Social Entrepreneurship as a Tool for Achieving Rural Development in Algeria in Light of Some International Experiences

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Abstract

Society increasingly needs new forms of socially oriented activities. It is suggested that social enterprises should be compatible with the characteristics of traditional rural life. Collective action related to the countryside is important for social enterprises initiated and managed by the community. There is also evidence from various areas of rural community life that rural residents are innovative and adaptable in responding to the distinct societal challenges they face. The objective of this study is to shed light on the role of social entrepreneurship in achieving rural development, along with a review of successful international models of social entrepreneurship in rural areas.

Keywords: Entrepreneurship, Development, Countryside, Society.

JEL Classification: C19, Q2

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Introduction

In recent years, Algeria has adopted an entrepreneurial approach as a strategic alternative towards achieving development and creating wealth outside the hydrocarbon sector. This has led many specialists and experts to call for the necessity of adopting new approaches within the entrepreneurial trend to confront the challenges facing communities. In this context, a relatively new concept has emerged, termed social entrepreneurship or social leadership.

The need to develop social entrepreneurship in Algeria is dictated by a large number of social problems. These problems include low standards of living, unemployment, and social tension. Therefore, the main goal of development, especially in rural areas, is to create conditions for the well-being of the population. To shape regional self-development and the original socio-economic system, it is necessary to develop regional commercial and agricultural businesses and other activities. To achieve this goal, we propose to show that social entrepreneurship, as a preferred means of solving social problems that the state does not directly take into account, can thus provide a framework for analysis and a potential response to the challenges posed by rural development.

In recent years, interest in social entrepreneurship has grown as a field of academic and practical importance. It relies on a market-based approach and the employment of commercial practices to solve social problems. Social projects and initiatives are viewed as a means of creating social impact and bringing about change in a specific community, following an approach based on social reform and justice.

From the above, we can pose the following research question:

To what extent has social entrepreneurship contributed to achieving rural development in Algeria?

I – Theoretical Introduction to Social Entrepreneurship and Rural Development

1-Rural Development

The concept of rural development is generally used to denote the process of radical change for the community, with the aim of giving the community the ability for continuous evolution and improvement that keeps pace with the increasing needs of individuals to achieve a better life.

1-1- Concept of the Countryside (Rural Area)

"The countryside (Al-Rif) is land with cultivation and fertility, and the plural is Arayaf. The livestock grazed (Rafat) the countryside, and we came to (Arifna) the countryside, and the land became fertile (Arafat), and it is fertile land (Rifa) with a strong 'ya'." In Lisan al-Arab, it is stated: "Al-Rif is fertility and abundance in food, and the plural is only Arayaf. Al-Rif is what is close to water from the land of the Arabs and others." In Al-Waseet Dictionary, "Al-Rif is land with cultivation and fertility and is applied to villages other than cities, and the plural is Arayaf." (Hashemi, 2021, p. 38)

Some others define the countryside as the non-urban region, where human activity is primarily linked to the land. It is also defined as an area outside the city limits that is not densely populated. (Fatima, 2013, p. 185)

1-2- Concept of Rural Development

It is defined as: "An integrated strategy to improve the economic and social life of the rural community. Thus, in addition to agricultural development, it includes the development

of various aspects of the rural community. Rural development contributes to the development of the rural person to become more capable, willing, and understanding of work, and to achieve sustainable agricultural rural development capable of survival, stability, and life without harming the environment and natural resources of water, land, living organisms, and social structure in the region. (Abdel Majid, (2002), p. 334.335)

1. The World Bank defined rural development as: "A strategy designed to develop the economic and social life of a group of people who are the rural poor. This strategy includes expanding the benefits of development to include those who are poorer among those seeking their livelihood in rural areas. (Rashwan, (2005), p. P229)"

2. 1-3 - Rural Development Policies in Algeria After 2000

In response to the challenges, the Algerian government has put in place a set of policies and plans for development and rural areas, the most important of which are:

- **Establishment of a National Plan for Agricultural Development (PIVDA):** In 2000, the Algerian government established a national plan for agricultural development aimed at encouraging food security, identifying and exploiting resources that have a potential impact on the development process and environmental protection. In the same context, the government signed the Employment Project in Rural Areas. This project includes a short- and long-term response to the unemployment situation in rural communities by creating job opportunities.

- **Establishment of a Sustainable Rural Development Strategy**: In 2003, the World Bank approved a loan of $95 million to the Algerian government. This project (the first) seeks to raise living standards in Algerian rural areas, while the second project seeks to raise the standard of living for workers in rural areas and for low-income individuals.

- **Establishment of a Rural Renewal Policy (PSRR)**: The National Reform and Development Committee, adopted by Algeria in July 2006, targets rural families living in rural areas, with special attention given to the residents of remote or isolated areas. This project revolves around four main programs:
  - **Program 1**: Based on improving the living conditions of the rural population.
  - **Program 2**: Titled Diversification of Economic Activities, which is to promote alternative development for the residents of rural areas.
  - **Program 3**: Addresses the protection and enhancement of natural resources in rural areas and tangible and intangible heritage.
  - **Program 4**: Aims to strengthen human capacities and technical assistance.

The most important rural development programs in Algeria after 2000 were the Rural Renewal Policy, which had an impact on the development of rural areas, considering that it was a comprehensive policy that affected all rural areas in the country, in addition to the five-year development programs, especially the Growth Support Program 2005-2009 and the Growth Consolidation Program 2010-2014, and the significant financial envelopes they carried, which the government allocated to achieve real development to improve the living conditions of the population in several aspects such as housing, education, and the modernization of public administrations.

3. The financing of the Rural Renewal Policy projects was carried out through special funds such as the National Fund for Rural Development and the National Fund for the Development of Agricultural Investment, which were established for the purpose of financing these projects. The disbursement of the balances of these funds was entrusted to the Forest Conservancies and Agricultural Directorates across the wilayas of the country, each in its area of specialization, and the execution of the projects was entrusted to the Rural Engineering Company established for this purpose. (Haib Allah, (2023), p. 1141)

2- Social Entrepreneurship: Concept, Characteristics

2-1- Concept of Social Entrepreneurship

The concept of social entrepreneurship only emerged since the 1990s in Europe, specifically in Italy, which in 1991 enacted a law to regulate social cooperatives to meet unmet needs or improve poor public services. In 1993, the "Social Enterprise Initiative" was launched from Harvard Business School in the United States. (Goudjil, (2020), p. 13)

According to the definition of Hisrish et Peters, social entrepreneurship is: "A type of behavior represented in the pursuit of innovation, organizing and reorganizing economic and social mechanisms to exploit specific resources and situations, bearing risk and accepting failure. Thus, it is a path that works to create something different and obtain value by dedicating the necessary time and effort, while bearing the accompanying financial, psychological, and social risks, and obtaining results in the form of financial or personal satisfaction. (Ben Hakkoum, (2020), p. 10)"

2-2- Characteristics of Social Entrepreneurship

Social entrepreneurship is characterized by several features that make it different from traditional entrepreneurship and lead it to effective impact. These features are concentrated in three main elements(Ali, (2021), p. 59.60):

- **Creative Thinking**: Expresses an attempt to bring about a revolutionary transformation to confront social challenges, which is analogous to what the economist "Schumpeter" called "Creative Destruction."
- **Sustainable Solutions**: Social entrepreneurship should involve a strategy for achieving sustainable development and providing permanent solutions to problems rooted in society, and not just be temporary solutions or those with limited marginal impact.
- **Positive Social Impact**: Social leadership requires creating a noticeable social impact for communities. This impact can be measured by comparing the state of the community before and after the emergence of creative solutions to its intractable problems. This impact on the state and society can be measured according to the following levels:
  - **Short Term**: The effects of social entrepreneurship appear in tangible changes in the community's economy (creating job opportunities, generating output and value, increasing savings from public spending, i.e., rationalizing public spending).
  - **Medium Term**: The value of social leadership is manifested in its being a potential model that works for the well-being of the community and the improvement of its conditions, and its success is then measured by its ability to increase productivity and establish development projects.

- **Long Term**: Through this, the most important contribution of social leadership occurs, and it is measured by its ability to create and invest social capital.

3- Entrepreneurial Support for Rural Development in Algeria

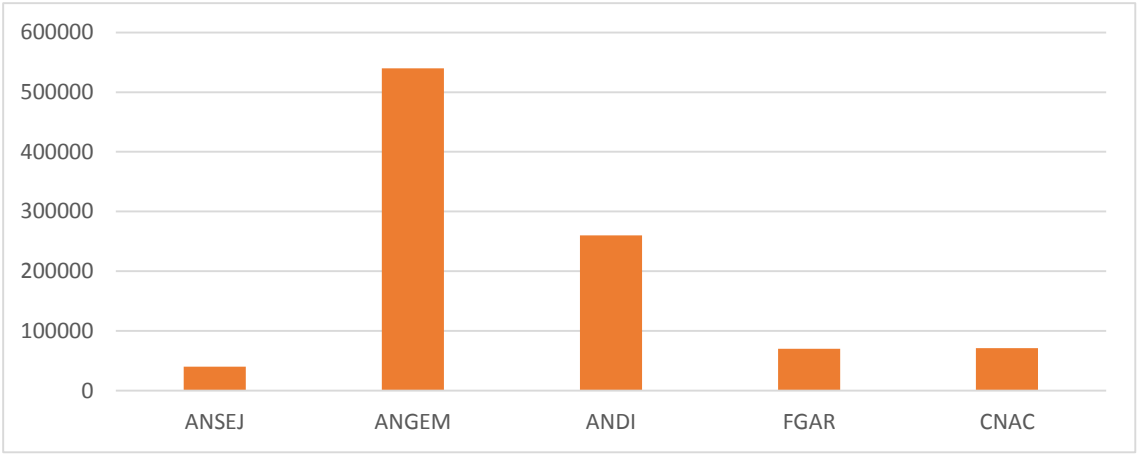
Through Table (01), it is clear that all entrepreneurial agencies support rural development by granting loans, supporting the agricultural sector, and eliminating the problems of unemployment and poverty, which contributes to rural development. Through Figure (01), we note that the National Agency for Microcredit Management (ANGEM) provides significant support with an amount of 540,775 million DZD, representing 14.48%. The National Agency for Investment Promotion (ANDI) supports with an amount of 260,750 million DZD, representing 1.82%, and the number of loans granted reached 1,342 million DZD, representing 12.20%. The National Agency for Youth Employment Support (ANSEJ) supports with an amount of 54,615 million DZD, representing 15%, and the loans granted by it reached 133,489 million DZD. The National Unemployment Insurance Fund (CNAC) supports with an amount of 71,395.46 million DZD, representing 12.92%, and the loans granted by it reached 17,917 million DZD. As for the Guarantee Fund for Loans to Small and Medium Enterprises (FGAR), it supports with 70,366.39 million DZD, representing 0.1%.

Table No. (01): Loans Granted by Entrepreneurial Administrative Agencies to Support Rural Development up to 2020

Administrative bodies for entrepreneurship	**CNAC**	**ANSEJ**	**ANGEM**	**ANDI**	**FGAR**
Loans granted	17917	133489	112880	1342	4
%	12.92 %	15 %	14.08 %	12.20%	0.2 %
Value in millions	71395.46	54615	540775	260750	70366.39
%	12.92 %	15 %	14.48 %	1.82%	0.1%

Source: (Rania, (2020, p. 391)

Figure No. (01): Loans Granted by Entrepreneurial Administrative Agencies to the Agricultural Sector up to 2020



Source: (Rania, (2020, p. 391)

II- International Models of Social Entrepreneurship

1-MAC Market (Les Marchés Ahuntsic-Cartierville)

1-1.Introduction to MAC Market

It is a non-profit organization that has been working since 2011 to improve access to fresh, healthy, and local food for everyone. It is also a social and solidarity economy company that aims to encourage local producers and fair, alternative, and local consumption, while ensuring the sustainability of its business by reinvesting its profits directly into its activities.

MAC works to develop its expertise in organizing seasonal markets, prioritizing two aspects: (les-marches-ahuntsic-cartierville, s.d.)

- **Location of Markets and Target Communities**: In the heart of food deserts where the supply of fresh fruits and vegetables is insufficient, and among the most disadvantaged populations in terms of their food choices. For the sake of justice and better food security.
- **Offer**: MAC prefers fresh, local, and high-quality products while maintaining a fair price between the producer, the consumer, and the organization, in order to obtain food with dignity, enjoy eating, have a choice in consumption, support the local economy, provide jobs with the best wages, and ensure sustainable projects.

1-2- Mission of Ahuntsic-Cartierville Market

- It believes in nourishing urban neighborhoods where healthy food can be easily produced, processed, and consumed year-round.
- It wants an improved living environment through satisfactory production and distribution spaces, and shared learning places to empower individuals in their food choices.
- It supports the multiplicity of initiatives for healthy food and health, while respecting the environment and human diversity.

More than 90% of the products at MAC come from small farms in the Quebec region located within a radius of less than 200 kilometers from Montreal. The colorful tables are filled with local produce, locally grown fruits and vegetables. Working directly with producers, i.e., in a short circuit, allows for the creation of a market that follows the natural rhythm of the seasons, which gives the advantage of offering high-quality products at a lower cost.

2- Grameen Bank

[2]The establishment of the Grameen Bank (Bank of the Poor) dates back to 1976 when Muhammad Yunus was the head of the Rural Development Program at Chittagong University. He launched a research project to study the possibility of designing a credit delivery system to provide banking services targeting the poor in rural areas. Bangladesh experienced a severe famine during this period, especially in rural areas, because most of the residents in these areas relied on loans from usurious traders. Consequently, the bank aimed to achieve the following results: ((Salima, (2020)

- Providing banking facilities to the poor, men and women.
- Eliminating the exploitation of the poor by money lenders.
- Creating self-employment opportunities for many unemployed people in rural areas in Bangladesh.
- Bringing in the deprived, most of whom are the poorest families, and giving them the opportunity to obtain loans to lift them out of the cycle of poverty.

- Moving the poor from the cycle of "low savings, income, and investment" to a cycle that ends in more income, more savings, and more and more investments.

Grameen Bank is the bank founded by Professor Muhammad Yunus in September 1983 under the name Grameen Bank (meaning "Village Bank" in Bengali), making it the first bank in the world to provide capital only to the poor, in the form of loans without financial collateral. This was based on organized collective guarantee in the form of groups of five individuals and centers of six to eight groups. (Raziqa, (2013), p. 73)

In an important study of Grameen Bank conducted previously, statistical evidence was found regarding economic well-being. The incomes of Grameen Bank members increased by 43% compared to the incomes of control groups in non-participating villages, and by 28% compared to the incomes of non-members in participating villages. Grameen members were also able to rely more on savings and their own money to face crises instead of borrowing from lenders. In addition, wage rates increased in the participating villages. (Mahabub, (1988))

An ethnographic study conducted by Helen Todd in 1996 on a village where Grameen Bank operates indicated a significant increase in education rates among the children of member families compared to the children of non-member families. Almost all girls in Grameen Bank member families received some education compared to 60% of girls in the comparison group. Also, 81% of boys in member families went to school compared to 54% of boys in non-member families. This was also proven in a World Bank study in 1998 that education rates among the children of all participants in credit programs are higher compared to non-participants, and that the education rates of girls in Grameen Bank member families are statistically much higher (Shahidur, (1998), p. 28)

The signs of this bank's success include: (Adel, (2014))

The number of beneficiaries of this bank reached about 8 million people by 2009, and it was able to cover all the villages of Bangladesh.

- The bank's staff reached 23,252 employees, and it was able to provide loans totaling more than $8.5 billion, with a repayment rate of 98.85%, which is a high rate not achieved by commercial banks.
- The success of the experiment led the founders of Grameen Bank to establish an institution to spread this experience around the world by all means, and it has effectively spread to more than 58 countries.
- Dr. Muhammad Yunus and Grameen Bank won the Nobel Prize in 2006 for their efforts in creating economic and social development for the poor. As mentioned on the bank's official website, a set of statistics includes
- In 2017, the number of its branches reached more than 2,600 in various regions of Bangladesh, and the number of borrowers exceeded 9 million, with very high recovery rates ranging from 97% to 99.6%.
- The bank is active in 94% of Bangladesh's villages, its activities cover 81,678 villages in the country, and it provides services to about 45 million people.
- The bank's loans are not only related to economic activities, but it also provides educational loans, new loans for entrepreneurship, and scholarships for the children of borrowing members.

3- Women's Agricultural Entrepreneurship in Lebanon

Rural women are the pillar of the household in the countryside. In addition to their domestic work, they contribute significantly to family farming. Hardworking farming families used to cover their deficits with seasonal profits or by employing women. Women also helped their husbands in agricultural work and product distribution, and sometimes they did the work alone. In the latest statistics from the Ministry of Agriculture, we find that about 45% of the agricultural workforce are women. Therefore, rural women have practiced and still practice agricultural work, albeit indirectly. With increased awareness, openness, and recognition of the importance of their role in building and developing society, there has been a growing interest in empowering them to face the challenges of modernity and post-modernity. This is done by helping them develop and utilize their abilities, either individually (individual agricultural entrepreneurship) or collectively through agricultural cooperatives. Women's agricultural entrepreneurship arose in family circumstances, through development policies adopted by the government, and also through reconstruction plans in Lebanon after conflict crises. It is of two types: individual and collective: ((Mohamed Selim Q. , 2013)

- **Collective Agricultural Entrepreneurship:** An agricultural cooperative is a gathering of farmers in a specific area within an institution they manage themselves, with responsibilities as members with the same rights and duties. The agricultural cooperative specializes in the agricultural sector and everything related to it, such as livestock, poultry, and fish farming. This cooperative also works to help members increase their production and achieve agricultural development by focusing on agricultural extension, providing agricultural production equipment and supplies, improving production conditions, marketing, supply, and lending.
- **Individual Agricultural Entrepreneurship:** This is an institution or project managed by a single individual, who works alone or with the help of a family member or other individuals.

- The objective conditions for interest in small and medium-sized enterprises (entrepreneurship) in general, and agricultural ones in particular, can be summarized as follows: ((Mohamed Selim Q. , (February 25-27, 2013), p. 312.313)

The difficulties faced by large enterprises in the private sector and their loss of global competitiveness (specifically in productive sectors like agriculture) due to the ongoing recession, and the difficulty for the state to finance any project due to the public debt exceeding 60 billion US dollars.

4- Lithuania's Experience with Social Entrepreneurship

Lithuania has the advantage of beautiful landscapes, good infrastructure, and a skilled workforce. However, in rural areas, with the exception of rural tourism and a few other business examples, there is weak employment and social integration. The potential of rural areas remains untapped, which could lead to some villages being removed from the map because no one actually lives there. If there is a small village, people are mostly engaged in growing vegetables to sustain themselves. In Lithuania's rural areas, there are more than 200 large farmers, each holding more than 1,000 hectares. They are active in various types of special EU support and have new agricultural transport, but their activity mostly remains non-innovative besides the new machinery. Due to EU support for rural development in Lithuania, some farmers are trying to make their activity multifunctional, especially by

reorienting their business towards rural tourism or including some additional innovative educational activities in their traditional work. This means they have become not just farmers, but now entrepreneurs. (39(2), (2017), p. 160)

Faculty members at Aleksandras Stulginskis University are preparing educational programs to teach in courses for farmers who are trying to incorporate new concepts and new management issues to engage farmers more deeply in various possible activities in rural areas. In a call from the National Paying Agency in Lithuania, there were more than 360 proposals submitted for funding to start businesses in rural areas. Priorities were given to youth and socially-oriented activities in rural areas. The amount allocated for the call was 3 million euros (the amount requested for financial support was larger). Some examples of how business and scientific partnerships can succeed can be mentioned, for instance, the funded innovative checks program where institutions can request some scientific research for their business. About 300 proposals for this type of research were accepted. For example, more than ten different topics that might be of interest to businesses in terms of social institutions and social entrepreneurship were presented. These topics were provided in a list of 2510 topics. Some new projects have been developed recently in Lithuania, one of which is a project called Socifaction. This project aims to facilitate social entrepreneurship ideas that involve local activity groups in rural areas of Lithuania: villages and small towns. The project includes youth, senior advisors, and researchers to provide advice and assistance to start this type of business, as well as concerned non-governmental organizations.

III. Conclusion

The most important results obtained from this study were as follows:

- Rural areas are specific areas for the successful start of social entrepreneurship activity, but reality confirms that targeted actions are needed in this field.
- Social entrepreneurship is embodied after studying projects and according to development programs that serve and are compatible with the environment and characteristics of the countryside.
- The term social entrepreneurship is relatively new, and the level of knowledge about it is still nascent, which explains the very limited number of projects or organizations that bear the name "social enterprise" in Algeria.
- Social entrepreneurship activities operate with an economic approach but do not aim solely for economic profit, but also to provide creative solutions to social and public problems such as poverty, unemployment, disease, illiteracy, and others.
- Social entrepreneurship constitutes an important part and an emerging model within the solidarity and social economy system, as it aims to integrate vulnerable and unemployed groups into working life to become an added value for themselves and their community.

IV. Recommendations

From the above, we can offer a set of recommendations, as follows:

- The good and well-considered choice of individual activities by each person to generate an income that preserves their dignity.
- Adapting methods and procedures to suit the circumstances and characteristics of communities and individuals.

- Working to increase awareness and knowledge of the concept of social entrepreneurship and differentiating it from similar and overlapping terms such as volunteering and charitable or social work.
- Encouraging social entrepreneurship projects in local communities by supporting the implementation of related ideas and initiatives and raising awareness about them and their benefits.
- Benefiting from the experiences of leading countries in the field of entrepreneurship in general and social entrepreneurship in particular.

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