

University serving learning supporting social small business to overcome poverty

Service-learning (SL) is an approach to learning-by-doing that highlights the social relevance of the work performed by universities. It can be regarded as an augmentation of the concept of Community Service (CS) with the inclusion of a learning component that may carry academic credits or may be part of a specific course requirement (Barba & Atienza, 2016). On the other hand, Business Development can be understood as a package of conditions providing the elements for the businesses to prosper in a market based economy, where several complementing institutions and organizations play a role. These services are often referred to as Business Development Services (BDS). Perhaps the most acknowledged elements for small business are: financial and non-financial services, training, technology transfer, marketing assistance, business advice, mentoring and information, which are aimed at helping the entrepreneurs improve the performance of their businesses (Park & Choi, 2014).

The Program for Research, Assistance and Teaching of Small Enterprises (PRATS) was created as a CS program in 1999 at the Autonomous University of Baja California (UABC), Tijuana, Mexico, with the participation of few students and social small businesses, but was implemented systematically since 2001 with the support of funds. In the most general way, PRATS has been designed to take advantage of the human and physical capital, as well as other intangible assets already in possession of the Public Universities System. The main objectives of PRATS are delivering BDS *in situ* at no cost to unprivileged enterprises, conduct research on small firm development, and build up a model of teaching, and learning for students in the field of Economics, Business, Management, and surrounding disciplines (Mungaray et al, 2018).

Social small businesses are born as an alternative to help solve the problems linked to the condition of poverty, through business entrepreneurship. The social small businesses are owned by the poor or disadvantaged. The social benefit is derived from the fact that the dividends and equity growth produced by the profit maximizing businesses will go to benefit the poor, thereby helping them to reduce their poverty or even escape it altogether (Yunus, 2013).

PRATS provides the students the opportunity to apply their profession, access their social context, and develop a feeling of entrepreneurship and affection for their community and the value of solidarity (Mungaray et al, 2008). Students in PRATS attend the social small businesses for a twelve-week period and work as consultants, developing a complete program of data collection, processing and analysis, ending up in a report on the enterprise's performance to be provided to the entrepreneurs, and comments for improvement. While the students involve with the entrepreneurs, they transfer knowledge, economic and business concepts, and management and technical skills, allowing these agents acquire some human capital that they would have never gotten otherwise. In addition, the *in situ* assistance constitutes also an on-call response to specific problems the entrepreneurs confront with, where the students can serve as a consultant during the weeks they engage in the enterprise operation.

The social small business eligible for the program are those that are considered underprivileged or low value added, operating in the informal sector, whose sole owner performs many of the relevant activities in the business, predominantly employ family members, and have no separation between the resources of the business and home. These units can be considered as self-employment enterprises and originate from precarious macroeconomic conditions, recession and unemployment. Besides, they also originate because their owners lack of better working alternatives because they have a low level of education and training (Mungaray et al, 2008). While

officially microenterprises in Mexico are those units no greater than 10 employees, typically social small businesses have an average of 2 to 5 workers and where the family plays an important role.

The work of supporting social small business requires several visits and interviews with the entrepreneur, some of which are carried out either as a group training in workshops. Students enrolled in the program attend the social small businesses as consultants. At the end of the assistance period in the social small businesses, students analyze the data they collected in order to assess the enterprise formally for a written report. This stage is developed by the support of the Copy righted Software for Microenterprise Assistance (SAM). The software generates economic and financial reports such as Cost Analysis, Income Statement, Net Cash Flows, Pro forma Income Statement, and Analysis of Financial Ratios and Break-Even Point.

Once the social small businesses have taken on the challenge of being in a context of formality, and received financial support, a process that lasts three months from initial contact, the program continues to a stage accompaniment to enhance the social small businesses position in the context of formality and the new obligations that the enterprise have before the Tax Authority.

The program has provided support to 11,500 social small businesses in urban and rural areas across the state, from 2009 to 2018. They were, in fact, incorporated into the formal world, by promoting registration before the tax authority under the small taxpayer regime. In sum, these enterprise received training and were formalized and received nonrepayable financial support for more than 28 million pesos (2.2 million dollars approximately). The program also has incorporated 1,544 students who worked and helped the entrepreneurs to reach formality in addition to training. It is important to note that the program has benefited women entrepreneurs, since 73% of the supported entrepreneurs had this gender. In the future, the challenge is for social small businesses to be self-

sustaining with organization, in addition to that the program should be transferred for free. It is a great challenge. It is also argued that students' learning is fostered by a method of teaching which is based on well established theories of learning. Evidence of the helpfulness of students' advice to social businesses may be considered as one, rather demanding, way of measuring their learning.

The evaluation of the program has illustrated that not only that more than 11,500 social small businesses were formalized and trained, but also, it has shown the possibility that a selection of these businesses can aspire to higher levels of development. The results suggest that the supported social small businesses not only transited to operate under a formal context and rules, but those who have transited successfully through higher stages of business training under the program, has achieved better growth levels in sales and profits.

The academic, educational and social impact of the project has been attractive to NGO's, government organizations and some universities, Thus, the State Government of Baja California, Mexico, through the Ministry of Economic Development, and the Autonomous University of Baja California (UABC) have implemented a comprehensive program of social small businesses assistance since 2009, based on the PRATS designed by UABC. This program has become a public policy with the collaboration between the State Government and the State Public University (UABC).

With a global vision of social innovation, in 2017 the UABC created the UABC-Yunus Centre for social business and welfare (UABC-Yunus Centre), with the aim of deepening its vocation of social responsibility, through the development of social community intervention, aimed at strengthening social businesses to solve problems of society in its most vulnerable segments, under the ideas and philosophy of Professor Muhammad Yunus. The principal objective of UABC-

Yunus Centre is combat the condition of poverty and inequality through the creation and consolidation of social businesses and generate solidarity networks of local, regional, national and international collaboration (Mungaray et al, 2018).

References

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