

A MODEL OF SOCIAL ENTREPRENEURSHIP DEVELOPED IN BARCĂU VALLEY, SĂLAJ COUNTY

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Abstract

The AGAPIS Foundation, in partnership with the town hall from Valcău de Jos developed a social enterprise, S.C. Barcău Valley SRL, whose main object of activity is the processing and packaging of honey and dried fruits. The purpose of the social enterprise is to capitalize the agricultural resources and to integrate the vulnerable groups from the region on the labor market. The research methods used within the present research are based on the analysis of documents and a semi-structured interview with the manager of the social enterprise. The strength of the social enterprise emerges from the fact that it generates income and it creates jobs for persons belonging to vulnerable groups. The company intends to implement the strategy of diversification of the range of products, the promotion of the products obtained and the identification of new markets. The enterprise represents a successful model of social entrepreneurship as it directs its profit not only towards its own development, but also towards vocational training courses for persons who come from vulnerable groups.

Key words: social economy, entrepreneurship, bee products, fruits, sustainable development

INTRODUCTION

Agriculture has been ignored for a long period of time by the scientific research on entrepreneurship, the latter being focused more on the industrial sector. This ignorance was in a way justified by the fact that the industrial sector was characterized by the creation of an important amount of new enterprises and jobs, while agriculture faced multiple barriers in the process of the initiation of businesses, especially in terms of financing and obtaining loans (Gry A. *et al.*, 2011).

At closer analysis, it can be observed that between the small family farm enterprise and the non-farm enterprise there are many similarities and synergies. The resources offered by the agricultural sector represent an opportunity for creating new businesses by capitalizing traditional products, on the one hand, and, on the other hand, through the diversification and innovation of the production and distribution of food systems. Tradition and innovation - is the perfect blend that a social enterprise from Sălaj County has successfully capitalized by exploiting the natural resources offered by the Barcău Valley: bee products and fruits.

Being located in an area of high hills, the inhabitants of the region practice beekeeping and fruit growing, most farms being subsistence farms. The difficulties faced by the beekeepers from the region are related to the

capitalization of the products produced, because there is no center for collecting and processing agricultural products. At the level of the geographical area studied, there are several socially vulnerable groups: people living in isolated rural communities, women over 45 seeking employment, Roma people in difficulty, long term unemployed persons, people living of the guaranteed minimum income and people employed in subsistence agriculture.

Based on this, the AGAPIS Foundation, in partnership with the town hall of Valcău de Jos succeeded to initiate and develop a social economy business whose main object of activity represents the processing and packaging of honey and dried fruits. The creation of the insertion social enterprise aimed at capitalizing the agricultural resources and the integration on the labour market of vulnerable groups from the region.

Studies of the scientific literature analyze how consumption of traditional foods could stimulate the development of social economy businesses. Thus, the Slow Food Movement is central not only for promoting the health of consumers, but also in addressing social and environmental aspects (Pietrykowski, B., 2004). Other studies show the close link between employment, education, health, social care and social enterprise development (Yunus M., 2010), the impact of creating such entities being measured not only in economic terms (GDP), but also by social indicators (poverty rate, unemployment, social inclusion) (Haugh H. *et al.*, 2007).

The role of social enterprises is to create a significant sustainable social impact through the development of entrepreneurial skills, of long-term strategies and business models (J. Shortall *et al.*, 2009). The same authors analyze possible sources of capital used to finance businesses in the social economy, these ranging from 100% philanthropic to 100% commercial (Table 1). Social investment capital can be placed upon a spectrum of expected returns, from -100% (money is given with no financial returns expected) to commercial or market-rate returns (~8% or more for debt, and even higher for equity investments).

Table 1

Financial instruments and sources of social investment

	Investment vehicle	Social investor types
No returns	Grant	<ul style="list-style-type: none"> • Foundation • Venture philanthropist • Government
Below-market returns	Sub-market Debt	<ul style="list-style-type: none"> • Foundation • Venture philanthropist • Government • Social VC fund • Development bank

	Sub-market (also called “blended return”) Equity	<ul style="list-style-type: none"> • Foundation • Venture philanthropist • Social VC fund
	Commercial Debt	<ul style="list-style-type: none"> • Venture philanthropist • Bank
Market-rate returns	Commercial Equity	<ul style="list-style-type: none"> • Venture philanthropist • Bank • Commercial VC • Commercial “angel”

Source: Shortall J. *et al.*, 2009

In Romania, there is still no specific legal framework and no network support system for financing social entrepreneurship (Vlăsceanu, M., 2010). According to a research study regarding the types of financial instruments for social enterprises, financing comes from specialized microfinance institutions, from voluntary activities, from public funding, from funds and special sources (eg The European Social Fund) and related taxes on individual earnings. These funding sources are customized according to target groups (2011, Project POSDRU/84/6.1/S/53513).

MATERIAL AND METHODS

The area under study, Valcău de Jos village, is located in the south-west region of the county, between the Șimleu Depression and Plopișului Mountains, in the Barcău hydrographic basin, at a distance of 50 km from the county of Zalău. In terms of territory, the village covers an area of 63.23 km² and includes six localities: Valcău de Jos – village that is also the residence of the mayor, Valcău de Sus, Lazuri, Preoteasa, Ratovei și Sub Cetate. According to INS Sălaj, Valcău de Jos had a population of 3189 people in 2010, with an average number of registered employees of 183 people. According to data provided by AJOFM Sălaj, the evolution of the active population (16-62 years) and the number of unemployed was as follows: in 2008 - 219 unemployed (out of 1880, economically active population) in 2009 - 216 (out of 1889 economically active population), and in 2010 there were 265 unemployed people (out of 1865 economically active population) of whom only 50 received an allowance. Also, in the village of Valcău de Jos there are a number of 152 cases under Law 416/2001 for minimum wage and about 300 Roma people (www.agapis.ro).

The research methods used were based on the analysis of documents (the business plan of the social insertion enterprise, articles on social enterprises) and a semi-structured interview with the manager of the social enterprise, focused on the following themes: the importance of beekeeping

in Barcău Valley Region, the description of the social enterprise, its operating rules, channels of distribution.

The semi-structured interview is a qualitative research method, which implies a guided interview with predefined questions, but it allows the interviewer to deviate from the plan in order to ask specific questions. The qualitative research included: the description of social enterprise from an economic and social point of view, understanding the social phenomena and extrapolating the results to similar situations.

RESULTS AND DISCUSSION

The idea of the social enterprise was based on some relevant past events: the previous work of the Agapis Foundation focused on helping small farmers from Sălaj county and on encouraging agriculture, the existence of a small network of producers in the field of beekeeping and related fields, a relevant experience regarding fundraising and organizing training courses for farmers. Another context which favored the successful implementation of this idea was related to the area: *"Barcău Valley area has a fairly high beekeeping potential, it is a clean area, the products are clean and healthy. According to the statistics, Sălaj County is the most important national producer of pollen. On the other hand, we have a very good cooperation with the public administration from Valcău, which provided us a free space where we can work. There were several factors that were very important such as experience and several past events. We had already been working with beekeepers in the area and the availability of the public administration had a great impact. If we would have had to build a building from nothing I do not think we would have started"* (Manager of the Social Enterprise). The idea of establishing a social enterprise that should include the processing of bee products combined the economic potential of the area with the social needs of the communities from Barcău Valley.

The social enterprise S.C. Bărcau Valley SRL from Valcăul de Jos village, Salaj County has been operating since September 2011 and, over a period of 6 months, has received funding support from the Ministry of Labour and a sponsorship from Tenaris Silcotub trader through the department of Social Responsibility, together with the support of the local Town Hall that provided the space required. In the present, the funding and the reports are completed and the business unit is perfectly sustainable, relying entirely on its own commercial activity (Pruneanu A., 2011).

The economic field of the social insertion enterprise is that of processing and conditioning of local resources (fruits, vegetables, bee products), a niche area, focused on preserving local specificity, the promotion of traditional agriculture, organic tourism and the creation of local brands of products.

The basic rules underlying the operation of this enterprise are:

- The raw material is collected from producers in the area, as the latter have precedence in the process of collection of products;
- Among producers, beekeepers from vulnerable families are given preference over other producers (in the case of products of the same quality);
- The price offered by the company is 8% -10% higher than that of the processors in the area;
- In the collection process quality is the most important;
- Local taxes related to the enterprise are paid locally;
- All the equipment, materials, consumables necessary for the enterprise to function are also purchased locally;
- The persons engaged in the business unit come from vulnerable groups.

The social enterprise functioned properly from the beginning in terms of the equipment needed for processing.

The products obtained are stored in packages ranging from 200 grams to 1 kg. According to the Business Plan, in determining the assortments the following aspects are taken into account: the material resources existing in the community, the need for products and crop rotation, economic factors such as a sudden drop in prices or an increase of the cost of transport, the risk related to product life cycle and changes taking place in consumer demand. In the long run, a strategy of diversification of the range of products can be implemented, that should surprise and satisfy consumer preferences. In the first phase of the project, the range of products includes: plum jam, apple jam, green nuts jam, honey (different varieties; polyfloral, acacia, linden) honey mixes with dried fruit (honey with nuts, honey with plums, honey with dried apples). Trading is, as stated by the social enterprise manager, the touchstone of the whole business. The products sold under the slogan "Sweet Health" target an educated consumer with above average income, informed, who seeks healthy products. The main distribution channel is currently organic shops, the locations covered being the cities of Zalău, Cluj Napoca and Bucharest and it will be extended to Timisoara, Oradea and in a shop in Munchen (where the first order was sent). The main difficulties in the trading activity are: the competition with lower quality products, the small share of consumers who value genuine products, the relatively low consumption of honey in Romania compared to Europe, the economic crisis, the low impact of the healthy food culture upon the population. According to the manager of the social enterprise, the products are intended to be sold primarily in the production area, this activity being part of a complex plan to promote the Barcău Valley as a traditional area: including bee products, agricultural products and tourist

products from the area in an integrating brand, following that these products will support each other. Along with the natural products retail chain, another objective is trading the products in the European community area: *"Basically, when the authorization is approved by DSP, the oval stamp gives the right to trade in the European community. For countries that are not in the European community, there is another procedure. They also have to pay custom duties. It is true that the price obtained for products sold outside the country is greater than the price obtained in Romania. The difference would be of approximately 15%" (Social Enterprise Manager).*

Therefore, the distribution policy is based on the sale of the products obtained (in the community, a special place was set up in the processing and conditioning unit), the distribution of products through an on-line shop and a selective distribution through natural shops (in the present there is a collaboration with Casa Bio). Another specific aspect of the social enterprise is to direct the profit towards development. Regarding this policy, 50% of the profits made will be reinvested in the social insertion enterprise development (technology, diversification of the product range, increasing the production capacity), and the remaining 50% will be invested in vocational training courses which can be easily assimilated and locally capitalized and also scholarships for children with good school results that come from vulnerable families included in the local community. All the activities of the project will be correlated with the overall objective, in the long run focusing on sustainability and sustainable development: inclusion of vulnerable groups and nondiscrimination, environmental protection, balanced and equitable distribution of natural resources, focus on product quality, monitoring and control of technologies and their risks, ensure fair wages, a safe and healthy working environment, as well as continuous improvement of the staff in order to meet the challenges and requirements of the labor market.

The company is currently generating income, and the jobs created are ensured from the self-generated income, providing a concrete model of labor market integration of persons belonging to vulnerable groups, promoting the benefits of social inclusion. Furthermore, the company intends to support itself through the promotion of the products obtained, through the identification of new markets, management and marketing consulting, but also through the diversification of the products and the development of the social enterprise following the access to other sources of funding.

CONCLUSIONS

The social enterprise, S.C. Barcău Valley SRL, manages to identify, evaluate and exploit the local viable and sustainable opportunities from Barcău Valley, region that has a high beekeeping potential. The enterprise combines the economic potential of the area with the social needs of the communities from Barcău Valley, determining an improvement in the quality of life for its employees. The enterprise is a model of social entrepreneurship as the profits generated from market activities are used both for its future development and for the benefit of specific disadvantaged groups from the region, as the persons engaged in the business unit come from vulnerable groups. The enterprise innovative solutions to social problems comprise a complex plan to promote the Barcău Valley as a traditional area by processing and conditioning of local resources (fruits, vegetables, bee products), by preserving the local specificity, by promoting traditional agriculture and by creating local brands of products. The crucial importance of the social enterprise, that the present paper analyses, lies in its capacity to identify the social needs of the community in which it activates and to address them, with the purpose of enriching this community through significant contributions. Therefore, it can be considered a prosperous initiative that determines the creation of social wealth, combining existing resources to solve social problems.

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