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A Practical and Theoretical Approach to Social Venturing Entrepreneurship

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Abstract

Research in social venturing entrepreneurship promoted by Professor Gert Van Dijk is gaining ground. The concept of social venturing entrepreneurship is not new. It is rooted in entrepreneurship as described by classical authors like Von Mises, Kirzner, Schumpeter Knight and social reformer like Raiffeisen. It is anchored in new institutional and behavioral economics and exit strategy theory. A social venturing entrepreneur is a creator of effective social change in the context of economic, social and political conditions. Social venturing entrepreneur masters the skills of networking and lobbying. A social venturing entrepreneur is recognized by the social venturing and co-operative entrepreneurship business model they employ to execute their teleology. Social venturing entrepreneurship has advantages above conventional entrepreneurship as it has reintroduced the concept as entrepreneurship as a calling. They aim to empower the stakeholders for whom they setup the social venture and exit when the stakeholders are able to self-manage the enterprise. This chapter explains the commonly used concepts, ontologies, the social venturing entrepreneur's social venturing and co-operative business model, the economic theories and conceptual framework and practical application from appreciative inquiry point of view.

Keywords: social venturing entrepreneurship, social venturing entrepreneur, social venturing and co-operative entrepreneurship business model, social investor, social entrepreneurship, exit strategy, business model, business model symbiosis

1. Introduction

The research in the field of entrepreneurship has expanded to include a wide variety of entrepreneurial phenomena over the past 4 decades, ranging from the conventional or business entrepreneurship ([1, 2]; Kirzner, 1973) to social entrepreneurship [3–7]. There are different facets of entrepreneurship today and entrepreneurship scholars and practitioners have not

yet agreed on a common definition, typology and entrepreneurship theories. Similarly, in spite of the growing amount of attraction and popularity in social entrepreneurship, scholars and practitioners, there still remains great amount of ambiguity as to what a social entrepreneur is and does. Within social entrepreneurship, common concepts and ontology that provides understanding of social venturing entrepreneurship have emerged. These ontologies and concepts in turn help to define the role of social venturing entrepreneur and investor or philanthropist in a social venturing and co-operative entrepreneurship (SVCE) business model enterprise, and appropriate supporting SVE economic theories.

Consequently, this chapter has been written in order to explain the practical and theoretical approach in relation to the concepts, common ontologies, the social venturing entrepreneur, social venturing and co-operative entrepreneurship business model, social venturing economics that help to explain, predict, analyze the behavior of economic actors as they perform their activities and practical applicability of social venturing entrepreneurship using appreciative inquiry.

2. Key concepts in social venturing entrepreneurship

In an essay, as a member of the Advisory Board of Stichting Het Groene Woudt (SHGW), Van Dijk approves of Meindert Witvliet, practicing social venturing entrepreneurs, for the entrepreneurial drive, quest for doing better things and deep insight in various sections of society (Netherlands and developing countries in Asia and Africa) and the manner in which Meindert Witvliet and Emmy Jansen structured, governed and managed SHGW's ventures. Through his work, social venturing concepts and strategies kept on unfolding [8].

The literature on SVE can be traced back to entrepreneurship as described by the classical authors like Von Mises, Kirzner, Schumpeter and Knight (van Dijk, op.cit). In particular, four concepts (purposeful action, sympathy, alertness, and judgment) turn out to be essential for entrepreneurship that applies also to social venturing entrepreneurs. The concept of *purposeful acting* is essential to understanding entrepreneurship. For classical economists, entrepreneurs act purposefully [9]. They have an end in view or, in other words, they have teleology. The term "teleology" was coined by the philosopher Christian Wolff in his Latin treatise of 1728 and he defined it as indicating the part of natural philosophy that explains the ends, or purposes, of things [10]. There are many ways of achieving those ends. Schumpeter coined the terms *new combinations and creative destruction*. The entrepreneurial act is to combine resources that the entrepreneur does not, or not yet own. Although authors like Kirzner pay much attention to the rewards of entrepreneurs, classical economists take the view that entrepreneurs do not in the first place act in order to just make money. Being an entrepreneur is to create value for society and in this way share meaning with society. Their entrepreneurial activities are geared to adding value in sectors and business activities for which they have developed a passion and they develop enterprise for customers for whom they *feel sympathy* (Smith). The key competency of entrepreneurs, for Kirzner [11], is the mastering of *alertness* for business opportunities and for Knight, the ability to *make judgment* under risk and uncertainty conditions [1].

3. Social venturing entrepreneurship ontology

Social entrepreneurship has become ambiguous, because all sorts of activities are now being called social entrepreneurship. The proponents of SVE have generally agreed on the following terms and their definitions.

3.1. Social venturing entrepreneurship (SVE)

Social venturing entrepreneurship is defined as the contribution to solving wicked societal problems by entrepreneurial methods [8]. It was Adam Smith, who once stated that moral sentiments and virtues are the forces that result in entrepreneurship with the aim to contribute to solving the problems of society. The market mechanism—invisible hand, as Smith coined the concept, was just to avoid partiality, which favors one person above the other. The market ought to be impartial in Smith's view as it is just an efficient coordination mechanism [12–14].

3.2. The social venturing entrepreneur

A social venturing entrepreneur is a Schumpeterian [2], Von Mises [9, 15–17], Kirznerian (1973), Knight [1] entrepreneur, a Smithian [12] economist and a Raiffeisenian (1818–1888) social reformer ([18]: pp. 170–172, [8]: p. 42). A social venturing entrepreneur is a creator of effective social change in a context of economic, social and political conditions and masters the skills of *networking* and *lobbying* [19]. Just as entrepreneurship is a creative action to explore and find opportunities within the boundaries of actual conditions, social, political, commercial, business, practical and technological, for Dijk et al. [8, 20], social venturing entrepreneur applies entrepreneurship and investments in a business-minded and entrepreneurial approach to societal problems in areas where the market is functioning poorly or lacking. The social investors and entrepreneurs do invest in society via products and services to stimulate people toward independence and self-sustaining—economically and socially—in an entrepreneurial way. As such, social venturing entrepreneurship has an advantage above conventional entrepreneurship as it reintroduces the concept of entrepreneurship as a calling and nothing less than a (silent) revolution in mainstream entrepreneurship ([7]: p. 70, [21]).

3.3. SVE: social investor

This type of entrepreneurial behavior is current and commonly exhibited by entrepreneurs who benefited from the first successful development phase of their entrepreneurial life cycle. They got attention for society's problems and want to establish, individually or cooperatively a social venture, as a matter of significance, by solving these issues in an entrepreneurial way, drawing on their entrepreneurial talent, persistence, networks and finance. These social ventures are very much driven by a clear vision of solving societal issues anywhere in the world. The social investor applies social innovation by setting up social venture investments, thereby bringing ideas into sustainable practice in solving societal problems, especially where the market and public sector have failed to tackle social challenges [8, 20–22].

Mainstream entrepreneurs in the corporate world seek opportunities in small but innovative or specialized startup firms and provide venture capital, by which it might also provide other core competencies such as management, operational and marketing skills. Similarly, in social venturing entrepreneurship, social investors seek for social and economic return on their capital by investing in the innovative social enterprise. By leveraging on networks (in public, private and social sectors) and entrepreneurial prowess such as entrepreneurial judgment, social innovation, leadership and business/managerial competencies, acquired over time, seek to deliver significant lasting impact in solving identified social problems. These social investors are inspired by renown successful mainstream entrepreneurs, but turned social entrepreneurs (Van Leer, Kröller, Carnegie, Rockefeller, Bill gates, Alumero of Nigeria) and accomplished natural social entrepreneurs [23]. These individuals or through their foundations have been providing social investments to innovative social venturing enterprise with long-term societal impact.

3.4. SVE: venture philanthropy

The innovative social venturing business model's enterprises tackle societal ill problems, but lack stable funding, capacity and partnerships to address impact sustainably on their own. This is where venture philanthropy comes in. It is one of the most effective methods for sourcing social investment funds in social venturing business model enterprises [8, 18]. In venture philanthropy, the venture philanthropist, either as an individual or as a civil society organization undertake activities that are of greater benefit to society and execute or support projects such as exploration, expansion of culture, education, investment that target employment of target groups missing the connection to economic prosperity. The venture philanthropic sector started in the United States of America and has spread to other western countries. The venture philanthropy provides philanthropic toolkit that consists tailored financing (grant, debt, quasi-equity or mezzanine financing), capacity support or pro-bono contribution (skills development or governance structures and processes) and impact measurement and management. In order to address the social impact sustainably, social ventures demand an active involvement of people in philanthropic projects. They carefully define an expectation of the expected risks and try to get a firm grip on prescribed social return. Social venturing, as well as venture philanthropy, primarily focuses on the development of social entrepreneurship. This kind of social entrepreneurship focuses on achieving self-independent position in society upon philanthropist exit. Subsequently, the philanthropists the long-run philanthropist motive is for the people stay independent of gift-giving and the kindness of donors [8, 24].

3.5. SVE: investment on return

The primary teleology in social venturing entrepreneurship is to determine the impact investment—the investment that generates the desired social impact as well as financial return. An optimal balance of these is essential; otherwise the enterprise may not qualify to be a social venturing enterprise, but just a traditional profit making business or charitable/not-for-profit organization. The investment on return is the optimal social investment that is required for creating a sustainable financial return and social impact or public benefit. This type of

investment on return is ideal for social venturing business model's enterprises, unlike in the investor owned business model, state owned enterprise business model enterprise or non-governmental business model enterprises that are susceptible to market, state and voluntary failures ([18]: pp. 173–174). The return of social venture investments is hidden and difficult to express in monetary values. It definitely targets identified social return and financial return and ensures that the social enterprise remains health and sustainable. The Social investment strives to satisfy multiple stakeholders—the key partners, the internal and external customers. The key partners are interested more on addressing the social impact than on accrued economic benefits. The internal customers are interested in both economic and social benefits. The external customers are interested in the value of their money in exchange for the product or service offered by the social enterprise.

3.6. SVE: the exit

For SVEs, the exit strategy in the business model is defined at the inception of the social enterprise and implemented, managed, and modified during the course of the business in order to ensure that the stakeholders for whom the social enterprise was created are able to self-manage the enterprise in a sustainable way when key partner exit. The social venture entrepreneur must define the financial exit and impact exit modes ([25]: pp. 100–102, [8, 26]). Exit is defined as transfer of economic/legal (equity with residual claims) and psychological ownerships ([25]: pp. 67–68, [8, 27, 28]).

Similarly, the forms of exit must be agreed at the inception of the business. Nuer [25]: p. 110 presents various transfer of ownership models such as co-operative (e.g. farmer owned), employee owned company, divestment to local entrepreneur(s), communal ownership via a trust or other body and social enterprise development fund.

4. The social venturing entrepreneur(ship) business model

The term business model emerged during the end of the twentieth century. To date, there is not only a perforation of business models in literature and different business model definitions, but also, there is an array of conceptualizations and typologies that have been conceived from differing views of the problem domain—economic, strategic, entrepreneurship and operational and no general taxonomy of business model currently exist ([29]: p. 13, [30]: p. 2, [31]: p. 2, [32–34]). The business model concept is gaining traction in different disciplines, but it is criticized for being fuzzy and vague and lacking a consensus on its definition and compositional elements ([35]: p. 85, [36]).

Zott et al. [37]: p. 1020 conducted an extensive review of the business model literature and found that scholars do not agree on what a business model is and that the literature is developing largely in silos and according to the researchers' phenomena of interest. However, the study observed four emerging themes that could serve as catalysts for the unified study of business model. The common emerging themes were: a business model is a unit of analysis

centered on a firm explicitly and implicitly; a business model can be used in explaining how the whole business operates; the business activities and partners are important in business model conceptualization; and that the business model seeks to explain value creation and capture [38].

Among the common theme that scholars of business models have highlighted above is that the business model seeks to explain how value is created, delivered and captured. Likewise, the success of social venturing entrepreneur lies in the design of business model, a tool that he/she uses to create, deliver and capture the envisaged teleology—economic and social impact. Likewise, a conventional entrepreneur and social entrepreneur can be identified by the enterprise business model they use, the teleology their business model pursues, the type of key partners the incorporate in the business model, the ownership criteria and the presence or absence of exit model.

In his study, Siame [18]: p. 173 developed a business model typology based on business model teleology. The typology permit, business model comparison based on teleology. It holds the prognosis that a typology based on teleological value provides a rational basis for comparing, contrasting, evaluating, and predicting the behavior of the economic and social actors. In **Table 1**, any business model can be traced to a sector—private, public or voluntary. The general typology column provides the general business model typology and the main teleology being pursued. The class column indicates a specific class of business model within the general typology by recognizing their specific teleology and the remaining columns brings out the meaning and examples based in Zambia—a developing country where the study was undertaken.

The proponents of SVE argue that the social venturing entrepreneur applies entrepreneurship and investments in a business-minded and entrepreneurial approach to societal problems in areas where the market is functioning poorly or lacking, the example of which are shown in **Figures 1** and **2**. In his study, Siame [18]: p. 170 presents a wicked environment that constitutes barriers #1 and #2. In such environment, the social venturing entrepreneur needs to establish a social venture enterprise with a business model that incorporates micro, small and medium enterprises (MSMEs) owners, smallholder farmers or co-operatives (those affected by wicked problems) with the help of selected key stakeholders represented in barrier 1 & 2 enablers. The established social venture enterprise is able to trade in a free market environment dominated by large companies that was not possible to penetrate. Consequently, the social venture enterprise, using both economic and social coordination [41] is able to make sufficient profits some of which is used to finance impact in addition to other sources for impact finances.

Similarly, Dorward and Kydd [40], presents an environment depicted in **Figure 2** where markets are not functioning (due to economic coordination and other problems inherent to very poor rural economies) and where market-based development processes cannot be relied on to drive development.

In these environments characterized by wicked problems—depicted in **Figures 1** and **2**, the traditional investor owned firm (IOF) business model, state owned enterprise (SOE) business model, non-governmental organization (NGO) business model, and social venturing enterprise (SVE) business model are inadequate to solve these ills. The argument to justify the inadequacy for this business model enterprise in solving the wicked problems in these environments is as follows:

Sector	General typology	Classes	Meaning	Examples
Private	Economic teleology IOF-bm - Investor owned firm business model	TIOF-bm	Traditional investor owned firm business model	Wholly privately owned
		IIOF-bm	Inclusive investor owned firm business model	Privately owned firms, but contracts some operations
		LCF-bm	Large commercial farming business model	Large vertically integrated farms
		SCF-bm	Smallholder contract farming business model	Vertically integrated farms using contract farming (e.g. KASCOL, Dunavant COMACO, Zambeef, Pamarat etc. Bangwe & Van Kopen 2012; [39])
Public	Economic & social teleology SOE-bm - State owned business model	TSOE-bm	Traditional state owned enterprise business model	Wholly owned, state enterprise e.g. ZESCO
		GTG-bm	Government to government business model	Two states owned firm e.g. TAZAMA pipeline, IZB
		GGG-bm	Government to government to government business model	Three states owned firm e.g. TAZARA
		PPP-bm	Public private partnership business model	State and private owned firm e.g. ZANACO Bank
		SNGO-bm	State non-governmental organization business model	Joint social venture by state and NGO
Voluntary or third sector—split into two	Social impact teleology NGO-bm - Non-governmental organization business model	TNGO-bm	Traditional non-governmental organization business model	Completely not-for-profit NGOs
		INGO-bm	International non-governmental organization business model	International NGO e.g. OXFAM, CARE, Greenpeace
		PNGO-bm	Private non-governmental organization business model	Joint social venture by Private and NGO
		TSVE-bm	Traditional social venturing enterprise business model—no exit strategy	Social venture using the same platform to make profit & deliver impact
		SIOF-bm	Social investor owned firm business model—no exit strategy	Social venture for profit making but use the whole profit to deliver impact elsewhere
	Economic & social impact teleology SVE-bm - Social venturing enterprise business model	NGC-bm	New generation co-operative business model	Social venture to deliver profit to members
		TC-bm	Traditional co-operative business model	Social venture to deliver profit & impact to members;
		SVCE-bm	Social venturing & co-operative entrepreneurship business model with exit strategy [25]	Social venture to make a profit for some partners & deliver impact to others

Source: Siame [18]: p. 173.

Table 1. Business model typology

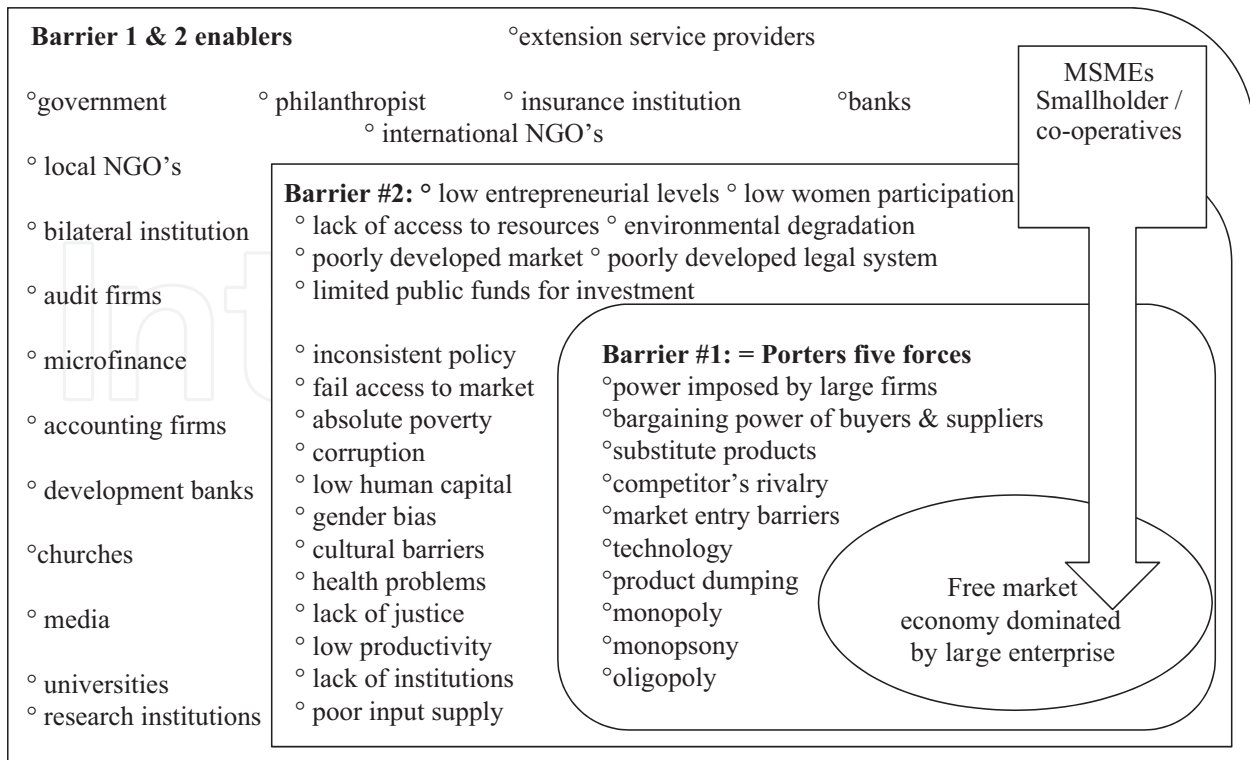


Figure 1. Wicked problems due to market, state and voluntary failures. Source: Siame [18]: p. 170.

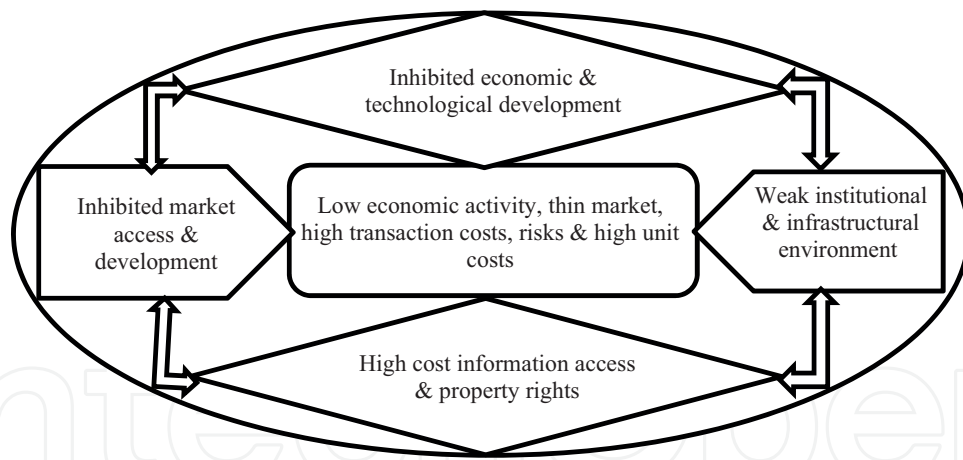


Figure 2. Coordination failure and the low level equilibrium trap. Source: Dorward and Kydd [40].

- The IOF business model, in a free market sector, is inadequate to solve social problems ([42]: p. 49). The primary focus for IOF business model enterprise is to achieve economic objective; the social or ecological objective are incidental or secondary ([18]: p. 173, [43]). For instance, the IOF business model entrepreneur is associated with profit maximization and self-interest with guile behaviors ([44]: p. 3, [45, 46]: pp. 215–233, [47]: p. 123, [48]: p. 30). Christians have criticized the use of IOF business model for neglecting wellbeing of all people [49]. Pope Francis described unfettered capitalism as “a new tyranny” and called on the world leaders to fight rising poverty and inequality. Porter and Kramer [50] and

Bakshi [51], in Van Der Velden [7], argue that the IOF business model is associated with social, environmental and economic problems while Raid and Afronet [52] and Saluseke [53] accuse IOF business model firms for engaging in tax avoidance through transfer pricing in developing countries.

The IOF business model has been marvelous in a free market economy in terms of its innovativeness. However, relying squarely on IOF business model enterprise pursuing predominantly economic teleology may not be the only best option to mitigate wicked problems in developing countries like Zambia. There is a need for more innovative business models to complement the traditional ones.

- However, the delivery of impact by government or SOE business models is severely questioned by the grabbing hand theory, Shleifer and Vishny [54], p. 4. The theory portrays government or indeed SOE business models as not maximizing social welfare and instead pursue their own selfish objectives, or the inability of weak states to implement policies effectively and provide a supportive institutional environment, Brown et al. [55]: p. 264. According to grabbing hand view, the policy makers are motivated by the aim to please the interest of specific, well-defined voters, ([56]: p. 9, [54]: p. 2). In this case, government personnel are assumed to be just as self-interested as any other economic actor, and will therefore exploit their monopoly over certain decisions to generate rents. Public choice scholars argue that public officials, besides pursuing public interest, might act to benefit themselves, possibly at the cost of efficiency [57–59].

The SOE business model has been quite phenomenal in countries with strong cultural values, but has not done well in many developing countries. Likewise, relying squarely on SOE business model for economic and social development may not be the only best option due to state failures.

- The NGOs, organizations have been criticized for various reasons in the past ([60]: p. a15, [61, 62]). Due to the dependency on donor funding, in times of declining aid, the NGOs find themselves unable to deliver impact. When this happens, the economic and social status of aid beneficiaries for whom the NGO was set up to start plummeting and in some cases becomes worse off than before they started receiving aid. This criticism leveled upon NGO's necessitated the introduction of SVE business model—self-financing business model—to maximize aid resource and ensure sustained impact. *The Dutch ambassador to Ethiopia and Eritrea, Pieter Marres, publicly questioning the use of development aid. He says it is keeping people dependent and less self-reliant. The form of assistance that would be preferred is one that allows the recipient to help themselves, applying the famous age-old quote: "Give a man a fish; you have fed him for today. Teach a man to fish; and you have fed him for a lifetime" [63, 64]*

The NGO business model enterprise plays a great role in mitigating market and state failures. However, donor fatigue and special interest and keeping recipient dependent on donor aid render them ineffective and therefore, there is a need for more innovations in third sector business models.

- The TSVE business model is an innovation from the NGO business model. However, the TSVE business model does not have an exit strategy building block that is important in preparing the stakeholders for independence. As a result, when the social enterprise winds-up for some reason, the economic sustainability is not guaranteed ([18]: p. 308, [65]: p. 176).

Arising from the negative effects of forenamed business models, especially the TSVE business model, Siame [18], in his study designed a generic social venturing and co-operative entrepreneurship (SVCE) business model with exit strategy building block. The social venturing entrepreneur, using SVCE business model is expected to empower the community for whom the social venture is established to self-manage the social enterprise when key stakeholders exit.

4.1. The social venturing entrepreneur's business model

Social venturing entrepreneurship, using Van Dijk terminology, is “entrepreneurship with calling,” and is “a silent revolution to mainstream/traditional entrepreneurship.” Among the social innovations that the social venturing entrepreneur pursues is the design of exit element in SVCE business model enterprise. The exit element or building block encompasses all that is required to empower the local stakeholders so that they are able to address the unsolved social problems themselves when the key stakeholders are gone or exited. The key stakeholders are those who partner with the social venture in order to solve the ill social problems sustainably and exit. These could be, for example, the philanthropist, government, companies practicing sustainable corporate social responsibility, International and local non-governmental organizations, multilateral and bilateral institutions etc. In the traditional business models (IOF, SOE, NGO, and TSVE business models), the exit strategy is an action plan to either change ownership, in case of IOF and SOE enterprises or when an investee ends the relationship in such a way that the social impact is either maintained or amplified, or the potential loss of social impact is minimized in the case of NGO and TSVE. However, the exit strategy in SVCE business model enterprise means handing over ownership to local stakeholders when they have acquired sufficient knowledge, expertise to manage the social enterprise sustainably [8, 18, 24].

4.2. The SVCE business model building blocks

The SVCE business model can simply be defined as an innovative framework for creating and delivering sustainable impact investment. The SVCE business model is most appropriate for firms wishing to create, deliver and capture both economic and social impact in developing economies characterized by a Schulze-Raiffesien environment or environments exposed to low level equilibrium trap ([66]: pp. 5–7, [67]: p. 4, [18]: p. 167, [65]: p. 303).

The SVCE business model creates economic value through key activities and key resources in order to deliver to three layered customers—key partner, commercial customers and input supply customers (the local people for whom the social enterprise has been formed). The social value is created through exit strategy building block activities. The value created (economic and social) is delivered to three layered customers through channels, customer relationships, and value proposition building blocks. The economic and impact revenue is captured through finance building blocks (see Figures 7 and 8 in Siame [18]: p. 177 & 179).

The business model elements are briefly explained as follows:

4.2.1. Customers

In the SVCE business model, customers comprise three elements that must be established before setting up an SVCE business model enterprise.

4.2.1.1. Key partners (KP)

The smallholders do not have finance, technical know-how, skill and knowledge to set up and run a value adding enterprise. The model needs key partners to provide these resources. Some or all partners shall exit when the stakeholders for whom the social enterprise was established acquire the know-how to self-manage the enterprise. The social venturing entrepreneur uses his/her skills in networking and lobbying to bring in partners as shown in Figures 3 and 4.

4.2.1.2. Commercial customers (CC)

The success of SVCE business model enterprise relies on the availability of commercial customers that are willing to buy the processed products or service. A feasibility study must establish this niche market. Tentative customers are in Figures 3 and 4.















Vision – Mission – Values – Teleology (economic & social impact)		Value proposition	Customer relationship	Channels
 				
Customers	Key partners 	Class A, B, C, D, E ...n, Equity-resource-based alliances – handbook & visible hand coordination	Key partners value proposition (PVP) – intrinsic & extrinsic	Audited financial reports, field day
	Commercial customers 	Classical contract – striving for profit maximization (invisible hand – price coordination)	Commercial customer value proposition (CVP) - intrinsic	Point of sale, adverts, promotions
	Input customers 	Relational contracts with mutually accepted handbook & handshake coordination	Member value proposition (MVP)- intrinsic & extrinsic	Field days, trainings, magazines
Key activities 	Input supply/manufacturing, Processing farm commodities, wholesaling, retailing, and distribution/export – vertically integrated enterprise along agricultural value chain. Training			
Key resources 	Key resources for social enterprise e.g. plant & equipment, HR, network, transport facilities, Input supplies, etc. Key resource the MSME, smallholders, community brings & key resource partners bring to SVCE-bmE			
Finances	Costs € 	Fixed costs, variable costs, & social impact costs		
	Revenues 	Revenue from products & services, Other sources (grants/donations etc.)		
Exit	Strategies/Activities 	Who assumes ownership on exit? What type of ownership? What ought to be done to prepare those to take ownership? What are the conditions for one to assume ownership? How & when is exit to take place?		
	Impact (extrinsic & intrinsic) 	What are the commercial & social impact? What are the performance indices? How do we measure? How to we communicate? What are the costs & how do we pay?		

Figure 3. SVCE business model for fruit juice processing enterprise. Source: Siame [18]: p. 179, [65]: p. 302.

Infrastructure	Key partners	<ul style="list-style-type: none"> • Funding – The Royal Norwegian Embassy, EU • Technical – Lead agricultural technical partner - The Conservation Farming Unit; Lead technical partner – Philanthropist General Mills; & Lead academic collaborating partner – Cornell University of USA • Business – Lead business consulting partner – Haas Business School, Berkeley University of USA • Aggregators – CARE International, Program Against Malnutrition & Wildlife Conservation Society, World Food Program, EU, MoA extension units 	<p>Vision - The Luangwa Valley ecosystem is made secure from human disturbances by sustaining liveable incomes and household food needs through trade incentives that drive land use practices supportive of well-managed landscapes and natural resources. Through this success, serve as an example and learning platform for extending COMACO to other regions in Zambia and the sub-continent</p> <p>Mission - Provide marketing services, trade benefits, and extension support for farm-based and natural resource-based commodities as a basis for small-scale farmer adoption of improved land use practices that promote natural resource conservation</p> <p>Objectives - Poverty reduction, Job creation, & sustainability wild life & ecosystem in Luangwa valley</p>
	Core business & resources	<p>Key Resources</p> <ul style="list-style-type: none"> • Plant & equipment • Procurement & distribution network • Technology • Qualified staff • Partnerships & alliances • Intellectual property rights • Brand name 'IT'S WILD!' • Producer groups • Trading depots & CTC's <p>Key Activities</p> <ul style="list-style-type: none"> • Processing & packaging finished 'IT'S WILD' products • Marketing & distribution • Product & market development • Financial & management accounting • Human resource development • Relationship management • Validation of conservation compliance 	
Value Proposition	<p>Customer value proposition (CVP) - • All natural foods • Reliable food production & supply • High quality, tasty 'green' products</p> <p>Member value proposition (MVP) - • Fair commodity prices • Access to market • Annual conservation farming dividends • Free maize incentive • Healthy lives for members families • Improved communication • On-going training • Local leadership • 65% ownership share in own community-managed tourism camps called IT'S WILD! Bush camps • New farming methods</p> <p>Partner value proposition (PVP) - Jobs creation • Poverty & hunger reduction • Sustainability; • Saving wildlife & ecosystem (Increased animal numbers, increased farmer enrolment, food security, conservation compliance, wider crop, enterprise diversity & income-safe)</p>		
Customers	Customer segments	<p>Niche market for external customers - • Urban retail outlets throughout Zambia & Regional export markets</p> <p>Internal customers (members & partners) - • Farmers and co-ops located along-side Luangwa's wildlife</p>	
	Customer relationships (CRs)	<p>External customers - • Quality assurance • Timely response to queries • product/service availability • Ethical communications & point of sale adverts</p> <p>Internal customers - • Timely financial & operational and M&E reports • Adherence to common ethics, values & contractual obligations • Efficient communication through official channels, • Workshops/seminars/meetings and trainings • local/public print/audio media, • Point of sale adverts</p> <p>Impact report to attract continued partner support - Better life to poor people; • Health & well-being; • Educating and caring children; • Sustainable ecosystem • Reduction in poaching • Reduced poverty and hunger</p>	
	Channels	<p>For external customers - • Retail outlets and other foreign distributors</p> <p>For internal customers - • Own six regional conservation trading centres (CTCs) • Own 75 trading depots Local dealers • Other foreign distributors</p>	
Finances	Costs	• Operational costs • Fixed costs • social impact costs	
	Revenue streams	Sales (maize, beans, soya beans, rice, honey etc.) • grants & donations	

Figure 4. COMACO business model. Source: Siame [65]: p. 308.

4.2.1.3. Input supply customers (ISC)

The SVCE business model enterprise is setup for local stakeholders who are already engaged in survival, activities (such as farming, street vending, stone crushing, etc.). The value adding social venture enterprise is established where they own delivery rights to supply the social venture with the raw materials. And they are promised to purchase equity rights on exit—a kind of psychological ownership is created.

Only the willing are selected and given delivery rights for the supply of inputs to the value adding social enterprise. They are selected on the basis of what they have to bring to the SVCE business model enterprise—based on appreciative inquiry. Thus, they do not only own the ventures they are already engaged in but also earmarked to own a value adding social venture on exit.

4.2.2. Value proposition

The value proposition must address specific intrinsic and extrinsic needs of KP, CC and ISC; otherwise, these customers may see no need to support or being part of the social venture

enterprise. The feasibility study ought to establish the needs of all the customers so that they are part of the business model operations. The tentative value propositions are indicated in **Figures 3** and **4**.

4.2.3. Customer relationship

This building block dictates the nature of the relationships that a SVCE business model enterprise will develop with its customers—KP, CC and ISC. The examples of customer relationships that a social venturing entrepreneur needs to establish are stated in **Figures 3** and **4**.

4.2.4. Channels

Similarly, separate channels for different customer segments—KP, CC, and ISC—must be developed. These channels are the touch points through which a SVCE business model enterprise liaises with its customers and as such, play a huge role in defining the customer experience. See example in **Figures 3** and **4**.

4.2.5. Key resources

These are the most important assets needed to make SVCE business model work. It is through them that the enterprise generates value proposition, service customers and generate revenue. These can be physical, intellectual, financial, and human and can be owned or acquired from key partners as is the case with the SVCE business model. Key resources are directly relevant to the number and type of key activities being performed in the social venture enterprise. Ultimately, the quality of SVCE key resources will impact the sustainability and profitability of the enterprise. The example of key resources is shown in **Figures 3** and **4**.

4.2.6. Finances

This element constitutes costs and revenue streams as explained in **Figures 3** and **4**.

4.2.7. The exit building block

Thus, exit means that some or all partners who initiated the SVCE business model enterprise must *transfer ownership* at some point by selling equity rights to stakeholders who have been successful with delivery rights contractual obligations. The exit building block is unique for this business model typology and is meant to establish exit strategies and activities and impact through a feasibility study [25]. The example of exit strategies and impact are shown in **Figure 3**.

4.3. Exit strategies and activities

What is the preferred transfer ownership model—legal or psychological ownership or both? What are the planned activities to be undertaken in order to equip the smallholders so that they assume the kind of preferred ownership? How are the associated costs going to be financed?

A needs assessment at the inception of the SVCE enterprise is done in order to establish the training needs for the delivery rights holders to be able to take part in social venture management. And establish also the interventions that are required to increase production and productivity of economic ventures that the stakeholders are already engaged in so that they are able to supply the value adding social venture with delivery rights of the right quality, the right quantity, at the right time.

4.4. Impact

Before exit, what economic, social, environmental, etc., impact ought to be achieved so that the SVCE business model enterprise remains sustainable even after partner exit? How will the impact be measured and communicated to stakeholders?

4.5. The difference between SVCE business model and the TSVE business model enterprises

The proponents of SVE argue that SVCE business model enterprise is superior to traditional social venture enterprise (TSVE) business model on account of exit strategy building block that is integrated with SVCE business model. For example, Community, Market for Conservation (COMACO) business model (a TSVE business model shown in **Figure 4**), has been very successful in delivering economic and impact teleology to communities, but the lack of exit strategy for COMACO lenders the smallholders perpetually dependent on it. In case of COMACO winding-up for some reason the converted smallholders would revert to pouching since they social enterprise where they sell farm produce is no longer in existence ([65]: pp. 307–308).

5. The social venturing entrepreneurship: economics

Social venturing economics provides explanations and understanding of SVCE business model enterprise. The social venturing economics term was coined by professor Gert [8]. It borrows ideas from different economic schools of thought to explain, defend, analyze and predict the behavior of economic agent in SVCE business model enterprise.

Social venturing entrepreneurship is a society minded entrepreneurship. It is rooted in the study of welfare and political economics and supported in the literature of the Austrian School/economics (provides coherent suggestive theoretical constructs in entrepreneurship) and the New Institutional Economics (role of institutions in shaping economic behavior—focusing on social and legal norms and rules that underlie economic activity) and Behavioral Economics. The starting point is not the neo-classical approach of maximization of utilization for each individual goal. By definition the approach is that people are not acting in a rational way to achieve the highest possible (financial) benefit and utilization. It studies the economy on the basis of society issues existing, in which choices have to be made how to approach them in a business manner and entrepreneurial approach. Most of the times in an environment in which market mechanisms are lacking or functioning poorly and also the

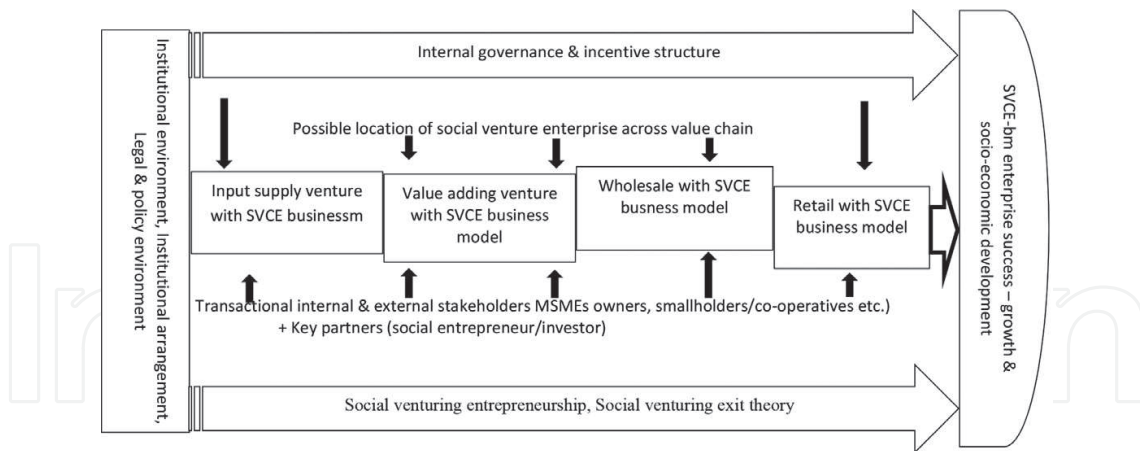


Figure 5. SVCE business model conceptual framework. Source: Siame [18]: p. 173.

government, private business sector and philanthropy have difficulties to bring lasting and sustainable results to these issues with the available instruments [8, 18, 68].

5.1. The conceptual framework for SVE

The success of the SVCE business model enterprise across the supply chains is possible when the social venturing entrepreneur applies social venturing entrepreneurship rooted in new institutional economics, behavioral economics and exit strategy theory as shown in **Figure 5**. The conceptual framework is premised on the notion that SVCE business model enterprise performance and growth is influenced by: Social venturing entrepreneurship + social venturing exit theory + Institutional, legal and policy environment + Internal governance + incentive structure ([69]: p. 235).

6. Practical applicability SVE using SVCE business model enterprise

According to Bushe, appreciative inquiry (AI) advocates collective inquiry into the best of what is, in order to imagine what could be, followed by collective design of the desired future state that is compelling and thus does not require the use of incentives, coercion or persuasion for planned change to occur [70]. Using AI, there are many government projects and enterprise and individual business activities that could make use of SVE in order to achieve greater, effective, and efficient performance.

Government starts projects and business ventures for social and economic development which, eventually become a burden to the treasury. For example, many countries in Sub-Saharan Africa have a Farmer Inputs Support Program (FISP). This program supports smallholder farmers with finances to purchase seed and fertilizer among others. In Zambia, this program has become a burden to the treasury and a hindrance to agricultural development in general because it is consuming a large percentage of the finances allocated to Agriculture ([71]: p. 5, [72]). It is a political program whereby the government of the day

is obliged to keep on increasing the budget allocation with a hope of being elected when their term comes to an end. The FISP electronic voucher program can be sustainably managed with a better exit strategy. A SVCE business model if planned at the inception of FISP would be a viable exit strategy and lead to agricultural industrialization, job creation and food security.

The National Savings and Credit Bank (NATSAVE) in Zambia may end up growing and becoming a burden like what became of the Zambia National Commercial Bank (ZANACO) that had to be privatized as a result of pressure from the World Bank and International Monetary Fund. It is time the government exited in some of the Natsave branches using social venturing entrepreneurship principles, for example, a number of Bureau de change owners would become owners in those branches that have a sound business case.

From the private sector, many individuals micro small and medium enterprise owners and smallholders have the potential to grow if the use SVE principles that have been dealt with in this chapter.

In Zambia, the government is better positioned to appoint a lead institution with support to promote SVE so that economic development can be accelerated. Promoting different business models in in the economy like Zambia would be helpful in order to mitigate each other's negative externalities. The business model symbiosis illustrates the different modes of business models that can be created from the traditional models to bring vibrancy to the economy ([18]: p. 174). The business model typology in **Table 1** is configured in the business model symbiosis in **Figure 6**.

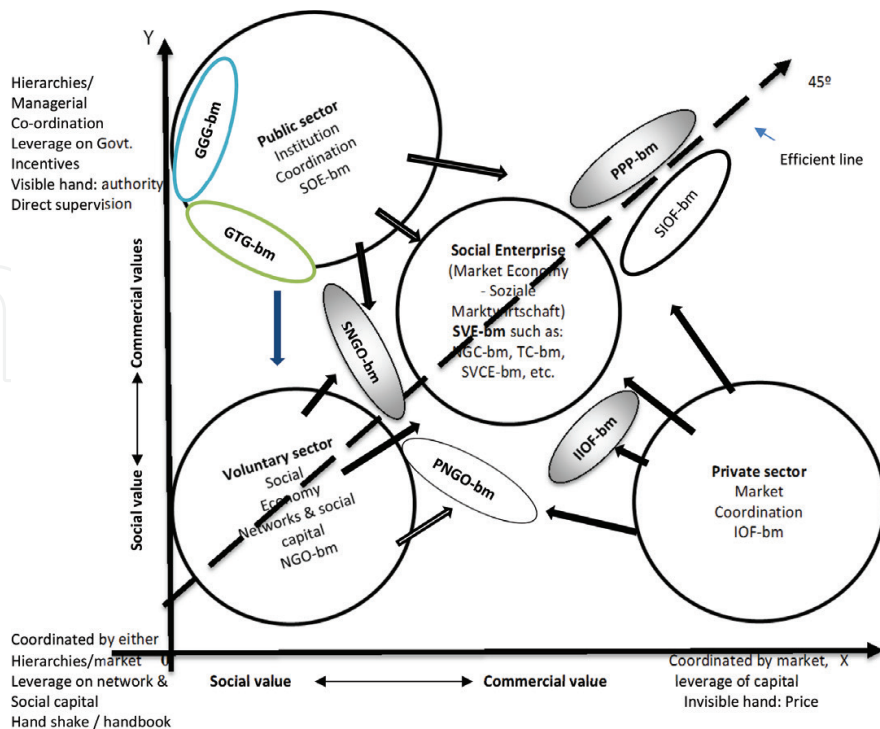


Figure 6. Business model symbiosis and efficiency line.

The business model symbiosis shows the frontiers of innovation for traditional business models. The SVCE business model for social venturing entrepreneurs occupies the center because it uses both market and non-market coordination's.

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