

Sustainable Community Development through Innovative Entrepreneurial Actions

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Abstract: The livelihood of Hani I Elezit community in Kosovo mainly depends on TITAN-Sharrcem's successful operation in cement production. However, working positions, and therefore, the progress of the community are at stake due to the implementation of the factory's technological modernization scheme, which would evidently lead to socio-economic changes and to gradual economic withering of the people. This caveat becomes a serious drawback in the relationship and trust between the company and local society. Thus, the company in 2014 established a foundation, the Laboratory for Business Activity (LAB), with the mission to reduce unemployment and poverty to residents via agricultural entrepreneurship. The strategy is to assist local individuals to produce agricultural products with contemporary methodologies, and to assure sustainability of their startup establishments. Hence, LAB provided extension service opportunities in the form of experiential learning and field consultancy to interested selected community members to becoming competitive in their field of work. As a result, these entrepreneurial initiatives secured an alternative average annual income of €3.000 per family that is comparable to country's current average income per capita. Furthermore, the long term objective of the foundation is to build more opportunities for business creation, and to secure sustainable production with local brand name and identity for exports.

Key words: Community, Agricultural Entrepreneurship, Sustainability, Extension Service

Introduction

The sustainable rural community development is related to socio-economic and environmental issues (Kalantari et al., 2008) and thus agriculture plays a crucial role to leading the path to economic growth and prosperity (Dethier & Effenberger, 2012). The key element to reach developmental objectives and to adapt faster to new markets correlates to a large extent to small and medium size enterprises (SMEs) that consider being the backbone of regional development and social cohesion in rural areas (Tomisevic et al., 2010). However, regional development in the area is hindered by local conditions such as a political instability, government uncertainty and low efficiency of the banking system. Unfortunately, they all have negative impact on the enhancement of innovation, economic growth and unemployment reduction (Govori, 2013). Despite the pessimistic overview, agriculture is considered to be the locomotive of the national economy, and since globally the sector rapidly evolves due to new technology applications, science simplification, environmental, and biosecurity concerns, and to new consumers' demands, it becomes evident that the sector gains pace in becoming even more important to European cohesion countries (Barry, 2003). That is the case of Kosovo, one of the most rural and agricultural oriented regions of Europe with approximately 63% rural population that remains a large importer of agricultural products (Agriculture, Rural Development, Forestry, Fisheries and Food Safety, Kosovo 2020 Report and Export gov. 2016). Nevertheless, it is expected, following the progressive mode of other Balkan countries, that the population will soon experience a shift in favor of urbanization (IAMO, 2010).

To meet challenges related to innovation, business sustainability and to keep rural areas alive, and to address the phenomenon of urbanism (*or astyfilia*), income generated opportunities should be introduced to rural areas. To that end: 1- farmers must demonstrate commitment to continuous learning (Ramadani et al. 2015) as they face constant needs to alter attitudes, and 2- stakeholder organizations, including the government, must provide the means to encourage investments for the acceleration of the farm industry. The supportive forces for sectorial entrepreneurship development are the application of extension services and applied research (Ramos-Sandoval et al. 2016). One of the main challenges faced by entrepreneurs is succession. Extension services can contribute to resolving this issue.

Conceptual framework of the project

Sharrcem cement plant was founded as a state owned company in 1937. It is located in the town of Hani I Elezit next to Kosovo-FYROM border, and it is considered as one of the largest employers in Kosovo. Since 2010, it operates under the TITAN Group management. There is no other significant economic activity for the approximate 10.000 residents in the area, who are plagued by 50% poverty, high unemployment, migration rates (70%) and low educational opportunities (Kosovo Agency of Statistics, 2014). However, the local population has the ability to explore the numerous growth opportunities. Due to the 1990 war, natural resources in the area, have not been yet exploited to their full potential and have been to a large extend, underutilized. Therefore, the company's initiative to create LAB with the mission to offer agrofood entrepreneurial opportunities was a crucial step forward for the improvement of the community's welfare with alternative income generation through the application of corporate social responsibility schemes (Sharrcem Corporate Social Responsibility – CSR – Report, 2014). The project was envisioned by the company's management and it was based on numerous studies. Various stakeholders (national and international ones) were invited to



participate, and a Board of Directors was formed. In addition, an IFC Advisory Arm was engaged to establish governance mechanisms and the CSR. Additionally, the Sharrcem team contributed extensively with time and expertise, offering administrative support to LAB, along with the municipality, where its input strengthened the relationship between the involved parties.

Methodology

From the idea conception to organization and project implementation in 2014, Sharrcem took cautious steps beforehand to safeguard and apply the appropriate framework, motivating local participation, as well as to separate LAB from the cement company in an effort to ensure independent governance, to enhance collaboration with the relevant community, and to ensure appropriate stakeholder engagement. Thus, the company commissioned a corporate assessment, developed an inclusive governance plan, and set up a Board with participants from the public and private sectors in order to secure high transparency levels and maximum scientific and advisory input. The members are national and international reputable individuals from the agrofood industry. The implementation plan consisted of a three-step structural mode: 1- Raise awareness and provide training to selected individuals for specialized knowledge and job skills via experiential teaching methodologies on entrepreneurship, 2- Support the creation, establishment and maintenance of startups, and 3- Mentor individuals on businesses sustainability.

More specifically, a public engagement forum was organized to present the LAB establishment and the economic developmental objectives. This was accompanied by an invitation for the application of experiential training and mentoring of startup investments in sectors such as greenhouse vegetable production, soft fruit production, beekeeping, milk production, poultry production, table grape production, utilization of wood biomass for energy production, medical and aromatic herbs, and mushroom production. Locals applied for participation and went through an interview. Additionally, LAB staff assessed the submitted applications and visited each applicant's registered cultivated land to verify data of land ownership, field conditions against cultivation criteria, and to evaluate their readiness and capacity to undertake action. Further on, LAB signed two contracts for training with the Initiative for Agricultural Development in Kosovo (IADK) and for field consulting and research in agrofood entrepreneurship with the American Farm School (AFS).



During the program's implementation, farmers participated in study visits with the objective to be introduced to technology used in primary production, and to discuss with their peers issues of concern related to entrepreneurship. The program was enriched with selected lectures on food bio-security issues. Further on, farmers entering high potential investments (i.e. dairy) went through necessary intensive courses on contemporary operation management subjects. In all cases, the language of communication wasn't the barrier to materialize such experiential learning programs.

To improve visibility of the provided work, LAB developed all necessary procurement policies, within the national and regional framework. As a result, all processes were completed according to these policies (i.e. acquisition of farmers' supplies, technical material for the construction of greenhouses, and livestock sheds). LAB also signed a Memorandum of Understanding (MOU) with Hani I Elezit municipality to offer, free of charge parallel educational activities to interested citizens from the community and to elementary and high school students, on IT, English language, Environment, Health and Safety disciplines.

Results

Results cover fiscal years from 2014 to 2016, and are related to parameters that contribute to the economic development, such as production and sales, working days, investments undertaken for the establishment, maintenance and development of the startups, in addition to training and consulting services.

In three years, the total investment funds were €434.000. This funding was allocated to support 50 startup operations and to ensure 50 self-employed jobs (€326.000); to implement 68 teaching and consulting programs with approximate duration of 5.600 hours as they were addressed to 105 beneficiaries (€30.000); and to support 10 FTE administrative and technical positions for LAB's efficient operation (€78.000). One out of three applicants was selected to attend the program.



The selected production sectors were related to greenhouse vegetable and melon production, open field production of raspberries and strawberries, apiculture, chipped forest wood debris to be used for the heating of school units, and to revitalized the forest, mushroom production, medicinal herbs, viticulture and livestock (dairy cattle and poultry – see Table 1).

Table 1: Agricultural business activities for years 2014 to 2016

<i>Farm activity</i>	<i>Number of startups</i>	<i>Share (%)</i>
<i>Greenhouses</i>	9 ¹	18
<i>Open field soft fruits</i>	16 ²	32
<i>Apiculture</i>	10 ³	20
<i>Mushroom</i>	4 ¹	8
<i>Forestry</i>	1 ⁴	2
<i>Viticulture</i>	4 ²	8
<i>Medicinal herbs</i>	1 ²	2
<i>Livestock</i>	5 ⁵	10
	50	100

¹: Total covered cultivation area of 0.55ha; Cultivation area per greenhouse of 250m². Production of vegetables, melons and mushrooms

²: Total open cultivation area of 4.25ha; Production of raspberries, strawberries, table grape varieties of Muskat Italia, Victorija, Michele Palier, and Demir Kapija, and medicinal herbs

³: Average 10 beehives per family

⁴: Forest wood biomass

⁵: Ten imported red Holstein-Friesian pregnant heifers with forecasted production of 6 tons per lactation (current regional production averaged to 1.800Kg per lactation, mainly produced by cross bred dual purpose cows) and 150 hens per family flock of Brown Tyson hybrid

The funding for startups was allocated as follows: for 2014: 10 startups at the amount of €69.000; Year 2015: 20 new startups and maintenance of those established the previous year at

the amount of €113.000; and Year 2016: 20 new startups and support of those established in previous years at the amount of €144.000.

The above resulted to a total of 3.660 days of actual farm work and 125 tons of production, all sold into the local market. This production generated revenues of €93.000 (an approximate investment return rate of 33.6%). In addition, LAB established a retail shop for selling fresh products to local consumers of Hani I Elezit.

Initially, LAB provided 90% of startup funding and farmers invested only 10% of the total costs. The LAB's share significantly declined over the years to maintain previous established businesses, mainly due to farmers' maturity and competencies on management.

Discussion

TITAN-Sharcem continues to be the major employer in the region. However, its subsidiary, LAB, a non for profit organization, managed to provide significant means of alternative income for participating families through transparency procedures and compliance with the rules and policies. In order to transform the vision into a committed mission, LAB demonstrated an extroverted mentality. It came into agreement with the American Farm School for extension service applications and research in order to efficiently utilize the local natural resources for primary agricultural production. These efforts considerably resulted in low migration and urbanization rates of productive aged people. Based on the results, an alternative income of €3.000 per year was securely achieved per family. This figure compares to the national average per capita, estimated approximately at €2.900 (Trading Economics Review, 2015).

In parallel to the establishment of businesses, the local high school exploited an alternative heating source, and as a result, a two-fold advantage emerged: 1- forest revitalization and protection by cleaning wood debris; and 2- low cost energy utilization from the wood biomass. They all had a positive impact on social and environmental awareness issues among local population (Tomisevic et al, 2010), who became the Stewards of the Land (Marder, 2004).

Additional action plans are under investigation to forecasting financial sustainability of the project by 2020. However, TITAN-Sharcem along with other private entities participating in the program, will partially contribute to ensure the viable operation of the project.

LAB intends to support new entrepreneurial activities aiming to gain a greater market share with local brand name products at national and international levels.

Finally, one of TITAN's goals is to codify the methodologies used in this project and to introduce a framework to be used for the development of less advanced regions.

Conclusion and Recommendations

LAB has positioned the mountainous Hani I Elezit in the path of progress and development with local, national and international cooperation. The program's overall success has been accomplished mainly due to following parameters:

- 1- The foundation played the significant role of the mediator between the company and the community in order to build and maintain a trusting relationship between the two parties,
- 2- The participants have shown commitment and discipline,
- 3- The quality of natural resources (fertile soil and good quality irrigation water).

Some recommendations based on the 3-year experience with the project are the following:

- a. Continue to monitor, train and mentor beneficiaries, so, they become more competent to manage their businesses,
- b. Apply success indicators in order to determine the interventions contribution to the success of the existing businesses in a free market economy environment,
- c. Maintain sustainability of current business activities,
- d. Explore new entrepreneurship avenues to scale up primary production, food processing and product marketing outside regional borders,
- e. Plan networking opportunities for participant farmers,
- f. Concentrate on consumers' needs and bio-safe quality products,
- g. Create a myth around the products,
- h. Work with stakeholders on new funding resources and investments,
- i. Engage and organize women in new entrepreneurial efforts,
- j. Secure market share at national level, and penetrate foreign markets with local brand name and identity product,
- k. Codify the methodologies for business development to apply in other regions.

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