Reducing Dependency on BRAC: Case Studies on Selected BRAC Promoted Small Enterprises and Their Sustainability

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Introduction

BRAC's mission is to bring about a positive change in the quality of life of the poor in Bangladesh. It has undertaken multi-dimensional development programmes for the poor including small scale enterprise development. It is also "committed to making its programmes socially, financially and environmentally sustainable using innovative methods and appropriate technologies (BRAC : 1999).

BRAC development programmes aim at poverty alleviation through social mobilization of the poor and creating productive employment opportunities. Since the poor have little or no access to resources, inputs and training, it is difficult for them to attain sustainable livelihood. Empirical evidence shows that even after NGO programmes involve them in creating employment opportunities, especially on a self-employment basis, their dependence on the development organization continues for a long time. Attainment of sustainability on the part of the participants presupposes gradual reduction in their dependence on the NGO so that ultimately they can carry on their enterprise without dependence on the NGO. Access to alternative sources of inputs or market outlet would also indicate to some extent their sustainability in running the enterprise. For example, a broiler rearing unit may be able to reduce dependence on BRAC for inputs like chicks and feed and for marketing its product.

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The present study was undertaken to assess the sustainability of selected enterprises by examining the extent to which these enterprises have been able to reduce their dependence on BRAC and to identify the factors influencing sustainability of enterprises. Due to time constraints only a few cases could be studied. However, it is hoped, the study would help in gaining some broad understanding of the situation in respect of enterprise sustainability and provide a basis for a more elaborate study on the issue.

Study methods

This quick study used qualitative methods. Fourteen cases were identified covering four enterprises from the Mymensingh region as shown below:

Enterprise	No. of Cases
Poultry	5
Fish culture/nursery	4
Horticulture Nursery	3
Suruchi (Restaurant)	2
Total	14

A check list was used to interview each individual entrepreneur to collect the data. Results were summarised for all the enterprises and all the respondents without analysing results by individual enterprises.

Findings

Sustainability and its correlates: The fourteen cases were classified into three categories in terms of degree of sustainability attained. Those who could run their enterprises without any kind of assistance from BRAC were termed as sustainable. Those who have been able to reduce their dependence significantly on BRAC were termed as partially sustainable and

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those who largely depended on BRAC either for credit or any other input or for marketing their output were termed as dependent. Among the cases four were found sustainable, seven partially sustainable and three dependent on BRAC. Thus majority of the enterprises were found as either partially or fully sustainable. The factors identified to have influenced the level of sustainability of the enterprises are briefly discussed below.

Age of enterprise and sustainability: The age of the enterprises studied ranged from two to 12 years. Ten enterprises were started after attaining BRAC membership, three started before while in another case, the father of the member was involved in the enterprise before his involvement in BRAC.

Analysis of data shows that age of enterprise had a direct relationship with the level of sustainability attained. Those which were dependent had age of enterprise between 2-4 years. The average being 2.6 year. For those who where partially sustainable the range of their age of enterprise was 2.5 years to 12 years, the average being 7 years while for the sustainable enterprises the age of enterprise ranged from 7.5 to 10 years, the average being 8.75 years.

Land ownership and sustainability: A positive relationship was also found between land ownership and sustainability of an enterprise. Among the sustainable enterprises there was no landless and all had 50 decimals or more land. Among the partially sustainable enterprises land owned ranged from 0 to 50 decimals. Finally, all the dependent enterprise owners were landless or nearly landless. One owned 5 decimals and others were landless.

Education: Though there was no direct relationship found between educational level of the entrepreneurs with sustainability, but there was evidence that either the sustainable enterprise owners were educated or there were educated members in the household to help. All but one sustainable enterprise owners were found to be educated.

Other household characteristics : It was found that availability and active involvement of other household members in the enterprise helped improve sustainability of the enterprise.

Asset base: The cases provided evidence that relatively high initial endowment and access to resources helped in attaining higher sustainability, especially in withstanding crises. In one case, the husband received a substantial amount of money on retirement from the army which was used as capital to establish and enlarge the enterprise. In another case the availability of two ponds owned by the joint family, each with an area of one acre or more, substantially helped in organizing the fish nursery and culture units along with availability of a high amount of loan of Tk. 50,000 from the Krishi Bank. The enterprises was a highly sustainable one.

Skill and entrepreneurship: Skilled and enterprising members achieved high success in attaining sustainability. Some of them had earned previous experience in the enterprise. Special qualities like creating good networking helped them expand their market. One fish farmer had established direct link with other fish farmers to whom she used to supply fingerlings regularly. One horticulture nursery owner had been able to create a wide market for supplying sapling at a bulk rate due to which he could fast expand his nursery and become sustainable. The successful entrepreneurs are also good decision makers and risk takers. Some lacked entrepreneurial skill who failed to take advantage of potential market and continued their dependence on BRAC even though they earned relatively less profit by doing so. Some poultry rearers incurred loss due to inadequate skill in rearing chicks.

Locational advantage: Location of an enterprise was found to have significantly affected sustainability. In an economically vibrant area access to market is better than a backward area. Another factor creating locational advantage is availability of support services. One enterprise situated near a highway gave it an opportunity to supply saplings to far away districts while another nursery located at a distant place from the highway had to depend on local market where he could sell in small amounts which adversely affected his profitability. A favourable environment providing easy access to inputs and market helps

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improve sustainability. For example one broiler rearer had the advantage of buying chicks and feed from the market reducing her dependence on BRAC. Wholesalers also could come to her farm gate to buy broilers. In another case, the establishment of a Suruchi restaurant near a bus station provided extra benefits to the enterprise in the form of regular availability of customers and increasing sales.

BRAC support: The type of support provided by BRAC also affected sustainability of an enterprise. Besides training, inputs and monitoring the activities, BRAC staff often provides other direct or indirect support to the enterprise. Regular supervision and taking timely corrective measures where necessary, and helping the enterprise to expand its market, sanctioning special loans or raising loan ceiling are some of the support services of BRAC which help the entrepreneurs to improve their enterprises which often pave the way for these enterprises to become more sustainable. On the other hand, absence of such special services often create problems which cannot be overcome by the enterprise without increasing losses.

Negative features: Some factors were identified which adversely affected sustainability of a BRAC supported enterprise. One such factor was the crisis that caused for closure of a fish hatchery and a fish nursery which actually surfaced as examples of barriers to sustainability.

Built-in dependency on BRAC created problems in improving sustainability. In the day old chick rearing unit, there is dependence on BRAC for sale of chicks after two months of rearing. The market prices of the chick are not very often favourable. Sale on a bulk rate in the local market was reported to be extremely difficult. Again, if BRAC cannot arrange to sell the chicks in time, cost of rearing increases while the price received does not. This often leads to reduction in profitability.

Conclusion

The case study on 14 BRAC sponsored enterprises showed that four were sustainable, seven were partially sustainable and three were dependent on BRAC. Data revealed that age of enterprise, land ownership status, asset base, involvement of additional household members, skill and entrepreneurship, favourable location and BRAC support were positively correlated with sustainability. Education showed some positive association with sustainability while household crises and characteristics of a particular enterprise acted as negative factors influencing sustainability of an enterprise.

However, it may be mentioned that no single factor could be considered as solely responsible for determing the sustainability of any enterprise. Again,the findings should not be generalized but may be accepted only as indicative of the overall situation regarding sustainability of BRAC enterprises since the sample size was too small and not representative.