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Nacik Sadiq

University of Massachusetts Boston

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The Impact of the Arab Spring
on Social Ventures in the MENA Region:
A Case Study of Morocco

Honors Thesis

Nacik Sadiq

Advisor: Professor Suhaib Riaz

Director: Professor Jeffrey Keisler

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INTRODUCTION

December 17 2010, when a Tunisian fruit vendor set himself on fire in a town merely on a map, no one could have thought that his act would ignite the greatest wave of street protesters since the fall of Wall. It was inconceivable, but it happened. And throughout the whole world, the echo of this street vendor desperate act was felt. The dissident spirit that emanated from Tunisia took over the Middle-East and North Africa region (MENA) in days, but also spread to Mexico and Chile, Greece and even Russia. In China protestors occupied the street of Beijing demanding more democracy and in India well-known social activist Anna Hazare staged hunger strikes against corruption paralyzing the capital city New-Delhi in the process. The impact of Mohammed Bouazizi's self immolation was undeniably felt all around the world; however there is no place where it had a greater impact than in the MENA region.

The year that followed the first street protest in Tunisia, the MENA region experienced major regime changes. On January 14 2011, under pressure from the street, President Zine el Abidine Ben Ali was forced to flee power, thus ending his 23 reign. Weeks later in Egypt, protests that started on January 25th forced Hosni Mubarak's 30-year presidency to end on February 11th. In Libya, civil war began in February; it continued until Muammar Gaddafi was killed on October 20th ending a 41 year dictatorship. In Syria, protests began in January and gain momentum in March; thus forcing Bashar al-Assad to solicit the army's help in order to retain power. Syria was therefore suspended from the Arab League and violent crackdowns still persist. Two revolutions, two civil wars, and seven major regime changes later, the MENA region is not the same. The Arab Spring changed the way ruler and ruled saw each other.

The revolutionary wave of street demonstrations and protest shaped a new era of nations. All these upcoming countries, shifting from totalitarian regimes where the economy is controlled by the State to a more open market economy, are showing a lot of growth potential. But instead of jumping head first into a business entrepreneurship system that does not culturally fit this region, one of the available solutions to entrepreneurs who want to rebuild the region and take advantage of the titanic opening market is social entrepreneurship. Social

entrepreneurs, which are not to be mistaken for non for profit managers, aim at creating social value, show a capacity to take advantage of opportunities in some prominent way, and are willing to accept an above-average degree of risk in creating and disseminating social value (Peredo & Mc Lean, 2005). Entrepreneurship has often been considered as a driving force in the economy. As Schumpeter (1942) said, entrepreneurship leads to implementation of new combinations of means of production through the opening of new markets, gaining new sources inputs and by changing the structure of an organization or industry; which is exactly what these countries in the MENA region need.

Nearly one year after the beginning of the revolutionary waves that shook the region, democratic elections showed an overwhelming victory of the Islamist parties. In Tunisia, the “Ennahda party”, a moderate Islamist party, won the first democratic elections after the Arab Spring uprisings with more than 41% of the votes (Reuters). Nearly two months later, in Morocco, the Justice and Development Party (PJD), a political party that promotes Islam and democracy, won 107 of the 385 parliament seats; making its leader, Abdelilah Benkirane, the first opposition prime minister of the country (Le Monde). Days later, in Egypt, the ultra-conservative religious party known as the Muslim Brotherhood won the first round of the parliamentary election with more than 25% of the votes (Washington Post). A common political pattern is apparent in these nations. In reality, these countries are a lot alike. Indeed, they are characteristically similar as for they share a common past of European imperialism, Arab nationalism and Westernization (Whitehead, 2010, p.3).

WHAT IS SOCIAL ENTREPRENEURSHIP?

Social entrepreneurship takes place in three types of social venture organizations. The first one is often referred to as enterprising non-profits or social enterprises; it generates revenue or income in direct exchange for a product or service (Dees 1998). The second type of venture is referred to as social organizations. It aims at creating ‘innovative solutions to

society's most pressing social problems' (Drayton, 2002). And the third type of social venture is referred to as community-based enterprises. It generally operates for the benefit of community development (Peredo and Chrisman, 2006). For the purpose of this paper, we refer to these various socially entrepreneurial organizations as social ventures.

A social entrepreneur is defined by Peredo and Mc Lean as someone who (i) aims at creating social value, either exclusively or at least in some prominent way; (ii) shows a capacity to recognize and take advantage of opportunities to create that value; (iii) employs innovation in creating and/or distributing social value; (iiii) is willing to accept an above-average degree of risk in creating and disseminating social value; and (iiiii) is unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture (Peredo & Mc Lean, 2005).

MENA REGION

Overview of the Region

For the purpose of this research, the MENA region is conceived as stretching from Morocco in the west to Iran in the east. It includes the Maghreb (Arab west), the Mashriq (Arab east), and the Arab Gulf. The northern limit is geographical since it consists of the Mediterranean Sea. The southern limit is provided by the Sahara, which separates North Africa from the rest of the African continent. The MENA region is generally considered as the core of the Islamic world.

Thus defined, the MENA region consists of nineteen sovereign states and has a total population of about 450 million. The richest of all the states in the region is Saudi Arabia; its total income and wealth is significantly higher than the other nations. The MENA region is singularly characterized by a very rich soil. Indeed, the region accounts for 45% of the world natural gas resources, and 60% of the oil resources (cia.gov, 2011). As a matter of fact, eight of the twelve countries in the Organization of the Petroleum Exporting Countries (OPEC) are located in the

MENA region. The region's GDP growth for 2011 is estimated by the international monetary fund at 4.5% (IMF, 2011).

Social characteristics

The region is also characterized by a young population and low social indicators. According to Brandsma and Rafika (2005), most of the countries in the MENA region have low social indicators relative to other countries with similar or lower income levels. And, except in Jordan, they found that poverty is generally most pronounced in rural areas. Poverty being strongly correlated with the lack of education, and the lack of contraceptive methods, most poor people have large families. As a result the young are disproportionately represented among the poor. This feature of the region is corroborated by the *MENA Development Report* issued by the World Bank in 2010, which states that the working age population is booming compared to other countries with same level of development (2010).

Potential Growth

Numerous types of efforts are put in place in order to develop the growth potential of this region. During the World Economic Forum on Middle-East and North Africa, held at Marrakech Morocco in 2010, global and regional leaders recognized the potential of the region to become an emerging market leader. "The Arab world has made much progress," said Lubna S. Olayan, Deputy Chairperson and Chief Executive Officer of Olayan Financing Company, "but further action is required to close the gender gap and reduce youth unemployment." (2011) Unfortunately for the region, the risk of doing business in Middle-East and North Africa has increasingly gone up since the uprisings. According to Riccardo Fabiani the uncertain political transitions is the main risk factor in the region (Country Risk Services, 2011). For example, the unstable political outlook of Egypt had a terrible impact on the country's short-term economic prospect. Its real GDP for the fiscal year 2010/2011 is expected to slow to 2.7%, down from 5.1% in 2009/2010 (2011).

Social ventures in MENA

The MENA is home to two different types of economies: factor-driven economies, such as Morocco, Algeria, Saudi Arabia, Syria and Lebanon, and efficiency-driven economies, like Jordan and Iran. Factor-driven economies are based on a low wage unskilled labor force and natural resources. In such economies, the social entrepreneurial activity in MENA represents 0.5% of the nascent entrepreneurial activity (Global Entrepreneurship Monitor, 2009). On the other hand, in the efficiency-driven economies, competitiveness is based on a more skilled labor force, a more efficient production, and an increase in product quality. In these MENA economies, the social entrepreneurial activity represents 0.7% of the nascent entrepreneurial activity (GEM, 2009).

The MENA region is also home to numerous types of social ventures. The most prominent one being microfinance institutions. However, as observed by Brandsma and Chaouali, even if micro financing institutions are exceptionally present in Egypt; the country alone accounts for 66% of the region borrowers; the Egyptians branches provide loans for only 5% of the potential local demand (2005). These numbers show that there is a gap between the Offer and the Demand for this service. Indeed, while the actual numbers of borrowers in the region approximates 112,000, researchers estimate the outreach gap to be 4.5million. Likewise, the financial gap for the region is estimated at \$1.4 billion. This number represents 0.5% of the total assets of the banks of the region and less than 1% of their total lending (2005).

MOROCCO

Overview

Morocco is located at the northwest of Africa. It is bordered in the north by the strait of Gibraltar and the Mediterranean Sea; to the south by Mauritania; to the east by Algeria and to the west by the Atlantic Ocean. Morocco is a constitutional monarchy with an elected parliament. The King of Morocco, Mohammed VI holds vast executive powers, military

control and religious authority. The kingdom is divided into six regions and the current population is estimated at 32 million. The capital city, Rabat, is where the power is centralized. Regionally speaking, Morocco is not oriented to the south since it is the only African country that is not a member of the African Union. However it is currently a member of the Arab League, the Arab Maghreb Union, the Organization of Islamic Cooperation, the Mediterranean Dialogue group, and the Group of 77 (maroc.ma, 2011). Moreover, it is a major non-NATO ally of the United States (cia.gov, 2011).

Economically, Morocco is considered as a relatively liberal economy with a real GDP growth of 4.2% in 2010 (IMF, 2011). Agriculture counts for 18% of the GDP, Industry for 31% and services for 51%. The country's soil is very rich in phosphorus, and the recent fluctuations of the market greatly influenced Morocco's economy. The country currently holds 42% of the world phosphate rocks reserves (cia.gov, 2011).

Morocco and the Arab Spring

On February 20th 2011, the country experienced a vast movement of quasi peaceful protestation. On that day, more than 40.000 people rallied in the streets of all the major cities in the kingdom. The protesters were demanding political reforms, end to corruption, an independent judiciary system, constitutional reforms and legislative elections. On September 18th, the last street demonstration was held and 3000 people marched through the streets of Casablanca (Agence France Presse, 2011). In answer to the wave of revolt and rebellion the kingdom experienced, the monarch King Mohammed VI, proposed a new constitution that was approved by referendum on July 1st 2011. The new constitution was unanimously received by the general population. This new constitution empowered the prime minister with power previously held by the king. In reality, the new constitution gives a tremendous array of legislative authority to a government organized and constituted by a prime minister resulting from the party winner of the legislative elections (AFP, 2011).

Morocco didn't need major reconstruction after the passage of the Arab Spring. Indeed, the kingdom didn't experience an overthrow as in Tunisia, Libya or Egypt. Furthermore, the

post-uprising elections were quickly held in this country. The elections reflected a common trend particular to the post-uprising countries in the MENA region: a rise of the Islamic political parties (Reuters, 2011).

Social ventures in Morocco

Social ventures in Morocco are at a descent stage of development. Three types social ventures are currently present in Morocco. The first one is the traditional NGO (25% of total SV), the second one is the Not-For-Profit Social venture (42% of total SV) and the third one is the Hybrid Social venture (33% of total SV) (GEM, 2009). There is currently no For-Profit Social venture in Morocco.

Some of these social ventures, often referred to as community development associations, mobilize poor communities into actions that improve their lives and future revenue earning potential. These groups usually work directly with poor people in rural areas. The success of these groups is impressive, particularly in such areas as rural electrification adapted to small communities, potable water, small scale irrigation, community schools, adult literacy, revenue earning activities, and environmental conservation (2002).

However, social entrepreneurship is still underdeveloped. Indeed, the ratio of social entrepreneurs to business ones is very low: 1:15 (GEM, 2009). This is explained by Likar, Linda, and Razmara by four major obstacles: (i) a restrictive legal environment; (ii) insufficient know-how on how to manage an organization (accounting and systems management) and weak internal management practices; (iii) a shortage of trained personnel to organize local communities and help entrepreneurs prepare and implement development projects; (iv) lack of sufficient financing; and (v) difficulties in organizing themselves and having a common voice (2002).

One aspect of social ventures that has flourished in recent years is micro-financing institutions. There are 50 micro-credit institutions in Morocco, but only 7 of significant size (2002). The total number of micro-credit beneficiaries in Morocco in 2010 was 881,000 (Al amana.org.ma, 2011). The principal micro-credit institution is the Al Amana bank. This social bank holds 39% of the micro-credit market in Morocco. It mostly targets the bottom of the

pyramid (BOP), which means that it offers loans to the poorest fraction of the population. At the end of 2010, Al Amana counted 436 branches, with the majority located in rural areas. The loan amounts varied from \$50 to \$6000. The average borrowed amount in 2004 was \$300, it reached \$1000 in 2010 (Al amana.org.ma, 2011).

However, even if these numbers are encouraging, a recent study shows that rural micro-financing in Morocco has a positive impact on existing agricultural businesses only (Crepon, Devoto, Duflo and Pariente, 2011). The study was conducted in rural areas where the population was introduced to micro-credit for the first time. It shows that micro credit has a positive impact on already existing livestock businesses (+11% profit) and non-livestock agriculture (+26% profit). However, no positive impact on the creation, the profit, or the expansion of non-agricultural businesses is observed (2011).

The negative effect of corruption on entrepreneurship

In 2007, Dara Szyliowicz, of the University of the Pacific, conducted a study on relationship between economic corruption and the level of entrepreneurship. The purpose of her study was to find out if the corruption in institutional environments affects the allocation of entrepreneurial activity. Her study showed that corruption has a direct negative effect on entrepreneurs. This conclusion is corroborated by a study by Casson and Godley in 2005 which argues that the parties involved in entrepreneurial ventures have to invest in bribes and payoffs in order to stay in business which generates an additional cost to entrepreneurs.

Hypothesis 1: Social entrepreneurship in the MENA region will flourish in a corruption free system.

The Role of the Government in the Promotion of social Entrepreneurship

Pr. Minniti conducted a study on government policies and the institutional environment in which entrepreneurial decisions are made (2002). The findings of this study are that institutions, and the policies that shape them, are crucial to entrepreneurial activity. Therefore, an effort of the government to promote entrepreneurship will have a positive impact on the creation of social businesses.

Hypothesis 2: The new Islamic government's public policies have a positive impact on the social entrepreneurial activity.

Method

Case Study of Morocco

The passage of the Arab Spring in Morocco was welcomed with a change in the constitution as well as a change of regime. The impact of the revolution on social ventures is thereby directly correlated with the new policies of the government.

The major advantage of focusing on Morocco for this research is that the country reflects all the characteristics of the MENA region while being chronologically advanced in the development of the political events.

Qualitative Data

In order to successfully answer my managerially dilemma, I relied on the case study of one of the countries of the MENA region: Morocco. And since primary data was essential for the success of my research, I conducted interviews over the phone, via @mail and in person when possible. The interviewees were actors of the political, economical and social life of Morocco.

I choose interview as the primary source of my qualitative data because it was the most efficient way to get insight on an ongoing social phenomenon (Europshere working Paper). A pilot test of semi-open interviews was conducted in order to distinguish the questions that are relevant, as they shift the discussion toward answers that respond to the managerial dilemma, from the questions that are extraneous.

The choice of the interviewees was based on two main characteristics. First, I had to make sure that the information they were sharing was accurate and reliable. This is the reason why the interviewees were people with a certain level of expertise who freely shared information. Secondly, I made sure to include people supporting both sides of the equation. Indeed, the list of interviewees contains people working for the government, as well as entrepreneurs and social workers.

List of people interviewed and their occupation

<u>Berrada Fathallah:</u>	Ex-Director of the Casablanca Stock Exchange, current Entrepreneur
<u>El Mostafa Lahsinia:</u>	Chief Officer of Taxable base of other moral entities
<u>Lahlou Nadia:</u>	Voluntary worker at social cooperative
<u>Jamai Abdou :</u>	Assistant Coordinator of the National initiative for Human Development (INDH)
<u>Mustafa Mrini:</u>	Pioneer in Moroccan Micro finance and Professor at Casablanca University of Law and Economy

The interview process was divided in two main parts. In the first section of the interviews, the interviewees were asked a common set of questions on the undergoing changes the country is experiencing, the population's perception of social ventures, and the new growing strategies available to social entrepreneurs. The following questions were asked:

- What are the principal reasons of the regime change in Morocco?
- What can we expect from the new Government?
- Would more transparency encourage entrepreneurship?
- Is the Moroccan entrepreneur aware of the various Micro-financing options available to him?
- Is there a before and after Arab Spring for entrepreneurs in Morocco?
- Moroccan youth have proven to be very active politically; can we expect this type of fervor from them in the economical and social life?
- Can we expect the revolutionary nationalism élan to morph into a solidarity one?
- According to you what are the obstacles social ventures need to overcome in order to grow bigger in this new regime?

The second part of the interviews consisted of more personalized custom-made questions. For example, the second set of questions I asked Lahlou Nadia dealt with the positive impact of networking on social ventures, the difficulties social entrepreneurs experienced when opening their new ventures and the reasons behind some social ventures success stories.

Following is the list of questions I asked Mr Fathallah Berrada :

-What are the main requirements needed for the development of social entrepreneurship in Morocco?

-What are the reasons social entrepreneurship couldn't prosper under the old regime?

-What initiatives should be taken by the government to promote social entrepreneurship?

-What can entrepreneurs expect in the future from the new government?

These interviews were accurately analyzed and organized in function of which part of the managerial dilemma they answer.

Quantitative Data

The second type of data used in this study is regarded as quantitative. It covers the government's sources, the institutional reports and various think tanks databases.

The following is a list of the databases accessed to answer the dilemma:

-Moroccan observatory of Entrepreneurial Activity

-The Agency of Partnership for Progress

-The Millennium Challenge Corporation

-The National Initiative for Human Development

-Al Amana Micro Finance organization

This quantitative data was gathered and analyzed in order to observe the impact of recent changes put in place since the new Islamic government on social entrepreneurship.

Results

As the research advanced a new type of social venture appeared to exist in Morocco. This hybrid kind of social business is characterized by its funding and purpose. Indeed, micro credit entrepreneurs can be considered as social entrepreneurs as they meet the requirements for this specific designation. These entrepreneurs have a direct social impact on their surroundings as they create and distribute social value in some prominent way thanks to the profit generated from their businesses.

The main goal of this research is to investigate the impact of the Arab spring on the social venture market. The most significant and common change to almost all the countries in the MENA region being the transition from an old regime to Islamic governance, the study case of the most chronologically advanced country in the region gives us a development tendency the region is most likely to follow.

Based on the analyze of the interviews as well as social entrepreneurial data from trusted sources, it appears that the Arab Spring has a relative positive impact on the development of social ventures in Morocco.

The following section is a detailed overview of the information gathered throughout this research.

The main causes of the uprising

When asked what were the principal reasons behind the upheaval the country experienced in the beginning of the year 2011, the interviewees shared common answers. The following is the top 5 answers ranked in order in which they were evoked the most:

-Corruption

-Social disparities

-Unemployment

-Non-transparency of the government

-Inflation

Transparency

According to Mr. Lahsinia, the new elected government is aware of the responsibly he has not to repeat the old regime's mistakes. Based on his statement, the ministerial circular number 19 asked all government employees to respect the deontological code of their profession as they are the facade of government. This ministerial circular is in fact in direct consistency with the new transparency act of the new regime. As reported by the magazine Tel Quel, the new prime minister urged his freshly appointed colleagues to declare their wealth and possessions and limited their use of government property to strictly professional purpose.

However, as claimed by Mrs. Lahlou, the social venture world did not yet feel the impact of such public policies on a daily basis. She argues that the system she deals with everyday (judiciary and law enforcement) is still tainted with bribery and illegal inducement. "The less corruption there will be, the more efficient, the social cooperative will become" she says.

Micro Finance

Based on data provided by the Al Amana Report for the year 2011, the number of active micro credit decreased by 5% between 2010 and 2011. This tendency is explained by Pr. Mrini and Mr. Berrada by the recent global crisis. Indeed, since 2008, the number of active micro credit went down from 1280 thousand to 881 thousand. However, Mr. Jamai, from the National Initiative for Human Development (a governmental agency), highlighted the fact the year 2011 was characterized by a 9% gross income growth from the social ventures his organization was monitoring. In fact, the INDH explained their good result thanks to a better management of

their risky assets and a recent reconfiguration of their technical, judicial, and accounting techniques.

The good results from the social ventures monitored by the INDH are allocated to the close follow up the organization has with their partners, Pr. Mrini says. Indeed, based on his expertise, he says that a large part of the success of social ventures he supervised when working for a micro finance institution is due to the knowledge shared by the institution's accounts supervisors with the social entrepreneurs.

The Role of the Government

In order for social ventures to develop effectively in Morocco, interviewees agreed that the government had to play a role. However, this role differed from one interviewee to another.

For Mr. Berrada, the government has to promote entrepreneurial freedom. By doing so, he says, the number of social ventures will rise. According to him, encouraging the bottom of the pyramid to engage in economical activities will have a tremendous social return on the general population.

For Mr. Jamai and Pr. Mrini, the successful development of social ventures depends on the responsibility of the government to encourage micro financing through its existing institutions. Indeed, both believed that organisms such as the INDH or the M6 Foundation for social development are a key in the launch and growth of social ventures. As a matter of fact, the Moroccan observatory of Entrepreneurial Activity estimates the banking rate in Morocco to be around 37%. This means that the Moroccan social entrepreneur is a non-banking person who requires special financing only available through micro-finance institutions.

As observed, all the interviewees in this study agreed that the government's transparency inducement has a positive role on the development of social entrepreneurship.

However, Mrs. Lahlou believes that this initiative of the government is a long and slow process. She affirms that in order for the social entrepreneurial sector to develop effectively, the new administration need to take measures against daily injustices. She believes that as long as the inequitable judicial and law enforcement methods are still in practice, the social ventures will always be the ones paying the cost for it.

Mr Lahsinia agrees with this statement. Throughout his long career, he encountered bribery attempts more than once. He says, the bigger the corporation, the larger the amount of the bribe was. Thus, following this logic, the small social ventures have no leverage over the judicial system since the core principle behind their existence is their financial scarcity.

Evaluation Of hypotheses

A Corruption Free system encourages the development of social ventures

The data collected tends to corroborate *hypothesis 1*. Evaluation of the interviews shows that actors from the economical, social, and governmental sector agree with this theory.

Hypothesis 1: Social entrepreneurship in the MENA region will flourish in a corruption free system.

Corruption was given as the number one reason for the upheaval in Morocco. According to Transparency International, an independent organism that grades countries with a scale from 10 (very clean) to 0 (highly corrupt), the corruption perception index for Morocco in the year 2010 was 3.4.

When asked how the new transparency Government policies have an impact on social entrepreneurship, Mr. Berrada replied that transparency is in direct opposite correlation with corruption. This is in agreement with Carsson's study (2008) that claims that corruption has a negative impact on entrepreneurship. Therefore, the more transparent the government will become, the more positive impact it will have on the development of social entrepreneurship.

Current government policies stimulate social ventures development

There are no significant relationships between the government policies and the current development of social entrepreneurship.

Hypothesis 2: The new Islamic government's public policies have a positive impact on the social entrepreneurial activity.

The current development of social ventures in Morocco is not due to the recent administration policies. According to Pr. Mrini and Mr. Jamai, the growth of the social entrepreneurship sector is principally due to the ongoing support and provision provided by institutions such as the INDH and the Millennium Challenge Foundation. Indeed, the institutions currently in charge of the development and monitoring of social ventures were in place years before the Arab Spring. For instance, the Millennium Challenge Foundation which resulted from cooperation between the American Government and the old Moroccan administration was put in place in 2007. This co operational project is today providing legal, managerial, and accounting support to more than 600 social ventures in the country. By 2016, the number of project under the supervision of the organism is expected to reach 3600. The INDH, was put in place in 2005, it is now responsible for the creation of 22.000 projects in the country for a primary investment of 410 Million Dollars.

Discussion

The result of this study reinforce the theoretical principle claiming that corruption is responsible for the under development of social ventures. The following section discusses the implications of the findings in Morocco for the MENA region.

Implications for the MENA region

One of the most surprising findings of this study is that the growth and development of social ventures doesn't only depend on the presence of micro-finance institutions, but more importantly on the monitoring of the micro-credit loans. In order for the MENA region social ventures to grow, they will need a strong financial support but also an ongoing follow-up of their operations. This principle is true in Morocco and is applicable to the other countries in the region.

The Arab Spring washed away totalitarian rulers and put in place new regimes more capable of answering the current need of this region. And there is no more immediate need for the development of social ventures than the establishment of righteous and equitable institutions. They are the key to the success of a free market that promotes entrepreneurship in all its variances.

Limitations

The following limitations are acknowledged. First, this study was concentrated on a country that didn't experience a major regime change, neither a civil war, nor an overthrow. Secondly, Morocco was among the few countries that embraced the West's economic vision during the cold war. Most of the MENA region countries were turned towards the USSR. Third, it is too soon to judge the effects of the transparency engagement.

Future Research

This study can be a baseline for a multitude of future researches. Future research may investigate the different public policies chosen by the Islamic governments and identify which ones are the most effective. The fact that Morocco, Tunisia, Libya, Egypt, Jordan, Syria and many other countries share so much in common opens the door to a multitude of studies.

Also, now that the kleptocracy in most of the MENA region is over, it would be interesting to study how the economy will turn. Is the revenue from tourism in Tunisia going to

be shared with the general population? Is the oil wealth in Libya going to be used to finance micro credit institutions, or invested in education and professional formation?

Conclusion

In this study, I analyzed the effect of the Arab Spring on the development of social ventures in the MENA region. Using a case study of Morocco, I tried to evaluate in which proportions the new Islamic governments transformed the social venture development context. After a detailed review of the Arab Spring and current literature on social ventures, I conducted a series of interviews of miscellaneous actors of the political, economical and social life of Morocco.

The study found that the Arab Spring did not have a direct impact on social ventures. Nevertheless, it was proven to be a main factor in the promotion of transparency in the new regimes. Consequently, transparency has a tendency to reduce corruption; which was proven to be a direct cause of the social ventures underdevelopment. For that reason, it is safe to say that the Arab Spring does not have an absolute impact on social ventures, it basically just paved the road for their future development.

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