



# **Economic Security in an Agrarian Community**

Mike Njalayawo Mtika\*

## **Abstract**

Free-market capitalism creates great wealth but is disempowering and produces widespread poverty, inequality, and human despair; it generates economic insecurity for the masses. A main reason for this is that free market capitalism operates from an exogenous perspective; it is guided by marginal utility and marginal productivity. What we need is capitalism that integrates endogenous and exogenous processes. This approach focuses on building creativity, innovativeness, and ingenuity in how people use resources to make a living. In this paper, I draw on what is happening in the Zowe community development program in northern Malawi where we have started what I have termed community entrepreneurship to propose a model of this approach to wealth generation and accumulation. The community entrepreneurship process I discuss in the paper is both exogenous and endogenous in that it focuses on (a) building entrepreneurial knowledge, skills, and capacity in communities and (b) propagating innovative, creative, and responsible behavior in the way people make a living. I conclude that following both endogenous and exogenous economic principles is one way for agrarian societies to attain economic security

## **Résumé**

Le capitalisme libéral crée une grande richesse, mais il est paralysant et entraîne la pauvreté généralisée, les inégalités et le désespoir humain ; il génère l'insécurité économique des masses. L'une des principales raisons c'est que le capitalisme libéral fonctionne d'un point de vue exogène. Il est guidé par l'utilité marginale et la productivité marginale dans la façon dont le profit est maximisé. Ce dont nous avons besoin, c'est d'un capitalisme qui fonctionne sur la base d'une approche endogène. Cette approche qui met l'accent sur le renforcement de la créativité, l'innovation et l'ingéniosité dans la façon dont les individus utilisent les ressources pour gagner leur vie. Dans cet article, je m'appuie sur ce qui se produit dans le programme de développement communautaire de Zowe, dans le nord du Malawi, où nous avons commencé ce que j'ai appelé l'entrepreneuriat communautaire pour proposer un modèle d'approche endogène de création et d'accumulation de la richesse. Le processus de l'entrepreneuriat communautaire que j'examine dans l'article est endogène en ce qu'elle met l'accent sur (a) le renforcement des connaissances, des compétences et des capacités

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\* Department of Sociology, Eastern University, St. Davids, PA, USA.  
Email: [mmtika@eastern.edu](mailto:mmtika@eastern.edu)

entrepreneuriales des communautés et (b) la culture d'un comportement innovateur, créatif et responsable chez les individus par rapport à leur façon de gagner leur vie. Ma conclusion est que l'adoption des principes économiques endogènes est une voie permettant aux sociétés agraires d'atteindre la sécurité économique.

## **Introduction**

It has been argued that the dominant fashion of ordering economic affairs, which involves allocating resources to produce, distribute, and consume goods in a way that maximizes profit, creates great wealth but also 'produces deep and widespread poverty and human despair'; it produces economic insecurity for the masses (Silver and Loxley 2007: 2). This dominant fashion of ordering economic affairs (free-market capitalism) has mainly involved multinational corporations, multilateral institutions, and western educational institutions and governments defining how productive resources are to be used to improve people's lives. Concerned scholars have called for revisiting this ordering of economic affairs, arguing that there is a need for humane capitalism, which would emphasize human welfare, freedom, participation, institutional changes, and frontline activities that target the poor masses rather than maximizing the profits of the wealthy few (see Shumacher 1973; North 1995; Sen 1999; Korten 1999; Myers 2006). With specific reference to community economic development, various authors in a collection of articles edited by Loxley, Silver, and Sexsmith (2007) call for an approach that focuses on creating internal rather than external economic linkages. They term this the convergence approach, convergent in that it focuses on capacity building and maximizing the use of local resources in communities. The authors argue that such an approach would help to address the poverty and human despair that free-market capitalism leaves behind because this convergence approach redirects economic activities from being profit-driven to being needs-driven, from being controlled by multinational corporations to being controlled by the communities themselves, from multilateral institutions and western governments dictating what happens in the developing world to local communities taking charge of their affairs, and from being individualistic in their focus to building people's abilities to improve their economic security collectively.

Free-market capitalism is rooted in marginal utility and marginal productivity. Marginal utility refers to the relative satisfaction a consumer derives from the consumption of an additional unit of an economic good, while marginal productivity is the output that results from the use of an additional unit of a factor of production or resource (labour, technology, capital, and land in the case of farming). Consumers thus have an optimal

point in their consumption of goods. Likewise, producers have an optimal point where they can invest the necessary factors to produce the most at the least possible cost. Based on marginal utility, goods would be priced proportional to the relative satisfaction consumers derive from the consumption of additional units of goods. Following the marginal productivity principle, the market, when unhindered, would allocate resources in a way that generates the most output per additional unit of resources. When economic activities are guided by marginal utility and marginal productivity, the maximum profit is assured. According to this marginalist economics, 'when certain conditions, such as the preferences of consumers, productive techniques, and the mobility of production factors are met, market forces of supply and demand allocate resources efficiently by minimizing resource costs and maximizing consumer utilities thus maximizing profits' (Peet 1999: 34).

Based on marginalist economics, improving living conditions in agrarian communities is an exogenous activity. The factors of production are external to the wealth generation process. This exogenous economics involves identifying these factors of production and investing them into development based on market dynamics. In the exogenous context, the practice of development in agrarian communities, community development to be specific, is controlled by forces external to a community. The agents, the factors, the ideas of how development takes place, what determines the success or failure of development, what are regarded as economically viable goods, etc., are mostly external to community dynamics and to the development process. Shuman (2000: 26) rightly argues that what is needed to bring about sustainable improvements in living conditions of the masses, those in agrarian communities being our concern here, is 'a new economics and a new business philosophy, both based on the conservation of communities'. Shuman calls for community corporations that advance community interests. What Shuman is calling for is an endogenous process in wealth generation.

This paper puts forward a wealth generation approach that advances what is termed community entrepreneurship. A main feature of this type of entrepreneurship is its endogeneity, that is, (i) its focus on building entrepreneurial knowledge, skills, and capacity within communities and (ii) its goal of propagating innovative, inventive, creative, and environmentally responsible behaviour among community members in their production and consumption activities. This does not sideline the profit-making motif pursued by marginalist economics but integrates that motif into the central goal of spreading the wealth among the masses. Based on this approach, what needs to be emphasized in wealth generation endeavours is not marginal utility and marginal productivity but the improvement of internal entrepreneurial

processes within a community and building on the improved processes to spur further entrepreneurial wealth generation activities. The discussion here draws upon the community entrepreneurship initiative being implemented in the Zowe community development program located in northern Malawi.

### **The Zowe Community Development Programme**

The Zowe community development programme emerged out of an educational visit to the community during January 2004 by a group of students from Eastern University in the United States. The objective of the trip was to expose the students to challenges and struggles of people in African agrarian communities. During the visit, the students documented key resources in the community, how people use these resources, the challenges people face and the opportunities they have for improving their livelihoods. Zowe is rich in land, forest, and water resources. The community has no electricity except for solar lights on a health clinic, a school block, and a few other houses constructed through the programme (some community members, only two so far, have installed solar lights in their houses). Zowe does not have running water. People depend on a river that cuts through the area and boreholes installed by government and non-governmental organizations. The water in the river is unsafe for personal use but boreholes provide safe and clean water pumped some twenty to forty feet from underground.

Significant guided discussions ensued among the students during and after the visit. The discussions focused on defining the resources in the community, how these resources can be used more productively, and the possible initiatives that could improve the community and its people's lives. Many initiatives were suggested. They included various capacity, capability, and integrity-building training activities; cattle ranching that would utilize the abundant land, forest, and water in the community; developing cattle feedlots to address the drudgery involved in herding cattle, but also to address the soil erosion arising from the herding of cattle; biogas plants to produce gas for cooking, thus addressing firewood-based deforestation and to provide the needed manure that would improve crop production; various formal and non-formal educational activities to improve the human capital and to build the ability of community members to manage their development; primary healthcare, under-five clinic services, and the acquired immune deficiency syndrome (AIDS) interventions to reduce mortality and disease morbidity; community income generation activities to provide income to support micro-enterprises and various development efforts; food security endeavours to address the frequent food shortages in the community; and environmental/resource care initiatives to protect the environment.

A follow-up trip to the community was conducted in June to July 2004 to obtain the community's feedback on the ideas students brought up. While community members found all proposed initiatives necessary, they cautioned against the biogas, cattle feedlot, and cattle ranching. Most members felt that there is need to understand more about how these could be undertaken before starting such initiatives. The programme began in 2005 starting with capacity, capability, and integrity-building training, then getting into a food processing unit and a community grocery shop as community business ventures; a school breakfast programme to offer breakfast to school children who generally came to school without taking breakfast in their homes; a tuition-support initiative for children who could not afford the tuition for their high school education; a health clinic, primary healthcare activities, and AIDS prevention interventions; and food relief for households that had little food.<sup>1</sup> Each initiative involved and continues to involve significant training of community members to build their ability to manage planned activities, be able to think of alternative ways of addressing problems, to innovatively take advantage of opportunities at their disposal, and to ensure the continuity of activities when external help phases out.

The programme started in the twelve villages of Zowe community with plans to contiguously expand to other communities. Six more villages were added to the original twelve by 2008. Thus, the programme currently operates in eighteen villages with a total of 481 households<sup>2</sup> and a population of 2003 people.<sup>3</sup> The eighteen villages cover an area nine miles long and seven miles wide.

The main icons of the community are the Full Primary School that has grades one to eight and a health clinic that provides preventative healthcare services such as encouraging households to install pit latrines (out houses), and AIDS prevention training. The clinic also offers medical services such as treating malaria, pneumonia, wounds, eye diseases, and other diseases. The boundary of the community is based on the eighteen villages that are served by this school and clinic. There is a Junior Primary School (grades one to five) on the western part of the community that caters for six of the eighteen villages. Grades one to five students from the six villages go to this Junior School; students in the six villages who are in grades six to eight go to the Full Primary School.

Funds for the development programme are raised through recycling printer cartridges (both toners and inkjets) and cell phones, through donations, and recently through a household sponsorship programme in the United States.<sup>4</sup> These external sources of funding are to be phased out through community entrepreneurship, which involves initiating and managing community business

ventures which, as Shuman (2000) has convincingly argued, are key to transforming communities and building self-reliance. These community business ventures, which generate income that is re-invested in the community, exogenously create profit and endogenously build up local capability (improving the process of generating income within the community and re-investing that income into the community's development activities); they spur what Silver and Loxley (2007) have termed internal economic linkages.

### **The Community Entrepreneurship Idea**

Entrepreneurs are individuals who engage in some risk-taking behaviour in investing resources to achieve a goal. Literature divides entrepreneurs into two groups.

The first comprises business or economic entrepreneurs whose goal is to organize and manage resources to make profits and add value to their businesses. An interesting example of a business or economic entrepreneur is Brian Scudamore in the United States who dropped out of high school and started the 1-800-GOT-JUNK company in 1989 with an old truck and \$700 in his pocket. Today, 1-800-GOT-JUNK is operating in 50 cities of the United States.

The second group comprises social entrepreneurs who focus on particular social problems. These types of entrepreneurs use innovative and sometimes seemingly bizarre ideas to address the problems (Bornstein 2007). Social entrepreneurs have thus been referred to as unreasonable people who shrug off the 'business as usual' attitude and engage in activities that 'generate paradigm shifts in the way social needs are met' (Elkington and Hartigan 2008: 6). Elkington and Hartigan regard social entrepreneurs as disruptive innovators who are insanely ambitious and are motivated by the deep desire to achieve the ideal. They engage in activities that create value in multiple dimensions, refuse to be made into super-heroes, and believe that the way to predict the future is to create it. Unlike economic entrepreneurs who are driven by profit-making interests, social entrepreneurs are driven by the need to improve people's life chances. A popular example of social entrepreneurship is the Grameen Bank started by Muhammad Yunus in Bangladesh that has the objective of addressing poverty.

Swedberg (2006) remarks that social entrepreneurship has enjoyed the status of an 'inspiring phrase'; there is no social entrepreneurship theory. Seeking to develop such a theory, Swedberg draws on Schumpeter's general theory on entrepreneurship. According to Schumpeter, as summarized by Swedberg (*ibid.*), there are entrepreneurial (people of action) and non-entrepreneurial (static) people in society. Entrepreneurial people do not accept

reality as it is. Instead, they engage in creative destruction that arises from intuitive thinking and the willingness to take risks. Where non-entrepreneurs see nothing but routine ways of doing something, the creative destructionists (entrepreneurs) find limitless ways of doing something differently. Because non-entrepreneurs avoid taking risks, the risk-taking entrepreneurs end up buying (using resources they identify through various ways including borrowing) the labour power of non-entrepreneurs and investing it into risky new ventures. By doing so, entrepreneurs convert the non-entrepreneurs' dormant labour into productive labour, of course without the permission of its owners, then use it to implement their innovative ideas. Entrepreneurs are thus one key to wealth generation.

Extending Schumpeter's thinking, Swedberg (2006: 33) remarks that social entrepreneurship 'can be translated into Schumpeterian terminology as *a form of dynamic behavior in one of the non-economic areas of society*' (italics are mine). According to Swedberg, social entrepreneurship involves the same intuitive thinking but directed specifically at addressing social problems. An entrepreneurial activity is social, i.e., a social enterprise, in that it is not concerned about making profits or adding economic value to a venture. Fair Trade Organizations are a good example of social enterprises. The main concern of these organizations is not profit, although they make some, but social justice in trade.

Community development needs both economic and social entrepreneurship as noted by many scholars and community development practitioners (see Shuman 2000; Diochon 2003; various works in Walzer 2007; and Bornstein 2007). Through economic entrepreneurship, wealth is generated and accumulated; through social entrepreneurship, social ills including inequality can be addressed. Community entrepreneurship, as argued in this paper, combines the economic (business) and the social entrepreneurial ventures in a community. Thus, community entrepreneurship involves the intuitive implementation of new and unreasonable ideas that involve the creative utilization of dormant labour but with a two-sided goal of making (a) an economic and (b) a social difference in a community. To attain the two-sided goal of community entrepreneurship demands designing, planning, and managing profit-making community businesses that generate profits which should be invested in further entrepreneurial activities in a community, but that also finance various social development activities in the community.

Drawing on what is happening in Zowe, this paper presents a community entrepreneurship model. A main feature of this model is that it is both endogenous and exogenous in that the main focus in wealth generation is the improvement of how community members make a living while still making

some profit. Before describing the model, it is necessary to lay out the challenges of ‘doing’ community entrepreneurship in a rural agrarian community, using Zowe as the case story.

### **Challenges of ‘Doing’ Community Entrepreneurship in an Agrarian Community**

A fundamental aspect of the community entrepreneurship process is that it should plug into the way people make a living. Since the 1960s, there has been little change in the way people make a living in Zowe. Households have three main livelihood domains. The first is agriculture and livestock rearing. Households produce their own food and some cash crops on small (two to five acres) pieces of land. The main food crops are local and composite varieties of corn, peanuts, beans, and millet; the cash crops include hybrid varieties of corn, tobacco, and soybeans. While cash crops are produced solely for sale, a household is supposed to sell only the surplus of the crops produced for food. In most cases, households sell more food crops than they should and run short of food despite adequate harvests in some cases. What is very worrying is that there has been little innovative crop production and livestock rearing in Zowe. Crop yields are low mostly because of little use of yield-improving technologies (improved seed, manure and fertilizer, agro-forestry techniques, etc.) and people’s dependency on external support in their economic activities. For example, a main way of improving corn and tobacco yields is to use fertilizer, most of which is imported and expensive. Few farmers in the community can afford fertilizers.

Livestock, though plenty in Zowe, are what DeSoto (2000) would term ‘dead capital’; their economic potential is not fully realized. When asked what they use livestock for during visits to households in 2008, respondents indicated that they sell them when they run short of corn, the staple food, and use the income from selling the livestock to buy the corn. They also indicated that they mostly use livestock, mostly cattle, as bride wealth. Livestock are thus (a) a buffer means of livelihood and (b) cultural assets (using them in marriage) rather than outright economic assets. What is so concerning is that the poor livestock husbandry practices (like communal and open field grazing practices) are leading to significant soil erosion in the community.

Because of the low crop yields and the little economic benefit from livestock, the income that households earn from crops and livestock is meagre. In fact, despite the abundant land and livestock, many households still experience critical food shortages. The July 2008 survey found that only sixteen percent (seventy-eight of the 481) of the households in the



community harvest enough food crops to last them until the next harvest. Most households run short of food by January, four months before the next harvest. The food insecurity in the community is connected not to lack of land and livestock but to poor use and care of these livelihood resources.

The second livelihood domain in Zowe is employment within Malawi (at commercial farms or in urban areas mainly in the service industry) and outside Malawi, mostly in South Africa. The July 2008 household survey showed that twelve households had husbands or sons working somewhere in Malawi; their remittance to families was very little. On the other hand, fourteen percent (sixty-nine out of 481) of the households reported having husbands working in South Africa. These migrants work in mines, at commercial farms, or in the service industry as house servants, waiters in restaurants, security guards, and cleaners in shopping malls. These folk engage in circular migration, going to South Africa and staying there for a year, two years, or even three, returning to reconnect with their families for a short period of time (ranging from a week to three months) then going back (Chirwa 1997; Lurie 2000; Mtika 2007). While in South Africa, they send money back home to their households. When they come back for vacations, they bring with them money and goods that help not only their households but others in their extended family systems.

Migrant workers get involved in circular migration as soon as they get married (during their twenties) and continue engaging in circular migration until in their fifties. Earnings during this time have been used to improve houses and to buy more livestock and other assets such as ox-carts and farming implements. Fourteen percent (sixty-nine households out of 481) of households in Zowe have good houses; almost all of these have husbands working in South Africa. These households are food secure; members are much healthier and well dressed. It is not surprising that young men in the community aspire to go to South Africa. Wives encourage their husbands to go. This is understandable because the remittances have been considerable, and many who have had opportunities to go and work in South Africa have accumulated some appreciable financial capital and used it to accumulate wealth. However, there are drawbacks. The AIDS epidemic is fracturing this source of financial capital by weakening and killing the economically and biologically most productive members of households. Since 2000, most of the AIDS-related deaths of adults aged twenty to fifty years old in Zowe have been of those involved in circular migration. For example, in one family<sup>5</sup> made up of four households, two sons (heads of households) involved in migrant work died of AIDS with their wives also dying from the disease.

AIDS is making migrant work a very fragile source of economic security. Migrant work is causing significant strain on families not only by way of spreading AIDS-related illness and death but also by transferring the most productive labour power away from the community as it is the economically productive adults who engage in this work. There is thus a great need to develop alternative economic opportunities in Zowe (basically enhancing entrepreneurial ventures) which, in the long run, must replace migrant work as a main source of economic security (Mtika 2007).

The third livelihood domain in Zowe comprises the various income generating activities people engage in. Some make, buy, and sell such things as clay pots, reed mats, sandals made from vehicle tires, and used clothes or shoes. Others harvest honey from the forests. Some grow vegetables (cabbage, lettuce, onions, tomatoes, etc.) or sugar cane. Some buy livestock in the community and either resell these or slaughter them for sale at a butchery about seven miles away. Some brew and sell local beer. Some have used the money earned from farming or working in South Africa to open small grocery shops or to buy and operate grinding mills for corn or millet. Some practise herbal medicine and are paid for their services. Some are carpenters and others are bricklayers; they provide carpentry and bricklaying services to anyone in the community. Numerous though these income generation activities are, very few people engage in them: there are six people involved in honey harvesting, three bricklayers, two carpenters, one clay pot maker, three who have opened small grocery shops, and only one who is involved in the butchery business. The second shortcoming about these income generating activities, which is more concerning, is that the income these micro-entrepreneurs make from their activities is negligible, mainly because there is no production and marketing help for these micro-entrepreneurs. There is little internal knowledge of the market potential for the various goods and services these micro-entrepreneurs provide.

The three livelihood domains discussed above are the springboard of any community entrepreneurship endeavour if the process is to be endogenously productive and exogenously profitable. Improvements in livelihood activities should be the foundation for any community business venture. This demands both building up and building on people's entrepreneurial abilities (both economic and social) in their meeting of livelihood demands, focusing on agriculture, livestock rearing, and micro-enterprises in a way that feeds into community businesses. Human capital, social capital, and organizational capital are critical in this endeavour. Building up and effectively using these three forms of capital is fundamental to the endogenous improvement of agricultural productivity, to using livestock as economic

assets, to local income generation, to the generation of livelihood-improving ideas, to innovativeness, to better civil and governance processes, to enhancing problem-solving capacity, and to the identification and efficient use of economic and environmental resources in the community. What follows is a description of each of the three forms of capital, how the capital is acquired, and the role of the capital in community entrepreneurship.

### **Human Capital, Social Capital, and Organizational Capital**

Human capital is the stock of productive abilities, technical knowledge, thinking and analytical capacity, moral character, and fitness embodied in labour (see Becker 1993 for some of these attributes). This capital is revealed through the various skills, talents, intuition, health, and integrity in people that make their labour more productive and creative. The capital is acquired through education, through training such as the skills-enhancing and capacity-building type, through healthcare, through involvement in analytical activities, and through character-building exercises. People endowed with human capital are an asset to their households and communities as they can be much more innovative and much more analytical when making decisions. They are also able to make the best use of social capital, defined as the actual or potential resources linked to a network of relationships or that which is in the social structure (network of relationships with social norms defining the nature of these relationships) that facilitates individual and collective action, reciprocity, and trust (Coleman 1988). Putnam (1995) has defined social capital as the collective value of social networks or ties that lead people in these networks to do things for each other or to come to one another's help. From Coleman's and Putnam's works, the two sides to social capital are (a) the networks of ties or relationships, the domain of social capital, and (b) the impact of social capital, that is, the actions arising out of the networks of relationships such as helping behaviour, reciprocity, trust, and the authentic behaviour in any exchange activities including economic ones such as those in the marketplace.<sup>6</sup> There is a need for ties among people and with various entities within and outside the community to facilitate production, distribution (marketing), and consumption activities, which are important in any wealth generation endeavours.

Both human capital and social capital are enacted and re-enacted through organizational capital, the value embodied in the procedures, practices, civil and governance activities, communications, customs, mores, work design, voice or avenues for people to contribute to what is going on (Tomer 1987; Black and Lynch 2005). With specific reference to agrarian communities, the procedures, practices, village governance processes, communication,

customs, mores, freedom of people to express views, freedom to try new things, recognition for innovative ideas, and the encouragement people receive when they take risks is that community's organizational capital. This capital cultivates individual and collective desires to do better; it enhances self efficacy and esteem, it builds up hope, faithfulness, virtue, freedom of thought, trust, diligence, accountability, responsibility in relationships, stewardship over resources, integrity, caring, good governance, blossoming of reciprocal behaviour, and courage. In a community with appreciable organizational capital, decision-making is not driven by nepotism or any form of favouritism but integrity.

The three forms of capital (human, social, and organizational) accentuate each other's effectiveness and play a significant role in increasing innovativeness, risk-taking, respect for one another, and imaginative capacity of people on how they can improve their economic, social, and political well-being, and how they can deal with problems they experience. These forms of capital are invaluable to endogenous entrepreneurial activities, that is, entrepreneurial activities being generated from within the community as a result of improvements in human capital, social capital, and organizational capital, which lead to further and more innovative entrepreneurial activities that would enhance profits in business ventures. Generally, low levels of the three forms of capital reduce innovativeness, and thus compromise entrepreneurship and the process of endogenous community development (community development occurring as a direct result of the development taking place in a community).

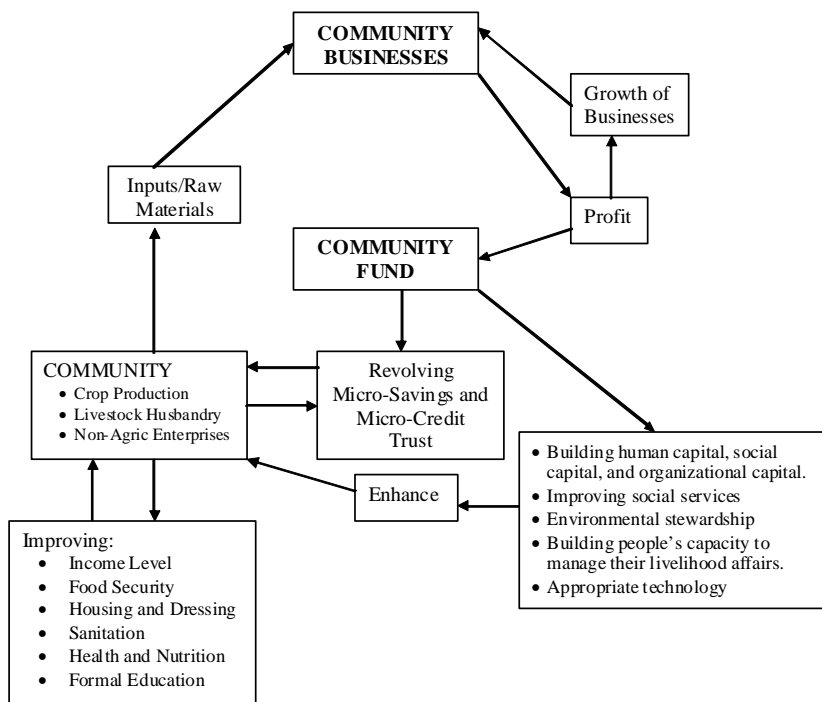
Zowe has low levels of these forms of capital. Most of the educated members of the community (to take one aspect of human capital) are not living in the community and are hardly economically involved in the community. The July 2008 household survey revealed that sixteen of the 2003 people in the area had reached the fourth year of High School. Like the others who have attained some education to High School level, the sixteen are actively pursuing ways of leaving the community to seek work in urban areas of Malawi or in South Africa. It is not surprising that Zowe suffers from a significant shortage of human capital and from drainage of the little human capital it has. Social capital (social network of ties, the domain of social capital, and helping behaviour, the product of social capital) in Zowe seems significant. However, this social capital has been used mainly as a vanguard for cultural processes rather than as an asset in economic activities. During illness, funerals, weddings, food shortages, situations of dire need, and entertainment, there is significant helping of one another. People give to one another or through *ganyu* (odd jobs). Giving and receiving are

benchmarks of reciprocity and redistribution of the meagre resources people have. Through this giving and receiving, people develop credit slips that bind them in a network of relationships (Coleman 1988). The challenge is to extend this helping behaviour to entrepreneurial activities.<sup>7</sup> Inadequate organizational capital is making this difficult. Procedures, practices, and governance are gerontocratically controlled (the elderly have a firm grip on acceptable and unacceptable behaviour), which makes it difficult for innovative ideas of the youth to flourish.

There is a need to address human capital, social capital, and organizational capital deficiencies in Zowe. This would move people from being passive and accepting what they are told to being active, engaging, questioning, and generating new ideas; from being naïve to being imaginative and risk-taking; and from being apathetic to being critically reflective. Enhancing these forms of capital would transform the social environment in Zowe to one that is conducive to innovative ideas. Endowed with human capital, social capital, and organizational capital, people in Zowe would be able to deal with the many entrepreneurial challenges of improving productivity, marketing goods and services, and addressing various social ills in the community. Improving these three forms of capital is a most important endogenous entrepreneurial activity for wealth generation in Zowe.

### ***Developing Entrepreneurship in Zowe***

This paper advocates the building up of human capital, social capital, and organizational capital for use in both economic and social entrepreneurship, and for engaging in social action. The building of these forms of capital spurs spillover effects (benefits emerging out of changes in people's entrepreneurial behaviour), an argument that Diochon (2003) makes. To implement this endogenous process involves designing and implementing community businesses whose main goal should be to spur ventures that improve livelihood processes. The same basically exogenous principles and approaches used in planning and managing conventional businesses (see Alter 2000 and Davis 2005 for example) are necessary when designing such community businesses. However, the method of operating these community businesses is very different from those of conventional ones; the method must be endogenous. The community business model proposed here has a quadruple bottom line: it addresses financial improvement, social welfare, environmental well-being, and moral integrity. Figure 1 presents a model of this community entrepreneurship process.



This model reveals a number of defining attributes of community businesses. First, the inputs or raw materials used in the business must mostly be produced from the community or the business must supply the type of goods that would improve livelihood processes. In fact, the type of business a community engages in should depend on (a) whether the community can produce the main inputs or raw materials the business needs or (b) whether the commodities a business brings can be used to improve livelihood activities in the community. If packaging and selling mushrooms, most of the mushrooms must be produced in the community; if producing orange juice, most of the oranges must be produced in the community; if making chicken feed, the corn, millet, peanuts, and beans must be produced in the community.<sup>8</sup> Of course the production of these commodities (mushrooms, orange juice, or chicken feed) would require inputs that community members would use; these can be provided through a community business. Linking the community business to livelihood processes is an important element to the endogeneity of the entrepreneurship process and to advancing economic security in the community: it promotes backward integration through which business activities are strongly linked to production activities in the community. The businesses provide a market for the community's goods;

community livelihood processes provide a market for commodities the businesses produce or supply. What is very important is to balance the internal economic linkages that emerge as well as exploring external market potentials for the businesses.

The second defining attribute of community businesses is that they generate profits not for any particular individual or group of people, as conventional businesses do, but for the community. More specifically, as the model shows, the profit the businesses produce should be used (a) for business growth in response to market research and demands (internal, that is, within the community as well as external, that is, outside the community) for goods and services the businesses produce and (b) should be invested into a community fund. This fund has two main uses. First, it is a source of capital to be invested into a revolving Micro-Savings and Micro-Credit Trust. The micro-savings portion of the trust acts as security for savings community members invest in the trust. The micro-credit portion of the trust provides micro-loans to community members, loans that are directed at improving livelihood processes. In engaging in various livelihood activities (crop production, livestock husbandry, and micro-enterprises), community members use the funds to improve productivity. The second role of the community fund is to finance development activities in the community such as improving social services and amenities (physical infrastructures, education, health care, nutrition, water supply, food security, energy supply, and entertainment), which are important inputs to sustainable wealth generation.

The third and final attribute of community businesses is that they should operate not only as a major market for commodities produced in the community but also as a local training institute in (i) entrepreneurship (economic and social) and (ii) social action. Four main areas of training stand out. The first is engaging in processes that build knowledge, skills, capacity, integrity, social networking capability, and organizational abilities. This would involve bringing people together to talk about, for example, what development means and entails; what kind of skills do people need and how can these skills be acquired; how can people in the community help one another in their endeavours to make money; what organizations and institutions are within and outside the community that would be critical in any business venture, and how can the services of such institutions and organizations be harnessed; etc. This first level of training builds up human capital, social capital, and organizational capital for purposes of enhancing generative capacity, important in generating new entrepreneurial ideas and initiatives and following through with the implementation of these ideas and

initiatives among community members. Developing human capital, social capital, and organizational capital builds generative capacity because it improves people's level of critical thinking, analysis, reflection, problem-solving, cooperation in their endeavours, and procedural efficiency in their collective pursuit of economic gain.

The next three levels of training specifically focus on entrepreneurial capability. The first of these three is training in business management skills, including productive use of loans. The second should focus on changing community members' views of assets such as livestock and how to utilize these assets to improve livelihoods. The third should be on how to manage proceeds from livelihood activities to improve health, food security, housing, sanitation, and to engage in more productive livelihood improving activities. The goals of this entrepreneurial training are to (a) advance entrepreneurship in the community, both economic and social, and (b) get community members engaged in social actions that improve the communities. Advancing entrepreneurship endogenously (by way of focusing on improving the processes people follow in making a living) develops the means or resources important in community welfare; this is important in sustaining any entrepreneurial activities that have been initiated. In engaging in social actions, a community addresses collective welfare concerns. Thus the community entrepreneurship model advocated here would achieve its two main goals through people's everyday livelihood activities. Important in this process is the inventorying of resources a community has and utilizing these internal 'means of entrepreneurship', drawing in resources from outside the community only for purposes of enhancing the use of internal ones. It also demands building leadership abilities for managing any initiatives, improving governance processes, and building integrity in ways that enable the community to take over entrepreneurial and social action affairs from change agents. The role of change agents must decline as the community takes over the management of its economic processes.

The community entrepreneurship model described above is being implemented in Zowe. The food processing unit (FPU) was initiated in October of 2006 followed by a community grocery shop in March of 2010. The discussion that follows focuses on the food processing unit because it has been in operation longer than the grocery shop and thus provides a better case story.

### ***The Food Processing Unit***

Four ideas for community businesses were initially considered; all were agro-based because of the agrarian nature of the community and all were rooted in Zowe's livelihood activities. The food processing unit (FPU) was



the first and it was to provide pounding, grinding, and packaging services. The FPU, when fully operational, was expected to process a breakfast (soybeans/beans, groundnuts, and maize mix) cereal, chicken feed, honey, and peanut butter. The second business was a commercial 100 to 200 acre farm that would also provide vocational training in agricultural technologies. The farm was to produce (i) field crops (maize, beans, groundnuts, chilies, paprika, cassava, and sweet potatoes) under rain-fed agriculture; (ii) some suitable field crops, vegetables (cabbage, rape, onions, and tomatoes), and possibly fruits under irrigation; and (iii) livestock (chickens, pigs, and beef/dairy cattle). The third business idea was a solar-powered baking oven for baking various items including scones, bread, and doughnuts. The fourth and final business idea was a bio-gas plant to produce gas for energy and manure for farming.

The FPU venture was favoured for three main reasons. First, it had higher backward integration potential than the other three. Making breakfast mix, chicken feed, or peanut butter would lead to higher demand for corn, soybeans, beans, and peanuts that Zowe produces. The business would thus encourage the community members to produce more of these crops.<sup>9</sup> The significant food insecurity in the community provided an opportunity for increasing the production of the crops. The challenge was to identify and make available appropriate and cost-effective technology for improving the production of these crops. Second, there was a high demand for pounding and grinding services in the community that the FPU would provide. Third, the FPU was expected to be an important entity for enhancing honey production, the making of peanut butter, and the production of various grains and leguminous crops as well as mushrooms as it would provide the needed packaging services for these products.

Implementing the FPU involved buying two big mechanical engines, a hammer, and a sheller. The engines are diesel-operated but can also use electricity. Thus, installation of the engines, hammer, and sheller provided for conversion to electric power. So far, the FPU has provided only pounding and grinding services, with plans to move into packaging services later on. There has been appreciable income generated through the FPU, which has been re-invested into the community.

There have been significant hurdles in implementing the community entrepreneurship idea in Zowe. To start with, it did not receive the expected attention as activities were started on the basis of funding opportunities; those that were of interest to our sponsors were funded first. Among the early initiatives were the health clinic built in June 2005 in response to a sponsor in the United States who was interested in raising funds for this specific project. Also, a school breakfast programme to help children was

started in September 2005 again in response to a funding opportunity. Interestingly, the school breakfast programme led to a significant increase in enrolment at the school. To attract new teachers needed because of increased enrolment, teachers' housing had to be provided. Further, the performance of the students was also improving due to the tuition fund that had been established to help students with tuition. Students at the school performed better probably due to the solar lights installed in one school block; the lights provided opportunities for studying late into the night.

Apart from the planning concerns, there have been relief issues. Main ones include the critical food shortages in the community during December 2005 to March 2006 and the washing away of a bridge (an important infrastructure for getting into the community) in December 2005. Thinking of community businesses under these situations was not a priority.

To sum up the foregoing discussion, social services and relief issues took priority in the initial stages of the programme in response to funding opportunities and disasters in the community. Social and relief issues have continued to be priority items. These social and relief activities have been successful but make the Zowe community development programme continually dependent on outside financial support. Even worse, changing the views of community members about community development from a process, albeit exogenous, that is heavily dependent on factors from outside the community and that focuses on social welfare to an endogenous-exogenous process that focuses on both profitable use of resources and building the internal capacity and capability of the community to address socio-economic ills is an extremely elusive endeavour because of the magnitude and immediacy of socio-economic problems (disease morbidity, food shortage, poor education, etc.). When community leaders talk about development, they refer to the building of school blocks and teachers' houses, the installation of boreholes to supply safe water, and the clearing of roads, that is, they tend to think of social and relief services as development. Little is said about economic entrepreneurship as a development activity. This fact underlines the need for training geared at developing human capital (critical thinking), social capital (worthwhile networks within the community and also with key development entities outside the community), and organizational capital to improve governance processes.

The foregoing notwithstanding, the FPU community business faced unexpected competition during implementation. In 2004, there was only one grinding mill in the community. By 2007, there were three grinding mills. Whereas the FPU provides pounding and grinding services, the three mills provide grinding services only. The engines of these three mills are much smaller than the FPUs. Hence, they use much less diesel and charge

much less for their grinding services than the FPU. Also, the expected high demand for pounding services that only the FPU provides is latent. During 2006-2008, the community had a significant shortage of food crops. People chose to spend their money buying food. Rather than spending money on pounding, households reverted to the usual way of pounding corn (women pounding in mortars using pestles). Worsening the situation, while the FPU runs on diesel, there is a mill just eight miles away from the FPU that provides pounding services and runs on electricity, which is much cheaper than using diesel. The FPU loses the few customers who need pounding services to this micro-entrepreneur. To worsen the situation further, recycling cartridges and cell phones in the United States initially brought in appreciable amounts of funds. Since 2007, recycling cartridges has not been raising as much money any longer. The programme has thus had inadequate funds to finance the second phase of the FPU, i.e., extending from pounding and grinding to mixing and packaging, which are necessary to commercially produce a breakfast mix, chicken feed, peanut butter, and package honey. A household sponsorship programme was started in 2008 as another way of raising funds for the programme; its success is yet to be seen.

The lessons learned so far from our experience are many. A few are worth outlining here. First, for agrarian communities, given their subsistence nature, there is need to understand not only the business but also the social aspects of any entrepreneurial venture. Calamities like food shortages in Zowe, for example, had substantial impact on the services the business was able to provide (pounding and grinding). This underlines the importance of backward integration for purposes of helping households to produce more. Backward integration activities (supporting households with inputs and technology to produce more crops, for example) would help in addressing food insecurity and enable the households also to use the services that the FPU provides. Of course, to produce more demands better technology, skills, creativity, knowledge, and resources. This underscores the need of developing human capital, social capital, and organizational capital, which when done as a process of improving livelihood practices makes endeavours but also exogenously productive.

Second, an analysis of competition and how to respond to it is important. The competition from other budding enterprises is welcome. As a development programme, there is a need to encourage entrepreneurial activity. The competition revealed the need for horizontal integration as a marketing strategy. The FPU needs to move quickly into providing packaging services along with products including breakfast cereal, chicken feed, pounded corn, and even packaging of beans, soybeans, peanuts, and ground beans, leaving other services to the budding enterprises.

Third, developing the FPU in stages without a better understanding of the market for the goods and services the FPU was to provide was ill conceived. This is made worse by the fact that community members in Zowe seem to be followers of ideas rather than generators. During 2004-05, there were extensive discussions with the community about the grinding and pounding mill idea in the community. Interestingly, some of the people who ended up investing in grinding mills got the idea from these meetings. This is good for the community, but it underscores the need for people to be innovative, creative, and inventive, not merely followers, something that the building up of human capital, social capital, and organizational capital should achieve.

Despite the hurdles, the FPU is making money for the community because of two main reasons. First, the demand for pounding and grinding services is high and the FPU has been stable in providing these services; other mills in the community have not been as dependable. Second, community members increasingly feel that using the FPU contributes to the community development fund, which is for funding development activities in their community.

A word on the management of community entrepreneurship in an agrarian community setting is in order. There is of course a need for a manager to manage the business ventures. In Zowe, there is a manager who works with the steering committee made up of members elected by the community. The manager reports to the steering committee, which in turn reports to the community council of leaders. The manager plays multiple roles including trainer of the steering committee members and other local leaders, development facilitator, advocate of the community to external powers, counsellor, consultant, and one involved in capacity building as he or she manages the community entrepreneurship process. The bottom line is that the manager is an employee of the community being paid from the proceeds of the community businesses and reporting to the steering committee and local leaders who he is responsible for training. The main responsibility of the manager is the mobilization, building up, and facilitating the use of human capital, social capital, and organizational capital to advance entrepreneurial activities in the community. To carry out this responsibility, the manager needs training in people-centred development communication.

## **Conclusion**

This paper has discussed community entrepreneurship as a means of achieving economic security in an agrarian community. Drawing on what is happening in the Zowe Community Development Programme, the paper has proposed model of community entrepreneurship, that is significantly

endogenous but also exogenous. This model calls for a community to have businesses, or what Shuman (2000) calls community corporations. These businesses must generate profit not for private gain but for (a) advancing further economic and social entrepreneurial activities through a revolving micro-savings and micro-credit facility that benefits community members and (b) financing social actions. The entrepreneurial activities (economic and social) that people are involved in improve livelihood activities through backward integration that in turn leads to more production of raw materials or inputs needed by the community businesses. For Zowe and with particular reference to crop production activities, improving crop production does not only help in ensuring adequate food supply in households but also leads the households to use more of the services of the food processing unit (FPU). Thus, service to households generates income for the community. Both activities (entrepreneurial and social action) substantially benefit from human capital, social capital, and organizational capital, key endogenous factors in the generation of wealth. The development and productive use of these three forms of capital improves (a) the identification and utilization of appropriate technology, (b) effective inventory, mobilization, and use of resources for improving production activities, and (c) social services, environmental stewardship, and governance processes.

What is going on in Zowe and with specific reference to the FPU underlines the importance of focusing not on marginal utility and marginal productivity. Focusing on these attributes of wealth generation, given the socio-cultural hurdles and the 'help-us' development mindset of Zowe people, directs attention to external help. Instead, there is the need to focus on internal processes, particularly the livelihood practices in the community. There is significant internal potential for wealth generation in Zowe, obviously nuanced by social and cultural challenges. This paper has argued that the best approach is to engage people to make the processes of how they make a living, especially in regards to their farming and livestock rearing, entrepreneurial by promoting and integrating exogenous principles into the process of wealth generation. This is the springboard for economic security. If the process is successful in various communities of Malawi, these communities become microcosms of wealth generation that feed into national and regional economic security.

## Notes

1. During the follow-up meetings, community members felt that some of the students' ideas called for drastic changes in people's way of doing things and would benefit only a few community members. Introducing cattle feedlots and cattle ranching, for example, demanded some drastic action by those

owning cattle. Some, like the biogas plant, were considered strange. The ideas that community members found pertinent to their situation, such as health and education concerns, pertained to everyday struggles and would benefit, they argued, the whole community rather than just a few.

2. A household comprises a husband, wife, and children who farm the same piece of land and eat food from the same source. Some households include the elderly (husband's father, mother, or aunts) who are unable to take care of themselves.
3. In July 2008, a household survey was conducted. It documented, among other things, household food shortages, assets, and household members' names, sexes, ages, and educational attainment for each of the 481 households in the community.
4. An individual, family, or group in the United States can sponsor a household in Zowe at \$360 a year. Plans are to wean sponsored households from external financial support within four years. Within this time, a household should have attained self-reliance. Other forms of relationships (exchange of gifts, general correspondence, etc.), between the sponsoring individual, family, or group and the sponsored household would continue for any length of time.
5. People in Zowe are patrilineal and patrilocal. The term 'family' here is used in an extended family context under patrilineal and patrilocal circumstances. The family referred to here comprised a husband and wife who had four sons and two daughters. Three of the sons were married and thus had separate households. Of the three married sons, two were the ones involved in migrant work and contracted AIDS, passing it onto their wives.
6. Lin (2001) emphasizes the impact of social capital revealed in market dynamics.
7. A group of 15 young men formed a farming club and obtained agricultural loans during the 2007-2008 farming season (November to June). It was a good season in terms of rain. They made good money. Fundamental disagreements led to the breaking up of the group and some members of the club defaulted on their loans.
8. Of course, some inputs needed in the community business would have to be imported from outside the community.
9. There are two breakfast programmes in the community, one at each of the two schools. The breakfast flour mix (corn and soybeans ground and mixed) is prepared using the FPU. During 2008-2009, 530 children were served breakfast at one of the schools every school day and 170 children were served breakfast at the other. Zowe produces enough corn but used to produce no soybeans. During the early stages of the breakfast programmes, soybeans were procured from outside the community while promoting the production of these soybeans in the community. Community members responded positively. The community right now produces all the soybeans needed in the breakfast served at the two schools.

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