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**SOCIAL ENTERPRISE - CASE STUDY FROM AFRICA****Realizace sociálního podnikání - případová studie z afrického prostředí****MONIKA NOVÁ**

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**Annotation**

*On the strength of her past experience, the author of the paper describes a project of social enterprise undertaken in the African country of Malawi. The paper seeks mainly to assess a bakeshop project in the context of a social enterprise being implemented from 2014 to 2017. Having chosen the qualitative method of research, the author relied on the techniques of observation, semi-standard interview and the SWOT analysis. The research sample consisted of the bakeshop personnel, namely young people aged 15 to 25 who were never employed but always depended on financial and material assistance. These people could not complete their basic education. The research results can be beneficial, among others, for those who plan to offer developmental cooperation in the form of social enterprise. Particularly the SWOT analysis laid bare the associated strengths, weaknesses, opportunities and threats. If the poor of the world, about a billion persons, are to be lifted from poverty, the financial aid provided from abroad will have to be channeled into specific territories most threatened by the problem. As follows from our conclusion, foreign developmental assistance will have to be preceded by a closer analysis of environment and of impacts that the process may have on individuals and communities. Such analysis should be culturally sensitive and should also consider the aspects of cultural anthropology.*

**Key words**

*Africa, opportunity, social enterprise*

**Anotace**

*Autorka příspěvku představuje na základě své praxe zrealizované sociální podnikání v africkém státě Malawi. Hlavním cílem příspěvku je zhodnotit projekt pekárenské dílny v kontextu sociálního podnikání v časovém horizontu r. 2014-2017. Pro výzkum byla zvolena metoda kvalitativní a technika pozorování, polostandardizovaný rozhovor a SWOT analýza. Výzkumný soubor byl tvořen účastníky, kteří pracují v pekárenské dílně. Mladí lidé ve věku 15-25, kteří nikdy nepracovali a jsou závislí na pomoci finanční a materiální. Disponují nedokončeným základním vzděláním. Výsledky jsou určeny i pro potencionální realizátory, kteří chtějí do rozvojové spolupráce vstoupit na úrovni sociálního podnikání. Ukazují na základě analýzy SWOT možná rizika, ohrožení, příležitosti. Uvádíme, že vymanit zhruba miliardu světové populace z chudoby spatřujeme v konstatování, že pravděpodobně bude nutné naleznout kompromis mezi finanční pomocí od dárců ze zahraničí do konkrétních územních jednotek, které jsou ohroženy chudobou. V závěrech potvrzujeme, že bude nutné pro rozvojovou pomoc plynoucí ze zahraničí, provádět důkladnější analýzu konkrétního prostředí a dopadů směrem ke komunitě a jednotlivci a to i v kontextu kulturní antropologie s využitím kulturně senzitivního přístupu.*

**Klíčová slova**

*Afrika, příležitost, sociální podnikání*

**JEL classification:** I25, L31, N37

**Introduction**

The way that people relate to their jobs is in a large measure contorted. That is why we should endeavor to make the working activities more meaningful for both the workers and the society. The core principle of social enterprise lies in pursuing socially beneficial activities with the help of economic tools. Moreover, the people should be

encouraged to undertake initiative on their own, to boost their self-confidence and to seek & find meaning in their labor. Thus defined, the principle of social enterprise gives the work an ethical dimension and many experts see it as "the enterprise of the 21st century". Spreading globalization heightens the need of supporting the local and community aspects of human life. Supranational companies and chain operations exploit their economic strength to lay down conditions that are favorable to them but damaging to the minor local producers and local providers of services (Reilly, 2016). The social enterprise draws on local resources of limited size and in doing so it helps, at least to some extent, to compensate for the adverse effects of the globalization processes (Glopolis, 2009).

The increasing awareness in recent decades of the potential contribution of social enterprises to the economy and society is hardly surprising in view of the growing number of third-sector organizations, namely, the segment of the economy that is made up of neither public nor business concerns. (Wronka, 2013). Despite growing interest in social entrepreneurship and social economy, the literature in this topic is still fragmented, especially little research was done on critical success factors (CSFs) of social sector organisations. empirical studies focused on the area of social enterprise in African countries was processed by Wirtschaftsuniversität Wien and are available on the University Web site.

Based on the research by the author Wronka (2013) who identified his article as critical success factors of social enterprises operating in social settings. The study demonstrates ten variables as contributing to the success of the social enterprises: (1) strong leadership; (2) motivation and commitment of employed people; (3) enabling legal/regulatory environment; (4) attractiveness and clarity of innovative concept; (5) management expertise; (6) key personal qualities for front line service delivery; (7) effective collaboration with public sector; (8) social capital; (9) local community involvement; and (10) keeping and distributing accurate financial records.

## 1. Malawi

We have launched our social enterprise project in the African country of Malawi by building a bakeshop on a school's premises. Having first considered the economic and consumer-related aspects, we chose this trade also in view of its small market typical of the very low buying power of the locals and their traditional focus on South African goods. The customers pay primary attention to the price and the quality takes the back seat. A major obstacle to competitiveness is posed by cheap and ever increasing imports from China.

Malawi belongs to countries with the densest population per square kilometer. It stands as one of the least developed and poorest countries of the world. Malawi's economy is restricted and depends substantially on agriculture and international aid. The country has to grapple with a host of problems such as unfavorable climatic conditions; difficult freight transportation; neglected infrastructure (particularly as regards electricity and water); lack of qualified labor; very rapid growth of population and galloping deforestation that the process entails; corruption and inefficient state administration - all factors impeding economic development.

### Factors behind our decision to promote social enterprise in Malawi

A major factor affecting the tough situation is a restricted access to education. The recent decades have seen an expansion at all levels that the Malawi educational system has. The primary schools had their tuition fees cancelled, thus causing a rapid increase in the number of pupils. During a single year (1994 to 1995) the school population rose by almost one million persons (NSO, 2012). This dramatic rise deteriorated the quality of instruction and boosted the number of pupils who had to repeat a school year or who did not complete their primary education at all. The secondary schools also experienced an enormous pressure to admit as many pupils as possible. Another stumbling block of Malawi education is its gender imbalance. While at the primary schools the boys and girls have reached equilibrium in the last decades, the percentage of girls studying secondary schools and universities goes progressively down. One more factor we found motivating was the fact that the rate of successfully passing what is known as the "junior exams" at secondary schools has dropped to the current 20% (Nová, 2017). This drop can be put down to the excessive number of pupils in a class; to poorly qualified teachers; and to the deficiency of teaching materials.

### 1.1 Project description, its objectives; fundraising

The project aims at young people who failed to complete their primary or secondary education. Its principle objective is to ease the financial and social situation jointly faced by orphans and other underprivileged youth aged 15 to 25.

To put the idea of social enterprise into practice, we have built a professional bakeshop in the capital city of Lilongwe. The shop does also the duty of a production plant, training center and the goods outlet where the young people pick up commercial skills and learn the basic art of baking.

The bakeshop was erected on the premises of a school for apprentices. The effort was greatly facilitated by contacts that the author developed during the previous years and by her proper understanding of the situation. At present, the bakeshop benefits sixteen young people whose current circumstances and socioeconomic situation would not otherwise allow them to qualify as professional bakers.

In our support to the social enterprise we concentrate also on working with the most talented individuals. These are rendered financial assistance great enough to help them initiate their own business activities in the trade. Putting the social enterprise to the best use, we endeavor to be helpful in developing the most depressed provinces of Malawi. Adequately assisted, the young people move to such provinces where they realize their business plans.

### **Emergence of the project**

Nová (2016) said that the project "emerged in response to the dismal situation at schools". The idea was inspired by social enterprise projects under way in Europe.

## **2. Method**

### **Project objectives**

The project aimed primarily to:

- help those who were unable to complete their primary or secondary education;
- give the young people practical vocational training and boost their chances of landing a job;
- reduce dependence on developmental projects and reliance on aid from foreign NGOs as typical of young people who never worked and who spent their childhood supported by all kinds of assistance programs.

The funds used to finance the project came from several countries. The project was sponsored also by companies based in the Czech Republic. The greatest sums, however, were contributed in the form of individual sponsorship gift from the EU and USA.

### **Paper objectives and research questions**

#### *Research target*

The paper seeks mainly to assess the bakeshop project in the context of social enterprise as being implemented from 2014 to 2017. Concurrently we attempted to map the dependence on aid provided to the shop from developmental project.

#### *Research questions*

- 1) Why was the bakeshop built?
- 2) How is the project going on?
- 3) What are the project's results?

We have opted for qualitative research, i.e. a method which does not rely on measurable characteristics. To make the picture as comprehensive as achievable, the process happened against the backdrop of real-life environment. The data were collected in a prolonged contact with the target group in the bakeshop itself and also outside of it. The information thus acquired builds up a comprehensive picture of the phenomena we examined. The qualitative research offers a multitude of methods and approaches instrumental in amassing detailed information on the subject of interest (Hendl, 1999).

#### *Applied research methods*

The research unfolded through observation and interrogation. A constituent of importance was data analysis. To specify the techniques adopted: we chose the semi-standard interview and the SWOT analysis.

#### *Research sample*

The research sample consisted of the bakeshop personnel, namely young people aged 15 to 25 who were never employed but always depended on financial and material assistance. They did not manage to complete their basic education.

### 3. Results

Below you will find a selection of results:

#### SWOT analysis

The SWOT analysis is conducted to identify the strengths, weaknesses, opportunities and threats of projects. The procedure allows to achieve full and detailed understanding of external environment and internal potential of projects (Bělohávek, 2008) in an effective and easy-to-reference manner.

#### Internal factors

S - strengths:

*Intimate and family character* - limited number of employees (16 at most); the operations are organized to suit the character, i.e. working with the youth.

*Individual approach* - family-like care is given to each person separately; sensitive treatment;

*Comprehensive care* - special focus on the social aspects and practical training; working with the most talented persons and helping them to start their own businesses.

*Reduced dependence on aid* - provided from developmental projects, by foreign NGOs, etc.

W- weaknesses:

*Cultural differences* - because of dissimilarities between African and European cultures the project management and the project staff communicate and work differently.

*Burnout syndrome* - extreme exertion of workers (the idea implementers and managers); overall exigency of the job; daily grind; losing long-term motivation.

#### External factors

O - opportunities:

*Project stabilization* - providing well established and stable working facilities; paying regular wages.

*Family model introduction* - operating bakeshop of a family type in practice; giving inspiration for future projects.

*Cooperation with relevant subjects* - enlisting cooperation with other facilities in this field; organizing events; offering assistance, advice and ideas.

*Fundraising* - securing local and foreign donors.

*Expansion of services* - organizing (as reasonably manageable) e.g. vocational training sessions and courses; weekend courses for the public.

We will train the young people and impart them our hands-on experience so that they can start their own businesses.

T- threats:

*Project funding* - keeping the project long-term viable; high operational expenses; missing financial reserves (in case of heavy rain, draught and/or political instability).

*Cultural differences* - rejecting projects organized by "foreigners"; "Europeanization" of African business.

*Stigmatization & prejudices* - as they are stemming from the cultural differences.

*Follow-up business* - insufficient readiness to confront reality after leaving the social enterprise practiced in the bakeshop.

*Stable project staffing* - personnel highly strained; people almost unable to substitute for each other; everyday operations threatened in case a staff member is lost.

#### 3.1 Key findings and final results

The author believes that a project of this concept, i.e. a bakeshop operated as social enterprise, can be easily spread and implemented as a solution to educational problems afflicting the developing countries. Consequently, it can provide inspiration for also other organizations. The project originator expressed the rationale behind her belief in the ease of the project's implementation as follows: "...a relatively small acquisition cost will buy us job opportunities and thus an income for the locals. Many developing countries face educational problems and the poverty in their wake, and this is an effective way of tackling the problems."

We are happy to point out that 23 young people out of the group of 29 who, before joining the bakeshop project, did not attend school; were not gainfully occupied; and had to rely on aid from developmental projects, no longer seek assistance and no longer receive any help from developmental projects. Nine of the young persons were able to put their newly developed baking expertise to good use and won paid jobs in the trade. Another 10 people have received financial support so that they could launch their own businesses. This support was provided on condition that they would repay 25% of the acquisition cost within 2 years. Ten persons remained in the bakeshop. Vacancies

created by those who left the shop are filled by new applicants. The social enterprise project has also induced 9 persons to requalify, and despite of not becoming qualified bakers, the people landed other jobs in the trade or in gastronomy.

The bakeshop built in Malawi keeps on the market despite of the fact that pastry is otherwise readily available. The demand is boosted by different local tastes in sweet products and by affordable prices. The same beneficial effect is achieved by selling the goods in the in-house school outlet and by a well organized sale in nearby villages that are regularly supplied. The Africans living in remoter villages greatly appreciate especially long-life pastry. The efficiency of the operations is also enhanced by careful supervision and profit checks conducted by the author and project originator in conjunction with her team of trained managers, who monitor the business on daily basis.

#### **4. Discussion**

The author has chosen the theme of social enterprise in Africa driven by her extensive experience in providing social and healthcare services in developing countries. Another reason behind her decision to treat the subject of social enterprise lied in the fact that it has recently been much discussed; it has already substantially developed in Europe; and its model can be easily transferred to other countries, the developing ones included. The matters of consequence, however, are the necessity of adjusting to the local conditions and careful planning not only before the implementation proper but also at the time of launching the project on the spot. Our practice leads us to believe that the social economy currently quickly developing within the entire western world can be applied in the developing countries just as well. The beginning implementers of social enterprises can hardly avoid a multitude of stumbling blocks that the developing countries put in the way of founding social businesses as regards legislation and funding. An advantageous position may belong to those who know the local conditions; are experienced in managing local projects; can find their ways in the local business environment; and are well versed in working with financial & business plans.

We have not found governments and sponsors, both local and foreign, very forthcoming as regards the social enterprise and foreign grants needed to fund the developmental assistance. The governments / sponsors are obviously unable to fully appreciate the benefits of this type of business and, by extension, the job opportunities it may create for the people of Africa. Certain reluctance to sponsor the projects of social enterprise that we observe in the developing countries can be put down to the fact that we still miss in-depth researches and inquiries into this subject and its effects.

Interviews held with those respondents who were subsidized so that they could establish their own baking businesses revealed these facts: they appreciated advice on marketing, management and cash-flow control that was provided to them in regularly organized workshops and seminars with obligatory attendance. They were aware that without the advice and the subsidies given to them their own resources would not suffice to start the business. They also mentioned the importance of know-how that they acquired, and the skills they developed in attracting new customers and retaining the old ones. They placed a high value on consultations about their future business plans, particularly as regards sober appraisal of their strengths and weaknesses. The recent emergence of digitization stimulated an interest in PR and its potential value for doing business on social networks. On the strength of our experience we are convinced that financial consultancy comes first - particularly as regards the cash-flow control. For practical purposes we would suggest cooperation in providing services, namely in delivering pastry to schools, orphanages, hospitals and the like.

#### **Conclusion**

This paper summarizes our experience of social enterprise in the developing countries of Africa. It records our findings and mentions personal stories of people involved in the effort. The document tries to link the theoretical foundation with our practical observations.

Our research of the already completed bakeries in Malawi and our Zimbabwean experience gave us a chance of comparing the theoretical basis of social enterprise (the idea) with its practical workings in the developing countries, with special attention paid to reducing the dependence on aid programs and developing projects. We have found that social enterprise has to face different starting conditions in different African countries, but our practice leads us to believe that all the obstacles (legislation, red tape, corruption) can be surmounted and social enterprise can succeed.

We accept that social enterprise in itself cannot solve the major problem of unemployment in the developing countries, but it can suitably complement the tools and activities of developmental cooperation, reducing



dependence and boosting self-reliance. Our hands-on experience allows us to say that the practice of social enterprise can bring to fruition many ideas and working activities in the future.

As follows from our researches, the target group profited from their engagement in the social enterprise, improved their lives, achieved recognition and found their way in life. The people attained a new position in their community and became independent from aid programs (e.g. Child sponsorship) and developmental assistance rendered from abroad.

We may conclude that the employment and the preliminary training it required made the people previously "disadvantaged" more self-reliant and independent of any help schemes. This development had numerous positive effects upon their families, their communities and the country as such. Still, there are quite a few issues yet unsolved that should attract future attention.

Perceived from the viewpoint of implementers, we believe that the subject of social enterprise in developing countries must not be dismissed. This belief is driven primarily by the fact that social enterprise is not treated in the developmental projects as a matter of paramount importance, regardless of their ambition to reduce the dependence on developmental aid. Though the social enterprise is still at its early stage in Africa, our practice tells us that its potential is considerable.

The subject matter of social enterprise is a broad one and, after a time spent in the developing countries, we may conclude that they too keep offering new topics for researches and surveys. Since this paper could not cover the phenomenon in its entirety, there is still a space open for studies and investigations.

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***The theme and research of this paper Social work carried out abroad - intercultural competencies was realized from the project: Právní a společenské aspekty migrace a problémy postavení menšin - Progres Q05.***