

# **The Importance of Entrepreneurship in Reducing Poverty**

*The Role of Citizen Entrepreneurs in Reducing Poverty in Developing Countries*



**university of  
 groningen**

**faculty of economics  
and business**

**University of Groningen, located in the Netherlands**

**Faculty of Economics and Business**

**MSc IB&M**

**Supervisor Dr. B.J. Pennink**

**30 June 2014**

**Armanda Kieft**

**S2352184**

**Billitonstraat 6**

**9715ES, Groningen**

**Phone number: 06 16 80 54 46**

**[a.h.kieft@student.rug.nl](mailto:a.h.kieft@student.rug.nl)**

## Table of Contents

Abstract .....	5
1. INTRODUCTION.....	6
1.1. The importance of entrepreneurship for poverty reduction and economic growth.....	6
1.2. The need for social entrepreneurship to a better society .....	7
1.3. Research design.....	8
1.4. Aim of the research .....	9
2. EXPLORING THE FIELD OF LOCAL ECONOMIC DEVELOPMENT AND SOCIAL ENTREPRENEURSHIP .....	10
2.1. Local economic development.....	10
2.2. Entrepreneurship in different parts of the society .....	11
2.3. Act locally .....	13
2.4. Understanding the impact of social entrepreneurship .....	14
2.5. Measuring effectiveness .....	15
2.6. Conceptual framework .....	16
3. THE APPROACH TO EXAMINE THE ROLE OF CITIZEN ENTREPRENEURS.....	17
3.1. Multiple case studies .....	17
3.2. Case study selection .....	18
3.3. Case study analysis.....	19
3.3.1. How to develop theory? .....	19
3.3.2. What steps need to be taken to develop theory? .....	21
3.3.3. Deductive strategies .....	22
3.3.4. Evaluating quality of data analysis.....	22
4. EMPIRICAL FINDINGS: CITIZEN ENTREPRENEURS IN ACTION .....	23
4.1. Salim Dara, Africa (Benin): training the young for self-employment and agricultural entrepreneurship .....	23
4.2. Gabriela Enrique, Mexico: finding underserved markets for micro entrepreneurs.....	26
4.3. Dr. Reddy, India: creating self-sustaining farms that increase the income of farmers .	29
4.4. Karim Sy, Africa (Senegal): creating collaborative working spaces for entrepreneurs	33
4.5. Fida Abu Turky, Palestine: encourage rural woman entrepreneurs .....	35
5. THEORY DEVELOPMENT: THE SOCIAL PHENOMENON OF CITIZEN ENTREPRENEURS.....	38
5.1. Theoretical framework .....	39
5.2. Referring back to the original conceptual model .....	40

5.2.1. Specifying the impact of the citizen entrepreneur in the local community.....	40
5.2.2. Replacing local entrepreneurial activities via networks and relationships.....	41
5.2.3. Replacing the level of systemic social change to increase local economic development .....	41
5.3. Problem identification .....	42
5.3.1. Social objective .....	42
5.3.2. Economic objective .....	43
5.3.3. Identify political and economic issues .....	43
5.3.4. Identify socio-cultural, technological and legal issues.....	45
5.3.5. Identify micro environment issues .....	45
5.3.6. Identify internal environment issues .....	45
5.3.7. Identify interlinked issues .....	45
5.4. Opportunity recognition .....	47
5.4.1. Previous experiences with social activities .....	47
5.4.2. Educational background .....	48
5.4.3. Own difficulties with society .....	48
5.5. Initiatives.....	49
5.5.1. Tackle the economic environment .....	49
5.5.2. Tackle the socio-cultural environment .....	50
5.5.3. Tackle the ecological environment .....	50
5.5.4. Do not tackle the political environment directly .....	50
5.5.5. Human resources .....	51
5.5.6. Financial resources .....	51
5.5.7. Physical and technological resources .....	51
5.5.8. The use of different resources .....	51
5.5.9. The use of social capital to develop and acquire resources.....	52
5.5.10. The role of the citizen entrepreneurs with their initiatives.....	54
5.6. Outcomes.....	55
5.6.1. The use of external networks to create change.....	55
5.6.2. Monitoring performance .....	56
5.6.3. Level of systemic social change .....	56
5.6.4. Amount of local entrepreneurial activities .....	57
5.6.5. Experience different outcomes .....	58

6. CONTRIBUTION OF THE DEVELOPED THEORY TO OTHER THEORIES AND SOCIAL PROGRAMS .....	58
6.1. How does the theory contributes to the World Bank LED approach? .....	59
6.1.1. Comparing the LED approaches .....	59
6.1.2. Main differences between both LED approaches.....	60
6.1.3. Main similitities between both LED approaches.....	60
6.1.4. How to review the approach?.....	61
6.1.5. Which LED approach is more effectively? .....	63
6.1.6. Examine the relationship between the LED strategic planning process of the World Bank with the original and new developed model .....	63
6.2. How does the developed theory and the World Bank LED approach contribute to the LED approach of Canzanelli? .....	66
7. CONCLUSION .....	68
8. LIMITATIONS AND FURTHER RESEARCH .....	70
REFERENCES.....	72
APPENDIX     I Multi-level model for Local Economic Development (Pennink, 2014).....	75
APPENDIX     II Definitions.....	76
APPENDIX     III Measuring effectiveness approach.....	77
APPENDIX     IV Extensive case study data .....	80
Case study 1. Salim Dara, Africa .....	80
Case study 2. Gabriela Enrigue, Mexico .....	83
Case study 3. Dr. Reddy, India.....	88
Case study 4. Karim Sy, Africa .....	93
Case study 5. Fida Abu Turkey, Palestine .....	98
APPENDIX     V LED strategic planning process     (Swinburn, 2006).....	104

# The Importance of Entrepreneurship in Reducing Poverty

The Role of Citizen Entrepreneurs in Reducing Poverty in Developing Countries

Armanda H. Kieft\*

*Faculty of Economics and Business, University of Groningen, Groningen, The Netherlands*

---

**Abstract:** Entrepreneurship plays an important role in reducing poverty in low-income economies. This research explores the role of citizen entrepreneurs from developing countries in stimulating local entrepreneurial activities within local communities. Citizen entrepreneurs are individuals that are operating within the citizen sector to encourage people for self-employment by creating initiatives for them. Five real-world case studies of citizen entrepreneurs are analyzed through the process of data analysis of Hennink, Hutter, and Bailey (2010), which build on theory. New inductive theory is developed during this process of data analysis which explains the theoretical framework of understanding the social phenomenon of how citizen entrepreneurs stimulate local entrepreneurial activities effectively in order to increase local economic development. This theoretical framework is built upon four steps: (1) the citizen entrepreneurs identify problems in the macro, micro and internal environment, (2) recognize an opportunity to solve these problems, (3) develop initiatives to tackle problems in the macro environment; by creating economic, socio-cultural and/or ecological initiatives, and in the internal environment; by developing resources in terms of physical resources, financial resources, human resources, technological resources and use social capital to acquire more resources that cannot be developed independently, (4) and the last step includes the outcomes of the initiatives, which are based on the amount of local entrepreneurial activities and the level of systemic social change to increase local economic development in the local community. However, the approaches of the citizen entrepreneurs cannot be directly replicated by other countries, as they all face different local conditions. Although the individual cases can be valuable for communities that face similar society problems.

**Keywords:** Social entrepreneurship, citizen entrepreneurs, local entrepreneurial activities, local economic development, systemic social change

---

---

\* Armanda H. Kieft, Master student International Business and Management, Faculty of Economics and Business, University of Groningen, the Netherlands. E-mail: a.h.kieft@student.rug.nl.

## 1. INTRODUCTION

### 1.1. The importance of entrepreneurship for poverty reduction and economic growth

Entrepreneurship plays an important role in reducing poverty in low-income economies. It creates a way that the poor can escape from the cycle of poverty, which has predominantly characterized low-income economies (Adenutsi, 2009). The poverty cycle is a vicious cycle wherein poor people are trapped in poverty (see Figure 1). This occurs when poor people do not have the resources necessary to get out of poverty, such as financial capital, education, or

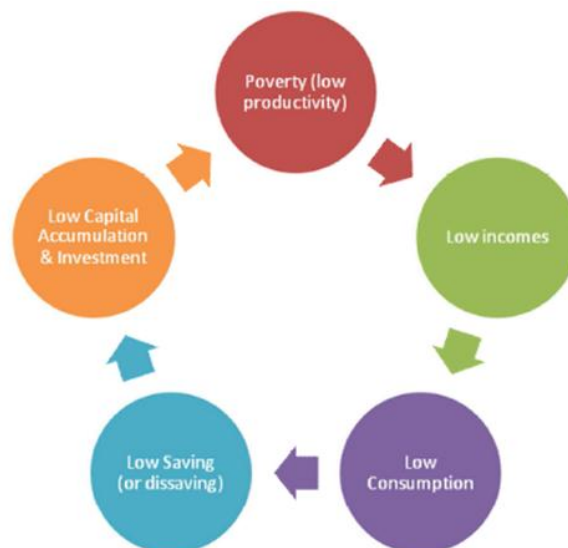


Figure 1 The vicious cycle of poverty

connections. Adenutsi (2009) describes that poverty is arising from low productivity and this low productivity causes low real per capita income, low consumption of essential life-sustaining commodities, low savings, and low capital formation (see Figure 1). This suggests that the vicious cycle of poverty is set in motion (Vincent, 2004).

Furthermore, Adenutsi (2009) argues that entrepreneurship is the catalyst for economic growth and development through job creation, income empowerment and poverty reduction in an economy. However, to extent the culture of entrepreneurial thinking and promote entrepreneurship in an economy, it is insistent for governments and other relevant institutions to search for functional policy goals (Vincent, 2004). Although Vincent (2004) argues that entrepreneurship is a major contributing factor to economic growth, entrepreneurial ability and leadership tend to be relatively lacking in low developed countries (LDCs). Collier and Batty (1992) have identified five primary reasons for the shortage of entrepreneurs in LDCs. Firstly, this includes the limited profit opportunities which exist in LDCs as a result of lower per capita incomes and limited markets. Secondly, poorly developed capital markets make it difficult for potential entrepreneurs to borrow the funds needed to establish new businesses and take advantage of new investment opportunities. Thirdly, poorly developed infrastructures hinder the development of new commodity and resource markets as well as suppressing the efficient operation of existing ones. Fourthly, sometimes social, cultural and religious beliefs and attitudes attach little importance to

monetary gain, restrict economic and social mobility, or assign very low status to entrepreneurs. And fifthly, an unfavorable economic and political climate might discourage the development of entrepreneurial talent and initiative. Collier and Batty (1992) mention that it is often argued that in light of these barriers, governments hold the key in opening doors to aspiring entrepreneurs in LDCs. Which is in line with Adenutsi's (2009) argument, as they both define the importance of governmental support on promoting entrepreneurship in an economy.

## **1.2. The need for social entrepreneurship to a better society**

Bjerke and Karlsson (2013) write that most societies are a product of history, meaning that not all societies are best suited to solve the present and future problems. They say that 'the society cannot successfully be renewed from the top or from the center. To solve society problems, continuous learning by all key actors at all levels is necessary' (2013:13). Furthermore, they believe that social entrepreneurs, who are acting locally, become more important in our society. They see social entrepreneurs as people that want to use their possibilities as citizens in the society, by operating within the citizen sector of a society in more or less public places (they also call them citizen entrepreneurs). Bjerke and Karlsson (2013) are convinced that these people can do something about our society problems in an effective way. This citizen sector focus of Bjerke and Karlsson (2013) is different from the current studies as these mainly focus on social approaches of institutions (e.g. World Bank's local economic development projects) or businesses (corporate social responsibility plans) to stimulate local economic development.

Moreover, the local acting perspective of Bjerke and Karlsson (2013) is shared by more authors. Pennink (2012), for instance, defines that theories and attempts were focusing more on how to set up economic activities on a macro level, rather than building up the economic capacity of a local area. In addition, Mair and Martí (2006) believe that social entrepreneurship cannot be understood in only an economic sense like entrepreneurship in the business sector, but needs to be investigated within a social context and the local environment.

Furthermore, Murray (2009) believe that social entrepreneurs are not a new solution by themselves to a better society, but are a necessary part of it due to the unstoppable growth of social and environmental issues which governments as well as the markets are unable to solve the way they look today. Bjerke and Karlsson (2013) believe that sustainable structural

improvements and institutional changes are necessary in order to create a society to function effectively.

### **1.3. Research design**

In addressing these above perspectives and issues on entrepreneurship, arises the following research question: *How can local entrepreneurial activities be stimulated effectively by citizen entrepreneurs in order to increase local economic development?* To find solutions to this research question, sub questions are developed to create a structural way to answer it. These sub questions are the following;

1. *What is social entrepreneurship?* As above is mentioned that social entrepreneurship plays a role in local economic development, a clear definition of social entrepreneurship is needed to understand the purpose of this research.
2. *What are local entrepreneurial activities?* To create clearness around the research question, we first have to understand the definition of local entrepreneurial activities.
3. *What are citizen entrepreneurs?* A clear definition of what citizen entrepreneurs are and what they do is needed to answer the research question.
4. *What is local economic development?* Also for this sub question, clearness around the definition of local economic development is needed to answer the research question properly.
5. *Who are involved in stimulating local entrepreneurial activities?* This sub question creates a picture of what people, organizations, and sectors (citizen, business, and/or public) are involved in the social approach of stimulating local entrepreneurial activities.
6. *Why should local economic development increase?* The causes and effects of local poverty are already discussed above, which created clearness of why local economic development has to increase.
7. *What is meant with effectively?* In order to understand the impact of citizen entrepreneurs, will the social performance be measured by their effect on society.
8. *What factors are involved in stimulating local entrepreneurial activities in a low-income economy?* To find out how local entrepreneurial activities can be stimulated effectively by citizen entrepreneurs, we first need to know what factors influence local entrepreneurial activities. For example, what kind of partners are involved in this process



or what community conditions are needed to stimulate entrepreneurship or what characteristics of an entrepreneur are needed or what society factors are involved.

9. *What differences are there in stimulating local entrepreneurial activities by citizen entrepreneurs per local economic development country?* Every local economic environment has its own local conditions, resources and even culture. This sub question creates insides in the effects of local entrepreneurial activities in different low economic development countries, which will be explained by several real-world case studies that have their own local conditions, resources and culture.
10. *To what extent do real-world case studies of citizen entrepreneurs show that local entrepreneurial activities have impact on local economic development?* These real-world case studies show practical evidence of what citizen entrepreneurs do in order to increase local economic development (sub question 2) and who are involved in their social approach of stimulating local entrepreneurial activities (sub question 4).

#### **1.4. Aim of the research**

The aim of this research is to find out how citizen entrepreneurs stimulate local entrepreneurial activities effectively in order to increase local economic development. This will be done by the process of data analysis that is created by Hennink et al. (2010) to analyze five real-world case studies of citizen entrepreneurs from developing countries that are operating within the citizen sector of a society and are able to stimulate local entrepreneurial activities within their local community. The reason why this paper focuses on social entrepreneurs within in the citizen sector is because the citizen sector focus is different from the current studies as these mainly focus on social approaches of institutions (e.g. World Bank's local economic development projects) or businesses (corporate social responsibility plans) to stimulate local economic development. A more practical approach on an individual level may show different actions and choices that are more effectively than the institutional and business approaches.

Furthermore, this research will build upon theory of Bjerke and Karlsson (2013), which focus on social entrepreneurs that operate within the citizen sector – also called citizen entrepreneurs – of a developed society. However, the question is if this approach is also applicable for developing countries. An additional gap in this research field is the exploratory of how to analyze the empirical findings of this study. In other words, which approach needs to be used to analyze the findings? What patterns will be found and what do these findings mean for theoretical literature and practical implications? The aim is to explore certain or

different patterns in the empirical findings, link these certain or different patterns to theory to explain what happened and why, so that new scientific concepts can be discovered or theoretical frameworks for understanding the actions of citizen entrepreneurs in stimulating local entrepreneurial activities in their local community.

## **2. EXPLORING THE FIELD OF LOCAL ECONOMIC DEVELOPMENT AND SOCIAL ENTREPRENEURSHIP**

This section of the paper defines several answers to the sub questions in order to develop a theoretical conceptual model. This model supports the empirical research to answer the main research question. Starting by defining what local economic development is and continuing with the research field of social entrepreneurship, which shows a positive effect on local economic development. Afterwards, the research field of social entrepreneurship will describe the importance of governments in acting locally and lastly, limitations and possibilities in measuring the impact of social entrepreneurship are described.

### **2.1. Local economic development**

Local economic development is described by the World Bank as followed: ‘The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation’ ([www.worldbank.org](http://www.worldbank.org)).

LED offers local government, the private and non-profit sectors, and local communities the opportunity to work together to improve the local economy (Swinburn, 2006). It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. Implementation is carried out by the public, private and non-governmental sectors according to their abilities and strengths.

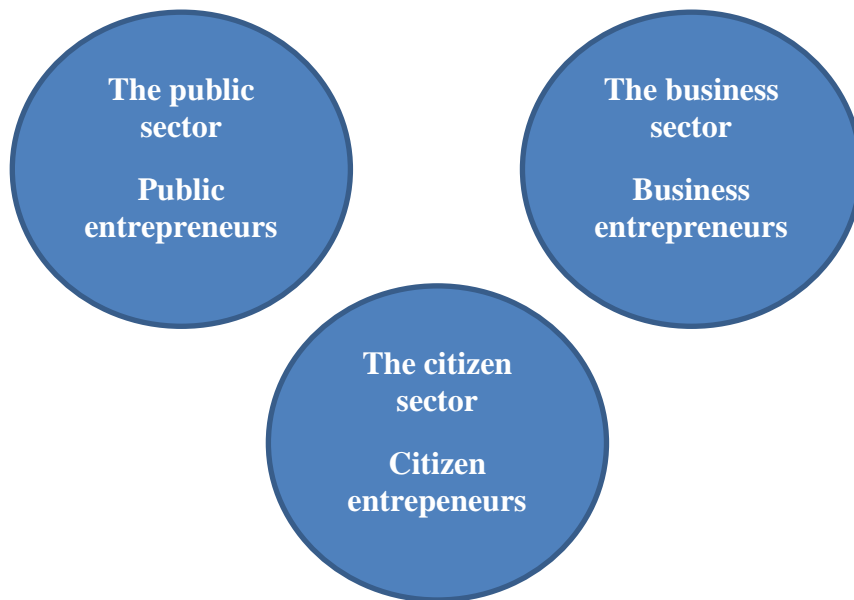
Local communities respond to their LED needs in many ways and a variety of approaches can be taken that include: ensuring that the local investment climate is functional for local businesses; supporting small and medium sized enterprises; encouraging the formation of new enterprises; attracting external investment (nationally and internationally); investing in physical (hard) infrastructure; investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues); targeting particular parts of the city for regeneration or growth (areas based initiatives); supporting informal and newly emerging businesses; targeting certain disadvantaged groups (Swinburn,

2006).

In addition, Helmsing (2003) describes in his article that LED has changed. Firstly, central governments have lost their central economic coordinating role. Secondly, localities are expected more and more to be responsible for creating the right conditions for entrepreneurs to be able to seize business opportunities, households to improve their livelihood, and workers to locate careers match with their capabilities. Helmsing (2003) completes his article with the statement that the new LED will be a multi-level. Pennink (2014) developed such a multi-level model (see Appendix I) that brings together social entrepreneurship, the different levels: macro, meso, micro, and the local communities. Pennink's (2014) local level is developed from the work of Canzanelli (2001:9), who describes LED as a process in which local actors shape and share the future of their territory. Moreover, Canzanelli (2001) demonstrates that economic development on a local level is a process in which local stakeholders work closely together. This process will stimulate and facilitate partnerships between local stakeholders. The local model includes, as an intervening variable, the local actors acting as entrepreneurs to realize output for the local community: entrepreneurial activity (see Appendix I). Pennink write that 'these local actors can either be an individual human being or a group of local actors organized in a format like the cooperative' (2014:44). He continues that at the intervening variable zone this raises the question of how to coordinate entrepreneurial activities (Vredegoor & Pennink, 2014). 'Although entrepreneurial activity might be part of what local leaders will do, we want to introduce this variable separate from what local leaders actually do' (Pennink, 2014:44).

## **2.2. Entrepreneurship in different parts of the society**

Bjerke and Karlsson (2013) believe that most entrepreneurship scholars today, like themselves, do not want to limit entrepreneurship to specific personal traits or specific (economic) behavior. They created a new thinking of entrepreneurship from a Scandinavian point of view, by taking entrepreneurship as a creative form of action in society. They see entrepreneurs as people who act out of the ordinary and come up with noticeable solutions to various problems without being restricted by existing resources and possibilities. Bjerke and Karlsson (2013) define three sectors with three kind of entrepreneurs in the society, see Figure 2 on the next page.



**Figure 2 The three sectors and entrepreneur types of a society**

Only part of these sectors consist out of entrepreneurs, that are people who are bit more proactive than most others in satisfying other people's demand and/or need through new businesses or new activities over and above just being employed in the public sector, running a business or being a citizen (Bjerke & Karlsson, 2013). It is possible to associate the above types of entrepreneurs with three different types of places wherein they operate (Bjerke, 2010); (1) in institutions in the public sector, (2) in markets in the business sector, and (3) in private or public places in the citizen sector. To elaborate further what these types of entrepreneurs are in the society, define Bjerke and Karlsson (2013) the three kind of entrepreneurs as followed:

- *Public entrepreneurs* – people employed in different institutions in the public sector, that are people who are bit more proactive than most others in satisfying other people's demand and/or need through new businesses or new activities over and above just being employed in the public sector.
- *Business entrepreneurs* – enterprising and innovative people, who are financially driven and who focus on demand in different markets and try to satisfy these through new products and services.
- *Citizen entrepreneurs* – enterprising and innovative people, who are idea-driven and direct their interest towards social needs through new activities. This can take place in private places or in public places outside the public sector or in markets.

It is important to realize that only some entrepreneurs in these sectors (see Figure 2) act as social entrepreneurs. Bjerke and Karlsson define social entrepreneurs as 'people who are not run by profit motives but by a social idea or entrepreneurs who next to their profit

motives have a clear objective to satisfy non-commercial citizen needs in a society' (2013:24). They focus on social entrepreneurs that operate within the citizen sector of a society in more or less public places. The rest they see as business entrepreneurs, that is, the majority of entrepreneurs in the business sector. In addition, Mair and Martí view social entrepreneurship as 'a process of creating value by combining resources in new ways. These resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations' (2006:37). Furthermore, Ashoka<sup>2</sup> support the term social entrepreneur by 'an individual who conceives of and relentlessly pursues a new idea designed to solve societal problems on a very wide scale by changing the systems that undergird the problems' (Leviner, Crutchfield & Wells, 2006:93). Furthermore, Ashoka believe that the growth of a global citizen sector begins with the work of individual social entrepreneurs. These entrepreneurs drive the sector forward, responding to new challenges and changing needs. They are rooted in local communities but think and act globally. And last, Thompson, Alvy and Lees define social entrepreneurs as 'people who realize that there is a possibility to satisfy some social need which the public sector does not want to or not be able to manage and who collect the necessary resources (in general people, other volunteers, money and facilities) and use them to achieve results'(2000:328). This paper uses the definition of a social entrepreneur by Bjerke and Karlsson: 'people who are not run by profit motives but by a social idea or entrepreneurs who next to their profit motives have a clear objective to satisfy non-commercial citizen needs in a society' (2013:24), as this definition lies closest to the researcher's perspective.

Areas where social entrepreneurship has been operated in so far are: poverty alleviation through empowerment (for example, the micro finance movement); education and training, such as widening participation and the democratization of knowledge transfer; community regeneration, such as housing associations; advocacy and campaigning, such as Fair Trade and human rights promotion (Nicholls, 2006).

### **2.3. Act locally**

According to MacKinnin, Cumbers and Chapman (2000), there is an increasing interest in local government due to change in the central control of an economy. In addition, Porter

---

<sup>2</sup> Ashoka is a global organization that identifies and invests in leading social entrepreneurs - individuals with innovative and practical ideas for solving social problems and the potential to change patterns across society. (<https://www.ashoka.org/>, date: 27 January 2014)

(1998) describes that small and medium-sized communities have shown themselves better at managing the present society in geographically concentrated areas, due to the globalization of the world. And Bjerke and Karlsson write that 'nearness has proven itself to reinforce productivity and innovation' (2013:67). According to Hall (2005), there are three developments what have influenced local centers: post-industrialization, globalization and migration. These developments have led to new strategies for how the dominating levels continue and support the social order (Bjerke & Karlsson, 2013). In addition, Westerdahl (2001) support this view by writing that as we are experiencing more globalization we also note a greater wish for local and regional identity at the same time.

Ekman and Hultman (2007) believe that it is not possible in a local community or a city to reach sustainable development by copying successes of other communities, but only by connecting to and building new networks locally. They also argue that what has become a standard centralized government program in many countries should be replaced by effort to create territorial specializations which cannot be copied in other places. Öhrström (2005) add to this point of view that the local community circles around a mix of specific local conditions which only exists in one place.

Furthermore, local communities are in many ways at the center of the development of a new entrepreneurial society, and they need all sorts of entrepreneurs within their area of interest (Bjerke & Karlsson, 2013). Bjerke and Karlsson (2013) mention that local communities have previously tried to promote the immigration of business entrepreneurs in order to create employment and economic growth. However, they need to focus on other types of entrepreneurs as well. Some examples of how a local community could act in public entrepreneurial matters; visualize a place where citizen ideas are received and from where they can be assisted by the local government; or empower citizens by teaching them to create themselves; support in establishing a fund; or let citizens take place in the local government's network (Bjerke & Karlsson, 2013).

## **2.4. Understanding the impact of social entrepreneurship**

This research has some limitations in measuring the impact of social entrepreneurship. First of all, the access of social performance measurement and impact of social entrepreneurship is considered as one of the greatest challenges for practitioners and researchers in social entrepreneurship (Mair & Martí, 2006). Mair and Martí (2006) write that the real problem may not be the measurement, but how the measures may be used to quantify the performance and impact of social entrepreneurship. They say that 'many consider it very

difficult, if not impossible, to quantify socio-economic, environmental and social effects' (2006:42). In addition, Emerson supports this issue by saying that 'for many of those active in the social sector, it has been taken as a virtual given that most elements of social value stand beyond measurement and quantification' (2003: 40). Furthermore, Mair and Martí (2006) argue that it is necessary to make major efforts in this direction and to develop useful and meaningful measures that capture the impact of social entrepreneurship and reflect the objectives pursued. This impact of social entrepreneurship will be measured by the effectiveness of stimulating local entrepreneurial activities by citizen entrepreneurs to increase local economic development. The way how effectiveness is measured will be explained in the following paragraph.

## **2.5. Measuring effectiveness**

According to Bjerke and Karlsson (2013), one unsolved issue in social entrepreneurship is how to measure its effect. A major problem in this context is that a limited and quantitative objective of many social entrepreneurial operations may lead to optional shortsightedness and an inability to focus on more basic social structural issues in their planning and implementation strategies (Bjerke & Karlsson, 2013). This may reduce their long-term results as well as their sustainability. Bjerke and Karlsson (2013) continue that there are many negative trends in our society, like lower participation in elections, higher contempt of politicians and decreased involvement in the society.

In addition, Leviner et al. (2006) believe that many of the methodologies designed to assess impact in citizen sector organizations today focus on easily-quantifiable figures such as financial ratios or programmatic outputs. Such metrics emphasize financial stability and other hard organizational factors that lend themselves to quantitative measurement. Leviner et al. say that 'these measures could not measure the most important and meaningful product of a social entrepreneur's work—systemic social change<sup>3</sup> over time' (2006:89). Furthermore, they write in their article that Ashoka developed a Measuring Effectiveness (ME) program in 1997 to better understand the progress of its social entrepreneurs toward systemic social change. Ashoka's approach is based on three components; (1) on a selection to successfully identify leading social entrepreneurs by selecting only those candidates who are highly likely to achieve wide-scale systemic change in the long term, (2) an identification of proxy indications that determine the systemic social change that the social entrepreneur established in the local

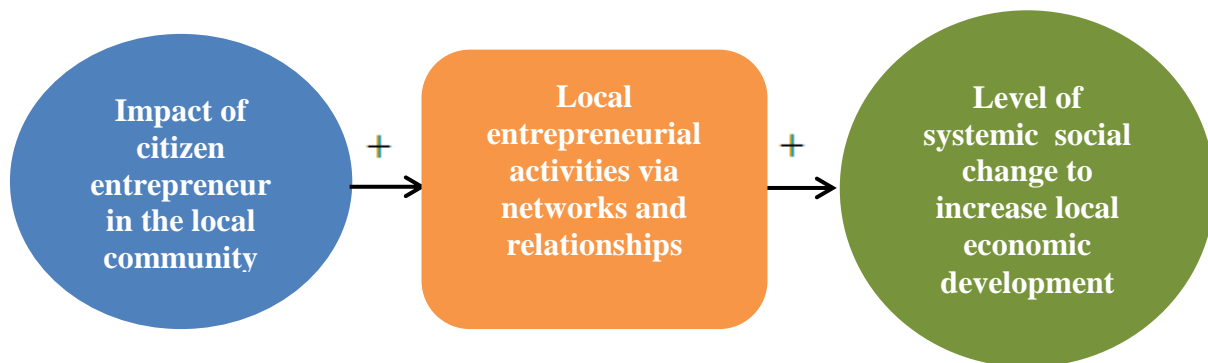
---

<sup>3</sup> Systemic social change is defined as the fundamental reform of existing societal systems and/or the creation of new ones (Leviner et al., 2006: 93)

economic development society, (3) and an extensive series of case studies to better understand their effectiveness, by identifying the level of systemic change and the extent of its spread. This approach of measuring effectiveness will be used in this research, which will be elaborated in the following section.

## 2.6. Conceptual framework

To summarize the previous work, in order to stimulate local entrepreneurial activities to overcome local poverty there is a need for a community that connects and build networks locally. This can be done by social entrepreneurs that operate within the citizen sector, also called citizen entrepreneurs, that stimulate local entrepreneurial activities by creating networks and relationships. These people can make a difference in creating a stable local entrepreneurial community to encourage citizens to become more entrepreneurial, with the result of increasing local economic development. The impact of the citizen entrepreneur in the local community has a positive effect on stimulating local entrepreneurial activities via networks and relationships, which again has a positive effect on the level of systemic social change in the local community to increase local economic development. These sensitizing concepts<sup>4</sup> are visualized in a conceptual model (see Figure 3). Appendix II summarizes the main definitions that are identified in this section.



**Figure 3 Conceptual model**

---

<sup>4</sup> 'Sensitizing concepts give the user a general sense of reference and guidance in approaching empirical instances. Whereas definitive concepts provide prescriptions of what to see, sensitizing concepts merely suggest directions along which to look' (Blumer, 1954:7)



### **3. THE APPROACH TO EXAMINE THE ROLE OF CITIZEN ENTREPRENEURS**

The research approach of this paper is based on multiple series of case studies to receive practical evidence of what the citizen entrepreneurs do in order to stimulate local entrepreneurial activities and to understand the impact of citizen entrepreneurs in increasing local economic development. This methodology will be elaborated in the next paragraph.

#### **3.1. Multiple case studies**

Case studies of citizen entrepreneurs are needed to better understand their effectiveness. These case studies emphasize the level of systemic change and the extent of its spread. According to Yin (1981), a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. This kind of method is useful as the research question is based on an open question and need insides of empirical data to answer it. An open research question starts with collecting data, leading to conclusions from the data and tends to use qualitative rather than quantitative research techniques.

Discussing a multiple number of real-world case studies create more reliable results to explain the main research question. However, only a limited number of cases are being studied, as multiple case studies are generally considered more effectively but resource-intensive studies. Eisenhardt (1989) determines that there is no ideal number of case studies, although a number between 4 and 10 cases usually works well. In order to create a reliable research, will this paper analyze five real-world studies. The purpose of each case study is to find out how citizen entrepreneurs stimulate local entrepreneurial activities in order to increase local economic development. Meaning that the level of analysis is based on the individual level of the citizen entrepreneur. Different developing countries are being compared, to see if differences occur in stimulating local entrepreneurial activities per country as every country has its own local context. The case studies are based on the following;

- Five theory-building case studies ([www.ashoka.org](http://www.ashoka.org)) which fulfill the strict selection criteria of Ashoka's successful citizen entrepreneurs who stimulated local entrepreneurial activities in their local communities, by operating within the citizen sector. These cases are written by the citizen entrepreneurs themselves when they

were elected to become an Ashoka Fellow<sup>5</sup>. This personal material provide reliable information of their experiences in stimulating local entrepreneurial activities.

- Developing countries: Senegal, Benin, India, Mexico, and Palestine. The country selection was dependent on the successfulness of the citizen entrepreneur in order to measure the effectiveness of their approach. See the following paragraph for more detail on the case study selection criteria.

### **3.2. Case study selection**

The critical aspect of case study research is 'how to select the right cases'. Yin (2009) creates a structural approach of selecting case studies by theoretical sampling. He refers to theoretical sampling as 'replication logic'. According to Yin 'the researchers must be careful in their selection of cases so that each case either (a) predicts similar results (a literal replication) or (b) produces contrary results but for predictable reasons (a theoretical replication) and if some of the empirical cases do not work as predicted, modification must be made to the theory' (2009:54). To summarize, theoretical sampling is a tool that only allows the researcher to focus in on the allowed 'reality' of the people being researched, and that of the researcher.

Table 1 on the next page shows the variance of cases based on theoretical sampling. Three criteria points were taken into consideration during the case study selection: (1) to select only those people who are highly likely to achieve wide-scale systemic change in the long term. These selection criteria of a successful citizen entrepreneur are; to act as if, to make a difference, the level of systems-changing new idea, potential for social impact, creativity, entrepreneurial quality, ethical fiber, citizen entrepreneurs that encourage local entrepreneurial activities (see Appendix III for a detailed explanation of the criteria). (2) The cases take place in a time-series between 2012 and 2013 to analyze a possible pattern in the same time line. According to Yin (2009), the more precise the time-series pattern is the more reliable the conclusions can be drawn. And the last criterion is (3) that the cases are based on developing countries.

---

<sup>5</sup> Ashoka Fellows are leading social entrepreneurs who are recognize to have innovative solutions to social problems and the potential to change patterns across society. They demonstrate unrivaled commitment to bold new ideas and prove that compassion, creativity, and collaboration are tremendous forces for change. (<https://www.ashoka.org/fellows>, date: 30 May 2014)

**Table 1 Variance of cases based on theoretical sampling**

<b>Case study of citizen entrepreneur</b>	<b>Salim Dara</b>	<b>Gabriela Enrique</b>	<b>Dr. Reddy</b>	<b>Karim Sy</b>	<b>Fida Abu Turkey</b>
<b>Country</b>	Benin (Africa)	Mexico	India	Senegal (Africa)	Palestine
<b>Local entrepreneurial focus</b>	Training young people in Benin for self-employment	Finding underserved markets for microentrepreneurs and training them	Creating self-sustaining farms that increase the income of farmers	Creating collaborative working spaces for entrepreneurs	Encourage poor rural woman entrepreneurs
<b>Year of case study data</b>	2013	2012	2013	2012	2012

### **3.3. Case study analysis**

The case studies are analyzed according to the process of data analysis of Hennink et al. (2010) that builds on theory. The reason why this technique of analyzing data is chosen, is because it moves data analysis beyond description towards a broader conceptual understanding of a given social phenomenon. In this case the social phenomenon of how citizen entrepreneurs stimulate local entrepreneurial activities in order to increase local economic development. Furthermore, using one specific analysis technique provide grounded outcomes. Moreover, theory development is important as it leads to a higher level of abstraction of data, brings study findings to a more conceptual level. Without the higher-level abstraction into theory development, study findings remain limited to description (Hennink et al., 2010). Overall, theory development link the evidence (or codes) into an explanation (or theory) of what happened and why, therefore moving beyond description to explain and conceptualize the data. The following paragraphs will provide detailed information of how the case studies will the analyzed.

#### **3.3.1. How to develop theory?**

According to Hennink et al. (2010), data analysis begins with a description of concrete issues, by focusing on ‘what’ questions like; what are the issues? What is the context of each issue? However, description alone cannot explain a given phenomenon, it only describes it. Data analysis needs to continue with abstraction and conceptualization of data in order to explain the phenomenon and why it occurs. At this point analysis can respond to ‘how’ and ‘why’ questions like; how does it happen? How does it work? How can it be changed.

According to Hennink et al. (2010), answering ‘how’ and ‘why’ questions is a basic reason for conducting qualitative research, so it is important that data analysis gets to this point.

The following questions create guidance in analyzing the individual cases: (1) How did the citizen entrepreneur stimulate local entrepreneurial activities? (2) How did the citizen entrepreneur create systemic social change in the local community? Table 2 create a clear overview of how these case questions, together with their sub questions are linked to the sensitizing concepts of the conceptual model. This provide a clear overview of how data will be collected from the cases. All these questions create input to analyze the data via the process of data analysis by Hennink et al. (2010) which is presented in to following paragraph.

**Table 2 Sensitizing concepts of the conceptual model with related questions**

<b>Sensitizing concepts</b>	<b>1: Impact of citizen entrepreneur in the local community</b>	<b>2: Local entrepreneurial activities via networks and relationships</b>	<b>3: Level of systemic social change to increase local economic development</b>
<b>Case question</b>	How did the citizen entrepreneur stimulate local entrepreneurial activities?	How did the citizen entrepreneur stimulate local entrepreneurial activities?	How did the citizen entrepreneur create change in the local community?
<b>Sub questions</b>	<ul style="list-style-type: none"> <li>• What is the context of the case?</li> <li>• What is the society problem that the citizen entrepreneur is facing in its community?</li> <li>• What is the personal background of the citizen entrepreneur?</li> </ul>	<ul style="list-style-type: none"> <li>• Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?</li> <li>• What people or partners are involved in the approach?</li> </ul>	<ul style="list-style-type: none"> <li>• What are the outcomes of the approach?</li> <li>• Are you still working toward your original vision?</li> <li>• Have others replicated your original idea?</li> <li>• Have you had impact on public policy?</li> <li>• What position does your institution currently hold in the field?</li> </ul>

The last four sub questions of the last sensitizing concept are developed according to the measuring effectiveness program of Ashoka to measure the effectiveness of the citizen entrepreneur’s approach, by identify what systemic social change they created in their community by an identification of proxy indications (see Appendix III for a detailed explanation of these proxy indications).

### **3.3.2. What steps need to be taken to develop theory?**

The process of data analysis contains out of five core analytic tasks (Hennink et al., 2010): description, comparison, categorization, conceptualization and theory development. These five tasks are described below in more detail to know what exact steps need to be taken to build on theory.

1. First step of the process of data analysis is to describe issues that the individuals were facing in their society, by looking closely to each issue that they are facing, and to understand how issues are interlinked, to begin to understand the issues from the perspective of the individual cases.
2. Comparison is the next step that allows to further define and explore issues and begin to notice patterns in the data. While description is used to identify and describe issues in the data, comparison can further refine these issues by clarifying what makes each issue distinct from others or it can discover similar patterns in the data. Comparison is also used in later stages of data analysis to define categories of codes and when developing explanations from the data, which will be discussed in the next step.
3. Categorizing is a task that involves grouping codes, by identifying similarities between codes, compare the group of codes with similar attributes, that finally create broad categories. The process of categorizing data involves moving from individual codes towards broader categories to enable a more conceptual understanding of the data. Categories need to be well defined, appropriate, and valid as they will become the core components in theory development. Description and comparisons is also used during category development, to describe the concept of each category and how categories are distinct. This research categorizes the problems and approaches of the citizen entrepreneurs into a macro, micro and internal environment to create a clear understanding of how issues occur, how they are interlinked with each other, and what initiatives are used to tackle these issues. The three environments are identified as followed: the macro environment via the PESTEL analysis, which is a common technique for analyzing the general external environment of an organization in terms of the political, economic, socio-cultural, technological, environmental and legal aspects (Kelly, 2009). The micro environment via the customers, competitors, suppliers and distributors in which the organization is situated (Kelly, 2009). And the internal environment via tangible resources; financial resources and physical resources, and intangible resources; human

resources, technological resources and social capital<sup>6</sup> (to identify the networks and the relationships).

4. The fourth step is to visualize the data as a whole to develop a broad conceptual understanding of the data. Conceptualizing data provides the building blocks for theory development as it involves understanding how the individual components of the data are linked together into a broad conceptual framework that begin to explain or predict the phenomenon under study.
5. The last step in the process of data analysis is to bring together all the earlier components of the analysis to develop an inductive theory about the research issues. An inductive theory is an explanation for how something works as derived from empirical data (Hennink et al., 2010:259). Theory development is actually being slowly created during each stage of data analysis, to build on a clear understanding of the issues in the data and how these fit together. Theory development is closely related to conceptualizing data, as here you begin to search for explanations that form the framework of a theory.

### **3.3.3. Deductive strategies**

Deductive strategies link the analytical process back to the original conceptual framework, to refine the emerging theory and highlight the contribution of the empirical theory to the field of study (Hennink et al., 2010). This will be done by comparing the original and new conceptual framework with explanations from the data to identify whether a new theory is emerged or new concepts can be added to existing theory. Furthermore, the second deductive strategy that is used in this research is to identify whether explanations are given in the research literature are also evident in the data.

### **3.3.4. Evaluating quality of data analysis**

An important step in inductive theory development is to verify that a theory or explanation is grounded or well supported by data. Grounding theory means ‘demonstrating how the theory ‘emerged’ from the data, how the data support the theory and whether the theory ‘fits’ the data’ (Hennink et al., 2010: 264). It need to be considered whether the data analysis process is transparent and well-grounded in the data to validate the concepts, categories, and the theory development. Table 3 define questions that are guidelines to evaluate the quality of the data analysis.

---

<sup>6</sup> Social capital can be seen as a process that is created to facilitate an effective exchange of information and resources (Bjerke & Karlsson, 2013).

**Table 3 Evaluation quality check of the data analysis**

<b>Appropriate</b>	Does the analysis go beyond description and explanation?
<b>Transparent</b>	Are the concepts clear and well described?
<b>Coherent</b>	Do explanations follow logically from data?
<b>Saturated</b>	Are categories and concepts developed well saturated?
<b>Grounded</b>	Are codes, concepts and explanations grounded in the data?
<b>Valid</b>	Are the context of issues identified? How were the codes and concepts validated? Is the theory developed valid?
<b>Reflexive</b>	How do the researcher manage subjectivity in analysis? Is analytic reflexivity described?
<b>New information</b>	Does analysis identified new information that emerged inductively?

#### 4. EMPIRICAL FINDINGS: CITIZEN ENTREPRENEURS IN ACTION

The findings of the five case studies are presented in this section by pointing out the most important data for this study, namely: (1) the context of each individual case (2) the society problem that the citizen entrepreneur was facing in its community, (3) the social approach that the citizen entrepreneur uses to overcome the society problem, (4) the involved people and/or partners to the approach, (5) its personal background, (6) and the outcomes of the social approach. Appendix IV presents the original case studies that are written by the citizen entrepreneur themselves.

##### 4.1. Salim Dara, Africa (Benin): training the young for self-employment and agricultural entrepreneurship

Citizen entrepreneur	Salim
Country	Benin (West-Africa)
Type of organization	Non-profit organization
Target group	Young people who are still at school or quit school
Industry	Farming industry (is over 70% of Benin's economy)
Objective	Share information and support rural areas to improve the lives of African youth by promoting self-employment
Stage of firm development	Start-up firms

## **What is the society problem that the citizen entrepreneur is facing in its community?**

### ***Macro environment***

- **Political:** educational system does not meet the society needs of Benin, due to the absent of vocational trainings for young people.
- **Economical:** unemployment under the young African's as they do not know how to apply their acquired knowledge into the real world and thus find it hard to find a job with their lack of practical experience.

### ***Internal environment***

- **Human resources:** lack of practical skills of young people in farming, as the young African's do not know how to apply their acquired knowledge into the real world.

## **Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?**

Salim trains young people for self-employment and entrepreneurship in both urban and rural areas of agriculture, livestock, aquaculture and processing. His aim is to help the young people take ownership of agricultural techniques that lead to successful modern farms.

### ***Macro environment***

- **Economical:** Salim tackles the economic problem of unemployment under young people by encouraging an entrepreneurial attitude via self-employment and entrepreneurship under young people by training them to take ownership of agricultural techniques that lead to modern farms. Furthermore, Salim encourage the development of local resources to use resources available in the region, whereby young African's must play an active role in local production, but at the same time targeting bigger markets on local, national and international level to increase economic growth.
- **Ecological:** encourage sustainability to create added value by recycling waste and supply healthy food that fulfill the environmental requirements, as Salim believes that young people must use local resources without harming the environment.



### ***Internal environment***

- **Physical resources:** Salim develop practical skills to the young people by giving second year students access to the farm to get work experience and get into practice what they have learnt.
- **Human resources:** educate students inventory management, management of resources, marketing of products and give advice to graduates on how to setup a business.
- **Technological resources:** provide the young African's technical expertise that is applicable into the real world.
- **Social capital:** Salim uses internal networks to encourages students to work in groups to facilitate access to financial capital and reduce the risk of failure. He also uses external networks to partner with agro-economic institutions (the public sector) to provide training colleges for young people in Benin.

### **What people or partners are involved in the approach?**

- Young people who are still at school or quit school.
- Agro-economic institutions that provide training colleges in Benin.

### **What is the personal background of the citizen entrepreneur?**

- Salim stopped his studies in Mathematics, Physics and Chemistry after getting into prison twice due to student strikes against the Africa's Marxist regime.
- After being into prison twice (in 1979 and in 1984) Salim left formal education and went to work for Songhai Project – a newly established educational farm which had been set up in October 1984. He found that here too the system had its limitations due to the superficial and rigid nature of the teaching techniques. His suggestions for change were not implemented therefore Salim decided to leave Songhai to establish “Solidarité Rurale” in 1998.

### **What are the outcomes of the approach?**

- More than 60 students have opened their own farm and more than 600 people visit the center every year to follow the model.
- Several academic institutions have adopted the initiative.

- Several organizations request Salim to train their staff to improve agricultural production techniques.
- **Short term goal:** train a team of young people who are willing to take over the farm school.
- **Long term goal:** Salim is planning to open a new center in the north of Benin.

#### 4.2. Gabriela Enrigue, Mexico: finding underserved markets for micro entrepreneurs

Citizen entrepreneur	Gabriela
Country	Mexico
Type of organization	Non-profit organization
Target group	Micro entrepreneurs that struggle to survive
Industry	Food industry
Objective	Tackle both the demand and supply side of the market, to increase local economy, while at the same time promoting a local economic culture to increase the importance of buying locally
Stage of firm development	Established firms

#### What is the society problem that the citizen entrepreneur is facing in its community?

##### *Macro environment*

- **Political:** little governmental support for small businesses, institutional barriers to growth, and monopolistic practices restrict the ability to growth and expand for small and micro enterprises (SMEs).
- **Economical:** majority of SMEs operate in the informal sector and this environment create barriers to growth and expand.
- **Socio-cultural:** culture surrounding SMEs does not encourage growth and expansion as it is more focused on surviving.

##### *Micro environment*

- **Customers:** Mexico faces a high rate of obesity and thus there is a need for healthier products, however SMEs keep on offering unhealthy products because they focus more on breaking even then innovating their products.
- **Competitors:** SMEs experience high competition and oversaturating markets, as they have a lack of understanding the basic business operations, like market demand, product placement and distribution, which forces prices down.

- **Suppliers and distributors:** as the majority of SMEs operate in the informal sector, micro entrepreneurs are rarely connected with each other, suppliers or investors, which result in an inefficient value chain with high cost on raw material. At the same time, the high raw material cost keeps SMEs from competing with bigger companies in the urban market.

### *Internal environment*

- **Human resources:** lack of understanding the basic business operations: market demand, product placement and distribution.
- **Technological resources:** lack of product innovation as they focus more on breakeven than on innovating.

### **Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?**

Gabriela provides an approach to increase local economy whereby she takes into account local consumers, small and micro enterprises, untapped markets, and the government. Gabriela's organization tackles both the demand and supply side of the food industry. This will become clear by the following initiatives.

### *Macro environment*

- **Socio-cultural:** Gabriela wants to create a culture of local economic consumption by having micro-economic public education campaigns to increase the importance of buying locally. Furthermore, she wants to spread entrepreneurial culture and the work of the SMEs via involving the Chambers of Commerce.
- **Economical:** Gabriela increase local economy whereby she takes into account local consumers, small and micro enterprises, untapped markets, and the government. In addition, the creation of a new culture of commerce creates room for more local economic growth.
- **Ecological:** Provide sustainability in their consulting by innovating on healthy products, but also by producing the product on a sustainable and health-conscious way.

### ***Internal environment***

- **Human resources:** to overcome the lack of understanding the basic business operations, Prospera designs business plans that focus on: value chain optimization to create leaner internal operations, market analysis to find out if the current products matches the current market demand, if not Prospera will help to find markets with unmet needs, and consult in branding/marketing to create custom brand for the micro entrepreneurs to help them establish themselves in the market they have decided to pursue.
- **Technological resources:** help to find unmet market needs and help them to develop products that fulfill these unmet needs via relationships with U.S universities that can develop innovative products.
- **Social capital:** Gabriela uses internal networks to cut cost in raw materials for the micro entrepreneurs, and created a network to serve micro entrepreneurs with information and other resources after their training with mentors and experts. She also uses external networks with universities to help develop healthy and innovative products for the micro entrepreneurs. And created an alliance with the local government (the Ministry of Economics) to train micro entrepreneurs first at Prospera before they receive a microcredit loan from the local government. Prospera involves the Chambers of Commerce in an effort to spread entrepreneurial culture and the work of the SMEs they support.

### **What people or partners are involved in the approach?**

- Micro entrepreneurs that struggle to survive.
- Local government (Ministry of Economics) send micro entrepreneurs first to the social enterprise for training and to establish a business plan, before they receive a microcredit loan. In addition, the training is guaranteed by the Secretary of Employment and Social Provisions.
- Gabriela's team give advice to SMEs on their operational practices.
- Gabriela formed a relationship with nutritional engineering departments at U.S. universities to help develop healthy and innovative products for the SMEs.
- The micro entrepreneurs can connect to the Prospera network, which offers connections to a network of mentors and experts in business development, product placement with potential customers, financial advice, and low-cost brand positioning

with the Prospera brand which allows the entrepreneurs to create a long lasting relationship with their clients.

### **What is the personal background of the citizen entrepreneur?**

- Through her childhood experiences, Gabriela gained an understanding of the difficulties single mothers face in providing for and caring for their families, as her mother raised her and her two brothers alone (at an age of three and four) after her father died in an airplane crash.
- In college, she was actively involved in social activities and created a scholarship fund for foreign students who faced financial difficulties.
- Gabriela studied economics and political science at a university in Mexico City and did a master in Public Policy at the University of California at Berkeley. She came up with the idea for Prospera in her master.

### **What are the outcomes of the approach?**

- Gabriela track each project's investments and loans, production rate, and profitability. This create inside in the behavior of the SME's new market tendencies and the challenges that the businesses face. This allows the social enterprise to continuously revise their strategies based on the trends to respond to the needs of the sector.
- Prospera has already trained more than 2,000 entrepreneurs and linked more than 100 micro-businesses with potential customers, raising their sales by an average of 300 percent.
- **Short term goal:** Gabriela would like to expand her operations in the states of Jalisco, Puebla, the state of Mexico and Mexico City, working particularly with women, the elderly, and youth, as these groups today face tough challenges in finding decent paying jobs.
- **Long term goal:** Prospera wants to position the products of its Prosperandos in international markets like the United States, China, India and Brazil.

### **4.3. Dr. Reddy, India: creating self-sustaining farms that increase the income of farmers**

Citizen entrepreneur	Dr. Reddy
Country	India
Type of organization	Non-profit organization
Target group	Farmers that struggle with a low income
Industry	Farming

Objective	Create self-sustaining farms that increase the income of farmers while lessening the manual labor
Stage of firm development	Established firms

### **What is the society problem that the citizen entrepreneur is facing in its community?**

#### ***Macro environment***

- **Political:** farmers have no access to farm technologies and mechanization due to low electricity supply (four hours a day) of the government.
- **Economical:** low income, low productivity of farming, high cost and physical drudgery drive farmers to leave farming and migrate to urban areas for employment, which decreases the supply of food and may result in a food crisis if the agriculture industry stay unattractive.
- **Socio-cultural:** an estimate of 14,000 to 19,000 farmers in India took their own lives in 2011 due to poverty, as the average income of small and medium farmers in India is less than the poverty line of \$1.25 USD per day.
- **Technological:** less than a fifth of India's farmers use farm machinery, which results in India's agriculture productivity being the forty-third in the world.

#### ***Internal environment***

- **Physical resources:** lack of access to machinery to reduce physical drudgery.
- **Financial resources:** lack of financial support from banks to invest in technologies and mechanization, because of the high default rate of farmers across the country.
- **Technological resources:** lack of access to farm technologies.

### **Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?**

Dr. Reddy introduces automated organic dairy production for small and medium farms in the state of Karnataka. The automation of the farm decreases human drudgery and gives the farmers the time and surplus income to be entrepreneurial in their agricultural activity.

#### ***Macro environment***

- **Economical:** create self-sustaining farms that increase the income of farmers while lessening the manual labor.

- **Ecological:** provide sustainability by producing own energy via a bio plant, so that the automated farm can run without any interruption. Organic milk is also developed which succeeds the European standards of organic milk, and do not use chemical fertilizers.

### *Internal environment*

- **Physical resources:** offers free ground to grow fodder and other crops and to introduce automated organic dairy farming.
- **Financial resources:** provide access to finance via partnerships with banks to let farmers invest in cows, milking and chilling systems for milk, bio gas plant and sprinkler system for the farm.
- **Human resources:** provide knowledge to the farmers by training them on the farm.
- **Technological resources:** provide support on technical expertise by introducing automated organic dairy farming, provide electricity via a bio plant that provides its own electricity.
- **Social capital:** uses internal network via farm hubs, where the farmers receive training, share knowledge with each other and technological expertise, share common problems, learn from others within the farm hubs. Uses external networks with banks to finance the farmers, so that they can invest in farm technologies and mechanizations.

### **What people or partners are involved in the approach?**

- Farmers that struggle with a low income, high costs, low productivity and intensive manual labor.
- Dr. Reddy's organization, Akshayakalpa, has partnered with leading banks to have a network of financiers who will give initial loans to farmers to set up the Akshayakalpa farm model.
- Akshayakalpa assist a tripartite agreement between the bank, the farmer and the organization itself, under which Akshayakalpa initially finances the farmer. Akshayakalpa standing in as the guarantor reduces the risk for the bank and convinces them to finance the farm model.
- Akshayakalpa develops a cluster of organic satellite farms around a knowledge and technological hub and processing plant for the milk and other produce that is currently managed by Akshayakalpa. Farmers have weekly meetings at the hub, which is not just

a space for Akshayakalpa to train them, but as a ground for peer learning between farmers where they discuss common problems they are facing and learn how to solve them from those who are doing it successfully.

### **What is the personal background of the citizen entrepreneur?**

- During school, Dr. Reddy studied inspirational historical figures and developed a passion for village reconstruction.
- He studied veterinary sciences at Vijaya College in Bangalore as he had a passion and love for animals.
- After working several years for a social enterprise that also identified the same problem of lack of services for farmers, Dr. Reddy started his own organization as he realized that the social enterprise had become too bureaucratic of an organization, and every new program need to pass several layers of approval which slowed down the innovation process according to Dr. Reddy.

### **What are the outcomes of the approach?**

- Dr. Reddy designed the technological loop of the farm and continuously innovates and improves this loop with feedback and input from the farmers.
- The farmers are paid Rs. 35 per liter of milk as compared to Rs. 11 paid to other dairy farmers by the largest dairy cooperative in Karnataka.
- With the low interest rates of 8-12% that Akshayakalpa has negotiated with the banks, the farmers can repay the loan within a five year term.
- The farmers have currently a remaining income of Rs. 85,000 (\$1,700 USD) per acre per annum, as compared to their earlier income of Rs. 8,000 (\$160 USD) per acre per annum, which multiplied the farmer's livelihood income by more than ten times.
- **Short term goal:** Dr. Reddy is identifying village level youth entrepreneurs who will receive training in the farm model from Akshayakalpa and then take over and manage the knowledge and technology hub so that Akshayakalpa can exit and move to build new clusters.
- **Long term goal:** Dr. Reddy have worked with over 300 farmers in the coconut belt and is now developing 300 such farms in a 30 kilometer radius around each hub and also expanding to the mango belt region.



#### 4.4. Karim Sy, Africa (Senegal): creating collaborative working spaces for entrepreneurs

Citizen entrepreneur	Karim
Country	Senegal
Type of organization	Non-profit organization
Target group	Young people
Industry	Small and medium businesses in all industries
Objective	Encourage the creation of new ventures or increase the quality of established ventures
Stage of firm development	Start-up and established firms

**What is the society problem that the citizen entrepreneur is facing in its community?**

##### *Macro environment*

- **Political:** unsupportive entrepreneurial environment for small and medium businesses.
- **Economical:** the low enterprising community drives local economies to other parts in the worlds, and thus results in employment problems.
- **Socio-cultural:** low entrepreneurial culture in Senegal.

##### *Internal environment*

- **Human resources:** young people do not know how to change a low entrepreneurial culture as they have little training and confidence in changing this society problem.

**Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?**

Karim uses collaborative working spaces where entrepreneurs can come together to share best ideas for new ventures with each other via online and offline meeting space where young African entrepreneurs can collaborate rather than compete.

##### *Macro environment*

- **Economic:** Karim stimulate new venture creations and business expansions under Senegal people by the use of collaborating working space.
- **Socio-cultural:** Karim want to reduces the boundary to start a business in Senegal by creating an interconnected environment to break down the idea of isolated entrepreneurs, to create new and more productive ways of working. Karim links

entrepreneurship together with the traditional value of the region which emphasize interconnectivity, to change the low entrepreneurial culture in the region. Furthermore, Karim wants to bring the citizens the mind set of not waiting for the government to solve their problems, like unemployment, but do it themselves by starting their own business. Moreover, Karim wants to give the entrepreneurs more than new insides of their venture possibilities, or new business opportunities, to also let them think about how their work can create new opportunities for others in the society.

### ***Internal environment***

- **Physical resources:** provide online and offline working space where young Africans can collaborate, rather than compete, to create new businesses or improve current businesses and help to establish a more entrepreneurial culture.
- **Human resources:** entrepreneurs are able to receive input and information from the collaborative working space, where they share their ideas, knowledge, experiences to create new ventures or increase the quality of their individual ventures.
- **Technological resources:** the collaborative working space provide access to innovative ideas.
- **Social capital:** Karim uses internal networks as collaborative working space of entrepreneurs, which is the main concept of the approach. He also uses external networks to host seminars on universities and public areas to train young people who have not yet come up with an idea for a venture. And uses the partnership of Google to expand the model to other areas.

### **What people or partners are involved in the approach?**

- Entrepreneurs that support the principles of the collaborative model of Karim.
- University campuses around Senegal to train young people who have not yet come up with an idea for a venture.
- Google participates as a collaborator with Jokkoworkers through its Google Tech User Group. Google is expanding this partnership to help Jokkolabs expand its facility in Dakar, as well as, bring further sophistication to Jokkolabs collaborative platform which would allow even more Senegalese entrepreneurs to participate who live outside of Dakar.

### What is the personal background of the citizen entrepreneur?

- Karim was born in France to a Lebanese Christian mother and a Muslim father from Mali.
- He went to university in Montreal and afterwards he started a private enterprise.
- Karim returned to Mali shortly after having a family and began wondering how he could best contribute to creating a country which he would want his children to live in, one that was headed in the right direction.
- Karim decided to focus on creating a new economic engine composed of collaboration and community, in contrast to the silos and secrecy of the 19th and 20th century economy, as he believed that they have to return back to the traditional African value which emphasizes that everybody is interconnected, what South Africans call Ubuntu.

### What are the outcomes of the approach?

- Jokkolabs has welcomed more than 50 Jokkowokers, which have gone on to launch various ventures, 22 of which are still being cultivated within the co-working space.
- In order to spread his message of collaborative entrepreneurship Jokkolabs hosts seminars at its facility that are open to the public, as well as trainings for young people who have not yet come up with an idea for a venture.
- **Short term goal:** Karim is looking to employ a franchise model to spread similar Jokkolabs around West Africa—all rooted in the co-working manifesto—and has identified potential partners in Ivory Coast and Burkina Faso.
- **Long term goal:** Karim is about to break ground in on a Jokkolabs in France in order to further tear down walls between Africa and the West and allow for the maximum exchange of ideas.

### 4.5. Fida Abu Turkey, Palestine: encourage rural woman entrepreneurs

Citizen entrepreneur	Fida
Country	Palestine
Type of organization	Non-profit organization
Target group	Woman in the rural areas with small businesses that are agricultural and rural, such as beekeeping, sheep and cattle herding, creating home gardens to produce crops and medicinal herbs
Industry	Small-scale businesses in agricultural and rural in nature

Objective	Increase the economic status of woman in introducing business incubation rather than charity and loans
Stage of firm development	Start-up and established firms

### **What is the society problem that the citizen entrepreneur is facing in its community?**

#### ***Macro environment***

- **Political:** woman in Palestine are underrepresented in the political system.
- **Economical:** woman have less access to job opportunities, due to its exclusion for economic opportunities, and thus work outside the formal sector. 90,5% of Palestine woman remain outside the formal labor force.
- **Socio-cultural:** woman suffer from high pregnancy rates, gender gaps in literacy, and woman are seen as dependent on the men for economic welfare and security. Which result in men have priority in work and in expenditure of income.
- **Legal:** labor legislation restricts woman's freedom from working in the formal labor market, as the woman need permission from the father or husband to work.

#### ***Internal environment***

- **Financial resources:** woman in the Arab region have generally lack of information about loans and borrowing and microenterprise loans for woman are lower than for men. Also micro finance is not always effective, as it is hard to monitor projects in rural areas and these loans not always reach the right markets, and repaying these loans can be difficult.
- **Human resources:** lack of understanding basic business operations.

### **Which approach uses the citizen entrepreneur to stimulate local entrepreneurial activities?**

Fida's approach incubate the women's businesses and receiving a share of the revenues, she is ensuring self-reliance and sustainability of her own initiative while providing support for women's start-up businesses to succeed.

#### ***Macro environment***

- **Economic:** Fida encourage entrepreneurship around rural woman to create economic opportunities for them.

- **Socio-cultural:** Fida relies on community-based organizations, so they adapt her business incubation model to increase the local cultural and social context. Fida also believes that communities must rely on their own strength and wisdom to bring about change.

### ***Internal environment***

- **Financial resources:** provide loans to woman to start or expand their enterprise via an agreement with a local lending company. Moreover, Fida subsidize woman in rural communities that are affected by the Separation Wall. Furthermore, Fida provide financial sustainability in her initiative, as customers of Fida give 20% of their revenue to the organization, which will be used to reinvest into the initiative and to subsidize micro-projects.
- **Human resources:** provide trainings in business basics, marketing assistance to increase the sale of the products in local and regional markets.
- **Technological resources:** provide technical assistance through a pool of experts to ensure the quality of the products.
- **Social capital:** uses internal networks to provide business support resources and services through a network of 34 rural organizations. Uses external networks, like a local marketing company to sells and markets the products of the rural woman on a local, regional and international basis. Partner with a local lending company to provide small and affordable loans to the woman that are also in line with the Islamic loan principle.

### **What people or partners are involved in the approach?**

- Fida provides business support resources and services through a network of thirty-four rural organizations.
- She has partnered with a local marketing company, which markets and sells the project's products locally, regionally, and internationally, including in other Palestinian towns, and in the Gulf countries.
- She has established an agreement with a local lending company to provide small and affordable loans to women that are also in line with the Islamic loan principles.
- Fida relies on local, community-based organizations. This community-based approach adapts the business incubation model into a local cultural and social context.

### **What is the personal background of the citizen entrepreneur?**

- Through her childhood, Fida experienced harassment and intimidation from settlers on her way to and from school. She was particularly affected by an intense sixty day shutdown of Hebron following the massacre and attack on a popular mosque when she was 11-years-old.
- Through her personal experiences and those of her family and friends, Fida has been an passionate community mobilizer and social activist helping to improve the socioeconomic conditions of women.
- Fida comes from an uneducated family who encouraged her to exceed in her studies. During university (2001 to 2005), she studied primary education and business administration and afterwards a master degree in Social Policy from Birzet University.

### **What are the outcomes of the approach?**

- Through a network of rural organizations, Fida ensures constant monitoring and evaluation of her beneficiaries' projects. She also monitor and evaluate the quality of the products to give advices where it is needed.
- Through her existing efforts beginning in 2009 with Irada's founding, Fida has provided seed funding for over 1,200 projects.
- **Short term goal:** within the next two to three years, Fida plans to establish Irada as a separate organization to focus purely on business incubation and to expand this model throughout the Arab World—including the Levant, North Africa, and the Gulf countries. Using this strategy, Irada will continue to keep its operations independent, localized, and able to engage local communities of women on a widespread scale.
- **Long term goal:** Fida aims to economically empower 5,000 women in the next ten years, to contribute to increase the economic status of women in the Arab World.

## **5. THEORY DEVELOPMENT: THE SOCIAL PHENOMENON OF CITIZEN ENTREPRENEURS**

This section brings together all the components of the process of data analysis (description, comparison, categorization, and conceptualization) to develop an inductive theory about the research issues. An inductive theory is an explanation for how something works as derived from empirical data (Hennink et al., 2010). Theory building provides a framework for understanding, explaining and predicting phenomena. Analytic tasks lead to

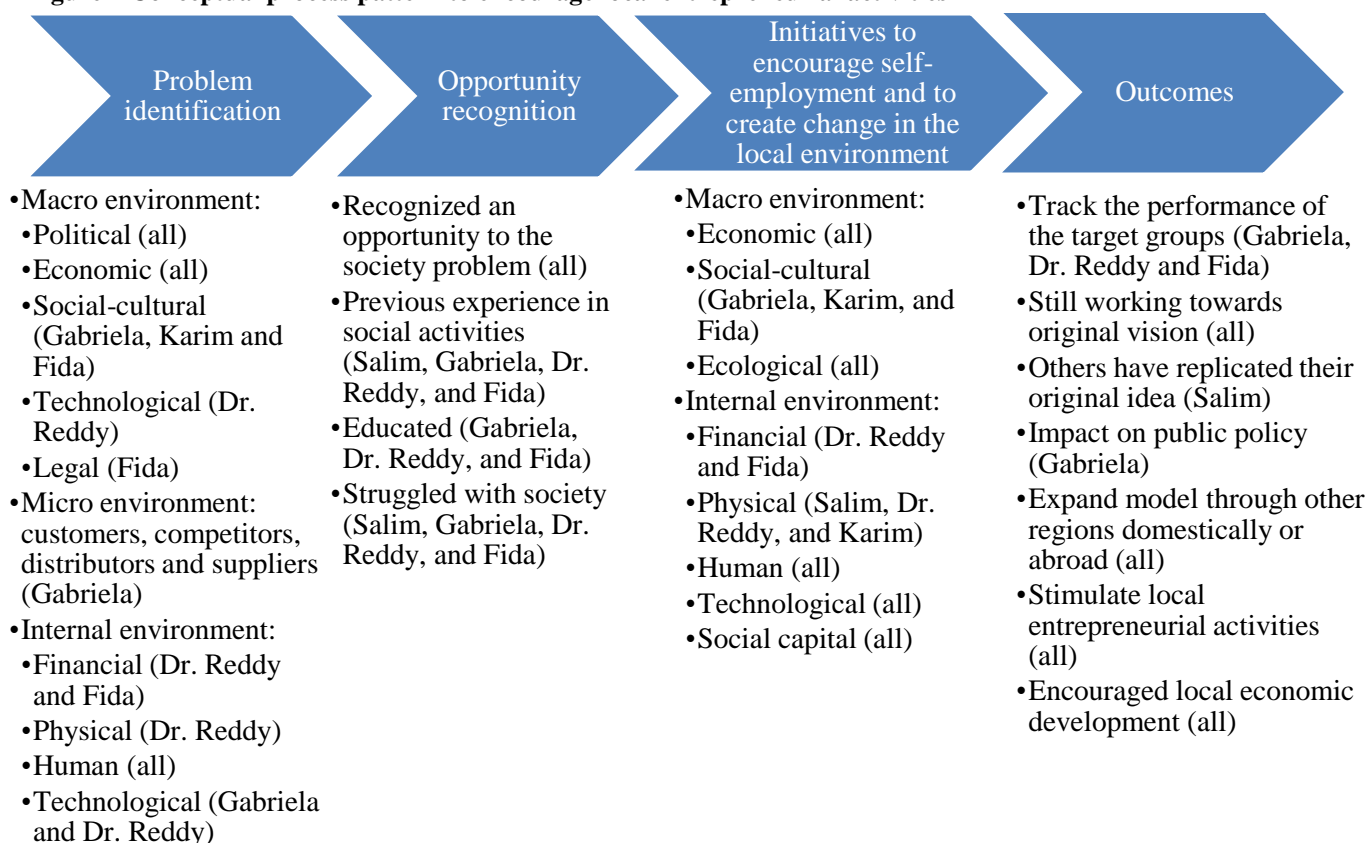
inductive theory development, these tasks include identifying codes from the data, grouping codes into overarching categories (categorization), identifying empirically supported links between these categories (conceptualization) and constructing an explanatory framework for the phenomenon studied (theory development).

Theory development in this research is achieved by new inductive theory that is developed through the analytical process, which is summarized above. This new inductive theory explains the theoretical framework of understanding the social phenomenon of how citizen entrepreneurs stimulate local entrepreneurial activities in order to increase local economic development. This theoretical framework is introduced firstly, where after the new developed framework is compared with the original conceptual model to see what changed after the analysis, together with a brief summary of the main findings by the new concepts, and last to give explanations that form the theoretical framework.

### 5.1. Theoretical framework

Developing a conceptual understanding of the data as a whole provides the building blocks for theory development. The overall process of how to encourage local entrepreneurial activities by citizen entrepreneurs in order to increase local economic development is conceptualized by relevant patterns or differences in the outcomes of the cases that are found during the process of data analysis (see Figure 4).

**Figure 4 Conceptual process pattern to encourage local entrepreneurial activities**



## 5.2. Referring back to the original conceptual model

Comparing the original and new conceptual framework, with explanations from the data identifies whether a new theory is emerged or new concepts can be added to existing theory. Figure 5 presents the original conceptual framework which is created during the literature review, whereas Figure 6 presents the new conceptual framework that is developed during the process of data analysis to build on theory. The colors from Figure 6 identify where concepts match and where new concepts are add to the original conceptual model in Figure 5. The following three subparagraphs describe the changes in the original conceptual model, together with a brief summary of the main findings of these new concepts.

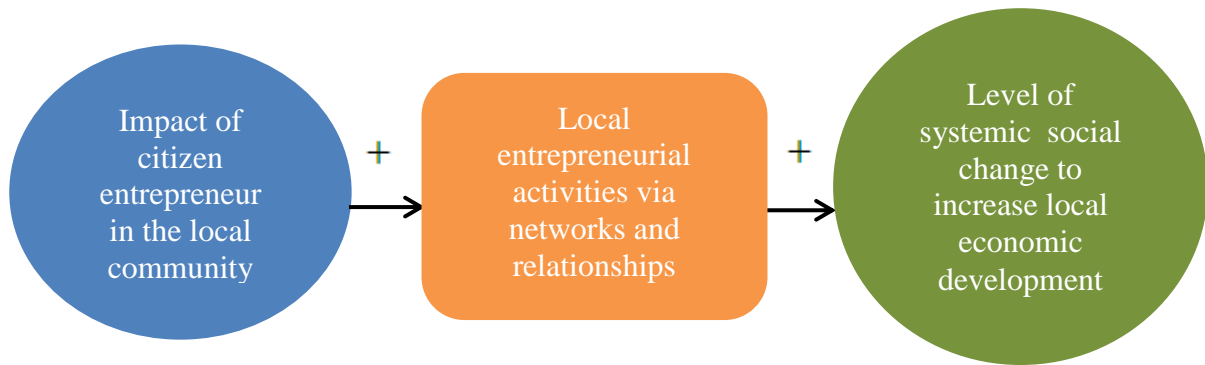


Figure 5 Original conceptual framework



Figure 6 New conceptual framework

### 5.2.1. Specifying the impact of the citizen entrepreneur in the local community

First of all, the impact of the citizen entrepreneur in the local community is specified by problem identification and opportunity recognition. Before the citizen entrepreneurs could create impact on the local community, they first identified problems on a macro, micro and internal environment in their community through their focus on a specific target group that experience difficulties in finding jobs and generating an income in the society, and focus on an industry that create potential for local economic growth. Furthermore, through identifying the personal background of the citizen entrepreneurs, it became clear that the citizen entrepreneurs recognized an opportunity for the society problems. The way how the individuals recognized an opportunity to tackle the society issues could have been influenced by their previous experiences with social activities, or their educational background, or own



difficulties with the society. These factors could be a motivation for the individuals to change their society by themselves.

### **5.2.2. Replacing local entrepreneurial activities via networks and relationships**

Secondly, stimulating local entrepreneurial activities via networks and relationships is replaced by the initiatives of the citizen entrepreneurs to encourage self-employment for their target group and to create change in the local environment, to tackle the society issues that the citizen entrepreneurs experienced in the local community. The way how they stimulate local entrepreneurial activities was indeed via networks and relationships – which is categorized during the process of data analysis under internal networks; that stimulate collaboration between entrepreneurs within the approach to develop more resources, and external networks; that are networks with others to acquire resources that the individuals cannot develop by themselves. Moreover, the reason why they create networks and relationships is to acquire resources that the individuals cannot develop independently. In addition, they also stimulate local entrepreneurial activities on an internal level; to develop resources in terms of physical, financial, human, and technological resources. Furthermore, they use initiatives on a macro level to create change in the local environment; by economic, socio-cultural and ecological initiatives. Moreover, they do not stimulate local entrepreneurial activities by the same initiatives as they experience different society problems related to macro, micro and internal environments, focus on different industries and target groups, recognized different opportunities, focus on different stages of firm development, develop different resources to fulfill their approach, created different networks within or outside the approach, have different personal backgrounds and have different previous experiences to come to such initiatives, which are all factors that make their approach different. However, the citizen entrepreneurs in this research can be seen as the chains to overcome the environmental barriers that their target groups are dealing with in their community by creating initiatives to overcome these barriers.

### **5.2.3. Replacing the level of systemic social change to increase local economic development**

Lastly, the level of systemic social change to increase local economic development is replaced by the outcomes of the approach. By analyzing the initiatives and the outcomes of the approaches, it became clear that the individuals encouraged local economic development by creating initiatives that tackle not only the internal environment for the target group, but also to create initiatives that tackle the macro environment in order to increase local economic

development. Furthermore, after measuring the impact of the citizen entrepreneurs in their local environment, it became clear that the progress of the citizen entrepreneurs toward systemic social change differs per case. Moreover, they stimulate local entrepreneurial activities as they self-employed several people with their approach, although they experience different outcomes. The reason why they experience different outcomes are related to many factors; the person behind the objective, the available resources, the available networks, the opportunity recognition of the citizen entrepreneur, the local environmental context in terms of macro, micro and internal environment, the timeframe, the focus on firm development stage, the industry, the people who receive the support.

These findings shows that the citizen entrepreneurs did reached their social and economic objectives in creating a better life for the people that experience difficulties in the society by creating jobs and generating an income, and at the same time increase local economy. The following paragraphs discuss the reasons behind the new concepts in more detail with empirical evidence.

### **5.3. Problem identification**

By comparing the issues across the cases, is became clear that all cases experience different society problems as the context of the issues differ per case. The context differs as they are operating in different countries which experience different macro, micro and internal environments, focus on different industries and target groups. A reason why they focus on different target groups and industries can be explained by the citizen entrepreneurs' social and economic objectives.

#### **5.3.1. Social objective**

The social objective can be explained by the citizen entrepreneurs' focus on their target group, as they see that these people experience difficulties in the society in finding a job and generating an income. In the case of Karim and Salim, young people face the problem of unemployment in Benin and Senegal. In the case of Gabriela, micro entrepreneurs struggle to survive in the business environment of Mexico. In Dr. Reddy's case, farmers in India experience low incomes and high manual labor due to not having access to farm technologies and mechanization. In the case of Fida, woman are underrepresented in Palestine and thus find it hard to find economic opportunities.

### 5.3.2. Economic objective

The citizen entrepreneurs' economic objective can be explained by strengthen local economic growth by focusing on the most active industry or focus on the target that create opportunities for economic growth or by focusing on underrepresented groups to give them economic opportunities. So do two individuals (Salim, Gabriela and Dr. Reddy) focus on the most active industry in their region. For example, in the case of Salim is it the agricultural industry as in includes 70% of Benin's economy. And in Dr. Reddy's case, the rural area of farming is the most significant contactor to India's national GDP. And does one (Gabriela) focuses on the target group that has great potential to for economic growth. According to Gabriela, SMEs make up more than 90 percent of the businesses in operation, and offer almost 70 percent of jobs available in the country making their success the key to economic growth in the country. However, the other two cases (Karim and Fida) focus more on the underrepresented groups (young people and woman) to give them economic opportunities within their country. Karim focuses on small and medium businesses in all industries, as he saw that young African's deal with unemployment. And Fida focus on small-scale businesses in agricultural and rural in nature, as she believe that woman in rural communities are economically affected by the Separation Wall.

### 5.3.3. Identify political and economic issues

By comparing the issues across the cases, general findings occur. So do all individuals experience in the macro environment political issues in the encouragement of local entrepreneurial activities, and do all experience economic issues by the difficulties of their target groups in findings jobs and generating an income. Although the reasons of how they experience these political and economic issues differs per case and are categorized as followed:

#### *Political issues*

- **Salim.** *The educational system:* the educational system does not meet the society needs of Benin, due to the absent of vocational trainings for young people in the educational system.
- **Gabriela.** *Government involvement in small businesses:* little governmental support and institutional barriers for small businesses to growth.  
*Competition regulations:* monopolistic practices restrict the ability to growth and expand for small and micro enterprises (SMEs).

- **Dr. Reddy.** *Environmental law:* farmers have no access to farm technologies and mechanization due to low electricity supply (four hours a day) of the government.
- **Karim.** *Government involvement in small businesses and competition regulation:* due to an unsupportive entrepreneurial environment for small and medium businesses.
- **Fida.** *Discrimination law:* due to underrepresentation of woman in the political system.

### *Economic issues*

- **Salim.** *Unemployment:* as young African's do not know how to apply their acquired knowledge into the real world and thus find it hard to find a job with their lack of practical experience.
- **Gabriela.** *Growth barriers:* SMEs experiences barriers to growth and expand their business.
- **Dr. Reddy.** *Unattractive work environment:* low income, low productivity of farming, high cost and physical drudgery drive farmers to leave farming and migrate to urban areas for employment, which decreases the supply of food and may result in a food crisis if the agriculture industry stay unattractive.
- **Karim.** *Unemployment:* the low enterprising community drives local economies to other parts in the worlds, and thus results in employment problems.
- **Fida.** *Exclusion of economic opportunities:* woman have less access to job opportunities, due to its exclusion for economic opportunities, and thus work outside the formal sector. 90,5% of Palestine woman remain outside the formal labor force.

The reason why the citizen entrepreneurs identified these political and economic issues, can be explained by the mission or purpose of citizen entrepreneurs. Based on the political environment, Bjerke and Karlsson write that ‘social entrepreneurs (in this case citizen entrepreneurs) are often looking for a social space where traditional business activities and the public sector have not shown major interest’(2013: 30). In addition, Thomson et al. (2000) supports this purpose in his definition of social entrepreneurs by saying that ‘social entrepreneurs are people who realize that there is a possibility to satisfy some social need which the public sector does not want to or is not able to manage’ (2000:328). Thus the citizen entrepreneurs identify political issues that the public sector/government have not yet tackled, due to lack of interest or due to not being able to manage these issues by themselves.

Furthermore, the identification of economic issues; unemployment, business growth barrier, unattractive work environment, and the exclusion of woman for economic opportunities, can be explained by the common objectives of the citizen entrepreneurs, to create a better life for the people that experience difficulties in the society by creating jobs and generating an income, and at the same time increase local economy.

#### **5.3.4. Identify socio-cultural, technological and legal issues**

Three cases experience socio-cultural issues that are based on an attitude of a low entrepreneurial culture for small and medium businesses (Gabriela and Karim) or due to religion and believes a culture exist wherein woman are underrepresented in the society (Fida). Technological issues on a macro level is only experienced in one case (Dr. Reddy) that is based on the low access of technology for farmers which create a low agriculture productivity. And last, only legal issues are clearly presented in one case (Fida) that are based on employment and discrimination law as the underrepresentation of woman is also secured in the labor legislation.

#### **5.3.5. Identify micro environment issues**

Micro environmental issues were only clearly recognized in the case of Gabriela, as she focuses on the business environment of SMEs in the food industry and thus deals with industry issues that were based on customer needs, high competition that the SMEs face, and issues occur in SMEs high cost of raw materials.

#### **5.3.6. Identify internal environment issues**

The individuals also recognized internal environmental issues, as some target groups experience a lack of human resources by; the lack of practical skills of young people in farming (Salim) or the lack of understanding the basic business operations (Gabriela and Fida) or lack of training in entrepreneurship (Karim). Furthermore, some experience a lack of technological resources by; the lack of product innovation in the food industry by SMEs (Gabriela) or the lack of access in farm technologies (Dr. Reddy). Others experience a lack of financial resources by; lack of financial support from banks to invest in technologies and mechanization (Dr. Reddy) or the lower micro enterprise loans for woman compared to men (Fida).

#### **5.3.7. Identify interlinked issues**

A remarkable finding is that all issues within the individual cases are interlinked with each other. Although it is difficult to identify exactly how the issues are interlinked, what the

causes are for each issues and what the effects are. This can be explained by the fact that social problems are often deeply embedded in contextual factors (Austin et al. 2006). However, by analyzing the issues in terms of causes and effects, it became clear that the identified problems on a macro, micro and internal level are effecting the economic environment of the target groups, as they all experience economic issues by the difficulties of their target groups in findings jobs and generate an income.

For example, in the case of Salim, young people find it hard to find a job (economic issue) due to the absent of vocational trainings in the current educational system (political issue), unemployment under young Africans occur (economic issue) as they have not been taught how to apply their acquired knowledge into the real world (lack of practical skills) and thus find it hard to find a job with their lack of practical experiences.

In the case of Gabriela, micro entrepreneurs experience barriers to growth and expand their business (economic issue), due to an unsupportive business environment for SMEs (political issue) and as the majority of the SMEs operate in the informal sector micro entrepreneurs experience a lack of understanding the internal business practices (internal issues), micro issues occur in high competition and oversaturating markets, high raw material cost keeps SMEs from competing with bigger companies in the urban market, and they offer unhealthy product because the focus more on breaking even then innovating their products. Furthermore, the culture surrounding SMEs does not encourage growth and expansion as it is more focused on surviving (socio-cultural), which is all evidence of holding the SMEs from growing and expanding their businesses (economic issue).

In the case of Dr. Reddy, farmers struggle with a low income (economic issue), as farmers experience an lack of access to farm technologies and mechanization (internal issue) due to low electricity supply (four hours a day) of the government (political issues) and due to a lack of financial support from banks in invest in farm technologies and mechanization, because of the high default rate of farmers across the country (financial issue). This again result in an unattractive work environment due to farmers low income, low productivity of farming, high cost and physical drudgery (economic issue). This economic issue shows that, an estimate of 14,000 to 19,000 farmers in India took their own lives in 2011 due to poverty (socio-cultural).

In the case of Karim, due to an unsupportive entrepreneurial environment for small and medium businesses (political) and low entrepreneurial culture (socio-cultural) do young people not know how to change a low entrepreneurial culture as they have little training and confidence in changing this society problem (internal issue) and thus find it difficult to find a

job (economic issue).

In the case of Fida, woman in Palestine are underrepresented in the political system (political issue), have less access to job opportunities (economic issue) as labor legislation restricts woman's freedom from working in the formal labor market, as the woman need permission from the father or husband to work (legal issue), suffer from high pregnancy rates, gender gaps in literacy, are seen as dependent on the men for economic welfare and security (socio-cultural issue), and Woman in the Arab region have generally lack of information about loans and borrowing and microenterprise loans for woman are lower than for men (financial issue), which result in less access to job opportunities, due to its exclusion for economic opportunities, and thus work outside the formal sector (economic issue).

#### **5.4. Opportunity recognition**

During the analysis it became clear that the way how the individuals recognized opportunities to tackle the society issues were related to their previous experiences with social activities, or their educational background, or own difficulties with the society.

##### **5.4.1. Previous experiences with social activities**

Four individuals (Salim, Gabriela, Dr. Reddy and Fida) have previous experiences with social activities and did Salim and Dr. Reddy recognized an opportunity to start their own social enterprise through their experience in other social activities. In Salim's case, he worked for Songhai Project – a newly established educational farm which had been set up in October 1984. He found that here too the system had its limitations due to the superficial and rigid nature of the teaching techniques. His suggestions for change were not implemented therefore Salim decided to leave Songhai to establish “Solidarité Rurale” in 1998. In the case of Dr. Reddy, he worked several years for a social enterprise that also identified the same problem of lack of services for farmers, Dr. Reddy started his own organization as he realized that the social enterprise had become too bureaucratic of an organization, and every new program need to pass several layers of approval which slowed down the innovation process according to Dr. Reddy. This previous experience in social activities shows that the individuals already created knowledge in the social field and may have used this knowledge to identify an opportunity. This argument is in line with Westhead, Wright and McElwee, as they write that ‘an entrepreneur has the ability to exploit an opportunity based on their knowledge’ (2011:38).

### **5.4.2. Educational background**

All individuals have an educational background, although one quit formal education due to political circumstances (Salim), one started a private enterprise after university (Karim), and the others (Gabriela, Dr. Reddy, and Fida) show a relationship between their educational knowledge and their social approach. Gabriela has a background in economics and political sciences, which is suitable knowledge to her social approach in expanding and growing businesses of micro entrepreneurs. Furthermore, she came up with the idea for Prospera during her Masters. Dr. Reddy studied veterinary sciences, due to his passion and love for animals, and used this knowledge by started working in the agriculture by helping farmers to increase their income. Fida studied business administration and social policy, which is suitable knowledge also to her social approach in encouraging rural woman entrepreneurs.

### **5.4.3. Own difficulties with society**

Three individuals (Salim, Gabriela, and Fida) struggled with society themselves in their life. In Salim's case, he stopped his studies in Maths, Physics and Chemistry after getting into prison twice due to student strikes against the Africa's Marxist regime. Gabriela gained an understanding of the difficulties single mothers face in providing for and caring for their families, as her mother raised her and her two brothers alone (age of three and four) after her father died in an airplane crash. And in the case of Fida, through her childhood, she experienced harassment and intimidation from settlers on her way to and from school. She was particularly affected by an intense sixty day shutdown of Hebron following the massacre and attack on a popular mosque when she was 11-years-old. These tough experiences with their society could be a motivation for the individuals to change their society by themselves and can have influenced to start a social enterprise. Austin et al. support this argument by saying that 'an adverse society context may often lead the social entrepreneur to seek to change the context itself' (2006:9). However, Karim recognized an opportunity via cultural values of the country, as he decided to focus on creating a new economic engine composed of collaboration and community, in contrast to the silos and secrecy of the 19th and 20th century economy, as he believed that they have to return back to the traditional African value which emphasizes that everybody is interconnected, what South Africans call Ubuntu. These findings show that not only problem identification created their approach to encourage local entrepreneurial activities, but their personal background have also influence on their approach, in terms of previous experiences in social activities, educational knowledge that



suits to their approach, and their own tough experiences with their society could be a motivation for the individuals to change their society by themselves.

## **5.5. Initiatives**

During the problem identification it became clear that the citizen entrepreneurs created initiatives is to tackle the problems that their target groups were dealing with in their macro, micro and internal environment. A reason why they all use different initiatives is because they experience different society problems related to macro, micro and internal environments, focus on different industries and target groups, recognized different opportunities, focus on different stages of firm development, develop different resources to fulfill the approach, created different networks within or outside the approach, have different personal backgrounds and have different previous experiences to come to such initiatives, which are all factors that make their approach different.

Similarities between the initiatives occurred in a general way as they all created initiatives for the macro and internal environment. So did they created initiatives for the macro environment to create change in an economic (all), socio-cultural (Gabriela, Karim and Fida), and ecologic (Salim, Gabriela and Dr. Reddy) way. And did the citizen entrepreneurs also created initiatives for the internal environment to develop resources in terms of physical resources, financial resources, human resources, technological resources and social capital. These initiatives will be discussed in the following paragraphs.

### **5.5.1. Tackle the economic environment**

They all tackle the economic problem of the difficulties that their target groups experience in finding jobs and generating an income, however the way how they tackled this economic problem differs per case. So did Salim tackles the economic problem of unemployment under young people by encouraging an entrepreneurial attitude via self-employment and entrepreneurship under young people by training them to take ownership of agricultural techniques that lead to modern farms. Furthermore, Salim encourage the development of local resources to use resources available in the region, whereby young African's must play an active role in local production, but at the same time targeting bigger markets on local, national and international level to increase economic growth. Gabriela increase local economy whereby she takes into account local consumers, small and micro enterprises, untapped markets, and the government. Furthermore, Dr. Reddy tackle the economic problem by creating self-sustaining farms that increase the income of farmers while lessening the manual labor. Karim stimulate new venture creations and business expansions

under Senegal people by the use of collaborating working space. And Fida encourage entrepreneurship around rural woman to create economic opportunities for them.

### **5.5.2. Tackle the socio-cultural environment**

Socio-culture is tackled by three citizen entrepreneurs on several ways to promote a local entrepreneurial culture. Gabriela wants to create a culture of local economic consumption by having micro-economic public education campaigns to increase the importance of buying locally. And want to spread entrepreneurial culture and the work of the SMEs via involving the Chambers of Commerce. Karim links entrepreneurship together with the traditional value of the region which emphasize interconnectivity, to change the low entrepreneurial culture in the region. Moreover, Karim wants to give the entrepreneurs more than new insides of their venture possibilities, or new business opportunities, to also let them think about how their work can create new opportunities for others in the society. And Fida want to increase the local cultural and social context by relaying on community-based organizations that adapt her business incubation model.

### **5.5.3. Tackle the ecological environment**

Some citizen entrepreneurs show their importance for creating a better ecological environment. Salim encourage sustainability to create added value by recycling waste and supply healthy food that fulfill the environmental requirements, as he believes that young people must use local resources without harming the environment. Gabriela provide sustainability in her consulting by innovating on healthy products, but also by producing the product on a sustainable and health-conscious way. Dr. Reddy provide sustainability by producing own energy via a bio plant so that the automated farm can run without any interruption and develop organic milk which succeeds the European standards of organic milk, and do not use chemical fertilizers.

### **5.5.4. Do not tackle the political environment directly**

A remarkable finding is that none of the citizen entrepreneurs tackle the political issues directly. They all provide solutions for their target group to not be harmed by the political environment anymore. A reason why they do not tackle the political problem directly is because they found other ways to solve the political issue by developing resources themselves or with others, or the government is not able to manage these issues by themselves, or the government is simply not interested in changing it. The citizen entrepreneurs in this study can be seen as the chains to overcome the environmental barriers

that their target groups are dealing with in their community by creating initiatives to overcome these barriers.

#### **5.5.5. Human resources**

All the citizen entrepreneurs use human resources to encourage local entrepreneurial activities, although they use different approaches to provide human resources by giving their target groups trainings (all), educating business basics (Salim, Gabriela and Fida), designing business plans (Gabriela), and marketing assistance (Gabriela and Fida).

#### **5.5.6. Financial resources**

Some individuals create financial resources to overcome the lack of financial support, by providing farmers access to loans via partnerships with bank to let farmers invest in farm technologies and mechanization (Dr. Reddy) or provide loans to woman to start or expand their business via an agreement with a local lending company (Fida).

#### **5.5.7. Physical and technological resources**

Some individuals provide physical resources by giving students access to a farm to get work experience (Salim) or by offering free ground to grow fodder and other crops (Dr. Reddy) or provide online and offline working space (Karim). Others provide technological resources to give young people technical expertise in farming (Salim) or help to develop new products to serve unmet markets (Gabriela) or by introducing automated organic dairy farming and provide electricity via a bio plant that creates its own electricity (Dr. Reddy).

#### **5.5.8. The use of different resources**

A reason why not all individuals developed all types of resources and the way how they develop these resources differs per case, is because they only develop initiatives that suit to the context that they experience in the own local environment. Meaning that they experience different problems and thus create different initiatives.

These findings shows that it is difficult to compare the initiatives across the cases in a detailed way as they all are developed in a different context and only general findings could be found between the types of resources that they develop to stimulate local entrepreneurial activities. This also shows that initiatives cannot be directly replicable by others as the context wherein the initiatives are created are not similar. Öhrström (2005) support this perspective by writing that the local community circles around a mix of specific local conditions which only exists in one place. In addition, Ekman and Hultman (2007) believe that coping successes of

other communities is not possible in a local community or city to reach sustainable development, but only by connecting and building new networks locally.

#### **5.5.9. The use of social capital to develop and acquire resources**

Furthermore, most interesting is that they all use social capital to develop and acquire resources. Social capital can be seen as a process that is created to facilitate an effective exchange of information and resources (Bjerke & Karlsson, 2013). Furthermore, Fukuyama (1995) defines social capital as the ability of people to work together for a common purpose in groups or organizations. Bjerke and Karlsson (2013) write that citizen entrepreneurs are using some kind of social capital – relationships, networks, trust and cooperation – to get hold on physical and financial capital that can be used to create something of value to the local community.

During analyzing the initiatives of the individual cases two different networks were recognized, namely: internal networks that stimulate collaboration between entrepreneurs within the approach to develop resources and external networks with others to acquire resources that the individuals cannot develop by themselves. These findings are supported by theory as the collaboration with other entrepreneurs can be explained by social capital, as personal network among citizens who start a new business venture allows them to gain access to resources that they cannot raise on their own (Ostgaard & Birley, 1994). The networks with others can be explained by network theory, which describes that by joining networks and forming alliances, entrepreneurs can expand their social capital networks, and subsequently utilize knowledge and value-creating resources that a firm cannot create independently (Westhead et al., 2011). Meaning that both types of networks use networks as they cannot create resources independently. Another reason why they may use these networks can be explained by the absence of a stable institutional environment; ‘due to the absence of fully functioning markets and institutions, entrepreneurs may develop substitutes through networks and more informal and personal credit sources’ (Westhead et al., 2011:192). Moreover, empirical findings show that the purpose of internal and external networks differs per case:

##### ***Internal networks to develop resources***

- **Salim.** Encourages students to work in groups to facilitate access to financial resources and reduce the risk of business failure.
- **Gabriela.**

- To overcome to high cost on raw materials, Gabriela facilitate the flow of raw material by cataloging raw material needs of the SMEs and find other entrepreneurs within the social enterprise with similar supply chain needs, to buy the raw material in once (wholesale) and distribute them among the entrepreneurs to cut cost in supply and distribution.
- After the business plan is created can the micro entrepreneurs stay in the Prospera network. This network offers connections to a network of mentors and experts in business development, product placement with potential customers, financial advice, and low-cost brand positioning with the Prospera brand which allows the entrepreneurs to create a long lasting relationship with their clients.
- **Dr. Reddy.** Developed a farm hub which is a space where the farmers receive training, share knowledge and technological expertise with each other, share common problems to learn from others within farm hubs.
- **Karim.** The main concept of the approach is a collaborative working space where entrepreneurs can share their best ideas, experiences, knowledge to improve the quality of their current venture or to create business opportunities to start new ventures.
- **Fida.** Provide business support resources and services through a network of 34 rural organizations.

#### *External networks to acquire resources*

- **Salim.** Salim partner with agro-economic institutions to acquire human resources by training young people in agriculture.
- **Gabriela.**
  - Gabriela formed relationships with nutritional engineering departments at U.S. universities to acquire technological resources in the form of innovative products for the micro entrepreneurs to create new market opportunities.
  - Gabriela created an alliance with the local government (Ministry of Economics) to acquire clients, as all entrepreneurs who apply for a micro loan first undergo training through Prospera and establish a business plan. The training provide guarantee by the secretary of employment and social provisions.
- **Dr Reddy.** The organization established an agreement between the bank, farmer, and the organization itself, under which the organization initially finance the farmer. The

organization stands in as a guarantor to reduce the risk for the bank and convince them to finance the farm model.

- **Karim.** Karim host seminars on universities and public areas to provide knowledge and information by training young people who have not yet come up with an idea for a venture.
- **Fida.**
  - A local lending company provide small and affordable loans to the woman that are also in line with the Islamic loan principle.
  - A local marketing company sells and markets the products of the rural woman on a local, regional and international basis.

The external network findings show that all individuals partnered differently with the public, business and/or citizen sectors. The different use of partnerships with other sectors can be explained by the different conditions wherein the approaches are established.

Now that is discussed why the citizen entrepreneurs use networks, further research in the field of social capital may investigate in how these networks are exactly created. Bjerke and Karlsson (2013) believe that understanding how these networks are working is the key to understanding how our society is working, and the greatest profits in this society are, to a large extent, found in researching and exploiting the power of decentralized and autonomous networks and building new ones.

#### **5.5.10. The role of the citizen entrepreneurs with their initiatives**

The initiatives show that the citizen entrepreneurs can be seen as business incubators<sup>7</sup> by providing trainings to their clients, educating business basics, designing business plans, giving marketing assistance, providing financial support, technical expertise, develop new markets and products, providing electricity, give access to working space, and land to encourage local entrepreneurial activities. However, most business incubators provide business support during the start-up period, like Salim does, whereas Gabriela, Dr. Reddy, Karim and Fida provide also services to established firms. Moreover, the citizen entrepreneurs do more than just acting as business incubators as they want to create change in the local environment whereby they use initiatives to change the economic, socio-cultural and ecological macro environment.

---

<sup>7</sup> Business incubators help emerging businesses by providing various support services such as assistance with developing business and marketing plans, building management skills, obtaining capital and access to more specialized services. They also provide flexible space to rent, shared equipment and administrative services in managed workspace (Swinburn, 2006).

Bjerke and Karlsson (2013) describe this behavior by saying that ‘social entrepreneurs (in this case citizen entrepreneurs) are often more effective activists and/or campaigners and catalysts of a wider social change than is the case for business entrepreneurs’ (2013:30). The next section provide more inside how they created change in the local environment.

## **5.6. Outcomes**

Local economic development was encouraged by the citizen entrepreneurs by first focusing on the most active industry and/or target group that create opportunities for economic growth, and secondly by creating initiatives that tackle not only the internal environment for the target group, but also to create initiatives that tackle the macro environment in order to increase local economic development. These macro environment initiatives were created for the economic environment to support people that experience difficulties in finding jobs and generating an income, for the social-cultural environment to encourage a local entrepreneurial culture, and some citizen entrepreneurs show their importance for creating a better ecological environment. The way how they created these initiatives are elaborated in the initiative section, discussed above.

### **5.6.1. The use of external networks to create change**

By analyzing the outcomes of the initiatives it became clear that external networks were also used by the citizen entrepreneurs to create change in the macro environment, or to share their model with others, or to use connections to expand their model to other areas. Creating change in the macro environment can be explained by the purpose of citizen entrepreneurs as they not only use their networks to leverage resources and strengthen their own ventures, which is primarily to business entrepreneurs, but also to deliver impact and to create new social value (Nicholls, 2006). The external networks are categorized as followed:

- **Salim.** *Expand model:* Several academic institutions have adopted Salim’s initiative and several organizations request Salim to train their staff to improve agricultural production techniques.
- **Gabriela.** *Change macro environment:* Prospera involves the Chambers of Commerce in an effort to spread entrepreneurial culture and the work of the SMEs they support.
- **Karim.** *Expand model:* Karim spread his initiative to Google, that is currently a collaborator with the social enterprise trough Google Tech User Group and helps to expand the social enterprise to Dakar, and help to sophisticate the collaborative platform further to attract more Senegal entrepreneurs.

- **Fida. *Share model*:** Local community-based organizations adapts the business incubation model of Fida into a local cultural and social context.

### **5.6.2. Monitoring performance**

Some citizen entrepreneurs (Gabriela, Dr. Reddy and Fida) use monitoring tools to track the performance of their target group. So does Gabriela track each project's investments and loans, production rate, and profitability. This create inside in the behavior of the SME's new market tendencies and the challenges that the businesses face. This allows the social enterprise to continuously revise their strategies based on the trends to respond to the needs of the sector. Dr. Reddy designed the technological loop of the farm and continuously innovates and improves this loop with feedback and input from the farmers. Fida monitor and evaluate the quality of the products to give advices where it is needed. And through a network of rural organizations, Fida ensures constant monitoring and evaluation of her beneficiaries' projects.

### **5.6.3. Level of systemic social change**

To measure how widely the citizen entrepreneurs' impact has spread, proxy indicators of Ashoka's measuring effectiveness program (See Appendix III) were used to find out how the individuals created systemic social change in their local community by answering if they are still working towards their original vision, if others have replication their original idea, if they created impact on public policy, and what the current position of the institution is. Firstly, all citizen entrepreneurs are still working towards their original vision as they all want the spread their model. According to Ashoka (Leviner et al., 2006), citizen entrepreneurs need a lifelong commitment to their vision for the future to create a sustainable development and stable change.

Secondly, only in the case of Salim, did others replicated the original idea as several academic institutions have adopted Salim's initiative. According to Askoka (Leviner et al., 2006) is replication an indicator that an idea has not only spread, but also has taken roots. Citizen entrepreneurs who succeed on this front have moved beyond their direct impact to influence the way other groups in society approach a social problem.

Thirdly, there is only Gabriela had some impact on public policy. She created an alliance with the Ministry of Economics to train micro entrepreneurs first at Prospera before they receive a microcredit loan, which mean that the micro entrepreneurs who want the receive a loan now also received more business support by the alliance between the Ministry of Economics and Gabriela's organization. Ashoka (Leviner et al., 2006) determines that



changes in government policy signal the adoption of a social entrepreneurial idea in the public sphere. Existing systems in most societies can be broadly reformed through policy change.

Fourthly, the current position of the social enterprises differs per individual case. On the short term, some individuals (Salim and Dr. Reddy) are looking for new leaders that want to take over the social enterprise so they can build new clusters elsewhere. While others (Salim, Gabriela and Dr. Reddy) would like to expand their model to other states within the country, or even use the opportunity to expand to other countries (Gabriela, Karim and Fida). For example, on the long run, Gabriela wants to sell the products of its members in international markets like the United States, China, India and Brazil. Whereas, Karim want to expand his model on the long run in France, in order to further break down the walls between Africa and the West and allow for the maximum exchange of ideas. And Fida wants to expand her model throughout the Arab World, including the Levant, North Africa, and the Gulf countries. Ashoka (Leviner et al., 2006) believes that a strong institution that is recognized as a leader in its field effectively provides permanent status in society for a social entrepreneurial idea and creates the base from which that idea will spread. These findings shows that the progress of the citizen entrepreneurs toward systemic social change differs per case, which can be explained by their different contexts.

#### **5.6.4. Amount of local entrepreneurial activities**

The citizen entrepreneurs stimulate local entrepreneurial activities as they self-employed several people<sup>8</sup> with their approach. So did Salim helped 60 students to open their own farms and more than 600 people visit the center each year to follow the model. Gabriela has trained more than 2,000 entrepreneurs and linked more than 100 micro-businesses with potential customers, raising their sales by an average of 300 percent. Dr. Reddy worked with over 300 farmers in the coconut belt, he increased farmers income of \$160 USD per acre per annum, to \$ 1700 USD per acre per annum, thereby multiplying the farmer's livelihood income by more than ten times. Karim, has welcomed over 50 Jokkowokers, which have gone on to launch various ventures, 22 of which are still being cultivated within the coworking space. And Fida has provided seed funding for over 1,200 projects. These findings shows that the citizen entrepreneurs did reached their social and economic objectives in creating a better life for the people that experience difficulties in the society by creating jobs and generating an income, and at the same time increase local economy.

---

<sup>8</sup> Number of self-employed people is based on the timeframe of the written cases

### **5.6.5. Experience different outcomes**

The reason why they experience different outcomes are related to many factors; the person behind the objective, the available resources, the available networks, the opportunity recognition of the citizen entrepreneur, the local environmental context in terms of macro, micro and internal environment, the timeframe, the focus on firm development stage, the industry, the people who receive the support. These factors can be explained by entrepreneurship theory. Gartner (1985) presented a conceptual framework for describing the phenomenon of new venture creation that integrated four major perspectives in entrepreneurship (Westhead et al., 2011): the characteristics of the individual(s) starting the new venture (in this case the characteristics of the citizen entrepreneur starting a social enterprise); the organization they create (in this case a social enterprise whereby they help start-ups and/or established firms); the environment surrounding the new venture (in this case the macro, micro and internal environment); and the process by which the new venture is created (in this case opportunity recognition, resources and networks acquisition). These factors have again influence on the outcomes.

## **6. CONTRIBUTION OF THE DEVELOPED THEORY TO OTHER THEORIES AND SOCIAL PROGRAMS**

One remarkable aspects that Hennink et al. (2010) mention in developing theory is that ‘theory should be usable for the intended purpose of the study, for example to contribute to other theories, policy or social programs’ (2010:265). This section will find out what the contribution is of the developed theory to other theories and social programs.

To come back to the statement that is mentioned in the introduction of the paper; ‘an individual approach of citizen entrepreneurs may show different actions and choices that are more effectively than the institutional and business approaches to increase local economic development’, will the developed theory be compared with the approach of the World Bank in its implementation of LED strategies and action plans (Swinburn, 2006). Certain patterns and differences in patterns of both approaches are presented, to find several answers to above mentioned statement and see on what aspects they can learn from each other.

Thereafter will the developed theory together with the World Bank LED approach be compared with the LED approach of Canzanelli (2001) to create a clear overview where these two approaches contribute to in Canzanelli’s model.

## 6.1. How does the theory contributes to the World Bank LED approach?

First of all, the scope of both approaches need to be clear before the contribution of the theory to the World Bank LED approach can be explained. The World Bank focuses on the total picture of LED in a community by its creation of a LED strategic planning process that consist out of five stages (see Appendix V) where several strategic programs and projects are developed. The approach is used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers (Swinburn, 2006). Whereas the citizen entrepreneurs focus also on a community but then on one target group and one industry.

### 6.1.1. Comparing the LED approaches

The approach of the citizen entrepreneurs can be compared to one program area that the World Bank introduces for a local community, for example the program encouraging local business growth (Swinburn, 2006:35) can be compared with Gabriela's approach to help micro entrepreneurs expand and growth their business. But what are exactly the main differences and similarities between both approaches? Table 4 highlights important findings between the two approaches to answer: who are involved in the approach; what is the goal of their approach; how do they create LED; what is their target group; and who owns the approach to further find out what they can learn from each other's approaches.

**Table 4 Comparing the LED approaches**

	<b>Citizen entrepreneurs</b>	<b>World Bank</b>
<b>Who does LED?</b>	Citizen entrepreneur, involved target group, and involved people and partners in the public, business and/or citizen sector.	LED is usually strategically planned by local (municipal) government in conjunction with public and private sector partners. Implementation is carried out by the public, private and non-governmental sectors according to their abilities and strengths.
<b>Why LED?</b>	To create a better life for the people that experience difficulties in the society by creating jobs and generating an income, and at the same time increase local economy.	To build up the economic capacity of a local area to improve local economies and generate an enabling environment for employment generation and to improve the quality of life for all.
<b>How to create LED?</b>	To create initiatives for the target group that encourage local entrepreneurial activities in order to	Communities undertake strategic programs and projects to remove obstacles and facilitate investment, in order to expand their economic and

	create jobs and generate an income and to increase local economy at the same time.	employment base. The timeframe for an LED strategy is typically three to eight years and includes annual implementation plans.
<b>Target</b>	Single industry and a single target group.	Communities from 20.000 inhabitants to over 3.500.000.
<b>Ownership</b>	The approach is owned by the citizen entrepreneur as he/she developed the approach.	The LED strategy should be owned by the municipal government with a demonstrated strong political will to implement it.
<b>Level of the approach</b>	Individual level to stimulate self-employment by creating small sized activities, while at the same time increase local economy.	Community level to increase the local economy of a community by creating medium/large sized activities.

### **6.1.2. Main differences between both LED approaches**

The main difference between both approaches is that the World Bank tackles the political environment directly by building a business-oriented government. Namely, the World Bank involves the local (municipal) government dominantly in the LED approach, as it should own the LED strategy and implement the strategy together with the private and non-governmental sectors. The World Bank believes that the municipal government has an essential role in creating a favorable environment for business development and success (Swinburn, 2006). Another main difference is the level of both approaches, as the World Bank tackles the entire community to increase local economy by establishing several strategic programs and projects, whereas the citizen entrepreneurs tackles one target group and one industry to stimulate self-employment under individuals while at the same time increase local economy.

### **6.1.3. Main similarities between both LED approaches**

Several similarities occur in their process of creating LED. They both aim social and economic objectives as they both focus on creating employment and increasing local economy. They both tackle problems and opportunities to create initiatives. In addition, the World Bank also determines the importance of focus and selection of the LED programs as the selection must be limited according to needs and resources. The citizen entrepreneurs limit their focus by selecting the target groups that experience difficulties in the society in finding a job and generating an income and want to strengthen local economic growth by focusing on the most active industry or focuses on the target group that create opportunities for economic growth or by focusing on underrepresented groups to give them economic opportunities. The World Bank select LED projects that meets the broader LED goals, objectives and priorities

that are discussed and agreed by the stakeholders. To prioritize projects, municipalities are often interested in comparing the benefits of a project proposal in terms of generating new jobs, improving income, creating new enterprises, increasing revenue, and value-for-money (Swinburn, 2006).

Furthermore, they both use similar initiatives to encourage local entrepreneurial activities, namely: encouraging new enterprises by providing advice, technical support, financial support, information and resources to help individuals to set up their own business; encouraging local business growth by providing small and medium-sized businesses that are already established in the community advice, support and resources to enable these existing local businesses to grow; integrating disadvantaged target groups (urban poor, woman, and youth); gain practical work experience; develop networks<sup>9</sup>. The main difference is that the World Bank use different programs for these initiatives and the citizen entrepreneurs integrate these initiatives in one social enterprise. Furthermore, the report does not mention which person/team tackles which initiative in the LED projects, but does mention that the municipalities do not provide all initiatives. For example on financial support ‘it is not usual for municipalities to be involved in micro-finance schemes as they generally do not have the skills and resources to do this. Their role is primarily to identify needs and encourage institutions and private sector players to intervene’ (Swinburn, 2006:36).

#### **6.1.4. How to review the approach?**

The citizen entrepreneurs can learn from the World Bank on how to review their approach. Some citizen entrepreneurs (Gabriela, Dr. Reddy and Fida) already use monitoring tools to track the performance of their target group, however there may be other ways to track the performance. Moreover, the effectiveness of the citizen entrepreneurs’ approaches is already measured according to the measuring effectiveness approach of Ashoka by using proxy indications to identify what systemic social change they created in their community. However, this approach tracks the progress of the citizen entrepreneurs toward social systemic change in their community and does not provide a process or practical steps that citizen entrepreneurs can undertake to identify the inputs, outcomes and impact of each initiative to find out what has the greatest impact on the community.

The World Bank, on the other hand, uses more indicators than only measuring the

---

<sup>9</sup> The World Bank introduces business clusters as an approach to encourage and support inter-firm collaboration, institutional development and targeted industrial sectors. The sectors are targeted at those that offer the most potential for local economic development, just like the citizen entrepreneurs target their sector focus. In these clusters can local people meet together to enable business development opportunities (Swinburn, 2006).

effectiveness of each project. The World Bank reviews on an annual basis the LED strategy in order to determine the progress of the LED approach, by reflecting changes in the local economy and identifying whether mistakes are made in implementing the strategy. This revision is guided by monitoring<sup>10</sup> and evaluating<sup>11</sup> each project by using several indicators that measure the inputs, outputs and impact of each project. ‘Monitoring and evaluating provide important information on how to use limited resources more effectively by directing investments to programs and activities that have the greatest impact on productivity, job growth or investment’ (Swinburn, 2006:49). They use a process and outcome evaluation (see Table 5) whereby process evaluations focus on the implementation of programs or projects, and outcome evaluations focus on program results. Process evaluation is concerned with how a program can be improved while outcome evaluation is concerned with whether the program actually works (Swinburne, 2006). Managers of LED programs would benefit from building both forms of evaluation into the program design (Bartik, 2002).

**Table 5 Process and Outcome Evaluation**

<b>Process evaluation</b>		<b>Outcome evaluation</b>			
Monitoring daily tasks	Assessing program activities	Enumerating outcomes	Measuring effectiveness	Cost and benefits	Assessing impact

In the case of the citizen entrepreneurs, they can use this process and outcome evaluation together with the related indicators to identify the inputs, outcomes and impact of each initiative to find out what has the greatest impact on the community. The indicators that include the process and outcome evaluation are discussed by Swinburn (2006:48) as followed. Process evaluations overlap with monitoring activities and both are concerned with project or program implementation. Process evaluation involves the systemic examination of implementation quality on a periodic basis and programs are monitored internally with monitoring reports generated at different levels on a weekly, monthly or quarterly basis. A process evaluation may recommend changes in program activities, target groups, the management structure or financing strategy.

Outcome evaluations primarily seek to measure the ‘value added’ of undertaking a particular LED project intervention. Outcome evaluations ideally cover four key parameters.

---

10 Monitoring measures progress, focus on performance and provide continuous feedback on implementation (Swinburn, 2006: 47).

11 Evaluation is the periodic assessment of a project’s relevance, performance, efficiency, and impact (both expected and unexpected) in relation to stated objectives (Swinburn, 2006:47).

Primarily, evaluations must account for and *enumerate* outcomes. This can be achieved by assessing what has happened to the target population and how it is different from before. Enumerating outcomes will also involve outlining whether program objectives were achieved and if unanticipated outcomes occurred. Secondly, outcome evaluations measure program *effectiveness*. This is achieved by assessing the degree to which the intervention resulted in observed changes in the target population. Third, outcome evaluations must assess whether program benefits outweigh program costs by conducting a *cost benefit analysis*. Lastly, a sound outcome evaluation will *assess impact* by determining whether there has been a marked improvement in the situation that the policy or program was designed to address.

#### **6.1.5. Which LED approach is more effectively?**

On the short run, both approaches develop effective ways to encourage local entrepreneurial activities. Although, on the long run, the World Bank developed an approach that tackles the entire community and thus create more possibilities to systemically change the local community. The citizen entrepreneurs can learn from the World Bank on how to tackle the political environment directly as well as how to identify the inputs, outcomes and impact of each initiative to find out what has the greatest impact on the community. Furthermore, the World Bank can learn from the citizen entrepreneurs on how to develop initiatives for specific target groups and industries. They also can learn from each other's connections that they formed to perform their initiatives or they can even collaborate together.

#### **6.1.6. Examine the relationship between the LED strategic planning process of the World Bank with the original and new developed model**

This section will go through the LED strategic planning process of the World Bank (see Appendix V) to examine an explicit relationship between the relevant steps, the original conceptual model (see Figure 5) and the new developed model (see Figure 6).

The World Bank starts their LED strategic planning process with stage 1: Organizing The Effort. This involves the identification of involved partners and people that comprise and/or impact the local economy. This is in line with the original conceptual model, as it starts with the sensitizing concept of; impact of citizen entrepreneur in the local community. The difference is that the World Bank does not use citizen entrepreneurs to provide impact in the local community, but use several stakeholders, namely: people, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks, training institutions and other groups that bring their skills, experiences and resources to the overall LED strategic planning process. However, after the process of data analysis a new conceptual framework is

introduced which identified that the citizen entrepreneurs are not the only one involved in creating impact in the local community, as they involve a specific target group to develop resources for them and together with them to encourage self-employment and use partners in the public, business and/or citizen sector to acquire resources that they cannot develop independently.

After the identification of involved people and partners in the LED strategic planning process, is maintaining and sustaining these partnerships a critical and challenging factor determining the effectiveness of the LED efforts. The importance of maintaining and sustaining partnerships is in line with the use of partnerships for the citizen entrepreneurs, as they need them to acquire resources for their target groups. For example, without an agreement or partnership with banks, the citizen entrepreneurs may not find other ways a provide financial support to their target group, which again influence the effectiveness of the approach. However, the new developed model identifies that citizen entrepreneurs develop partnerships during the initiatives phase, whereas the World Bank starts their approach with identifying the involved partners and people. While the original conceptual model defines the involvement of partners in the second sensitizing concept; stimulating local entrepreneurial activities via networks and relationships, so the involvement of partners occur in a different stage for these models.

Moreover, stage 2: Local Economy Assessment of the LED strategic planning process involves identifying key information on the local economy to review the existing relationships and activities within an area by identifying public, private and non-governmental resources. This step is in line with the problem identification phase of the new developed conceptual model whereby the citizen entrepreneurs identify problems in the macro, micro and internal environment of their target group. The main difference is that the World Bank LED approach focuses on the entire local economy problems, while the citizen entrepreneurs focus on problems of one target group and one industry.

After identifying key information on the local economy, identifies the World Bank the strategic direction of the local economy by analyzing the existing structures and trends in business development, manufacturing, employment, skills, and other data that will help to identify the strategic direction of the local economy. This identification may highlight the need for specific projects and programs that will expand and diversify the local economic base. The citizen entrepreneurs identify a strategic direction to increase local economic development by focusing on the most active industry and/or target group that create opportunities for economic growth in their local environment.



The last step of stage 2 identifies comparative information of others by information on the resources and activities of neighboring communities or other local, regional, national or international competitors. The information helps to consider the potential for a wide range of local economic development opportunities across all the major sectors. This identification is different from the citizen entrepreneurs as their approach only focus on one industry and one target group and thus not tackle the entire community with their approach. Although, the citizen entrepreneurs involve other areas later in their approach, namely to expand their initiatives to other states in the same country or even to other countries.

Stage 3: Strategy Making includes the vision of the LED approach, which describes the stakeholders' consensus on the preferred economic future of the community. As the World Bank includes more stakeholders than the citizen entrepreneurs in their approach, sharing the same vision with a high amount of people and partners can create difficulties. It is important that the vision is developed and agreed to all stakeholders in order to create a vision that act as a strategy guide, steering the actions of the different stakeholders in the same direction (Swinburn, 2006). Furthermore, Stage 3: Strategy Making includes the programs that set out the approaches to achieve realistic economic development goals, and the projects and action plans to implement specific program components. As discussed earlier, the World Bank undertakes strategic programs and projects to tackle the entire community, while the approach of the citizen entrepreneurs can be compared to one program area that the World Bank introduces for a local community whereby one target group and one industry is tackled.

Stage 4: Strategy Implementation includes the implementation plan that is supported by individuals LED action plans which provide specific details on project components including the hierarchy of the tasks, responsible parties, a realistic delivery timetable, human resources and financial needs, sources of funding, expected impacts, results, performance measures and systems for evaluating progress for each project. By comparing these aspects with the approach of the citizen entrepreneurs, the hierarchy of the tasks and responsible parties lays at the social enterprise rather than at specific parties in the case of the World Bank. The World Bank introduces specific programs and projects for several industries and target groups to manage the approach by selecting responsible parties and hierarchy of takes to provide an effective LED approach. Furthermore, the human resources and financial needs are included in the initiatives phase of the citizen entrepreneurs' approach, while the expected impacts, results, performance measures and systems for evaluating progress for each project, can be compared with the outcomes phase of the citizen entrepreneurs' approach, including; the level of systematic social change by the initiatives from the citizen entrepreneurs and the

amount of local entrepreneurial activities. The expected impact and performance measures can also be compared with the third sensitizing concept of the original conceptual model: level of systemic social change in the local community to increase local economic development. And last, stage 5: Strategy Review is already compared with the approach of the citizen entrepreneurs in section 6.1.4. in detail.

## **6.2. How does the developed theory and the World Bank LED approach contribute to the LED approach of Canzanelli?**

Canzanelli (2001) describes LED as a process in which local actors shape and share the future of their territory. He (2001) demonstrates that economic development on a local level is a process in which local stakeholders work closely together. The local model (see Figure 7 original model) includes independent variables, an intervening variable zone and depended variables which will be compared with the developed theory and the World Bank LED approach to see where these two approaches contribute to in Canzanelli's model.

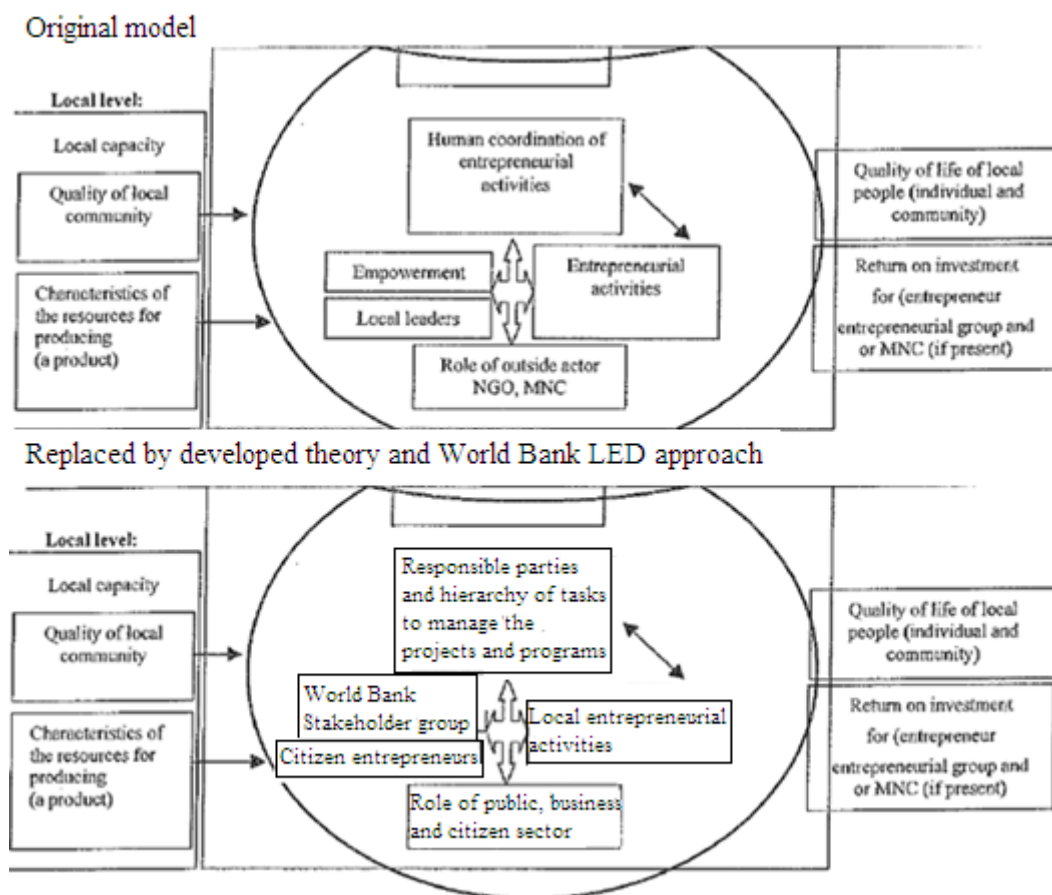
By comparing the dependent variable: quality of life of local people (individual and community), the citizen entrepreneurs focus their approach more on the quality of the local people by encouraging self-employment, while the World Bank approach focuses more on the quality of the local community to strengthen the local economic capacity of an area by establishing several strategic programs and projects for different target groups and industries. This shows that the citizen entrepreneurs mainly focus on the individuals in the local level of Canzanelli's (2001) model and the World Bank focuses more on the entire community, also called the meso level (Pennink, 2014).

Furthermore, by comparing the independent variable: characteristics of the resources for producing (a product), in the case of the World Bank approach, the characteristics of the resources for increasing local economy is dependent on the skills, experiences and resources that the identified stakeholder groups bring to the overall strategic planning process. While in the case of the citizen entrepreneurs' approach, the characteristics of the resources for increasing local economy is dependent on the developed and acquired resources by the citizen entrepreneurs, their involved target group and involved people and partners in the public, business and/or citizen sector.

Moreover, by comparing the intervening variables of Canzanelli's model with the citizen entrepreneurs' approach, the local leaders can be seen as the citizen entrepreneurs that stimulate local entrepreneurial activities, which can be replaced by entrepreneurial activities, in order to increase local economic development. In addition, the role of outside actor NGO,

MNC can be replaced by the public, citizen and the business sector. Furthermore, the intervening variable: the human coordination of entrepreneurial activities can be compared with the World Bank approach, namely the responsible parties and hierarchy of tasks during the strategy implementation stage to manage all the programs and projects for a local community. Moreover, the intervening variable: empowerment can be seen as the stakeholder groups that are involved during the overall strategic planning process to comprise and/or impact the local economy.

These changes in the intervening variables of Canzanelli's model by the approach of the citizen entrepreneurs and the World Bank are implemented in the LED framework of Figure 7. These changes show that the approach of the citizen entrepreneurs focus more on the lower part of Canzanelli's model, while the World Bank approach focuses more on the upper part of the model.



**Figuur 7 Original and replaced LED framework**

## 7. CONCLUSION

This research explored the role of five citizen entrepreneurs from developing countries in stimulating local entrepreneurial activities within local communities. This is done through the process of data analysis of Hennink et al. (2010) which goes beyond case description into explaining and conceptualizing a social phenomenon to build on theory. Relevant patterns or differences in the outcomes of the individual cases were identified during this process of data analysis and developed a conceptual understanding of how citizen entrepreneurs stimulate local entrepreneurial activities effectively in order to increase local economic development (see Figure 8).



**Figure 8 Conceptual process pattern to encourage local entrepreneurial activities**

Explanations that form this conceptual framework are given as followed: (1) the citizen entrepreneurs first *identified problems* in the macro, micro and internal environment, by focusing on a specific target group that experience difficulties in finding jobs and generating an income in the society, and focusing on an industry that create potential for local economic growth. Moreover, they all identified political and economic issues that the public sector/government have not yet tackled, due to their lack of interest or due to not being able to manage these issues by themselves. (2) Through identifying the personal background of the citizen entrepreneurs, it became clear that the citizen entrepreneurs *recognized an opportunity* for the society problems. The way how the individuals recognized an opportunity to tackle the society issues could have been influenced by their previous experiences with social activities, or their educational background, or own difficulties with the society. These factors could have been a motivation for the individuals to change their society by themselves. (3) The citizen entrepreneurs create *initiatives* to overcome the problems in the society, by encouraging their target group for self-employment. They develop resources for their target group in terms of physical resources, financial resources, human resources, technological resources and use social capital to acquire more resources that cannot be developed independently. This shows that the citizen entrepreneurs do not only provide, for example, financial support for people that find it hard to receive a micro loan from their government, but they also support them with other resources to create independent entrepreneurs. Furthermore, the citizen

entrepreneurs also want to create change in the local environment whereby they use initiatives for the macro environment to change the economic, socio-cultural and ecological environment. However, the citizen entrepreneurs do not directly tackle the political issues, for example, by collaborating with the government to create a more business-oriented government. They are more the chains to overcome the environmental barriers that their target group is dealing with in their community, by creating initiatives by themselves to overcome these barriers. (4) The last step includes the *outcomes* of the initiatives, which are based on the amount of local entrepreneurial activities and the level of systemic social change to increase local economic development in the local community. The outcomes identify that the citizen entrepreneurs reached their objectives of creating a better life for the people that experience difficulties in the society by creating jobs and generating an income, while at the same time increase local economy. However, the progress of the citizen entrepreneurs toward systemic social change differs per case, which can be explained by their different contexts. The citizen entrepreneurs experience different outcomes due to several factors; the person behind the objective, the available resources, the available networks, the opportunity recognition of the citizen entrepreneur, the local environmental context in terms of macro, micro and internal environment, the timeframe, the focus on firm development stage, the industry, the people who receive the support.

Moreover, after comparing the cases it became clear that the strength of the findings are described in the individual cases, as the cases differ enormously in their context. This concludes that the approaches of the citizen entrepreneurs cannot be directly replicated by other countries, as they all face different local conditions. Although the individual cases can be valuable for communities that face similar problems in their local environment. Others can learn from the specific way of how the citizen entrepreneurs tackled the society problems with their initiatives. They can select a case based on the political issues that suits most to the home country context, to create effective solutions to their own local problems.

Furthermore, this research have shown that the theory of Bjerke and Karlsson (2013), based on citizen entrepreneurs that operate within the citizen sector of a developing society, is also applicable for citizen entrepreneurs in developing societies. Furthermore, an additional aim of this research was to explore how to analyze the empirical findings, which is done by the process of data analysis of Hennink et al. (2010) which provide an analysis that goes beyond case description and provide explanations to social phenomenon's.

And last, by comparing both LED approaches of the World Bank and the citizen entrepreneurs it became clear that they both can learn from each other's approach. The World

Bank can learn from the citizen entrepreneurs on how to develop initiatives for specific target groups and industries. The citizen entrepreneurs can learn from the World Bank on how to tackle the political environment directly as well as how identify the inputs, outcomes and impact of each initiative to find out what has the greatest impact on the community. Although this means that the citizen entrepreneurs also need to collaborate intensively with the local governments, just like the World Bank to create a business-oriented government. A better solution or win-win solution would be that they collaborate together to share their knowledge and connections to create sustainable ways to systemically change in the local community. Overall, this research have met its aim by showing the importance of entrepreneurship in reducing poverty through the work of citizen entrepreneurs that stimulate local entrepreneurial activities, while at the same time increase the local economy.

## **8. LIMITATIONS AND FURTHER RESEARCH**

First of all, this research has been limited by analyzing five written case studies of citizen entrepreneurs that were able to encourage local entrepreneurial activities in their community. More detailed information could arise by interviewing the citizen entrepreneurs personally. In the future, additional case studies and broader empirical analysis would be valuable in order to extend the results of this research. Particularly in the field of social capital, where an extending analysis may be useful to understand how networks are exactly created. This can be defined by interviewing the citizen entrepreneurs and ask them about several factors that are part of networks, for example: the power of influence within the network, durability of the network, direction of the flow, strength of ties, formality of ties, and accessibility of the network (Brady & Haugh, 2014).

Second, the research only focuses on success stories of citizen entrepreneurs that were able to encourage entrepreneurial activities in their community. Further research could also look case study failures to find out why their social approach did not worked out. Research on these failures can be based on the entrepreneur: personality/traits, experiences, knowledge; or on the process of entrepreneurship: opportunity recognition, resources and networks acquisition, business strategies, or on the external environment.

Third, only developing countries were part of the case study analysis and the country selection was limited to only India, Mexico, Palestine, Senegal and Benin. Future research could add more developing countries in the analysis to see if other patterns occur under the different cases in terms of their society problems, their initiatives and the outcomes of their approach. Fourth, further research may include the cultural contexts of the cases to identify if

the outcomes make a difference due to cultural context. Fifth, further research should find other approaches to measure the effectiveness of the citizen entrepreneurs' approach to create additional support on how effective their approach is. And last, I hope that further research will build upon the importance of entrepreneurship in reducing poverty, while at the same time focusing on increasing the local economy.

## REFERENCES

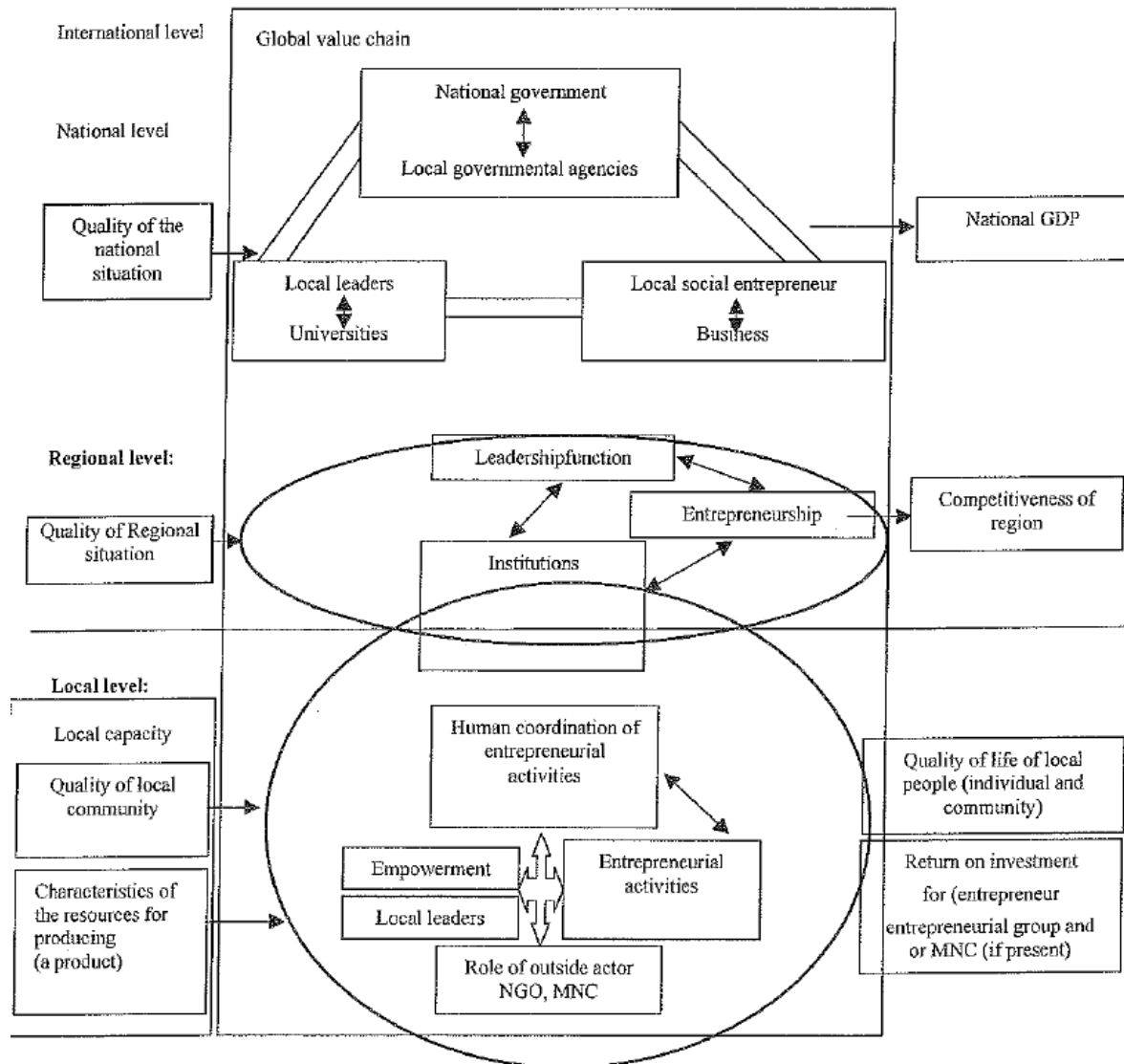
- Adenutsi, D. E. (2009). Entrepreneurship, Job Creation, Income Empowerment and Poverty Reduction in Low-Income Economies.  
[http://mpa.ub.uni-muenchen.de/29569/1/MPRA\\_paper\\_29569.pdf](http://mpa.ub.uni-muenchen.de/29569/1/MPRA_paper_29569.pdf), date: 12 December 2013.
- Austin, J., Stevenson, H., & Wei-Skillern, J. 2006. Social and Commercial Entrepreneurship: Same, Different or Both? *Entrepreneurship theory and practice*, 30 (1): 1 – 22.
- Bartik, T. 2002. Evaluating the Impacts of Local Economic Development Policies on Local Economic Outcomes: What Has Been Done and What is Doable?  
<http://www.upjohninstitute.org/publications/wp/03-89.pdf>, date: 5 June 2014.
- Bjerke, B., & Karlsson, M. 2013. *Social Entrepreneurship: To Act as If and Make a Difference*. Cheltenham: Edward Elgar Publishing.
- Blumer, H. 1954. What is Wrong With Social Theory? *American Sociological Review*, 18(1): 3 – 10.
- Brady, A., & Haugh, H. 2014. Social Entrepreneurships & Networks.  
[http://www.cipfa.org//media/files/policy%20and%20guidance/the%20journal%20of%20finance%20and%20management%20in%20public%20services/vol%206%20no%203/jour\\_vol6\\_no3\\_b.pdf](http://www.cipfa.org//media/files/policy%20and%20guidance/the%20journal%20of%20finance%20and%20management%20in%20public%20services/vol%206%20no%203/jour_vol6_no3_b.pdf), date: 13 June 2014.
- Canzanelli, G. 2001. Overview and Learned Lessons on Local Economic Development, Human Development, and Decent Work. Working paper 1, ILO Programme 'Universitas'.
- Collier, B., & Batty, P. 1992. *Introducing Economics*. Milton: Jacaranda Press.
- Dees, J. G. 1998. The Meaning of Social Entrepreneurship.  
<http://www.fntc.info/files/documents/The%20meaning%20of%20Social%20Entrepreneurship.pdf>, date: 26 January 2014.
- Eisenhardt, K.M. 1989. Building Theories from Case Study Research. *Academy of Management Review*, 14(4): 532 – 550.
- Ekman, R., & Hultman, J. 2007. *Place as Product*. Lund: Studentlitteratur.
- Fukuyama, F. 1995. *Trust: The Social Virtues and The Creation of Prosperity*. London: Penguin.



- Gartner, W.B. 1985. A Conceptual Framework for Describing the Phenomenon of New Venture Creation. *Academy of Management Review*, 10(4): 696 – 706.
- Gartner, W.B., Bird, B.J., & Starr, J.A. 1992. Acting as If: Differentiating Entrepreneurial From Organizational Behavior. *Entrepreneurship Theory and Practice*, 16(2): 13 – 30.
- Hall, T. 2005. *Urban Geography* (3th ed.). London: Routledge.
- Helmsing, A.H.J. 2003. Local Economic Development: New Generations of Actors, *Policies and Instruments*. *Public Administration and Development*, 23(1): 67 – 76.
- Hennink, M., Hutter, I., & Bailey, A. 2010. *Qualitative Research Methods*. London: Sage Publications.
- Kelly, P. 2009. International Business Management. Hampshire: Cengage Learning EMEA.
- Leviner, N., Crutchfield, L.R., & Wells, D. 2006. Understanding the Impact of Social Entrepreneurs: Ashoka's Answer to the Challenge of Measuring Effectiveness. <http://ashoka.org/sites/ashoka/.../UnderstandingtheImpactChapterPDF.pdf>, date: 27 January 2014.
- MacKinnin, D., Cumbers, A., & Chapman, K. 2000. Learning, Innovation and Regional Development: a Critical Appraisal of Recent Debates. *Progress in Human Geography*, 26(3): 293 – 311.
- Mair, J., & Martí, I. 2006. Social entrepreneurship research: A Source of Explanation, Prediction, and Delight. *Journal of World Business*, 41(1): 36 – 44.
- Murray, R. 2009. *Danger and Opportunity. Crisis and the New Social Economy*. UK: National Endowment for Science, Technology and the Arts.
- Nicholls, A. 2006. *Social Entrepreneurship*. In S. Carter and D. Jones-Evans (Eds.), *Enterprise and Small Business. Principles, Practice and Policy* (2nd ed.), Harlow, UK: Pearson Education.
- Öhrström, B. 2005. *Urban and Economic Development. Place-Based Strategies in the Post-Industrial City*. In O. Sernhede and T. Johansson (eds.), *Transformation of Big Cities. Post-Industrialism, Globalization and Migration*. Göteborg and Malmö, Göteborg: Daidalos.

- Ostgaard, T.A., & Birly, S. 1994. Personal Networks and Firm Competitive Strategy – a Strategic or Coincidental Match?, *Journal of Business Venturing*, 9(4): 281 – 305.
- Pennink, B. J. W. 2012. From “Family based” to “Industrial based” production: Including the local actors into the Triple Helix mode. Faculty of Economics and Business, University of Groningen.
- Pennink, B.J.W. 2014. Dimensions of Local Economic Development: Towards a Multi-level, Multi Actor Model. Faculty of Economics and Business, University of Groningen, *Journal of Business and Economics*, 5(1): 42 – 48.
- Porter, M. 1998. The Adam Smith Address: Location, Clusters, and the “New” Microeconomics of competition. *Business Economics*, 33(1): 7 – 13.
- Swinburn, G. 2006. Local Economic Development: a Primer Developing and Implementing Local Economic Development Strategies and Action Plans.  
[http://siteresources.worldbank.org/INTLED/Resources/led\\_primer\\_bookmarked.pdf](http://siteresources.worldbank.org/INTLED/Resources/led_primer_bookmarked.pdf),  
 date: 12 December 2013.
- Thompson, J., Alvy, G., & Lees, A. 2000. Social Entrepreneurship: A New Look at the People and the Potential. *Management Decision*, 38(5): 328 – 338.
- Vredegoor, M.T.J., & Pennink, B.J.W. 2014, forthcoming. Including Capabilities of Local Actors in Regional Economic Development: Empirical Results of Local Seaweed Industries in Sulawesi. *Journal of South East Asian Management*.
- Vincent, G. 2004. Sustainable Microentrepreneurship: The Roles of Microfinance, Entrepreneurship and Sustainability in Reducing Poverty in Developing Countries.  
[http://gdrc.org/icm/micro/guy\\_sust-micro.pdf](http://gdrc.org/icm/micro/guy_sust-micro.pdf), date: 12 December 2013.
- Westerdahl, H. 2001. *Business and Community*. Göteborg: Bokförlaget BAS.
- Westhead. P., Wright, M., & McEwlee, G. 2011. *Entrepreneurship: Perspectives And Cases*. Essex: Pearson Education Limited.
- World Bank. 2013. <http://go.worldbank.org/EA784ZB3F0>, date: 12 December 2013.
- Yin, R.K. 1981. The Case Study Crisis: Some Answers. *Administrative Science Quarterly*, 26 (1): 58 – 65.
- Yin, R.K. 2009. *Case study research: Design and methods* (4th ed.). Thousand Oaks: Sage.

**APPENDIX I      Multi-level model for Local Economic Development (Pennink, 2014)**



## **APPENDIX II      Definitions**

*Citizen entrepreneurs* – social entrepreneurs that operate within the citizen sector of a society to encourage people for self-employment with their initiatives. Their objective is to create a better life for the people that experience difficulties in the society by creating jobs and generating an income, while at the same time increase local economy.

*Effectiveness* – the level of systemic social change in the local community.

*Local entrepreneurial activities* – activities that stimulate entrepreneurship in a local environment. Social entrepreneurship is a form that can stimulate local entrepreneurial activities.

*Local economic development* – the purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.

*Social entrepreneurship* – people who are not run by profit motives but by a social idea or entrepreneurs who next to their profit motives have a clear objective to satisfy non-commercial citizen needs in a society.

*Systemic social change* – the fundamental reform of existing societal systems and/or the creation of new ones.

## **APPENDIX III      Measuring effectiveness approach**

### **1. The selection of successful citizen entrepreneurs**

First of all the citizen entrepreneurs need to ‘act as if and make a difference’. These criteria of a citizen entrepreneur are based on the concept of Bjerke and Karlsson (2013) and are explained as followed:

- 1) *To act as if*: to not only act within the limits given by being employed in the public sector, by being a business person or by being a citizen but over and above this, to come up with new solutions to satisfy demand or need. Another aspect of this is that entrepreneurs can never be appointed. They have to act from the own free will. A third way to phrase this is to say that entrepreneurship is never about what is already done or finished but always about something which is ‘on its way to become something’ (Gartner et al. 1992).
- 2) *To make a difference*: to be noticed as somebody providing a solution to a problem, which is new to other people who are interested in using that solution, and not just a normal result of what we do for a living, for instance, by being employed in a specific position. To make a difference can in the case of a business entrepreneur mean either to make it possible for more people to get new goods or services. In the case of citizen entrepreneurs it can mean ensuring that more people get reasonable welfare or coming up with innovations for how social need is satisfied.

Furthermore, the selection of the case studies is also depended on five criteria that Ashoka has identified in their selection of successful social entrepreneurs, which are people ‘who are highly likely to achieve wide-scale systemic change in the long term’ (Leviner et al. 2006:90). These criteria are based on the article of Leviner et al. (2006) and are explained as followed:

- 3) *Level of systems-changing new idea*: First, the entrepreneur must seek to create impact on a wide societal scale; he or she will not rest until the new idea has been broadly adopted at the national and even international level. Second, the entrepreneur must seek systemic change, defined as the fundamental reform of existing societal systems and/or the creation of new ones. The theory of entrepreneurship as systemic change is traced by Dees to Schumpeter, who says the entrepreneur’s main function in society is to, “ ‘...reform or revolutionize the pattern of production...by producing a new commodity or producing an old one in a new way...by reorganizing an industry and so on’ ” (Dees, 1998).

- 4) *Potential for social impact*: ideas with the potential to significantly change the practices of a particular field and to trigger nationwide or broad regional/international adoption.

The following three selection criteria are designed to assess characteristics of the social entrepreneur as an individual, rather than as predictors of expected outcomes:

- 5) *Creativity*: Successful social entrepreneurs must be creative both as goal-setting visionaries and in the implementation of their problem-solving ideas. This criterion considers several questions: Does the individual have a vision of how he or she can meet some human need better than it has been met before? Is it his or her own idea? Does he or she have a history of creating new solutions to problems?
- 6) *Entrepreneurial quality*: Entrepreneurial ability is the defining characteristic of world-class ventures. It characterizes leaders who see opportunities for change and innovation and devote themselves entirely to making that change happen. These leaders pursue their visions with a single-minded intensity and are willing to devote 10 to 15 years of their lives realizing historical change. In addition, Bjerke and Karlsson (2013) support this criteria of a successful social entrepreneur as they believe that the own qualities of the entrepreneur are making the difference in entrepreneurial success.
- 7) *Ethical fiber*: As social entrepreneurs introduce major structural changes to society, they must convince many people to alter their behavior. If the entrepreneur is not trusted, the probability of success is significantly reduced.

In addition, this research focuses on stimulating local entrepreneurial activities by citizen entrepreneurs. This creates another case study criterion that only those case studies are analyzed that encourages local entrepreneurial activities to increase local economic development.

- 8) *Citizen entrepreneurs that encourage local entrepreneurial activities*: as mentioned in the introduction of this paper, entrepreneurship is the key to overcome local poverty. Therefore focuses this research on the approach of stimulating local entrepreneurial activities by the help of citizen entrepreneurs. These people can make a difference in creating a stable local entrepreneurial community to encourage citizens to be more entrepreneurial.

After selecting the appropriate citizen entrepreneurs based on the above criteria the following approach is to measure the effectiveness of the citizen entrepreneurs' approach, in other words, identify what systemic change they created in the society.

## 2) Identification of proxy indications

To measure how widely a social entrepreneur's impact has spread, proxy indicators address factors such as number of times the idea has been adopted by independent groups and the level to which the idea has been implemented through public policy at local, state or national levels. To measure strength of the social entrepreneur's institution, data is requested about the funding, governance, and staff levels of the organization, among other measures. And to evaluate the influence the entrepreneur has achieved in terms of the overall system or field, indicators such as policy change are collected.

The use of these proxy indicators, complemented by qualitative case studies, provides a viable and resource-efficient method for tracking social entrepreneurs' creation of systemic change—one that affords a long-term view of change and a basis for comparison across time and distinct programs, without sacrificing the core belief that measuring effectiveness must include measuring systemic change (Leviner et al., 2006). The following core set of specific proxy indicators in its measuring effectiveness survey:

■ Proxy indicator: *Are you still working toward your original vision?*

Social entrepreneurs need a lifelong commitment to their vision for the future to create a sustainable development and stable change.

■ Proxy indicator: *Have others replicated your original idea?*

Replication is not the only sign that an idea has spread, but it is one indication that an idea has taken root. Social entrepreneurs who succeed on this front have moved beyond their direct impact to influence the way other groups in society approach a social problem.

■ Proxy indicator: *Have you had impact on public policy?*

Changes in government policy signal the adoption of a social entrepreneurial idea in the public sphere. Existing systems in most societies can be broadly reformed through policy change. Social entrepreneurs have to specify in which level of government they have instituted this change – local, state/regional, or national.

■ Proxy indicator: *What position does your institution currently hold in the field?*

A strong institution that is recognized as a leader in its field effectively provides permanent status in society for a social entrepreneurial idea and creates the base from which that idea will spread.

## **APPENDIX IV      Extensive case study data**

### **Case study 1.            Salim Dara, Africa**

Social entrepreneur Salim Dara is promoting self-employment of young people through simple and cost effective economic activities. He shows them whatever their intellectual level, they can use the resources available in their community to create wealth.

#### *The new idea*

Salim is very much of the opinion that despite receiving training in vocational colleges, young people are still facing the problem of unemployment because they have not been taught how to set up their own businesses or where they would be able to apply the knowledge they have acquired. Diplomas are highlighted at the expense of technical skill. The young must be initiated in the rational use of local resources without harming the environment and thus strengthen his conviction of success and assertiveness in society.

Salim trains the young for self-employment and entrepreneurship. He uses agriculture to develop the integrated model "Agriculture / Livestock / Fish." Unlike conventional methods, which requires assimilate concepts to be evaluated, to obtain the proper credentials before starting the field experience, the model Salim brings to the learner's technical expertise is directly applicable in the real world with socioeconomic palpable results. Through various activities developed in the center students learn how to determine the potential of any medium, develop slowly at first and then a large scale. He initiated the management of resources, inventory management and marketing of products. It encourages young people to work in groups to facilitate access to capital and reduce the risk of failure.

#### *The problem*

In order for a young Beninois to train for a specialist profession he or she must spend at least fifteen years in education: 6 years of primary school leading to the 'CEP' or 'Certificat d'Etudes Primaire', 7 years in secondary school leading to the 'Baccalaureat' (secondary education certificate equivalent to UK 'A' levels) and at least two years at university leading to a BTS or 'Brevet de Technicien Supérieur' (equivalent to a UK HND). In the meantime society continues to evolve, to the detriment of the teaching programmes and young people are subjected to an educational system that increasingly fails to meet society's needs. Statistics show that only a small percentage of young university graduates each year succeed in finding work.

Today, it is becoming increasingly common for young people to live at home until



they are 30, or even older. Instead of becoming a driving force for change, young people have to share their parents' meagre resources and find themselves ill-equipped to deal with the socio-economic problems that confront them, or to usefully serve their communities. To combat this catastrophe, the State is concentrating on diversifying university courses, encouraging young people to specialize early on and embrace vocational courses. However these measures are not sufficient to tackle the problem of youth unemployment, which continues to rise.

Salim believes that the root of the problem itself is not being tackled. The education system favours degrees over vocational qualifications. One must "think global, act local" according to Salim. You have to start small and gradually grow. Individuals should aim to produce the goods that are needed in their local area, using the means at their disposal. In other words, they must play an active role in local production, whilst at the same time gradually targeting bigger markets: local, national and international. In order to achieve this it is necessary to engage on all levels. Over 70% of Benin's economy is farming related and it is therefore vital to develop the rural economy in order to further strengthen the urban economy and increase the overall wealth of the nation.

### *The strategy*

In 1998, Salim created the association 'Rural Solidarity', a non-profit organization whose main objective is to share information and support to rural areas to improve the lives of African youth. He opened a farm school in Porto-Novo 3.5km from the city and is about 0.5 ha. He developed a training mode that creates jobs in both urban and rural areas of agriculture, livestock, aquaculture and processing. Biotype production is used to supply the local population with healthy food, consistent with the environmental requirements. Waste is recycled to create added value.

The first produce enabled Salim to identify and build a customer base and the profits from sales soon allowed him to extend the farm and further diversify. He has opened a snack bar and created a relaxation area called the 'Jardin du Roi' (The King's Garden) where visitors can buy farm produce (eggs, rabbits, vegetables and coconut). This adds value through the creation of an internal market place.

In 2007, he decided it was time to show what he had done as an example. Technical drawing is reproducible and can be applied everywhere because it involves the development of local resources, nature and humans, the basic needs of human being in his environment, his culture without shock or disturbing the environment. His target group are the young students

who quit school or not. His aim is to help them take ownership of agricultural techniques likely to lead to the success of a modern farm and endogenous.

He forged partnerships with training colleges in Benin, including one of West Africa's leading agro-economic institutions. Second year students come to the farm to get work experience and put into practice what they have learnt. More importantly, the experience instils in them a sense of initiative and they no longer expect society to serve them, but ask instead what they can do for society and act accordingly. Then, and only then will begin to think and act differently. Salim shows the students how, with only a small farm, it is possible to earn more than a Benin university professor. To date, more than 60 students have opened their own farms. More than 600 people visit the center each year to follow this model. Many academic institutions have adopted the initiative such as Valdoco Centre Foyer Don Bosco which trains children in difficult circumstances, the Centre Valponasca of IFMA for trafficked girls, the center CIDAP Baga Togo which form agricultural entrepreneurship and ENSTA Djougou which trains adults in agro pastoral.

Several organisations now request Salim to train their staff to improve agricultural production techniques or in cultivation methods suited to deprived areas. He also gives advice to young graduates on how to setup a business and is planning to open a new center in the north of Benin. But his first priority is working to train a team of young people who will take over the running of the Porto Novo site.

### *The person*

Salim's projects have been informed by events in his life so far. His university career in sciences came to a brutal halt after the student strikes of 1979. Considered as one of the leaders of the strike, which had been one of the first to defy Africa's Marxist regime, Salim was thrown into prison for five years. Thanks to Amnesty International he was released and attempted to resume his studies in Maths, Physics and Chemistry in 1984. Unfortunately a new strike movement irrupted and the Marxist authorities blamed the newly-released students for the unrest and they were sent back to prison. He decided to leave formal education and went to work at the Songhai Project – a newly established educational farm which had been set up in October 1984. Gradually he began to understand the differences between an academic education and the type of education being developed at the Songhai center. However, he found that here too the system had its limitations due to the superficial and rigid nature of the teaching techniques. His suggestions for change were not implemented therefor Salim decided to leave Songhai to establish "Solidarité Rurale". Technical performance led

the Faculty of Agronomy to call him to teach agricultural entrepreneurship. In 2010 he was inducted as "King Baparape" Djougou which means, "Father of the city," the most respected figure. He is referred to as a development player for the people of his city.

## **Case study 2. Gabriela Enrigue, Mexico**

Gabriela is taking an unprecedented integral approach to vitalizing local economies by helping microentrepreneurs find markets with unmet needs and optimizing their processes across their value chains, while at the same time promoting a culture of local and responsible consumption to grow intra-economy commerce.

### *The new idea*

Gabriela's new way of approaching local economic revitalization takes into account all economic stakeholders to change the economic landscape itself, rather than focusing on only one part of the equation, as is the norm. Serving as the only facilitator of its kind, Prospera is the first entity to connect the general public, local government, and microentrepreneurs to work in conjunction and generate entire cultures set on local economic growth. Gabriela's method shapes market demand and behavior itself through microeconomic education of the public, while also facilitating market supply by assisting microentrepreneurs to find underserved markets and develop innovative products to meet those markets' needs. Since the majority of jobs in México exist within microenterprises, Gabriela realized that the key to economic growth for México lied within small and micro enterprises (SMEs) and the local economies to which they pertain. However, because their existence is primarily in the informal sector, Gabriela knew that the "hole-in-the-wall" bakery down the street would never become anything more than that. This is one of Prospera's points of intervention.

However, unlike traditional business incubators, which use standardized business plans and practices for each industry and develop projects as they come along, Prospera focuses on product innovation, business sustainability, and finding or developing high-demand markets. For the example of a local bakery, Gabriela's organization will find market needs, such as the demand for gluten-free bread in Mexico, and help the bakery develop, brand, and distribute a product that meets these needs. Gabriela's unique perspective offers a new way to work with SMEs that goes beyond traditional business planning and focuses on market development, an approach easily replicable to any market. Because it is the most active sector of all SMEs in region and has shown to be resilient during economic crises, Gabriela decided to focus on the food industry, especially considering the market opportunity

to provide healthy food products in a country with such high obesity and malnutrition rates. Gabriela's organization tackles both sides of the local economic spectrum, supply and demand. In addition to the services Prospera offers to microenterprises, the organization maintains ongoing public education campaigns to educate the public on basic microeconomic knowledge about local economies. This tactic creates a culture of local economic consumption and ensures that the microenterprises Gabriela supports flourish.

### *The problem*

In Mexico, SMEs make up more than 90 percent of the businesses in operation, and offer almost 70 percent of jobs available in the country making their success the key to economic growth in the country. Unfortunately, the majority of these enterprises pertains to the informal sector and do not report their profits, which creates a barrier to their growth and expansion. In particular, their off-the-grid status produces a lack of understanding in mainstream business practices such as market demand, product placement, and distribution. This results in oversaturating the markets and higher competition, which artificially forces prices down. This is particularly true of the food industry, the sector in which SMEs are most active in the region. The lack of focus on nutrition at a national level have lead Mexico to have high rates of obesity and malnutrition. Yet, many SMEs offer the exact same unhealthy products because they are more focused on breaking even than innovating their products. This results in a market with high demand for healthy, diet, and allergen-free type foods, yet very little competition to meet these needs. Positioning this sector as a one for high impact in economic development, social development, and public health.

Moreover, as with many informal businesses, microenterprises in Mexico are rarely connected with each other, suppliers, or investors culminating in inefficient value chains filled with "middle man" prices that ultimately cost the entrepreneur and can lead to their failure. In fact, on average, SMEs in Mexico pay approximately 60 percent more for the raw materials needed to produce their products than their big businesses competitors, which keeps them from competing in urban markets. In many cases, the entrepreneurs have the vision and commitment to offer high-quality products but simply do not have the resources, capital, or large enough orders necessary to grow their businesses and offer their products at competitive prices. Beyond their internal practices, the business environment for microentrepreneurs is anything but supportive. Monopolistic practices, institutional barriers to growth, and little government support for small businesses further inhibit their ability to achieve profitability and expand, stifling the growth of the economy's key sector for development. And while

some organizations do offer services for microenterprises, they tend to only offer one aspect of their needed services and often focus on distributing the microenterprise's product to a high-demand market that already exists, rather than creating that market itself. Moreover, because of the size of microenterprises, pursuing the piece-meal services offered to them from three or four different entities often costs more work than it's worth. As a result of their internal practices and the unsupportive environment, SMEs tend to aim for survival. For instance, when they receive a loan, it is common for them to devote themselves to repaying it during the first two years without reporting any profits, and then they go bankrupt. It is this culture surrounding SMEs that perpetuates a cycle of self-defeat and has ensured that a shocking 80% of all SMEs in Mexico funded by some form of capital seed investment fail.

### *The strategy*

Gabriela's approach to local economy revitalization is truly integral as it focuses on the big picture of economic development. Therefore, instead of just focusing on one stakeholder, Gabriela's organization takes into account four vital actors in the economic landscape, local consumers, SMEs, untapped markets, and the government. [STEP 1] Gabriela uses her website and a search and selection process to attract microentrepreneurs, but her most noticeable source to encounter microentrepreneurs is through her integration into the local government. Gabriela has created an alliance with the Ministry of Economics in which all entrepreneurs who solicit a microcredit loan must first undergo training through Prospera and establish a viable, professional business plan. Gabriela has intervened in the system to assist microentrepreneurs in one of their most vital states, something no other entity in the region has done before. Additionally, the training provided by Prospera is guaranteed by the Secretary of Employment and Social Provisions. [STEP 2] Prospera's holistic approach to business plan design includes three main areas of focus: Value chain optimization, market analysis, and branding/marketing. First, Gabriela's team analyzes the current practices of the organization, finding operations that can be made leaner. [STEP 3] Gabriela also catalogues the raw materials needed by the SMEs and finds other Prospera entrepreneurs with similar supply chain needs, regardless of their corresponding sectors. These supplies are then ordered in wholesale and distributed among the microenterprises to cut costs. [STEP 4] Next, Prospera analyzes the products being produced by the entrepreneurs and the demand of current markets. If the demand of the product is low, then Prospera helps the entrepreneur find markets with unmet needs and then assists the entrepreneur in developing their products accordingly to fill these needs, in turn creating a new market. To help with this aspect,

Gabriela has formed relationships with nutritional engineering departments at top U.S. universities to help develop healthy and innovative products. [STEP 5] As a key value in their consulting, Prospera also ensures that the product is produced in a sustainable and health-conscious way. For instance, in a case where a microenterprise is making strawberry jam, Gabriela's analysis will show that strawberry jam is an oversaturated market. She will then discover that there is a high demand for a jam that is healthier among diabetics. Working with nutrition engineers, Gabriela will help the entrepreneur develop and produce sugar-free cactus jam in an environmentally friendly way. [STEP 6] Finally, Prospera's team will create a custom brand for the microenterprise to help them establish themselves in the market they have decided to pursue. [STEP 7] Once their business plan is created, the entrepreneurs—called Prosperandos (“the prospering people”)—can also connect to the Prospera network, which offers connections to a network of mentors and experts in business development, product placement with potential customers, financial advice, and low-cost brand positioning with the Prospera brand which allows the entrepreneurs to create a long lasting relationship with their clients. Entrepreneurs are also able to sell their products through Prospera's online store. [STEP 8] Prospera then employs information technologies to track each project's investments and loans, production rate, and profitability. With this technology they can analyze in real time the generalized behavior of the SME's new market tendencies and the challenges that the businesses face. This allows Prospera to continuously revise their strategies based off of trends to respond to the needs of this sector. Using this integral consulting methodology, Prospera has already trained more than 2,000 entrepreneurs and linked more than 100 micro-businesses with potential customers, raising their sales by an average of 300 percent. Gabriela, however, recognized that creating innovative microenterprises would not be sufficient enough to revive local economies, they would require a completely new culture of commerce. For this reason Prospera commits to having on-going micro-economic public education campaigns to increase the importance of buying locally in the members of a community through public interaction. Prospera also participates in an annual small business competition as well as a forum that involves the Chambers of Commerce in an effort to spread entrepreneurial culture and the work of the SMEs they support. Based out of Guadalajara, Mexico, Prospera is composed of 16 staff members and a board of six international consultants dedicated to bettering local economies through supporting microentrepreneurs with an annual budget of \$150,000 dollars. Gabriela would soon like to expand her operations in the states of Jalisco, Puebla, the state of Mexico and Mexico City, working particularly with women, the elderly, and youth, as these groups today

face tough challenges in finding decent paying jobs. In the long term, Prospera wants to position the products of its Prosperandos in international markets like the United States, China, India and Brazil.

### *The person*

When Gabriela was six years old, her father died in an airplane accident and her mother was left to take care of Gabriela and her two brothers, ages three and four. Through her childhood experiences, Gabriela gained a profound understanding of the difficulties single mothers face in providing for and caring for their families. This understanding allows Gabriela to serve Prospera's largely female entrepreneurs. As a social worker, Gabriela's mother taught her children the value of service through regular trips to an orphanage in Guadalajara where they played with the kids and helped them with their homework. Despite the close connection with her family, Gabriela left Guadalajara after high school to study economics and political science at a prestigious private university in Mexico City. Although this type of leap is rare for Mexican women, she embraced the challenge and became personally and economically independent. In college, she was actively involved in social activities and created a scholarship fund for foreign students who faced financial difficulties. After graduating, she worked in the analysis and optimization of economic processes for the inclusion of marginalized sectors. In these organizations, Gabriela witnessed the impact that technology and knowledge can have when incorporated in marginalized sectors of society to generate wealth.

Based on these professional experiences, she made a commitment to directly contribute to the growth of her country, increasing productivity in marginalized sectors and reducing social inequality. To fulfill this commitment, she enrolled in a master's degree in Public Policy at the University of California at Berkeley, where she came up with the idea for Prospera. After finishing her degree, she returned to Guadalajara to start Prospera and has been working on its development ever since. At Prospera, Gabriela focuses on organizational financing, recruiting talented employees and developing the organization's international links. To support herself while building Prospera, since 2008 Gabriela has served as a consultant at the International Financial Corporation, where she works on the analysis of business investment climates of countries including Colombia, Brazil, Indonesia, Kenya, South Africa and Mexico. This research further supports her work in building the capacity of women in Mexico to become successful small business owners.

### **Case study 3. Dr. Reddy, India**

Dr. GNS Reddy is reversing urban migration in India by increasing the economic opportunities for small and medium farmers. By making organic dairy farming a central unit of farm design, his work creates a profitable vehicle allowing farmers to be micro-entrepreneurs of their farms.

#### *The new idea*

By introducing automated organic dairy production as an integral part of small and medium farms in the state of Karnataka, Dr. Reddy is creating self-sustaining farms that increase the income of farmers while lessening the manual labor.

Dr. Reddy is creating a new model that not only uses dairy to supplement the income of farmers but also leverages it to create a closed loop of inputs and outputs that add significant value to the farming cycle. Focusing on farmers whose major crop are small orchards (like coconuts and mangoes), Dr. Reddy shifts their farming practices to use the free ground to grow fodder and other crops and to introduce automated organic dairy farming. He supports farmers to invest in cows, milking and chilling systems for the milk, a biogas plant, and a sprinkler system for the farm. To run this technology, the cow manure is funnelled into a biogas plant that provides electricity to the entire farm. Equipped with technology and the energy to run it, Dr. Reddy has handed over the dairy production and manufacturing chain to the farmers and made them the managers of operations and marketing for their farms.

The automation of the farm decreases human drudgery and gives the farmers the time and surplus income to be entrepreneurial in their agricultural activity. By acquiring farm land and animals and experimenting with new crops and farm technology, Dr. Reddy's work is significantly improving the economic situation of farmers and is thus attracting young people back to farming. Dr. Reddy enhances this entire process by providing support to farmers in areas such as technical expertise, farm designs, access to finance, etc.

Further, Dr. Reddy has created a system of farms connected to an urban hub, allowing the urban population to visit the farms, learn about organic farming and have direct access to the produce. Working throughout the state of Karnataka, Dr. Reddy plans to share his model with all small and medium farmers.

#### *The problem*

Agriculture is unquestionably the most significant contributor to India's national GDP and the principal means of livelihood for the majority of its population. However, productivity



and income for farmers, hard as they try, stagnates at miniscule proportions that often drives them into debt, desperation and often suicide; an estimated 14,000 to 19,000 farmers in India took their own lives in 2011 due to poverty.

Eighty percent of India's farmers are small and medium farmers, with between three to five acres of land. The average income of small and medium farmers in India is less than the poverty line of \$1.25 USD per day. A third of these farmers cultivate fruits of tall growing trees, like coconuts, mangoes, apples, etc. Since small and medium farmers can only sow two crop cycles, and fruit farmers only have one annual crop cycle, interventions to increase their income have focused on introducing a new crop cycle or a new crop that has better market prices. However, learning to grow a new crop has a steep learning curve for the farmers, and therefore is a high risk intervention. If the new trial crop fails, for example, the farmer will lose all income for the year. For this reason farmers need interventions that do not substitute their current agricultural practices, but provide added value and minimize risk to their existing farm structure.

Dairy has often been used to create a supplemental revenue stream for farmers and has proven to be very lucrative farm produce with the shortest cash flow cycle. Fruit farms are uniquely positioned to do this as the ground below their high growing trees is lying fallow and available to grow fodder and other crops. However, it has always been seen as an independent revenue stream and few efforts have been made to optimally leverage the by-products of cattle rearing and dairy.

Further, the condition of farmers is worsened by the burden of physical drudgery of farm work, especially women. Most farmers are off grid and get less than four hours of electricity a day from the government. As a result, they have no access to farm technologies and mechanization that can reduce the physical burden. Less than a fifth of India's farmers use farm machinery, and this results in India's agriculture productivity being the forty-third in the world. These factors make it harder for them to adopt organic farming methods despite their desire to adopt such practices as making organic fertiliser and pesticides demand more labor. Banks are reluctant to give loans to farmers to mechanise their farms because of the high default rate of farmers across the country. Low incomes, high costs and the physical drudgery associated with farming have been driving large number of farmers to leave farming and migrate to urban areas for employment. Thirty percent of all urban migrants are farmers who have left farming and migrated to become daily wage laborers in cities. Among the many problems that this causes, these large numbers of farmers quitting agriculture is pushing India towards an impending food crisis.

### *The strategy*

Dr. Reddy's experiences of working in rural India with farming communities for more than three decades with Bharatiya Agro Industries Foundation (BAIF) have given him one key insight—every time a development organization withdrew from a program, it would collapse. In spite of his various attempts to make the programs sustainable through monitoring village committees and livelihood generating models, he was unable to make the programs sustain post BAIF's withdrawal. After years of failed attempts, Dr. Reddy realized that to make these interventions sustainable, farmers need to be entrepreneurs and own the means of their livelihood—their farms.

Founded in 2009, Akshayakalpa, Dr. Reddy's organization, started to pilot with small farmers who own around three acres of land. He started working with many farmers who own tree plantations because he knew those types of orchards and farms leave the ground empty to grow fodder for the cows in the dairy as well as for intercropping. Dr. Reddy started by addressing the two main bottlenecks for agriculture development—energy to run technology and finance. He decided to introduce dairy into farms so that the manure could be used to generate electricity in a biogas plant. For the investment required to set up the farm technology, Akshayakalpa has partnered with leading banks to have a wide network of financiers who will give initial loans to farmers to set up the Akshayakalpa farm model. The initial investment requires farmers to purchase cows, milking and chilling systems for the milk, bio gas plant and sprinkler system for the farm. Farmers need a minimum of Rs. 5 lakhs (\$10,000 USD) initial investment to set up the base farm model. Akshayakalpa facilitates a tripartite agreement between the bank, the farmer and the organization itself, under which Akshayakalpa initially finances the farmer, and in three to six months when the farmer starts generating significant profit, the bank repays Akshayakalpa and takes over the farmer's loans based on the project report prepared by Akshayakalpa. Akshayakalpa standing in as the guarantor reduces the risk for the bank and convinces them to finance the farm model. Akshayakalpa then recycles the money repaid to them by the bank to finance new farmers.

With commitment to such investment, Akshayakalpa develops a cluster of organic satellite farms around a knowledge and technological hub and processing plant for the milk and other produce that is currently managed by Akshayakalpa. Dr. Reddy calculated that 300 is the optimum number of farms to develop around a hub, as this will ensure enough supply of produce but not flood the market so the prices go down.

Additionally, Dr. Reddy designed the technological loop of the farm and continuously

innovates and improves this loop with feedback and input from the farmers. Each farm consists of a free range enclosure for the cows where they are never tethered and sufficient fodder and water for the cows to eat and drink. The farmers are trained to prepare the nutritious fodder of five legumes, five non-legumes, and innovative high protein fodder, such as the water plant- Azola. After the calves consume the required milk (10% of bodyweight), the remaining milk is milked by an automated suction and is sent directly to a refrigerator. The milk is chilled at four degrees celsius until Akshayakalpa vans collect it every evening.

The milk collected from the farms by Akshayakalpa is processed according to European standards for organic milk. Thus the milk does not touch human hands and is not contaminated with any additives from the cow's udder. Akshayakalpa is building a market demand for this organic milk and milk products in urban centers around the dairy satellite farm clusters through advertising campaigns and creative strategies such as door-to-door early morning delivery of milk. The convenience of this service and the high quality and taste of the milk incentivizes customers to buy. Akshayakalpa currently retails 2,500 liters of milk, including milk products like paneer, cheese and ghee to around a 1,000 customers everyday.

Currently, farmers are paid Rs. 35 per liter of milk as compared to Rs. 11 paid to other dairy farmers by the largest dairy cooperative in Karnataka—Nandini. Akshayakalpa directly credits the loan instalments to the bank and the remaining profits to the farmer. With the current low interest rates of 8-12% that Akshayakalpa has negotiated with the banks, the farmers can repay the loan within a five year term and have a remaining income of Rs. 85,000 (\$1700 USD) per acre per annum, as compared to their earlier income of Rs. 8000 (\$160 USD) per acre per annum, thereby multiplying the farmer's livelihood income by more than ten times.

Akshayakalpa's veterinary doctors provide all supportive services to the farmer round the clock. The body temperature and other health metrics of the cows are automatically measured by the suction machine during milking everyday and sent to a central database at the hub, where any unusual health parameters are immediately flagged and addressed by veterinarians to ensure high quality healthcare for the cows. These organic milk production measures and supportive services have reduced the mortality of cows from 10% to 0.2%, and increased milk production from a national average of 2.5 liters per cow per day, to 10 liters per cow per day—all of this by cows in Akshayakalpa supported organic farms.

The cow manure is flushed into a methane gas bioplant that can be turned on by the press of a button, as compared to typical designs that require the manual turning of a heavy motor. This biogas plant provides energy to the entire farm so the automated systems can run

uninterruptedly. The sludge from the plant is sprinkled on the farmland with sprinklers, which increases the fertility of the farm organically, without adding additional costs to the farmer for buying chemical fertilizers. In the farms that Akshayakalpa is working in within the coconut belt, each coconut tree has gone from producing 8-10 coconuts to 40-50 coconuts per tree per year. The land below the trees is also being used not just fodder for the cows, but also to grow vegetables and shrubs. Intercropping also organically resists all major pests without the use of chemical pesticides, as pests are crop specific, and frequent change of crops does not let any species of pest grow and fester. Thus, in addition to the sale of milk, the farmer gets increased income from these additional products and saves money by reducing input costs of pesticides and fertilizers.

Having worked with over 300 farmers in the coconut belt, Dr. Reddy is now developing 300 such farms in a 30 kilometer radius around each hub and also expanding to the mango belt region. While the hub is currently managed by Akshayakalpa, Dr. Reddy is now identifying village level youth entrepreneurs who will receive extensive training in the farm model from Akshayakalpa and then take over and manage the knowledge and technology hub so that Akshayakalpa can exit and move to build new clusters.

Farmers have weekly meetings at the hub, which is not just a space for Akshayakalpa to train them, but more importantly as a ground for intense peer learning between farmers where they discuss common problems they are facing and learn how to solve them from those who are doing it successfully.

### *The person*

With a father in the medical field, Dr. GNS Reddy grew up with a keen interest in improving health through natural means. As a child, however, he always felt more drawn to animal healthcare than human healthcare.

Dr. Reddy studied in the nearest public school from his home, which was a daily 8 kilometer walk for him. Because of the distance, his brother and sister dropped out of school, but Dr. Reddy persevered and finished his schooling. During school, he was more interested in extra-curriculars than in academics and especially liked finding projects that involved using his hands. He led a kitchen gardening initiative in his school and was also skilled at sketching portraits. However, Dr. Reddy did enjoy studying about inspirational historical figures. He was deeply inspired by grassroots rural development leaders like Gandhi and Vinobha Bhave. From studying their lives, Dr. Reddy developed a passion for village reconstruction. Further, his passion and love for animals led him to study veterinary sciences at Vijaya College in

Bangalore.

During his graduation, his college only had two cows for the students to treat, work on and learn from, which meant there were 30 to 40 students lining up around one cow. This was never enough for Dr. Reddy thus during the five years of his Veterinary Sciences education he never took a vacation. He stayed back at the college during all Holidays so he could handle the cows and other animals himself. Doing this allowed him to gain more practical, hands-on training and he graduated with more experience than many practicing veterinary doctors.

When Dr. Reddy went back to his family and village after his graduation, the stark gap in services for farmers started making him uncomfortable. But he did not know what he could do about it. A lecture at his college by Dr. Manibhai Desai, a Gandhian, who took over the Gandhian Ashram after Gandhi, deeply influenced him as Dr. Desai had identified the same problem of lack of services for farmers and found a way to address them through his organization, Bharatiya Agro Industries Foundation (BAIF). Dr. Reddy joined Dr. Desai and worked at BAIF for many years. Starting with assisting in BAIF's existing animal husbandry programs, Dr. Reddy showed significant initiative and launched innovative programs from within BAIF on forestry, irrigation and water shed management. The Gandhian strain of thought remains strongly in Dr. Reddy's Akshayakalpa model, where he has adapted Gandhian thought, such as local production and sustainability, but in the most modern and automated farms.

For several years, Dr. Reddy tried initiating the spread of the Akshayakalpa model from within BAIF, but realized that BAIF had become too bureaucratic of an organisation, and any new program required passing several layers of approval that it slowed down the innovation process. This led to him finally leaving BAIF and starting Akshayakalpa as an entrepreneurial endeavour.

#### **Case study 4. Karim Sy, Africa**

Inspired by the global open source movement and Africa's traditional emphasis on interdependence, Karim is providing the online and offline meeting space where young African entrepreneurs can collaborate - rather than compete - to create new businesses and help solve some of their countries' toughest problems.

##### *The new idea*

Karim is creating collaborative working spaces, called Jokkolabs, where budding entrepreneurs can come together to share their best ideas for new ventures with each other—

and with a larger, virtual, open source community—breaking the assumption that success is most ensured when good ideas are cultivated in secret. Through a process of open exchange, or coworking, these entrepreneurs are able to source valuable input and resources from this Jokkolabs community and use that to quickly improve the quality of their individual ventures, and even come together to launch enhanced joint ventures.

The initial insight driving Karim’s collaborative innovation hubs is that bringing entrepreneurs together in a supportive community is crucial in a region that does not have a pronounced culture of entrepreneurship. In fact, entrepreneurs are often considered crazy for engaging in such risk taking, and are generally discouraged. But, perhaps more importantly, Karim also recognizes the opportunity to embed entrepreneurship within the region’s traditional values which emphasize interconnectivity, and as such, break down the idea of the isolated entrepreneur in order to create a new, more productive way of working. Indeed, Karim’s work is rooted in the African proverb: If you want to walk fast, you walk alone; if you want to walk far, you go together.

Karim has not only used this collaborative ethos to help propel the launch of dozens of entrepreneurial ventures to-date, but has been able to infuse it in the very nature of the ventures that are launched. Jokkolabs entrepreneurs, or Jokkoworkers, operate from a belief that the best businesses are those that help tackle one of society’s toughest problems. Whether a social venture or private venture, Jokkoworkers are always thinking about how their work can create new opportunities for others in society.

### *The problem*

Throughout West Africa, and many other parts of the continent, there is a low enterprising community, especially in the small and medium enterprise space which drives local economies in so many other parts of the world. In Senegal, for example, the private sector has less than 10,000 registered businesses, of which no more than 1,000 have a turnover of more than one million CFA (US\$2,000). Furthermore, young people have little training, confidence, or examples of how to change this reality. Indeed, there is a general expectation that it is government’s responsibility to solve the employment problem, or that if one works hard enough, one can land a job at one of the few multinational corporations present in the country.

Karim is focused on changing this status quo, and propelling citizens into a mindset where they do not wait for government to solve their problems—employment or otherwise. He is also cultivating a generation not to think as future employees, but as future CEOs.

However, unlike other attempts that focus on improving one person's clever idea in isolation, Karim is unleashing the collaborative effect.

### *The strategy*

Karim launched the first Jokkolab in Dakar in 2010 and immediately created a coworking manifesto to embody the spirit of this new way of working that emphasizes collaboration over competition in order to reshape the economy and society, more generally. As he recruited budding entrepreneurs to join Jokkolabs, he sat down with each of them to share the principles of the document and give them a chance to learn about and then decide if the principles resonated with them. In this way, the spirit of collaborative working is infused from the very beginning.

Those that are then accepted as Jokkoworkers, which is determined based on their possession of an entrepreneurial idea and track record, are then thrust into an environment that is the living manifestation of those principles. Instead of coming into the lab, sitting in a corner and receiving one-on-one consultation from experts in isolation, Jokkoworkers sit in an open plan space with no walls and engage in peer-to-peer dialogue and brainstorming about each other's initiatives. This collaboration is extended to the local and international community, from which Karim recruits thinkers and doers from all fields to rub elbows with the Jokkoworkers and expand their thinking. These individuals are invited to be a part of the collaborative process by coming to speak, brainstorm, or team up with Jokkoworkers to develop key parts of their ventures for an hour or a month. Karim also connects Jokkoworkers with the online global open source movement – such as Mobile Monday, a platform that has seen over 45,000 participants engage from all over the world in an attempt to foster open innovation within the mobile sector and help that industry achieve benefits for everyone by spreading knowledge and encouraging people with good ideas to take action.

In sum, Jokkolabs facilitates a creation process that is truly collaborative, freely drawing on the ideas and insights of as many people as possible without worry that the free flow of ideas will remove the competitive advantage of the person who birthed the original idea. Beyond the collaborative brainstorming process, Jokkoworkers are able to rent office space at Jokkolabs, share back end office needs, and even staff, as is beneficial. Some come to Jokkolabs at the start of their endeavor; others come seeking to get a boost—maybe in the form of a short term partner in the online or offline community who can help them develop a key technology for a venture started earlier but which is currently stagnating.

Marc André Leroux, for example, launched NENA, a company which makes books

and other texts for legal and business professionals available in digital form in 2008. He joined Jokkolabs as part of its initial class in 2010, wanting to take his business to the next level, but not quite sure how to do so. After sitting around the table with the Google Tech User Group (GTUG), a worldwide meetup group for people who are interested in Google's developer technology, and whose Senegal branch Karim nurtures in Jokkolabs, Marc recognized the opportunity to partner with the Google Group to adapt the pdf files of the books he was digitizing to create versions that are also accessible on tablets and mobile devices. NENA now has 24 books available at the Amazon Kindle store.

In addition, after participating in the conversations about the problems currently plaguing society—which Karim regularly infuses into Jokkolabs—Marc has decided that he can play a role in creating the capacity for African editors, in particular, to distribute their products, and has begun to focus on this. Similarly, Laurent Liautaud, another Jokkoworker, has decided to focus on creating an eCommerce service whose mission is to help members of the Senegalese diaspora better support their families back home. Diasporans can sign up to have a series of groceries delivered to the home of their families and no longer worry about whether the funds originally intended to help end up misused. Laurent is currently being helped in building out his platform by fellow Jokkoworkers, André Ndiaye and Massamba Gaye, two recent graphic design graduates who were mentored by Jokkolabs staff and members into rejecting the idea of looking for a job, and instead opt into launching their own graphic design company, Biz'art. At a loss in the informal business environment that is Senegal, the duo got a big boost by having access to the networks of other Jokkoworkers that have extended into France, which provides a lot of outsourced work for Biz'art, and Germany, whose GIZ is counted as a client for the recent startup.

To further emphasize the importance of channeling all of this creative, collaborative, entrepreneurial energy for the better of society, Karim models it in the structure of his own enterprise. While he charges a fee for membership in Jokkolabs, it is really low so that access is based on the strength of an applicant's idea, not the size of their wallet. He also includes every staff person in the ownership of the business, including the cleaning lady and the secretary. Jokkolabs also launches its own initiatives in response to timely social issues and encourages Jokkoworkers to bring their collaborative energies to bear on that issue for a period of time. For example, during the recent contentious presidential election in Senegal, it was Jokkolabs that set up the IT backbone which allowed local COs to monitor the election in real time. Similar collaborative, open source initiatives are currently being cultivated to address health and agricultural challenges.



To date, Jokkolabs has welcomed over 50 Jokkowokers, which have gone on to launch various ventures, 22 of which are still being cultivated within the coworking space. In order to spread this message of collaborative entrepreneurship Jokkolabs hosts seminars at its facility that are open to the public, as well as trainings for young people who have not yet come up with an idea for a venture. The same is done on University campuses around Senegal. The message has already resonated with various leaders in the private sector, including Google, which currently participates as a collaborator with Jokkowokers through its Google Tech User Group. Google is currently expanding this partnership to help Jokkolabs expand its facility in Dakar, as well as, bring further sophistication to Jokkolabs collaborative platform which would allow even more Senegalese entrepreneurs to participate who live outside of Dakar.

With a strong model now present in Dakar, Karim is looking to employ a franchise model to spread similar Jokkolabs around West Africa—all rooted in the coworking manifesto—and has identified potential partners in Ivory Coast and Burkina Faso. He is also about to break ground in on a Jokkolabs in France in order to further tear down walls between Africa and the West and allow for the maximum exchange of ideas.

### *The person*

Karim was born in France to a Lebanese Christian mother and a Muslim father from Mali. He spent most of his youth years traveling the world as his father's job as a civil servant in the United Nations took him across West Africa. Remembering the conversations with his dad about the inefficiencies prevailing the UN system due to the silo-ing of efforts, Karim was surprised to see the same thing was true to a certain degree in his endeavors in the private sector in Montreal, where he went to university and began his private, entrepreneurial career. Combining this realization with exposure to the global open source movement, Karim began to believe there was a new, better way to do business.

Karim returned to Mali shortly after having a family and began wondering how he could best contribute to creating a country which he would want his children to live in—one that was headed in the right direction. He knew getting rich and paying taxes was not going to be the answer for turning the country around. Everything he had seen told him it was time to return to the traditional African value which emphasizes that everybody is interconnected—what South Africans call Ubuntu—and what the open source movement was doing without necessarily naming it as such.

With these thoughts in mind, Karim decided to focus on creating a new economic

engine composed of collaboration and community, in contrast to the silos and secrecy of the 19th and 20th century economy. After several years of thinking, Karim officially launched Jokkolabs in 2010 in Dakar. The word “Jokko” is a Wolof term, a native language of Senegal, born from the association with the word “Joxho” meaning “give them” and “Jotko” meaning “join them.” It is used to describe concepts of communication, exchange, sharing and the integration of a community.

### **Case study 5. Fida Abu Turkey, Palestine**

Fida Abu Turkey is economically empowering women in rural areas of the Levant by implementing a grassroots venture capitalist approach adapted for the cultural context. In doing so, women are becoming active, visible members of society working to raise and improve the socioeconomic development of their country.

#### *The new idea*

Fida is the first entrepreneur in the Arab World to adapt business incubation for the Levantine cultural context in order to create jobs for women, encourage women entrepreneurs, and diversify local community economies. Fida is providing alternative income-generating opportunities for women in rural areas who are marginalized from their society’s labor market, using a grassroots, community-based, and business-adapted approach. Fida’s approach to elevating the economic status of women in the Levant is opening new markets and introducing the concept of business incubation in a region that traditionally relies on charity and loans.

Fida is adopting a venture capitalist approach/model in her initiative to economically empower poor, rural women through her business, Irada (meaning Will Project). According to her business model, Fida provides female clients with seed funding to start their enterprises, technical assistance through a pool of experts to ensure the quality of the products, and marketing services to guarantee the sale of the products in local and regional markets. To ensure Irada’s financial sustainability, Fida takes 20 percent of the sale profits. This 20 percent is reinvested into the Irada brand, operations, and other micro-projects. This approach is unique and the first of its kind with social ventures, especially those targeting women in the Arab region. Given the similarities of conditions of rural women in the Levant and other Arab countries, this model is both transferrable and replicable, not only in Palestine and the Levant, but across countries like Egypt and Morocco.

In addition to targeting women in rural communities who are economically affected by

the Separation Wall (e.g. the wall that divides Palestinian territory in the West Bank), Fida plans to provide 10 percent of her grants to women with special needs to help incorporate them better into society. Through her existing efforts beginning in 2009 with Irada's founding, Fida has provided seed funding for over 1,200 projects.

Over the next five years, Fida will expand outside Palestine by partnering with local organizations in other Arab countries and providing training and coaching on her business incubation model which local organizations can then adopt. Using this strategy, Irada will continue to keep its operations independent, localized, and able to engage local communities of women on a widespread scale.

### *The problem*

In comparison to women in other regions of the world, women in the Levant suffer from high pregnancy rates, gender gaps in literacy, less access to job opportunities, and underrepresentation in the political system. Because of an international focus on the plight of women in the Middle East, there has been a number of initiatives and significant progress made in all the aforementioned areas, except for one—women's participation in the labor market.

According to the UNDP, 90.5 percent of women in Palestine remain outside the formal labor force, working as unpaid family members or in the informal sector, where they do not enjoy the benefits and protections provided by labor law. Neighboring countries in the Levant such as Jordan, Syria, and Lebanon fare slightly better, but their numbers remain high at 85.8 percent, 85.1 percent, and 70 percent respectively.

This exclusion of women from economic opportunities is the result of a number of different factors. For one, prevailing patriarchal society, culture, and values view women as dependent on men for economic welfare and security. As a result, men take priority both in access to work and the enjoyment of its returns. Laws concerning labor and personal status pose further obstacles to women's participation in formal economic life. Some personal status and labor legislation restricts women's freedom by requiring a father or husband's permission to work or travel.

Combined, these factors prevent women from entering the formal labor market. To overcome these barriers, the World Bank recommends the promotion of solutions centered on microfinance. This is a realistic and practical approach as most of the aforementioned obstacles faced by women make home-based production in the form of micro-enterprises an appealing, and culturally appropriate solution for women in the Arab World.

Microfinance appears to be even more attractive since access to traditional sources of capital is equally socially curtailed. The UNDP reports that women in the Arab region generally lack information about loans and borrowing, and may not have access to traditional sources of collateral; they lack knowledge of marketing-related strategies and of supply and demand dynamics; and require training in order to empower them.

Consequently, numerous microfinancing schemes have arisen throughout the region; some reaching out to women specifically. Micro-enterprise loans through the Syrian government and UN Relief and Works Agency for example are provided for women at a far lower rate than for men. The Jordan Department of Statistics reports that women represent 70 percent of all beneficiaries of microfinance projects. As for Palestine, the World Bank asserts that microcredit schemes are targeted to help Palestinian communities—and women in particular—alleviate poverty and cope with the crisis by creating employment.

While microfinance is a viable employment option for women, a difficult task faced by a number of microcredit agencies working in rural areas is proper follow-up and monitoring of the projects. Additionally, insurances that products of microfinance loans such as crafts or services, may not always reach the right markets, and repaying loans can be a challenge.

### *The strategy*

Fida has been working on combating poverty and reducing unemployment rates among women by focusing on women in rural areas of Palestine; one of the most vulnerable populations because of their remote location and the difficulties in traveling from their homes, due to the building of Israeli settlements and the Separation Wall.

The Palestinian Center for Communication & Development Strategies (PCCDS) was launched in January 2009 from Fida's organization. It is implementing a three-pronged approach for combating poverty and reducing unemployment rates among women in marginalized, rural communities in Palestine. Fida provides financial assistance, technical and training services to ensure quality products are produced, and supplies market venues to sell the women's products abroad. Fida provides grants to women living in rural communities adversely affected by the Separation Wall. She assesses the proposed project's needs, provides grants to women based on their needs, and then conducts regular follow-up and evaluation to ensure the project is running smoothly. To complement the grant, Fida also provides business support resources and services through a network of thirty-four rural organizations. She has partnered with a local marketing company, which markets and sells the project's products locally, regionally, and internationally—including in other Palestinian

towns, and in the Gulf countries. These products have a seal which reads: Made in Palestine by Small Female-Led Business.

Fida's customers give 20 percent of their revenues to Irada, which in turn is reinvested into her social initiative and used to fund other micro-projects. This approach is unique and previously untapped by more traditional microcredit institutions and charity projects. This strategy ensures the sustainability of Fida's initiative as well as strengthens and supports the social businesses Irada incubates.

In the beginning, Fida solicited local donations and contributions from the community to finance sixty mini-businesses run by women. Fida incubates the business idea by providing seed funding for the mini-business, which she calls a "grant." The grant is supplied in-kind through assessing the proposed project's needs.

Along with financing the project, Fida provides practical and theoretical training to women so they can effectively manage their businesses. Common services provided include helping with business basics, offering marketing assistance, and providing trainings on soft and technical skills. Fida's organization monitors and evaluates the quality of the products and provides consultation when necessary. Fida and her team have also produced manuals with step-by-step instructions on how to manage a certain business (e.g. beekeeping) successfully and produce high-quality products.

Furthermore, Fida provides additional loans to women who want to expand their businesses. She has established an agreement with a local lending company to provide small and affordable loans to women that are also in line with the Islamic loan principles. The small-scale businesses that Fida initially sponsored were agricultural and rural in nature, such as beekeeping, sheep and cattle herding, and creating home gardens to produce crops and medicinal herbs.

As a result of the success of the first phase of the initiative which ended in 2010, Fida received additional funding from the Canadian Agency for International Development, the Representative Office of Japan, the Representative Office of Germany, and the OPEC Fund and the Arab Fund for Economic and Social Development to incubate 555 women-run mini-businesses in 2011. As of 2011, Fida incubated over 1,200 projects and has managed US\$2M in funding. Based on their evaluation of Fida's initiative, the Arab Fund for Economic and Social Development has pledged an additional US\$750,000 to expand the business incubation model to Northern Palestine.

Fida's approach is unique in that by incubating the women's businesses and receiving a share of the revenues, she is ensuring self-reliance and sustainability of her own initiative

while providing the right support for women's start-up businesses to succeed. Furthermore, she is providing training and rigid procedures and assessment to ensure that the products are of high-quality. Through a vast network of rural organizations, Fida ensures constant monitoring and evaluation of her beneficiaries' projects. Furthermore, she relies on local, community-based organizations. This community-based approach adapts the business incubation model into a local cultural and social context.

Within the next two to three years, Fida plans to establish Irada as a separate organization to focus purely on business incubation and to expand this model throughout the Arab World—including the Levant, North Africa, and the Gulf countries. By economically empowering different groups of women, Fida aims to empower 5,000 women in the next ten years, and thus contribute to elevating the economic status of women in the Arab World. Her goal is to become the business incubator for female-led small businesses in the Arab World.

### *The person*

Fida grew up in Hebron, Palestine. Hebron is a city in the West Bank that has been subjected to intense curfews, and tension from an Israeli settlement build in the middle of the city. Life is harsh and inhibited movement around the city has contributed to the extreme poverty. Growing up, Fida experienced harassment and intimidation from settlers on her way to and from school. She was particularly affected by an intense sixty day shutdown of Hebron following the massacre and attack on a popular mosque when she was 11-years-old. For sixty days, the community suffered from lack of access to food, supplies, and money and Fida saw her mother concerned about how to feed the family.

Through her personal experiences and those of her family and friends, Fida has been an avid community mobilizer and social activist helping to improve the socioeconomic conditions of women.

Fida comes from an uneducated family who encouraged her to excel in her studies. During university (2001 to 2005), she studied primary education and business administration. She played a leading role in a variety of local grassroots organizations, and founded two citizen organizations at university. The first was the PCCDS, which raises awareness in communities and schools on the importance of teenagers finishing their education instead of beginning labor-intensive jobs (for boys) or marrying early (for girls).

In 2003 Fida founded the Network of Rural Development Committees in which she created linkages and synergies among development organizations scattered throughout the rural areas of Palestine, offering trainings, fundraising tips, and connections to donors. In her

third year of university, Fida was offered a scholarship to pursue a master's degree in Social Policy from Birzet University. In 2009 Fida co-founded PCCDS. Currently, Fida is the Financial and Administrative Director of PCCDS, and it is through PCCDS that she implements her business incubator initiative, Irada.

Fida is also a finalist for the King Abdullah II Award for Youth Innovation and Achievement, funded by the King Abdullah II Fund for Development. Fida is a strong believer in local, grassroots-based approaches for solving the issue of unemployment and poverty because she believes communities must rely on their own strength and wisdom to bring about change.

**APPENDIX V      LED strategic planning process      (Swinburn, 2006)**

	<b>Local economic development (LED) strategic planning process</b>
<b>Stage 1: Organizing the Effort</b>	<p><b>1. Identifying involved people and partners:</b> the people, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks, training institutions and other groups that comprise and/or impact the local economy. The skills, experiences and resources that stakeholder groups bring to the effort will each contribute to the overall strategic planning process.</p> <p><b>2. Establishing solid working relationships and organizational structures</b> to support the strategy planning process will lead to beneficial long term, public, private and non-governmental partnerships. Maintaining and sustaining such partnerships is often the critical and challenging factor determining the effectiveness of LED efforts.</p>
<b>Stage 2: Local Economy Assessment</b>	<p><b>1. Identify key information on the local economy:</b> review the existing economic relationships and activities within an area by identifying public, private and non-governmental resources;</p> <p><b>2. Identify the strategic direction of the local economy:</b> make use of available quantitative and qualitative information that highlights existing structures and trends in business development, manufacturing, employment, skills, and other data that will help to identify the strategic direction of the local economy. The information collected may highlight the need for specific projects and programs that will expand and diversify the local economic base.</p> <p><b>3. Identify comparative information of others:</b> important is comparative information on the resources and activities of neighboring communities or other local, regional, national or international competitors. The assessment should consider the potential for a wide range of local economic development opportunities across all the major sectors, including the formal, informal and community sectors.</p>
<b>Stage 3: Strategy Making</b>	<p><b>1. Vision:</b> Describes the stakeholders' consensus on the preferred economic future of the community.</p> <p><b>2. Goals:</b> Based on the overall vision and specify desired outcomes of the</p>



	<p>economic planning process.</p> <p><b>3. Objectives:</b> Establish the performance standards and target activities for development of each goal. They are time bound and measurable.</p> <p><b>4. Programs:</b> Set out approaches to achieving realistic economic development goals. They are time bound and measurable.</p> <p><b>5. Projects and action plans:</b> Implement specific program components. They must be prioritized, and costs must be established. They are time bound and measurable.</p>
<b>Stage 4: Strategy Implementation</b>	<p>Every LED strategy should have an implementation plan that in turn is supported by individual project action plans.</p> <p><b>1. The implementation plan;</b> sets out the budgetary and human resource requirements, and institutional and procedural implications of implementing the LED strategy.</p> <p><b>2. LED action plans;</b> provide specific details on project components including a hierarchy of tasks, responsible parties, a realistic delivery timetable, human resource and financial needs, sources of funding, expected impacts, results, performance measures and systems for evaluating progress for each project.</p>
<b>Stage 5: Strategy Review</b>	<p>The review should include, where possible, inputs, outputs, outcomes and impacts, and also the implementation process and the level and extent of stakeholder participation. Alongside the strategy review, systems should be in place to monitor the progress of each project. These systems will allow decision makers to adjust the strategy in response to changing local conditions. As programs or projects are completed or deemed to be inappropriate, new ones can be identified.</p>