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SOCIAL ENTREPRENEURSHIP IN TANZANIA: ASSESSMENT OF ENABLING ENVIRONMENT

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ABSTRACT

The main purpose of the study was to assess the supporting environment for social entrepreneurship in Tanzania. Specifically, the study aimed at evaluating the current key stakeholders' conceptualisation and recognition of Social Entrepreneurship concept and whether in Tanzania there is a supportive environment for Social Entrepreneurship. This was an exploratory study and was conducted qualitatively. The approach used was a combination of secondary data and in-depth interviews with policy makers and policy advisers. Findings revealed that most stakeholders are not aware of the concept of Social Entrepreneurship. The objectives of their organizations showed that they had some elements of Social Entrepreneurship, but this concept was not encompassed in their mission statements. Social entrepreneurship matters were thus not well integrated in their policy missions although the nature of organizational activities revealed some elements in them. The study concluded that social entrepreneurship in Tanzania has been practiced by several institutions especially non-governmental organisations and that there is a need to document and institutionalizes the policies and regulations that guide the operationalization of the social entrepreneurship concept. Recommendations and areas for further research are also discussed.

KEY WORDS

Social Entrepreneurship; Social enterprise; Decision makers

INTRODUCTION

Current trends in the world towards globalization, privatization and liberalization have brought about various challenges that have affected the balance of relationships between private, public and non-profit sectors. One of the challenges among others is the emergence of complex social problems (Reis, 1999). The gap between the rich and poor to access development and basic life necessities like provision of water and sanitation, health, education and so forth has been widened. There has been high incidence of social inequity and exploitation of weaker section in many countries. The alarming rate of environmental degradation is also another cause of serious concern. In particular, the poor people in rural areas are the worst victims of environmental degradation and social injustices (Srivastava, 2006). There is therefore the need for new approaches to social problem-solving that will incorporate inter-sectoral collaboration.

Various initiatives like millennium development goals have been initiated to address such developmental challenges as well as various social problems. However, despite these efforts, many countries are still facing difficulties in striving for development. Catford (1998) connotes that, with these new developments, new ways of creating healthy and sustainable communities are required as the traditional welfare-state approaches are declining globally. These brings about a challenge to our social, economic and political systems to respond to the current world challenges with new, creative and effective environments that support and reward change.

In this context, a new generation of social entrepreneurs has emerged that is driven by innovators who are using market-based approaches to solve social problems. Social entrepreneurship (SE) is emerging as an innovative approach for dealing with complex social needs in order to contribute to development (Reis, 1999). The potential market for SE is huge because of the wide range of social needs that remain unsatisfied by existing markets and institutions. Social enterprises often create tremendous value when they cater for very basic humanitarian needs such as providing food which can be a matter of life or death to those who receive it (Seelos and Mair, 2005). The contribution made by social entrepreneurs to a nation's social, economic, cultural and environmental wealth is being increasingly recognized (Leadbeater, 1997; Mulgan and Landry, 1995).

The concept of "social entrepreneurship" has been rapidly emerging in the private, public and non-profit sectors over the last few years, and interest in it continues to grow (CCSE, 2000). However, SE has been going on within societies or communities for a long time though without the label. For example, many social-movement organizations, social advocacy groups, and community initiatives have been started and sustained all over the world through the passion, insight, and creative work of people that fit our contemporary application of the idea of the entrepreneur. While the impacts of this shift are generally discussed in economic terms, they also have significant implications for social change initiatives.

The recent experience in Tanzania reveals that activities with SE have also been rapidly emerging in the private, public and non-profit or social sectors over the last few years, and hence, interest in SE among researchers is starting to grow. It is furthermore believed that the existence of strong SE initiatives will generate and support radically new and effective ways of dealing with social problems and consequently promoting Small and Medium Enterprises (SMEs) development in the country (Olomi, 2006). It is estimated that about a third of the GDP in Tanzania originates

from the SME¹ sector. The International Finance Company (IFC)² of the World Bank *estimates that* there are approximately 2.7 million enterprises in the country. A large majority of these (98%) are micro enterprises (employing less than 5 people). Though data on the SME sector are rather sketchy and unreliable, it is reflected already in the above data that SME sector plays a crucial role in the economy. This implies that if these enterprises get more support through the initiatives of SE, the country's economy will grow significantly.

Furthermore a study on policy dialogue on opportunities and challenges for rural SMEs development in Tanzania (Olomi *ibid.*) has highlighted that "most rural areas of Tanzania have a lot of resources, what is missing is the entrepreneurial drive and skills to see the opportunities and to have the drive, vision and ability to exploit them profitably". A great deal of capacity building of rural communities and entrepreneurs is required to stimulate their drive and imagination and to impart business skills. The same study highlighted that it is very difficult for this to be done in a commercially sustainable way at a large enough scale and this is where the SE comes into play.

In light of this, SE as an emerging innovative approach to deal with complex social needs requires an enabling environment necessary for its development. It was therefore, a concern of this study to evaluate the supporting environment necessary for promotion of social entrepreneurship in Tanzania. Since there is a lack of documented literature and research in the field of SE in the Tanzanian context, the researchers felt that it was important to start by exploring and mapping out the field in a comprehensive way. This study therefore is one of the starting efforts of promoting the field and brings a clear picture with regard to awareness and implementation of SE in the Tanzanian context. The study was guided by two major questions; Are key policymakers aware of the concept and role of social entrepreneurship? Are there any initiatives done by government to promote social entrepreneurship?

The rest of the paper is organized as follows; Definitions key words used in this study are presented next. This section is necessary because, most of the terms used here have many definitions from the literature and therefore the researchers find necessary to choose which ones are employed by this study. The next section discusses the general literature review on social entrepreneurship followed by the methods section. Findings are discussed in the next section followed by conclusion and implications.

1. DEFINITION OF KEY TERMS

1.1. Entrepreneurship

Entrepreneurship is one of the aspects which is considered very important, but for which no common definition exists. Different stakeholders take entrepreneurship to mean different things. Drucker (1960) defines entrepreneurship as the tendency to create value through identification and exploitation of opportunities. This includes starting and managing one's own business. Gibb (2005) defines Entrepreneurship as "a way of thinking, reasoning and acting that results in the creation, enhancement, realization, and renewal of value for an individual, group, organization, society. At the heart of this process, is the creation and/or recognition of opportunities followed by the will and initiation to seize these opportunities. In other words, Entrepreneurship is about

¹ The SMEs nomenclature in Tanzania is used to mean micro, small and medium enterprises. Micro enterprises are those engaging up to 4 people or employing capital of up to US\$ 5,000. Small enterprises have between 5 and 49 employees or capital of US\$ 5,000 to US\$ 200,000. Medium enterprises employ between 50 and 99 people or use capital investment from US\$ 200,000 to US\$ 800,000.

² IFC. 2005. Tanzania MSMEs Access to Finance Assessment

getting things done or changing the way things are done. Thus, Entrepreneurship has been defined as a process by which people pursue opportunities, fulfilling needs and wants through innovation; without regard to the resources they currently control (Stephen Robbins & Mary Coulter, 1999). Fundamentally, in this study, entrepreneurship will be implying human creative act which involves using personal energy in initiating and building an enterprise or organization.

1.2. Social entrepreneurship (SE)

The concept of Social entrepreneurship has different meanings to different people and researchers (Dees, 1998). Some refers it as not-for-profit initiative in search of alternative funding strategies, or management schemes to create social value (Austi, Stevenson, and Wei-Skillern, 2003). Some understands it as the socially responsible practice of commercial businesses engaged in cross-sector partnerships (Sagawa and Segal, 2000; Waddock, 1991). Others view SE as a means to alleviate social problems and catalyze social transformation (Alvord et al., 2004; Ashoka Innovators³, 2000). Johnson (2000) views social entrepreneurship in three perspectives; Firstly, as a process of creating value by combining resources in new ways (Stevenson, et al, 1989; Schumpeter, 1934). Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change (Alvord et al., 2004) or meeting social needs and third, social entrepreneurship as a process, involves the offering of services and products but also refer to the creation of new organizations.

Dees (1998, 2003) maintains that the following conditions are present in social entrepreneurship: "Adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting heightened accountability to the constituencies served and for the outcomes created". SE therefore emphasizes on creativity, flexibility and collective work to accomplish community goals in order to bring about a sustainable social change. It can occur within the public, private or non-profit sectors and is in essence a hybrid model involving both for-profit and non-profit activities.

1.3. Enabling environment for social entrepreneurship

The enabling environment is basically a combination of international, national, local policies and the legislation that constitutes the "rules of the game" and enables all the institutions and the stakeholders to play their respective roles. An enabling environment in this study will essentially be referring to a combination of awareness, policies, legislation, infrastructure and incentive structures aiming at creating institutional and organisational capacity building to promoting SE both at the government, institutional and individual level.

1.4. Social entrepreneurs

Social Entrepreneurs generally are considered as individuals who have a vision for social change and who have the financial resources to support their ideas. They are also the ones who exhibit all the skills of successful business people as well as a powerful desire for social change. Kramer (2005) has pointed out that having an innovative approach is a defining characteristic of social entrepreneurs, and the spread of that approach to other organizations or regions is a major

³ Ashoka is the world's working community of approximately 2,000 leading social entrepreneurs also available at <http://www.ashoka.org/press/5187>.

criterion for successes. In this study social entrepreneurs will be used as change agents with potential opportunities for influencing and changing the performance capacity of societies.

1.5. Social enterprises

This study defines social enterprises as any private or public organization which conducts activities for the public interest, organized with an entrepreneurial strategy whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the social problem (e.g. unemployment) (Haugh 2005). In other words, social enterprises are businesses that trade for a social purpose. These enterprises combine entrepreneurship and social purpose and seek to be financially sustainable by generating revenue from trading. Their social mission prioritizes social benefit above financial profit and if and when the profit is made, it is used to further the social aims of the beneficiary group or community and not distributed to those with controlling interest in the enterprise.

2. LITERATURE REVIEW

This section highlights some important issues concerning SE and its importance in SMEs and the society in general. The section also gives an overview of the differences and similarities between social and business entrepreneurship. Social enterprises in Tanzania are also briefly discussed.

2.1. Social entrepreneurship versus business (economic) entrepreneurship

Social entrepreneurship is seen as different from other forms of entrepreneurship in the relatively higher priority given to promote social value and development versus capturing economic value. (Schumpter, 1934; Baumol, 1993) contends that, although the profit motive might be a central engine of entrepreneurship, it does not preclude other motivations. It should therefore be noted that, entrepreneurship in the business sector has a social aspect versus personal fulfillment for social entrepreneurship (Borstein, 1998; Catford, 1998, Venkataraman 1997). However, this does not mean that social entrepreneurship initiatives should not embrace an earned income strategy.

The main difference between entrepreneurship in the business sector and social entrepreneurship lies in the relative priority given to social wealth creation versus economic wealth creation. Thus, in social entrepreneurship, social wealth creation is the primary objective, while economic value creation, in the form of earned income, is a necessary by-product that ensures the sustainability of the initiative and financial self-sufficiency. Additional distinctive feature of social entrepreneurship lies in the limited ability to capture the value added. Example, Social entrepreneurs who address basic social needs such as food, shelter, or education very often find it difficult to capture economic value because even if the customers are willing often they are unable to pay even a small part of the price of the products or services provided (Seelos and Mair, 2005).

When persons are concerned, thus social versus business entrepreneurs; it is argued that these two persons can be distinguished primarily by ideology, which guides their choices of mission, means and ends. That is to say, Social entrepreneurs are "persons who create or manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group" rather than the pursuit of profit for an economic entrepreneur (Prabhu, 1999). Social entrepreneurs involved in for-profit activities see profit as a means to an end, while economic entrepreneurs see profit as an end in itself (Dees, 1998; Thalhuber, 1998).

Unlike economic entrepreneurs, social entrepreneurs are often highly supportive of each other's efforts, in some cases writing letters to one another to show this support.

Regarding their similarities; (Catford, 1998), comments that social and economic entrepreneurs share the same focus on vision and opportunity and the same ability to convince and empower others to help them turn these visions into a reality. For social entrepreneurs however, these characteristics are coupled with a strong desire for social justice. (Dees, 1998; Henton et al., 1997) added on the idea by commenting that social entrepreneurs (much like economic entrepreneurs) do not allow the lack of initial resources to limit their options, and that their reach often exceeds their grasp.

2.2. Importance of SE

As previously stated, SE as a new emerging era is now increasingly acknowledged by development partners and NGOs to play a significant role in addressing current developmental challenges. It is further commented that, SE has the potential for generating new energy, creating new intellectual capital, and providing new methods for solving old problems. SE is aimed at improving personal and collective well being in reducing inequalities and increasing social cohesion, as well as benefiting the community. (Reis 1999), comments that this is done mainly through: Creation of decent jobs for marginalized and excluded people; Reintegration of people with difficulties into the labor market; Provision and delivery of collective goods and social services for low income individuals; Increase of social capital and Dissemination of social innovations. Furthermore, the principles of social entrepreneurship (self reliance, financial sustainability, pragmatic problem solving) are all congruent with the current trends in the world changes. Social entrepreneurship is redefining problem solving by breaking and building new models, and therefore changing the equilibrium of the marginalized⁴.

SE can also be used as a means of advocacy towards public ownership. This has been applicable in an Indian social enterprise called SEWA⁵ which used advocacy and policy dialogue to bring attention to the International Labor Organization (ILO) and therefore passing a convention in 1997, recognizing home based workers as active contributors to the national economy with certain rights (Ashoka *ibid.*).

Social entrepreneurs have the ability to change norms. This is elaborated by the Microfinance Grameen⁶ model of Mohamed Yunus whereby the main service which is provided in this model is lending money using group guarantees instead of collateral, money can therefore be lent without collateral, much less to the poor. This microfinance model was very successful in Bangladesh and it is now practiced in many countries all over the world including Tanzania. Microfinance services have to a greater extent proved the importance of SE by servicing the poor with financial services which they wouldn't otherwise get access to. Microfinance will be discussed in detail later in this section.

SE is about social change. It can create societal changes under various conditions. SEWA *ibid.* brought up another example of social change against street vendors who were looking for market place after being abused by public authorities. The movement was successful and the vendors

⁴ The 6th Global Summit on Social entrepreneurship, 2007

⁵ Self Employed Women Association; www.sewa.org

⁶ www.grameenfoundation.org

were given the market places. Tanzanian micro and informal business association⁷ provides another example of a social enterprise in Tanzania, through advocacy they managed to acquire the market place whose construction is currently nearing completion.

Social Entrepreneurship can be useful in contexts where poor communities cannot access services offered by other NGOs or Government Agencies (GAs). Celina Su (2005) gave an example of Shan Burmese refugees in Thailand who had little access to financial aids for them to get education. They managed to gain access to education by focusing on social relations and fostering public good by their means.

In general, SE has many important benefits. However, most of the benefits have not been organized empirically. There are still very few empirical studies on SE particularly in the Tanzanian context that highlight the concept and document the related activities. This shows an opportunity to be worked upon. This was also evidenced by (Thompson, Alvy et al. 2000) who emphasized on the need for awareness studies on SE.

2.3. Development of social entrepreneurship in the world

It is no coincidence that interest in SE in the world today is rising at a time when the traditional boundaries between the public, private and voluntary sectors are changing, and in some cases, collapsing (CCSE, 2001; Thompson, et. Al 2000). In addition, the forces of globalization in the developed world has resulted in a shift away from a social welfare approach to developmental approach, and the shift has been towards a market-based approach with an emphasis on market forces as the primary tool for the distribution (and redistribution) of scarce resources.

In addition, SE is developing in the world due the fact that "governments today can no longer afford to provide social welfare to the extent that it was provided under the Keynesian model because they have sold the previously state-owned assets that not only were fundamental to the countries' infrastructure but also provided revenue streams and they have less income to redistribute (Roper et al, 2005)". Furthermore, SE field is a focus of many countries because it plays one or all of the following roles: community regeneration through greater social inclusion and strengthened economic conditions, creation of greater efficiency, optimising resources available, promotion of values, strengthening active citizenship and community involvement; it allows growth within limits and hence its development is the priority of many countries in the world today.

Since the field of SE is made up of social entrepreneurs who are energetic individuals, with a higher than average tolerance for uncertainty, and a willingness to pursue their goals in spite of initial obstacles or lack of resources, It is developing fast in order to maximize its contribution to SMEs and country development as well. This is because, as creative thinkers, social entrepreneurs focus on vision and opportunity, and use their ability to convince and empower others to help turn these visions into reality. Furthermore, social entrepreneurs tend to be highly collaborative individuals, with a high degree of concern for their communities. Dees (1998) pointed out that social entrepreneurs can simply be perceived as change agents with powerful ideas, who combine visionary and real world problem-solving creativity, who have strong ethical empathy and who are totally possessed by their vision for change.

⁷ The information is obtained from a study conducted by University of Dar es Salaam Entrepreneurship Centre on Informal Sector Advocacy.

2.4. SE in Tanzania

Governments no longer afford to provide social welfare to its citizens (Roper *ibid*). There has been increased poverty, unemployment, with many seeking alternative ways of earning a living. The informal sector, encompassed in SMEs was considered as being crucial in creating income, and so good for society's well-being. However, one of major constraints facing SMEs worldwide, including Tanzania, is access to financial services. These enterprises were neglected in the past by formal financial institutions because of several good reasons. Some of the reasons documented by (Ishengoma, & Kappel 2006) are: high administrative costs of lending to small-scale enterprises, vulnerability of SMEs to adverse economic conditions, high failure rates and therefore the incidences of default are higher compared to large firms, and the risk factor, as small-scale enterprises poses very little collateral and actual losses could be fairly high.

Innovative ways of offering financial services to the poor were thus developed, first by NGOs (social enterprises in this case) which started to operate at small scale delivery of credit to the poor utilizing the strengths of the poor at the same time working upon against their weaknesses. The approaches that have been used, as highlighted by (Temu, 2000) include: The self selection and screening of the borrowers, group lending and use of group solidarity/pressure for ensuring timely and full repayment, close monitoring and a well established management system example swift transactions (very short time applications to final approval and eventual reception of the loan) etc. This approach was adopted from the Grameen model and modified to suit the Tanzanian context.

With the Tanzanian case, we see that one category of social enterprises which has been working well is the microfinance providers. Most of them have dual objective of reaching many poor clients mostly SMEs, in the rural areas and be financially sustainable. The proponents of the microfinance enterprises have the major mission of transforming society, bringing about social change where it is seen impossible. They consider innovative ways of bringing the well-being of majority of society members, who are poor, in terms of creating to them access to credit in the absence of collateral. This is what drives social entrepreneurs when starting and managing social enterprises.

SE is therefore important and it certainly contributes to growth of economies if it is known and supported by all stakeholders. As for the case of Tanzania, SE initiatives if used accordingly can reduce many constraints that face SMEs. However awareness on this concept to key decision makers is very important and this will guide future related efforts

3. METHODS

The study used qualitative research in discovering the enabling environment for Social Entrepreneurship in Tanzania. This is due to the fact that qualitative research uses unreconstructed logic to get at what is real, that is the quality, meaning, context, or image of reality in what people actually do and not what they say they do (as on questionnaires). Since qualitative research involves in-depth understanding of human behaviors and reasons that govern those behaviors, the study relied in establishing reasons behind various aspects of such behaviors. It aimed at investigating the why and how of decision making bodies. Hence, the study needed small but focused sample in order to categorize data into pattern as primary basis for organizing and reporting result.

The study also employed an explorative approach because the field is not well known in Tanzania and hence need for awareness creation and advocacy of the phenomenon from the respondent's

views based on their experience and knowledge on the sector. Exploratory studies are valuable means of finding out what is happening to seek new insights, to ask questions and assess phenomena in a new light (Robson, 1993). The three ways of conducting exploratory research are; a search of literature, taking expert in the subject and conducting focus group interview. It is flexible and adoptable to change as a result of new data which appears and new insights which occur. The study was carried out in Dar-es-Salaam which is the business and administrative center in the country. The selection of the region indeed is based on the fact that all important institutions which are considered to assume the responsibility of creating an enabling environment for promotion of social entrepreneurship have their headquarters and main administrative centers in this city.

The population for this study involved people of different types but who have stake in promoting social entrepreneurship in particular. Generally, the study population included head of government agencies, departments, lecturers at academic institutions and other key stakeholders who play important roles in both the promotion of social entrepreneurship and creation of enabling environment in the country. Specifically, the study involved officials from: Ministry of Industry, SME Department, Small Industry development organization, empowerment council, government's entrepreneurship and enterprise development department, University of Dar es Salaam Entrepreneurship Centre (UDEEC) and property and business formalization programme.

Data were collected from both primary and secondary sources. Secondary data collected were mainly country's policies which had elements of entrepreneurship; the aim was to find out if SE is mentioned in these policies. Primary data were obtained through in-depth interviews with key stakeholders. Interview allows for person to person discussion and increases insight into people's thoughts, feelings, and behavior on important issues. The nature of the interview was unstructured and therefore permitted the researcher to encourage an informant (respondent) to talk at length about the topic of interest. A total of fifteen interviews were conducted and each was supported by field notes. Though the sample is small, it however involved key decision makers and stakeholders with regard to entrepreneurship and SME development in the country and the information obtained reflects the picture of how SE is perceived from their point of view. Data collected were thereafter analyzed by categorizing the interview materials based on our research questions and are presented in the coming section.

4. FINDINGS AND DISCUSSION

Findings are discussed based on the two questions identified as per the study objectives.

4.1. Current key stakeholders' conceptualisation and recognition of SE

The findings as obtained from officials and key stakeholders have generally shown that the respondents were not aware of the SE concept. The objectives of their organizations (agencies, projects) showed that they had some elements of social entrepreneurship, but they did not understand if they practice the concept. Data obtained from secondary sources revealed that policy documents that guides the activities of the surveyed organizations, (available via internet and printed format) did not document nor show the activities related to the concept of SE though the organization's activities were aimed at creating social entrepreneurial skills among SMEs.

One of the organizations has a programme with the objective of facilitating the transformation of property and business entities of the poor (informal sector) into legally held entities in the formal

sector⁸. The organization therefore assists the poor to formalize their assets so that they can use them profitably. This is part of SE, though not well understood by the officials and well reflected in organizations' documents. Furthermore, their main concern is not on a massive profit but on empowering SMEs so that they can contribute more effectively towards combating poverty.

Another example is Small Industry Development Organisation (SIDO), SME Catalogue (Volume 2, 2007), described the overall development objective of the organization is "to contribute to poverty eradication and enterprise development thereby contributing to economic development through provision of demand driven services that will create employment and generate income to the service users". Their mission⁹ also is "to be a leading business support Organization in Tanzania; providing efficiently and effectively in a business-like manner quality services that unlock potentials for growth and competitiveness of SME's in rural as well as in the urban areas". This mission and the development objective reflects SE as the major purpose of inducing social change, to address social problems and creating social benefits, in innovative ways indeed.

In implementing its mission, the organization has regional offices in every region of the country with professional staff. Most of these offices have industrial estates with workshops available to local SMEs at economic rates. They also have technology incubators where they support micro entrepreneurs who want to start businesses. The tenants are fully incubated for two to three years. After graduation, they establish their businesses in their own premises.

Other known activities of this organization are the Industrial Estates, Technology Development Centres, Training cum Production Centres, hire purchase schemes for equipment, technology development, technology transfer through twinning arrangements and exchanges with industries in Europe and Asia, and direct marketing. All these activities are there to support SMEs in order to start and expand their businesses.

During an interview with some officials, researchers were informed that the respondents were not aware of the concept SE. One of the respondents said as follows:

This is my first time to hear that word, I know what entrepreneurship is, and this is actually what my office is doing, but I am not aware of social entrepreneurship, please tell me what you mean...

Furthermore, during the interviews, researchers noticed that when the word entrepreneurship was mentioned, (despite having social word before it), its focus was only on profit making via profitable businesses. Similar responses were also reflected during interviews with other respondents. The study therefore attributes lack and /or limited understanding of the SE concept to key policy makers.

Researchers also conducted interviews with some academicians at the University of Dar es Salaam, particularly the Entrepreneurship Centre. Respondents were aware of the concept. This was expected since the centre is one of the leading centres of entrepreneurship in the country. It was however necessary to establish their understanding of the concept, and its meaning. Since they were academicians, researchers asked them to give their definition of SE. One of the respondents said:

⁸ www.mkurabita.go.tz

⁹ Small Industry Development Organizations (SIDO); www.sidotz.org

SE is the ability to change the performance capacity of the society through entrepreneurial efforts, and can be done by profit making businesses or non profit, the important thing is to assist the society in improving their capacity to alleviate poverty.

Though key policy makers in the government are not aware of the SE concept, the university is aware and there is a bright future that they will initiate awareness campaign to policy makers.

In summary, apart from the university as a key stakeholder in entrepreneurship development, all other respondents were not aware of the concept though most of their activities indicated that they have elements of SE at least from the way we defined it in this paper. These findings have been also supported by the literature like (Alvord, Brown et al. 2004) who argue that although the SE as a concept may be new, the initiatives that employ entrepreneurial capacities to solve social problems are not new.

4.2. Initiatives that have been taken to promote SE and its adoption in SME development

This objective was important in knowing the initiatives that stakeholders had taken to promote SE in the country. The initiatives focus on both financial (provision of financial services) and non-financial services (provision of training, advice, consultation, counselling and so forth). As previously stated, though the concept was in most cases not known, activities of SE were at least seen in organizations' activities and from the study respondents. The study further explored if there are other initiatives which are conducted by these organizations that are related to those identified as SE activities.

Some of the initiatives done by SIDO and the government's department of entrepreneurship have been to offer support in business development services. They basically offer extensive training to women entrepreneurs who have already started businesses and who would like to start. For those in businesses they offer cheap and affordable training on how they can manage and expand their businesses. For those who want to start businesses especially in food processing industry, they offer them courses on food preservation and processing at a small fee where participants learn by doing. Respondents were asked if they have seen any impact of these training to their clients, and this is one of the responses,

Yes we have a database of all women who have passed our food processing training, we know many of them who have started this business and are performing well... some of them have joined the training for "already in business women", we are happy that we make an impact by changing peoples' lives.

Provision of financial services to the poor and low income people has been done quite well in the country by most microfinance social enterprises. It should be noted that the outreach is still poor and that some banks are now downscaling to offer microfinance services to the needy. The National Microfinance Policy (2000) clearly stipulates that the government will facilitate the provision of microfinance services to the poor in order to assist them grow their businesses and improve their income. The National Microfinance policy together with the *National Policy on Non-Governmental Organizations* (NGO) (Nov 2001) policy allows the formation of NGOs which have special emphasis in offering microfinance services. The government also support some microfinance NGOs so that they can reach more people. In recent years, the country has witnessed the mushrooming of these NGOs that are doing a commendable job in promoting SMEs and SE specifically. Most of them are mainly involved in credit delivery, business training,

providing general consultancy, supporting market linkages and addressing gender and environmental issues. However, most of the institutions supporting SMEs are rather weak, fragmented and / or uncoordinated and concentrated in urban areas. This calls for the need to coordinate and strengthen the enterprises supporting SMEs both financially and non-financially. The Small and Medium Enterprises (SME) policy (2003), Microfinance and NGO policies are efforts to support and strengthen them but the implementation of these policies is still far way.

Respondents were also aware that the government support to NGOs who in turn support low income people has significant impact. They say that people who get microfinance services, do not use the money only for businesses, they also use the money for other purposes such as paying school fees for their children, buying food and sometime repair their houses. These findings are also evidenced in microfinance studies whereby the social performance is one of the important aspects of microfinance organizations. Social performance meaning the ability of the microfinance organizations to make social impact to its poor clients (such as being able to pay school fees), and not only improving businesses (Brau and Woller, 2004).

The study also found that most of the SE initiatives which are done by different agencies are results of the challenges faced by the country. There are problems with the increasing poverty among the populace including the youth, the increasing unemployment in the formal sector, the growing gap between the rich and the poor, as well as failure of the social welfare system. The government together with the private sector have to work together to support development of SMEs so as to tackle these challenges by empowering people economically and the country in general. New ways had to be thought out that would promote SE. For example, The National Strategy for Growth and Reduction of Poverty (NSGRP)¹⁰ was established in 2005 as a five year project with the main objective of reducing poverty amongst Tanzanians in general. This project is in line with the country's vision 2025 and committed to the achievement of the Millennium Development Goals (MDGs). It has an increased focus on growth and governance, and is an instrument for mobilising efforts and resources towards its outcomes.

Another government initiative is the Property and Business Formalization Programme (TPBP). This programme was effected by the government in an effort to provide relief to the Tanzanian masses of medium and lower ranks to make maximum use of their properties and business assets as well as other opportunities to secure loans for opening up small scale projects thereby raising their income. Under such facilitation they could effectively participate in the reduction of income poverty and contribute to the attainment of MDG targets. The interviews also revealed that the programme is yet to accomplish its objectives.

The University also indicated that they are having some initiatives to promote SE by teaching it in some of its entrepreneurship courses. One of the respondents said:

We at the university have started to teach a little about SE to some of our students' especially postgraduate students. As for the public, we have not yet started but we are planning to mainstream the concept in all our entrepreneurship short courses to the public.

In summary, there are some initiatives on SE that are done by the government but not to a large extent. In general, SE is not effectively promoted in the country; the concept is not well and

¹⁰ This is famous known as MKUKUTA, a Swahili word stands for The national Strategy for growth and reduction of poverty. More information about this is obtained in <http://www.tanzania.go.tz/mkukutaf.html>

clearly documented and institutionalized in the policies and regulations of the organizations and bodies that have taken the responsibility of promoting SME development. This state of affair is attributed to lack of awareness among key stakeholders on what SE is and its importance for SME development. For this reason, the respondents gave a number of suggestions aiming at promoting SE for it to contribute effectively towards SME development and ultimately poverty reduction.

Suggestions given are conducting stakeholders meetings, pilot studies, as well as conducting seminars on SE awareness. Others are creating awareness to the public via the media; specifically television, radio and newspapers should play a key role in creating awareness of SE in the community including the policy makers. These should be among the key targets as they are supposed to portray a correct picture of the concept to the society so that the society may well embrace the concept and integrate it to bring about social changes and development. SE should also be incorporated into training programs including the curriculum. With the university starting to mainstream SE in its courses, we believe that some of these suggestions will be met in future.

CONCLUSIONS

The overall objective of this study was to evaluate the supporting environment in promoting SE in Tanzania. Specifically, the study intended at evaluating the current key stakeholders' conceptualisation and recognition of SE and evaluating the initiatives that key stakeholders in Tanzania have taken to promote it. Researchers conducted interviews to key stakeholders and collected some secondary data from various government agencies and the academic institutions.

Findings revealed that apart from the academic institution, respondents were not aware of the SE concept. The objectives of their organizations showed that they had some elements of SE, but this concept was not clearly encompassed in their mission statements. The implication is that SE matters are not well integrated in organizations' policy missions, although the nature of their activities reflects some SE elements. Failure for organizations to integrate SE concept in their policy and mission statements can be attributed to lack of awareness of the concept among the populace, the media as well as the policymakers. There is a need for the policy makers to be made aware of the concept and henceforth promote it for the benefit of SMEs and the community at large. The study also found out that there are several initiatives currently being undertaken by different agencies in promoting SE which in turn improve the performance capacity of the society. Such agencies and organizations are numerous, and vivid examples are NGOs which provide microfinance services and other business development services to SME's. In the individualistic and profit seeking modern world, the marginalized would never have an opportunity to get loans in the absence of collateral, and loans would have been possible only for the few rich (Ohanyan 2003). The initiatives were also seen in some of the existing national policies, regulations and plans though not documented as SE initiatives. This to some extent limits full adoption and implementation of SE since the concept is not well stipulated in the policy documents.

Having some initiatives to support SE, SMEs and to reduce poverty is a good indication that the country possesses the enabling environment for SE. The important thing needed is awareness of the concept and its importance to key decision makers as a starting point, and later to the society in general. This will lead to a common understanding of the term and make its implementation much easier. With the same note, policy makers will incorporate it in policy documents and set some regulations for the same. The public will also get an opportunity to practice it with the

support from the government. We conclusively argue that Tanzania is prepared to adopt SE for SME development. This can basically be attributed to the fact that it is a strategy which is aimed at innovatively solving the problems facing the community for the benefit of the nation at large (Alvord, et.al, 2004).

This study has awakened some implications and recommendations which are worth mentioning. First, there is need for having mass entrepreneurship development programs, which will use mass media to sensitize rural communities to become more entrepreneurial and also to develop specific business start-up and management skills. The society should be made aware that entrepreneurship is not only doing business, rather it goes beyond that and especially when talking of SE. Secondly, the concept SE should be fully documented in the policies, regulations, legislations and various guidelines. This can be done through seminars and workshops to the policy makers, but also to owners of mass media so that they get a correct picture and portray it correctly to the society. Thirdly, SE should be integrated in schools and colleges' curriculum beginning from primary to tertiary education. There have been many efforts to mainstream entrepreneurship in general in schools' curriculum (UDEC, 2007)¹¹; this should also be the case for SE.

This initial study leaves many questions unanswered. Researchers would therefore like to recommend more empirical studies in SE to be conducted in Tanzania as has been done in other countries worldwide. Some empirical studies can also look at the successful social enterprises in Tanzania and get the general pattern of how they have achieved their performance. Studies of successful entrepreneurs are also important in shedding lights of this concept in general.

¹¹ University of Dar es Salaam Entrepreneurship Centre (UDEC) 2007; conducted workshop to mainstream entrepreneurship in the curricula for curricula developers (Tanzania Institute of Education) and the University of Dar es Salaam colleges.

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