

Chapter 53

Solidarity Entrepreneurship in Knowledge Economies: Keys for a New Paradigm for Developing Countries

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ABSTRACT

Solidarity Entrepreneurship is a new economic paradigm characterized by public-private cooperation to fight poverty. The objective of this chapter is to introduce new concepts and classifications to analyze this paradigm. To cope with this goal, the main Pro-Poor Growth Indexes are described, but they are insufficient to eliminate, or at least reduce, poverty. After being warned about the dangers between the generation of poverty and the rise of populism, the author proposes four solutions to avoid this problem: the development of solidarity entrepreneurs, strengthening education in entrepreneurship, boosting the venture partnership, and increasing the amount approved for the Official Development Aid. The work ends with a conclusion and future research directions.

INTRODUCTION

The Solidarity Economics is a new paradigm wherein entrepreneurship on social networks has been barely studied¹. Being influenced by theoretical extreme perspectives born in the 1990s suggesting solidarity economics as an alternative to capitalism (Razeto, 2002; Mance, 1999), mainly for Latin American countries, in this work Solidarity Economics and Social Entrepreneurship are socio-economic paradigms compatible with capitalism, as solidarity and capitalism are complementary. Economic poverty is so strong in developing countries that it must be fought with a combination of social-oriented public-private economic policies, close with Solidarity Economics and Social Entrepreneurship. As a result, wealth and jobs will be created, while improving both businesses and all kind of public infrastructures.

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One of the keys to fight poverty is to foster entrepreneurial education. Educated societies find new opportunities for development while avoiding political populism. Education permits societies to think and behave in liberty while creating wealth. Teaching others to achieve higher literacy rates is a need for a society to internalize and understand development measures being carried out, either from the public administration and/or from the private sector. Therefore, an illiterate society is doomed to remain in ignorance and poverty in the long term.

A second key to reduce poverty is through the Official Financial Aid (hereinafter, ODA) donated by rich countries. As the European Union (hereinafter, EU) is the largest donor in the world, it is included and studied in the chapter. But financial aid is insufficient and ineffective unless it will be accompanied by an appropriate educational policy in the recipient country of aid. Moreover, and unfortunately in many cases, when financial aid is transferred without monitoring it, this practice generates corruption carried out by aid recipients, so financial aid does not reach its final destination or, if it does, its impact is very small as the amount reaching this final destination is very low.

A third key to fight indigence is impulsing private solidarity, both in the Church and in the civil society through NGOs. The third sector is becoming increasingly important in the world, as solidarity is permeating society, especially in developing countries, where they generally suffer from a lack of productive resources. In this sense, NGOs are complementing the traditional helping activity carried out by the Church in developing countries. These joint forces, coupled with public and international organizations, can lead to a substantial medium-term improvement of the living conditions in the target population.

Objective

The objective of this eminently theoretical book chapter is to introduce new concepts and classifications to analyze Solidarity Entrepreneurship to be mainly applied into some developing nations. A small part of these countries have been recently immersed into knowledge economies thanks to the Information and Communication Technologies (hereinafter, ICTs), and a greater reliance on intellectual capabilities, than on physical inputs or natural resources. While entrepreneurship has been largely defined as the capacity of thinking differently (Johnson, 2013) to create jobs and economic and social wealth, the social aspects of entrepreneurship have been barely studied. Among these social issues, it is important to note that in the economic literature, the concept of solidarity has never been merged with entrepreneurship. This work aims to fill this gap.

Methodology

To achieve this goal, and as it is primarily a theoretical work, the methodology used has been based on searching for specialized literature on the subject in quality databases and repositories, mainly in Scopus, Web of Science, Social Science Research Network, and Research Papers in Economics. The low development of the Solidarity Entrepreneurship during past 20 years has been caused by having rooted Solidarity Entrepreneurship to Marxist-based criteria trying to replace the prevailing neoliberalism in Latin America. In this paper, however, Solidarity Entrepreneurship is a complement, not an alternative, to Neoliberalism and, where appropriate, to Keynesianism, so they can coexist traditional businesses with new forms of Solidarity Economics, mainly in the poorer strata of society.

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