From Social Entrepreneurship to Sustainable Entrepreneurship: Improving the value chain and marketing of Haitian chocolate

Mary Catherine Colley  
Troy University

Cherie Fretwell  
Troy University

Brian Bourdeau  
Auburn University

Three friends built a scalable, sustainable, social business to help the Haitian farmers, their community, and economy. The case describes how three friends started a chocolate company by building a sustainable social enterprise. Running a business in Haiti takes time and patience, but they have created a sustainable impact as they expand to add production and packaging capabilities while offering ownership opportunities to the Haitian people. We will explain how the company’s strategy fits into the sustainability entrepreneurship model and how they have used this model to become a successful company that grows, produces, distributes, and sells Haitian chocolate.

INTRODUCTION

After accidentally crossing the border into Haiti and becoming acquainted with the culture of the country, three* friends wanted to help the Haitian people improve their standard of living and provide jobs for farmers and others. The idea was less about becoming social entrepreneurs and more about bringing social justice to the people of a poor nation. The purpose of this study is to demonstrate how a Haitian chocolate company’s business strategy fits the sustainable entrepreneurship model. The model explains the connection among the three pillars that lead to sustainable entrepreneurship: environmental entrepreneurship, social entrepreneurship, and economic entrepreneurship. The three parts interact with each other to help build a theory of sustainable entrepreneurship proposed by Dean and McMullen (2007). This paper presents the company’s beginnings and current state within the context of the model.

The theoretical approach establishes an understanding of the integration of the proposed sustainable entrepreneurship theory to the company’s strategy. The research approach enhances the understanding and future implications of the Haitian business. The proposed theory creates an understanding of the underpinnings of the relationship between sustainable entrepreneurship and economic, social, and economic entrepreneurship.
ABOUT THE COMPANY

The friends had stumbled across the border to Haiti on a trip to the Dominican Republic. Being lost, some Haitian people took care of them while waiting on their documentation to return to the Dominican Republic. Because of this chance encounter and coming to love the Haitian people, the friends decided to create a social business in Haiti. They hired a renowned agronomist to determine what type of crop would not only grow and thrive in the tropical weather, but also provide a decent living wage for Haitian farmers. The agronomist was on a secret mission because there were legitimate concerns that if the more stable neighboring country of the Dominican Republic found out about what they were doing, they may implement the idea and capitalize on it more quickly. Therefore, it was not uncommon for the partners and the agronomist to be travelling incognito throughout Haiti to determine what type of crop would grow well and have high demand in the market.

Haiti’s agricultural industry comprises 38.1% of their labor force, second only to services (CIA, 2014). Because of the large agricultural industry in Haiti, the suggested crop to provide sustainable revenue was vanilla. At one time, this vine had been known to grow wild in Haiti and was exported to Paris (**Taylor, 2015). Vanilla, a very labor-intensive crop, is the second highest priced spice in the world next to saffron. To put this in perspective, the vanilla vine blooms just one day a year in which it must be pollinated by hand. This is required because the bees needed to pollinate the flower are located only in Mexico. The partners were willing to pursue this approach because vanilla can bring in a healthy revenue, even though it involves a very labor-intensive process. This pursuit further resulted in another business opportunity for the Haitian farmers and entrepreneurs.

To grow vanilla, the vine needs a host tree. Because they flourish in tropical weather, the host tree chosen was cacao, which takes three to five years to mature. The cacao is then harvested and turned into cocoa, cocoa butter, chocolate, and more. Recently the company worked with the Haitian government to secure an industrial building to process the cacao beans, and they have built a machine to process the harvested cacao into chocolate. This allows the farmers and other Haitian citizens another opportunity to be involved in the larger supply chain process of manufacturing, packaging, distributing, and selling chocolate, but it also creates new opportunities and challenges (Taylor, 2015).

When the vanilla is ready to harvest, the company will complete the manufacturing process and export it. Focusing on the foundations of social entrepreneurship will explain the growing pains and obstacles of working in a less developed country. While vanilla was the initial product chosen to grow for its value, the cacao trees will mature first; therefore, the company plans to process the cacao into chocolate and sell any of the residual from the processed cocoa to local Haitian entrepreneurs for further production into cocoa butter. Using and then selling all parts of the cacao bean after it has been processed for chocolate allows for a more sustainable practice.

The company has been slowly building for over a decade, with the initial years supporting agricultural research. The business partners employ eight people in Haiti, most of whom are women. They also work with local farmers to teach them sustainable farming techniques. With government and community support, they continue to pursue value-added processes that keep more money in the country by providing the skills and knowledge needed to add value to the product. A bright future is ahead for the business and the Haitian people as they collaborate with the farmers to add value to the product, increase farming efficiency, and provide ownership of the entire production process, which is called “bean to bar.” Since the Haitian farmers typically are paid only for the raw cacao beans, this feat has never been attempted by any Haitian farmers involved in the chocolate business.

In addition, the company has won awards from the government for its dedication to the Haitian people and their future. The friends saw an opportunity to provide Haitians guidance and leadership in how to operate a business from bean to bar and create a sustainable income for more than just the farmers. Exporting the raw cacao beans was not a sustainable solution as that only adds 6.6% to the value of a chocolate bar (Fountain & Hutz-Adams, 2015). Processing the cacao bean to create a chocolate bar creates more jobs and long-term value to the company.
PURPOSE OF RESEARCH

With patience and perseverance, the friends built a sustainable business model that creates jobs and provides income for many beyond just the farmers of Haiti. This paper will explore the links between the questions that follow based on the sustainable entrepreneurship model of Young and Tilley (2006). It will detail the progress and growth of the chocolate company as it follows a strategy to create a sustainable business located in one of the poorest countries in the world. In Figure 1 below, the model describes the interlocking relationships of social, environmental, and economic entrepreneurship as they relate to sustainability entrepreneurship.

FIGURE 1
THE SUSTAINABILITY ENTREPRENEURSHIP MODEL

(Young & Tilley, 2006)

Using Young and Tilley’s model (2006), the first deliverable will be to explore the link between environmental and social entrepreneurship.

1. Environmental Entrepreneurship’s Relationship to Social Entrepreneurship
   a. How does ecological equity and sufficiency support its relationship with social entrepreneurship?
   Next, the paper will utilize the model to explain how economic entrepreneurship connects to social and economic entrepreneurship.

2. Economic Entrepreneurship’s Relationship to Social and Environmental Entrepreneurship
   a. Social Entrepreneurship: How do socio-effectiveness and socio-efﬁciency support and explain its relationship with economic entrepreneurship?

   Finally, all these pillars will be discussed as they relate to sustainable entrepreneurship.

3. Sustainable Entrepreneurship’s Relationship to Social, Environmental, and Economic Entrepreneurship
   a. Social Entrepreneurship: How do futurity and social responsibility support and explain its relationship with sustainable entrepreneurship?
b. Environmental Entrepreneurship: How do environmental sustainability and environmental stability support and explain its relationship to sustainable entrepreneurship?

c. Economic Entrepreneurship: How do economic and intergenerational equity support and explain its relationship with sustainable entrepreneurship?

To add to the Sustainability Entrepreneurship Model above, Young and Tilley (2006) offer a summary of the Dylick and Hockerts (2002) model, which provides an understanding of each part of their sustainable entrepreneurship model.

**TABLE 1**


<table>
<thead>
<tr>
<th>DYLICK AND HOCKERTS MODEL (2002)</th>
<th>Business Case</th>
<th>Socio-Efficiency</th>
<th>Ecological Equity</th>
<th>Sufficient</th>
<th>Natural Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-Efficiency</td>
<td>Business Case</td>
<td>Socio-Efficiency</td>
<td>Ecological Equity</td>
<td>Sufficient</td>
<td>Natural Case</td>
</tr>
<tr>
<td>Refers to a firm’s efficient use of natural resources.</td>
<td>Refers to the relationship between a firm’s economic value added and its social impact.</td>
<td>This refers to the inter-generational inheritance of natural capital, both positive and negative (pollution, etc.).</td>
<td>Refers to the assessment of a firm’s absolute social performance.</td>
<td>Refers to the actions of individual consumers to make responsible choices right through to consumers collectively boycotting or subverting corporate branding and marketing strategies that are believed to be environmentally harmful.</td>
<td>This criteria can be interpreted in different ways. It refers either to a technical effectiveness (Schaltegger and Sturm, 1998) or a complete alternative to eco-efficiency (McDonough and Braungart, 1996).</td>
</tr>
<tr>
<td>It is usually calculated as the economic value added in relation to a firm’s aggregate environmental impact.</td>
<td>It requires the minimisation of negative impacts, such as accidents at work and the maximisation of positive social impacts, such training and health benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The theoretical implications should support the sustainable entrepreneurship model developed by Young and Tilley (2006), as well as portions of the sustainable entrepreneurship theory proposed by Dean and McMullen (2007). Much research has involved each of the proposed theories, but it has not integrated all three parts using the model that creates sustainable entrepreneurship. This paper provides an example of a sustainable company and explains the relationships among its three pillars.

**ABOUT HAITI**

Haiti has a population of 10 million people and is neighbor only to the Dominican Republic, which is twice as large as Haiti in land size but with a similar population. With Haiti’s Gross Domestic Product (GDP) per capita at only $1,300US and an unemployment rate of over 40%, the socio-economic makeup of the country makes it difficult to develop and manage a company in Haiti (CIA, 2014). In comparison, the Dominican Republic reports a GDP per capita of around $10,700 (2014) and an unemployment rate of only 15% (Trading Economics, 2014).

With regard to ease of doing business with Haiti, the World Bank Group (2015) ranks Haiti at 180 out of 188 countries. Investment in Haiti is difficult because of the poor economy, high unemployment, and lack of food security. However, other factors make it an interesting choice for business. For example, it is in close proximity to the US and has a large labor pool (Schaaf, 2009). According to the World Bank Group (2015) “Almost 70% of poor households have heads holding jobs and 61% of those work in agriculture, where average earnings are less than 20 percent of the earnings in the formal sector in Haiti. This underscores the urgent need to create higher labor productivity jobs.”

With the numerous challenges Haiti faces to improve its economy and create a sustainable future, Haiti must work to change the behavior of its people, economy, and country. Behavior change is
important because “... (It) is the cornerstone of sustainability” (McKenzie-Mohr, 2000, p. 531). The citizens must be involved in the process of improving their standard of living by gaining the skills and knowledge needed to sustain a business efficiently and effectively. As a result, the country’s economic standing will improve.

VALUE OF THE SUPPLY CHAIN FOR CHOCOLATE

In 2015, only 6.6% of the value of the retail price of a chocolate bar actually went back to the farmers who grew the cacao trees (Fountain & Hutz-Adams, 2015). As the table below explains, the value distribution for the manufacturer and retail and taxes comprises almost 80% of the value of a chocolate bar.

<table>
<thead>
<tr>
<th>Value Distribution</th>
<th>Sells</th>
<th>Buys</th>
<th>Value Added</th>
<th>Profit</th>
<th>In % of final sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers income weighted</td>
<td>$ 1,874</td>
<td>$ 664</td>
<td>$ 1,210</td>
<td>$ 1,210</td>
<td>6.6%</td>
</tr>
<tr>
<td>Benefits of certification p.t.</td>
<td>$ 156</td>
<td>$ 40</td>
<td>$ 116</td>
<td>$ 116</td>
<td>0.6%</td>
</tr>
<tr>
<td>Inland Transport</td>
<td>$ 1,971</td>
<td>$ 1,874</td>
<td>$ 97</td>
<td>?</td>
<td>0.5%</td>
</tr>
<tr>
<td>Taxes/Marketing Board</td>
<td>$ 2,745</td>
<td>$ 1,971</td>
<td>$ 774</td>
<td>?</td>
<td>4.2%</td>
</tr>
<tr>
<td>International Transport</td>
<td>$ 2,793</td>
<td>$ 2,745</td>
<td>$ 48</td>
<td>?</td>
<td>0.3%</td>
</tr>
<tr>
<td>Terminal Handling Costs port of arrival</td>
<td>$ 2,993</td>
<td>$ 2,793</td>
<td>$ 201</td>
<td>?</td>
<td>1.1%</td>
</tr>
<tr>
<td>International Traders</td>
<td>$ 3,038</td>
<td>$ 2,993</td>
<td>$ 45</td>
<td>$ 15</td>
<td>0.2%</td>
</tr>
<tr>
<td>Processors &amp; Grinders</td>
<td>$ 4,434</td>
<td>$ 3,038</td>
<td>$ 1,395</td>
<td>$ 211</td>
<td>7.6%</td>
</tr>
<tr>
<td>Manufacturer*</td>
<td>$ 10,858</td>
<td>$ 4,434</td>
<td>$ 6,425</td>
<td>$ 870</td>
<td>35.2%</td>
</tr>
<tr>
<td>Retail &amp; Taxes</td>
<td>$ 18,917</td>
<td>$ 10,858</td>
<td>$ 8,058</td>
<td>$ 473</td>
<td>44.2%</td>
</tr>
</tbody>
</table>

(Fountain & Hutz-Adams, 2015, p. 34)

Extending the ownership of the chocolate supply chain in Haiti provides additional opportunities for the Haitian workforce. This includes growing the cacao trees, transporting the pods to a production facility to make the chocolate bars, and packaging and distributing the bars for sale in Haiti and internationally. This allows more of the money earned in the value chain to stay within the Haitian community. It creates additional jobs to the process, which allow the operation to create and maintain a minimum 49.9% of the value of a chocolate bar: farming at 6.6%, inland transport at .5%, processors and grinders at 7.6%, and manufacturing at 35.2% (Fountain & Hutz-Adams, 2015).

DEFINITION OF ENTREPRENEURSHIP

Although many argue that the key components of entrepreneurship include risk taking and profit, Schumpeter (1934) equates entrepreneurship with innovation through identifying market opportunities and using innovative approaches to exploit them. Schumpeter (1934) defined entrepreneurs as “innovators who implement entrepreneurial change within markets.” He continues by stating entrepreneurial change has five manifestations:

1) Introduction of a new (or improved) good
2) Introduction of a new method of production
3) Opening of a new market  
4) Exploitation of a new source of supply  
5) Re-engineering and organization of business management processes.

The owners are using many of the manifestations listed above to create a solid foundation by utilizing value-added processes in manufacturing the final product in Haiti. Larson (2000) claims that entrepreneurship transforms societies by making a fundamental change in society, rather than just potentially improving a product. Adding processes to the production value chain in Haiti provides employment opportunities beyond the scope of buying cocoa beans from farmers. Adding skill and ownership to the process requires farmers to learn about efficient and effective farming processes and connect the impact of farming and production to the economy and their own well-being.

SOCIAL ENTREPRENEURSHIP

Many definitions of social entrepreneurship exist. In essence, the distinction between entrepreneurship and social entrepreneurship is that entrepreneurship provides value to the individual while social entrepreneurship focuses on contributions to society and mankind (Welsh & Krueger, 2012). Austin, Stevenson, and Wei-Skillern (2006) agree that this type of entrepreneurial activity has a purpose based on social needs integrated into the business activity.

William Drayton, the founder of Ashoka, the first organization to promote social entrepreneurship, says social entrepreneurs use their talents to solve social problems on a society-wide scale. Social entrepreneurs recognize “when a part of society is stuck and provide new ways to get it unstuck” and “they work toward a systemic change to tip the whole society and continue to persist until they are successful” (Drayton, 2002, p.123). Other definitions claim that the main function of social entrepreneurship is to meet the social needs of the people that the government and the trade sector have not been able to address (Alvord, Brown, & Lets, 2004; Thompson, 2002).

Santos adds to the definition by claiming that beyond social needs, social entrepreneurship “has profound implications in the economic system: creating new industries, validating new business models, and re-directing resources to neglected societal problems” (2012, p. 335). Thompson expands on the neglected social problems to state that social entrepreneurs encourage and empower disadvantaged people to take control over and responsibility for their lives (2002). The numerous definitions cover many facets of what the company is attempting to achieve.

Social entrepreneurship is about improving society, but there is more to the success of a business than just the social purpose. Research initially characterized social entrepreneurship as being fronted by nonprofit entities; however, as later research reveals, this is not always the case. For a company to be sustainable, it must be built on the three pillars of people, planet and profit (Naipinit, Sakolnakorn, & Kroeksakul, 2014). In summary, profit is an element of a sustainable company.

“Social entrepreneurs work to fill the gaps important to community members” (George & Reed, 2016, p. 2). Researchers agree that many social entrepreneurs are community-based and Leadbeater (1997) suggests it can spread enough to form a larger identity. Social entrepreneurship can:

- Identify a needs gap and a related opportunity which they understand
- Inject imagination and vision into their answer
- Recruit and motivate others to the cause in question and build essential networks
- Secure the resources that are needed
- Overcome obstacles and challenges and handle the inherent risks
- Introduce proper processes for controlling the venture
- Listen to the ‘voice of the community’ and respond.”

(Cukier, Trenholm, Carl, and Gekas, 2011, p. 104; Dees, 1998; Leadbeater, 1997; Thompson, 2002).

Although poverty rates in Haiti remain high in both urban and rural areas, the rural areas remain the largest factor contributing to the welfare problem. The entrepreneurs contribute to a resolution by serving as the drivers of change. They create value for the disadvantaged people by providing jobs, building
skills, and creating a business model where value is captured throughout the chocolate production process.

Another of the many successful outcomes of the business is that the owners work closely with the farmers to teach them to become efficient and effective producers. In addition, the owners work with the government and businesses in Haiti to promote and market their capabilities to create additional business opportunities. Engaging the community and enhancing the value chain positions the company to sell to developed markets.

The owners provide value by having connections to the government, knowledge of the cocoa industry, and building relationships with other industries and buyers. Social businesses must have an abundance of institutional capacity, such as knowledge, relationship and networking capabilities and political capital (Healey, 1998). Healey contends that various participants must work together to generate effective strategies that allow different types of people and organizations to deliver on their promises and take advantage of new opportunities (1998).

Based on Healey’s (1998) approach, the owners created a sustainable and scalable model that brought economic and social benefits for the company and the rural community in Haiti. The benefits generate opportunities for economic and social success. The company offers a solution by providing the knowledge and skills needed to help Haitian farmers out of poverty and creating a value-added product. The company has strengthened their involvement in sustainability efforts as it connects the social, environmental, and economic approaches to cocoa production and processing.

While the company’s goal is to help create social justice through its business, the owners have come to understand that it is more than just improving the standard of living for farmers. It is also about creating a sustainable business model and building upon the social aspect of their company to turn it into a sustainable enterprise. According to El Ebrashi (2013), the desired result of social business is to create change that can be sustained on the community level.

ENVIRONMENTAL ENTREPRENEURSHIP

Ecopreneurship, also known as environmental entrepreneurship, is defined by Isaak as a “system-transforming, socially-committed environmental business characterized by breakthrough innovation” (2002, p. 80). It can include practicing better environmental practices to improve social wealth. Dean and McMullen define environmental entrepreneurship as “the process of discovering, evaluating, and exploiting economic opportunities that are present in environmental relevant market failure” (2007, p. 58). Bringing social justice to the poor people of Haiti through agriculture production was the company’s initial focus, not the environment; yet, any work that involves agriculture must also include the environment. Thus, the company uses agricultural techniques that will not only result in greater environmental wealth for the Haitian farmers, but also greater financial wealth.

To the benefit of a company like this, consumers are becoming more ecologically conscious about products (Pastakia, 2002). As consumers become more aware of a product’s ingredients, they help drive the change toward an increased demand for environmentally friendly products. Pastakia (2002) lists five key drivers of ecopreneurship: investors, consumers, producers, citizens, and government. As the author notes, producers are the ones to assert the importance of sustainability values and the company uses it as a competitive advantage in the production process.

Link to Social Entrepreneurship

Sufficiency

Building social wealth through sustainable environmental and economic practices is a challenge to many governments. In 2012, His Majesty King Bhumibol Adulyadej of Thailand gave a speech entitled “Towards a Sufficiency Economy: A New Ethical Paradigm for Sustainability” (UNESCO, 2012). His speech addressed the devastating impact the environment can have on such issues as food shortages, which affect social wealth. For example, a food shortage can cause health issues, which can decrease work productivity. His Majesty’s new development paradigm is gaining acceptance as it provides an
alternative way to address socio-economic and governance issues via grassroots efforts as well as through the micro and macro-economic level (UNESCO, 2012).

His Majesty continues by defining the three values of the sufficiency economy: “to be moderate in the pursuit of wealth, living within one’s means, and refraining from the exploitation of other people” (UNESCO, 2012). “It is based on the idea of inclusiveness, where all members of a community join forces and participate in decision-making and developing mutually-beneficial knowledge” (2012). In general terms, sufficiency means adequate or enough. The values promote living within one’s means (sufficiency) as an enabler to catapult an economy to become durable and sustainable when faced with the challenges of globalization. Sufficient production and consumption are specific examples given in the UNESCO paper. Thus, economic growth and sufficiency must work together to bring about security and stability (2012).

York and Venkataraman (2010) suggest that entrepreneurs are unique in pursuing the core environmental issues because they are closer to the problem than larger corporations are. The owners must train and educate their farmers to increase agricultural output by improving efficiencies to create a sufficient living for the farmers. If farmers are able to understand that increased efficiencies in farming can provide a sufficient living, then progress is likely to be more successful and sustainable. Because the owners are on the ground working directly with the farmers, it makes it easier for the owners to communicate these benefits.

Creating a network among people and communities based on a sufficiency economy supports the creation of a self-protected environment (Ubonsri & Pannun, 2013). Improved farming and growing techniques can protect the environment. The process includes sharing knowledge about managing and directing a community toward a healthy and sustainable lifestyle based on the principles of moderation, reasonableness, and requirements for a self-immune system (Ubonsri & Pannun, 2013). Naipinit et al. (2014) researched the impact of the efficiency economy in rural Thailand. The authors concluded that the sufficiency economy proposal from His Majesty has reduced rural area expenses. In addition, the authors claim that some of the social benefits include a reduction in crime and an improvement in communication between neighbors (2014).

As villagers gain knowledge about the sufficiency economy and environmental stability, they will come to understand the importance of the environment and will work to protect it as it provides a livelihood for them (Naipinit et al., 2014). Villagers use the natural resources to create business opportunities such as the chocolate company. The only way to reap the benefits and remain sustainable is to protect nature, such as efforts in water and soil management. Ultimately, the farmers can use this knowledge and new skills to support themselves while maintaining alignment with their environment.

Environmental entrepreneurship has much in common with social entrepreneurship (Austin et al., 2006; Dees, 1998). Lenox and York (2011, p. 10) believe there will be more “cross-fertilization” between social and environmental entrepreneurship literatures as they claim that environmental entrepreneurship increases social and environmental welfare. To promote sustainable living and environmental improvements in Haiti, one must focus on protecting the environment and improving sustainability through learning crop management techniques, improving output, and controlling soil erosion.

**Ecological Equity**

Ecological equity is what connects the management of the environment and social sustainability (Dyllick & Hockerts, 2002). Many people agree that how we consume and treat our natural world now will affect future generations, and that we should leave the world a better a place for others. The natural capital we consume and perhaps do not take care of will be inherited by future generations; thus, the distribution of natural capital is important for social sustainability to be a success (2002).

However, no indicators existed prior to 2002 as a way for firms to determine how natural capital could and should be assessed. Brown, et al. (2016) provide a detailed article for environmental practitioners as it relates to natural capital assessments. In their evaluation, the authors claim that the change in one area of the sustainability model affects every part of the model. Brown, et al. (2016) assert
“Undervaluing natural capital benefits can lead to investment decisions that exacerbate this degradation, which can, in turn, negatively impact a range of economic and social objectives” (p. 79).

From a social and ecological viewpoint, growing cacao trees can improve the welfare of the farmer’s life particularly in subsistence economies like Haiti. Cacao trees in Haiti have been around for over 200 years and thrived at one time, but in its current state, ecological issues are abundant. One major factor is the lack of fertile farmland. Before the 1950s, forest coverage in Haiti equaled 60% of the land, but now that percentage has dropped to less than 2% (Haiti Earthquake, 2010). Despite this significant reduction, agriculture remains a dominant sector in Haiti contributing 25% to its GDP, with 60% of the population working in agriculture (USAID, 2015). With such heavy dependence on agriculture, a movement toward ecological equity is necessary for a sustainable future.

A number of factors exacerbated the reduction in forest coverage. One factor was the instability of cocoa prices in the 1970s (Wegbert, 2015). During this time, a large number of cacao trees were cut down to make room for more profitable crops. Another factor contributing to deforestation was, and still is, cutting wood to cook food (2015). Although Haitians cut down the trees for survival purposes, the farmers today still struggle to feed their families. A third negative outcome of deforestation is soil erosion, which ruins fertile farmland and pollutes the water resources (EarthTalk, 2010). In addition, the 2010 earthquake in Haiti opened fault lines and added to the devastation of the agricultural sector by causing more soil erosion and further damaging the fertility of the land needed to grow a sustainable amount of food (2010).

The entrepreneurs use the agricultural and environmental elements of their production process to add value to its products through farmer education, thus improving social wealth. The company has positively affected the environment in Haiti by promoting reforestation through cacao planting, production, and improved farming practices. Although the environmental impact may be small, it is relevant and scalable. With the network the company built to include Haiti’s government and other business leaders, their successes can be shared with others to quickly scale the opportunity for increased cacao production for other farmers while also accelerating reforestation efforts.

Based on research by Dyllick and Hockerts (2002), companies should consider how to improve their ecological and social efficiencies by focusing on social and environmental issues. It is not uncommon that a less developed country focuses on natural resources as a source of economic growth (Haiti Earthquake 2010). For Haiti, improved efficiency in agricultural production and improved sufficiency of agricultural output is a step toward improving the country’s economic health, which creates an opportunity to reduce poverty in the rural areas. In summary, Haiti must find ways to take advantage of their natural resources (2010).

Anderson and Leal (2001) envision the entrepreneur’s primary role is to create the institutions and property rights that preserve environmental quality. Pastakia (2002) adds that it is not just the entrepreneur’s job to affirm sustainability value and use it as a competitive advantage. While entrepreneurs serve as the internal source, external factors are also needed, such as efforts from activism, investors, regulating agencies, policies, and consumers (2002). Thus, the ability of the entrepreneurs to network, particularly with the local government, is vital to create a sustainable future for the rural farmers of Haiti.

Conclusion

In the rural areas of Haiti, the farmers have undervalued their own natural resources to feed their families and this has contributed to soil erosion. Changes in environmental policies have become an undeniable part of this company’s entrepreneurial process. A successful business approach allows the owners to lead the Haitian workers in pursuing sustainable business practices.

The company helps guide efforts in Haiti to restore natural resources for the sake of human and ecological preservation. As a result, they plan to create a positive chain of events through successful sustainable entrepreneurship. By improving soil conditions and water sanitation, farmers improve efficiencies in crop yield and quality of the final product. This allows them to build social wealth through sustainable environmental, economic, and social practices, while making a positive and responsible
contribution to the environmental health of the country. The company serves as an example of how a successful startup company can have a multifaceted influence on the development of a country.

ECONOMIC ENTREPRENEURSHIP

Rueda, Peris, and Gil claim that “economic entrepreneurship’s conceptual domain must correspond to the characteristics or attributes that constitute entrepreneurial action of an economic nature, with no distinction of industry or type of company” (2012, p. 3). In reviewing Shane and Venkataraman’s (2000) research, the authors claim that the two dimensions of entrepreneurial activity are “discovering and exploiting profitable opportunities” (p. 217) and realizing “the opportunity has value” (p. 221). Rueda, Peris and Gil (2012) support the idea that the combination of these factors is sufficient to provide a broad, yet satisfactory definition of economic entrepreneurship.

This small company has forged a business relationship with the government and occasionally sells chocolate to the Haitian government. The company’s product has been served during government functions. It is through this association that the owners’ voices and those of the farmers are being heard. The government is more aware of the plight of the farmers’ challenges in earning a living in rural areas. Because of this business opportunity, the government understands the company’s desire to improve the quality of life for farmers in Haiti and sees the impact it has on its own citizens.

Dylick and Hockerts (2002) agree that to grow the three pillars of sustainability, entrepreneurs must pursue this effort through the political domain. The relationship between the company and the government helps guide and promote economic actions. Linnanen (2002) claims that most of the ecopreneurs that he has met run their businesses not only to make money, but to also make the world a better place. He notes that this personal commitment enhances marketing credibility and trustworthiness as business partners. The company has a steady presence in governmental relations, which is invaluable to the farmers in that the company provides end- to-end support to ensure the success and sustainability of the business in the long-term.

In summary, economic entrepreneurship is important to the economy as the entrepreneur and those invested in the company can provide the knowledge, skills, and ability to create a product or service. If the company manages itself in a way that turns a profit, it can also add jobs and create opportunities for employees to make money as well. In turn, employees have an improved opportunity to spend at least a portion of that money in their local economy and use it to improve their well-being and standard of living.

Link to Environmental Entrepreneurship

Eco-efficiency

The earth provides finite resources, and how we choose to use and replenish those resources affects the efficiency and effectiveness of ecological sustainability (Lovins, Lovins, & Hawken, 1999). Eco-efficiency is described by Dylick and Hockerts (2002) as the value that a business includes related to its cumulative ecological impact. Another definition of eco-efficiency is “the delivery of competitively-priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impact and resource intensity throughout the life-cycle to a level at least in line with the earth’s carrying capacity” (DeSimone & Popoff, 1997, p. 47). Humans, animals, and plants rely on the earth for resources. If these resources are not taken care of properly, we will not be able to take care of ourselves. Therefore, eco-efficiency is a valuable part of many corporate strategies, and it directly relates to the efficiency of the environment (Dylick & Hockerts, 2002).

As economic growth relates to cacao production, the cacao tree needs little attention or time from the farmer. The output is restricted due to not using or not knowing about effective farming techniques. With cacao profits dropping in the 1970s, many cacao farms were abandoned and the farming techniques have not been needed for the last 40 years (Wegbert, 2015). It would take a specialist to determine if the abandoned cacao farms are worth the effort to rehabilitate as the cacao trees reach their peak production by the 20th year and then begin to decline (2015). However, improving the condition of and the care for
the trees can lead to five to eight times more cacao (Taylor, 2015). This increase in output leads to eco-
efficiency. Replanting is also an opportunity despite having to wait for the cacao tree to mature.

Since maintenance of cacao trees is minimal, some farmers are not concerned with improving output. Many older farmers plan to rely on cacao production for passive income in their retirement (Wegbert, 2015). The farmers have an opportunity to earn more income if they are given the right tools to increase output. Eco-efficiency is concerned with “doing more with using less, thus improving the relative performance on indicators such as decreasing harmful emission/economic output or increasing the value of economic output/natural resource input” (Csutora, 2011). By using sustainable crop production techniques, output increases, and farmers earn more money to improve their standard of living.

In connecting environmental entrepreneurship with economic entrepreneurship, Keijzers (2002) suggests that in creating new technologies, new coalitions should be formed, maybe in the form of a new company, to overcome the obstacles of competitive rivalry. In this particular case, the small company recently created a new joint venture with the largest coffee producer in Haiti to increase scale and move rapidly toward creating more production opportunities. One benefit of this alliance is the entrepreneurs can use the size and brand equity of the larger company to increase market reach and grow market share. Although the smaller company is not organically or fair trade certified, the larger company is. Because of this the smaller company can become certified through the joint venture and use the technologies from the larger company to create such products as organic chocolate.

*Eco-effectiveness*

Although eco-efficiency and eco-effectiveness are needed for ecological sustainability, the focus should be on producing a greater environmental good (Dyllick & Hockerts, 2002). Eco-effectiveness should be the main goal of environmental sustainability to ensure positive environmental impacts through reforestation, soil improvement, cacao tree growth, and chocolate production. Dedicating certain land to organic farming could assist in this movement. The owners want to ensure the land will not only produce, but also create a place where the trees are taken care of in a way that produces the most output without harming future crops. The owners do not want to stretch beyond the environment’s capacity; however, this does not appear to be an issue as the company looks to use this as an opportunity to assist in reforestation efforts in the country.

As advocates for the farmers, the friends hope to improve their chances for success on a global scale. Sustainable cocoa production in Haiti hinges on the following factors: farm gate price, farm size, property ownership, land configuration and rural infrastructures, networking, and animal feeding practices (Wegbert, 2015). Haiti’s natural resources are limited and ownership of property is important for farmers as they are not well motivated to take care of other people’s property if they are only partially benefitting financially from the harvest. If the farmers are not working on other people’s land, then most of the remainder of the farmers own very small plots of land. In addition, threats to the farm include diseased pods, climate change/drought, low producer prices and corruption with farmer co-ops (Wegbert, 2015). For example, domestic animals run free on land and eat tree seedlings, which reduces output. Farm ownership and effective farm management are important for continued success.

**Link to Social Entrepreneurship**

*Socio-efficiency*

One of the world’s largest issues is how to alleviate poverty, and a step in the right direction involves improving the economic conditions of the poor. The Schwab Foundation for Social Entrepreneurship (n.d.) states that social entrepreneurs pursue the eradication of poverty, while maintaining a focus on producing social and ecological value, and while also improving financial value. Social entrepreneurs can create a stable approach for individuals and communities to improve social and economic conditions. In the case of the Haitian farmers, it is not just an economics issue; it is also an environmental issue.

Socio-efficiency is associated with economics. From the Dyllick and Hockerts (2002) sustainability model discussed in Young and Tilley’s 2006 article, socio-efficiency is “the relation between a firm’s value added and its social impact” (2002, p. 134). Dyllick and Hockerts add to the discussion by stating:
“Socially sustainable companies add value to the communities within which they operate by increasing the human capital of individual partners as well as furthering the societal capital of these communities. They manage social capital in such a way that stakeholders can understand its motivations and can broadly agree with the company’s value system” (Dyllick & Hockerts, 2002, p. 134).

One of the pillars of sustainability entrepreneurship is social entrepreneurship, and sustainability is about efficiency and effectiveness. To improve economic conditions, social and environmental issues must be addressed (Dyllick & Hockerts, 2002). The owners must be careful to balance efficiencies without negatively affecting the environment in the long run. Reforestation is helpful, but to stay balanced, the value added must be more than the cost to the environment, economy, and farmers. The owners of the company were most concerned about improving the lives of the Haitian farmers by creating a business that could provide an atmosphere of economic opportunity and hope for the future. They realized it was about the social benefit as well as the economic benefit. It is important that someone serve as the advocate for the farmers with the government and bring attention to their efforts. The government is an important constituent as the company can lobby for improved regulations and policies on behalf of the farmers.

**Socio-effectiveness**

Socio-effectiveness refers to the valuation of a firm’s social performance (Dyllick & Hockerts, 2002). A question to consider is if the products are accessible and if the benefits are for all or for just a few people (2002). The Haitian farmers can make a chocolate product, but the owners need to ensure that the market is aware of the product and has access to purchase the product. Socio-effectiveness links to the social mission of the company when the company has a sustained positive impact on society (Young & Tilley, 2006). An example of socio-effectiveness is fair trade certification.

Socio-effectiveness also means that employees do not just serve as the human capital of the firm, but that they provide a fundamental value to the process and are not just merely a means to an end (Stead & Stead, 2015). Because of this approach, Haitian farmers become part of the “solution to problems such as poverty, human rights and more” (p. 140). The stakeholder value increases because of the positive contributions made beyond the production process.

**Conclusion**

By improving efficiencies in their internal processes and thus improving economic opportunities, the company is making a positive, sustainable impact. The farming activities to replant cacao trees improve the soil, build on the solid business knowledge of the owners, and advance the economic development opportunities for the Haitian farmers. The entrepreneurs serve as the link between the farmers and the government to generate new opportunities for sustained economic growth. They utilize a business model that reduces the odds of farmers remaining in consistent poverty, while improving the environment through reforestation and improving output of the cacao trees.

Improved economic growth and social equity are two concerns that researchers, government officials, business people, and citizens have pursued for several generations (Dyllick & Hockerts, 2002). The owners stay connected with the government by using their business knowledge and professional skills to communicate the importance of agriculture to Haiti’s economy. Without this connection, the farmers would not have the opportunity to expand and improve their production process or their social well-being. In addition to improved efficiencies in farming, the company is working to enhance the effectiveness of the supply chain, owning more of the production process, and capturing and keeping more value added processes inside Haiti where the locals will reap the financial rewards.
SUSTAINABLE ENTREPRENEURSHIP

Sustainable entrepreneurship is the “discovery, creation, evaluation and exploitation of opportunities to create future good and service consistent with the sustainable development goals” (Pacheco, Dean, and Payne, 2010, p. 471). In another similar approach, Cohen and Winn utilize the other pillars of sustainability in their definition of sustainable entrepreneurship by saying it is the “examination of how opportunities to bring into existence ‘future’ goods and services are discovered, created and exploited, by whom and with what economic, psychological, social, and environmental consequences” (2007, p. 35). In summary, what people do today in using the earth and its resources to further economic growth and exploit economic opportunities will affect not only the environment, but also social and economic areas.

Severe market imperfections in Haiti have led to significant opportunities for sustainable entrepreneurship. These market imperfections allow entrepreneurs to address these deficiencies through innovative approaches to improve the social, economic, and environmental systems. Cohen and Winn support this by stating “the further away a market is from perfect, the further it is away from equilibrium, and the more entrepreneurial the opportunities that exist” (2007, p. 37). Haiti is certainly full of market imperfections and is considered as one of the worst countries in which to start a business (World Bank Group, 2016). The flaws in Haiti provide many opportunities for entrepreneurs to create and improve policies that will build a better business path to success.

Elkington’s (1994) triple bottom line of economics (profit), environmental (planet), and social well-being (people) provides a foundation upon which to build a strategy to remove or reduce unsustainable farming practices in rural Haiti. The segments of the triple bottom line should work together; thus, it can be difficult to separate them (Schlage, 2009). The author continues by saying that because of the integration and interconnectedness of the triple bottom line, stakeholder management may be more challenging and complex (2009). In a country full of market imperfections and a poor economic structure, the owners have the opportunity and ability to positively influence policy decisions that affect businesses and rural farmers of Haiti.

Based on Young and Tilley’s (2006) model introduced earlier, sustainable entrepreneurship is connected to environmental entrepreneurship through environmental stability and sustainability. Economic entrepreneurship is connected via intergenerational equity and economic equity, and social entrepreneurship is connected to sustainable entrepreneurship through futurity and social responsibility. These are discussed below as they relate to the Haitian chocolate company.

Link to Environmental Entrepreneurship

Environmental Stability

In connection with the environment, business and economic development should regard the limits of the natural environment (Schlage, 2009). If the land is not successful, then society is not successful because we all depend on the earth to provide food and nutrition to people. Therefore, people must live together with nature instead of destroying it. In a 2006 Survival Acres blog entry entitled “Ecological Equity,” the author eloquently penned the following:

We are also exploited in the same way nature is, but our strength can only come ultimately from nature itself. We can only be as strong as our natural world allows, or as weak as we have made the natural world. But we cannot be stronger than the natural world, this is an impossible contradiction.

Thus, stability is required before sustainability can be achieved.

Environmental stability should use constructive forces on the environment to stabilize when needed, and restore, as necessary, different types of ecosystem functions like climate change (Young & Tilley, 2006). The deforestation of Haiti has seen severe environmental degradation over the last few decades. With grit and desire to help the farmers of Haiti, the company is working to reforest the area. Beyond reforestation practices, the company is educating the farmers on sustainable farming procedures to
increase product output. These practices improve social wealth because it helps to secure a better future for the generations to come.

**Environmental Sustainability**

For long-term sustainability of the environment to happen, business decisions and operations should be considered. Young and Tilley note that sustainability should “go beyond pollution control and eco-efficiency toward a way of doing business that restores and enhances the environment” (2006, p. 403). Some believe that being ecologically sustainable means a required tradeoff in economic profits (Cohen & Winn, 2007). However, the company is not compromising on economic profits as they are actually increasing output and improving the soil through reforestation efforts. They are working to enhance the available resources to improve the lives of the farmers for generations to come. As mentioned earlier, economic, social, and environmental issues are difficult to separate in many cases. In Haiti, the approach to environmental entrepreneurship can lead to economic and government actions to protect natural resources while social benefits can be created for the poor.

**Link to Economic Entrepreneurship**

Earning a profit in relation to sustainability can succeed in the short run, but in the long run, economic sustainability requires all three areas to work (Dyllick & Hockerts, 2002). The authors also claim that money and assets should be managed sustainably (2002). Profits are essential for a business to remain viable. If the company and its employees are not managed well, the business will fail.

Gibbs (2009) states the ability to impact governmental policy is important to sustainable entrepreneurship. It is a concern that all businesses should be involved in as it affects both the economy and society. It is one way that a company can positively contribute to the future. The entrepreneurial activities of the chocolate company connect the company’s business activities to economic development issues by pursuing supply chain improvements and value-added processes. These actions strengthen the foundation of the company in becoming sustainable by adding jobs and skill sets to create a competitive advantage.

**Economic Equity**

Economic equity and intergenerational equity serve as the link from economic entrepreneurship to sustainable entrepreneurship. Haitian farmers experience economic inequity in that, for example, there is a lack of access to government-provided services in the rural areas. A lack in farming efficiency could be another factor that leads to economic inequity. If the farmers are less productive because they are not implementing more efficient and effective farming improvements and farming techniques, then that can result in an increase in inequities. To be willing and able to learn new skills and put them into practice is important to enhance efficiency.

Improvement in economic policy can improve the future of the Haitian farmers, particularly using networking to improve future equity opportunities and narrowing the chasm between the rural citizens and the government. The lack of access to government services is being somewhat bridged by the entrepreneurs as they work to ensure the government is aware of the company’s endeavors to create a sustainable company.

**Intergenerational Equity**

Intergenerational equity means, “The economic welfare of future generations is being taken into account in company decisions and operations” (Young & Tilley, 2006, p. 410). Another definition for intergenerational equity “refers to the concept that different generations should be treated in similar ways and should have similar opportunities” (Marshall, Cook & Marshall, 1993, p. 119). The children of the farmers depend on the company and current farmers to secure a better future for generations by teaching them to earn a sustainable income by learning how to grow and maintain crops effectively. Training and education passed down generation to generation provides an improved approach to creating long-term sustained improvements in farming.
Social Entrepreneurship Link

Aub-Saifan (2012) proposed an entrepreneurship spectrum that explains the limits of social entrepreneurship. The author explains the difference between non-profit and for-profit social entrepreneurs as it relates to the company’s financial foundations and status. In this figure, the chocolate company matches the third section of for-profit social entrepreneur with mission-driven strategies on the path of sustainability.

**FIGURE 2**
THE ENTREPRENEURSHIP SPECTRUM ILLUSTRATING THE BOUNDARIES OF SOCIAL ENTREPRENEURSHIP

(Abu-Saifan, 2012)

Investigating the ins and outs of social entrepreneurship will lead to the exploration of sustainable public wealth, not just private wealth (El Abrashi, 2013). The Haitian people and economy have been struggling for decades, but it has been growing in importance over the last several years, and is considered an emerging agent of change. This matches what Bornstein states when social entrepreneurship emphasizes creating sustainable social change (1998). It is clear that social entrepreneurship and sustainable entrepreneurship have a strong connection.

**Futurity**

Futurity simply means a time in the future or a renewed or continuing existence. To connect futurity to sustainability, we must define sustainable development, which is “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations Document, 1987). Sustainability in and of itself relates to the future. It is a methodology for evaluating whether human options will yield social and environmental vitality (Basiago, 1994).

The company serves as the link to the economic piece of sustainable entrepreneurship. As such, the owners understand that to keep a business open, it must earn a profit. The company made a conscience decision to operate as a for-profit business and was interested in business longevity without depending on grants, fundraising, or government handouts. Their for-profit status gave them credibility with the government, businesses and other stakeholders.

To think about the long term effects of a sustainable business, future social well-being is important. To improve the odds of longevity as a for-profit business, working with the government and earning their
support is beneficial to maintaining a presence and bringing awareness to efforts in the rural areas. The owners provide the network link from farmer to the company and to the government. Farmers use their expertise in the field, while management uses its expertise to explore additional business opportunities and create better business practices.

**Social Responsibility**

The friends started the business to help the rural community they had come to love, and they realized a better way of supporting their needs was to create a business based on resources available in Haiti, specifically farming. To be responsible in their approach to building the business, they would manage the process and continue to expand the company through the supply chain. They needed to understand how the business could be built without making Haitian farmers’ lives worse off by exploiting the land to their ultimate detriment. They pursued not only success, but also stability.

To differentiate their businesses and create awareness to gain access to outside resources, smaller companies are seeking to engage in corporate social responsibility (Udayasnakar, 2008). The owners advocate for the farmers, find new business opportunities, and work with the government to find a better path for them. The owners take care of their employees to ensure they are doing what is needed to create a sustainable lifestyle for the farmers, their families, and future generations of farmers. Happiness or social well-being is a measure of progress (Organization for Economic Cooperation & Development, 2007). To improve social well-being, the owners pay attention to employee needs when business decisions are made because they understand the impact those choices have on the workers involved.

In summary, sustainable entrepreneurs think about business differently as can be witnessed through donations to and interest in the environment, employee well-being, and larger social issues where the impact may only be seen in the long term. (Harvey, 2007). Although the company was created out of a desire to help those in need in Haiti, it did not take long for the company to broaden its scope and it has now added the economic and environmental pieces to its sustainable business model. What started out as wanting to improve the lives of others has turned into an increased involvement in sustainability efforts as they focus on creating not just social impact, but also environmental and economic impact. Based on research by Schlange (2009), entrepreneurship is about gaining control, and for the future development of humans, entrepreneurs must depend on the triple bottom line of environment, social well-being and economics (planet, people, and profit) (2009). Integrating these three into a business plan turns into a focus on sustainable development (Tilley & Parrish, 2006), which is needed in a country like Haiti.

**Conclusion**

Entrepreneurship is about innovation. The owners created a sustainable path for the Haitian farmers in providing opportunities by extending ownership of the chocolate production value chain. They provide visionary leadership and goal setting, and further understand what competencies and resources are available to them. They are successfully managing a relationship with the Haitian government and have access to the government contacts for support. They are one of the links that make the company a success.

Because the company is able to mobilize resources with hard work and determination, they are able to adapt and provide stability for the farmers. One of their goals as a company is to improve capabilities and profits for all partners through better farming techniques and improved supply chain to create a competitive advantage for the company. As a result, the company is spearheading positive social change. The company continues their work to create a sustainable competitive advantage through refining relationships with government, companies, and farmers.

*The number of business partners has been changed to help protect the identity of the owners.

**A name has been changed to protect the identity of a business partner.
REFERENCES


36 Journal of Strategic Innovation and Sustainability Vol. 12(2) 2017


Taylor, G. Owner. Personal communication.