately 17,500 employees operating in 94 countries (Ibid). In 2006, Reuters revenues were £2.6 billion ($US 5.2 billion) (Ibid). Funding for the Market Light project comes entirely from the Reuters Group (Murray). The company is expected to initially invest approximately $16 million into the Market Light project, $2 million of which has already been invested (Menon). In April 2008, the acquisition of Reuters Group was completed by Thomson Corporation, thereby creating a new company called Thomson Reuters (Televisionpoint.com). Bringing together management from both successful companies, Thomson Reuters is a $12.4 billion company which now employs 50,000 people around the world (Ibid). In India, the company has operations in Bangalore, Chennai and Hyderabad catering to both the Indian and global markets (Ibid). This very recent acquisition should not have any drastic effects on the Market Light venture in the short run but will likely translate into a greater scale of growth and revenue for the company as a whole.

b) Opportunities

The Market Light project was started in an environment ripe with opportunities. India was chosen as a starting point because with an agricultural community of 250 million people, it represents one of the world’s largest agricultural markets (Business Wire India). As in many of its
fellow developing countries, agriculture is vital to India’s economy. Nearly two-thirds of the
country’s population relies directly on rural income (Rushe). This agricultural community presents
interesting opportunities for Reuters not only because of its sheer numbers, but also because of its
characteristics. Like anywhere else, farmers in India are extremely vulnerable to shifts in prices and
weather conditions (Thomson Reuters-a). The characteristic that attracted Reuters the most however
was the opaqueness of the market in which India’s farming community operates. As RML managing
director Amit Mehra explains, “the rural and often remote nature of the community makes it
incredibly difficult for farmers, especially those with small holdings, to get even the most basic
information” (Domain-b.com). Reuters therefore recognized immense need, and consequently
immense opportunity among India’s farming community for access to more accurate and timely
information on essential factors like crop prices and weather conditions. Reuters also concluded that
its services provided an opportunity to reduce the huge amounts of Indian produce wasted due to lack
of information which amounts to losses of over $12 billion annually (O’Connor).

For many telecommunication operators, India has recently been a very profitable market
which counts over 251 million mobile subscribers and is predicted to reach 500 million by 2010
(Rushe and O’Connor). Not surprisingly, much of this mobile penetration has been concentrated in
the cities (Thomson Reuters-a). The next frontier however, lies in the small towns and villages of
rural India. While today only 4-6% of rural Indians have mobile phones, about half of all new
customers are expected to come from rural areas in the next few years (Prystay). Furthermore, in
some rural areas, mobile phone penetration has already reached numbers as high as 30-40% (Ibid).
These development trends have the active support of the Indian government which will work in
favor of Reuters’ endeavors (O’Connor). For Market Light, rural India’s vast need for information
and flourishing use of mobile phones represent incredible opportunities.
c) Other Players

For the most part, the Market Light project has very much been conceived and developed internally. Reuters has no major partners on this particular project but does benefit from collaboration with several entities. The Market Light project enjoys the full support of the Indian government, especially within the ministry of agriculture. In fact, the Minister of Agriculture participated in the initial launch of RML and the government has stated its support for the rolling out of the project across the nation in the very near future (Business Wire India). This in turn has led to collaboration with Post Offices in the Maharashtra region to expand RML’s reach and provide local access and support for the service through the postal system. Reuters has also been collaborating with several mobile networks and satellite companies in order to expand its reach.

As one reporter suggests, the mobile phone has become “the hottest development tool for the world's poor” (Rushe). It is therefore not surprising that several other companies are also currently striving to develop a presence in rural markets through mobile phone-based services. The Indian telecommunications company Reliance recently launched a service called Live Mandi which also allows farmers to access current commodity prices on their mobile phones (Khan). Reliance has ambitious expansion goals and plans to launch the service on a voice portal in the near future (Ibid). Bharti Airtel, another Indian telecommunications company, has also been planning to launch a service providing local content to rural customers through wireless Internet connectivity (Ibid). Swedish-based Ericsson has also launched a rural broadband project called Gramiyoti with plans to create “self-sustaining rural communication ecosystems” which provide rural users with access to many internet-based services including commodity price information (Ibid). Tata Consultancy, a subsidiary of the Indian giant Tata Group, has also recently been piloting a very ambitious mobile phone crop advisory service for Indian farmers (Prystay). Though India’s rural poor farmers can still be considered a niche market, clearly Reuters is not the only organization striving to reach it. This means that Reuters will have to find way to differentiate itself from its emerging competition in order to succeed in this new arena.
d) Client Profile and Needs

Farmers in India, and in many other parts of the world, suffer from a lack of access to information. They are often forced to rely on general radio announcements, ancient rituals, instinct or speculation to make decisions about how and when to grow and sell their crops (O’Connor). Their access to accurate information on current and local market prices and weather conditions is very limited. This lack of information makes them vulnerable to lower market efficiency, smaller yields and more wastage and translates into a severe negative impact on their earnings and livelihoods (Domain-b.com). Farmers often bring their produce to mandis (government-regulated market yards) through the use of middlemen with absolutely no awareness of prices at nearby markets and therefore lose out on significant potential earnings (O’Connor and Rushe). Though farmers are often aware that they should be receiving more, their lack of information leaves them with no decision or bargaining power (Mishra).

This status quo is one of the contributing factors that explain the wave of suicides among India’s farming community in recent years. According to a recent study on the issue commissioned by the Government of Maharashtra, farmers are driven to despair and suicide in large part by indebtedness (87%), economic downfall (74%) and crop failure (41%) (Mishra 70). This crisis is affecting many states throughout India to the point that one region of Maharashtra has been dubbed “the suicide belt” (Rushe). Clearly, the current situation is intolerable both for farmers and India’s agricultural sector. It is therefore not surprising that a recent study by the Indian Market Research Bureau found that farmers in Maharashtra were completely willing to pay for access to timely market information (Krishna).
The Reuters Group has considerable experience and know-how in making vast amounts of time-sensitive information available to customers around the world. This project however, pushes the company to deliver this valuable information to a completely different audience and through a completely different medium. Of India’s 250 million farmers, the company estimates that 50 million sell their produce to markets and therefore have a demand for Reuters’ services (Rushe). These 50 million often own more land and have a higher annual income than the average in India’s farming community (O’Connor). This section of India’s agricultural community therefore forms the company’s primary market.

In fact, Reuters expects that this target section of India’s agricultural community has higher literacy rates than India’s average of 61% (CIA). Reuters’ service offerings must also reflect the fact that India is home to 22 official scheduled languages and hundreds of other widely-spoken languages (Gordon). Reuters has been aware from the beginning that its potential customers would need all content to be provided in their particular languages. The company also estimates that 12 to 18% of its target market already owns mobile phones and that this number is growing rapidly (Rushe).

2.2 In-Depth Analysis

a) SE Framework

Jane Wei-Skillern and her colleagues have developed a very valuable framework for social entrepreneurship analyses which takes into consideration important factors like opportunity, people, capital and context. The visual representation of this framework is provided here. Wei-Skillern et al suggest that the initiating point for any SE venture should be the opportunity (22).

Figure 5: Wei-Skillern Framework
In this case, the opportunity is formed by farmers’ social needs and demands as well as by the overall market failure (in terms of transparency and efficiency) that is characteristic of the Indian agricultural market. This framework identifies two enabling variables for social ventures: people and capital resources (Wei-Skillern et al 2007, 22). For the Market Light venture, human resources include not only RML employees but also those working in other organizations that RML will interact with such as post office workers (more on this later). This venture’s capital resources are somewhat unique because it is fully funded by the company itself. This is undoubtedly an advantage because as Wei-Skillern et al warn, organizations often make the goal of securing resources an end in and of itself at the cost of the social value creation (23). As a result of its current funding arrangements, RML has not yet faced this problem.

The above visual representation of the framework clearly demonstrates the overlapping and interdependent nature of the three variables. In practice, this means that Reuters must align its efforts to take advantage of the identified opportunity with its available people and capital resources. As this case study will show, Reuters has done this very successfully by limiting its scope with regards to target customers and geographic coverage. This framework also highlights the importance of the regulatory, macroeconomic, tax, political, demographic and socio-cultural contexts. As the environmental assessment has shown, the context in which RML is operating is very favorable. There is incredible need and demand, a huge potential customer base and Reuters has the support of the Indian government. However, Reuters must also address the limitations of this context including the limited mobile phone infrastructure in rural areas and low literacy levels. It is also important to realize that contexts are continually changing and therefore mandate a frequent reevaluation of strategy which Reuters has not yet had to deal with.

The most important element of this SE framework is the social value proposition (SVP) which integrates all of the initiating, enabling and contextual variables (Weil-Skillern et al 2007, 22). In this case, the SVP is Reuters’ goal of providing farmers with valuable information that enables them to increase their productivity and earnings. According to Wei-Skillern and her colleagues, SE ventures
must strive to align both the external and internal components of this framework in order to effectively deliver on its social value proposition (Wei-Skillern et al. 2007, 24). As this case study will show, Reuters Market Light very successfully does this while also satisfying its profit motives.

b) Organizational Structure and Strategy Analysis

i. Organizational Identity and Structure

In December 2005, Reuters established its “Innovation Program” to explore long term trends that might provide new business opportunities for the company (Reuters). The program operates much like an internal venture capital fund, governed by a venture board which meets regularly to “evaluate new business opportunities, review the progress of current projects and allocate funding” (Ibid). The idea behind the Market Light project was originally conceived by a company employee while on a Reuters-sponsored Fellowship at Stanford University (Domain-b.com).

Finding that the idea embodied Reuters’ valued tradition of promoting transparency and fairness in global market operations, the Innovation Program took on the Market Light project a few years ago (Business Wire India). According to Reuters, the project is an example of the company’s commitment to “empowering the world’s financial markets through blue-ski thinking, technological innovation and fast and responsive implementation” (Domain-b.com). The stated goal of the Market Light project is to “facilitate greater transparency in the Indian agricultural markets, thus allowing individual farmers to increase their productivity and maximize their revenue” (Ibid).

Reuters Market Light was born in London and initially launched as a pilot project in a small area of the state of Maharashtra. Once the pilot phase
was found to be successful, the project was launched on a full commercial basis across the state and became a full-fledged Reuters division headquartered in Mumbai, India. The service has an office in Pune which oversees rollouts throughout Maharashtra (WebIndia123.com). RML has hired approximately 45 employees to cover 50 local markets in Maharashtra each day to observe transactions and report on the price ranges of around 11 crops across the state (Rushe). Reuters also employs several journalists in Maharashtra to write up stories relevant to the local agricultural community (Prystay). Salespeople familiar with local areas are present on the ground (often directly in produce markets) in order to reach farmers, inform them about RML and answer their questions (Murray).

**ii. Organizational Learning and Strategy**

RML was officially launched in October 2007 following a pilot phase and two years of research and field work with Indian farmers (Murray). The pilot phase which began in early 2006 with 2,000 farmers in a small area of Maharashtra did not involve any user fees (Ibid). The success of the pilot phase persuaded Reuters that there was significant demand for its services and that Indian farmers were in fact willing and able to pay for them. Therefore, in April 2007, farmers began paying for use of RML services and drove membership up to 7,000 users (Ibid). Today, farmers pay 175 rupees (the equivalent of roughly $US 4.50) for a 3 month subscription (Ibid). This subscription gives them daily access to very specific weather information, market prices, trends, relevant news, and crop advisory services all via text messaging in their local languages (Murray). Since the shift from a pilot phase to a full-commercial project, Reuters has been striving to turn Market Light into a sustainable business within a relatively tight timeframe (Thomson Reuters-a).

Reuters’ strategy regarding publicity has been to rely mostly on word of mouth which has indeed played a major part in
increased membership (Murray). As mentioned earlier, RML also does direct publicity through local salespeople. Besides a few informational billboards in small towns, as of now Reuters has not spent significant resources on publicity and does not employ any “flashy campaigns” (Murray). In order to reach more farmers in very remote areas, RML recently reached an agreement with the Maharashtra Postal Circle to use the post office network as a distribution platform. In fact, Reuters plan to provide the post offices with service training in order to ensure that current and potential Market Light users have access to useful help and support services (Antara). The marketing, sales and support provided by the post offices is expected to significantly expand RML’s presence across the state by allowing farmers to more easily learn about and subscribe to the service (Ibid).

Reuters’ strategy was to start off the Market Light services with just a few of the most widely grown crops among Maharashtra farmers and it has expanded its service offerings from there. Today, it covers about 11 crops including onion, cotton, soybean, pulses, pomegranates and oranges (I4D). RML has an agreement with the Maharashtra State Agriculture Marketing Board which allows it to obtain the price and sales information for certain produce from any of the 294 Agriculture Market Produce Committees in the state (Thomson Reuters-b). Reuters is currently striving to expand its reach from the 30 produce committees it gathers information from as of now.

c) Impact and Social Accountability

In considering Market Light’s success with regards to impact and impact measurement, it is important to keep in mind that the venture is only one year old and therefore is only now starting to see the results of its efforts. Already however, it is clear that access to the service is changing farmers’ lives. Thanks to the information they now have access to, farmers can make informed decisions and so far Reuters has found that 70% of its customers are changing their behavior as a result (Rushe). These informed decisions are already translating into higher earnings for RML’s customers. Pilot phase results indicated that farmers increased their profits by up to 23% by selling produce at other markets or increasing crop yields (Khan). Furthermore, it is clear that the service is
helping farmers reduce wastage by allowing them to employ less labor or hold back on crops when the weather is bad (Ibid). For the most part up to now, impact has been assessed through anecdotal evidence. As the W.K. Kellogg Foundation suggests, surveys and questionnaires are the most familiar tools of evaluation (WKKF). While such information is useful, a blend of both quantitative and qualitative approaches is more valuable and as the project scales up in coming months, it will become imperative to focus on more concrete impact measurement and evaluation.

Theories of change and logic analyses are increasingly considered vital in planning, implementing and evaluating successful ventures. In fact, the W.K. Kellogg Foundation grantees are encouraged to develop these theories and models for their projects (Ibid). By clearly defining ideas, actions, resources and desired outcomes, such models help organizations not only to plan but also sustain, scale up and evaluate their ventures. The logic analysis below is a visual representation of the theory of change as applied to the Reuters Market Light project.

Figure 6: Kellogg Theory of Change
This diagram is helpful in understanding the problem as identified by RML, what it plans to accomplish, in what setting its efforts are taking place, what strategies it has chosen to achieve certain results and what assumptions its efforts are based on. This analysis helps us determine the feasibility of the Market Light venture and begin to consider its strengths and weaknesses.

d) Scaling Up Analysis

Once social entrepreneurship ventures reach success in their current stage, they can and should be scaled up. There are a number of ways such ventures can scale up: by expanding the quantity and/or improving the quality of their services (potentially via other organizations); changing the political, cultural, or economic environment to alleviate the problem being addressed; and gaining more resources or improving the productivity of existing ones. Furthermore, scaling up can be divided into two categories: scaling deep to create greater impact in a community or scaling out to reach a greater number of communities. Though it is still in its infancy, the Market Light project has already made very good use of several scaling up strategies. The first instance of scaling up was Reuters’ shift from a pilot phase to a fully commercial project. Using a pilot program in the first place, as a proof of concept and trial phase is a very valuable strategy. As mentioned in the contextual analysis, ICT ventures often commit the fallacy of never moving beyond the pilot phase so it is commendable that RML was able to do this so quickly and successfully. The Market Light project was then scaled up by officially launching its services with the Indian government’s support which has proved to be a very beneficial resource.

The Market Light venture has been successful and is currently engaging in very ambitious scale up activities. The project is currently attracting about 170 new customers a day through its collaboration with Maharashtra post offices (Rushe). Services are currently being rolled out across Maharashtra state and will soon be available across the country, starting with Gujarat, Karnataka and Punjab states (Menon). RML’s goal is to establish a presence in at least 2 more states and 300

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4 As discussed by Levinson, SIS 496206, Spring 2008.
5 Ibid.
markets by the end of 2008 (Ibid). Despite these ambitious plans, Reuters’ strategy is to scale out at a slow enough rate to adequately react to changing situations and circumstances (Murray). RML is already considering scaling out beyond India to other agrarian emerging markets in Africa, China, and Brazil but will only do so once it has established a user base of at least 2 million farmers in India (Thomson Reuters-b). The Market Light venture is not only planning to scale out, but also to scale deep. Reuters already has plans to pilot another service that would facilitate transactions by connecting farmers directly with buyers and traders through their mobile phones (Business Wire India). This parallel service would further maximize farmers’ revenue potential thus multiplying the venture’s delivery of its social value proposition.

2.3 Conclusions and Recommendations

With regards to the nexus between the concepts of the Bottom of the Pyramid and social entrepreneurship, the Reuters Market Light venture is a very interesting case. Though it is still in its infancy, it already provides some very useful insight into developing and implementing successful technology ventures within the SE and BoP frameworks. One of the benefits of a for-profit venture like this is also of course the sustainability of the project. The Market Light venture is expected to be fully sustainable within a very tight timeframe. Certain elements of Reuters’ strategy reflect a very good application of the principles and emerging best practices discussed in the contextual analysis while other elements leave room for improvement.

Perhaps what is most commendable about the Market Light venture is its respect for the importance of appropriate technology. RML’s technology undoubtedly fills a basic need but it is also usable and affordable. Reuters has offered its services in local languages from the beginning (thus limiting itself to systems that could support these features) and is constantly striving to make the information it provides more approachable. The technology has been very successfully absorbed and diffused. In fact, when farmers themselves have difficulty reading the information, anecdotal evidence suggests that their children have assisted them (Rushe). India’s low literacy level which hovers around 60% undoubtedly presents a significant challenge for Reuters. Reuters’ strategy in
addressing this issue is not only very sound but also proactive. RML is already working on switching to an icon and voice-based service in order to make its services even more approachable for a greater number of Indian farmers (Murray).

RML has already taken a few of the steps identified by experts as vital to successfully serving the bottom of the pyramid (as discussed in the contextual analysis). It has very clearly accomplished the task of *tailoring local solutions* and using appropriate technology by taking on the challenge of making its services available in many languages and striving to tailor the information it provides. Social entrepreneurs should take note of RML’s success in using innovative technology to meet its users’ individual needs for highly customized information. Reuters plan to continue to make advances in this regard by working with more markets as well as mobile network and satellite weather companies.

RML has also taken on the task of *improving access* to its services in the face of significant technological challenges. Mobile network coverage in many areas is patchy and farmers have very basic phones thus limiting the way Reuters can transmit its information. These technological constraints are expected to ease in coming years as India’s rural infrastructure becomes more developed. RML is proactively expanding its reach as reflected in its recent collaboration with Maharashtra post offices. Again, social entrepreneurs should make use of this example of using existing institutions and channels to improve access to one’s services. It would be very interesting for RML to explore other such opportunities, for example by collaborating with mobile phone vendors to create RML subscription stations where farmers are buying their phones.

As mentioned earlier, the Market Light venture is fully funded by Reuters. This is an advantage in that because RML does not have an array of funders, it can react quickly to changes in contexts and consumer demands without the obstacles of bureaucracy and red tape. Though the RML venture prides itself on being fully designed, implemented and funded within the Reuters group, there are some downfalls to this characteristic. First, it seems that RML has not been challenged to be fully...
socially accountable because it does not answer to socially-minded funders. It must find its own incentives to improve in this regard. Second, it may be missing partnership opportunities that would benefit it both from a profit and social value creation standpoint. It would be advisable to more actively seek out potential partnerships with other stakeholders including for-profit and non-profit organizations. For example, the Market Light venture would undoubtedly benefit from partnerships with mobile phone vendors to get more phones into the hands of farmers and more mobile phone users to subscribe to RML services.

Reuters Market Light has been somewhat successful in the strategic task of *shaping aspirations* and educating consumers which is also key to success at the bottom of the pyramid. The venture has done this first by establishing sales forces in local markets to educate farmers about RML’s offerings and by providing advisory services in addition to just information through mobile phones. As this case study shows however, the venture could be doing more with regards to this element. Clearly RML is cognizant of this fact as it is already expressing concerns that farmers may need to learn how to effectively use the information they now have access to (Murray). There is some concern that farmers could be misusing some information (for example by waiting too long for prices to rise) and that the learning curve for effective use of the services is too long (Murray and Lehr 5). Evidently, providing just information is not enough and Reuters must therefore place greater emphasis on its advisory services. It could also benefit from partnering with organizations that would educate farmers on how to use this information more effectively.

One of the strategic elements identified in the contextual analysis that RML has not at all addressed thus far is that of *creating buying power*. Creating buying power among poor farmers could significantly increase the venture’s social and profit value creation. One way to accomplish this would be to seek out partnerships with NGOs, agricultural development banks or microfinance organizations interested in empowering the poor through access to finance. In reality as of now, Reuters has only been targeting the relatively well-off top segment of the bottom of the pyramid.
There is therefore undoubtedly potential and room for Reuters to expand its target market to include the lower sectors of the BoP. Again, this would become even more feasible if Reuters began partnering with other organizations to make its services available to farmers who could not afford it on their own.

The Market Light project is already showing that profit is truly enough of a motive to drive companies to tackle poverty by responding to the bottom of the pyramid’s needs. The impact its initial efforts seem to be creating is very promising. As of now however, RML’s *performance tracking* is overly anecdotal. RML does have very concrete numbers and ongoing measurement regarding its growing subscriptions which essentially translates into sales. Because this venture has been launched and managed by a very successful for-profit corporation, is it understandable that the profit value of the venture is being measured more concretely than the social value. As mentioned in the contextual analysis, the concept of blended value creation is increasingly being adopted and should encourage RML to measure and evaluate its social impact as much as its sales performance. The venture is now one year old and already scaling up. It is therefore imperative that it become more socially accountable as it moves forward.

RML’s approach to scaling up this venture is quite commendable. Reuters applied a market test to its idea by running a pilot phase which helped it determine farmers’ needs and willingness to pay for the services as well as to establish an ideal price point. It has clearly applied the principle of listening to users early and often as well as paying special attention to the factors of usability, affordability and desires. It has achieved very smooth transitions between its pilot phase, its shift to a paying service and its official launch. It is very promising to see a technology venture move so quickly beyond a localized small-scale project to a successful venture that is both scaling out and scaling deep. Many social entrepreneurship ventures commit the error of scaling up too quickly and spreading themselves too thin however. Reuters on the other hand has made a very sound strategic decision in waiting until it has built a sizeable customer base in India before scaling out to other countries.
As mentioned in the contextual analysis, the total BoP ICT market in Africa, Asia, Eastern Europe, Latin America and the Caribbean is estimated to be $51.4 billion dollars. Reuters Market Light has positioned itself very well to take advantage of this previously untapped market. While this is a new but booming sector, Reuter Market Light should be aware that competition already exists and will only continue to emerge. This is a very exciting prospect for those at the bottom of the pyramid and a call for further innovation for those who have yet to enter the market. As this analysis has shown, RML has the innovation, social impact, sustainability, replicability, and reach and scope to be very successful at the bottom of the pyramid while creating social value. It serves as a very promising example of the power of corporate social entrepreneurship and will be very interesting to follow as it continues to grow.
REFERENCES


