

# **To what extent can social entrepreneurship be a positive tool for development?**



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# To what extent can social entrepreneurship be a positive tool for development?

Today, with social and economic inequalities growing worldwide, doing business in a more 'friendly' way is on the rise. In other words, it is possible both to make money and contribute to social development. This concept is more commonly known as called social entrepreneurship. This essay will demonstrate that social entrepreneurship can be employed as a positive tool for development. Assessing evidence, it will be shown that the positive impact that social enterprise can have on societies in the developing world is huge. The difference between such initiatives and pure business will also be explored. This is significant because not only do social enterprises create employment (like any form of business), at a time when global youth unemployment is high- but depending on their product or service, their activities can also have significant benefits for communities, marginalised groups, and even the environment (Darko 2015). Social enterprise can also make contributions to the UN Sustainable Development Goals (SDGs), particularly 'Goal 8: Decent work and economic growth. In many respects, the social enterprise revolution has been a great success, however, this paper will argue that social enterprise cannot alone achieve everything and there are limitations and challenges.

There are many different types and ways of working for social enterprises, which makes defining the concept difficult, but this essay has selected two different social enterprise examples as case studies to illustrate the positive effects that such initiatives can have on people's lives and society in general. Jokkolabs<sup>1</sup>, Senegal, and Salone Style<sup>2</sup>, Sierra Leone have been selected for this purpose. These case studies will be used to illustrate the different ways that social enterprise can be a positive tool for development. Since each example operates in a different way in terms of achieving social impact, each case study presents us with a different story and thus allows us to draw conclusions on the concept of 'social enterprise'.

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<sup>1</sup> More information on Jokkolabs is available here: [www.jokkolabs.net](http://www.jokkolabs.net)

<sup>2</sup> More information on Salone Style is available here: <https://web.facebook.com/salonestyle>

Social entrepreneurship is a relatively new and creative approach to business, innovation and social engagement. The term 'social entrepreneurship' refers to "applying practical, innovative and sustainable approaches to benefit society in general, with an emphasis on those who are marginalized and poor" (Schwab Foundation 2016). It has been argued that social entrepreneurs play the role of change agents in the social sector (Dees 1998), in some cases even undertaking the role of government. Others argue that social entrepreneurs are people with innovative ideas and practical models for achieving major societal impact (Bornstein and Davis 2010). Social enterprise is also defined to be an organisational frontier which applies capitalistic strategies to achieve philanthropic goals (Gazi 2012). Such enterprises operate all over the world, and although the UK is seen to be a global leader in social entrepreneurship, increasingly there are more and more social enterprises being established in the developing world.

In terms of the concepts origins, the term 'social entrepreneurship' might be relatively new but its philosophy and all it represents have been present for centuries. It is argued that empathy is in all of us. Research shows that there even some social entrepreneurs dating back to the 18th century (Nayab 2012). It just so happens that the term "social entrepreneur" was not widely used until it spread in the 1960's and 1970's by promotion of Bill Drayton, founder of Ashoka: Innovators for the Public following the use of the term by Howard Bowen in 1953 in *Social responsibilities of the businessman*. Another pioneer of social entrepreneurship was Denis Young, who presented a deep analysis of the concept, making reference to religious figures in Christianity who gave no serious thought to profit making or wealth in their business endeavours (Young 1983).

Generally, a social enterprise is just like any other business, its products and/or services are charged at market rates and it generates profits. However, what makes its business 'social' could be any number of things, for example: the way in which that profit is used, the people employed (e.g. members of a minority group) or even the purpose itself of the enterprise (e.g. eco-friendly solar lights). In terms of profit, social entrepreneurs have different metric of its value

than classic businessmen. Indeed, there are different types of social entrepreneurs that for example work with marginalised groups to provide them with skills and employment or create libraries so that disadvantaged children can have free access to books and fight against illiteracy. Unlike the vast majority of companies, surplus generated in social enterprises serves to fulfil clear social missions – whether a percentage is donated to a specific cause, or it is reinvested in the business that has a social impact through its purpose or its employees. Social enterprises do not serve to enlarge the wealth to their owners or shareholders. They typically operate in order to contribute to social equality and to improve the living conditions of people in the community. Generated profit is reinvested in the business or to promote social goals such as job creation, social inclusion, and environmental conservation. A social enterprise makes social goals a priority of increasing profit using business as a mean of social change, and resolving social issues through market strategies.

It is also noted that social entrepreneurship has also been identified as an effective way for civic society organisations that want to reduce their dependency on donors and gain greater financial and operational freedom. In fact in some countries like Bangladesh, social enterprises engage directly with Ministries relevant to their area of work and are particularly interested in sector-level policies or policies that influence sector operations (Darko 2015).

Let us now turn to the notion that social enterprise can be a positive tool for development because it provides vital resources to communities everywhere (McElnea 2005). For example, social enterprise has created opportunities to make Ghana's economic development more sustainable through building in clean energy and sustainable construction procedures, and promoting methods of agriculture that benefit the climate, natural resource management and farmer livelihoods (ODI 2015). In fact; when it comes to development issues; “[aid] alone cannot be our response. Global sustainability and the nature of the economy will be shaped by entrepreneurship and the terms on which we create and do business with each other.” (British Council and Social Enterprise UK, 2015). Consequently, it is widely recognized that social

enterprise also make important and necessary contributions to the UN Sustainable Development Goals (SDGs), particularly 'Goal 8: Decent work and economic growth. but arguably social entrepreneurs are "problem-solvers in the areas covered by the 17 SDGs" (Velath 2016). Jeffrey Robinson, Kai Hockerts and Johanna Mair, are just some of the scholars that support this claim, believing that social enterprise directly contribute to global development goals (Mair 2016). The following case studies from Sierra Leone and Senegal will be employed to demonstrate exactly how social enterprise is being used as an effective development tool using different approaches and ways of working.

### **CASE STUDY 1: Salone Style**

Salone Style, a jewellery design cooperative, founded in 2011, Sierra Leone is a typical example of how social enterprise can be a positive tool for social development on a small scale. The Freetown-based initiative supports disadvantaged women, by not only providing them with a source of employment, and therefore income, but by empowering them both with skills, and confidence. They specifically employ former female prisoners, a highly marginalised and vulnerable group, particularly in developing countries where the gendered dimension of imprisonment can have a huge impact on their return to society. This initiative therefore contributes to a number of social development goals, including a right to decent work, social inclusion and gender equality. Sabrina Mahtani, the Executive Director for Advocaid, a charity that offers legal services to female prisoners and help them reintegrate into society once released, advises that "reintegration programs like the jewellery class are crucial because some of these women are innocent. She says even those who did make mistakes deserve a second chance to be able to become productive members of society (VOA 2013)".

In terms of the way the enterprise functions, all funds made from product sales are re-invested back into the social enterprise. These funds are then used to pay the women a fair wage, and to purchase materials. It should also be noted that the project also has an environmental impact, in that jewellery produced is all made from locally sourced materials, such as local wax fabric, and beads made from various materials, including glass, paper, metal and bone. Although the long-

term impacts of initiatives such as this are yet to be measured, it is clear that the short-term impact demonstrates that social enterprise can be employed a positive tool for development and in cases such as this, can work towards progress of multiple SDGs.

## **CASE STUDY 2: Jokkolabs**

Jokkolabs is a private not-for-profit organisation. In 2010, Jokkolabs opened one of the first innovative spaces on the African continent amongst 700 pioneers, on an international level, to 'do entrepreneurship' differently. Today, Jokkolabs is an open innovation network of hubs and social entrepreneurs active in France and eight countries in Africa (Benin, Burkina Faso, Cameroon, Ivory Coast, Mali, Morocco, Gambia and Senegal). Jokkolabs is also engaged in activities to encourage entrepreneurship and innovation in Congo-Brazzaville, Botswana and Gabon. In terms of the way the enterprise functions, the profit is reinvested into the hub to buy new equipment to better meet all the needs of the social entrepreneurs. More than a co-working space, Jokkolabs is an action tank where social projects are initiated and launched. For example, SIG Sante Senegal<sup>3</sup> is an innovative project that sets up a cartographic database of health services in Senegal using the free software quantum GIS. People can use for the website for free to locate the nearest health infrastructure in Senegal. Another example is Jokkokids which is for children between 6 to 12 years old. This project aims to boost the creativity of kids through new technology and crafts. This example shows that not only is social enterprise a positive tool for development but rather a necessary tool for social progress.

Although social enterprise can be a positive tool for development, and the examples above demonstrate this, as with any developmental solution, there are both limitations and challenges. Moreover, there are also concerns, about their sustainability – financial and otherwise.

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<sup>3</sup> More information on SIG Sante Senegal is available here : <https://www.facebook.com/signs/about/>

With regards to challenges, one challenge is the negative perceptions around the concept of social enterprise. In Ghana for example, social enterprise initiatives are often seen in a negative light, and generally, “assumptions about the term social enterprise tend to associate it with charity, and with NGOs – not business models” (Darko & Koranteng 2015: 15). There is also a lot of confusion over enterprise and social enterprise, particularly in contexts such as sub-Saharan Africa, as job creation alone is valued as a social goal, even though the social mission element marks the difference between for-profit and not-for-profit initiatives (Rivera-Santos, et al. 2015). Such perceptions can hinder investment, and buy-in from different types of stakeholders – businesses, investors, government or civil society. One of myths that is used extensively in arguments against social enterprise is that 80% of social enterprise initiatives fail, and are more likely to fail than traditional business ventures (source not known). In fact, it has even been argued even that social enterprises are short term initiatives and not worthy of investment” (Seedco 2007). However, recent UK research has disproved this myth, after comparing the survival rates of the top 100 social ventures with the top 100 private limited companies over a 30-year timeframe, from 1984 to 2014, it was found that social enterprises were comparatively “slightly more likely to survive” (E3M 2014: 2).

However, it must be recognised that social enterprise cannot be seen as a development panacea, as it is often perceived to be. As academic Dr Sepulveda affirms, “[s]ocial enterprise has been portrayed as something of a panacea without the evidence base to support such a big claim” (Sepulveda 2010). This is a risk not only because it raises expectations, but it puts additional pressure on social enterprises, and in some cases, leads governments and non-governmental actors alike to believe that investing resources into promoting social enterprise is the only way forward.

Therefore, although social enterprise might contribute to social development issues, it cannot single-handedly reduce poverty, resolve conflict, mitigate against natural disasters, or prevent corruption. Taking the example of corruption, as Amartya Sen affirms, “the prevalence of corruption is rightly regarded as one of the major stumbling blocks in the path to successful

economic progress” (Sen 1999:275). Arguably then, although social enterprise can be identified as a positive social development tool, there is therefore a need for effective and fair institutions, in order for economies to grow – and both traditional business ventures and social enterprises to thrive. Social enterprise is just one part of the puzzle.

Social entrepreneurship has a huge potential to transform our society and the way people deal with societal challenges. Social entrepreneurs are leaders and change-makers which are motivated by the changes they bringing about positive social changes related to the missions they have. Upon analysis of these case studies, social entrepreneurship *can* be identified as a positive tool for development, however there are limitations and it would therefore be an oversight to expect social enterprise to be the answer to all international development problems for achieving development is a complex task (Sepulveda 2010). Corruption, conflict, climate, and natural disasters have an important role to play in perpetuating a lack of development, or even underdevelopment, and thus social entrepreneurship is just one tool that can bring about positive change in development terms. Ultimately, whilst it cannot be refuted that social enterprise is an effective tool for development, particularly concerning job creation, that does not mean that social enterprise can achieve development *alone*.

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