

Social Entrepreneurship is the way to go

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In the political melee over corruption and state capture in South Africa, let us not forget the poor who are generally the most marginalised by such nefarious activity. In this op-ed piece I make the case for social enterprise as a means of empowering the deprived amongst us.

Throughout the world, small business entrepreneurship is a mantra touted as a panacea for economic development, employment and poverty reduction. To some extent this is true. In South Africa, though, there is something amiss. Despite the fact that both the government and private sectors have made concerted efforts to encourage and stimulate the small business sector, results have been dismal.

Several reasons have been proffered as to the cause of such poor performance in the small business sector in South Africa. Amongst these reasons, issues such as poor skills development, lack of finance, poor synergies between larger business and small business and bureaucratic delays are prominent.

It is argued that there is a serious disconnect between government, big business and the small business sector. There is no opportunity for small business to grow organically for the greater good of sustainable development. To remedy the situation, it is recommended that there is need for the introduction of ‘social entrepreneurship’ in South Africa’s development paradigm and the National Development Plan.

Social entrepreneurship in the past decade, has garnered specific attention from policy makers, academics, practitioners, and the general public. It is an important tool to tackle social challenges and to respond to them when the market and the public sector do not.

Seemingly, the market and the state cannot, on their own, regulate and solve all problems. New approaches are needed to tackle major social issues, especially in the presence of the systematic failure of governments to provide public goods.

The most urgent challenge for our government, policy makers and other stakeholders is to assist the less well-off to adapt to new and changing situations and to promote sustainable economic and social development.

In most emerging economies *social entrepreneurship* is part of the solution, as it explicitly aims to provide innovative solutions to unsolved social problems, putting social value creation at the heart of its overall strategy in order to improve individuals' and communities' lives and increase their well-being. This goes far beyond our current conceptions of entrepreneurship and small business development in South Africa. The concept also exemplifies 'organic growth' or 'bottom up growth' and deals with the overall social development of a collective rather than an individual. It is, in a sense, holistic development.

Although social entrepreneurship is developing rapidly around the world, the concept is relatively recent in fields of research and practice. It tends to overlap with terms such as 'social economy', 'third sector', 'non-profit sector', 'social enterprise' and 'social entrepreneur', some of which are also ill-defined and overlapping.

Basically, a social enterprise is defined by its purpose and mission. It is a business operation commonly run by a charity or not-for-profit organization and revenues raised by the business operation is reinvested into the non-governmental organisation to support its programmes and operations. In addition to revenue generation, the social enterprise will often engage the services of the clients that their organisation is supporting. The skills that the clients develop in sales, business operations and administration are crucial to accessing job opportunities outside the enterprise.

Generally, social enterprises encourage greater resiliency and independence within the non-governmental sector by helping organisations to stabilise and diversify their funding base while enhancing their programmes or services. A direct consequence of this is that there is emergence of a stronger non-governmental sector and healthier communities.

In its most basic sense, *social entrepreneurship* is the work of a social entrepreneur. According to Ashoka, a change-maker organisation, the most effective way to promote positive social change is to invest in social entrepreneurs with innovative solutions that are sustainable and replicable, both nationally and globally.

Social entrepreneurship is the practice of responding to market failures with transformative and financially sustainable innovations aimed at solving social problems. A social entrepreneur is someone who recognises a social problem and uses entrepreneurial principles to organise, create, and manage a venture to make social change. Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact one has on society as well as in profit and return. The social entrepreneur aims for value in the form of transformational change that will benefit disadvantaged communities and, ultimately, society at large.

Social entrepreneurs pioneer innovative and systemic approaches for meeting the needs of the marginalised, the disadvantaged and the disenfranchised – populations that lack the financial

means or political clout to achieve lasting benefit on their own. Muhammed Yunus's *Grameen Bank* is a microfinance institution which serves about 160 million people in developing countries. These were people who under 'normal' circumstances could not access finance for their micro enterprises. The concept of the 'Grameen Bank' is a social enterprise and a social innovation of the people, by the people, for the people. In South Africa the *Gift of the Givers* organisation is an example of a local social entrepreneurship which has global recognition and has assisted the poor and those in need during times of global crisis. In order for social enterprise to take root, enablers, network organisations, individuals and institutions are required. They may be government departments, foundations, corporations, non-profit organisations or social capital investors and their prime function in terms of investment is to benefit the collective and not an individual.

Finally and without question, the balance of power lies in the hands of government and business. If a values-driven approach to government and business can begin to redirect this vast power towards more constructive social ends than the simple accumulation of wealth, then social enterprise has a major role to play in the overall development of South Africa.

Remember, as patriots who are intrinsically concerned about corruption and its manifest effects on the sorry state of our nation, we need to do our share to reduce poverty and contribute towards a more sustainable South Africa. As Mahatma Gandhi who so eloquently said, "Be the change you want to see in the world."