



# *Addressing rural social exclusion through African social purpose ventures*

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# Addressing Rural Social Exclusion through African Social Purpose Ventures

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## Abstract

*Objectives.* The overarching aim of this paper is to consider the relationship between social entrepreneurship and rural development, and as a mechanism to address social exclusion in the Global South, with specific reference to Sub-Saharan Africa. Drawing upon a number of case examples of social purpose ventures in Kenya, Mozambique and Zambia the objectives of this paper are:

- To provide a synthesis of existing literature on the interaction between social purpose ventures and rural BoP communities in the developing world;
- To explore extant social exclusion literature including economic, political and international development dimensions; and
- To analyse the case study examples to consider the channels through which social purpose ventures contribute to tackling social exclusion amongst the rural BoP.

*Prior Work.* There is growing interest in the role that social enterprises and wider social purpose ventures can play in sustainable development in the Global South. In many developing countries the majority of the population still reside in rural areas with these areas often particularly marginalised and underdeveloped. Previous studies have provided anecdotal examples where social purpose ventures have the potential to provide innovative solutions to the development challenges faced by rural households and communities. Yet research in this area remains relatively nascent and fragmented. In depth empirical studies examining social purpose ventures and rural development in the Global South are furthermore limited.

*Approach.* Data was collected during in-depth case study research with social purpose ventures in Zambia, Kenya and Mozambique. Cases were selected through a purposive sample with access negotiated to rural BoP communities through gatekeeper partners. Qualitative research methods were primarily employed including interviews, stakeholder focus groups and observational research.

*Results.* Six channels through which social purpose ventures contribute to tackling social exclusion amongst rural BoP communities are identified. These include ventures with the BoP as employees, producers, consumers, entrepreneurs, service users and shareholders. A number of shared characteristics for successful social purpose ventures are also outlined. Finally implications for policy, practice and research are discussed.

*Implications.* Despite the increasing attention being given to social purpose ventures as a mechanism for global sustainable development many questions remain unanswered. Limited empirical work has been undertaken on such ventures operating in rural settings in the developing world, particularly Africa. The paper will add to academic and practitioner knowledge in this area especially in relation to up-scaling impact, the long term sustainability and viability of social purpose enterprise ventures, and effective supporting interventions. This paper adds to knowledge in the field of social purpose venturing in the developing world. It identifies various channels through which such ventures help tackle rural social exclusion and also factors influencing their success. The paper provides insights for practitioners and policy makers, particularly in relation to facilitating successful social purpose venturing.

*Value.* This paper will provide insights relevant to both academic and practitioner audiences. It addresses a subject area and geographical region that has received limited research attention to date. The paper adds to knowledge on social purpose ventures and social entrepreneurship in Africa and wider developing world environments, and contributes to debates on its potential and present limitations as a vehicle for development and societal transformation.

# Addressing Rural Social Exclusion through African Social Purpose Ventures

## Introduction

This paper explores a range of case study African social purpose ventures examining their potential role in promoting social inclusion for rural communities and for those individuals and communities considered to be at the economic 'Base of the Pyramid' (BoP). The BoP refers to the 4 billion+ people globally living on less than US\$2.50 per day. In Africa it is estimated that over 430 million people or 90% of the continent's rural population reside in this BoP segment (IFAD, 2010). The population of the developing world is still more rural than urban. Globally, at least 70% of the world's very poor people (those living on less than US\$1.25 a day) are rural (IFAD, 2010). More than 60 per cent of the rural population of Sub-Saharan Africa is classed as very poor, equating to over 300 million people, which is the highest proportion of any global region (IFAD, 2010). Poor rural households in Africa and the wider developing world face numerous, spatially variable development challenges. These include: threats to agricultural production stemming from environmental degradation, climate change and water scarcity; the impacts of disease, including HIV/AIDS; financial insecurity and a lack of secure employment, and difficulties in how and on what terms markets are accessed. In many instances these challenges reflect, and are compounded by, the economic, social and political exclusion and marginalisation of rural households, communities and regions (Bird *et al.*, 2002). This exclusion can manifest in limited access to services which are frequently of a low standard, while livelihood and employment opportunities particularly in the formal sector are also often constrained. Access for rural dwellers to markets to sell products that they grow or make or to buy even basic necessities may be similarly restricted.

Innovative solutions are needed to address these varied and complex rural development challenges. Social purpose venturing is increasingly looked upon as a key mechanism for tackling the kinds of 'wicked' sustainable development problems faced by rural communities in the developing world (Rittel and Weber, 1973). The enthusiasm currently surrounding these types of ventures is exemplified by the United Nations SEED Initiative which identifies alternative social and environmental ventures as critical for improving incomes, strengthening livelihoods, and tackling marginalisation and poverty in Africa, in ways that are sustainable and conserve natural resources and ecosystems (SEED and IISD, 2009). It is also reflected in growing engagements with social purpose venturing by national development agencies, for example in 2010 the United States Agency for International Development (USAID) launched its Development Innovation Ventures Department, with the aim of finding and supporting "innovative breakthrough solutions to the world's most important development challenges" (USAID, 2013).

However despite the enthusiasm currently surrounding social purpose venturing, and potential role in sustainable development in Africa, research in this area remains relatively fragmented and emergent. While there is a growing body of literature examining social purpose ventures in Africa (Thompson and Doherty, 2006; Kerlin, 2009), including some empirical case study research (Masendeke and Mugova, 2009), many questions and areas for further inquiry remain. For example reflecting and feeding into wider international debates, there is no consensus or commonly accepted definition of an African social purpose venture, whilst questions also remain about its characteristics, how it differs from such ventures in the developed world, and how context and environment influence the nature of social purpose ventures, social entrepreneurship, and innovation in Africa, and between different countries on the Continent (Bacq and Janssen 2011; Kolk and Rivera-Santos, 2012). Other issues in need of further exploration include: factors influencing the success or failure of social purpose ventures; the kinds of policies, legislation and donor support which encourages their start-up, success and survival; and impact mapping and assessment for such ventures in Africa and the wider developing world.

In this paper a synthesis is first provided of existing literature on the interaction between social purpose ventures and rural BoP communities in the developing world. Work concerned with social exclusion, including its economic and political dimensions, and international development is then reviewed. After this, the methodologies employed in data collection for this research are outlined. While research exists on social purpose ventures and rural development, including case study work, it is rare for such work to draw upon multiple case studies across a range of countries as occurs in this paper. With reference to these multiple case studies, six channels are then identified through which social purpose ventures contribute to tackling social exclusion amongst the rural BoP. These include where the BoP are: employees, consumers, producers, entrepreneurs, service users or shareholders. A number of shared characteristics and factors influencing the success of social purpose ventures in Africa are then outlined and identified from the cases, including: recognition of environmental sustainability concerns; local or native embeddedness, capacity and participation; product innovation, competitiveness; and business orientation. Finally implications for policy, practice and research are more explicitly considered.

## Social Purpose Venturing and the Rural BoP

Over the last decade, as part of the emerging 'development through enterprise' agenda, there has been a surge in interest in the BoP within management and wider business research. The origins of this interest can be traced in particular to early work on the BoP and subsistence market place approaches to development by authors like CK Prahalad, Ted London and Stuart Hart. In their initial incarnations these approaches argued that the poor, those living in the BoP, should be re-imagined as consumers, and it was suggested that there was 'a fortune waiting at the bottom of the pyramid' for those companies, especially multinationals, that could tailor their products or services to tap into this low income segment (Prahalad, 2004). Understandably these approaches were controversial, and drew criticism for their positioning and what some regarded as exploitation of the poor (Karani, 2007a; 2009). They were also attacked for encouraging unhealthy consumption i.e. making cigarettes, alcohol or sugary drinks more readily available to the poor (Garette and Karnaani, 2010), for an overemphasis on MNCs, and for transplanting unsustainable Western values and lifestyles to the developing world. However since their emergence BoP approaches have evolved, recognising the need for the 'co-creation' of value (London and Hart, 2004, 2010; Hart 2005), with the BoP incorporated as partners in venture design, product development and innovation, and implementation and production (London, 2007). Emphasis has also shifted away from MNCs, with growing interest in complementary non-traditional multi-stakeholder partnerships, frequently between actors operating at different spatial scales, for example, collaboration between MNCs, NGOs, state actors, social enterprises, local community groups and micro-entrepreneurs.

In this paper the term social purpose venture is used in favour of social enterprise, social business, or trading non profit, reflecting the diverse, complex, and hybrid landscape of social entrepreneurship and innovation in Africa. Social purpose ventures in Africa trade for social and/or environmental purposes. However they often have quite complex organisational forms, which may include both for profit and non-profit components, as well as drawing upon and leveraging the skills of multiple stakeholders and actors in partnership. Such ventures may comprise a standalone social enterprise or a 'proto social enterprise' NGO engaging in trading activity (Munoz, 2008). Alternatively they may be more profit oriented green businesses with an environmental mission selling green goods or services. In other instances they are inclusive businesses, drawing together and leveraging the skills and competencies of private sector investors, social enterprises and community businesses or cooperatives. Social purpose ventures are now recognised as key actors in and vehicles for reformed BoP approaches, both as partners for MNCs but also as independent initiators of BoP programmes and interventions (Wheeler *et al.*, 2005).

Many BoP ventures target the rural poor, with a growing body of literature documenting such initiatives. An example of a more traditional MNC led BoP intervention is that by Hindustan Lever Ltd. (HLL), a subsidiary of Unilever PLC (Prahalad and Hart, 2002). In this initiative HLL responded to competition from a local firm Nirma Ltd, which began selling low cost detergent products in BoP markets, by developing and launching a new product called Wheel with decentralised production, marketing and distribution channels more suited to this low income segment. Other examples of MNC led BoP initiatives targeting the poor include the rapid growth in interest and engagement in micro-lending to the BoP by leading commercial banks, inspired by the success of the Grameen Bank in Bangladesh (Karnani, 2007b). MNCs are also now selling micro-insurance to rural BoP farmers, helping to reduce vulnerability to natural disasters and mitigate for longer term climate change risks (Manuamorn, 2007).

Recent developments in BoP approaches, moving towards the co-creation of value, and the involvement of the poor as partners rather than just consumers and producers, have been described by some authors as a new variant of BoP, or BoP 2.0 (Simanis and Hart, 2008). BoP 2.0 approaches emphasise 'creating a fortune *with* the BoP', and embedded over structural innovation (Hart and London, 2010). They also highlight the need for dialogue rather than consultation, and for MNCs to develop more meaningful and direct relationships with both NGOs and BoP segments versus previous more arms length interactions. Finally they call for better marrying of capabilities, and an expansion in approaches to embrace new sustainable technologies. An example BoP 2.0 venture involves the Indian tobacco giant ITC (formerly the Imperial Tobacco Company). ITC provides Indian micro-entrepreneurs with training and equipment helping them to establish E-choupal meeting places in rural communities. Through these E-choupal meeting places rural farmers gain better access to information on market conditions, prices, and potential buyers, increasing their bargaining power with middlemen purchasers called 'mandis'. This intervention benefits farmers enabling them to get a fairer price for their soy crops, while it also provides additional livelihoods for E-choupal entrepreneurs. Finally it benefits ITC which has been able to source agricultural commodities at more favourable prices (Hart and London, 2005). In a further example introduced by London (2009), the enterprise VisionSpring uses a microfranchising model to provide vision care to the poor. VisionSpring recruits 'vision entrepreneurs' giving each a kit – dubbed a 'business in a bag' – which contains an inventory of glasses, eye screening materials,

marketing materials and sales forms. The entrepreneurs also receive training in how to conduct screenings, how to refer people to hospital, and how to run a small enterprise.

Increasing engagements by social enterprises, non profit NGOs, cooperatives and wider social purpose ventures with low income groups through and as initiators of BoP programmes are recognised in the literature (Wheeler *et al.*, 2005), as are their successes (Bronstein, 2004; London, 2007). For example Prahalad (2004) uses Jaipur Foot and Arvind Eye Care, both India based non-profits, as positive examples of BoP ventures. Another widely cited example is the for-profit social enterprise *Honey Care Africa* based in Nairobi Kenya (see Hart and London, 2005). Founded in 2001, Honey Care Africa works in partnership with private and development sector actors and local communities. It exploits the competencies of each partner to generate bee keeping livelihood opportunities for rural BoP farmers. Honey Care Africa's business model is based on making advanced, yet context-appropriate beekeeping equipment available to BoP farmers. Honey Care Africa procures and sells all of the equipment required to establish a beekeeping microenterprise to a development sector partner, which in turn leverages local social capital to provide microcredit financing to small farmers for the purchase of equipment. Honey Care provides farmers with training in bee keeping, and commits to purchasing all the honey they produce, guaranteeing them a regular income. Honey Care gains a consistent supply of high-quality honey, while the loan for equipment is gradually repaid through farmers' additional earnings (Hart and London, 2005).

### **Social Exclusion, Poverty and Development**

Social exclusion is a multidimensional concept. Its role in absolute and relative poverty, and forms of marginalisation and disadvantage, in both developed and developing countries is widely recognised. Tackling various forms of social exclusion is an important underlying theme within the Millennium Development Goals (MDGs). For instance within the MDGs that focus on achieving universal access to primary education, promoting gender equality and female empowerment in health, education, employment and politics, and eradicating extreme poverty and hunger by facilitating livelihood and employment opportunities for the ultra poor. The imperative to address social exclusion, including its more economic and political dimensions, is also evident in engagements by international institutions and national development agencies. For example, following the 1995 World Social Summit in Copenhagen the World Bank and the International Labour Organisation adopted social exclusion as a multidimensional framework in their work. At around the same time in the UK, the Social Development Department within the Department for International Development (DFID) began to engage with the concept of social exclusion, which was also mainstreamed and integrated into some country and regional programmes (Beall and lène Piron, 2009). In this paper, whilst the term social exclusion is used, its political and citizenship dimensions, and in particular its economic aspects are also recognised, especially given the often strong economic inclusion impacts social purpose ventures have, which in turn can be linked to improved social and poverty alleviation outcomes.

The term social exclusion is of relatively recent origin, and is primarily attributed to writing in the 1970s by René Lenoir (Lenoir, 1974/1989), although its antecedents can be traced much further back (de Hann, 2001). Since the time of Lenoir's writing, social exclusion has been linked to a wide range of social and economic problems, with a variety of potentially excluded groups also identified. The opportunities such groups are excluded from has furthermore proliferated encompassing livelihoods, secure employment, property, land, citizenship, education, skills, respect and services (Silver, 1994; 1995). The intersection of social exclusion, poverty and deprivation has received considerable academic attention. Writing on the subject by Amartya Sen highlights how the concept of social exclusion complements understandings of poverty as capability deprivation (Sen, 2000). Sen argues that social exclusion may be considered directly as part of capability poverty, whereby a capability deprivation i.e. not being able to appear in public without shame, takes the form of social exclusion. However he also suggests that being excluded from social relations can lead to other kinds of deprivations, further limiting living opportunities. For example being excluded from the opportunity to be employed, to access markets or to gain credit can lead to deprivations like malnourishment or homelessness. For Sen, social exclusion is thus both a constitutive part of capability deprivation and an instrumental cause of capability failures. He furthermore suggests that the idea of social exclusion is important in highlighting the role of relational features in the deprivation of capability, and thus in the experience of poverty. The case for the concept of social exclusion enriching understandings of deprivation and poverty, is similarly made by de Hann (2001), who in agreement with Sen (2000) highlights both constitutive and instrumental dimensions of social exclusion, and also distinguishes between passive exclusion where deprivation is caused without deliberate intent i.e. through a weak economy, and active exclusion, where for example certain groups are deprived of accesses to services, employment opportunities, citizenship or political participation.

A number of more empirical based studies and literatures exist, drawing upon the notion of social exclusion and considering the intersection of its social, economic and political dimensions with development and poverty

alleviation in the Global North and South (Gaventa, 1998; Dowler and Mosely, 2003). Often this work focuses on specific types of exclusion, or particular excluded groups. For example Hossain (2010) critically evaluates a cash transfer programme in Bangladesh designed to widen access to basic education for the very poor. She finds that despite this intervention, the class and social distinctions through which state actors continue to 'see' poor children result in selection practices that routinely exclude the poorest from school, with longer-term adverse effects for their social inclusion and citizenship. In a similar vein Kantor (2009) considers women's exclusion and constrained and unfavourable inclusion in informal employment in Lucknow India. Kantor (2009) examines under what conditions, if at all, women's labour contributes to household-poverty reduction and increased voice for women in households. Her findings suggest that in this instance labour force participation has a meagre influence on household and individual level development outcomes largely due to the inter-related processes of exclusion and unfavourable inclusion. A further body of work exists focussing on more economic dimensions of social exclusion, including: exclusion from credit and finance, (Carbo *et al.*, 2005; Johnson and Nino-Zarazua, 2011) and the positive and negative impacts of microfinance interventions (Woller, 2002a; 2002b; Cain, 2007; Stewart *et al.*, 2010); exclusion from, and barriers to market access i.e. for smallholder farmers (Makhura, 2001; Becchetti, and Costantino 2008); and exclusion in and from labour markets (Adato *et al.*, 2006; Mitra and Sambamoorthi, 2008).

While discussions in this paper are framed around the notion of social exclusion, some conceptual limitations are also recognised, as is its relationship with constrained or unfavourable inclusion. In the literature, concern is first raised in relation to what Hickey and Du Toit (2007) describe as the relatively uncritical exportation of 'social exclusion talk' from policy debates in industrialised countries to poverty debates in 'developing' countries. The issue of what 'exclusion' means in different cultural context are furthermore highlighted (Du Toit 2004). An additional area of concern relates to agency, and the potential risk of portraying the excluded as helpless victims (Francis, 2006). Finally it may be argued that the underlying narrative shaping much social exclusion research is that 'inclusion' is intrinsically good, ignoring the potential for limited, inequitable or disempowering forms of inclusion. Hickey and Du Toit (2007) term such occurrences as 'unfavourable inclusion' or 'adverse incorporation'. In some antecedent literature this adverse incorporation/unfavourable inclusion is counterpoised with social exclusion, with the former argued to be more useful in analysis of the relational dimensions of deprivation and poverty. However, increasingly the two are used in conjunction, and discussions in this paper focus on their complementarities, and the potential for notions of adverse incorporation/unfavourable inclusion to add to understandings of the impacts social purpose ventures have amongst the rural BoP.

## **Methodology**

This paper draws upon research undertaken as part of a project examining social purposes ventures in Eastern and Southern Africa and their role in sustainable development and poverty alleviation. As part of this research, fieldwork work was undertaken working with 20 social purpose ventures in Kenya, Zambia, South Africa and Mozambique. In particular this paper draws upon data collected from a subset of 8 social purpose venture case studies (See Table 1 for further details), that were based in rural locations or interacted with rural communities in Kenya, Zambia and Mozambique. Qualitative methods of data collection were primarily employed including interviews and focus groups, observation research, and analysis of secondary materials i.e. annual reports.

Over 100 interviews and focus groups were carried out with internal and external stakeholders of the 8 different ventures during November and December 2011, and during March to July 2012. Participants were primarily identified and recruited in collaboration with partner organisations in order to manage issues of access and trust, but the researchers were not specifically accompanied by representatives of the organisation. Verbal informed consent was used and the research team was accompanied by translators where necessary. The discussions with respondents were undertaken with one or both of the authors of this paper present. Interviews and focus groups were recorded where possible, although participants were given a choice in this. The recording equipment was placed in full view of the respondents and no-one within these 8 cases declined the researchers' request for recording. Recordings were then transcribed for data analysis, with some back checked for translation accuracy. The discussions were guided by a broad interview protocol informed by the antecedent literature but discussions were also exploratory allowing researchers to follow emergent themes. Key themes and insights were identified from the interviews and focus groups through a primarily inductive coding process, but also informed by notions of social exclusion and capability approaches.

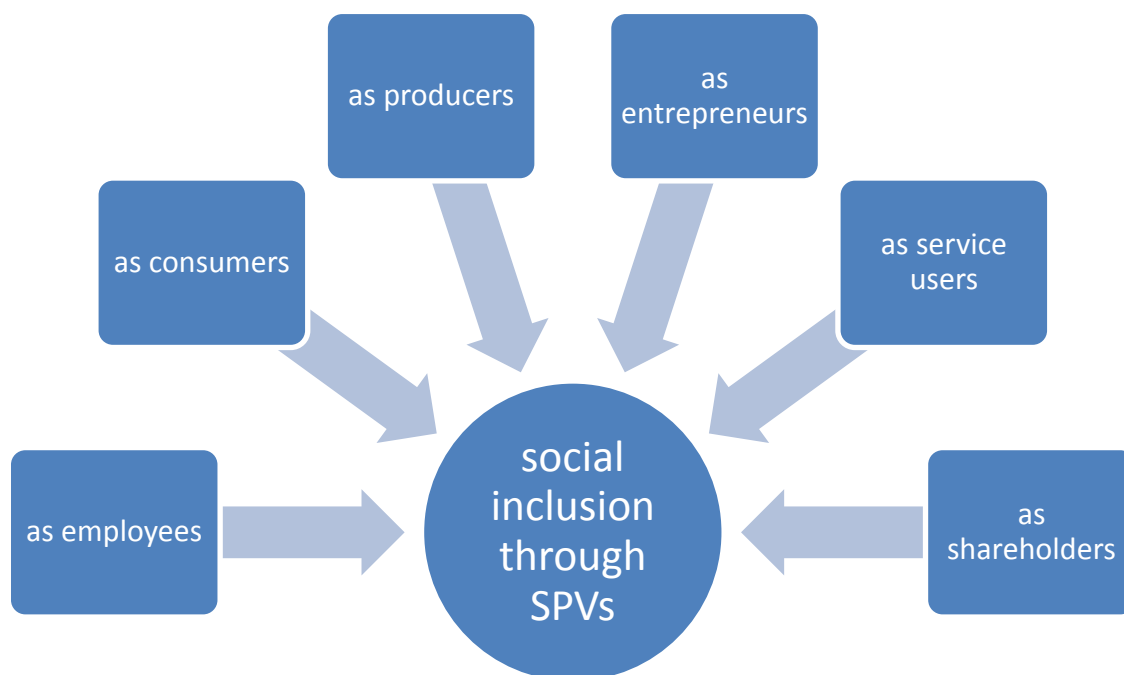
**Table 1 Case study social purpose ventures, their countries, areas of activity and inclusion channels**

Organisation Name / Country	Activities	Inclusion of the Rural BoP
Ecofinder Kenya <i>Kenya</i>	Green energy technology; water and sanitation; eco-cultural tourism; tree-based enterprise; research and consultancy; social marketing; training and capacity building; advocacy; craft production, marketing and sale	Entrepreneurs; service users; producers; customers; employees (including as volunteers)
Cookswell Enterprises <i>Kenya</i>	Production, sale and marketing of energy efficient charcoal stoves, ovens and kilns; tree planting; forestry related consultancy and research; sells multi-use packets of tree seeds	Producers; customers
Tough Stuff Solar <i>Kenya (Uganda, Malawi, Zimbabwe, Mauritius, Madagascar, Tanzania, Ethiopia and developed world)</i>	Global sale of solar products. Works with commercial and non-profit partners on Business in a Box (BIAB) interventions with solar village entrepreneurs. Disaster relief work for example in the aftermath of Haiti Earthquake	Entrepreneurs; customers
Micaia Family of Organisations (including the Mozambique Honey Company, Ndzou Camp and other inclusive business ventures) <i>Mozambique</i>	Inclusive business ventures. Eco tourism, Ndzou and Binga Camps and Mozambique Ecotours; food and agricultural markets, fruits of the forest processing business; the Mozambique Honey Company, capacity building of beekeepers; Baobab processing business; research and consultancy	Shareholders; producers;
Mezimbite Forest Centre <i>Mozambique</i>	Production high quality furniture and homeware for export; jewellery; farming and harvesting of natural products; treeplanting; consultancy, research and education.	Employees; producers
The Mumwa Craft Association <i>Zambia</i>	Craft production, marketing and sale; craft training and capacity building; afforestation; construction rural water wells; HIV/AIDS interventions; biomass energy; fish farms;	Producers; service users
Tribal Textiles <i>Zambia</i>	Production of unique handpainted textile products for domestic and international sale; philanthropic donations to local charities and schools.	Producers
The Book Bus <i>Zambia (Malawi and other developing world)</i>	Book buses tour schools, hospitals and orphanages to promote literacy; works in poor rural communities and Maheba UNHCR refugee camp; donation of books; library development; school to school links; volunteers pay to participate paying for running costs.	Service users



## Social Purpose Ventures, Inclusion and the Rural BoP

Analysis of the rural case examples presented in Table 1 identified six channels through which these social purpose ventures potentially contribute to tackling social exclusion amongst the rural BoP in Africa and the wider developing world (Fig. 1).



**Fig. 1. Conceptualising the multiple channels through which rural social inclusion is promoted by social purpose ventures**

In the following section each of these channels is explored with reference to the case examples illustrating the intersection between the organisation and the rural poor.

### *Inclusion through employment.*

Tribal Textiles is a for-profit rural social purpose venture based in the South Luangwa Valley, in Zambia's Eastern Province, producing unique hand painted textile products decorated with African and contemporary designs. In a poor, geographically isolated region Tribal Textiles use fair trade business practices to generate sustainable local employment within the BoP. Tribal Textiles has over 100 staff, and is a major local employer. Locally many more people are furthermore supported directly and indirectly through employee wages and wage spending, company procurement etc. Tribal Textiles also supports local services through charitable giving and provides business opportunities for local micro entrepreneurs.

Viewed more explicitly through a lens of social exclusion those directly employed by Tribal Textiles and their households benefit from an increase in income, which can enable them to better access health and education services. They may also be better able to purchase goods and participate in local economies, while additional livelihood opportunities can be generated, for example wages generating extra capital which can be used to start small businesses. Formal employment with a regular wage income can furthermore improve household ability to save, which might be done through more formal mechanisms for example a bank account. This can improve resilience to shocks. Positive change can also occur in household relationships and power dynamics i.e. when women become the main or more significant earners. From a capabilities perspective Tribal Textiles helps reduce the exclusion from employment opportunities of rural BoP communities and households in the South Luangwa area, as well as providing scope for addressing the wider deprivations they experience. The fair trade dimension to the enterprise's work also helps to ensure inclusion/incorporation on favourable terms. Tribal Textiles is a for profit enterprise with a strong social ethos. It operates using a fair trade, and what may be described as a non-profit maximising approach. These cumulative characteristics problematize attempts to define it i.e. as a social enterprise or traditional business etc. and at a wider level illustrate the complexity and ambiguity surrounding the nature of social purpose venturing in Africa.

### *Inclusion as consumers.*

In the second channel social purpose ventures engage with the BoP as consumers of products. This channel is illustrated by the case example of Cookswell Enterprises, which produces, markets and sells innovative energy efficient charcoal cook stoves and ovens to a range of customers, including the BoP, across Kenya and internationally. In line with BoP 2.0 approaches, the innovative sustainable design of the Cookswell products reduce charcoal use in cooking, saving customers money whilst also helping to limit tree cutting and preserve Kenya's forests. This small environmental enterprise is also active in tree planting, as part of its commitment to a sustainable "seed-to-ash" cycle of cooking in Africa, and has started selling indigenous multi use tree seeds in small packets focussing on BoP customers. A variety of potential benefits are identified stemming from Cookswell's products and activities across economic, wellbeing, opportunity and relational dimensions. For example reduced energy bills may mean more money is available for food, health and education costs, while household members particularly women are also exposed to fewer particulates in cooking and potentially have more income within households. Viewed in terms of social exclusion, capability and deprivation more specifically BoP purchases gain access to healthier and more nutritious means of cooking, through tree planting they can also develop long term household energy security, while increased income is useful in addressing other deprivations.

### *Inclusion as producers.*

This channel recognises the potential for the positive inclusion of the rural BoP as both producers of commodities often primarily agricultural, but also of goods and services. Illustrating inclusion through the production of goods, the Mumwa Crafts Association is a membership association and non-profit enterprise based in Zambia's impoverished Western Province, working in the field of craft production, marketing and sale. Mumwa has over 3500 members, many of whom are BoP informal microenterprise craft producers living in remote rural communities. Mumwa facilitates market access for its members, supporting and providing livelihood opportunities, and increased household incomes. Mumwa sells products nationally and internationally with the surpluses generated used for community development activities, including building rural clinics and water wells. Positive social and poverty alleviation impacts stemming from Mumwa's activities are recognised across a range of stakeholder groups, but particularly amongst craft producer members, their families and dependents (Littlewood and Holt, 2012b). These groups often experience an increase in individual and household incomes which can be used to counter deprivations in access to food, shelter, education, health etc. Relational benefits may also occur, for example increased status for producers within households and communities. Western Province is Zambia's poorest region. It is economically and politically marginalised, while formal employment opportunities and private sector investment are also limited. The Mumwa Craft Association is thus an important actor at a regional level tackling rural marginalisation and underdevelopment.

*"Mumwa came here to encourage them and taught them some other new skills and then provided the market for them. When they made baskets they used to sell at Mumwa". (Rural community member involved in toy craft production).*

Social purpose ventures can also positively include the poor as producers of commodities, particularly agricultural. For example Eco Micaia and the Mozambique Honey Company purchase honey from BoP producers who have been provided with training in beekeeping, and given loans for the purchase of hives. The Mozambique Honey Company pays producers a premium price for their honey, and guarantees to purchase honey produced using non-environmentally destructive techniques. This intervention facilitates market access, while the additional income producers' gain can be used to address capability deprivations and failures.

### *Inclusion as entrepreneurs.*

In this channel the BoP are included as microentrepreneurs. MNC led examples of such approaches have been discussed previously including VisionSpring's 'vision entrepreneurs' and ITC's E-choupal entrepreneurs (Hart and London, 2005). In the case examples, both Tough Stuff Solar and EcoFinder Kenya utilise micro entrepreneurship development approaches involving the sale or rental of solar lights. Tough Stuff Solar operates across a number of African countries, where in collaboration with commercial and non-profit partners, it runs a micro enterprise 'Business in a Box' (BIAB) programme. In this programme local Solar Village Entrepreneurs (SVEs) are selected, they are equipped with a proven business model, and their efforts to build a profitable micro-business are supported. In the Toughstuff example the SVEs sell solar products to people in their communities, while in the EcoFinder Kenya case a rental approach is adopted.

In both instances the initial cost of the lights is recouped by the organisation at a mutually agreed upon rate from the entrepreneurs. These interventions have positive inclusion benefits for both micro-entrepreneurs and their customers and communities. For the entrepreneurs an additional livelihood and source of income is created which can facilitate participation in local economies, and allow them to address deprivations in health, education, nutrition etc. The low requirements for entry in terms of skill, initial capital outlay, time and physical labour also mean this livelihood it is ideally suited for individuals and groups that may be constrained from other livelihood activities and opportunities, for example the elderly, people with disabilities, the sick, those with limited skills and education. For those purchasing or renting the lights it may enable them and their families to work in the evening i.e. children doing homework. There is also an inherent wellbeing component in having access to lighting.

#### *Inclusion as service users.*

The rural BoP frequently have limited access to services which are often of a low standard. There are a variety of ways in which social purpose ventures can engage with service provision for such groups. One approach is illustrated with reference to the Book Bus Foundation, a UK based not for profit and social enterprise which works to support education service provision in rural areas in Zambia and Malawi (and elsewhere in the world through other programmes). The Book Bus Foundation operates mobile book buses which tour schools, hospitals and orphanages in rural areas, promoting reading to children who would otherwise have little or no access to books (Holt and Littlewood, 2013). In addition to providing a mobile library service, on-board volunteer crews, who pay to travel with the Book Buses sustaining its activities, engage with children and teachers to promote literacy. Since its inception the Book Bus Foundation has also donated over 39,000 books to schools in Africa.

*"they are trying to help us to reinforce reading in the learners because we have a programme which was introduced by government which is literacy where we have to teach our learners how to read and write in the local language and in English. Now when they come we are happy because they are helping us to reinforce the reading schools into the learners"* (Headteacher in a rural primary school)

In another case study the Mumwa Craft Association invests some of its surpluses supporting local health services, for example providing funds to build an additional maternity room at the Mabumbu rural health clinic.

*"with the help from Mumwa through the construction of this room it has done us a very great help because in this very room this is where we now conduct our mother child health services. We weigh our children from here we conduct our anti natal and post natal services from here and then is as he has mentioned where the drama group usually meets [a HIV awareness outreach group] and this is where we normally do our counselling and testing [for HIV]... So this room has really helped us so much as a centre and not only as a centre but as a community"*

This more philanthropic interaction with service provision was also encountered in other cases studies, where they were involved with supporting local schools, health services or provision of clean water through cash donation, sponsoring activities or donating equipment.

Finally social entrepreneurship approaches may be applied to service delivery, whereby ventures provide services such as water, electricity, and sanitation at a low price suitable for BoP markets. Alternatively BoP segments may be assisted in developing their own local service delivery solutions. For example EcoFinder Kenya helps households in Lake Victoria wetland communities to pay for the construction of 'eco-san' compostable toilets. These toilets have positive benefits in terms of health and sanitation, food security through the production of fertilizer, human wildlife conflict as farmers are less likely to send cattle into Lake Victoria mangrove swamp areas to graze where they come into conflict with wildlife, and finally in terms of dignity and freedom from shame. Access to these 'services' is a critical element of a wider multi-dimensional approach to the alleviation of poverty.

#### *Inclusion as shareholders.*

In this final channel the rural BoP gain inclusion through shareholding in a social purpose venture. This can be illustrated with reference to the social enterprise Eco Micaia, which operates in central Mozambique and works with communities and private sector partners on a number of inclusive business ventures. One example of this is the Mozambique Honey Company, which has previously been described, whereby almost 5000 rural BoP honey producers organised into cooperatives have a 45% shareholding in the business. These honey producers receive profit dividends, and through their representatives have input in decision making in the company. Eco-Micaia also works with communities in the Chimanimani Conservation Area on an eco-tourism

venture, where through the Associação Kubatana Moribane these communities have a shareholding in the Ndzou Camp.

As the preceding discussion illustrates the six inclusion channels identified are not mutually exclusive. For example the Mezimbite Forest Centre, a social purpose venture based in central Mozambique producing high quality crafts for export and with a strong focus on environmental sustainability, provides employment opportunities for members of the rural BoP, while also purchasing agricultural produce from and providing livelihoods training to local households in areas like honey production and agro-forestry. The six channels discussed are also not exhaustive; there are undoubtedly other channels through which social purpose ventures contribute to tackling rural social exclusion. Moreover the potential for social purpose ventures to negatively impact on inclusion, or for adverse or unfavourable incorporation must also be recognised. In the following section, drawing upon the case examples, some common themes emerging from our sample of successful social purpose ventures are identified from the case study analysis.

### **Themes emerging from successful rural social purpose ventures**

We consider all of these cases profiled in this paper to be 'successful' to a greater or lesser extent. All have survived past their start up stage, have established relatively secure income streams and are delivering part or the majority of their specified social purpose 'mission'. All have clear impacts upon the stakeholders with which they interact, and detailed illustrative impact maps have been developed for the Book Bus, Cookswell and Mumwa organisations (see Littlewood and Holt, 2012a; 2012b; Holt and Littlewood, 2013). Across these eight case studies a number of common themes emerge when considering the factors that might be leading to their successful delivery on both their economic and social performance indicators.

#### *Participation, Embeddedness and Local Capability for Co-Creation of Value.*

In recent years within the BoP literature there has been recognition of the need for the co-creation of value, with the poor included in venture design and product development, and for initiators of BoP programmes to engage with the BoP as partners rather than simply viewing them as potential customers or producers (London and Hart, 2004; Hart 2005; London, 2007). Listening to, and engaging with, the BoP in more meaningful, inclusive and equitable relationships was a characteristic also observed amongst our rural social purpose venture case studies. Examples include the inclusive business ventures initiated by the social enterprise Eco Micaia, where for instance in the case of the Mozambique Honey Company, producers have input through their representatives in company level decision making. In the Binga Camp ecotourism venture meaningful dialogue with the community also occurs through the Associação Kubatana Moribane. Utilising a slightly different approach the Book Bus Foundation Zambia has run workshops with local teachers, school principals, and wider local education representatives, with the aim of building local capacity but also acting as a forum for programme design and development, and to ensure that the activities of the Book Bus adds real value to education provision. In the Mumwa Craft Association, and some of the other case studies, participation is further married with accountability to the BoP. All Mumwa members pay a relatively nominal annual fee to the Association which is used for programme activities and for administration. The Association then has an Annual General Meeting (AGM) where the members are represented by elected craft group leaders, and at these meetings Mumwa's board is held accountable to the members, with the management team in turn accountable to the board.

The Mumwa case study is also illustrative in demonstrating the benefits and importance of leveraging local or native capacity, and that ventures are embedded in local communities. Before Mumwa's establishment in 1994 there were numerous attempts to set up craft project ventures in Zambia's Western Province. However these projects had often either been limited in size, and/or had collapsed upon the withdrawal of funding or loss of expatriate leadership. This led international development actors to conclude that developing a large scale craft venture in Western Zambia was either not possible or would require substantial capital investment. However contrary to this prognosis Mumwa was founded 'bottom up' with almost no capital funding and under local leadership.

Mumwa takes its name from a particularly resilient tree used in craft production, and it was Mumwa's local embeddedness, the capacity and long-term commitment of its local staff to mobilise resources and leverage relationships that have been so integral to its survival over time. Although this is not to suggest that internationally led social purpose ventures cannot achieve such local embeddedness, or that targeted support by international donors and development actors have not played an important role in Mumwa's success and growth. Overall Mumwa's experience again suggests the benefits of complementary multi stakeholder partnerships bringing together organisations with different skills, knowledge and competencies.

### *Outlook and Orientation, Business Fundamentals and Market Selection.*

The average age of the case study ventures is 16 years. The oldest has existed, albeit in various guises, for 31 years and the youngest of our cases has operated for 5 years. Another 4 ventures are around 20 years old. These are mature social purpose ventures. They have survived and flourished because of the factors mentioned previously i.e. local embeddedness, participation and utilisation of native capacities, but also because of market orientated related factors.

These market factors are related to the appropriate selection of their markets; outward and in some instances internationally orientated focus; development of complementary linkages with MNCs and major retailers (in some cases this has entailed entering into supply chains, in others it has taken the form of more philanthropic corporate social responsibility type interactions); and sound business fundamentals moving away from grant or donor funding to be more self-sufficient through trading.

The success of the case study ventures in selecting their markets, and the basis on which they compete, can be illustrated with reference to craft producers like Tribal Textiles, the Mezimbite Forest Centre and the Mumwa Craft Association. The former two businesses in particular produce unique, high value products for sale to domestic and international customers. They differentiate from competitors on the basis of quality and uniqueness, as well as the wider social and environmental story around production and sale that allows for a social premium. The Mumwa Crafts Association is also working with international partners to develop more advanced products integrating multiple materials which can be sold for a higher price.

Cookswell Enterprises competes with domestic and international low cost competitors in formal and informal economic spaces on the basis of its product quality and positive environmental credentials. Cookswell has also been successful in getting its products in larger regional retailers and supermarkets. Several other case enterprises also have supply contracts with larger retailers at domestic, regional and global levels. The regular bulk purchasing associated with such contracts can be critical in venture growth. In the case of the Book Bus Foundation its interactions with MNC publishers have been more philanthropic, taking the form of large scale mutually beneficial book donations. Despite frequently operating in quite remote and marginal rural regions and communities these case study ventures are often well networked internationally both in terms customers but also wider supporters and advocates. These networks and relationships are drawn upon aiding business growth but also during times of crisis.

Finally amongst the case study ventures, and particularly those older and more environmentally oriented, importance was attached to operating efficiently and effectively as enterprises, and on being self-sustainable through trading. Income generation was not an afterthought or added extra but a central concern. In interviews scepticism was often encountered about charities and traditional NGOs engaging in trading activity and moving into social venture spaces, with one entrepreneur outlining his fear of appearing “too NGOish” with repercussions for the reputation of his business, and relationships with customers, suppliers and wider stakeholders. Amongst the cases many of the founder entrepreneurs came from more traditional business backgrounds, bringing this knowledge, skills and experience to bear in addressing a social and or environmental problem. Some scepticism was also encountered in interviews with entrepreneurs about development practitioners setting up social purpose ventures. However entrepreneurs were willing to recognise some of their own limitations and gaps in knowledge and capacity, especially when it came to the social and development side of their venture. In general the case study ventures had achieved a high level of income through trading activity, with benefits for resilience and also that they were not dictated to by international donors and external actors, or had to invest constant time and resources bidding for funding. This kind of funding and activity was often an added extra, i.e. the Mumwa Craft Association’s work with the Zambian Government constructing rural water wells.

### *Intervening, Innovating and Integrating for Environmental Sustainability.*

Across the cases environmental sustainability was encountered as a key theme informing the operational practices of rural social purpose ventures, even when the core mission was societal in focus. In some instances it was also a central component of their development interventions, whilst in others the products or services they sold were environmental in nature. In a number of cases operating in a way that was environmentally sustainable was considered key to long term venture survival. For example in the case of the Mumwa Crafts Association, education and outreach work was undertaken with craft producers encouraging tree planting, and the uptake of techniques for the sustainable utilisation and harvesting of natural resources in craft production. In interviews with senior staff at Mumwa they cited as a cautionary tale the example of a Zimbabwean based social purpose venture producing craft products from bamboo which had collapsed after two years through overuse of local natural resources. Similarly the Mezimbite Forest Centre, which produces

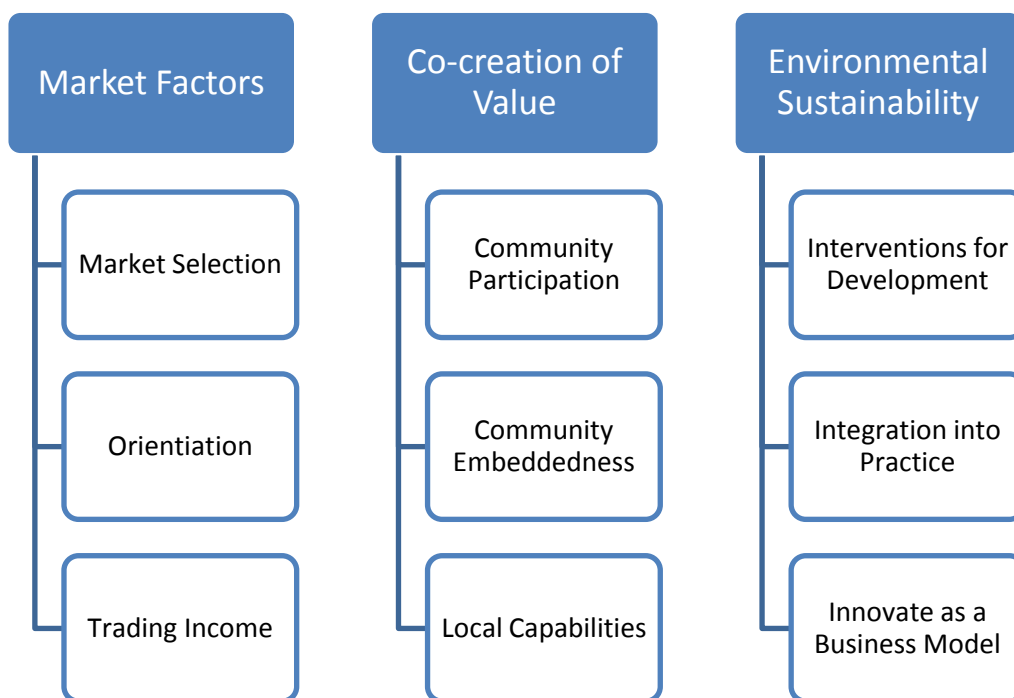
high quality crafts from indigenous Mozambican hardwoods, has integrated a large scale tree planting programme into its operations.

Both ToughStuff Solar and Cookswell Enterprises innovate for environmental sustainability through their products. In the case of Cookswell the business developed following a World Bank funded programme aimed at creating energy efficient stoves which could be sold to the BoP. The strong green credentials of the company and the accredited status of its products give Cookswell an advantage over competitors, as does the inclusion of tree seeds with every purchase aimed at encouraging positive environmental behaviour change. In Tough Stuff Solar’s case, a concern for environmental sustainability, alongside meeting the need for appropriate context specific lighting technologies, is central to its business model. For many of the case study ventures being green, be that organic honey or products made from sustainably sourced timber, added value, this was particularly the case where they were selling internationally.

Finally for some of the ventures addressing environmental sustainability concerns was a central component in their community development interventions. For example the holistic approach adopted by EcoFinder Kenya in its work with communities in the Lake Victoria wetlands, recognising the intersection of environmental sustainability with social and economic development and poverty alleviation efforts.

*Modelling success factors*

Exploring the themes emerging from the detailed analysis of these case studies through the lens of social exclusion a model emerges that may offer a conceptual framework to explore the impact of social purpose ventures on promoting inclusion for the rural poor. Figure 2 details the conceptual model of potential success factors emerging from the sense making undertaken when analysing the case studies.



**Fig. 2 Potential success factors shaping social inclusion outcomes within rural social purpose ventures**

**Implications for Policy, Practice and Research**

This paper adds to knowledge in the field of social purpose venturing in Africa and wider developing world environments, helping to address the gap in empirical research on this subject. Discussions in the paper contribute to questions and debates about the definition and nature of social purpose ventures in Africa. They furthermore shed light on interactions between social purposes ventures and the BoP, and highlight how such

ventures can contribute to addressing social exclusion in its various guises and sustainable development in rural households, communities and regions. This paper is also unusual in its use of multiple rural venture case studies, across a number of countries. Additionally this paper has implications for research in terms of the themes for future exploration such as; fostering and encouraging local embeddedness and participation; explicitly mapping and measuring social inclusion impacts of social purpose ventures; and the influence of founder entrepreneurs characteristics and the wider context in which start-up occurs influencing the success and survival of such ventures.

This paper also has various implications for practice. In particular from the case examples, various common characteristics or traits which appear to factor into the success of social purpose ventures are identified and modelled in Figure 2. Notably these are: engagement with environmental sustainability concerns; the benefits of local embeddedness, participation and utilising native capabilities; the importance of outward and often international orientation for success and up-scaling, of developing complementary links with MNCs and larger businesses; and more generally getting the business fundamentals in place with self-sufficiency through trading recognised as a key objective.

Alongside the stories and insights presented on successful enterprise characteristics, this paper also describes better practice examples of how social purpose ventures can operate and engage with the BoP contributing to positive social inclusion. The social exclusion and capabilities lens outlined may also be useful as a framework for social purpose ventures to understand their positive and negative impacts.

Finally this paper provides insights and has implications for policy. It illustrates the potential of social purpose ventures for addressing social exclusion, poverty and disadvantage in rural regions and communities, presenting examples of up-scaled initiatives, and adding impetus to the case for more appropriate policies, legislation and support for such ventures as vehicles for rural development. This applies to both state actors in the developed and developing worlds, and wider international institutions.

This paper presents a snapshot of the complex and heterogeneous landscape of social purpose venturing in Africa. It illustrates the great potential of social purpose venturing for addressing issues like social exclusion, but in a broader sense contributing to development on the Continent and globally. Nevertheless many questions remain including whether, and if so how, the potential of social purpose venturing as a catalyst for sustainable development will be realised.

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Further information on these case study organisations can be viewed at the Trickle Out Africa Project website at <http://www.trickleout.net/index.php/casestudiesmenu>