

# Moral Economy Meets Social Enterprise Community-Based Green Energy Project in Rural Burundi

KATARZYNA CIESLIK\*

*Université libre de Bruxelles, Belgium*

**Summary.** — The development sector is constantly looking for new models to address the many challenges of the Global South in a sustainable way. The aim of this study is to investigate how the agrarian communities in rural Burundi accommodate the model of a social enterprise: a market-based community organization with a social mission.

We conduct an explorative study of a pilot development intervention in rural Burundi. Nine participating village solidarity groups (child protection committees) have been equipped with energy generators. By selling energy, the groups become self-sustainable economic structures. The profits of the micro-enterprises support the villages' orphans' funds, used to equip the orphan children with uniforms and school supplies. Accordingly, the intervention assumes deep participation (project ownership) on the part of the community and also holds the promise of future economic sustainability (earned income).

Using a mixed-method approach, we examine the perceptions, behaviors, and actions of the participating community members. Drawing on the theory of moral economy, we argue that subsistence communities in Burundi are governed by reciprocal and hierarchical relationships that may both enable and hinder social enterprise initiatives. Our results suggest that the social enterprise model may increase the sustainability prospects of the interventions but question its capacity to achieve transformational change.

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## 1. INTRODUCTION

Development organizations around the world are increasingly applying participatory approaches that, in varying degrees, engage the local populations in project design, implementation, and monitoring (Enns, Bersaglio, & Kepe, 2014; Labonne & Chase, 2011). Participation is believed to increase the sustainability prospects of the interventions, transforming the beneficiaries into stakeholders, and at times also shareholders, of the locally implemented projects. At the root of this approach lies the assumption that local communities can be effective channels of development if they receive a genuine delegation of powers and responsibilities (Sheely, 2015; Platteau & Abraham, 2002). One of the novel forms of participation is the community-based social enterprise: a form of community venture that advocates social mission through entrepreneurial earned-income strategies (Chikadzi, 2014; Kerlin, 2010; Santos, Pache, & Birkholz, 2015).

The aim of this paper is to analyze *how the rural communities in Burundi accommodate the development model of a social enterprise*. The project builds upon the provision of green energy generators to the village child protection committees in the energy-deficient rural regions of the country. The electricity-producing machines are also a new income source for the groups, transforming them into economically viable community enterprises. Importantly, as opposed to several similar projects already underway in the developing world (Jain & Koch, 2009; Thompson & Doherty, 2006; Torri, 2009), the revenue earned is not redistributed among the group members but saved toward fostering the group's social mission—the orphans' fund. As such, the communities in question engage in a true post-development venture: they gradually assume the role of the aid-provisioning organizations.

The conceptual framing of the research builds upon the notion of moral economy.<sup>1</sup> The theory of moral economy assumes that economic activities are defined and legitimized by moral beliefs, values, and norms (Sayer, 2007; Scott, 1977; Thompson, 1971; Tönnies, 2002). In particular, agrarian

communities are said to share a set of normative attitudes concerning the social relations that surround their local economies. Social networks and culturally legitimized dealings tend to prevail over market-efficient behavior, as they promote the survival of the community under the conditions of scarcity (Fafchamps, 1992). The concept of a social enterprise, on the other hand, is based on the principle of addressing social issues by applying market-based solutions (Haugh, 2007; Thompson & Doherty, 2006). It is via the market mechanisms that social enterprises manage to sustain themselves and foster their socially oriented mission. The two approaches (moral economy and social enterprise) share the common principle of restraining the economic actors from maximizing individual profits. At the same time, they exhibit a number of contrasting features in terms of organizational logic, guiding principles, and objectives.

In this paper, we study how the social enterprise model establishes itself within traditional agrarian communities in

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Burundi and assess its potential as a new approach to engaged, community-based development. We contribute to the literature on participatory development by profiling the community-based social enterprise as one of the strongest forms of participation. Secondly, we take a social and cultural look at a traditionally economic subject. We explore the peoples' understandings of supply and demand mechanisms in places where a large number of trading operations have not been financial. The study of communities as spaces and contexts for change has largely been neglected in social entrepreneurship literature (Gras, Mosakowski, & Lumpkin, 2011). This is especially true for Burundi, a country whose socio-economic reality has been relatively unexplored by the academia.

In addition, the paper brings together the social economy and development studies literatures. The economic model of a community-based social enterprise seems to be effective in addressing some of the social problems in the Western societies<sup>2</sup> but the literature on its applications in the developing world remains scarce (Ratten & Welpe, 2011). At the same time, acute social, environmental, and economic conditions of Sub-Saharan Africa are opening up "opportunity spaces" for social enterprises (Littlewood & Holt, 2015). In the times of the global economic crisis, the accommodation of new, sustainable economic structures by underprivileged societies seems necessary to sustain valuable partnerships and access to resources (Kolk, 2013). In our study, we attempt to shed light on these processes by conducting a fine-grained empirical analysis focusing on people's perceptions, behaviors and actions.

The paper is organized as follows. In the opening section, we briefly outline the evolution of the participatory approach. We then argue that the social enterprise model under study represents one of the strongest forms of participatory development. The subsequent section introduces the context of our empirical study: rural Burundi, a setting that exhibits a number of features of a moral economic order. We then proceed to presenting the two-stage results of our investigation: first, we outline the challenges faced by the newly-created micro-social enterprises. Second, we analyze these problems with reference to three themes (I) the operational context for the social enterprises (actors/setting), (II) the norms that govern it (rules/management) and (III) the ends it serves (outcomes/objectives). The final section includes conclusions, discussion and recommendations for further research.

## 2. FROM PARTICIPATORY DEVELOPMENT TO COMMUNITY-BASED SOCIAL ENTERPRISE

Most commonly understood participatory development is the process of engaging the recipient populations in the externally-applied programs aimed at improving their socio-economic wellbeing (Willis, 2005). In this section of the paper, we present a brief overview of the participatory approach, situating it within the wider context of the development debate. By profiling the successive forms of participation, we argue that the model of a community-based social enterprise represents one of the strongest forms of engaging the concerned populations in development interventions.

### (a) Participation in the development debate

In development theory, participation is believed to bring better outcomes through localized problem identification, reduced project costs, improved maintenance and allocative

efficiency, and prospective self-reliance (Hickey & Mohan, 2004). Importantly, participation in development is always embedded within the wider context of initiatives, undertaken independently by the recipient populations to increase control over their socio-economic situation (Kleemeier, 2000; Mansuri & Rao, 2013). Among other interventions, microfinance provides an illustrative example of how participation induces entrepreneurial propensity (Bruton, Ketchen, & Ireland, 2013; Collins, Morduch, Rutherford, & Ruthven, 2009). In microfinance, the quest for sustainability has already imposed the increased involvement of the clients, turning beneficiaries into program stakeholders (Hulme, 2000).

While the literature on some of the benefits stemming from stakeholder involvement is substantial (Khanna, Kochhar, & Palaniswamy, 2015; Labonne & Chase, 2011) there is little evidence on what happens when the beneficiaries become shareholders of interventions, i.e., share the costs and participate in the decision-making processes regarding the projects. Participation remains the selling point for development programs, but more often than not it is limited to its weak form (Kumar and Corbridge, 2002; Mansuri & Rao, 2013; Nuttavuthisit, Jindahra, & Prasarnphanich, 2014). As argued by Michener (1998), the distinction between weak (consulting or informing) and strong (partnership and ceding control) participation is crucial for the process, as it marks the degree of autonomy that the beneficiaries can exercise over agencies (Marti, Courpasson, & Dubard Barbosa, 2013; Sheely, 2015). In particular, researchers have stressed the essential role of the sense of project *ownership*, engendered in community members by means of strong participation (Marks & Davis, 2012).<sup>3</sup> In order to induce such sense of ownership, it is argued, the beneficiaries are to be involved in key decisions related to the project, contribute toward its funding and participate in planning, implementation and monitoring activities (Biradavolu, Blankenship, George, & Dhungana, 2015). In the next section, we argue that the social enterprise model can serve as an example of such an approach: by means of strong participation, it evokes the sense of ownership and autonomy, transforming the beneficiaries into first stakeholders and then shareholders of projects.

### (b) Community-based social enterprise as strong participation

Even though the understanding of a social enterprise varies across contexts (Defourny & Nyssens, 2012), for the purpose of this paper, we adopt the definition of social enterprises as organizations seeking market-based solutions to social problems (Battilana & Lee, 2014; Dart, 2004; Santos *et al.*, 2015). Conceptualized as such, social enterprise needs to be distinguished from other socially-oriented organizations and initiatives that contribute to the well-being of communities but are not seeking to be businesses (Thompson & Doherty, 2006, p. 362). We follow Haugh and her clear-cut set of criteria, consenting that:

"(...) 'social enterprise' is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, non-financial goals and their outcomes are the non-financial measures of the implied demand for and supply of services"

[Haugh, 2007, p. 5]

In the development sector, social enterprise situates itself between a community-driven development model (CDD) and a bottom of the pyramid venture (BoP). Both of these

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