ABSTRACT

We developed a four-stage model on the strategic evolution of organizations and their respective restructuring. This model follows the pioneering work done by Chandler and has been applied in organizations operating in Latin America whose objective is to create social value. We found the following strategy sequence: specialization, horizontal integration, vertical integration and diversification. They correspond to social entrepreneurial, functional, decentralized and conglomerate organizational structures. Evidence is presented in 20 case studies on social enterprises that were documented as part of SEKN (Social Enterprise Knowledge Network). In addition to developing the model, our research also focused on stages of and responding to change.

Key Words
Strategy and structure, organizational change, nonprofit management

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“Structure follows strategy,” is probably one of the most basic principles of modern management and a product of Chandler’s studies (1962, 1990) on the strategic and organizational evolution of companies to the level of large conglomerates. Companies evolve in a predictable way – a cycle that has been studied in different countries around the world. However, the strategic and organizational evolution of the non-profit sector, of civil society organizations (CSO), such as foundations, NGOs and other start-ups whose main purpose is to create social value, has not been studied much. This document analyzes the evolutionary process of these types of organizations, using the inductive case study methodology (Yin, 1987). It analyzes twenty cases of CSOs that operate in Latin America and Spain (Annex 1). These cases were documented by the Social Enterprise Knowledge Network (SEKN) and were chosen using a “reputation-based” methodology, as exemplary CSOs in terms of performance in their respective countries (SEKN, Austin et al, 2006).

Does the evolution of CSOs fall into a pattern, which can be further divided into stages? Though this has been the guiding research question, it is convenient to ask another one: How could an evolutionary process using stages add value to CSO performance? The first objective of this analysis is to offer a reference framework to CSOs so that they may become more aware of their development level and the path that they have followed and will follow in the future. However, going beyond the identification of a typical evolutionary path and the inherent characteristics of each phase of development, the other main purpose of this research is to offer a set of guidelines to CSO managers to help them administer their organization’s entire evolutionary cycles effectively.

In order to shed light on this objective - to generate understanding on the way these types of organizations grow and change - a general outline of the research results follows. The cases studied offer evidence on a certain sequence of how CSOs develop. This has led to the identification of an evolutionary process encompassing four stages: start-up, institutionalization, decentralization and social conglomerate. However, the underlying question refers to understanding the main factor that provokes the change process. Empirical study of the cases included in the sample shows that strategy is the factor that triggers change processes in CSOs, and as a result, is the variable that marks the change between one stage and the next.

Strategy indicates the organization’s direction and scope in the long-term. It indicates guidelines for aspects that are critical to this process, such as action areas, products and services offered, size and geographic scope, among others. Each stage begins with a marked strategic change, which leads to a period of growth that can last for several years. The stage ends with a new, overall strategic decision. Changes in strategy, in and

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1 Harvard Business School was the location of the most important and innovative group of “business history” in the second half of the twentieth century. Under the leadership of Alfred Chandler (1962) and with guidance from a group of professors, they worked on doctoral theses on the life of companies in several countries, such as Germany, Belgium, France, Italy and Japan (e.g. Rumelt, 1977). Larry Greiner (1972) interpreted this evolution in a five-stage model, with “size” as the determining factor differentiating one stage from the next. Even though this variable is important, as demonstrated in other studies, Chandler (1990) shows that company strategy is the determining factor. Mintzberg (1977) and the French group, Strategor, sparked debate. Kagono, Nonaka et al (1994) added their results with studies on Japanese companies. This debate still continues today.

2 Social Enterprise Knowledge Network (SEKN). This Network began in 2001 as a way to respond to the need in the region to generate intellectual capital on social enterprises. In 2008, 11 business schools in Latin America, Spain and the United States, including Harvard Business School, were participating (Austin et al, 2004, SEKN et al, 2006).
of themselves, present a series of challenges. These challenges lead the organization to develop skills to face them – a condition to move on to the next stage.

For example, the selection of what products or services to offer requires a strategic decision. Even though the organization’s size is an important force that stimulates change, this change is also caused by the strategy that it adopts. Size, apparent in variables, such as the organization’s geographic and service coverage or the number of employees, is subject to strategic decisions. For example, the growth of activities in Intermón Oxfam (Sanz and Vernis, 2004), which is located in Stage IV – Social Conglomerate – is based on a diversification strategy that the organization implemented to operate in different social areas and achieve geographic coverage extending to more than 30 countries.

Generally, CSOs seem to follow a sequence when adopting strategies, which starts with specialization and extends progressively to moderate, and later more intense, diversification. During the start-up phase, specialization is a driving factor. The social action focus of this phase tends to be quite specific, such as technical/agricultural education, providing potable water to low-income families and promoting art as a way to overcome social exclusion, among others. As the organization matures, and usually as a consequence of seeking financial sustainability, a horizontal integration strategy tends to appear. Through this strategy the organization expands its products or services within the same segment. The new services, for example: primary education, university education and technical/agricultural education, become a catalyst for operational efficiency. Therefore, they are frequently the reason – though not necessarily the only one – why an organization moves on to the institutionalization stage. Later, CSO growth is based on vertical integration, which implies offering services different from those in the original segment but located along the same value chain; this makes management more complex due to the different nature of the services. This causes movement into Stage III: decentralization. The organization may remain stable or grow for several years under a decentralized structure; however, movement into the next stage is again provoked by a strategic change. This time the organization moves into intense diversification, or in other words, an expansion of the CSO’s activities to products or services that are completely different and non-related. The diverse nature of the new areas and products offered creates more complexity in organizational management and control. Then CSOs become social conglomerates, made up of several specialized units in different social areas that are autonomous but operate under the guidance and coordination of the mother organization. At this level of development, coordination among the different units or divisions, horizontal relationships and authority, the need for synergies and economies of scale become the key management issues.

Changes in the organization’s strategy, as mentioned above, also require changes in organizational structure. The process of going from a specialization strategy to one of horizontal or vertical integration, and later to one of diversification, is not easy. It implies constant internal learning, which drives changes in structure and authority relationships. This learning process may last for years. People may make unnecessary efforts, which could be avoided using experiences from other organizations that have faced similar situations. Though no one recipe exists, the experience of the CSOs studied indicates that using centralized structures in Stage I, functional structures in Stage II, divisional structures in Stage III and matrix structures in Stage IV is convenient and appropriate. Each change in strategy should be accompanied by a
change in the organizational structure, which allows the organization to satisfy new demands in order to assure effective management.

However, an implicit question still remains: what sparks these changes in strategy in the CSOs? The cases analyzed illustrate two types of efforts that influence strategic decisions. The first corresponds to internal efforts, represented by preferences and convictions expressed by the CSO’s leaders. The second relates to external efforts that commonly include variations in donor preferences, the appearance of new social needs that demand priority attention or changes in legislation. A change in donor preferences, or a reduction in donor support as part of a policy to stimulate self-sustainability in the CSOs, are the most frequent causes of strategic changes, as will be seen below.

Before reviewing the research results in detail, it is important for the reader to understand the importance of implementing “tailor-made” management practices in each one of the stages that CSOs pass through as they evolve. **Figure 1** presents an outline of this framework.

**Figure 1:** Strategies and Evolution in Civil Society Organizations

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**Source:** Elaborated by the authors.
Stage I: Start-up
During the past few decades, the phenomenon of CSO start-up and expansion has grown in intensity. These organizations frequently begin with some awareness that an individual or group develops about the needs or existing social gaps in a community or in protest against some action. However, starting-up a CSO is not an easy task. Start-up is the most difficult stage since the founder, or founders, must face a series of challenges, among which are fundraising for the start-up, forming a team and getting the organization going — a process that in and of itself implies a series of adjustments.

Typically during the start-up stage, members of a CSO maintain an internal culture highly dedicated to the mission and make personal sacrifices for the cause. The founder/leader’s influence and impact is quite apparent. A start-up founder usually fulfills a series of roles and exercises personal leadership based on a strong dose of charisma. His/her main motivation is to create positive social impact — though this is not measured formally — and the organization’s service model is developed using trial and error. The main challenge is to merely exist, which includes the start-up phase and later keeping the organization operational. This challenge, in turn, requires the organization to develop an ability to exist and survive, using its founder’s entrepreneurial skills and creativity. Other characteristics typical of this start-up stage are a lack of systematic management and control instruments and frequent and informal communication among employees.

The case of the Asociación Comunal de Salud, Agua y Medio Ambiente, ACOSAMA (Pérez et al, 2004) illustrates some typical characteristics of organizations in the start-up stage. This relatively small and young organization was established in 2000, and its mission is to manage water supplies for residents in the La Loma community in El Salvador. Many times management decisions were communicated to staff informally. Likewise, Board of Directors meetings were frequent and occurred as needed (no established schedule). The organization’s strategy had not been written and several Board members also executed operational functions. Frequent and informal communication was possible due to the constant presence of Board members at the administrative office and the small number of employees who worked from the same location. The organization was able to establish itself and fulfill its mission during its first few years using an informal system that allowed it to quickly respond to demands; however, the need to formalize its practices soon became apparent.

Specialization as a strategy
In the start-up stage, the strategic focus is established along with the organization. Though the strategy may not necessarily be explicit or documented at first, the CSO’s focus or mission is quite apparent. CSOs are interested in clearly defining their general strategy and work systems from the beginning due to an essential need to fundraise in order to actually start-up the organization. Therefore, they try to make their social action clear, legitimate and attractive to donors. Almost all CSOs studied began with a specialized strategy. See Exhibit 1 for more information on their start-up strategies and evolution. For example, the start-up strategy of Corriente Viva (Bose et al, 2004) was to strengthen CSOs in Brazil by creating a civil society network. The strategy of Fundación Abrinq (Mariotto et al, 2004) was to defend the rights of children and adolescents. Codesser’s (Koljatic y Silva, 2004) start-up strategy was to provide technical/agricultural education. Even when analyzing CSOs that diversified while developing and later formed social conglomerates, like Feya Alegría, Intermon Oxfam
and Colsubsidio, one finds that they began with very focused start-up strategies. In the case of Fe y Alegria (Marquez et al, 2004) its start-up mission was to provide a high-quality, Catholic education for the poorest communities. Intermón Oxfam’s was to raise funds and channel resources to international cooperation projects. The mission of Colsubsidio (Gutiérrez et al, 2004) was to offer subsidies to large, Colombian families through benefits packages.

**The challenge to exist and develop the organization’s feasibility**

This challenge to exist involves a basic need to find resources to finance the start-up, putting the first projects into operation and making adjustments to achieve a certain level of stability. The start-up of Fundación Pro Vivienda Social –FPVS (Roitter et al, 2004) illustrates this fundraising challenge. The founders’ first attempt to raise funds with a group of Argentine businesspeople failed. They wanted to create a fund to offer microcredits for housing construction done by homeowners. The businesspeople’s response was that it was not possible to create this type of fund with only private resources; it also required government support. However, the organization was unable to get government support since federal housing construction funds had been decentralized. After several months, in 1992, as a result of new meetings with the group of businesspeople, FPVS was able to transform their idea into a project, even though it still did not have financial resources. It was not until 1994, after a technical team worked hard on designing and planning a housing microcredit program, which was documented in three volumes, that they were finally able to get the resources to create a capital fund. ACOSAMA’s start-up illustrates a similar experience. In this case fundraising efforts to build a water supply system started in 1991; they were finally successful in 2000. Even though these experiences show the difficulty experienced in fundraising, they also illustrate the importance of having assessed the social problem well and having a strategic plan written to demonstrate how problems will be addressed. These elements can accelerate the fundraising process since they facilitate formal communication about the cause’s legitimacy, and as a result, donor support.

Once fundraising issues have been overcome, the new challenges are beginning operations and maintaining the organization. First a team is selected. Implementation processes for the first activities and projects many times require a series of adjustments to the organization’s initial plans. Issues, such as identifying activities that do not produce desired results, discovering that objectives have been too ambitious or experiencing cuts in funds, affect how CSOs operate and require other adjustments. For example, the Argentine organization, Crear Vale la Pena (Berger et al, 2004), whose mission is to promote art as a way to contribute to social inclusion, had to change how it worked after its first few years, mainly due to economic limitations. It had mostly worked by replicating Community Culture Centers. This led to a new mechanism that promoted associative development, rather than replication; however, the organization still followed its general strategy to use art to encourage social inclusion. The new systems supported the creation of national and international networks for cooperation and exchanges, which supported art for social development.

The founder/leader’s entrepreneurial skills and charisma are key to the organization’s start-up stage. Even though the organization’s success or failure in this stage lays mostly in the hands of the founder, as the organization overcomes obstacles during its first few years, it also strengthens its own ability to exist. Implementation of the first programs and projects, and the positive social impact that can result, are the first signs
of a healthy organization. Its feasibility is demonstrated as it develops internal capacity to achieve its future sustainability. Developing this capacity mainly relies on two fundamentals: the commitment shown by the CSO’s members to its social cause and consensus among its different stakeholders about the legitimacy of its mission. The first provides the organization with the internal strength needed to overcome challenges presented in the first years and take steps toward operational efficiency, and the second gives it approval and external support, which are necessary to drive its development.

The case of Instituto Brasilero de Defensa del Consumidor –IDEC (Bose y Teixeira, 2004) illustrates how an organization’s feasibility is developed. Its founders, Marilena Lazzarini and Josué Rios, first focused on carrying out quality tests for its products and services and publications in magazines. Even though that strategy proved to be successful to some extent, both depended on financing from cooperation agencies. Since IDEC’s activities were not a priority for financing agencies in the services sector, the founders initiated an intense and systematic effort to find resources. Faced with obstacles, Marilena and Josué stopped their other professional activities to dedicate themselves completely to IDEC and even put in their own financial resources. Josué Rios began to develop a legal area directed toward collective legal actions to solve problems faced by consumers. Working together with the Universidad Estatal de Campinas, they involved law students and were also able to use volunteers to support the cause. They held several assemblies with consumers, whose rights had been violated, and this gave them the idea to change consumers into associates using magazine sales and information, thus contributing to their own income generation. Despite the obstacles faced, the leaders’ commitment to IDEC, their team and the organization’s legitimate cause, led to external support from donors, volunteers, their own consumers and public institutions, like the Universidad de Campinas. This allowed the organization to continue to operate and provided the basis needed for later institutionalization.

**The convenience of a centralized organizational structure**

The way that CSOs organize themselves is particularly important. Experience suggests that it is convenient to use simple organizational structures centralized around the founder during the first few years of operations. One of the advantages of this type of structure is the founder/leader’s direct control and supervision of the organization. He/she is able to do this since social services offered during those first few years tend to be specialized, and the organization is relatively small. In addition, centralized decisions allow the leader to know what is going on and obtain valuable information directly from the source; this can be quite useful when making adjustments and improvements in this start-up stage. For example, in Fe y Alegria, Father Veláz, the organization’s founder, took advantage of his ability to communicate and his charismatic personality to start the movement, win over supporters and grow the organization using a centralized structure. During its first years, Father Veláz’s involvement and his team’s personal motivation in all aspects of Fe y Alegria assured that it began operations and made progress. Nevertheless, as Fe y Alegria grew and expanded to other countries, its organizational structure had to change.

Similarly, when Asociación Chilena de Seguridad –ACHS (Koljatic and Silva, 2004) was started, its organizational structure centered around its founder, Eugenio Heiremans, facilitating a focus on the organization’s mission, assuring control and motivating personnel. By making centralized decisions, the founder was able to know
what was going on and act in a timely and personalized fashion with each member of
the organization. Likewise, this promoted frequent and effective communication that
took into account perceptions and opinions from the organization’s different areas.

Transition to institutionalization
The factor that usually ends the start-up stage and triggers the beginning of the
institutionalization stage is the change in strategy from specialization to horizontal
integration. This new strategy involves offering new services, which makes informal
management difficult. The organization’s main focus becomes efficiency and
effectiveness. For example, the Hogar de Cristo organization (Portocarrero et al, 2004)
began managing homes for children and adolescents in vulnerable situations. Later, it
expanded its area of attention to create homes for people with disabilities and the
elderly. This expansion created a true need to organize its administration. Some visible
signs of this need for institutionalization were: the use of informal mechanisms to
coordinate objectives, a lack of job positions descriptions and functional manuals, a lack
of training programs, and, in general, the need to implement management systems and
indicators. Father Martín Sanchez’s (the founder) charismatic and centralized leadership
style - making all decisions – began to lose effectiveness under the new system, which
required greater focus on operational efficiency, functional separation and delegation.

Though an increase in the product or service line stimulates the formalization of
management practices in order to achieve greater efficiency and effectiveness, it is not
the only reason behind an institutionalization process. Even when a CSO remains
specialized in offering just one service, as it expands and grows for greater
operational efficiency, it will sooner or later need to become more institutionalized. The
Comité para la Democratización de la Informática –CDI (Wilner et al, 2004) has
maintained its strategy since its foundation in 1995 to create Computer and Citizenship
Schools (EICs for their name in Portuguese) by collaborating with community
organizations. Once the EIC receives donated equipment and is created, CDI commits to
supporting its development. In 2005, ten years after its foundation, CDI had created and
supported 962 of these schools, both in Brazil and internationally in ten other countries.
Before expanding regionally, CDI began an internal systematization process for its
management practices in order to achieve greater operational efficiency. This served as
a platform for its later growth.

So far, the start-up stage has been analyzed. In sum, management in this stage is
based on a specialized strategy within a centralized organizational structure and timely
communication and control mechanisms. Though these factors are the most favorable
during the first years of operations, as CSOs begin to grow, they find that these
procedures are not necessarily the most convenient. The need to organize management
practices to achieve greater operational efficiency throughout the institution becomes
more apparent and marks the start of institutionalization.

Stage II: Institutionalization
The institutionalization stage is characterized by formalization processes in the
organization’s different areas. Typical measures in this process include adopting a
formal organizational structure, which is usually functional; the implementation of
management systems; the systematization of policies, processes and procedures; and the
clear definition of roles for the Board of Directors and other management personnel.
Human resources management also needs to be adjusted. Though staff members do not
necessarily need to be trained professionals in the start-up stage, as the organization expands its services, hiring experts on specific topics becomes a priority. Likewise, training needs, performance evaluations and incentives all have to be addressed. These changes and the CSO’s growth during this period normally require the guidance of a strong leader, who can manage this organization process. The challenge in this stage is to institutionalize, and the organization must develop operational management processes. Institutionalization is one of the most important milestones in the evolutionary process of CSOs, once they have created the foundation for their growth by overcoming the first stage’s trial and error processes.

**Horizontal integration and its effects on the institutionalization process**

A horizontal integration strategy can increase the organization’s need for formalization. Even if new services are very related to the original product or service, they require more resource management and administration of new activities. Though they may be similar to the original areas of work, they present their own particularities. Some examples of organizations that began to expand their activities within the same segment are Gob Menorca, the Instituto Brasilerio de Defensa del Consumidor (IDEC) and Fundación Pro Vivienda Social. Gob Menorca began as an environmental research and education, and beginning in 2000, it started developing relationships with different sectors to promote alternatives that were socially and economically feasible to protect the Island. While all of these activities continued to focus on environmental protection for Menorca Island, the objectives were specific. As a result, human and economic resources and administrative efficiency became more important. The effects of this more complex management became apparent when both the organization’s employees and director identified weaknesses - a lack of planning instruments and a need for better human resource management. These became the organization’s priority items.

IDEC, an organization that expanded its areas of action from awareness campaigns and product and service quality tests to collective legal action in cases in which consumer rights had been violated, and Fundación Pro Vivienda Social, which expanded its focus from housing improvements to urban infrastructure and zoning, illustrate a scope of activities within the same segment and how this expansion can act as a catalyst for the institutionalization process.

**The challenge of institutionalization and developing operational management capacity**

The institutionalization process requires management skills from a responsible leader who can provide guidance. This leader should have the ability to organize, delegate and motivate personnel, as well as the ability to align different stakeholder needs and expectations strategically. However, the challenge to institutionalize also requires the organization to develop and strengthen its operational management ability. This is what allows the organization to manage its human and economic resources efficiently and effectively and use them for formal structures or mechanisms in the organization. This capacity permits the organization to become more independent of its founder or original leader by establishing systematic management processes. Once they are developed, the organization’s administration and continuity extend beyond people since its operations become based on respecting the structures, policies, systems, processes and procedures that are in place.
The Colombian organization Profamilia (Gutierrez et al, 2004) is a good example of this institutionalization process and the development of operational management capacity. This organization grew quite quickly at the beginning (second half of the seventies) due to increasing demand for family planning services in Colombia. This demand led the organization to grow to one thousand employees. However, its growth uncovered administrative deficiencies that became critical. Therefore, the founder, Fernando Tamayo, decided to initiate a rigorous organization process that even included hiring outside consultants. Some examples of the corrective measures taken were the creation of administration and control systems, the organization of a management team into five functional areas, the establishment of policies and procedures and the implementation of information and strategic planning systems. In general, he created awareness about the need for administrative efficiency, which caused a change in attitude among directors and employees.

The Asociación Chilena de Seguridad (ACHS) had a similar experience. In this organization operational efficiency was constant from the time that it adopted its management indicators early on, and later through its implementation of management systems and instruments in almost all of its areas. This was one of the success factors that led ACHS to have the largest market participation in its industry. Examples of other organizations that experienced similar institutionalization processes and were able to consolidate themselves in their sectors are Codesser, Intermón Oxafam, Fe y Alegría, Colsubsidio, and INBIO (Tartre and Ogliastri, 2004). These organizations were able to develop and strengthen operational management capacity internally, which created the bases from which they expanded and diversified their operations.

The convenience of a functional organizational structure

The institutionalization process implicitly requires the formal adoption of an organizational structure. However, once the decision to formalize is made, the challenge becomes to decide on the best way to organize resources. Questions should be asked about selecting the most appropriate type of structure for the organization given its level of development at the time and how to take advantage of that structure to facilitate the institutionalization process. Even if the structure that is selected will inevitably be different due to each organization’s particular characteristics, it is best to use a functional structure because of the patterns that typically surface for CSOs in this institutionalization stage. They generally have expanded their areas of work to some degree, they are small or medium sized and they still do not have any true level of diversification, which justifies a decentralized structure. Due to these characteristics, the functional structure is the most appropriate; it facilitates control, stimulates specialization and avoids a duplication of efforts.

Therefore, the creation of functional departments around the CSO’s activities and mission become the structural pillars for institutionalization. This is clearly illustrated in the case of Fundación Pro Vivienda Social. FPVS’s organizational structure was divided into an operational area in charge of implementing and controlling the credit program, an administration area responsible for general administration and client follow-up and a technical assistance area that offered advising and training for housing construction. All of these areas reported to one manager. Another example is the case of Asociación Civil Labor (Portocarrero et al, 2004). This organization’s functional areas
were administration, institutional development and planning, mining environmental management and urban environmental management. Clear definition of tasks and responsibilities, which is possible through the adoption of a functional structure and centralized reporting to one manager, is frequently how the institutionalization leader channels other formalization processes. Once the structure is defined and the managers for each functional area are selected, the process leader can work with them and other experts to continue promoting initiatives for greater efficiency and systematization.

**Transition to decentralization**

Even though the functional structure offers many advantages during the institutionalization stage, as the organization expands its products and services, administration using this type of structure begins to become less effective. Some of the disadvantages that can surface are a bottleneck in decision-making due to greater operational responsibilities or the functional managers’ lack of knowledge about specific topics related to new products or services. In addition, there can be coordination problems as a result of greater complexity in administering these areas, which are becoming increasingly different. These aspects begin to slow down the organization, making the need to decentralize more apparent.

INBIO, an organization whose mission is to protect biodiversity in Costa Rica, began an expansion strategy mainly motivated by an interest in financial sustainability. INBIO began vertical integration by creating a recreational park, as well as looking for commercial uses for natural resources through formal research agreements with multinational pharmaceutical companies. The addition of these activities, among others, motivated the organization to begin decentralizing by creating five product divisions with independent management: inventory and monitoring, which controlled information on species diversity and ecosystems in the country; conservation, responsible for decision-making processes for biodiversity protection and sustainable resource use; education, in charge of administering INBioparque recreational park that educated visitors about Costa Rica’s natural resources; bio-technology, a division in charge of developing and applying computer resources in bio-diversity research; and bio-prospecting, responsible for research on the sustainable use and commercial application of diverse resources.

It is important to review the basic management guidelines of the institutionalization stage. The main lessons to be highlighted are the appropriateness of using functional organizational structures and the importance of developing and incorporating operational management capacity into the organization. It is also important to remember that the institutionalization process is typically started and accelerated by two efforts stemming from strategic decisions: the first, and most common in CSOs, is the adoption of a horizontal integration strategy, and the second, and less common, is an expansion of operations within the original segment, or, in other words, maintaining specialization. Both changes require more resource administration, creating a need to systematize administrative practices and the organization’s institutionalization.

**Stage III: Decentralization**

CSOs tend to adopt decentralized structures when they begin implementing vertical integration or diversification strategies. New products or services, even if they are created in the same value chain, are different enough to require particular management. This creates pressures to form independent units by product or service. The challenges
resulting from this new strategy is decentralization and the ability of the organization to develop autonomous functional units. To facilitate operations in this stage, organizations frequently adopt an organizational structure based on divisions. Each division operates like an individual organization with its own costs and benefits. Under this structure, the autonomous divisions appear on the first line of the organizational diagram under the Board of Directors and the general management. They tend to have direct control over the areas under them.

The new units or divisions make their own decisions, which allows the organization to respond more quickly and strengthen its ability to expand. With decentralized administration, central managers have more time to dedicate to information analysis, supervision, and the identification of synergies and to make strategic decisions. Likewise, delegating responsibility and authority helps motivate lower levels of the organization by empowering staff members with greater commitment and incentives to improve their performance. However, there are two issues that should be addressed when delegating. One is that executives that are in place before and after the decentralization process may react to having lost power. The other is that lower-level executives may not feel comfortable assuming greater responsibilities. In order to prevent or lessen this type of inconvenience, it is recommended that the organization practice frequent and effective internal communication before and during the decentralization process. This communication should focus on explaining why the changes are being made and the benefits they will bring; it should also clarify any questions or doubts. Organizations should also be quite careful when selecting the teams who will be in charge of managing and controlling each division so as to assure that their new responsibilities and independence are delegated well.

**Vertical integration as a strategy**

Even though most organizations create decentralized structures after adopting a vertical integration strategy, this is not the only way decentralization can happen. A jump from a specialization or horizontal integration strategy to one of diversification could also lead to decentralized management. Fe y Alegriá offers a good example of how a vertical integration strategy, and later one of diversification, led the organization to decentralize. The organization’s work at the beginning was formal school education (specialization). Later it expanded its activities to include radio, alternative and non-formal education (horizontal integration). Then, it introduced programs to train teachers and elaborate educational materials (vertical integration), as well as offer services promoting social programs and community development (diversification). The ramification process for their services led to restructuring, which resulted in operations with independent units. The centralized structure focused around Father Velaz – the organization’s founder – was useful during its first few years; however, as the organization expanded its services, this structure became less effective. Therefore, in 1975 local country leaders were given autonomy. The local Fe y Alegriás were given independence and became local, decentralized units at all levels, including the schools.

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3 This included literacy programs in Spanish and special education program for children with disabilities, among others.
The challenge of decentralizing and developing the ability to operate in autonomous units

Delegating both responsibility and authority and having a more participatory leadership style seem to be useful ways to face the decentralization challenge. In addition, achieving decentralization requires forming teams able to administer the newly-created units efficiently. One way to empower the division managers even more is to involve them in the organization’s strategic decision-making. This also contributes to aligning the units’ operations with the CSO’s general strategy. Even though the newly-created units should operate autonomously, there are certain activities that should remain centralized in order to assure control of the organization. The centralized areas should correspond to departments supporting the divisions, such as information systems, accounting and finance, public relations and institutional image, among others. Likewise, defining reporting mechanisms from the divisions to the central management is a good idea. These reports should be spaced out so that they do not reverse the speed and reduction in bureaucratic processes that resulted from decentralization.

Facing the challenge of decentralization implicitly leads the organization to develop its ability to operate using autonomous units. This should be understood as the CSO’s ability to manage efficiently and effectively through independent divisions while always maintaining reporting lines to the central management. Developing this ability requires control at two levels: centrally, in terms of a strategy related to the organization’s mission, and at the divisional level, where the strategy is implemented – referring to the operations and administration of specialized units. The founder, or whoever exercises leadership in the institutionalization stage, frequently manages at the central level, providing general supervision and making strategic decisions, for example, to close or open new autonomous units. The leader empowered in each division is responsible for operational decisions, exercising control and driving the unit to meet established goals.

A good example of how expanding service lines led to decentralization is the case of the Chilean organization, Codesser. This institution began managing schools specialized in providing technical agricultural education. Later, they expanded their operations to manage industrial, forestry and gastronomy schools. The key to this expansion was the autonomy created as part of the institutional governance system. Each school made decisions and operated independently as a separate cost and income center; however, there was a mechanism to provide periodic accounting and reporting to the central management. In sum, the institution was managed by two areas: the central management with an executive administrator as the General Manager, and the local management, called the Advisory Council. This local council was in charge of supervising and controlling each school’s director, which provided the organization with great independence and speeded up the system. By adopting a decentralized system, Codesser operated a large number of schools focused on four, quite different technical education areas efficiently: agricultural, industrial, forestry and gastronomy.

The convenience of a divisional organizational structure

A divisional structure in the organization is recommended when the CSO offers distinct goods and services that require individual administration. This makes even more sense when the organization is geographically dispersed, since distance and a lack

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4 The schools were created as educational and productive units. The agricultural land where the students practiced was used to generate income from the sale of agricultural products. They also generated income by selling training services for workers and land-owners.
of knowledge about the realities of each area make decision-making even more difficult. In addition, when an organization operates using a divisional structure, having participatory management is recommended. Experience suggests that defining institutional goals through a participatory process and by consensus and division tends to produce better results than vertical processes to identify objectives. The case of Colsubsidio, an organization that expanded its social services in different areas, illustrates the usefulness of having a management team that participates in decentralized divisional structures. Its divisions include housing, education and recreation, commerce, social marketing (supermarkets) and health. This CSO’s managers participated actively, a practice that was first introduced by one of its most famous leaders, Carlos Arango. For example, the organization defined its strategic plan using a participatory process, consulting different divisions, through the lowest levels of employees. Likewise, it became apparent that divisional managers had been empowered by having autonomy and control over their unit.

Fundación Abrinq, which began operations in 1990 with the mission to defend the rights of children and adolescents, also provides a good example of the benefits of having a divisional structure when expanding social services through strategic vertical integration or diversification processes. Even though the organization’s original mission was to defend the rights of youth through campaigns and formal legal action and by influencing public policy, they later expanded their services to include primary education for poor children, education for workers and complementary education, as well as create programs to improve the health of children living in marginalized areas. In order to operate in all of these areas, the Foundation had to adopt an organizational structure using divisions that reported to the central management.

**Transition to social conglomerates**

The breaking point of this stage is determined once again by strategic decisions. Here, this relates to movement from a vertical integration or moderate diversification strategy to one of intense diversification. Under intense diversification, the divisional structure grows, creating a lack of coordination, a loss of control and, in some cases, the creation of power conflicts. In addition, it tends to create duplications of administrative efforts and the central staff’s location and roles become more difficult. The convergence of these factors marks the beginning of Stage IV, the social conglomerate. Complex administration creates a need for greater coordination and control efforts and puts pressure on the management to find synergies and economies of scale.

Though having a diversified strategy can be the starting point for a CSO to become a social conglomerate, this condition alone is not sufficient to cause this change. As will be seen below, the organization’s size and capacity to administer complex organizational structures, which imply advanced levels of coordination and the ability to take advantage of synergies, are key variables to determine if a CSO is diversified or a conglomerate.

The Asociación Chilena de Seguridad (ACHS) has diversified its focus to offer preventive health and personnel selection services; however, its main area of work continues to be the offer of labor security services. This had facilitated an administrative system using a mostly functional structure centered around its founder, Eugenio Heirmans. As the organization’s peripheral activities are strengthened – those not forming part of its core areas if new activities are adopted and gain force, ACHS
will be closer to becoming a social conglomerate. Codesser is an example that is transitioning into this conglomerate stage. This organization is managed in a decentralized manner and has diversified its range of technical education services in several areas: agriculture, industry, forestry and gastronomy. In addition, it also administers agricultural land and develops training for farm workers.

**Stage IV: Social conglomerate**

A social conglomerate is a group of organizations or units that independently develop social enterprises, and despite having their own organizational structures, work under the same group strategy. In this context, working in teams of representatives from different areas and adopting organizational structures with horizontal or crossed lines of authority are useful ways to take advantage of synergies and economies of scale. In addition to the central management’s role of providing strategy and control, it also has to make greater efforts to coordinate among the different units making up the conglomerate. Therefore, coordination becomes the main challenge. Dealing with this requires the organization to develop effective relationships among its different units so that they can take advantage of synergies, economies of scale and scope, stemming from greater efficiency. Few of the cases studied have reached this level of organizational development.

**Diversification strategy and size as elements creating a conglomerate**

Though social conglomerates originate with intense diversification strategies, it is important to ask the following question in order to clarify this concept: Can a CSO that is created with diverse areas of action, or from very early on opens its areas of action to different social topics, be considered a social conglomerate? If the organization operates on a small scale and under a centralized or functional structure, the answer is no. For a CSO to be considered a social conglomerate, the activities in the different areas have to mature and reach considerable volume. The organization’s size and organizational structure are two typical characteristics that can be used to differentiate whether a diversified CSO is a conglomerate or not. Of the twenty organizations studied, the ones that are truly social conglomerates are Colsubsidio, Fe y Alegría and Intermón Oxfam. These organizations have over 1,000 employees, operate using a decentralized system with divisions or a matrix structure and work in diverse social areas, each with a large number of projects and programs. If each of the organization’s units does not have a large number of activities, warranting separation into autonomous divisions, the organization is not a conglomerate. Rather, this situation corresponds to an organization with a main service and specific projects in different areas that are outs of its core areas; this allows the organization to continue operating using a functional system. As the peripheral activities grow and become more robust, the entity has to evolve to a more decentralized system, which is linked to more complex organizational structures.

Fundación Proyecto Paría (Brunicelli and Piñango, 2004) and Fundación Comunitaria Oaxaca (Maass and Serrano, 2004) are two cases of organizations that continue to have a relatively small amount of activities, though their projects are developed in many social areas, due to the fact that their operations are restricted to specific regions: the Paría peninsula and the Oaxaca region, respectively (see Exhibit 1). In both cases a local focus and size have made it possible for these organizations to keep using their relatively simple and centralized organizational structures despite working in different social areas. These organizations should be seen as diversified
institutions with a clear focus in a geographic region, rather than social conglomerates. On the other hand, Intermón Oxfam, as a result of its expansion into different work areas and growth, has transformed into a clear social conglomerate after half a century of operations. It began operations in 1956 with a clear strategy to find resources and channel them to technical international cooperation projects. It has grown to become a CSO with more than 1,200 employees and operations, cooperation and development projects in different social areas in more than 40 countries. Intermón’s organizational structure is decentralized by product or service into four main divisions defined by area: international cooperation, fair trade, humanitarian aid and campaigns and studies. These divisions have the support of the communications and marketing, human resources and internal management departments. Even though operating as a social conglomerate has meant that Intermón Oxfam – and in general the other CSOs that have reached this level – has faced and had to overcome a series of challenges, it has also offered the opportunity to take advantage of a series of benefits.

In general terms, the benefits of operating as a conglomerate can be seen in the potential that the structure offers to the organization to take advantage of synergies and economies of scale, such as institutional strengthening, knowledge transfer among divisions and a reduction in costs as a result of the centralization of some functions. Another benefit is the prestige, credibility and trust that are received from both donors and beneficiaries thanks to institutional frameworks. Developed CSOs with this advantage can receive resources to finance projects in new areas much easier than start-ups. For example, Intermón Oxfam, when its case was documented, had one of the strongest brandnames in Spain, and in the past four years, has doubled its budget due to its ability to fundraise.

Knowledge transfer on common or related topics among units that form part of the conglomerate accelerates their development. Frequently, new units benefit from the older units’ experience and learning in administrative areas. Colsubsidio is an example of an organization that was able to expand based on a clear decentralization policy, but with a focus on empowerment and participatory management, which made it possible to transfer information and knowledge among its different divisions.

The centralization of some administrative areas, such as human resources, the legal department, general accounting, fundraising and institutional image, is convenient because these areas are frequently shared among all units; centralization can reduce costs considerably. In these cases savings due to a reduction in staff and lower costs thanks to the use of established infrastructure are quite apparent. Centralizing tasks related to institutional image and fundraising not only lower administrative costs, but they also offer the advantage of providing an outside perspective on the CSO’s different areas of work, which, as mentioned previously, strengthens the organization’s brand. In the case of purchasing, centralization is subject to how geographically diverse the conglomerate’s divisions are. In some cases it is more convenient to standardize equipment, parts and inputs and purchase large volumes in order to take advantage of economies of scale.
The challenge of coordinating and developing the ability to take advantage of synergies and economies of scale

In the previous stages the CSO has shown its mission is feasible, it has learned to be efficient and effective and it has been able to develop the capacity to manage autonomous units. Now it must develop its ability to take advantage of synergies and economies of scale based on effective coordination and the centralization of some functions in order to increase efficiency. Internal and external communication, as a way to achieve this coordination, becomes fundamental. Fluid and systematic communication through Intranet, scheduling meetings with representatives from the different divisions, and the circulation of internal magazines, among other steps, permits the organization to assure that information is transferred from top to bottom within the conglomerate and horizontally between its units, thereby assuring effective coordination.

On the other hand, it is necessary to promote external coordination since it becomes a vehicle through which to generate new alliances and strengthen existing ones. Alliances must be developed in order to take advantage of synergies between the conglomerate and its outside partners. Internationally Oxfam, in addition to forming part of Oxfam International and aligning its strategy with the network’s, develops alliances with local movements in the countries where it implements its development and humanitarian aid projects. Forming alliances requires the organization to put into practice and refine its ability to cultivate relationships and coordinate joint actions with its outside partners.

Internally, the challenge to coordinate includes channeling the different units’ efforts into the common, overall strategy, without losing their individual strategic focuses and operational autonomy. The central management, together with the different units, should develop the conglomerate’s strategy. A similar participatory process should be carried out internally in each unit or division in order to form each of their strategic focuses. Even if coordination involves the entire organization, the central management and unit leaders are in charge of guiding the process. The general management must also define common strategic guidelines for different units, coordinate critical functions so that the conglomerate operates efficiently in fundraising and distribution, define goals and transfer knowledge.

Fe y Alegría, a comprehensive education and social promotion movement that operates in 14 countries in Latin America and Spain, offers a good example of how a social conglomerate can develop its ability to take advantage of synergies and economies of scale through coordination. This movement was organized into national offices that, despite having functional autonomy, shared the institution’s values. The International Federation of Fe y Alegría (FIFyA for its name in Spanish) coordinated the movement, stimulating collective actions, promoting cooperative projects among member countries, encouraging communication among the national offices and establishing the basis for dialogue with international organizations, among others. In this case the individual parts of FIFyA were in charge of coordination. This allowed the Federation to take advantage of synergies and economies of scale by transferring knowledge in the education sector, fundraising and others, and centralizing some of these functions. Likewise, the process to define the strategic plan was participatory, without affecting the country divisions’ independence. There was a common mission for the organization, one for the Federation and one for each national office. Effective and organized communication allowed each part to interact successfully. Fe y Alegría
had a system, which included Intranet, international congresses and vertical meetings, which facilitated communication and ensured that the decisions made at the highest levels were communicated downwards, and vice versa.

In complex structures, like the conglomerates, it is common for tensions to arise among the different operational units, whether over economic resources or conflicts of interest between the activities that are developed. When faced with this situation, it is recommended that the organization create clear policies and procedures to avoid or manage potential conflicts. For example, Intermón Oxfam has several divisions dedicated to different areas, including: international cooperation, fair trade and campaigns and studies, in addition to its support divisions: communications and marketing, human resources and internal management. People who work in these departments had their own sub-cultures, which created internal tensions since open discussion was part of this organization’s culture. For example, some were more focused on effective and efficient institutional management, while others were more interested in the organization’s mission and vision; others thought that Intermón Oxfam should concentrate its activities in formal legal action and mobilization efforts, but others were more interested in developing projects. These were just a few of the problem areas in the organization. Despite these issues, the institution was clear about the fact that when potential conflicts arose between the communications and marketing department and the campaigns and studies one, the latter always had priority. In these cases organizations cannot please everyone, but they also should not cause problems by meeting the needs of only some of the areas. The most important issue is to maintain unity and harmony among the different divisions and departments, by aligning the them with the conglomerate’s values and mission.

**The convenience of a matrix structure**

The implementation of a matrix organizational structure is recommended for this stage. This type of structure corrects coordination problems that can arise in functional and divisional structures, stimulates the efficient use of resources, provides opportunities to train personnel and allows for a balance between the different units’ objectives to resolve conflict. In addition, this structure promotes teamwork between the different areas, which helps the organization take advantage of synergies and economies of scale. Typically, this type of structure is implemented due to needs for coordination; resources that have to be shared among areas, divisions or projects; and pressures from the central management to have greater control over the conglomerate. However, some of the disadvantages of this type of structure stem from command lines and complex authority relationships. In extreme cases this structure can cause bureaucracy and drag down the organization.

Fe y Alegría almost exhibits a matrix structure since it has crossed authority and reporting lines. For example, identity project coordination, educational training project coordination and the Fe y Alegría/Inter-American Development Bank’s project coordination are all under the guidance of the General Coordinator; at the same time, they have reporting lines with the 14 national offices. The national offices also have horizontal reporting structures using national coordinators in the different areas. This type of structure clearly promotes coordination and control and adds value to the conglomerate’s units.
**Final reflections**

The study indicates that a very clear pattern exists in the CS O development process, which can be divided into four stages. Likewise, empirical evidence from the organizations analyzed shows that strategy is the factor that triggers evolution from one stage to the next. Strategic changes follow a trend from specialization, to horizontal integration, vertical integration, and finally intense diversification. Even though not all CSOs follow this path, it seems to be the most frequent and the one that most facilitates the development process of internal capacities needed for movement into the next stage.

Each strategic change involves challenges. The organization must develop its own ability to face them. Once these capacities are incorporated into the organization, they become the basis from which to confront new challenges that come along in the following stages. Therefore, if a CSO is not able to develop operational management abilities in Stage II, it will be quite difficult for it to face the challenge of decentralization and incorporate the ability to function with autonomous divisions in Stage III. Even though there is much overlap with the dominating theory presented by historians studying companies, who indicate that strategy is also the determining factor for the development stages of for-profit organizations and that each strategic change implies new challenges and restructuring within the company, when the motivations for these strategic changes are analyzed for other types of organizations, several notable differences are found.

Even though classic and neo-classic economic theories indicate that under conditions of zero transaction costs and competitive equilibrium there is no economic reason to form holding companies or multi-business corporations since market mechanisms and internal organizational structures within the conglomerate are perfect substitutes, this is not what happens in practice. Economic theory also maintains that the growth of holding companies can mainly be explained by two things: 1) either it is more economically efficient for the companies operating individually to come together due to transaction costs, resource specialization, or market failures, or 2) the creation of a holding company is based on the managers’ personal motivations to create multi-business corporations to satisfy their own interests, like to have greater power or labor security by diversifying risk. Even though no theories exist about the motivations people have to create social conglomerates, the experiences of the CSOs studied suggest that they are different from those that are present when creating holding companies.

One of the main reasons that CSOs start diversification strategies is to achieve financial sustainability. This objective frequently arises because the original donors reduce their support due to changes in preferences about which social areas to finance or because of the CSO’s own decision to create new areas of action to generate income due to an anticipated reduction of funds in the future. Another common reason why they increase their range of social services is the discovery of new needs that must be attended to because they are related to the current work areas or because they correspond to social problems that require priority attention. Even though the cases studied did not explicitly mention motivations, it can be assumed that behind each of the

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organizations’ diversification strategies there was a desire for financial sustainability, and that behind that, there was the leaders’ own personal motivations. These motivations could be sparked by an interest in assuring job stability or a desire to achieve visibility or get public recognition for the social work accomplished. While motivations for diversification and the formation of conglomerates in companies are mainly due to an interest in economic gains – mostly in the form of synergies, economies of scale or tax benefits – in CSOs, the expansion of social services is mainly determined by an interest in financial sustainability and the need to respond to a greater number of social demands and problems. Even though a social conglomerate can benefit from synergies and economies of scales in several ways once formed, this factor becomes a positive effect rather than the reason why the social services were expanded – something that is different from holding companies.

For example, the Chilean organization Codesser expanded its original services of administering technical/agricultural training centers to create technical/industrial schools because it found that there was also a great need in rural areas to train mechanics to work on tractors, electricians and specialists in agro-industrial machinery. Colsubsidio, Fe y Alegría and Intermón Oxfam also expanded their products and services as a result of their leaders’ decisions and interests in meeting new social needs. The cases of INBIO, Instituto Brasilero de Defensa del Consumidor (IDEC), Asociación Chilena de Seguridad, and Asociación Civil Labor, among others, clearly show that the trigger factor for diversification was the need for financial sustainability.

A diversification strategy for social products and services as a way to achieve sustainability should be seen as a positive practice as long as the institution’s strategy, in the broadest sense, does not become distorted, and its original mission is not lost. For example, for many of the organizations studied, even if they expanded their services, they still conserved their original focus. Codesser is an example of this; it continued to offer services in technical/agricultural education. Fundación Abrinq continued to defend the rights of children and adolescents, and Gob Menorca still protected the environment on the Island. Even though all of these organizations expanded their activities to some degree, the products and services that were added were mostly developed around their original, overall strategies.

Even the most diversified CSOs, like Colsubsidio, Fe y Alegría and Intermón Oxfam, continued to offer their original services, though they channeled their efforts to develop new ones, as well. Diversification and the formation of social conglomerates should not be seen as processes that break with the organization’s mission. Rather, they are an expansion of the overall focus, and as a result, of the organization’s commitment to create social value. These organizations’ experiences show that creating new social enterprises under the umbrella of a conglomerate clearly offers more benefits than disadvantages.

Another point that is important to mention is the correlation that exists between the variables of the CSO’s age and size and where they are located in the evolutionary process. Organizations that have been able to form social conglomerates are clearly older and have been able to grow, as seen in their number of employees and geographic coverage. Even though strategies influence size, organizations also require a period of learning and maturation to reach stages of greater development. As CSOs incorporate lessons learned from similar experiences, they can accelerate their learning curve, and
as a result, their evolutionary processes. Therefore, carrying out “tailor-made management actions” for critical aspects, such as organizational structure and skills needed in each stage, will not only assure the CSO’s continuity, but even more importantly, it will provide the basis from which it can accelerate its development and maximize its social impact.
References


Exhibit 1: Strategic Focus Evolution in the Civil Society Organizations Analyzed.

<table>
<thead>
<tr>
<th>Civil Society Organization</th>
<th>Strategy at start-up</th>
<th>Areas of work (year 2004)</th>
<th>CSO age in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermón Oxfam</td>
<td>Fundraise and channel resources to technical international cooperation projects.</td>
<td>* International cooperation.                                                                                                                                   * Campaigns and studies.                                                                                                                                                * Fair trade.                                                                                     * Humanitarian aid.</td>
<td>49</td>
</tr>
<tr>
<td>Pro Familia</td>
<td>Offer family planning services and carry out campaigns on topic.</td>
<td>* Sexual and reproductive health center.                                                               * Coordinate youth programs.                                                                                                                                                * Coordinate displaced persons programs.</td>
<td>40</td>
</tr>
<tr>
<td>Asociación Civil Labor</td>
<td>Offer policy training to workers</td>
<td>* Articulate environmental management processes.                                                                                                                * Encourage training on urban environmental management.                                                                                                                  * Incorporate agro-ecological techniques.</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors.
### Exhibit 1: Strategic Focus Evolution in the Civil Society Organizations Analyzed (cont.)

<table>
<thead>
<tr>
<th>Civil Society Organization</th>
<th>Strategy at start-up</th>
<th>Areas of work (year 2004)</th>
<th>CSO age in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>INBIO</td>
<td>Inventory and bio-prospecting in Costa Rica.</td>
<td>* Inventory of bio-diversity.</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Bio-prospecting (look for commercial applications).</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Recreational park.</td>
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<td></td>
<td></td>
<td>* Advisory services, courses, workshops.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Eco-tourism.</td>
<td></td>
</tr>
<tr>
<td>Fundación Proyecto Paría</td>
<td>Create socially-feasible tourism project.</td>
<td>* Rural education.</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Community health.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Promote savings and loans.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Improve cocoa production.</td>
<td></td>
</tr>
<tr>
<td>Fundación Abrinq</td>
<td>Defend rights of children and adolescents</td>
<td>* Prevent and eradicate child labor.</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Youth education.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Worker and complementary education</td>
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<tr>
<td></td>
<td></td>
<td>* Child and adolescent health.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Influence public policies.</td>
<td></td>
</tr>
<tr>
<td>Fundación Pro Vivienda Social</td>
<td>Offer credit and technical assistance to people building their own homes</td>
<td>* Urban infrastructure.</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Títulos.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* El Sucro agronomy school.</td>
<td></td>
</tr>
<tr>
<td>Fundación del empresariado chihuahuense (FECHAC)</td>
<td>Rebuild area devastated by natural disaster</td>
<td>* Center for Civil Society Formation</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Productive development program for Adults.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Integral Development Program for indigenous.</td>
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<td></td>
<td></td>
<td>* Inter-institutional program for indigenous.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Promote CSR.</td>
<td></td>
</tr>
<tr>
<td>Fundación Comunitaria Oaxaca</td>
<td>Improve quality of life for marginalized and vulnerable populations in Oaxaca.</td>
<td>* Micro-regional development.</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Promote CSR.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Focus on gender.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Serve children, youth and excluded groups</td>
<td></td>
</tr>
<tr>
<td>Comité para la Democratización Informática</td>
<td>Promote use of technology and computers in marginalized areas.</td>
<td>* Create computer schools in marginalized areas.</td>
<td>10</td>
</tr>
<tr>
<td>Hogar de Cristo</td>
<td>Offer housing, education and health services to poor children in Lima.</td>
<td>* Manage homes for poor children and adolescents.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Manage homes for children with disabilities</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>* Assistance for poor.</td>
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<td></td>
<td></td>
<td>* Productive unit administration (bakeries, restaurants, etc).</td>
<td></td>
</tr>
<tr>
<td>Fundación Crear Vale la Pena</td>
<td>Promote art to achieve social inclusion</td>
<td>* Create and administer Cultural Community Centers.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Form cooperation networks to promote art.</td>
<td></td>
</tr>
<tr>
<td>Contenta Viva</td>
<td>Create CSO networks to support and strengthen the organizations.</td>
<td>* Support CSO network members</td>
<td>5</td>
</tr>
<tr>
<td>ACOSAMA</td>
<td>Supply water for La Loma community</td>
<td>* Supply water to La Loma community</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Elaborated by the authors.*