

MOZAMBIKES

A Case Study of Social Entrepreneurship Through Bicycles



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Dissertation submitted in partial fulfillment of requirement for the degree of MSc in
Business Administration, at the Universidade Católica Portuguesa

June 2013

Abstract

Dissertation Title: Mozambikes: A Case Study of Social Entrepreneurship through Bicycles

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This dissertation has been prepared within the overall theme of Social Entrepreneurship and Development. It has been developed in case study format beginning with a literature review, followed by the actual case study, teaching notes and final conclusions and future research.

The case study analyses Mozambikes, a for-profit social enterprise based in Mozambique, which intends to use bicycles to empower Mozambicans and improve their quality of life. There are two main objectives to this dissertation. The first is for it to be used for teaching classes of social entrepreneurship, social innovation and business strategy. The second is to unveil the real potential of the business model of Mozambikes, and understand whether or not it is sustainable in the long run. For the development of the case study, fieldwork and field research were conducted in person by the author in Maputo, Mozambique. During one month, interviews were made to the founders of Mozambikes, accompanied by visits to the office and factory of the enterprise to better understand its business model. Part of the research, including the relevant theories explored in the Literature Review, was done in Lisbon, Portugal.

We can conclude that Mozambikes has real potential to become a social enterprise that is sustainable in the long run and, at the same time, has real impact in the lives of Mozambicans. In order for this to happen, it should broaden its product portfolio while maintaining a good value proposition for corporations. At the same time, it should focus in key partnerships as to expand and give incentive to the use of bicycles in the country, thus increasing the wholesale branch of its business model in Mozambique's main cities.

Resumo

Título: Mozambikes: Um Estudo de Caso de Empreendedorismo Social através de Bicicletas

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Esta dissertação foi preparada no contexto do tema de Empreendedorismo Social e Desenvolvimento. Foi desenvolvida no formato de Estudo de Caso e é introduzida por uma revisão sobre a literatura relevante, seguida pelo Estudo de Caso, notas para ensinar o Caso no contexto de uma aula e, por último, conclusões e indicações para pesquisas futuras.

O Estudo de Caso analisa a Mozambikes, uma empresa social com fins lucrativos baseada em Moçambique, que pretende utilizar bicicletas para melhorar a qualidade de vida dos moçambicanos. Esta dissertação tem dois objectivos principais. O primeiro é que seja usada em aulas de empreendedorismo social, inovação social e estratégia. O segundo é compreender o verdadeiro potencial do modelo de negócio da Mozambikes e concluir se este é ou não sustentável no longo prazo. Para desenvolver o Estudo de Caso, a autora fez pessoalmente trabalho e pesquisa de campo. Durante um mês foram feitas entrevistas aos fundadores da Mozambikes, acompanhadas de visitas aos escritórios e oficina de montagem da empresa, de forma a melhor compreender o modelo de negócio. Parte da pesquisa, incluindo as teorias exploradas na Revisão de Literatura, foi realizada em Lisboa, Portugal.

Podemos concluir que a Mozambikes tem um potencial real para se tornar uma empresa social sustentável no longo prazo e, ao mesmo tempo, ter um impacto na vida dos moçambicanos. Para que isto aconteça, a empresa deverá expandir o seu portefólio de produtos mantendo, ao mesmo tempo, uma boa proposta de valor para as empresas. Simultaneamente, deverá focar-se em parcerias-chave de forma a expandir e incentivar o uso de bicicletas no país, aumentando assim o nível de vendas a individuais no país.

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Preface

Contrary to what I expected when I had just started my Msc, choosing the dissertation's topic was a rather easy task. The subject of Social Entrepreneurship had always interested me, but it became a passion after I studied it in a course in the Msc Programme. Since then, I have read Prahalad's "The Fortune at The Bottom of the Pyramid" in an attempt to have a deeper understanding of the field. When I became aware that there was a dissertation seminar on Entrepreneurship and Development and that Professor Susana Frazão Pinheiro was the advisor, I knew that I had found my thesis subject.

Being Mozambican, I wanted to analyse an enterprise or project located in my country and that helped my fellow Mozambicans develop to their full potential. Marco, my brother-in-law, told me about **Mozambikes** and I immediately accepted his suggestion. I had heard about the enterprise some months earlier in the same course that had deepened my interest for Social Entrepreneurship, taught by Professor Antonino Vaccaro. With just a quick visit to Mozambikes website, I was sold. Their business model is conceived in a very smart way: it not only offers impoverished Mozambicans access to very cheap or free bikes, but also presents companies with a brand new and impactful mean for advertising – through the branded bicycles. Hopefully, the following pages are able to convey the entire potential of Mozambikes and how brilliant a simple idea can be. If at the end of the case study the reader shares at least half of my conviction that Mozambikes will be a success story in a few years, I have done my part.

I would like to thank my advisor, Professor Susana Frazão Pinheiro, for her continuous support, help, comprehension and feedback through this entire process. I would also like to thank Lauren Thomas and Rui Mesquita, founders of Mozambikes, who gave me part of their precious time and shared their motivations, difficulties and expectations for the enterprise. Also, Danilo Correia and all the people I contacted in Mozambican companies who provided valuable details and insight. My dear parents, sister and brother-in-law, who are a constant source of love, stimulation and support. My boyfriend, Bruno, for the never-ending encouragement and companionship during



this very important period of my life. And, last but not least, my beloved late grandfather Hugo who was my greatest inspiration!

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1. Introduction

This dissertation was developed with the main objective of recognising the huge potential impact that a bicycle-based model can have in an African country. Also, we believe it is crucial for a social enterprise to have a solid value proposition, in order to become sustainable. By choosing to analyse a specific enterprise – *Mozambikes* – we aim to identify the key factors that make a social enterprise succeed or fail and understand how it can achieve sustainability while maintaining its social impact.

In chapter 2 – *Literature Review* – we will provide the reader with some important concepts regarding social entrepreneurship and the transportation struggles in Africa, based on an extensive list of authors and scientific papers. First of all, we analyse the *Origins of SE* and then try to give a *Definition of SE*. Because there is still a lot of mist around the subject, we proceed to compare *Social Entrepreneurship vs Classic Entrepreneurship*, followed by a description of the different *Models of SE* and the current struggles faced by the field in the *Actuality of SE*. We then move on to Africa, describing *Successful Examples* of SE in the continent. In order to better understand how Africa was perceived and assisted before SE was born, we must analyse the *History of Aid in Africa* and the real effects it has had in growth and development. Lastly, we tackle the transportation struggles the continent faces by describing the *Transportation in the SADC* and focus on the *Specific Case of Mozambique*.

Chapter 3 – *The Case Study* – is where *Mozambikes* is first presented, and we begin by explaining how the idea for the enterprise emerged. We then proceed to a brief description of Mozambique's historic, demographic and geographic background as well as the country's transportation issues, in order to contextualize the reader to the Mozambican reality. What follows is the description of the company, its business model and value proposition. After that, we track *Mozambikes'* biggest partnerships and activities as we consider them to play a key role in the company's success. We try to highlight the company's biggest achievements and results and analyze what its founders have in mind for the future. Finally, we expose the company's potential for sustained success by talking to some of its current customers and registering their feedback. This chapter was developed based on the interviews and conversation held

with the people quoted throughout it, who provided information and data that would have been otherwise impossible to obtain.

In chapter 4 – *The Teaching Notes* – we try to provide teachers with a guide to how to teach the Case Study in classes. We begin by making a small *Summary* of the case, describing the *Learning Objectives* and proposing *Teaching Methods* to be used in the classroom. Afterwards, we present the *Teaching Questions and Discussion*, which is a map that can be followed to assure all main objectives of the case are discussed in class. The answers proposed are based on the data collected in Mozambique and the Literature Review. The TQs are as follows:

TQ1: Would you consider Mozambikes to be a successful organization? What are its main driving factors?

TQ2: What are the main challenges the company may face or currently faces? How can they be overcome?

TQ3: Is the company's value proposition for business customers sustainable in the long term? How so?

The last chapter is dedicated to the dissertation's *Conclusions and Future Research*.

2. Literature Review

“But charity is no solution to poverty. Charity only perpetuates poverty by taking the initiative away from the poor.” – Muhammad Yunus, Banker to the Poor: Micro-Lending and the Battle Against World Poverty, 2003

2.1. Origins of SE

In the beginning of the 1980s, the idea of non-profit organizations being managed as companies was inconceivable for most people (Boschee and McClurg, 2003). At that time, the majority of society only regarded charity and philanthropy as possible solutions for social issues and disparities (Dees, 2012). This charity approach, which has prevailed for the last decades, has helped gather a big amount of funds but has also made much harder the acceptance of a problem solving approach to social problems (Dees, 2012).

Social Entrepreneurship (SE) aims to solve market failures that create grave social problems and to minimize the distance of certain people to the markets (Seelos and Mair, 2004; Hartigan and Billimoria, 2005; Zeyen et al, 2012). Contrary to traditional charity and philanthropy, SE focuses on correcting the source of the problem rather than on superficially fixing the consequences of the problem (Dees, 2012).

Some factors are pointed out as having increased the inclination for socially concerned agents to swing from charitable non-profit approaches to SE: the increase in the number of people in need, and the increase in number of non-profits competing for a stagnating number of philanthropists and other money sources (Boschee and McClurg, 2003; Hartigan, 2004; Hartigan and Billimoria, 2005; Austin, Stevenson and Wei-Skiller, 2006). This increase in competitiveness in the task of reaching the interest of donors meant that the above mentioned agents needed to prove that they were a good use of invested dollars, thus creating more specific goals and increasing the accomplishment of those (Hartigan, 2004).

According to Professor J. Gregory Dees (1998), social entrepreneurs have been around for centuries, merely lacking the specific language and terminology to develop

valuable theories and broaden the scientific field.

The creation of Ashoka – “the largest network of social entrepreneurs worldwide”¹ – in 1980 marked the emergence of SE as a recognized subject area. Michael Porter’s development of the concept of Created Shared Value (CSR) in the 1990s, accelerated the adoption of the notion that in order to be successful and have a competitive advantage, companies should shift their focus from shareholders to stakeholders (Hartigan, 2004).

2.2. Definition of SE

In 1998, Dees defined SE as a combination of “*the passion of a social mission with an image of business-like discipline, innovation, and determination*”.

Dees’ definition is limited by the fact that it doesn’t mention the need for a social enterprise to generate earned revenue from its activities (Boschee and McClurg, 2003). Earned revenue is the only way a social enterprise can leave behind the models of financial dependency from donors and become either sustainable – combining contributions and earned revenue – or, for the most ambitious social entrepreneurs, self-sufficient “relying completely on earned income” (Boschee and McClurg, 2003).

Fourteen years after Dees’ definition of SE, several authors seem to describe Social Entrepreneurship as a blend of a social mission with the foundations of a sustainable enterprise (for example: Zeyen et al, 2012). It is important to highlight both parts of the definition, as they are equally important. On the one hand, pursuing a social mission is the main characteristic that sets social entrepreneurs apart from classic entrepreneurs. For a social enterprise, its social objectives are the end goal and wealth creation is merely a mean to achieve said goal (Dees, 1998; Hartigan and Billimoria, 2005). On the other hand, achieving financial sustainability is fundamental if a social enterprise aims to increase its flexibility and reduce its risks (Boschee and McClurg, 2009). When managing financially sustainable social enterprises, entrepreneurs have more scope to choose how and where to direct the money as they don’t have as much pressure from investors (Hartigan and Billimoria, 2005).

¹ In www.ashoka.org/about, viewed 10.04.2013

2.3. Social Entrepreneurship vs Classic Entrepreneurship

Although both classic and social entrepreneurship share some characteristics, they are set apart by a much greater number of aspects. In order to better understand and illustrate the most relevant differences between both styles of entrepreneurship, we have collected them in the following table (Table 1). The contents of Table 1 are based on Dees, 1998; Boschee and McClurg, 2003; Hartigan and Bilimoria, 2005; Austin, Stevenson and Wei-Skillern, 2006; Zeyen et al, 2012.

Social Entrepreneurship	Classic Entrepreneurship
Social mission is central and the main objective is to create social value, by tackling and solving the most relevant social issues.	Firm is the centre of the management theory and the main objective is to capture value.
Profits are merely means to an end – social value creation. Investors demand impact.	Profits are the end goal, and are demanded by investors.
Influence social problems and society directly, through the enterprise's strategy and focus.	May influence social problems and society indirectly, by acting in a socially responsible manner.
Measured “by a double bottom line, a virtual blend of financial and social returns” ² . Measuring social returns is one of the main struggles of this sort of enterprise, as there are still no objective indicators.	Measured by profit or similar financial indicators.
Profits are re-invested within the enterprise and never distributed.	Profits may be distributed among investors and shareholders.
Focus on underserved markets, disadvantaged stakeholders and alienated consumers.	Focus on most promising markets and industries.

² Boschee and McClurg, 2003

Abundant, yet badly distributed, resources.	Rare resources.
Compensation below market wages but offer high non-financial compensation (i.e. the opportunity to have a real impact on an alienated community). Rely on volunteers.	Are able to afford higher financial compensation, thus retaining more talent.
Network of very diverse stakeholders to answer to (several investors, donors, partners) which decreases its flexibility.	Higher flexibility to change strategy.
A negative context, such as a very low-income population, may be the trigger for the creation of a social enterprise.	A negative context is regarded as a problem and is avoided.
The adoption of the enterprise's product or service model by other SEs is highly encouraged as it is a way of broadening its impact. Passing the management of the business to its users is the ideal scenario.	The adoption of IP protection is very common as an attempt to guarantee a competitive advantage.

Table 1. Differences between Social and Commercial Entrepreneurship (Source: Author)

2.4. Models of SE

The differentiation between social and commercial entrepreneurship is crucial, but not sufficient, to understand the social enterprise universe. We understand that merely comparing social enterprises with traditional enterprises is too simplistic. Organisations are not always purely social or purely commercial. There is a spectrum, described by Alter (2006) as “Hybrid Spectrum” which ranges from Traditional Non-Profit to Traditional For-Profit. The figure below (Figure 1) illustrates the continuum where enterprises exist.

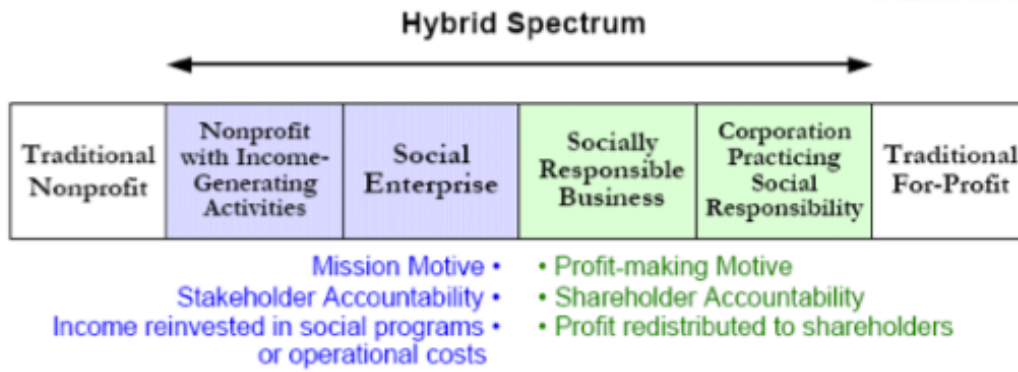


Figure 1. Hybrid Spectrum of Enterprises (Alter, 2006)

Assuming we isolate the social enterprise and leave aside the rest of the spectrum, there are nonetheless significant divergences among organisations that qualify as social.

According to Hartigan and Elkington (2008), social enterprises can be separated in three models. The first model, or first level of social enterprise is the leveraged non-profit venture. In this model the main goal is to correct a specific market failure, and managing the project as a business is not a priority. The main motivation of entrepreneurs working within this model is either religion or rage, making it harder to have private enterprises as partners. The second model is the hybrid non-profit venture. It is called hybrid because it uses for-profit concepts and strategies and is much more likely to generate profits than the first model. The third and last model is the social business venture. The organisations that fall into this category are entirely for-profit yet profits are completely re-invested, and maintain a social mission. They are able to scale up and grow because of their different and privileged access to financing, and they offer interesting and competitive products or services.

Similar to this model approach by Hartigan and Elkington (2008), is the distinction by Boschee and McClurg (2003) between earned income strategies and social purpose business ventures. Earned income strategies are comparable to the leveraged non-profit venture, where the goal is to take advantages of the opportunities that exist within the non-profit and exploit them without formally designing a business model. The goal is to cover some or all costs, without necessarily breaking even or having profits. Social purpose business ventures are counterpart to Hartigan's and Elkington's

social business ventures.

As hard as it may be to classify a social enterprise in the various categories and models mentioned above, the sole fact that these labels exist is already an indicator that social entrepreneurship as a field of study is much more complex than it may seem at first.

2.5. Actuality of SE: main challenges to overcome

While it is undeniable that SE is increasingly accepted in the business environment and studied at the academic level, there are yet a vast number of challenges that deserve our attention.

As explored by Dees (2012), many are yet confused by the problem solving approach to social issues. After centuries of a pure charity approach, it seems to most donors that bringing an entirely scientific and performance-driven style compromises the integrity of the social outcome. Dees believes that the key to this problem is to have both methodologies – charity and problem solving – complement each other. In the one hand, making SE a more structured, scientific field with rigorous measures of impact, pre-selection of social issues to solve and a considerable investment in resources will foster more effective and efficient enterprises. In the other hand, accepting the role of charity as an important source of passion and inspiration may enable social enterprises to get more funds and to come up with unpredicted innovations.

Even in those areas where the dichotomy charity-problem solving is no longer relevant, there are still a number of pressing matters that obstruct the further development of Social Entrepreneurship. Let us list the ones that are considered significant by a larger number of authors:

- i. The absence of an objective way of **measuring social impact** (Austins, Stevenson and Wei-Skillern, 2006; Zeyen et al, 2012). This deficiency of indicators alongside the exclusive focus in a social enterprise's mission, are responsible for a slow reaction from the markets to both bad and good

organisations (Austin, Stevenson and Wei-Skillern, 2006). One of the most relevant consequences of this slow reaction is the inability of the enterprise to learn and share knowledge.

- ii. Access to traditional **capital markets** is very hard (Austin, Stevenson and Wei-Skillern, 2005; Hartigan, 2004). As a measure to alleviate social enterprise's current struggle to finance themselves, Austin, Stevenson and Wei-Skillern (2005) propose the design of appropriate financial markets. In Zeyen et al (2012) Philanthropic Venture Capitalists (PhVC) are described as investors who demand both social and financial returns from social entrepreneurs, suggesting that these specific financial markets are already being developed.
- iii. The majority of the authors agree that having social entrepreneurs is not enough, there has to be an environment and instruments that encourage SE and help build a **supporting network** of agents (example: Hartigan, 2004). Not only building the network is a huge challenge by itself, but also the management of said network is a very delicate matter. According to Austin, Stevenson and Wei-Skillern (2006) a social entrepreneur has a complex web of stakeholders to administrate, each of them expecting different outcomes and results from the enterprise's activities.
- iv. Another huge set back for SE is the fact that most **Governments** are yet to recognize it as a legitimate field. Once this situation is inverted, social enterprises, their investors and other stakeholders may be able to benefit from a particular tax regime and other related incentives (Hartigan, 2004).
- v. One of the difficulties faced by social entrepreneurs, which is harder to understand is the lack of interest exhibited by **traditional businesses**. It is clear that they haven't yet realised the potential competitive advantage awaiting in partnerships with social enterprises: having access to high volume markets, talent retention through non-financial compensation, CSR at its best (Hartigan, 2004). Seelos and Mair (2004) describe a series of very successful partnerships – which they call “alliance partnerships” – where the innovation and passion of social enterprises, combined with the experience of businesses results in the removal of bottlenecks and the exponential growth in value creation (both for social and financial).

2.6. Social Entrepreneurship in Africa: Successful Examples

The theories mentioned above are fundamental in order to have an initial understanding of the origins, advantages and challenges of the field. Nevertheless, there is still a big amount of scepticism surrounding SE and it is beneficial to provide some examples of effective business models and ideas. Since the focus of this dissertation is Social Entrepreneurship in an African country, we believed it more logical to research stories of success in Africa.

i. Samasource

“Samasource is an innovative social business that connects women and youth living in poverty to dignified work via the Internet.³”. The founder of Samasource, Leila Janah, understood early on that what the poor in the poorest countries were lacking was to be included in the global work market (Gino and Staats, 2012). She and her team identified a very promising opportunity in the business process outsourcing (BPO) industry, which they estimated to have a size of over \$500 billion in 2010 (Gino and Staats, 2012).

Contrary to traditional companies operating in the BPO industry, Samasource decided to employ only marginalized population, living under \$3 dollars per day, in rural areas of India, Pakistan, Kenya, South Africa, Uganda and Haiti (Gino and Staats, 2012).

The success of Samasource (by June, 2012 it had paid over \$1 million to its workers) can be divided into three categories: the value it creates for its stakeholders, the operation strategy it pursues and the competitive advantages it has over other BPO enterprises.

The first one – value creation – impacts Samasource's workers, clients and delivery centres. The workers benefit both socially and financially: they receive training and get a job. This means the workers, who were completely alienated from the markets and where living with less than \$3/day become

³ In <http://samasource.org/mission/our-mission/>, viewed 10.04.2013

virtually integrated in the World, experiencing a change in mentality and achieving independence. Corporate clients receive a very high quality work, just as competitive as the one provided by non-socially oriented BPO companies, with the advantage of having a partnership with a social enterprise, which may be interesting for their PR and/or CSR departments. The delivery centres are owned by local entrepreneurs, giving them a unique opportunity to be connected to developed countries, while making money and positively impacting the lives of their peers.

Regarding operational strategy, they built the technological infrastructures in order to be an intermediary in the process instead of owning the entire operations. This way, Samasource's responsibility is to select and provide help (regarding training, branding, quality control, recruiting) to partner Delivery Centres, which are owned by local entrepreneurs. Also, Samasource manages customers from the beginning to assure a high quality work: it secures the contracts, divides the work in pieces called “micro work”, distributes it through the Delivery Centres (according to skills and capabilities of the workers of each Centre), collects the “micro work” and delivers it compiled to the client after a thorough quality control (Gino and Staats, 2012). It receives donations but has a policy of only using them to build infrastructure and not to cover their operational budget, as a way of assuring the sustainability of the business model.

The last reason for Samasource's success is the competitive advantages it managed to create and sustain. Samasource and other BPO companies may seem similar at first: they strive for long-term financial sustainability, they provide the same service, share some clients, technology and even geographic location. However, the differences are what give Samasource a small edge: the selection criteria of both workers and delivery centres are completely socially oriented, it has a policy of no loss, no dividend and profits are supposed to be reinvested.

Even though Samasource does not operate exclusively in Africa, it is a very good example of an effective social enterprise. It offers a high quality

service/product to highly paying clients, and tackles the needs of an underserved population by offering them work with fair wages and the integration in the worldwide job market.

ii. Riders for Health

“Riders for Health is an international social enterprise.⁴” which aims to assure transportation to health care workers in sub-Saharan countries.

The founders of Riders, Andrea and Barry Coleman, understood that in order to solve Africa’s healthcare needs it was crucial to have in place a functioning network of vehicles (Botelho, 2012). The organization doesn’t simply supply the vehicles, it also provides maintenance and training for the riders (Botelho, 2012).

Riders approach varies in each country it operates, depending on the deals it establishes with its local partners and on the external environment (Botelho, 2012). Besides the fact that it relies on strategic partners, Riders owes its success to the way the organization is structured, with an UK-based centre coordinating activities alongside each country office, to its focus in a financially sustainable model, and to the supporting activities it develops – such as the Monitoring and Evaluation teams and the organization’s Marketing strategy (Botelho, 2012).

Both examples of successful social enterprises in Africa share some common characteristics. Their objective is to provide a valuable service and product to its clients and at the same time empower the local entrepreneurs, by giving them the opportunity to have ownership of the business.

Looking at Samasource and Riders for Health together, there is clear evidence that sub-Saharan Africa has the necessary opportunities and human capital to develop successful and sustainable social enterprises.

⁴ In <http://www.riders.org/what-we-do>, viewed 10.04.2013

2.7. Aid in Africa: an Overview

“Perhaps then we might find that the ones most likely to “save Africa” are Africans themselves” – Easterly, 2009

Alesina and Weder (2002) state that aid doesn't usually reach those who need it in developing countries, partly because of corrupt governments. However, there is no evidence in their research that shows that more corrupt governments are penalized by receiving less aid. The study reveals instead a strong correlation between increase in aid and increase in corruption, showing that aid may be detrimental to the countries receiving it.

Although a few studies still put forward the case for aid (Loxley and Sackey, 2008; Radelet, Clemens and Bhavnani, 2005), aid literature has been unable to find a significant impact of aid in economic growth for a number of reasons: most of it is directed for immediate issues instead of growth-oriented plans; countries that receive aid are commonly facing conflicts; the growth-directed programs are badly executed (Bourguignon and Sundberg, 2007). Burnside and Dollar (2000) present an alternative view as they found that aid has a positive impact in growth when it is invested in a country with good policies in place, and has no impact in growth when it is consumed as part of the country's Government budget.

Bourguignon and Sandberg (2007) defend the creation of a new aid model, where the country owns the strategy implemented to foster growth, in order to align it with the national programs and get the most leverage of it. According to them, aid should be given to those countries with the best performance indicators because those are the ones with conditions to have real development. In an opposite point of view comes Easterly (2009), who has found that a marginal approach to aid – less centralized, more innovative and relying on local entrepreneurs – has a bigger potential impact than the traditional transformational approach.

Common to most authors is the conclusion that the current approach to aid has not been effective. Despite the increase in volume of aid given to developing countries, the impact of said aid in those countries has not been significant (Moss, Petterson and

Van de Walle, 2006). This finding confirms that there is indeed need for new ways of approaching the pressing social issues in developing countries, and this is where Social Entrepreneurship may find its place.

2.8. Transportation in the SADC

The Southern African Development Community (SADC) is “an inter-governmental organisation whose goal is to promote sustainable and equitable economic growth and socio-economic development⁵” in the region, composed by fifteen southern African member states (see Appendix 1 for the list of countries that integrate the SADC, and relevant economic and demographic data on each of them). Since its establishment in 1980 (as former SADCC), the Community has implement several instruments with the purpose of achieving the goals of regional integration and development (SADC⁶). We will now focus on the efforts made in regards of the improvement of Transportation in the area, the results achieved and what can still be perfected.

There are a limited number of relevant authors endeavouring on the subject of Transportation in the SADC. Therefore, we have decided to extend the geographical focus, and include in the analysis authors that focus on Transportation in other regions of the African continent. Njoh, 2000 focuses on Sub-Saharan Africa, composed by fifty countries, including all fifteen member-states of the SADC. Njoh, 2008 exploits Transportation needs and limitations in the entire African continent. Njoh, 2012 concentrates on the East Africa and Indian Ocean Region (EAIO), composed by fourteen countries, of which only four belong to the SADC: Madagascar, Mauritius, Seychelles and United Republic of Tanzania.

Mutambara (2009), which focuses exclusively in the SADC, defines the region’s transport infrastructure as inadequate not only in regard to the limited geographical extension (i.e. kilometres of roads and rail systems, number of ports and airports) but also in terms of a potentially dangerous state of degradation. Consistent with this is Njoh (2008), who found that North Africa’s population-to-road ratio is the double of that of Sub-Saharan Africa. Most of the literature (Mutambara, 2009; Njoh, 2000;

⁵ In <http://www.sadc.int/about-sadc/overview/sadc-facts-figures/>, viewed 20.04.2013

⁶ In : <http://www.sadc.int/about-sadc/overview/sa-protocols/>, viewed 20.04.20123

Njoh, 2008) highlights the following facts as being accountable for the poor state of transportation in the region:

- The majority of the existing transport infrastructure dates from the colonial era. According to Njoh, 2008 this reveals a lack of investment and interest paid to transportation by the countries' post-colonial Governments. Mutambara, 2009 offers an alternative explanation to this absence of governmental investment: there is a struggle to meet the costs associated with such large investments and, therefore, there should be more involvement from the private sector.
- Some of the countries experienced a reduction in km of road and rail networks after the colonial time, due to the damages caused by Civil War (Njoh, 2008)
- Even though the SADC has planned and implemented several initiatives regarding the enhancement of transport in the area, there are high barriers that slow down the impact and jeopardize the completion: bureaucracy within state-members regarding Customs, corruption and clashing economic interests in the area (Njoh, 2008).
- Focus almost exclusive on main cities and neglect of rural areas (Njoh, 2000).
- Absence of an extensive and complete database on transportation in the region, which would facilitate an in-depth study and the creation of effective strategic guidelines for improvement (Njoh, 2008; Njoh, 2012).

After outlining the current state of transportation, we recognise that it is essential to understand the impact it has on the region's economic and social development. From a theoretical point of view, both Mutambara (2009) and Njoh (2008) recognise the role of transportation as a fundamental mean to achieve higher economic and geographic integration, and identify transport as a sector that overlaps and influences almost all sectors of the economy. Moving to the empirical studies on the matter, Njoh (2000) found a positive correlation between improvements in transport infrastructure (defined as road density per capita) and economic development (defined as GNP per capita). Based on this finding, in 2012 he deepened the investigation on the matter and established a positive correlation between improvement in transport infrastructures and improvement of the performance of different sectors of the economy, caused mainly by economies of scale, cost reduction of transportation of goods and higher integration to the international markets. Regarding international

markets, Njoh (2008) highlighted the role of a satisfactory transportation infrastructure on the highly desirable inclusion of Africa in the global marketplace, and concluded that the continent has the potential to compete globally in areas such as raw material processing if such an infrastructure is constructed.

There is a general consensus in regard to the recommendations and possible solutions for the improvement of the transport sector in southern Africa. As a first step to define the real situation, Njoh (2008; 2012) suggests an extensive and complete data collection initiative followed by rigorous strategic planning. Njoh (2000; 2012) advises for a greater governmental effort, with special focus in the most neglected rural areas. Both Mutambara (2009) and Njoh (2008) also put forward the case for governmental investment, but consider that the impact would be multiplied if a joint regional effort were undertaken.

2.8.1. The specific case of Mozambique

Mozambique is one of the fifteen members of the SADC. According to Njoh (2008), Mozambique was one of the few countries of “colonial Africa” where there was a decrease in road density – kilometres of road divided by squared kilometres of land – between 1963 and 1997. Between those periods, road density in the country went from 0.05 to 0.04. It is important to take into account that there was a Civil War between 1977 and 1992, which alongside the lack of investment in maintenance of the existing road network, contributed to the degrading and destruction of part of Mozambique’s infrastructures. Mutambara (2009) states that by 1999, only 18.7% of the country’s roads were paved and the investment needed to pave the remaining 81.3% and build a satisfactory road network was estimated in \$406 million. However, Ranganathan and Foster (2011) present very different estimates: 77.9% of roads were paved, although only 12.5% of the country’s roads were considered to be in good condition and 74.4% were considered to be in fair or poor condition. According to Hanlon and Smart (2008), the road network of the country is of 29.000 km of which the Government has the capacity to maintain or improve 20.000 km.

In the context of the SADC, Mutambara (2009) reveals that Mozambique was one of the countries most involved in the Transport community projects. Between 1992 and

2004 Mozambique was the country responsible for the SADC's program of Transport and Communication and was designated leader of SADC's Transport and Communication co-ordinating unit for the Protocol on Transport, Communications and Meteorology signed in 1996. This active participation in the Community's programs related to Transportation had its benefits for Mozambique. The development of the region's strategic corridors – six out of ten of this initiatives in the SADC include Mozambique – has been successful, generating an increase in investment and donor interest specifically directed to road and rail networks. According to SADC's Infrastructure Development Status Report of 2009, Mozambique is considered an example in the implementation of the strategic corridor initiatives, with the Maputo development corridor completed and both Lobito and Nacala corridor's with highly positive expectations. Regarding railways, Mozambique realised the importance of privatization: Caminhos de Ferro de Moçambique (CFM) was sold to a group of companies (Mutambara, 2009).

Looking at transport infrastructures, Mozambique stands out among its peers in the SADC as one of the countries with higher involvement in the regional projects for development. That being said, the impact of such projects for the general population is not very relevant. They are created to stimulate the much-needed geographical integration between neighbour countries and to facilitate the exploitation of mega-projects related to natural resources but their effects are almost totally retained by the Governments and multinational companies (Hanlon and Smart, 2008). It is true that an increase in the nation's GDP as a result of the natural resources' exploitation theoretically reflects in higher taxes paid to the Governments, which impact the population directly. However, there is also a very high risk of falling in the "resource trap" (Moss, Petterson and Van de Walle, 2006), where the Government will only implement the necessary infrastructures for the projects to work without further expanding them to benefit the country's population.

Appendix 1. SADC members and relevant information

Country	Area (sq. km)	Population	GDP/capita	Literacy Rate
Angola	1,247,000	17,992,000	\$5,783	40%
Botswana	582,000	2,024,904	\$7,966	81,2%
DR Congo	2,345,095	75,259,000	\$315	75%
Lesotho	30,355	1,879,000	\$1,259	86,5%
Madagascar	587,051	20,696,000	\$484	52%
Malawi	118,484	14,389,000	\$404	71,8%
Mauritius	2,040	1,291,456	\$8,743	90%
Mozambique	799,380	20,579,265	\$532	46,4%
Namibia	825,615	2,104,900	\$43,158	87,7%
Seychelles	455	87,000	\$10,727	96%
South Africa	1,219,090	50,586,000	\$8,027	85,9%
Swaziland	17,364	1,080,337	\$3,810	89,1%
UR Tanzania	945,200	50,586,000	\$8,027	85,9%
Zambia	752,612	13,459,000	\$1,427	67%
Zimbabwe	390,757	12,754,000	\$789	97%

Source: SADC, <http://www.sadc.int/member-states/>, viewed 05.05.2013

3. Case Study

The following case study aims to describe the company **Mozambikes, Lda**, its activities and goals and to explore the potential its business model has for traditional Mozambican businesses willing to partner with them. It is written based on interviews made by the author, as well as other identified sources.

3.1. The birth of the idea

The idea to create Mozambikes came up to Lauren Thomas (see **Exhibit 1**) and Rui Mesquita when, in 2009, they were doing a road trip around Mozambique. Both were very impacted by the number of people that they encountered walking long distances carrying heavy objects in their hands or heads. Immediately they understood the big opportunity presented by the country's lack of transportation infrastructures.

For someone who has never been outside the so-called developed world, it may be difficult to understand the impact a bicycle-based business model may have. But, according to Lauren "a bicycle may be, for a Mozambican person, the difference between taking twenty minutes or three hours to get to work". According to Lauren, the benefits of introducing a bicycle in a Mozambican household are plenty: it increases chances of having access to education, employment and health and reduces overall distances. A bicycle has the potential to initiate a virtuous cycle that may result in putting an entire family above the poverty line.

3.2. Mozambique: The Pearl of the Indian Ocean

Sitting in the southern part of Africa (**Exhibit 2**) and with over 2,500km of shore touched by the Indian Ocean, Mozambique is often referred to as "The Pearl of the Indian Ocean". The country is very vast, with an area of 800,000 sq. km (around 10% of the US total area) and a population of over 23 million (around 7% of the US total population).

From a geographic and geological point of view, the country has an undeniable potential. Almost half of the territory is suitable for agriculture and there are

considerable reserves of natural gas and coal. However, Mozambique's history has got in the way of its own growth. Because the country faced an adverse historic context, only in the last two decades it has had the necessary political stability to focus on economic and social development.

The pre-colonial history of Mozambique, as of most sub-Saharan African countries, is very complex. Before even being declared as a country, the geographic area that is now called Mozambique was occupied by several tribes and ethnic groups. In 1885, the Berlin Conference defined the borders of most African countries and forced their military and political occupation by the European coloniser governments. This geographic division, made with no regards towards the existing native population resulted in artificial countries, where the people had no common origin, ethnicity, language or culture. In Mozambique, up to these days, this lack of a collective national identity is felt in ever-present dichotomy between the north and the south of the country.

The Portuguese colonial intervention in Mozambique started in the beginning of the 16th Century, but wasn't significantly felt up until 1885. Portugal developed infrastructure in the territory, but prevented the native population from using it and denied the majority of Mozambicans access to education, health and housing.

In 1975, Mozambique became an independent country as a result of the national freedom movement (FRELIMO) campaign against colonialism. Still, the country was devastated by a Civil War between FRELIMO and RENAMO (the Mozambican National Resistance) that ended only in 1992. Ever since its independence in the 1970s the country has been ruled by FRELIMO, with three different Presidents, two of which elected by the people.

Since its independence, the country has received very big amounts of external economic aid (**Exhibit 3**), resulting in considerable dependence on the developed world and making it highly vulnerable to changes in developed countries' economies.

In the past two years, Mozambique has been very popular in the media, specially the Portuguese, due to its recently discovered natural resources reserves and its rapid

economic growth (see **Exhibit 4** for main newspaper headlines on Mozambique). The country's main macroeconomic indicators (**Exhibit 5**) give it a very positive outlook and there is a generalised expectation that it may be “the market of the moment”⁷ for Portuguese investment.

However bright the future may seem, the reality for most of the Mozambican people is still quite different. In 2013, Mozambique was ranked the third country with lowest Human Development Index in the World⁸. This score is a reflection of Mozambique's inability to canalise the increase of both foreign direct investment and GNP (**Exhibit 5** and **Exhibit 6**) into an improvement of quality of life for the population. There are plenty of figures that help illustrate and understand such a low HDI. It is estimated that around 75% of the country's population works in agriculture⁹ (the numbers vary slightly depending on the source: Mozambique's National Statistics Institute estimated the number to be 80% in 2006). Of this, over 95% are smallholder farmers¹⁰, which are vulnerable to climate and demand changes and are very likely to be exposed to periods of hunger throughout the year. According to the Ministry of Agriculture, over 1 out of 4 smallholder farmers faced a period of hunger in 2007¹¹. In addition to this, half the country's population lives below the poverty line, life expectancy at birth is of 50 years and the GNI per capita (PPP) is \$960¹².

3.3. Transportation Struggles in Mozambique

Mozambique's transport infrastructures are underdeveloped, with less than 30.000 km of road (see **Exhibit 7**). Portugal, a country with 11% the area of Mozambique, has more than the double of km of roads. Besides these poor infrastructures, Mozambique lacks the appropriate public transportation services.

⁷ Source: Diário Económico, http://economico.sapo.pt/noticias/sera-mocambique-o-mercado-do-momento_145812.html, viewed 01.05.2013

⁸ Source: UNDP, http://hdr.undp.org/en/media/HDR2013_EN_Summary.pdf, viewed 01.05.2013

⁹ Source: FAO, <http://coin.fao.org/cms/world/mozambique/en/Home.html>, viewed 01.05.2013

¹⁰ Idem

¹¹ Source: Trabalho de Inquérito Agrícola, 2007, http://fsg.afre.msu.edu/mozambique/policypres/TIA2007_Dissemination.pdf, viewed 01.05.2013

¹² Source: World Bank, <http://data.worldbank.org/country/mozambique>, viewed 01.05.2013

Up until 1996, Mozambique's public transportation policies were socialist and it was believed that the Government was responsible for providing the Mozambican people with proper transportation services. After that year, there has been a capitalist approach to public transportation, and the Government was no longer required by Law to provide it.

Nowadays, the country has three municipal¹³ transport companies operating in the four cities with most inhabitants: TPM running in the cities of Maputo and Matola, TPB in Beira and TPUN in Nampula. The three companies are struggling and are not serving the population very efficiently (**Exhibit 8**).

Being so terribly underserved, the Mozambican population has to find alternative means of transport. What are their options? Most people use the "chapas" (**Exhibit 9**), which are privately operated mini-vans with room to transport 15 passengers. The "chapas" are responsible for the transportation of most Mozambicans but are nonetheless insufficient (**Exhibit 10**).

Living aside the urban area, the rural population has it much worse. The roads are in poor condition and vehicles for public transportation are much fewer. People often need to walk very long distances in their daily lives and end up alienated from the rest of the country and the world.

3.4. The Company

Although the main goal of Mozambikes is to create a social impact in the country, it was created as a company. Mozambikes, Lda is described by Lauren as "for profit social venture" but couldn't be legally registered as such because in Mozambique – as in most countries in the World – the concept is still not acknowledged by the Law. "We have also created an NGO, based in the US, which has the sole purpose of receiving donations from those who want to contribute to the project. The money donated goes entirely to bicycles, as if the donor had purchased a bicycle and given it directly to a Mozambican." The NGO – Mozambikes Social Development, Inc – and

¹³ The local government of each "Município" manages municipal companies. These are different than public companies, managed by the central government.



Mozambikes, Lda are separated entities, which share a common goal: assuring more Mozambicans have access to bicycles. The company was settled in the end of 2011 and started selling “mozambikes” – the bicycles – early on 2012.

Currently, Mozambikes has ten employees: Lauren and Rui, the founders; an administrative secretary and seven full-time mechanics. As said by Lauren “Since the company is still young, we [Lauren and Rui] haven’t received a paycheck yet. But the plan is for us to have a salary in the future.” The roles of both founders are different, but, because it is still a small and young company, sometimes they converge. Lauren is responsible for PR, Marketing and creating awareness for Mozambikes while Rui is in charge of Operations. The rest of the company’s activities are responsibility of the two: strategic and financial decisions, gathering partners and customers, and so on.

Until April 2013 Mozambikes office and assembly line operated in a big colonial-style house in central Maputo (**Exhibit 11**). Mozambikes had transformed the backyard of the house into a warehouse and factory, while the house was used as the office. “We are changing our office and factory to Matola¹⁴ because our current facilities aren’t big enough for Mozambikes’ existing level of activity. We need more room and bigger warehouses.” Lauren was very eager to move to Matola but as it often happens in Mozambique; delays were something they needed to be prepared for. “We wish we knew exactly when we are moving, however, the facilities are not quite ready yet and we can’t make a very certain prediction. It is not really in our hands, it depends on the contractors.”

3.5. The Value Proposition

When explaining the company’s mission and objectives, Lauren really shows her passion for the project and her belief in the benefits it may provide. “The main focus is to provide rural Mozambicans a safe, cheap and efficient mean of transport. The idea is very simple, and it works.”

¹⁴ Matola is Maputo’s neighbour city, separated from the capital by only 13 km of road. It has over 600.000 inhabitants and is where most of the factories in the area are located.

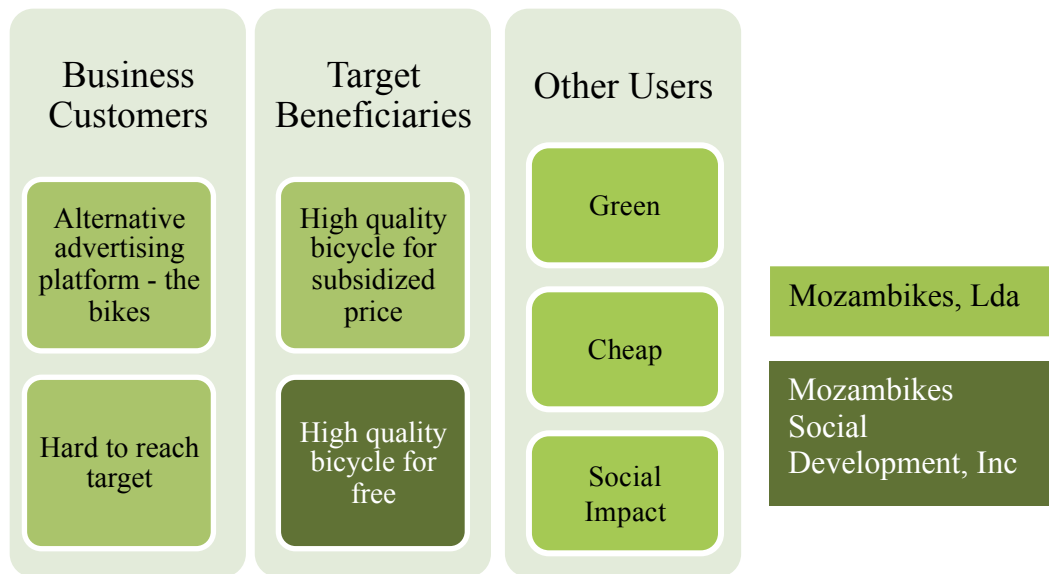


Figure 1 - Value Proposition, Source: Author

On the one side, there are Mozambicans living in rural areas who need to travel long distances and to whom a bicycle would make a big difference. These are the target-beneficiaries. They are divided into two groups: one is the group that is able to afford the bicycles at the subsidized price of \$35 and which is a direct beneficiary of Mozambikes, Lda; the other group is composed of people to whom the subsidized price is still too high and which receive the bicycle for free, with the money donated to Mozambikes Social Development, Inc.

On the other side, there are big corporations that need ways to increase brand awareness, promote brand activation and, ultimately, increase sales. These are the target-customers or, as Lauren prefers to call them, “partners”.

What Mozambikes is offering to its business customers is a form of “Guerrilla Marketing” for big corporations, with the added advantage of improving significantly the quality of living of Mozambicans. “Getting into rural areas and appealing to rural populations – where there are few newspaper, radios and televisions – is a real struggle for Mozambican populations. We offer them a chance to have their logo branded into the bicycles, thus having advertising on a moving object that will last for at least 3 years. It is a better deal than painting walls [very popular in Mozambique] or distributing umbrellas with their logos on.”

There is a third group of potential users of Mozambikes: people with the means to buy a bicycle at its full price without being branded by any corporations. Although this group of people is not at the center of Mozambikes strategy, it is one that may help keep the business operational in periods where the demand from business customers is lower. According to Lauren, the incentives for these type of people are: the fact that the bicycles are very high quality and cheaper than what is offered by general retailers (**Exhibit 12**), the environmental impact of using a bicycle instead of other means of transport, and the chance to contribute to a company with big social focus.

However great the value proposition may sound Lauren admitted that, at the moment, Mozambikes was not delivering bicycles to its initial target of rural Mozambicans. “We didn’t predict that corporations would be interested in being so participative in the whole process, so we had to adapt.”

3.6. The Business Model – an Unexpected Shift

Initially, Lauren and Rui conceived the business as a **pure advertising** model. The following figure shows the main operational flows they had originally designed for Mozambikes.

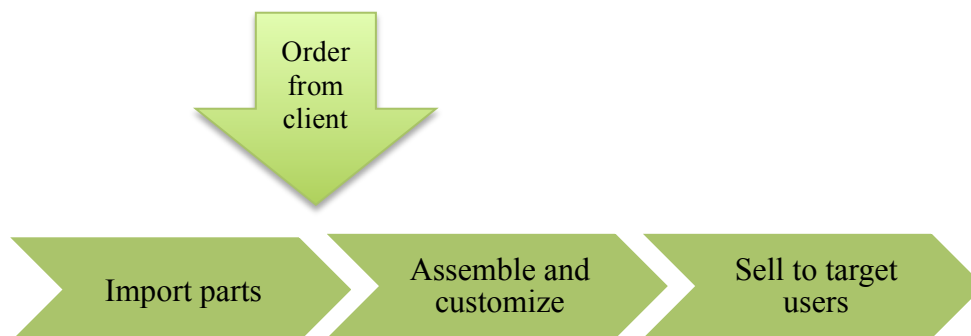


Figure 2 - Original operational flows, Source : Author

As Figure 1 shows, Mozambikes pure advertising model consisted of mainly four steps:

- i. **Importing bicycle parts:** After assessing several suppliers, Mozambikes selected a Chinese company. The entire decision process took several months, and the choice came down to a supplier with three things on its favour: it offered a competitive price, the pieces were high

quality and they were willing to alter every part of the bicycle to the specifications Mozambikes provided them. “Unfortunately Mozambique isn’t competitive in the production of bicycle parts yet. The level of specialization required to build the key components of a bike is high. We decided soon that we would analyse suppliers from both India and China because they offered the best price-quality deals.” Lauren understood that at first people would associate the Chinese origin of the bicycles with something of lower quality. “We made sure the bicycles were strong and would endure the bad road conditions of Mozambique. Even if people are suspicious at first (because they come from China), they quickly see that our supplier is focused in quality”. One of the first decisions Mozambikes had to make was to guarantee the main components of the bicycle – tyres, frame, stem and brakes – were as resistant as possible. This meant that the remaining components, considered less of a priority for the durability of the bikes, could be slightly cheaper.

ii. **Receiving orders from customers** (or “partners”): Mozambican corporations interested in advertising through Mozambikes would order a number of branded “mozambikes”. The bicycles would be an alternative advertising mean for the business customers and a way to enter remote areas, where conventional advertising might not be very effective.

iii. **Assembling and customizing the bicycles**: The team of mechanics of Mozambikes would, after an order was received, assembly the bicycle parts and customize the bicycles. The customization would consist on painting the bicycles with the customer’ brand colours and painting the company’s logo on the bicycle’s stem (**Exhibit 13**).

iv. **Selling the bicycles to target users**: This is the step of the process that differs the most with what ended up happening. After the bicycles were assembled and branded, Mozambikes would sell them at a subsidized price (\$35) to Mozambicans living in rural areas. This way, customers would get their advertising platforms – the bicycles – to remote areas they would otherwise have a hard time reaching; and the target population would purchase high quality bicycle at a low price.

Mozambikes was convinced that the customers wouldn't want to be involved any further than the second step (placing the order). They predicted that corporations would prefer to not deal with the logistics required to distribute the bicycles. It turned out to be a wrong prediction. "During this first 18 months of activity, what has been happening is that the business customers are purchasing the branded bicycles and managing the distribution themselves". Lauren and Rui saw their advertising model shift to a **direct sales model** and were forced to adapt. The following figure explains what ended up being the reality of the operational flows for Mozambikes, up until April 2013.



Figure 3 - Adapted operations flow, Source: Author

The direct sales model, represented in Figure 2, also consisted of four steps. The fourth step is the one that sets this model apart from the pure advertising one:

- v. **Delivering the bicycles to the business customer:** In this step, Mozambikes would deliver the branded bicycles directly to the customer that had placed the order. This meant that Mozambikes was still offering an advertising mean to its customers, but would no longer be involved in the distribution process. "The customers showed interest in offering this bicycles to their stakeholders directly. Some companies offer them to their clients, others to their employees". Advertising agency Golo, for instance, purchased "mozambikes" that are available to all of their employees during working hours (**Exhibit 14**).

Because Mozambikes wasn't handling the distribution of the bicycles directly, they weren't necessarily reaching rural population. However, Lauren and Rui believed this interest of customers in purchasing the bicycles and not only the advertising platform happened due to the enthusiasm that the idea generated. "Mozambican companies were excited with the possibility of having a different mean of advertising and wanted to be very involved with it. But we believe this stage will not last forever, and

Mozambikes will eventually go back to the originally conceived model of pure advertising.”

Both models included the possibility of selling bicycles directly to individual users who could afford them. The bicycles sold to these types of users would not be customized; they would have the colours and logo of Mozambikes (**Exhibit 15**).

3.7. Important activities and partnerships

Since the beginning, the founders of Mozambikes understood that in order to be successful, the company would have to create a strong network of stakeholders. It was not only necessary to attract the attention of the media, but also create partnerships with members of the civil society and other organizations.

Lauren’s background and enthusiasm with the project were very important in an initial stage. She and Mozambikes were nominated for awards for business projects and development initiatives (**Exhibit 1**). This attracted the interest of several socially focused media, mainly in the US and South Africa, and some mainstream media as well (**Exhibit 16**), and gave Mozambikes a good kick-start.

Mozambikes had approached the “Conselho Municipal de Maputo”, which is the city’s local government, with the goal of having a partnership with them. “We want to increase the use of bicycles in Maputo, besides wanting to provide bikes to the rural, disadvantaged population”. The idea was to initiate campaigns of road safety for both drivers and bike users because “at the moment the level of respect for bicycles in the city’s main road is close to zero”. Also, Lauren believed the main roads of the capital have necessary room to build a cycling lane without making traffic worse and that would be a great way of increasing the number of bike users. Additionally, Mozambikes wanted to build and settle bike stands in the main leisure points of the city, after having the authorization of the “Conselho”. “One of the reasons people in Maputo don’t use bicycles is the fact that if they want to stop to buy something or meet someone they don’t have any place to put the bicycles. They have to leave them on the street, where the risk of being stolen is very high”.



Another key partnership for Mozambikes was made with the online portal Sapo Moçambique (www.sapo.mz), which is a very popular website in Mozambique. Mozambikes customized bicycles with the portal's logo and colours and in exchange, the site would advertise the company in its homepage and help improve Mozambikes' website. Lauren believed this partnership to be a very important step in the advertisement of Mozambikes to the Mozambican public.

Engaging volunteers from all over the world was yet another mean Mozambikes used to increase the company's network of stakeholders. Due to the company's social focus, it made sense to the founders to resort to volunteer work for specific tasks. "We post on VolunteerMatch.com when we need something that our team can't do. For example, when we need the development of a flyer for an event or some graphic work done."

The company relied on a very qualified team of mechanics, which Lauren considered one of its main assets. Taking advantage of this factor, Mozambikes partnered with multinational Coca-Cola in a campaign called "Monta a tua Bicicleta" (which means "Assemble your own Bike"). Coca-Cola was giving 1000 bicycles to some of its customers, and Mozambikes' team of mechanics helped train the team designated to assemble the bikes.

The event "Paint for the People" was conceived with the goal to increase awareness on Mozambikes and raise money to donate bicycles (**Exhibit 17**). A group of 24 national artists used bicycles from Mozambikes to create art pieces. These pieces were exhibited in Maputo's Núcleo de Arte for a month (**Exhibit 18**). During that period people could visit the exhibition, see which pieces they liked and make a bid on them. The entire money raised with the auction was then used to donate "mozambikes" to rural people. Lauren and Rui were both very aware of the potential this type of events has. "We involve very well known artists and have the support of an important exhibition room – the Núcleo de Arte. The whole initiative increases the credibility of the company".

3.8. Results



One year and half into its activity, Lauren made a very positive evaluation of the company's performance. "The initial investment necessary to import the bicycle parts and pay the first months of rent of our facilities was made completely with the founders' own funds." With the level of bicycles sold, they were able to recover 60% of the investment while paying salaries and rent.

The first container imported from China, had parts for 1,200 bicycles. By April 2013 the company had already placed an order for another container, since they less than 100 bicycles left. "We sold 1,000 bicycles so far and have donated 100 more with the money collected through the NGO. This means we have 1100 bicycles circulating in Mozambique. Considering that the average household has 6 people, we can say we have impacted the life of over 6,000 people".

There were big names among the organizations that have purchased "mozambikes": Mcel, the country's biggest mobile operator; Banco ProCredit, a development bank focused on small and medium companies; Golo, Mozambique's most successful advertising agency; Tropigalia, a retailing company which is one of the hundred biggest companies of the country; UNICEF, the UN programme for Children. Up to April 2013, Mozambikes biggest order had come from PathFinder International, an US based global NGO focused on sexual and reproductive health and safety. They purchased 400 bikes, representing 40% of the company's direct sales.

Lauren considered that the fact that companies came from so many different sectors of the economy was a good indication. "Branded bicycles are a very good advertising option for almost any type of company. And they are also appealing to NGOs and non-profit organizations."

Regarding the number of employees, there had also been a positive change. In the beginning, Mozambikes team of mechanics consisted of five men. There were now seven mechanics working full-time in the company, as a result of the increase in demand. "We had ten at a given point, but had to let three of them go. Two of them were caught stealing pieces, and we have a very strict policy when it comes to

stealing. The other one was one of the best mechanics we had; he was offered a very good position in Beira and moved to the city.”

Another indicator that business had been good was the fact that there was the need for a bigger office, warehouse and assembly line.

3.9. Going Forward

Although the overall evaluation of the company is positive, Lauren knew there was still a lot to change, improve and accomplish.

To begin with, the next container of bicycle parts will be financed by patient capital instead of requiring further investment from the founders. “Mozambikes qualifies for this type of financing (patient capital) and we are looking for a maturity of around 5 years.” In the medium-term, the goal is to achieve sustainability. Sales should sustain the entire operation, without the need for external financing. In the longer run the goal is to be profitable, and use the profits to reinvest in the company and expand the business. When questioned about whether or not they intended to keep the NGO in the future, Lauren was quick to answer “Although we don’t think that Mozambikes would run effectively as an NGO, we strongly believe there will always be room for this type of organization. There are a lot of people around the world that wish they could do something to improve other people’s lives – this was the reason we created the NGO to begin with, because a lot of people asked us how they could help and contribute with the project.”

At the moment, the company is not thinking of expanding to other countries and wants to maintain the assembly line in Maputo. “From our experience with the country, it is better to keep the key activities centralised and manage distribution logistics.” However, there is one way Mozambikes considers expanding inside the country: through Mozambikes accredited Maintenance Centres. The company’s mechanics would train people all over the country to be capable to maintain and fix bicycles. After the training was concluded, they would get a Mozambikes Quality Accreditation and could set up their own business.



Regarding sales, the long-term goal is to sell 25,000 bicycles per year. “We know that it sounds like a lot looking at our current sales. But we have estimated that there is room for one million bicycles in Mozambique (which means that roughly 5% of Mozambicans could buy or have one). If we think of that number, we see that there is a big market window and 25,000 per year is not such a big number.”

In order to increase the company’s credibility and attract future investors, Mozambikes believes it has two main steps to follow. The first one was related to the founders’ initial investment. “We want to keep some Equity to ourselves as a way to assure future investors of our commitment and belief in Mozambikes”. The second one was related with reporting the companies’ activities. Taking into consideration the nature of the company, its social and environmental impact should be measured and reported alongside the financial and accounting information. Mozambikes had already contacted an American organization that specialises in social reporting.

Last but not least, the company was considering changing some of the physical components of the bicycles as well as introducing new ones. In the next shipment of bike parts, Mozambikes had already ordered the change of three components of the bike: the pedals, the bell and the frame. The first two were going to be improved in quality, since the feedback received by users was that they were not strong enough. The frame, however, was going to be replaced by a different one, not because the previously chosen lacked quality, but because they had discovered a type of frame that was wider and increased the visibility of the bikes’ branding (**Exhibit 19**). Regarding the introduction of new components, Lauren mentioned that they were considering manufacturing them in Mozambique since they required much less specialization. Those new components were: small trailers and ambulances that could be attached to the bicycles, thus increasing the level of mobility of the users; and bicycles stands, to be placed in public places so that bike users would have a place to safely leave their bicycle.

3.10. The real potential of Mozambikes

There is no arguing with the fact that Mozambikes addresses a real need: Mozambicans struggle with lack of adequate means of transport and would, in



general, benefit from having access to cheap or free bicycles. Nevertheless, the true potential of the company can only be understood when analysing the appeal the idea has to its customers: the organizations that will eventually purchase the bikes as part of their advertising budget.

According to Sandra Guedes, from the award-winning advertising agency Golo, Mozambikes concept was very appealing from the first moment. “A co-worker saw a “mozambike” on the street and immediately liked the idea”. The fact that Golo is a proud 100% Mozambican company meant that they were very inclined to working with a local brand. “Knowing that the bicycles are branded and assembled here in Mozambique makes “Mozambikes” very compatible with our positioning and slogan (Think Local)”. Instead of purchasing Mozambikes to distribute to their clients, Golo purchased them for its employees. They bought five bicycles at first but just a few months later ordered another five. “We have had very positive feedback from our clients and even random citizens that enter our office to ask if they can take a ride in the bicycles. Some people that work in other companies near our office use the bicycles at lunchtime and return them when they come back. We, Golo's employees, use the bicycles a lot as well.” Sandra Guedes was certain that the customized bikes were a good marketing initiative and believed Golo would be interested in purchasing more “mozambikes” in the future.

The acknowledgement of Golo's initiative did not only come from Maputo inhabitants. The Federação Moçambicana de Ciclismo (Mozambique's Cycling Federation) awarded the agency with a Medal for the incentive provided to citizens to the use bicycles in their daily lives. The delivery of the Medal, by the President of the Federation – Danilo Correia – appeared on several media channels, further increasing the impact of the recognition. Though he was very pleased with Golo's idea, Danilo believed it was not enough. “In Mozambique, there is a big stigma associating success to the ownership of a car. People are not willing to switch to a mean of transport that is much cheaper, such as a bicycle, fearing they will somehow lose status. To make matters worse, in Maputo, the Município does not create the necessary conditions for the use of bikes. There are still very high barriers and it is fundamental to involve several areas of society if we are to cross them.” According to Danilo, the path to increasing bicycle ownership and use in Mozambique had two main lanes. In one

side, there was the need to convey to the urban population the idea that bicycles are a very valid mean of transport and increase the bike culture in Mozambican cities. These would require a deep education campaign as well as the creation of incentives and conditions for bike usage – cycling lanes, educating drivers on how to respect cyclists on traffic, building bicycle stands, and so on. On the other side, and this is where Mozambikes could be a good part of the solution, there was the need to reduce prices on bicycles. “Bicycles are, in Mozambique, a mean of survival for a big percentage of the population. Yet, contrary with what happens with rice or carapau¹⁵, they are still taxed by the Government. Why does this continue to happen? In my perspective, the more Mozambicans own bicycles the bigger are their chances to thrive and survive in an increasingly mobile and competitive environment. Also, the regular use of bikes has a very positive effect on people's health, which may help reduce healthcare expenditure for the Government”. Danilo believed Mozambikes was on the right track by offering Mozambicans much cheaper bikes, yet was unaware of campaigns directly developed by the enterprise with the goal of increasing bicycle usage.

Roxanne Santos, from Sumol+Compal Moçambique (S+C), had a different perspective than that of Sandra Guedes. Her company hadn't contracted Mozambikes but she had heard of the enterprise and believed it could be an interesting partner in the context of CSR and Communication. “I believe it is a very interesting project in the perspective of Social Responsibility because there is a direct and immediate impact in the life of the person who receives the bicycle. However, in the context of the marketing strategy of S+C I think it is rather deficient. In order for the bicycles to have the required impact, we would need to acquire at least 100 bikes and at that cost (350,000 meticaís, around \$11,470) we could have other more effective marketing initiatives. Besides, there are two other things to take into account: the durability of the bikes, which may be lower if the person using it is less careful; and the target of our own products, because if they are premium products it wouldn't make sense to have bikes with our slogan being delivered to low-income Mozambicans.”

¹⁵ A small fish, which is a big part of the Mozambican diet.



Mozambikes, Lda seems to be on the right track for success. It has attracted well-known corporations as clients and some media coverage; it has managed to sell its first container of bikes and has increased the number of employees. However, the future of this young company still has a lot of uncertainties and there were many challenges to overcome before reaching its much-desired sustainability.

4. Teaching Notes

4.1. Case Summary

One of the biggest struggles Mozambicans – both rural and urban – face in their daily lives is the poor access to transportation. Not only is the road network extremely underdeveloped and badly maintained, but also public transports are scarce, unreliable and, in some cases, life threatening. The alternatives to public buses and “chapas” – privately owned mini buses that provide transportation for most Mozambicans – are scarce and, when available, very expensive for the Mozambicans' average income levels. As a result, many people end up having to walk very long distances in their daily lives to go to work, school or even a hospital.

When Lauren Thomas, an American, and Rui Mesquita, a Portuguese, were traveling through Mozambique they noticed the amount of people walking several km for what appeared routine tasks. They were intrigued and wondered why weren't these people using bicycles for those activities. Soon they realised that the excessive price of bicycles was quite prohibitive for Mozambique's rural inhabitants. From these simple realizations came the idea of creating **Mozambikes**.

They wanted to design a for profit social enterprise, with the main goal of improving the quality of life and empowering rural Mozambicans by giving them access to high quality bicycles at a very reduced price. The business model is quite simple: they wanted to transform bicycles into an advertising platform for corporations. This way, companies would order bikes personalized with their logos and colors, and Mozambikes would distribute them to the rural population at a much cheaper price. However, there was a slight shift to this model, as corporations demonstrated interest in purchasing the branded bikes and also taking care of their distribution.

The value proposition of Mozambikes appealed to organizations from diverse sectors of the economy, showing its versatility. However, there is a concern regarding whether or not the enterprise could maintain a durable, sustainable relationship with these corporations that would ensure it would not only survive but, in the longer run, even profit and expand itself.

Despite these concerns, Mozambikes has been having a slow and steady growth and has received positive feedback from users, corporations and other associations. We believe this model can be replicated in other underdeveloped countries with similar conditions and thrive there as well.

4.2. Learning objectives

Students from Business, Strategy or Entrepreneurship backgrounds, with an interest in Social Entrepreneurship and Social Innovation should discuss the case study. In the context of a course of the afore-mentioned topics, the case would be useful to present students with a real social enterprise – **Mozambikes** – created to answer existing and pressing social issues in Mozambique. The main learning objectives of this case are:

- To make students aware of the terrible transportation issues faced by many people in developing countries and of how these conditions affect their daily lives and their own development – personal, professional and economic.
- To demonstrate the impact that a bicycle-based model can have in a developing African country.
- To illustrate with a concrete example how a social enterprise can be a source of change and empowerment to an impoverished and alienated population, while having a strong value proposition for “traditional” enterprises. This should be achieved through an extensive analysis of Mozambikes business model and value proposition.
- To determine the key factors that are responsible for Mozambikes apparent success and to point out the main limitations and challenges Mozambikes has or will eventually have to overcome to grow to its full potential.
- To conclude, based on what is presented on the case study, whether or not Mozambikes can become sustainable and profitable.

4.3. Teaching Methods

To teach the case study in a classroom context, we would suggest that the Professor initiated a class brainstorming and discussion of the Teaching Questions (TQs)

presented below. However, the discussion shouldn't end with the TQs as there are other learning objectives to the case study.

As a preparation for the class, the students could be asked to divide into groups and previously answer each TQ as if they were presenting their answers and conclusions to the founders of Mozambikes, assuming an advisory/consulting role. They should be asked to base their answers on the information available on the case study and its Exhibits, as well as on their previous knowledge and experience with social entrepreneurship.

If possible, the Professor could invite either Lauren Thomas or Rui Mesquita, the founders of Mozambikes, to the discussion class. Each group would then present their conclusions and suggestions to Lauren or Rui, as well as the entire class. This would double the learning experience for the students and would also be very valuable for Mozambikes' founders as it would give them new and unbiased ideas and criticism and, hopefully, help them improve their current model.

4.4. Teaching Questions (TQs) and Discussion

The following questions are a guideline for class discussion of the case study. They are followed by answers suggested by the author, which comprise the main learning objectives but don't intend to be an exhaustive solution.

TQ1: Would you consider Mozambikes to be a successful organization? What are its main driving factors?

Suggested answer: Students perception of "success" may be different from that of the author, thus this answer could take either direction depending on who is answering it. We will present arguments that can be used to support each position, but if we were to answer we would classify Mozambikes as "successful". Sometime the same argument used to categorise Mozambikes as a success may be used to call it unsuccessful, depending on the person who is assessing the company and which perspective they choose to take.

a. Factors that could justify that Mozambikes has been **successful**:

- In the context of social enterprises, social entrepreneurs – typically the founders of the enterprise – play a big role. According to Barendsen and Gardner (2004), the social entrepreneur has three characteristics that determine their profile as leaders of an enterprise and that set them apart from “commercial” leaders: their past experiences (usually on an early stage of their life), their beliefs (it is very common for social entrepreneurs to be religious or spiritual) and the way they handle problems and challenges. Zahra, et al. (2009) define three different types of social entrepreneurs: Bricoleurs, Constructionists and Engineers; and present advantages and disadvantages to having each type of entrepreneurs as a leader of the enterprise. From what we know about Lauren Thomas and Rui Mesquita, the founders of Mozambikes, we could conclude that Lauren is the social entrepreneur: she is the face of the organisation to the media and she was nominated for some awards for the initiative with Mozambikes. Lauren could be characterised, according to Zahra, et al. theory’s, as a Social Constructionist – she has both the passion for the idea and the managerial abilities to build the enterprise as a successful one. Also, we can suggest that her past experience of building financial models for Mozambican farmers gave her the insight on the country’s needs and the initial skills necessary to run a social business in Mozambique.
- It answers a real, pressing need of transportation in Mozambique, offering a viable solution for a social problem.
- It created eight working positions, meaning that the company is directly impacting eight Mozambican families. The enterprise also contributes directly to the country's economy by paying taxes.
- It offers an interesting value proposition for corporations. This is why so many different sectors of the economy have shown interest in purchasing branded “mozambikes”. The feedback from the corporations that have already worked with Mozambikes has been positive.
- It has distributed over 1,100 bicycles throughout the country, 100 of which were donated to rural impoverished Mozambicans – the ones that need it the most.
- At least one of its customers – Golo Agency – has purchased bikes twice and has established that it would be willing to purchase many more from

Mozambikes. This shows that the existing customers are satisfied and have received good returns from the purchase of the bicycles – be it in shape of media coverage, customer feedback or employee satisfaction.

b. Factors that could justify that Mozambikes has been **unsuccessful:**

- It started selling bicycles more than a year and a half ago and has sold 1,100 bicycles so far. This may be considered a small amount of sales and make the long-term target of selling 25,000 bikes per year seem unreasonable. Also, 40% of the sales were made to a single customer, which can be seen as a risk: a sale with such volume may not happen again in the near future thus compromising Mozambikes' sales goals and setting an unrealistic forecast.
- Having been active for eighteen months, the enterprise has only hired two more mechanics than the five they started over with.
- So far, sales have covered around 60% of Mozambikes' initial investment and until this day the two founders have not been able to have their own salary.
- With their shift in business model, their initial target of rural Mozambicans has not been served. Instead, the corporations purchasing the bikes are deciding to whom they want to deliver them and Mozambikes only has control over the ones donated. According to Zahra, et al. (2009) if a social enterprise loses focus of their social mission undertaking activities that solely increase income, it may have very negative effects in the relationship with its donors and volunteers.

TQ2: What are the main challenges the company may face or currently faces? How can they be overcome?

Suggested answer: In this question, students could focus on a number of issues. We are going to mention the ones we believe shouldn't be missing in a complete answer to this TQ.

First of all, there is the issue of the volume of sales. It is not very high, at 1,100 bikes in eighteen months, which represents an average of 60 bikes per month. To achieve its long-term objective is to sell 25,000 per year (roughly 2,080 per month) Mozambikes needs to multiply its sales by almost 35 times. However, it is

important to acknowledge that Mozambikes is a starting company with a very innovative concept and a never before used business model. Therefore, it could be expected that in the beginning sales would be lower and could increase once organizations are used to and have adopted the value proposition of the enterprise. Also, the company could put a bit of more focus in the individual customers of Mozambikes (the ones that purchase unbranded bikes for their personal use, at a full price). Although they are not the main targets of the enterprise, they could increase revenue streams and assure a steadier income, supporting the social side of Mozambikes' operations. With the right incentives, these individual users wouldn't be very hard to convince since Mozambikes offers a good quality bike for a price that is at least 1,200 MZN (roughly \$40) lower than the ones charged by local retailers.

Also related with sales, but not only depending on them, Mozambikes has yet to achieve financial sustainability. At the moment, the founders' initial investment has not been totally repaid – partly on purpose, to assure investors their own commitment and trust in the enterprise – and they are considering contracting a loan of patient capital to finance the next months of activity. Their long-term objective is to be profitable and have revenues support the company's entire activities. In order for this to happen, increase in sales is fundamental but not sufficient. It is also very important that a for-profit social enterprise such as Mozambikes has the tools measure their social impact, i.e. the impact they have in people's lives. This is very important when trying to attract both investors and customers. So far, Mozambikes has a very weak system of tracking who receives the bikes – with the exception of the ones given by donors – and, therefore, really comprehending the scope of the impact the bicycles have on their lives. This could be a big weakness for a social enterprise, but they have already contacted an organisation that focuses on social impact measuring and reporting, showing that they are aware of its urgency.

Mozambikes has to be aware of the prejudice that it may have to go against. For starters, the origin of the bicycles (made in China) has a negative connotation in Mozambique and is often associated with poor quality. Also, there is the fact that bicycles are not considered a priority in poor households and are not considered

good enough for higher income households. Moreover, and this is an issue that concerns most for-profit social venture, there is the prejudice associated with its hybrid nature. Some people may perceive it as pure charity (even though it is registered as “Lda”), not giving it enough credibility, while others may be confused by the fact that they claim to be helping Mozambicans but are taking profits of it. The concept of having a for-profit organisation with a social mission is still very confusing for most people and may be a barrier for Mozambikes. A good way of reducing this blur could be to publish its Social impact reports, alongside its financial reports. Another issue to solve, which will be of the uttermost importance to Mozambikes is the idea (illustrated by the position of S+C) that the bicycles are not a good or efficient advertising mean. The enterprise will have to prove to its potential business customers that purchasing bikes, as part of their marketing strategy will generate good returns and increase brand awareness and activation.

Lastly, due to the shift in its business model, Mozambikes hasn't had to deal with the distribution logistics of its operations. However, somewhere along the road, it will need to develop a very structured strategy that will allow it to deliver bikes in the entire country with a reduced cost of transportation and assuring that they are delivered in good conditions to its final users.

TQ3: Is the company's value proposition for business customers sustainable in the long term? How so?

Suggested answer: In this TQ, the student is required to leave aside the social purpose of Mozambikes and focus entirely in the value offered to its business customers, the organisations that purchase the branded bikes. Mozambikes value proposition for the organisations can be divided into:

- Offer of a new advertising platform, which lasts at least 2 years, is always moving and is very innovative.
- The possibility of reaching rural isolated populations with little or no access to typical means of advertising and marketing.

Depending on the company's nature and position regarding Social Responsibility, Mozambikes offers companies the possibility of having a PR initiative, a CSR

initiative or a pure marketing initiative. We consider that being regarded as merely a PR stunt will not assure Mozambikes the sustainability it desires, since it is more likely that a company wanting some publicity and press coverage will only contract Mozambikes once instead of building a long lasting relationship with it.

We believe the value proposition offered by Mozambikes is sustainable in the long run depending on the company's main values and culture, their target customers as well as their overall Marketing Strategy. Students should be encouraged to give examples of companies for which Mozambikes proposition is sustainable, and other for which it would not make sense to purchase branded bikes. For example, a company with a very broad target population that includes rural Mozambicans will probably see Mozambikes as a very valuable proposition. On the other hand, a company with luxury or premium products wouldn't benefit much from it.

5. Conclusions and Future Research

The case study was focused on **Mozambikes**, a for-profit social venture founded and operating in Mozambique. The author spent one month in Mozambique conducting interviews and doing fieldwork and collecting data in order to better understand how Mozambikes operates, as well as the impact of their bicycle-based model from the perspective of actual and prospective customers.

We conclude that Mozambikes' model adds value to business customers, the end users and society as whole, making it a win-win-win situation. The business customers benefit from the bicycles as an alternative advertising platform; the end users benefit from the direct use of the bicycle, which increases their quality of life and their access to health, education and employment; society benefits from the increased social inclusion of impoverished Mozambicans as a result of their new mean of transport, as well as from the environmental impact derived of the usage of a "green" vehicle.

Regarding the long-term sustainability and profitability of Mozambikes, we believe there are three key steps to assure they are achieved and maintained overtime. The first one is to keep improving the product offered as a way to attract more corporate

customers (adopting the wider frame that has more space for advertising, for example) and have a bigger impact in the target users' lives (by introducing the ambulances attached to the bikes, for instance). The second one is to create important partnerships with the Município and, for example, the Federação Moçambicana de Ciclismo, with the objective of increasing the conditions for the use of bikes in the main cities of Mozambique. The third one is tackling individual customers, which could potentially result in a very regular stream of revenue for Mozambikes. The three steps combined would result in an increase of sales and revenue, which would allow Mozambikes to have the sustainability necessary to really focus in achieving its social mission and even expanding its reach.

We faced some limitations while writing this case study. Due to Mozambikes lack of social reporting and tracking of its social impact, we weren't able to understand the real impact that having a bike can have in the life of someone from rural Mozambique. Also, because Mozambikes is a very young enterprise, with less than two years of activity, it was very difficult to evaluate its performance in terms of sales and we weren't able to have access to its financial records.

For future research, it would be very interesting to evaluate the social impact that Mozambikes has had so far. This would help comprehend whether or not shifting their business model from pure advertising to a direct sales model resulted in the departure from their initial social objectives. Also, we would suggest a deeper research in the type of company interested in purchasing bikes as part of their overall Marketing Strategy. This research would allow for a definition of the potential customers of Mozambikes and would help the enterprise define a more focused strategy to reach and generate interest in companies.

Business enterprises with a social mission, such as Mozambikes, are becoming more relevant and more successful. This is helping Social Entrepreneurship to be perceived and respected as a valid Business field and will hopefully result in a more inclusive and balanced society. I feel blessed to have had the opportunity to write about Mozambikes, which is a creative yet simple organization that has everything it needs to change thousands of lives.

Exhibit 1. Short Biography of Lauren Thomas, List of Awards and Competitions

Lauren Thomas is an American from Baltimore, Maryland who was born in 1982. She studied Business in the University of North Carolina. She worked as an investment banker in New York City, until she decided she wanted to broaden her personal experience. It was at IESE, Barcelona that she found her passion for Socially Responsible businesses and decided to volunteer in Mozambique, helping develop financial plans for farmers. In 2009, alongside Rui Mesquita – Mozambikes’ co-founder – she had the first idea to develop Mozambikes. Since then, she has been nominated for several prizes and competitions for Mozambikes’ initiative (see list below). Since June 2013 she has been married to Rui Mesquita.



List of Prizes, Competitions and Awards entered by Lauren and Mozambikes:

- Cartier Women’s Initiative Awards (2011): Finalist for Sub-Saharan Africa
- William James Foundation Venture Phase Competition (2012): Winner of Africa Prize; 2nd place Overall
- Ideias de Origem Portuguesa, by Fundação Calouste Gulbenkian (2013): contestant
- Global Giving April Contest (2013): successful contestant, given the opportunity to be a permanent organisation in the Global Giving Community
- Women in Business Challenge (2013): semi-finalist (on-going competition)

Source: Mozambikes

Source of the Picture (featuring Lauren Thomas and Rui Mesquita): Author

Exhibit 2. Mozambique's Map divided into Províncias



Source: MITUR, <http://www.mitur.gov.mz/uteis/moz.htm>, viewed 06.05.2013

Exhibit 3. Aid Disbursements to Mozambique, USD millions (1975 – 2011)

	1975	1976	1977	1978	1979	1980	1981	1982	1983
	21	70	80	105	145	168	141	205	207
	1984	1985	1986	1987	1988	1989	1990	1991	1992
	255	296	421	665	917	805	998	1,066	1,460
Total	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net Aid	1,176	1,199	1,063	886	948	1,040	819	907	961
per Year	2002	2003	2004	2005	2006	2007	2008	2009	2010
	2,220	1,048	1,243	1,298	1,640	1,777	1,997	2,013	1,952
	2011								
	2,071								

Source: OECD, http://stats.oecd.org/Index.aspx?datasetcode=REF_TOTALOFFICIAL#, viewed 12.05.2013

Exhibit 4. Examples of Newspaper Headlines on Mozambique's Natural Resources

Galp descobre gás natural em Moçambique

Publicado em 2011-10-20
ANA BAPTISTA

Source: Jornal de Notícias, http://www.jn.pt/PaginaInicial/Economia/Interior.aspx?content_id=2070137, viewed 05.05.2013

Energia

Galp faz nova descoberta de gás em Moçambique

Ana Maria Gonçalves
28/10/11 00:07

Source: Diário Económico, http://economico.sapo.pt/noticias/galp-faz-nova-descoberta-de-gas-em-mocambique_130043.html, viewed 05.05.2013

Natural Gas Discovery Promises a Boon for Eni and Mozambique

By STANLEY REED
Published: December 5, 2012

Source: The New York Times, http://www.nytimes.com/2012/12/06/business/energy-environment/eni-announces-major-gas-find-off-mozambique.html?_r=0, viewed 05.05.2013

Moçambique, o "El Dorado" do carvão, deverá crescer 8% este ano

Olívia Santos

16 Jan, 2013, 07:33 / atualizado em 16 Jan, 2013, 07:36

Source: RTP, <http://www.rtp.pt/noticias/index.php?article=619711&tm=6&layout=123&visual=61>, viewed 05.05.2013

PIB Moçambicano igual ou superior ao de Angola até 2023

O Produto Interno Bruto de Moçambique será igual ou superior ao de Angola, garante a consultora francesa SPTEC Advisory. A exploração de gás natural e carvão será o grande motor de desenvolvimento daquele país africano.

17:50 Terça-feira, 29 de janeiro de 2013

Source: Expresso, <http://expresso.sapo.pt/pib-mocambicano-igual-ou-superior-ao-de-angola-ate-2023=f783146>, viewed 05.05.2013


Consórcio da Galp volta a descobrir gás natural em Moçambique

25 Fevereiro 2013, 11:53 por Miguel Prado | miguelprado@negocios.pt

Source: Jornal de Negócios, http://www.jornaldenegocios.pt/empresas/detalhe/consorcio_da_galp_volta_a_descobrir_gas_natural_em_mocambique.html, viewed 05.05.2013

Gás da Galp em Moçambique já dá para abastecer Portugal durante 53 anos



 Ferreira de Oliveira, CEO da Galp
Diana Quintela

29/04/2013 | 00:00 | Dinheiro Vivo

Source: Dinheiro Vivo, <http://www.dinheirovivo.pt/Empresas/Artigo/CIECO148602.html>, viewed 05.05.2013

Bolsas de gás natural podem transformar Moçambique num dos maiores produtores mundiais

A descoberta de novas bolsas de gás natural no norte de Moçambique pode transformar o país num dos dois maiores produtores mundiais. As grandes petrolíferas já se instalaram ao longo da costa da província de Cabo Delgado. E isso está a mudar todos os dias a face das cidades.

Portugal - Moçambique Ligações Fortes | 22:40 Terça feira, 30 de abril de 2013

Source: Expresso, <http://expresso.sapo.pt/bolsas-de-gas-natural-podem-transformar-mocambique-num-dos-maiores-produtores-mundiais=f804052>, viewed 05.05.2013

Exhibit 5. Mozambique, main Macroeconomic Indicators (2010-2017): Actual and Projections

Years	Actual		Projections					
	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth (%)	7.1	7.3	7.5	8.4	8.0	8.0	7.8	7.8
GDP per capita (\$)	442	571	650	688	735	805	881	963
CPI (annual average)	12.7	10.4	2.4	7.0	5.6	5.6	5.6	5.6
Overall Balance of Payments (\$ Millions)	58	323	246	155	274	262	375	490
Total Public Debt (% of GDP)	49.3	45.3	48.1	50.7	52.5	52.2	52.2	50.8

Source: IMF Country Report No. 13/1 for the Republic of Mozambique, January 2013

Exhibit 6. Mozambique, Foreign Direct Investment, USD millions (1975-2011)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	
Total FDI per Year	7	-13	0	2	2	4	0	2	2	
	1984	1985	1986	1987	1988	1989	1990	1991	1992	
	-3	0	2	6	5	3	9	23	25	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
	32	35	45	73	64	235	382	139	255	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
	347	337	245	108	154	427	592	893	989	
	2011									
	2,093									

Source: UNCTAD, <http://unctadstat.unctad.org/TableViewer/tableView.aspx>, viewed 05.05.2013

Exhibit 7. Km of Road in Mozambique, per Type and Província

Província	Primary	Secondary	Tertiary	Other	TOTAL
Maputo	323	169	557	547	1,596
Gaza	276	690	988	573	2,527
Inhambane	558	265	1,140	930	2,894
Manica	513	336	960	635	2,444
Sofala	584	554	847	389	2,375
Tete	530	1,186	833	392	2,941
Zambézia	1,001	698	1,552	995	4,246
Nampula	996	165	1,965	934	4,060
Cabo Delgado	675	337	1,609	824	3,444
Niassa	414	392	1,620	371	2,797
TOTAL	5,870	4,792	12,071	6,590	29,324

Source: ANE, http://www.ane.gov.mz/pdfs/Sist_admin.pdf, viewed 05.05.2013

Exhibit 8. Number of buses owned by TPM, TPB and TPUN

	Total Buses	Defective Buses	Number of seats in Buses/Population
TPM (Maputo and Matola)	353	63%	1/218
TPB (Beira)	22	68%	1/949
TPUN (Nampula)	8	75%	1/3004

Source: Author, based on data from INE (Instituto Nacional de Estatística), Jornal Notícias, Jornal a Verdade and MTC (Ministério dos Transportes e Comunicação)

Exhibit 9. Pictures of “Chapas” on the streets of Maputo



Source: Agência Lusa



Source: Author

Exhibit 10. Number of “Chapas” operating legally in the major cities

	Total “Chapas”	Defective “Chapas”	Number of seats in “Chapas”/Population
Maputo and Matola	3,700	40%	1/46
Nampula	500	10%	1/51

Source: Author, based on data from USAID’s report “Proposta de Política dos Transportes Urbanos para Moçambique”

Exhibit 11. Picture of Mozambikes former Office (April 2013)



Warehouse



Lauren Thomas in the assembling area

Source of the Pictures: Author

Exhibit 12. Average prices of Bicycles in Maputo, from two major retailers ^a.

Brand	Price in MZN (USD ^b)	Dimensions of the Wheel (inches)
Raleigh (Man)	4,718 (\$159)	26
Raleigh (Lady)	5,200 (\$175)	24
Totten (X-Country off Roader, Man)	8,340 (\$280)	26
Totten (Outback, Lady)	8,340 (\$280)	24
Totten (X-Country, Man)	12,400 (\$416)	26
Totten (X-Country, Lady)	8,340 (\$280)	26

Source: Author

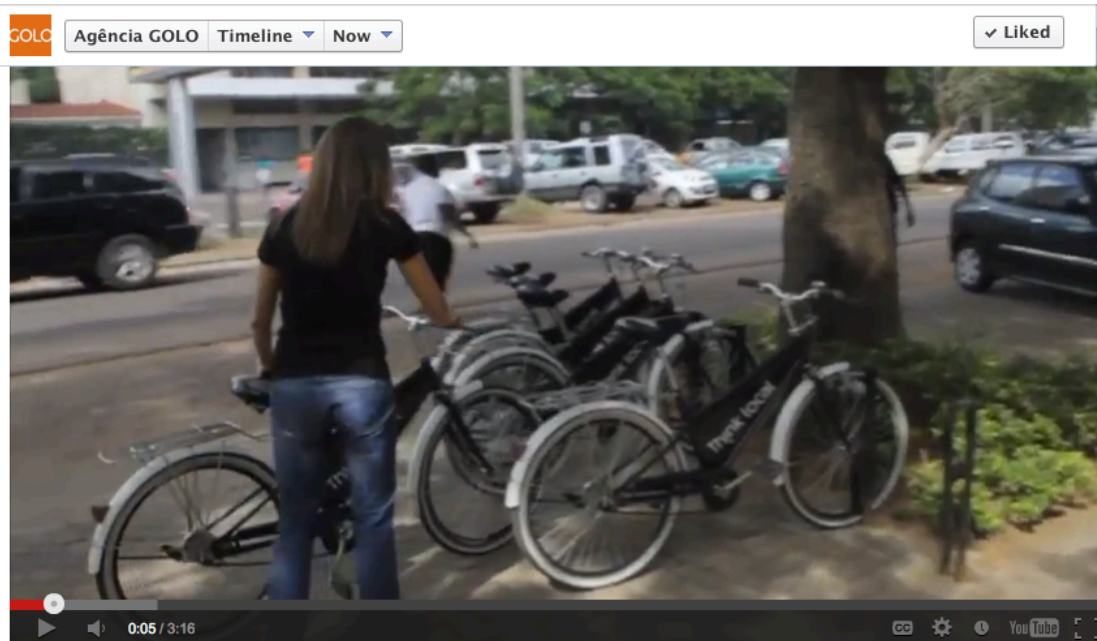
- a. Average prices for the 6 more common models available at the following stores: Game and Mica
- b. Prices in USD were estimated based on the exchange rate of 01.06.2013 (www.xe.com) and rounded up.

Exhibit 13. Picture of Customized Bicycles



Source: Author

Exhibit 14. Golo's Bicycle Initiative



Snapshot of a video showing the bicycle stand used by Golo to put the customized “mozambikes”. One of the agency’s employees is taking a bike to run some errands.

Source: Agência Golo’s Facebook Page

Exhibit 15. Picture of Non-Customized Bicycle (with Mozambikes logo)



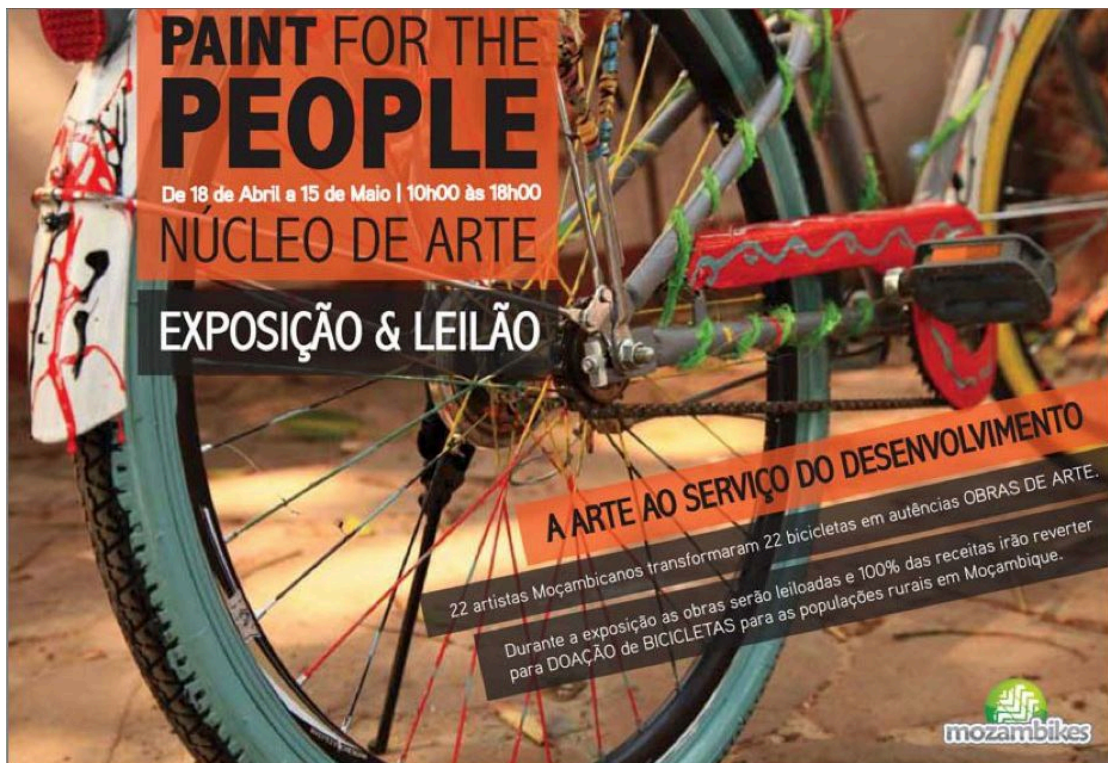
Source: Mozambikes

Exhibit 16. List of some online articles on Mozambikes and Lauren Thomas

Title	Source
Finalist for 2011 Sub-Saharan Africa: Lauren Thomas	Cartier’s Women Initiative: http://www.cartierwomensinitiative.com/candidate/lauren-thomas
Mozambikes Pedals to Promote Development Via Low-Cost Bicycles	NextBillion.net: http://www.nextbillion.net/blogpost.aspx?blogid=2465
Five Minutes with Lauren Thomas	Elle Magazine South Africa: http://www.elle.co.za/five-minutes-with-lauren-thomas/
Mozambikes e UPG	Um Pequeno Gesto: http://www.umpequenogesto.org/pt-PT/Noticias/ContentDetail.aspx?id=364

Source: Mozambikes

Exhibit 17. Flyer of the Event “Paint for the People”



Source: Mozambikes

Exhibit 18. Pictures from the Exhibition “Paint for the People”



The entrance of the “Núcleo de Arte”, where the exhibition was held



An overview of the exhibition



Some of the art pieces



Some of the art pieces

Niria Fire

Data de Nascimento: 01.02
Naturalidade: Nampula, Moçambique
Título do trabalho: NHAASOKO WA BUA



Niria Fire, a Mozambican artist, has transformed her bicycle into a piece of art. She has painted the frame with vibrant colors and patterns, creating a unique and eye-catching design. The bicycle is not only a mode of transport but also a statement of her artistic vision.

She has also used the bicycle to create a mobile art gallery, displaying her work in various public spaces. This has allowed her to reach a wider audience and share her message of hope and resilience.

Niria's work is a testament to the power of art to transform lives and communities. Her bicycle is a symbol of her journey and the challenges she has overcome.

Santos Mabunda

Data de Nascimento: 04.01.1985
Naturalidade: Moçuto, Moçambique
Título do trabalho: Ilusão de Óptica



Santos Mabunda is a Mozambican artist who has transformed his bicycle into a piece of art. He has used his skills as a woodworker to create a unique and intricate design. The bicycle is not only a mode of transport but also a statement of his artistic vision.

He has also used the bicycle to create a mobile art gallery, displaying his work in various public spaces. This has allowed him to reach a wider audience and share his message of hope and resilience.

Santos' work is a testament to the power of art to transform lives and communities. His bicycle is a symbol of his journey and the challenges he has overcome.

Saranga

Data de Nascimento: 23.09.1971
Naturalidade: Moçuto, Moçambique
Título do trabalho: Rainha Marroquina



Saranga is a Mozambican artist who has transformed his bicycle into a piece of art. He has used his skills as a woodworker to create a unique and intricate design. The bicycle is not only a mode of transport but also a statement of his artistic vision.

He has also used the bicycle to create a mobile art gallery, displaying his work in various public spaces. This has allowed him to reach a wider audience and share his message of hope and resilience.

Saranga's work is a testament to the power of art to transform lives and communities. His bicycle is a symbol of his journey and the challenges he has overcome.

Falcão

Data de Nascimento: 14.03.1976
Naturalidade: Nampula, Moçambique
Título do trabalho: Tuaregs



Falcão is a Mozambican artist who has transformed his bicycle into a piece of art. He has used his skills as a woodworker to create a unique and intricate design. The bicycle is not only a mode of transport but also a statement of his artistic vision.

He has also used the bicycle to create a mobile art gallery, displaying his work in various public spaces. This has allowed him to reach a wider audience and share his message of hope and resilience.

Falcão's work is a testament to the power of art to transform lives and communities. His bicycle is a symbol of his journey and the challenges he has overcome.

Bono

Data de Nascimento: 04.02.1977
Naturalidade: Moçuto, Moçambique
Título do trabalho: De Volta à Moçambique



Bono is a Mozambican artist who has transformed his bicycle into a piece of art. He has used his skills as a woodworker to create a unique and intricate design. The bicycle is not only a mode of transport but also a statement of his artistic vision.

He has also used the bicycle to create a mobile art gallery, displaying his work in various public spaces. This has allowed him to reach a wider audience and share his message of hope and resilience.

Bono's work is a testament to the power of art to transform lives and communities. His bicycle is a symbol of his journey and the challenges he has overcome.

Some of the artists that transformed the bikes into art pieces

Niria's bicycle is a bold statement about the power of the bicycle to bring healing and healthcare to rural Mozambicans. With more bicycles in rural Mozambique, people will be able to access health care centers and the risk of lost lives will be greatly reduced.

Zoom of one of the artists' profile (Niria Fire): her message

Source of all the Pictures: Author

Exhibit 19. Pictures of a wider-frame “mozambique”, being assembled and ready



Source: Author

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