

## THE ROLE AND PROCESS OF SOCIAL ENTREPRENEURSHIP IN A DEVELOPING COUNTRY: CASE STUDIES FROM DAR-ES-SALAAM AND MWANZA, TANZANIA

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### ABSTRACT

*Entrepreneurs and SMEs play a key role in contributing towards economic growth worldwide. Despite this, the world is changing, bringing in new challenges that need more creative and innovative entrepreneurs. Review of literature proposes that, social entrepreneurs are important in complementing efforts of other stakeholders in resolving these problems. This paper contributes to emerging discussions in this area through the consideration of social entrepreneurship in Tanzania. Generally, the paper explores on the social entrepreneurship process, the role of social entrepreneurs and challenges facing them. Data was collected qualitatively through one email exchange and two face to face interviews. The sample was obtained purposefully from Dar-es-Salaam and Mwanza. The data were analysed qualitatively based on emerging themes. The study established that, the social entrepreneurship venture passes through two stages, idea creation and mission achievement and that social entrepreneurs are crucial in solving social problems poverty being one. The roles of social entrepreneurship in Tanzania include, reduction of unemployment, improving human rights, empowering vulnerable individuals , reduction of inequalities, and provision of knowledge and skills. Despite this, social entrepreneurs are faced with various challenges, the major ones being: poor infrastructure, getting funds and capital raising, poor support from stakeholders. Others are destruction and loss of books, recruiting workers and board members, promoting awareness and growth of the organization, leasing, lack of identity cards, the credit bureau not fully utilized by the social entrepreneurship sector, lack of customers and raising the cost of living. The paper recommends that, the concept of social entrepreneurship has to be well studied in order to come out with an appropriate regulatory framework to help social entrepreneurs benefit from various stakeholder support. Social entrepreneurship education should be provided at all levels to develop more entrepreneurs and a culture of social entrepreneurship.*

**Key words:** Poverty, Entrepreneurship, Social Entrepreneurs, Poverty Reduction, Social Entrepreneurship and Challenges.

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### INTRODUCTION

Poverty is one of the most pressing social problems of the 21<sup>st</sup> century (Dacanay, 2013: Bruton & Ketchen, 2013). That is why, the world's leaders, who gathered at the millennium Summit of the 2000, declared a war against poverty through the Millennium Development Goals (MDGs) derived from the Declaration of the summit, where member states of the United Nations (UN) agreed to achieve this by 2015. The first goal was geared at eradicating extreme poverty and hunger, with a target to reduce by half the proportion of people living on less than a dollar a day and who suffer from hunger UNDP, 2003 in (Dacanay, 2013). In addition, the goals seek to achieve universal primary education, promote gender equality and empower women, reduce child mortality, attain environmental sustainability, and development of a global partnership for all by the year 2015 (UNDP, 2003) that are important for sustainable development. Despite this, the goal was not attained in some developing countries, Tanzania being one. In this regard, the successor of the Millennium Development Goals, the Sustainable Development Goal number one is emphasizing that, no poverty by 2030.

UNDP (2003) defines poverty as a multi-dimensional social phenomenon that can be analytically divided into two dimensions. These are; income poverty, that means lack of income necessary to satisfy basic needs: and

human poverty which is the lack of human capabilities, notably life expectancy, marital health, education, nutrition, clean water and perceptions of well-being. Poverty goes beyond the state of being poor, lack of money, resources or low income. It involves a lack of means of having an income, such as illiteracy or education, good health and a sound mind. Poverty has to do with an unstable economy, national or man-made disasters and insecurity. Poverty is an indication of illiteracy, inequality and social injustice.

Efforts to reduce poverty were implemented by governments all over the world through various policies, programmes and projects. For example, in Tanzania the government puts in place a National Strategy for Growth and Reduction of Poverty (NSGRP). This strategy aims at, accelerating economic growth, reducing poverty, improving the standard of living and social welfare of the people as well as good governance and accountability (IMF, 2011). Nigeria had the National Economic Empowerment and Development Strategy (NEEDS) and went on as far as establishing specific state strategies that are called State Economic Empowerment and Development Strategy (SEEDS) to cater for the grassroots (IMF, 2005).

Despite the different strategies, half of the world population lives in extreme poverty, Sub Saharan Africa is the worst and Tanzania is among these countries. MDGs (2013) report shows that, 48% of people are living on less than 1.25 \$ dollar per day and are dwelling in Sub Saharan Africa and Tanzania stands at 28.2% as compared with 30% in southern Asia, including India 22%, Latin America 6% and Northern Africa 1%. On the other hand, the job gap has widened by 67 million people worldwide, while about 842 million people are suffering from chronic hunger of which the majority are living in developing countries. It is estimated that, 99 million children of age below five are undernourished and underweight by 2012 while Tanzania represents 42%. Globally four out of every five deaths of children under age of five continue to occur in sub-Saharan Africa and Southern Asia, while the maternal mortality ratio stands at 510 in sub Saharan Africa and Tanzania stands at 432 by 2012. About 748 million people are still relying on unsafe drinking water and Tanzania represents 47% by 2012 and 45 countries in the world are in a position of not to meet the MDG drinking water target (UN, 2014)

The persistence of poverty and other social ills are a result of evolving life styles, social institutions and structures capable of affecting the human social wellbeing (Moses & Olokundun, 2014) that calls for special strategies and tools to overcome the situation. In this case, the goal of reducing poverty cannot be achieved unless proper strategies and tools are put in place. Creative and innovative approaches are required in order to overcome these pressures and challenges and in turn make this world a good place to live. Therefore, social entrepreneurs are crucial in re-inventing these challenges.

Social entrepreneurs are important as they generate significant and diverse contributions to their communities and societies. "They create social value of adopting business models to offer creative solutions to complex and persistent social problems" (Zahra, Gedajlovic, Neubaum, & Shulman, 2009 page 519) and emerged as a response to the result of globalization and liberalization where governments as a major provider of social services, left this in the hands of the market. Social entrepreneurs are viewed as agents of social change by tackling the root causes of social challenges and problems rather than the resulting consequences (Moses & Olokundun, 2014).

Social Entrepreneurs bring in new responses to unresolved social problems such as HIV/AIDS, mental health, illiteracy, crime, drug abuse, poverty, gender inequality just to mention a few (Nagler, 2007; Zahra *et al*, 2009). Their practices can lead to changes in the public sector to the extent of changing even policies and regulations. For example the Brazilian social entrepreneur Veronica Khosa developed a home based care for AIDS patients, which later changed the government health policy (Nagler, 2007). Furthermore, they have the ability to change the norms of the society by changing the way people live, think and behave. This is evidenced by Dr Yunus with the Grameen bank where women were empowered to the extent of having their own enterprises and build in them the culture of saving, taking a loan and struggle to pay back with minimum external energy.

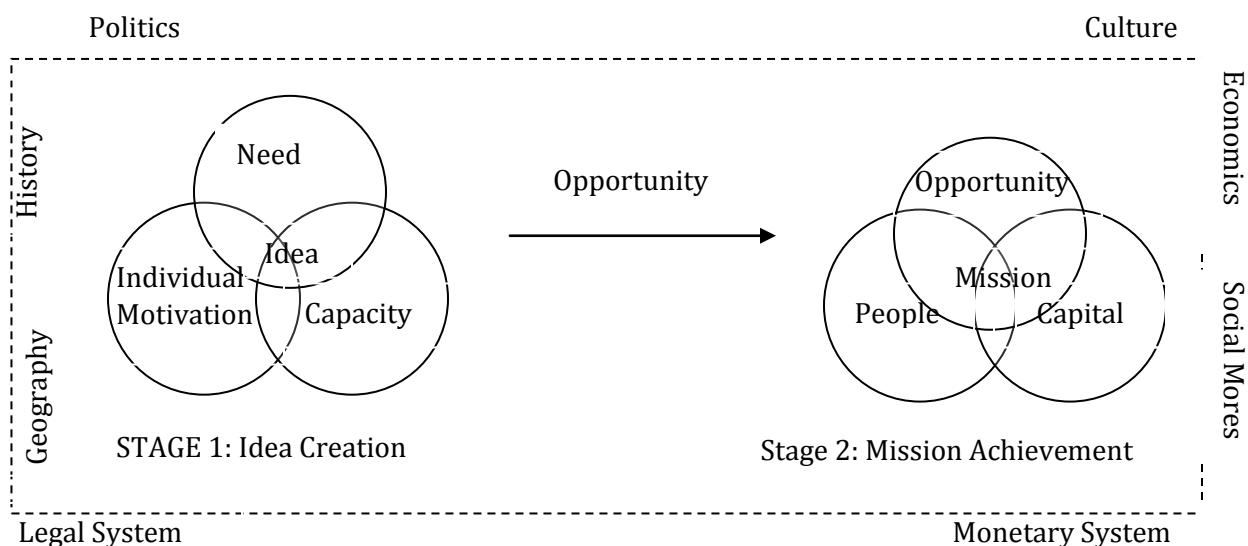
Despite the fact that, the Tanzanian economy is growing fast, Tanzanian's are still poor and lack access to basic social services such as health, clean water and education. This means that, having many social entrepreneurs might help in reducing these social problems. However, the role and process through which social entrepreneurs in Tanzania evolve and grow still need to be explored. This paper aims at, exploring the process at which social enterprises in Tanzania emerge and grow, highlighting on the role of social entrepreneurship in combating social challenges. The challenges that social entrepreneurs in Tanzania face in addressing social challenges, are looked at, as well.

### THE SOCIAL ENTREPRENEURSHIP PROCESS MODEL

Littlewood and Holt (2015) adopted a framework for a new creation, consisting of four elements as described in Gartner (1985). These are individuals who start the venture, the organisations they create, the process underpinning the new venture foundation and development and the surrounding environment. The framework have been widely used in the field of social entrepreneurship (Littlewood & Holt, 2015). This study is interested in understanding the social entrepreneurship process. The Gartner's framework constitutes six elements, namely; locating business opportunity, accumulating resources, marketing products and services, producing a product, building an organization and responding to government and society.

Another entrepreneurship process model as described by Flament (2012) suggests that, the social entrepreneurship process passes through two stages, that include, the idea creation and mission achievement. Figure 1 depicts the components encompasses the two stages. The first stage of idea creation is a product of the entrepreneurial individual motivation affected by his or her background, the social challenge to be addressed and the available resources to encounter the need. Since at this stage, the social entrepreneur is not sure of the applicability of the idea, then, the feasibility study of the idea need to be conducted, leading to the creation of an enterprise. The second stage involves joining together of the resources (human, financial and other physical resources) deemed necessary for accomplishing the enterprises' mission of achieving a social impact goal.

However, enterprises work in a certain context surrounded by an environment that has an impact on the activities of an enterprise. Thus, the environment may affect the enterprise either positively or negatively in the course of interaction between the enterprise and the context. Therefore, a conducive environment is crucial for the better performance of the enterprise.



**Figure 1: Social entrepreneurship Process Model (adopted from Flament, (2012))**

It can be seen that, the two frameworks are interrelated and the study deployed the Flament framework is seen to fit more on the process of a social venture. Besides, it was argued that, the list of variables as well as the

wider framework were not definitive, but can be used to describe process encompasses the creation of a new venture that are more comprehensive and can manage the complexities and variations emanating from the phenomenon (Littlewood & Holt, 2015).

### **THE ROLE OF SOCIAL ENTREPRENEURSHIP**

Skoll Foundation in Dacin, Dacin & Matear (2010: pg41) define a social entrepreneur *“as the one who aims for value in the form of transformational change that will benefit disadvantaged communities and ultimately the society at large. Social entrepreneurs, pioneer innovative and systematic approaches to meet the needs of the marginalized, disadvantaged and disfranchised populations that lack the financial means or political influence to achieve lifelong benefit on their own”*.

There are different types of social entrepreneurs working on different challenges and in different ways. Zahra et al (2009) identified three types of social entrepreneurs, these are social bricoleur, social constructivists and social engineers. Social bricoleur perceive and act upon opportunities to address local needs and are motivated by having the expertise and resources to bring in what is called “social equilibrium”. Social constructivists seek to remedy broader social problems by planning and developing formalised scalable solutions to meet growing social needs and their solutions can be used in various contexts. Social engineers focus on large scale issues with mass appeal that everyone is well aware of, for example, issues of unemployment, crime HIV/AIDS just to mention a few. They create solutions that transform the entire system to deal with the issue like legal frameworks and regulations. A good example can be Victoria Khosa with her home based HIV/AIDS programme and Dr Muhammad Yunus the founder of Grameen bank.

Social entrepreneurs are important in the developing world like Tanzania because of their qualities, notably the ability to apply talents, expertise and resources available in their environment to problems such as education, health, personal safety and security, poverty reduction, social advancement and environmental sustainability (Hussain *et al*, 2014). This is because, most of the African society is characterized by these challenges, and therefore reacting to them would ultimately result in poverty reduction. The reward of social entrepreneurs is to achieve social impact and improvement, rather than purely profit maximization or wealth creation. (Sivanthanu & Bhise, 2013; Moses & Olokundun, 2014). Their activities bring in economic value through the creation of new industries, validation of new business models and re-directing resources to neglected societal problems (Hussain *et al*, 2014). Their intention is geared at creating new opportunities in terms of improved service provision, as well as engaging the community in development programs through networking, so that individuals assume permanent responsibilities over their lives and fate thus leading to sustainable development (Malunga, Iwo & Mugobo 2014).

Since social entrepreneurs work with the intended communities, thus get on hand information regarding the challenges and become familiar with the culture of the communities. This enables them to tackle the problems in a systematic way rather than through imposed solutions. As long as solutions emanates from the community, it is expected that, the activities will have a big impact to the respective societies.

### **CHALLENGES OF SOCIAL ENTREPRENEURSHIP**

A review of the literature reveals the challenges that social entrepreneurs face in various contexts as shown in Table 1

*Table 1: Challenges faced by social entrepreneurs*

Author and title	Challenges revealed
Sivanthanu, B (2013). Challenges for social Entrepreneurship	Convey the business idea, working remotely (poor infrastructure such as transport and communication systems, power, etc.), gets funded, government approval, competition from others, acquiring technologies, promoting awareness and getting skilled workers.
Malunga, P, Iwu, C.G and Mugobo, V.V (2014). Social entrepreneurs and community development. A literature analysis.	Legal Framework, poor business models, lack sustainability and pre-mature scaling up
Spears, R, Cornforth, C and Aiken, M (2009). The governance challenges of social enterprises: Evidence from a UK empirical Study.	Recruiting board members with the right skills and experience, choosing an appropriate legal and governance structure, managing external stake holder's interest, managing membership, the power of boards to control management, managing the interdependencies between boards and management and balancing of social and financial goals.
Ganiger, S.V (2013). Women Social Entrepreneurs in India: Problems, Challenges and Strategies	Lack of finance, lack of higher education, training and self-confidence, family attachment, social taboos and exploitation, legal and social formalities tough competition and risk bearing capacity.
Nkala, M. (2009). Survival. Challenges faced by developing social enterprises	Strategy, finance and training, connections (social capital), governance and cultural implications
Benevolent Society (2013). The Benefits and Challenges of running a Social Enterprise	Meeting double bottom line, mission drift, unrealistic financial expectations, lack of business expertise, legal and tax implications
Valenzuela, M. (2011). Social enterprises in Egypt: Challenges and Opportunities. The World Bank Social Enterprise Innovations.	Missing social entrepreneurship infrastructure (for example SE incubators, angel investor networks, replication funds, etc.), policy and regulatory frameworks, cultural mindsets and educational systems.

## METHODOLOGY

In this study three social enterprises participated with the aim of understanding the role, process and identifying the key challenges that social entrepreneurs in Tanzania face. The data were gathered in a qualitative in-depth interview with the leaders of the three social enterprises and some employees in Wonder Workshop. The interviewees were purposively selected; two from Dar-Es-Salaam and one enterprise owner came from Mwanza. Two interviews involving Wonder Workshop and My Little Travelling Library were face to face and lasted between 1:30 to 2 hours. While the other was done, though e-mail exchanges with the managing director of SELFINA Co Ltd. Three e-mails were communicated where in the first one, the researchers requested for an interview with Dr. Kisyombe the managing director of SELFINA but, due to time constraint as she was abroad, it was not possible to get an audience with her. The second email was sent to inquire about the challenges facing SELFINA and she replied by writing to researchers the challenges SELFINA is facing, while other information concerning SELFINA were obtained through the web site. The data obtained were analysed qualitatively based on the emerged themes, where stories about the cases were narrated on how the enterprises arise and grow. The results were fitted into the social entrepreneurial process model and presented into text boxes. The challenges were summerised into emerging categories.

## RESULTS

### Cases of social entrepreneurship in Tanzania

#### Case 1: My Little Travelling Library

“My Little Travelling Library” is a non-profit organization founded by two brothers Innocent and Innocent junior. The idea arose when Innocent was a student at the St Augustine University in Mwanza. Innocent was not pleased with the situation of school age children roaming around the University premises selling groundnuts during school time. Innocent asked one of the pupils why he was selling groundnuts during school time, the answer was that the pupil did not have exercise books. After several inquiries he found that, there were people who used these children to sell for them groundnuts and in return gave them five hundred shillings. In order to change these youth’s behaviour, he decided to develop a friendship with them by starting a football team and bought few story books, of which he used to read for them after the football match and make fun out of the activities. These activities made the pupils to join Innocent after school to play football and read story books.

After completing the college, he shared the idea with his mother who encouraged him and gave a support of seed money, wealth one million shillings with which his journey started. With this money, he bought a mobile hand cart and added more books. At first it was hard as the teachers were not willing to allow him in their schools, even though, he was not discouraged. He continued visiting the schools and sit with small traders selling bites, to the children. Slowly, children coming for bites also visited Innocent’s hand cart for the purpose of reading story books, whom little by little started liking reading books. Later, the head teacher was impressed with the work and advised him to seek permission from the ward educational coordinator of which he was granted. This gave him a chance of being included in the school’s calendar and his activities was incorporated into the school’s academic timetable. Also on evenings and weekends, Innocent usually visits open spaces in order to give children more time and access to read books.

The project was expanded through the award worth twenty thousand USD that Innocent received after participating in the Reach for Change Awards. Due to increase in carts and cart managers, the organization employed a human resource officer and an accountant. Innocent is also helped by volunteer students pursuing a BA degree in Education at Saint Augustine University, Mwanza Campus.

To ensure sustainability of the organization, Innocent and his team produce backpacks from local material commonly known as Masai blankets and use the profit generated from sales to run the office, purchasing more books and carts, paying salaries to employees and sponsor more children to read books. Another strategy used by Innocent to raise income is done through Market investors who pay the company for advertising their products, for example, Cooperative Rural Development Bank (CRDB) with their Junior Jumbo Account. On the other hand, children consuming this service pay about four hundred shillings per month that is used for processing borrowers Identity Cards, mend torn books, and replace the lost and paying cart managers. The activities expanded to the extent of accommodating about five thousand children. As a result, children’s behaviour changed as more children attend classes, truancy level decreased and standard seven performances increased as well.

My Little Travelling Library aims at providing Tanzanian children with access to books while enhancing independent learning behaviour and reading habits. This is done through making funs, special interactive reading classes and competitions. This achievement is possible by ensuring that children get enough material all the time, especially in schools lacking the libraries.

#### Challenges

##### Promoting awareness

The idea of “My Little Travelling Library” is not well understood among stakeholders, who believe that, this being a Non-Governmental Organisation (NGO) is expected to provide free services. With the idea of free education, communities are not willing to spend even four hundred shillings on my little travelling library is charging per month for one child to borrow books. This is evidenced by the interviewee statement that “...with the free education policy it becomes more difficult to convince parents to contribute the four hundred shillings

*per month, of which is a very small money compared to the service provided". However, for sustainability of the organisation, financial resources are crucial, "...that's why money obtained from different sources is reinvested in producing backpacks that, when sold raise more money to sponsor the most disadvantaged pupils to read books".*

#### Recruiting Workers

Getting committed and faithful personnel is very difficult due to the nature of the work and working environment as most of the job seekers prefer white collar jobs. This is because helping somebody develop a reading habit is a process that needs patience and commitment which is lacking among the youth.

#### Cost of recruitment

As a nonprofit organization funds are limited, so recruiting people and giving them the appropriate skills is very costly. This is due to the fact that, the organization recruits form four leavers who haven't done very well in their examination. With due regard, they are upgraded through training and equipped them with skills such as English language, computer literacy, developing personality and incubated for a year before are left on their own to carry out the services. Therefore, to achieve this, the enterprise needs a consultant of which sometimes the budget does not cover such costs.

#### Poor infrastructure

Infrastructure is an important feature in implementing different projects. The interviewee pointed out that, one among the impediments is lack of electricity in schools and homes. This force the organization to tape, electric power from a nearby house, in order to use computers and projectors for audio visual demonstrations as the interviewee noted "*...at times it goes contrary to teaching ethics as we are forced to get power supply even from a bar...even though we have to pay for the service*". This problem extends to some pupils who fail to read books at home and therefore unable to compete with other pupils. This has almost been solved by producing bags with a solar installation package that pupils use during the night. However, children are supposed to get a sponsor who buys the backpack with a solar installation which costs about fifty thousand shillings.

#### Raising funds

Most projects depend very much on the availability and accessibility of funds. The interviewed revealed that, it is very difficult to raise funds due to lack of enough publicity. This is due to the fact that, the company managers are not willing to support as part of their social responsibilities "*... you know what? Managers don't listen...sometimes they ask you to put your story in writing, but after that, you will not hear from them*" "*...they claim that, the government does not praise their efforts*". This means, lack of financial resources hinders the smooth running of the enterprise.

#### Destruction and loss of books

Developing the reading habit need parents and cart managers collaboration. Having torn books means the parents are not well supporting their children to read. This means, instead of reading, children play with the books as a result, some get torn and some get lost. This is sometimes solved by paying visits to homes and talk to parents insisting in assisting their children to read. Some children steal books due to the fact that, are not able to pay for that little fee. Interestingly was a story of a pupil who used to steal books for her brother, a person with special needs, who was denied the right to go to school. This paved a way for the organization to extend their services to the people with special needs and lead them to introduce a special day to voice for the parents who deny children with special needs right to attend school. This relates to the problem of premature scaling up reported in Malunga et al. (2011) where social enterprises try to incorporate other societal challenges that might lead to failure in handling the increased scope of challenges.

#### Poor cooperation from various stakeholders

There is poor collaboration between the teachers, the organization and education officers in different levels. Poor collaboration denies pupils an opportunity to enhance further their learning skills, as the interviewee noted "*...for example, a teacher might be teaching the digestion system of which we have a video on the same...if we*

*could have collaborated it would be good for the pupils understanding of the subject matter”*. This is because pupils learn more when they make use of visual aid as they engage more sense organs in the learning process.

#### Growth of the organization

Reaching as many schools and pupils lead to the growth of the organisation, but due to lack of enough resources, including finance, committed personnel impedes on the growth process.

#### Recruiting board members

The organization lacks a board, however, being a functional organization, it requires having a board that is supposed to formulate policies and make decisions. Since social enterprises are not purely profit making organizations, getting board members who are experienced and with appropriate skills may be difficult as these members need to volunteer. While in reality, people with skills and experience would like to sell their expertise. This is evidenced by the interviewee statement that “...*maintaining the board is very expensive, that’s why meanwhile the organization resolved to have a board of parents who are at the bottom level and are not expected to be paid*”.

#### *Box 1: Analysis of My Little Travelling Library social entrepreneurial process*

##### *The idea creation*

**The need.** Innocent recognised the problem of school pupils roaming around the college premises during school hours selling groundnuts instead of being in school during that particular time.

**Individual motivation.** Attitudinal change of the pupils as they devoted their free time after classes to play football and read story books. He was also motivated by his younger brother and his mother after sharing the idea with them.

**Capacity.** Innocent is an educated person, he solicited financial resource from various sources, volunteers from St Augustine, support from the family, education officers and the head teacher and willingness of the children to change.

##### *Mission achievement*

**Opportunity.** He believed that, the problem of the pupils to abscond classes could be lessened by creating an independent learning and reading habit through fun and ensure that children get enough material all the time especially in schools lacking libraries.

**People.** To run the company Innocent, his brother and two employees are engaged with management issues and production of back packs. They are supported by cart managers and volunteers from the St Augustine University, together with education officers, teachers, donors and parents.

**Capital.** The capital was obtained from his own pocket, one million from his mother, part of his brothers monthly salary, a reward from the reach of change, and sales from back packs.

My little travelling library has attained some goals that lead him to accomplish the goal to the extent of accommodating about five thousand children, more children attend classes, truancy level decreased and standard seven performances has increased.

#### **Case 2:Sero Lease and Finance Limited (SELFINA)**

SELFINA was founded in 2002 by Dr Victoria Kisyombe after the death of her husband. The family through customary law took everything as being in the name of the husband except the cow SERO. Being a graduate, thought of other uneducated women, especially widows and wondering how they were managing their lives without tangible collateral assets, since it is a requirement for most financial institutions for loan provision. This was an opportunity to Victoria, to find a solution to the constraints that limit women’s participation in economic activities. She recognized the importance of micro-credit in empowering women economically, so she took a challenge of redesigning the old model so as to fit in poor women. Victoria with her newly designed model, began to lease assets that help them in generating income, and later qualifies them to fit in the traditional bank finance.

SELFINA has been an enabler of women's entrepreneurship in Tanzania, thus through its efforts, a considerable number of small businesses owned by women have benefited. Currently, the enterprise leases, almost everything from livestock, farm and office equipment, catering kits, water pumps, sewing machines, milling machines, oil extraction machines, and bicycles, creating in the process women entrepreneurs in all fields of business, from florists and farmers, to caterers and designers (SELFINA, Our Work:, 2016). Most of her clients are widows and young women, living in rural areas, seeking to empower themselves and have a control of their lives. Victoria's model not only meets the needs of Tanzanian communities, but is also recognized globally by the World Economic Forum and the World Bank.

Since its establishment, SELFINA has economically, empowered, more than 25,000 women. It is estimated that over 200,000 lives have been benefited through the assistances provided. Women are now owners of their own businesses and more than 125,000 jobs have been created. With the repayment rate of 95 percent, the enterprise keeps on growing, and creates more opportunities for women to build small businesses, and care for their families (SELFINA, About us, 2016).

### Challenges

Besides the achievement, SELFINA does not go without challenges as Dr Kisiyombe, reveals in the email exchange with the authors. The challenges include:

#### Leasing: inadequate funding

Leasing as a financial product requires substantial upfront funds for purchasing the assets which are to be leased. Due to increased number of the needy, the organization finds itself with limited fund to cater for all the needs.

#### Limited infrastructure within the country

Lack of Identity Cards (IDs): Many Tanzanians still do not have IDs. Despite the fact that the government is trying to provide Tanzanians with national identity cards, but still many women do not have such cards, that act as a helper in identifying the debtors. This might mean that, borrowers provide sometimes false information that makes the process of finding them very difficult, thus, recovering all the debts becomes impossible, and that's why the organization stands at a 95% repayment rate.

Credit Bureau not fully utilized by this sector. Due to this handling cases of defaulters becomes a challenge. This is because; sharing information on defaulters remains limited. This means that, the two systems are not compatible; therefore SELFINA being a hybrid does not fit exactly with the traditional model of borrowing. SELFINA finds itself in a dilemma on how to share information on defaulters with the Credit Bureau, so as to work together in recovering the loans.

*Box 2: Analysis of SELFINA social entrepreneurial process*

*The idea creation*

**The need.** Victoria realised that, women were unable to secure loans from financial institutions because of lack of collateral that is a requisite for loan provision. There was a need for women to participate in the economic activities.

**Individual motivation.** The hardship after the death of her husband, and being left with nothing as a result of customary laws that denies women to own properties. Despite the level of education, Victoria had, she was badly treated by the late husband's family. This incident motivated her to think of helping other women especially widows.

**Capacity.** Victoria being educated was able to change the old model loan provision to fit in women without collateral, she was also a salaried employee and earning some more money from sales of milk.

*Mission achievement*

**Opportunity.** The lack of collateral among women that denies them the opportunity to loans was an opportunity to Victoria that needed a solution. She recognized that the problem was to be reduced through micro-credit and to redesign the old model in order to fit in women without collateral.

**People.** The activities are managed by herself and her employees in all SELFINA centers

**Capital.** The initial capital was obtained from the savings of the sales of the milk from Sero.

Victoria Kisyombe has accomplished many of her goals over the past fourteen years with measurable evidence. SELFINA has economically, empowered, more than 25,000 women, over 200,000 lives have been benefited through micro leasing. And more than 125,000 jobs have been created. With the repayment rate of 95 percent, the enterprise has continued growing.

### **Case 3: Wonder Workshop**

Wonder Workshop (WW) was found by a British individual named Paul Joynson-Hicks in 2005 by then called Wonder Welders. The aim was to train people with disabilities, specifically those living with the effects of polio, in various arts and crafts, provide them with marketing opportunities so that the sales of the products pay them a fair and sustainable source of income. Also WW aims at promoting and practicing environmental awareness by recycling waste materials to make its products (Wonder Workshop, 2015).

Initially, three disabled men were trained in a job of recycling scrap metals by making animals from the metals, where the products were sold in gift shops in Dar-Es-Salaam to generate the income and sustain the project. The project was officially launched in 2006 and it has grown to incorporate new skills after receiving training from a Scottish volunteer, and as for now it has five sections including welding, soap making and carpentry. Other sections are a glass section that recycles broken window glass and old bottles to produce beads that are used to produce various ornaments and glasses. The project started with three disabled men, but now the number of employees has risen to thirty where out of them twenty four are people with disabilities, ten being women and six are people without a disability for undertaking management, marketing and driving jobs.

The project was launched from funds raised from Charity Goat Races, a support from big companies in Dar Es Salaam who donated scrap metal, and training from a local welder. The money obtained was used to purchase machines and rent a place to establish a workshop. Later, the first three people with disability were drawn from the streets and trained in welding. The sales of the products have made the project sustain itself and worker's livelihood "...we are not earning much ....but we earn enough to pay our employees' salaries enough to sustain their lives..." reported the interviewee.

The project has social, economic and environmental impacts as it helped people with disability to raise their dignity as before they thought of themselves not fit for employment. This is evidenced by a comment by the interviewee "... the project has given an opportunity to have a job for people that is difficult to secure jobs....", and one employee noted "... as you know, for us, people with disabilities, it is difficult to secure a job...it has helped me to gain skills and experience...it has helped us to meet with influential people, for example, President

*Bush, Prince Charles...that make me feel good...*”, this raises self-esteem of people with disabilities. The project has also economically empowered people with disabilities through salaries earned from their hard work. The activities carried out in the Wander Workshop are environmentally friendly, this is because, most of the raw materials used are waste products, this impact on the cleanliness of the city and prevents depletion of the natural resources.

## Challenges

### Lack of customers

*“...The most pressing challenge is a lack of customers; this is due to the fact that, we are off the road and the road heading to the workshop is rough...”*. This means that, the location cannot be easily accessed and this result in very few people visiting the workshop, especially the tourists who are the major customers, which may result in less sales.

### Limited funds

Funds are important to run any enterprise, thus due to the nature of the enterprise it has been expected to get donations the same as other NGOs does, but this is not the case. This limits the company from expanding to other places and reaching more people with disabilities that are in the streets and helpless.

### Rising cost of Living

The interviewee noted *“...the cost of living is rising very fast...some of the employees have to commute up to three buses to work, as a result, they complain that what they are getting is not enough to sustain their lives...asking for a raise of salary...”*. This means that, the company need to produce and sell more in order to earn enough money to overcome the situation, which is somehow difficult as they are constrained with some factors such as lack of customers and limited funds.

### Government support

Since this organization deals with people with disabilities, the government is supposed to give them priority and appropriate support needed to boost their activities so as to meet more needy people. In this way, the number of people with disabilities who are beggars will be engaged in some activities and be able to support themselves, therefore few people with disabilities will be left on the streets.

#### *Box 3: Analysis of Wonder Workshop social entrepreneurial process*

##### *The idea creation.*

**The need.** The problem was recognised as the difficulties of people with disabilities to secure employment and turned into beggars in the streets. There was the need to empower people with disabilities to secure decent jobs and be able to manage their lives.

**Individual motivation.** Hicks was motivated by a group of street beggars who organised themselves in order to change their behaviour into productive individuals.

**Capacity.** Possessed welding skills that were passed to the people with disabilities through training, money from goat race fund rising was used to purchase working equipment and a rented building to start a workshop.

##### *Mission achievement*

**Opportunity.** Hicks believed that, the problem of the difficulty of people with disability finding jobs can lessen by providing them with skills hence become employable.

**People.** The initiator who raised the start up capital, a volunteer from Scotland, local welders who trained the workers, employees and big companies that donated the initial scrapers.

**Capital.** The initial seed money obtained from the Charity Goat Race, exhibitions and sale of products

Wonder Workshop has, to some extent achieved its goals of providing employment and skills to people with disabilities as of now twenty four people are assured of a reliable source of income. The enterprise has imparted on the cleanliness of the city and environmental protection.

### Roles of social entrepreneurs revealed from the cases studied

The across case analysis shows that, all the three cases (100%) have played a role in reducing unemployment, improving human rights, reducing inequalities, empowering individuals economically and by providing them with knowledge and skills. Case by case analysis revealed that in wonder workshop they have played a big role in environmental protection. These roles played by the social entrepreneurs in the cases studied are in line with resolving the challenges stipulated in the sustainable development goals specifically goal 1, emphasizing of no poverty, goal 4 on quality education, goal 5 on gender equality, goal 8 on decent work and economic growth, goal 10 on reducing inequalities and goal 12 on responsible consumption and production. The three social enterprises studied have demonstrated that social entrepreneurs have the ability to tackle social economic challenges facing societies. This means having many of the social entrepreneurs with other stakeholders' efforts and support will impact much on societies and free them from these challenges, hence sustainable development.

### DISCUSSION OF FINDINGS

The study involves three social enterprises that are My Little Travelling Library a non-governmental organization, SELFINA, which is registered as for profit organization and Wonder Workshop as a Company Limited. From Box 1,2 and 3, it has been revealed that, social entrepreneurs construct their ideas based on the social problem that were learned from their respective communities, for example, My Little Travelling Library his idea arose from the problem of school children wandering around the college premises during school hours.

It can also be observed that, the source of seed money to start the enterprise comes from own pocket, family members or both or charitable activities. For example, SELFINA started from little savings obtained from the sales of the milk of cow SERO and that of Wonder Workshop was acquired through a Goat Race organised by Hicks in helping people with disabilities from being beggars. Even though these organisations have employed, but this came later as initially the organisations were run by the founders or family members. Analysis from the social entrepreneurs cases revealed that, the social entrepreneurship process in Tanzania engage, addressing the opportunity and social need, developing individual motivation, capacity building, accumulating resources, and building an organization.

It can generally be learnt through the examples outlined in this study that, social entrepreneurs bring in both social and economic impacts to the society. The major economic impact of social entrepreneurship is on the job and employment creation; SELFINA that has so far created 125,000 set a good example. On the other hand, Wonder Workshop has created twenty four jobs for people with disabilities, which is another dimension of job creation for the disadvantaged groups. Nagler (2007) supports the results that social entrepreneurship offers two values to the society one being that of job and employment creation and the other dimension that is unique to social enterprises is that of offering employment and job training to the segments of society at an unemployment disadvantage.

On the other hand, social entrepreneurs have been able to empower people economically, especially the marginalised women, SELFINA is an exemplar, who empowered women to the extent of being able to secure loans without collateral. Importantly, social enterprises bring about equity in societies by including the marginalised in their activities, as illustrated by the Wonder Workshop that employed people with disabilities. SELFINA accommodates women lacking collateral in the economic sphere while My Little Travelling Library engage school children discriminated by their economic status that denies them with important facilities such as exercise and text books. It can be observed that, the ways these social entrepreneurs have impacted on individuals and the society at large, have a direct link with poverty reduction. Therefore, social entrepreneurs are crucial in extending the efforts of government in meeting the unmet needs of societies for attaining sustainable development.

Despite the values added to societies, social enterprises face several challenges that limit their progress. The various challenges can be looked into two perspectives, there are those that are common to all and are regarded to be the most impinging challenges; these include, poor infrastructure that has been pointed out by the three

cases under study and thus observed to be the major challenge among the Social Entrepreneurs of Tanzania despite the sample being small. This is further evidenced from literature by Sivanthanu (2013) and Valenzuela (2011) even though, they differ in perspective. While Sivanthanu looks at infrastructure as connected to issues of poor transport, communication systems and power supply, Valenzuela on the other hand linked infrastructure with social entrepreneurship incubators, replicating funds, and angel investor networks. Despite the difference, the issues raised are critical for the growth of social enterprises. Another challenge common to the three interviewed enterprises is how to fund their enterprises and capital raising. Sivanthanu (2013); Ganiger (2013); Nkala (2009); Benevolent (2013); Valenzuela (2011) found similar results as they point to the fact that, most social enterprises are struggling to raise a start up capital. The importance of having a startup capital and a sustained funding has been emphasized for the sustainability of the enterprises as a Benevolent Society (2013) stresses that sufficient start-up capital, and continuing resources to support them is critical for the survival of an organisation before an enterprise can cover its own cost.

Poor support from stakeholders was revealed to be another pressing challenge to the interviewed enterprises. Similar problem was raised by Nkala (2009) who observed that, social, cultural resistance might arise from within or outside the organization whereby, employees might resist changes or the community and other stakeholder resisting changes such as people from the community are not happy with the idea brought forward and further suggests that, social enterprises managers requires various skills in order to overcome such challenges and the importance of engaging the different stakeholders.

The other challenges are unique to the organisation depending on their social mission, for example, My Little Travelling Library face challenges of destruction and loss of books that does not fit in any of the models reviewed in this study, the reason for this is due the nature of the enterprise activities. Other challenges include recruiting workers and board members, promoting awareness and growth of the organization which are also supported from literature. For example, Speares *et al.*, (2009); Sivanthanu (2013) reported that, recruiting board members and workers is among the governance challenges facing the social enterprises.

Leasing, lack of Identity Cards and the Credit Bureau is not fully utilised by the social entrepreneurship sector are unique to SELFINA, while Wonder Workshop is challenged by a lack of the customers and raising the cost of living. However, these challenges are not supported by the literature cited in the study. This may be due to the nature of activities, mission of the organizations and the context in which they operate. The overall summary of the findings is depicted in Figure 2.

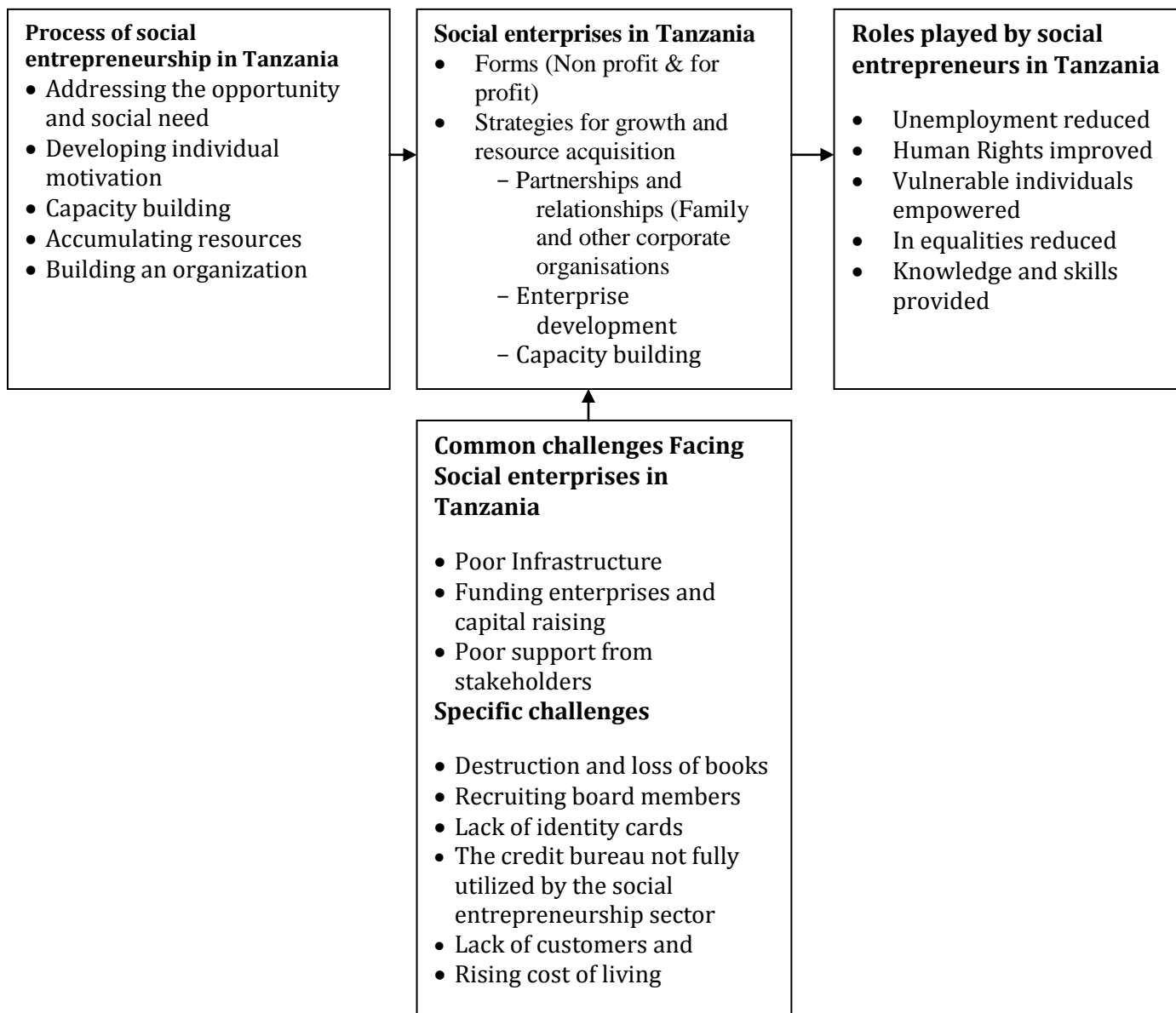


Figure 2: Summary of the study: The Role, Process and Challenges of Social Enterprises in Tanzania

## CONCLUSION

Globalization and liberalization have brought in new challenges that require more creative and innovative individuals who can be able to solve social problems. Given the review exposed in this paper, social entrepreneurs play a crucial role in solving the various societal challenges that have been emphasized in the sustainable development goals as impediments of development. The aim of the study was to learn about the social entrepreneurial process, explore on the roles of social entrepreneurs and to probe on the challenges facing them. The social entrepreneurial process passes through two stages that are idea creation and mission achievement that involve addressing the opportunity and social need, developing individual motivation, capacity building, accumulating resources, and building an organization.

The three cases studied have played a big role in reducing unemployment, improving human rights, reducing inequalities, empowering individuals socially and economically, providing them with knowledge and skills as well as in environmental protection. However, social entrepreneurs encounters many hurdles that hinder their

operations, these include poor infrastructure, getting funds and capital raising, poor support from stakeholders that are labelled as the most pressing challenges.

Others are destruction and loss of books, recruiting workers and board members, promoting awareness and growth of the organization, leasing, lack of identity cards, the credit bureau not fully utilized by the social entrepreneurship sector, lack of customers and rising cost of living. Besides, challenges hindering sustainable development cannot be worked on with a single approach nor a single institution, thus calls upon collaboration among the private and public sectors in order to bring community participation and ownership.

## RECOMMENDATIONS

The concept and practices of social entrepreneurship need to be well studied in order to come out with a clear definition for establishing an appropriate regulatory framework so as to legitimize their operations. The government needs to support social enterprises in a number of ways, notably, having a fair playing ground, financial and non-financial support, appropriate infrastructure, controlled use of government subsidies in various sectors in order to cater for different wants and needs of communities. Social entrepreneurs are required to think critically so as to come up with ideas that are sustainable in order to build trust between themselves and the community they work with. Education as an important tool for creating and nurturing culture, social entrepreneurship has to be provided at all levels of education to scale up social entrepreneur ventures, equip social entrepreneurs with the knowledge and skills for better planning of businesses and improved business models, with ethics that will help in mutual collaboration among stakeholders for smooth running of their ventures.

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