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## **The case study of "Krushevo women" as a model of social entrepreneurship**

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# The case study of “Krushevo women” as a model of social entrepreneurship<sup>1</sup>

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HR EXCELLENCE IN RESEARCH

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## Introduction

Many families in Krushevo are struggling with unemployment and poverty, seeking a way to address these bitter social problems. Krushevo housewives, for years, are producing and selling traditional products, trying to generate additional income and to help their families. But the sale of these products is often sporadic, disorganized, and lacks promotion. In order to help these women who produce homemade traditional products, the basic model of social entrepreneurship was used. At the very beginning, 25 women were trained to pack and sell their traditional products divided in several categories: berries products, teas and homemade pasta. Then, a horizontal clustering was implemented, forming the Association “Krushevo women” with a unique mission for economic empowerment of women in this city. For greater promotion and sale of these products, multiple actions were taken. Many channels for products’ sale were developed and numerous activities for promotion of the products and Association were undertaken. Building the web platform [www.odkrusevo.mk](http://www.odkrusevo.mk), the implementation of vertical clustering with local caterers and other civil societies with similar mission and the participation at different events organized across the country, opened a new horizons for selling of the products under one recognizable brand “It’s homemade, It’s from Krushevo”. Also, a catalogue, leaflets and advertisements in daily newspapers and web portals were used in order to promote the Association and the main event at the end of the project, a fair on homemade, traditional and ecological products, that was visited by more than 300 visitors who were fascinated of the exhibited products.

At first two parts of this case study, the background and characteristics of the participants are described. Part 3 writes about the used model of social entrepreneurship and part 4 describes the impact of the intervention. The last part concludes the study.

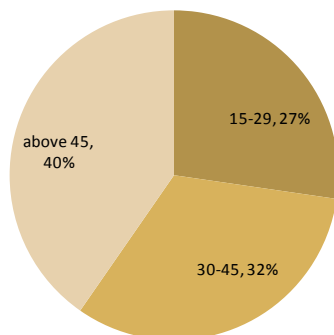
# 1. Background: obstacles and challenges for Krushevo women

## 1.1 Obstacles for Krushevo women

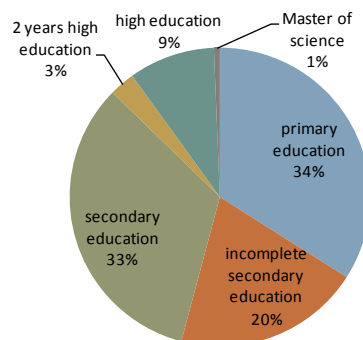
Krushevo is characterized by poor economic development and high unemployment rate of 58%. In June 2015, total number of unemployed persons was 1095, almost 25% more compared to the previous year. According to their age, above 40% are older than 45 years, and most of them are with low level of education (maximum secondary school) (Figure 1). Described situation seems very difficult, because the opportunities for employment of persons with such characteristics (elderly and low educated) are very limited. A “Local Action Plan for Employment” has been put forward in 2009, whereby the main target group has been young and educated inhabitants. Despite the Plan did not succeed in achieving this objective, it left aside the more ardent problem: employing unskilled or semiskilled adults and especially women, who are otherwise hardly employable even in larger cities or abroad.

Figure 1. Structure of the unemployed persons

Unemployed, according to the age



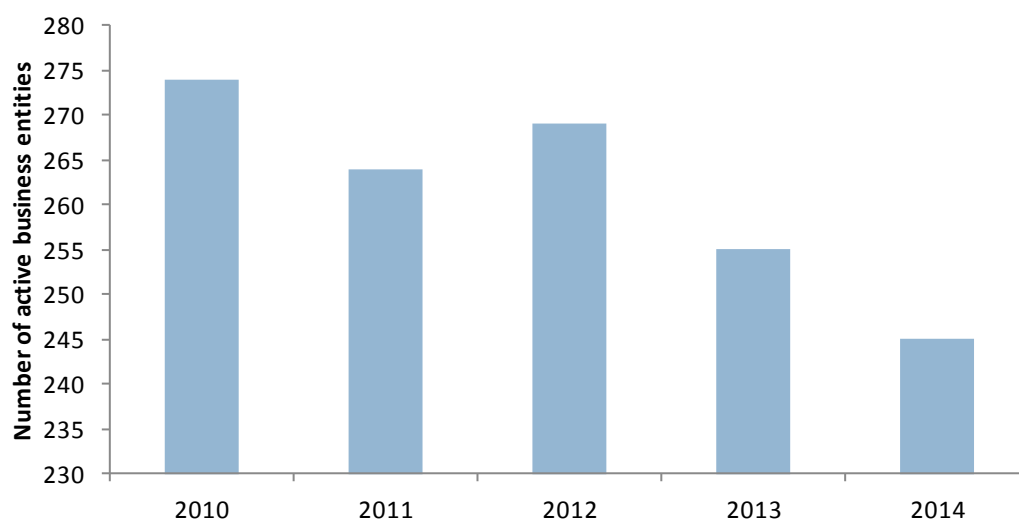
Unemployed, according to the education



Source: Macedonian Agency for Education, Finance Think calculation

On the other hand, the possibilities for employment, from point of view of available capacities, are limited too. Figure 2 shows that the number of active business entities in this city continuously decline, and in 2014 only 245 businesses worked. 196 of them are micro business, with 1.1 employed on average (Local Action Plan for Employment, 2009). Most of them are concentrated at wholesale and retail trade (84) and accommodation and food service activities (30). The biggest employers in the city are textile factories that, on average, have no more than 20 employees and paid around 6000 denars monthly salary.

**Figure 2. Active business entities**



*Source: State Statistical Office, Finance Think calculation*

This combination of unqualified work force and limited capacities for employment makes life in Krushevo very difficult. Many families face the challenge for survival, while the level of poverty rapidly increases. But, the combination of wealthy nature and diligent housewives open possibilities for Krushevo people. If properly used, unpolluted nature and fresh air, the abundance of different types of berries, teas, mushrooms etc. a lot of people can provide conditions for better living.

## **1.2 Challenges for Krushevo women**

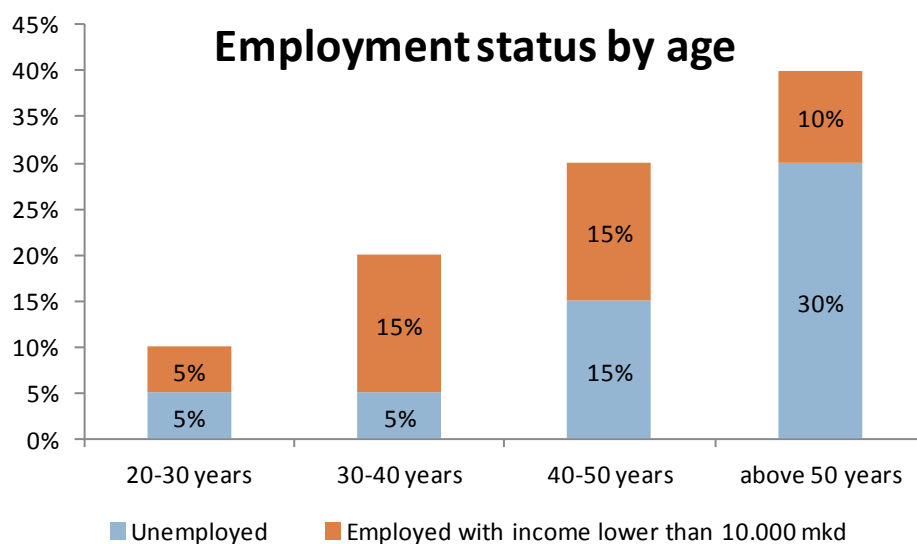
Because of the inauspicious geographical location, people in Krushevo are not able to deal with agriculture, primarily due to the un-arable land. But, the richness of different types of berries, herbs, mushrooms and vegetables grown in pristine nature, gives these people a unique chance to produce amazing products like jams, preserves, original teas, juices etc. There is no woman in Krushevo, who produces rosehip jam, blackberries preserve, dandelion syrup or traditional ajvar. Also, there is no house in Krushevo, where there is not fresh cilantro, thyme or chamomile tea, dialed from ecologically clean environment. Women, who mould the original Krushevo pie, donuts, pasta peelings and grains, according to a recipe inherited from their grandmothers, are numerous. Many of those homemade traditional products can be found only in Krushevo, while others have very specific and unique flavor that cannot be replicated in any other region in the country.

Except for domestic use, housewives from Krushevo produce these products for sale, mostly oriented towards friends and acquaintances. That way, many families are trying to generate additional income, to improve their lives and to get out of poverty, exactly through production and sales of the aforementioned products. But, the production and sales are sporadic, disorganized, without any recognized local brand and guarantee for maintaining the products' quality. The lack of tools for promotion is also a huge problem, because tourists and all potential customers remain largely uninformed in terms of who, where, what and when sells.

## 2. Targets and characteristics of participants

Identified problems in incompetent production, non-marketed products and non-existing sales channels, were the first signs that these women need help. The intervention targets unemployed or employed women with monthly income lower than 10.000 denars. Due to the problems mentioned in part 1, that woman older than 40 years face with, this category had priority in the selection process. Therefore, 25 women had opportunity to participate at the project.

**Figure 3. Employment status of the participants by age**



*Source: Individual applications for participation in the project, calculation by the Finance Think.*

All of them were selected in a transparent manner, through the Call for participation that was publicly pronounced. In the selection process, it was taken into account the equal



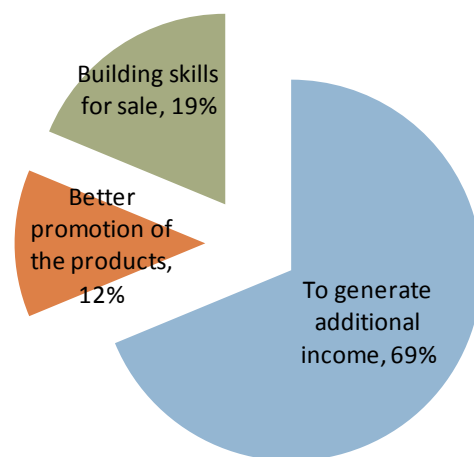
participation of women who produce different products divided in several categories: berries products, homemade pasta and natural teas. 70% of the selected participants are above 40 years old, but only 25% of them are employed (Figure 3). The difference is even larger for participants above 50 years, only 10% of participants out of 40% are employed. The opposite situation prevails for the women below 40 years, most of them are employed.

All of them have experience in producing traditional products. 57% of the participants produced for domestic use only, and 43% wereselling some of the products, as a source of additional income. Regarding the variety of the products, 70% of the participants produce three or four different products and only 10% are specialized in one product. On the other hand, only 15% of participants have introduced some innovative products like aronia preserve and rakia, or white pine syrup.

But, even for those who sell products, income is low. For 67% of them annual income is less than 200 EUR. Hence, main motive of the women to participate at this project (intervention) is the opportunity for generating additional income (Figure 4).

**Figure 4. Motivation for participation in the project**

### Motivation for participation at the project



*Source: Individual applications for participation in the project, calculation by the Finance Think.*

Despite the need of additional income, the need for capacity building is apparent. None of the 25 participants have opportunity to attend any workshop related to promotion, production and sales skills.

### **3. The model for social entrepreneurship with mini clustering elements**

The concept of social entrepreneurship is an approach for solving social problems applied by the developing countries, while clustering concept is used among small companies because of competitive advantages. Clusters involve similar companies that share same values, customers, suppliers and distribution network. For small and developing businesses, clusters will help in faster growth and establishment in the market. The concept of mini-clustering is an innovative mixture of these general approaches. It is community-based; includes individual female producers rather than SMEs; empowers them by providing skills and by developing a channel for sales; involves horizontal clustering through interconnections among individual producers and the community, as well vertical clustering through networking with the local caterers. Hence, applied approach has all characteristic of social entrepreneurship model: coaching- mentoring- piloting-promotion.

#### **3.1 Capacity building**

Building capacities for production, promotion and sales of their homemade, traditional and ecological products, is the basic step for equipping them with the necessary skills. At the very beginning of the project, three workshops, in which participants gained necessary knowledge and skills, were organized:

- Workshop on product packaging, where women had the opportunity to learn many creative ways for packaging of their products, in order to be more attractive to the potential buyers.
- Workshop for increasing skills for promoting and selling products, that trained women how to communicate and behave with the potential customers, how to manage to sell their products and establish long-term relationship with the buyer.
- Workshop for building a local brand – issues related to the essential for creating a local brand, appearance at the market as association rather than individually, and

some successful stories in creating local brand, were main questions addressed during this workshop.

### **3.2 Mini clustering**

Horizontal and vertical clustering has been implemented. Horizontal cluster is interconnection between entities at same level to share the resources. Vertical clustering is a supply chain. Horizontal clustering through interconnections among individual producers and the community has been applied. Vertical clustering has been established through networking with the local caterers and Associations of women similar to their mission.

For the horizontal clustering, the Association for economic empowerment “Krushevo woman” was established. Before the founding, a workshop for mini clustering was held, which aimed to encourage association (mini-clustering) of individual producers, representation and working in a group rather than individually. During the workshop, women were familiar with the mission and vision of the association, their rights and obligations, and legislation concerning NGOs. The participation at the Association is voluntary, and, so far, 14 women actively participate at the “Krushevo woman”. The Association aims to reduce poverty and increase women's inclusion and gender equality through capacity building, encouraging female entrepreneurship and fostering traditional values.

For the vertical clustering, the collaboration with an Association of women “Slow food” from Gevgelija and local caterers has been established. The collaboration with “Slow food” and people from other civil societies with similar goal who succeed in building social entrepreneurship has multifold gains. First, such collaboration will open new doors for promotion; second, the success of other will stimulate their motivation; and third, will faster their learning process. The collaboration with local caters is important for their sale because they are one of the main linkages with the potential customers and tourists, but also, they may include the products of the women in their menus.

### **3.3 Channels for products' sale**

For greater promotion and sale of the products, multiple channels were established throughout the project; some of them traditional, some modern. Basic modern channel for sale is the web platform [www.odkrusevo.mk](http://www.odkrusevo.mk), which was built during the project. It aims to promote the Association "Krushevo women", the women and their products, the city of Krushevo, its ethos and traditional recipes.

All women-participants at the project had opportunity to participate at different events like fairs, bazaars, conferences, etc. organized in different cities in the country, which lead to expansion of sales channels and acquiring new customers. Cooperation with local caterers led to the formation of another traditional channel of selling products.

A fair on homemade, traditional and ecological products was organized within the popular annual event "Krushevo ethno city". Women had chance to present their products to more than 300 visitors, who were flabbergasted of the products' taste. Visitors had opportunity to try all products, to learn how to mould the original Krushevo pie, and to buy some homemade product.

### **3.4 Brand development and promotion**

For greater recognition of the products and the Association itself, we took a number of actions that made "Krushevo women" a recognizable brand. The logo and the slogan "It's homemade, It's from Krushevo..." were created, and each woman received packaging, tags and labels, appropriate to the products they offer.

Also, multiple activities were taken, in order to promote the products of the Association and the main event that was organized at the end of the project. A catalogue on homemade products was created and delivered in all bars, restaurants, hotels and other catering services in Krushevo. A leaflet about the products was distributed within the monthly magazine "Economy and business" and the fair was advertised in the daily newspaper "Vest". Many web portals promoted the Association and the Fair, and the social networks were constantly used as a powerful tool for promotion.

## 4. Impact of the intervention

The impact of the intervention is measured through performance evaluation. Surveys before and after the intervention have been conducted. Several indicators have been measured: skills for packaging and sale; label and logo of the products; product packaging; channels for sale; number of new customers and income growth.

### 4.1 Impact of capacity building

That the workshops had a significant impact in building capacities for packaging and selling of the products, talks the self-assessment that women gave for their skills for packing and sales before the workshops and at the end of the project. Namely, the mode of the question How do you rate your skill packaging products (with a grade of 1 to 5), is 3, and the average grade about the skills for products packaging is 2.63 before the start of training, unlike mode 5 and an average grade of 4.42 at the end project (Figure 5).

Figure 5. Self-assessment about the skills for packaging, made before and after the project



Source: Survey before and after the intervention, calculation by the Finance

Figure 6 shows significant improvement of the women's skills for sale of the products. Prior the workshops and the start of the project, most of the women evaluated their skills with medium grade 3, while at the end, the average self-estimation concerning these skills was 4.42. 6 of 13 women evaluated with the highest grade 5.

Figure 6. Self-assessment about the skills for sale, made before and after the project

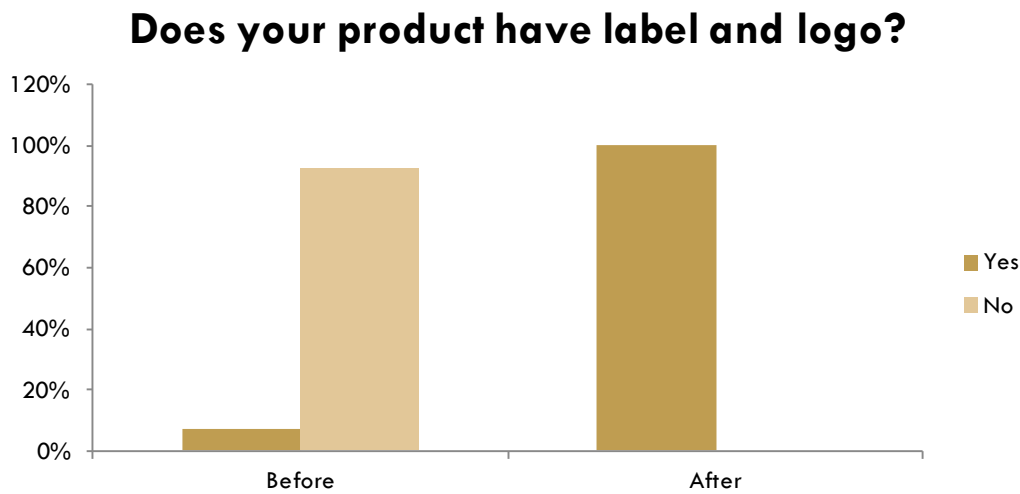


Source: Survey before and after the intervention, calculation by the Finance

#### 4.2 Impact of mini clustering and branding

Although the Association works only a few months, women who are part of it already benefited from the participation. Under the name “Krushevo woman” they have already participated in several events such as New Year’s Bazaar in Skopje, the Conference on Protection of the quality of traditional products in Kavadarci, Smokvijada in Gevgelija, which significantly increase their social inclusion. Also, cooperation with similar associations like Slowfood was already established. Despite the collaboration with associations and local caterers, collaboration with the Municipality has been established. As a result of that, the Fair “It’s homemade, It’s from Krusevo” has been embedded in the summer cultural program of the city.

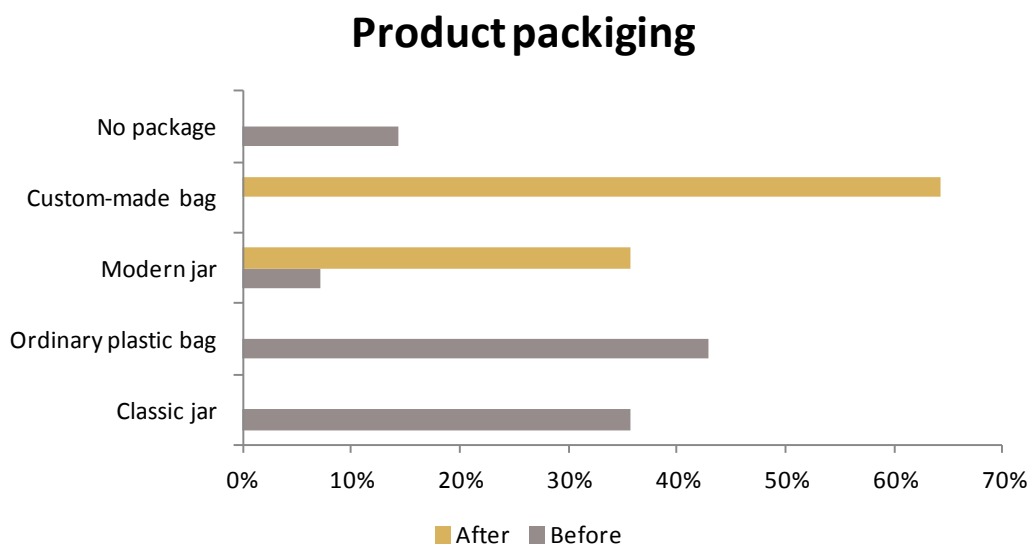
**Figure 7. Number of products that have label and logo**



*Source: Survey before and after the intervention, Finance Think calculation.*

With the establishment of the Association, the logo and the slogan “It’s homemade, It’s from Krushevo...” were created. Since then, all products that are part of the range of “Krushevo woman” have a proper label and logo, unique for the Association, making them recognizable at the market. Before that, only one participant had label on her products; all other women were selling their products without a single mark (label, logo, declaration etc.) (Figure 7)

**Figure 8. Product packaging**



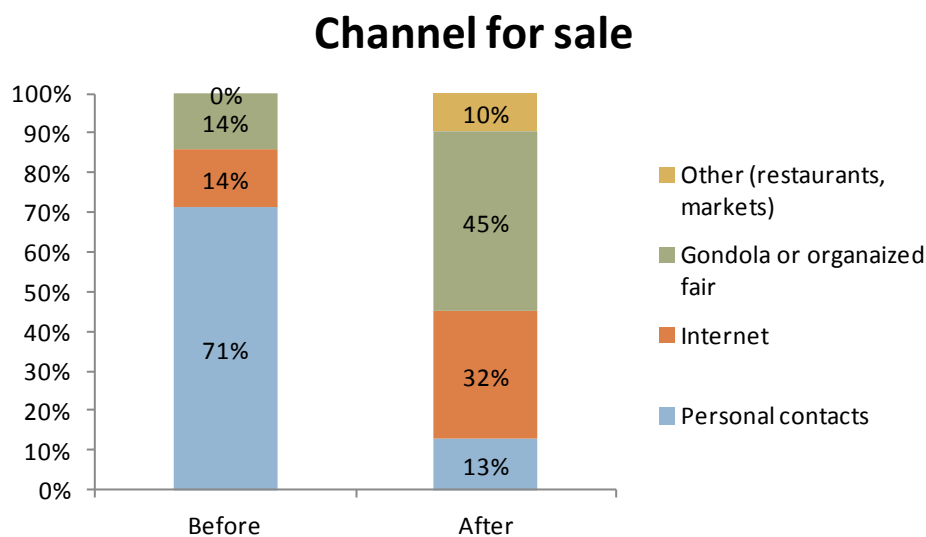
*Source: Survey before and after the intervention, Finance Think calculation.*

Beside the logo, products were attractively packed and got many rave reviews. For that, the women who custom made the packages for all products deserved the most, unlike previously when the products were packed in classic jars and ordinary plastic bags (Figure 8).

### 4.3 Impact of channels for products' sale

Before the start of the intervention and the introduction of new sales channels, over 70% of the women sell their products mainly through personal contacts, on friends and acquaintances. Today, the image of used sales channels is quite different. Women are increasingly using newly-developed sales channels, like Internet, gondola or participation at organized fairs. 10% of them have already established successful cooperation with the local caterers who started to supply products from these women (Figure 9).

Figure 9. Channels for products' sale



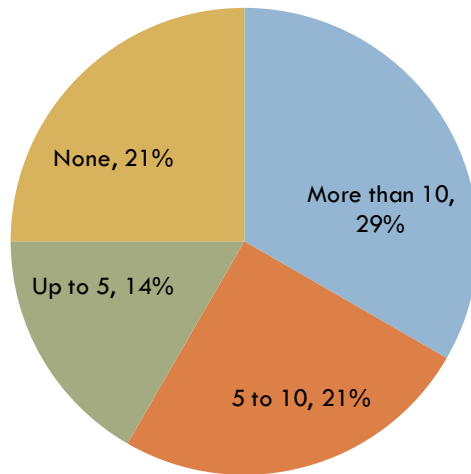
Source: Survey before and after the intervention, Finance Think calculation.

Thus developed sales channels, combined with all activities for greater promotion of the products, mentioned in part 3.4, contributed to the great attendance of the event, increased sales of the products and the number of new customers. Since the founding of the Association, 80% of women gained new customers (Figure 10).

Figure 10. Number of new customers

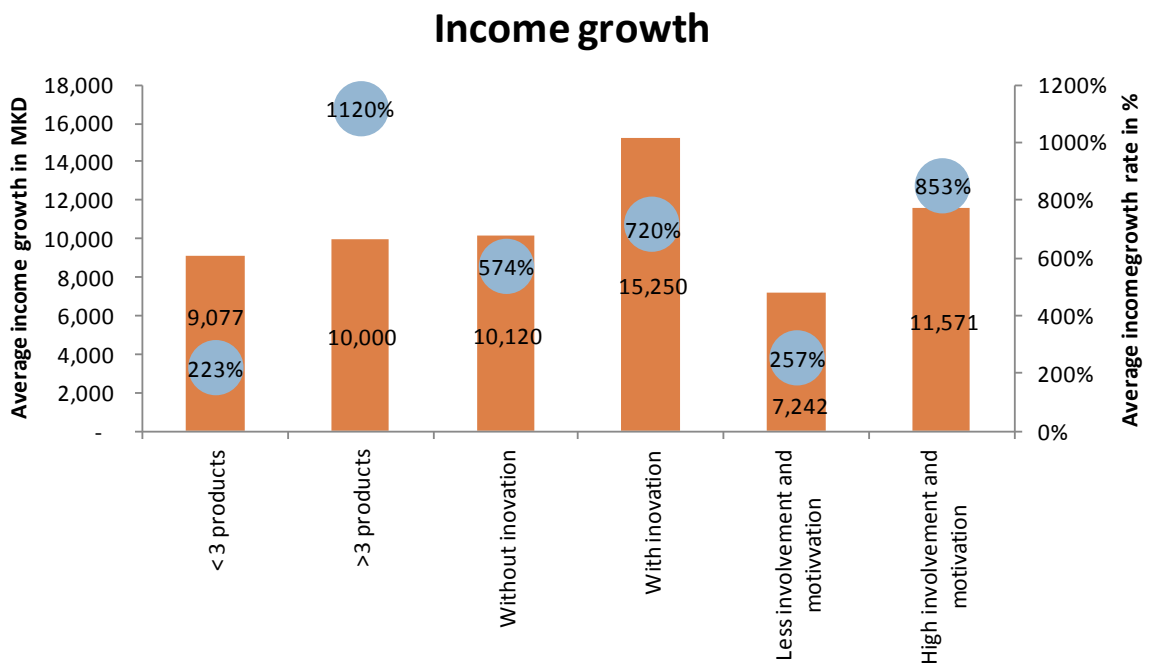


## Number of new customers



Source: Survey before and after the intervention, Finance Think calculation.

Figure 11. Income growth



Source: Survey before and after the intervention, Finance Think calculation.

The main objective of the intervention is economic empowerment of women. Income growth is the main indicator to measure the short term impact. Figure 11 observes income growth, measured as growth rate before and after the intervention and income growth in denars.

Overall, the average annual income growth rate is 544%, the annual turnover increased from 60.000 denars (before the intervention) on more than 190.000 denars, for the period of 10 months. Prior the intervention, the average income of women was 4.214 denars, while at the end of the intervention 13.622 denars. There is no difference between women who sell less than three products and women who sell more than three products, in terms of income growth in denars. But, there is a large difference between women with and without innovative products. Women who sell innovative products, on average, have significantly larger income growth than women without innovative products. It also seems that motivation and involvement in the project make differences in income growth. Motivation is measured through women's' presence on meetings, events and collaboration with the mentors. Expectedly, more motivated and involved women have larger income growth than less motivated and involved women.

## **5. Conclusion**

Poor economic picture of Krushevo on one side, and the rich nature and industrious housewives on another, prompted the desire to help Krushevo people. Therefore, the basic model of social entrepreneurship with mini-clustering elements was used and successfully implemented. Through capacity building workshops, all participants significantly improved their skills for packaging and sale of the products. The horizontal clustering of the individual producers in the Association for economic empowerment of women "Krushevo women" increased women's social inclusion at different events, under the recognizable slogan "It's homemade, It's from Krushevo". Built web platform [www.odkrusevo.mk](http://www.odkrusevo.mk) and created catalogue and leaflet on homemade, traditional products led to greater promotion of the products and Association itself. Over 80% of the participants gained new customers during the project and incredible growth of the income of 544% on average, which was the main motivation for participation at this project.