

## SOCIAL ROLE OF ENTREPRENEURSHIP IN ZIMBABWE

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### **Abstract**

This paper aims to present a theoretical framework for evaluating the logic behind social entrepreneurship through linking its possible causal, motivational, behavioral and directive dimensions in Zimbabwe. The paper develops various theoretical and empirical motivations for social entrepreneurs when the state and the businesses fail to address human needs. The paper addresses the following questions; Why do we need social entrepreneurs?. What areas are addressed by social entrepreneurs? How do social entrepreneurs create value?. Social entrepreneurship may be considered as a response to either business failure, state failure, or both. The role of social entrepreneurs is salient not only when such failures occur in the developing world but also the developed world. Whereas traditional entrepreneurs occasionally formulate needs to which they proffer solutions, social entrepreneurs address existing societal needs to which they provide workable solutions. The point of dispute is whether being a non profit entity violates Schumpeter's assumptions about the designated role of an entrepreneur, who is depicted primarily as an economic actor (Schumpeter, 1947). I refer to Boschee and McClurg (2003) they emphatically state that the ultimate goal of independence for social entrepreneurs requires generating enough revenue to cover operations. One would argue that the social entrepreneurs' focus on improving society is also a form of creative destruction. Since they aim for social betterment, they use their creativity to help destroy barriers to well being such as disillusionment, disenfranchisement and disorganization among those in grim social situations.

**Key Words:** Social Entrepreneurship, Innovation, Economic Development, Social Imbalance, Value creation

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## Introduction

When you go around Zimbabwe it is common feature to see how people's hearts are calloused. The orphans, beggars, widows and the poor more than often all go unnoticed. One can conclude that they are looked down upon with disgust and people stay as far away as possible from them, because they feel they are not a lot to associate with. The class system has found its way back into our society. If only people can get together and make a difference, we would do so much more. The unfortunate problem is that we expect the government to solve all our problems, instead we supposed to become the solution to the problem. As African's we can choose to wait for the government to do something, or for NGO's to do something or we can take the future into our own hands and do something ourselves. This doesn't abdicate the government from its responsibilities, but when society and government work together we can do more.

Undoubtedly, one way of taking the future into our hands is to start a social enterprise. A social enterprise is a business with more than a conscience. It is a business whose primary focus is to solve social problems. Instead of just running a business profitably and then pocketing all the profits, a social enterprise commits a good proportion of profits to solve social problems. Zimbabwe has needs everywhere, poverty, hunger, transportation, roads, education, schools, clinics, HIV and Aids, orphans and widows. All these areas need innovative solutions and innovators who will grab the bull by the horns and do something. One could refer to Strive Masiyiwa as a social entrepreneur because his Capernaum Trust educates orphans in Zimbabwe and he personally raises a lot of money for social causes around Africa.

With only less than 15% of the population in formal employment, the government does not have the resources to bring about much change. Even if the government wanted to deliver services, they have so many budgetal constraints. We therefore cannot afford to wait for the funds to make their way into the government coffers before we see change. This could entail waiting a long time before that happens as no government can do it all. The only way to change things is to take responsibility. It is up to Zimbabweans to become the solution that we want to see. . It is sad that Zimbabweans are not at the fore front of most help Africa campaigns. We would rather wait for foreigners and NGO's to come and give us water and build schools and send our children to school. Better still, we will apply for jobs with the NGO's doing such work, earn huge salaries

and drive big cars. Is it not time that we start our own organizations that do such great work? We should have the passion and the drive to solve our own problems.

## PROBLEM

We are living in very turbulent times with a concoction of recession, terrorism, HIV/Aids, poverty, service delivery dilemmas and global warming. This is the very reason why Zimbabwe needs innovators who will take on these challenges and come up with interventions that will bring change to the lives of many. It is no longer time to sit back and complain but it is time to take responsibility to bring about changes that last. Social enterprises can provide solutions for the social imbalances and social needs of Zimbabwe. An Asoka Fellow has been quoted saying, 'The job of the social entrepreneur is to recognize when a part of society is stuck and to provide new ways of getting it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps.'

Zimbabweans have many areas that have become stuck and many that are not working. A new breed of entrepreneurs has the solutions to the problems that we face. They are at grassroots where these problems are. They live with these problems and understand them. The problem is that they have solutions and ideas but no way of getting them off the ground. There is no support available to help them get their idea off the ground. Social Entrepreneurship is glaringly lacking in Zimbabwe. Economies the world over are being changed and shaped by social entrepreneurs while Zimbabwe is lagging behind with no strong focus on social entrepreneurship. We need social enterprises that will shift paradigms and make large scale change. There is a need for these paradigm shattering enterprises. There is a call for the visionary, a call for innovators to do their part in changing the face of this nation, continent and even the world.

## Research Questions

- How can business methods be adapted for social purposes?
- How and when can profit incentives be aligned with social impact?
- What are the limits of market based approaches?
- Why do we need social entrepreneurs?

- What areas do social entrepreneurs address?
- How do social entrepreneurs create value?

## Literature Review

Perspectives Pictet (December 2011) wrote in an article that for more than two centuries, entrepreneurs have created wealth for society by pursuing their own financial self interest. Now a new generation of business leaders is taking a more direct approach to solving social problems. Inspired by role models such as Microsoft's Bill Gates, they are using their commercial skills and market based incentives to tackle poverty, disease and environmental degradation. With government cutbacks touching every aspect of life, these socially driven business leaders are set to play an increasingly important role.

### What is Social Entrepreneurship

Social entrepreneurship is the work of social entrepreneurs. A social entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to achieve social change. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social returns. Therefore the main aim of social entrepreneurship is to further social and environmental goals. Social entrepreneurs are most commonly associated with the voluntary and non profit sectors, but this need not preclude making a profit. Social entrepreneurship practiced with a world view or international context is called international social entrepreneurship.

Social entrepreneurs are people who have noticed a need in their community or somewhere in the world, and have come up with a way of remedying that issue. The remedy could be creative, innovative and "out of the box" thinking associated with most entrepreneurs. Generally, social entrepreneurs did not start out with the goal of making money, but in the long run, switched to profit making business. Also, the majority of social entrepreneurs are faced with an issue in their youth that motivates them to do something about it in adulthood, such as poverty, sanitation etc.

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system,

spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local change makers a role model proving that citizens who channel their passion into action can do almost anything. Over the past two decades, the citizen sector has discovered what the business sector learned long ago. There is nothing as powerful as a new idea in the hands of a first class entrepreneur.

### **Defining Social Entrepreneurship**

The function of entrepreneurs is to “reform or revolutionize the pattern of production.” -Joseph Schumpeter, Capitalism, Socialism, and Democracy

‘Social entrepreneurs reform or revolutionize the pattern for producing social value’. -Professor Greg Dees

Social entrepreneurs and philanthropists are challenging conventional assumptions by deliberately using business approaches to serve the public good. Social entrepreneurs are people who have noticed a need in their community or somewhere in the world, and have come up with a way of remedying that issue.

### **Why Social Entrepreneur**

Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities that others have missed and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

## Examples of Social Entrepreneurs

Social entrepreneurs can be found all over the world, in most industries, and where the need is the most pressing. Here are a few examples:

- Istvan Aba-Horvath: Based in Hungary, Istvan's mission is to aid Gypsy children in getting an education and simultaneously earn money.  
<http://www.romacentrum.hu/kozhaz/debrecen>
- Raul Oscar Abasolo Trincado: Raul lives in Chile and works with poor, outcast youth in his country. He has provided an opportunity for them to become meaningful and productive members of society.
- Mohammed Bah Abba: Mohammed has "resurrected" a form of pottery that was originally used in ancient Egypt. This pottery has allowed his people to keep their food fresh in the harsh climate of Nigeria.
- Abbass Abbass: Abbass started AlManarah in 2005, an organization centered in Israel. His mission is to stop discrimination against disabled people in his country. Rafael Alvarez: Rafael's goal is to help American youth extend their outlook beyond graduation from high school, to highly skilled jobs by training students with the skills they need to do so. He accomplishes this goal through his organization, Genesys Works.  
<http://www.genesysworks.org/>
- Anita Ahuja: In India, Anita has addressed problems of waste, sanitation, and unemployment into a social entrepreneurial organization. Her business produces high-end accessories, such as wallets and purses, out of plastic waste.  
<http://www.conserveindia.org/>
- Manish Sankla: In India, Manish has been igniting youths by creating "consciousness" amongst young minds about their social responsibilities towards the wider community through Health, Education and Social activities. <http://www.yuvaignedminds.com/>
- Vinoba Bhave (India): Founder and leader of the Land Gift Movement, he caused the redistribution of more than 7,000,000 acres of land to aid India's untouchables and landless.
- Dr. Maria Montessori (Italy): Developed the Montessori approach to early childhood education.

- Florence Nightingale (U.K.): Founder of modern nursing, she established the first school for nurses and fought to improve hospital conditions.
- John Muir (U.S.): Naturalist and conservationist, he established the National Park System and helped found The Sierra Club.

### History of Social Entrepreneurship

The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960s and 1970s. The terms came into widespread use in the 1980s and 1990s, promoted by Bill Drayton the founder of Ashoka: Innovators for the Public and others such as Charles Leadbeater. From the 1950s to the 1990s Michael Young was a leading promoter of social enterprise and in the 1980s was described by Professor Daniel Bell at Harvard as 'the world's most successful entrepreneur of social enterprises' because of his role in creating more than sixty new organizations worldwide, including the School for Social Entrepreneurs (SSE) which exists in the UK, Australia and Canada and which supports individuals to realize their potential and to establish, scale and sustain, social enterprises and social businesses. Another British social entrepreneur is Lord Mawson OBE. Andrew Mawson was given a peerage in 2007 because of his pioneering regeneration work. This includes the creation of the renowned Bromley by Bow Centre in East London. He has recorded these experiences in his book "The Social Entrepreneur: Making Communities Work" and currently runs Andrew Mawson Partnerships to help promote his regeneration work.. The National Center for Social Entrepreneurs was founded in 1985 by Judson Bemis and Robert M. Price; Jerr Boschee served as its president and CEO from 1991 to 1999.

While the terms social entrepreneurs and social entrepreneurship might sound relatively new, these can be found throughout history. If you look at a list of a few historically noteworthy people whose work exemplifies classic "social entrepreneurship", there are the likes of Florence Nightingale (founder of the first nursing school and developer of modern nursing practices), Robert Owen (founder of the cooperative movement), and Vinoba Bhave (founder of India's Land Gift Movement). During the nineteenth and twentieth centuries some of the most successful social entrepreneurs successfully straddled the civic, governmental, and business worlds promoting ideas that were taken up by mainstream public services in welfare, schools, and health care.

Muhammad Yunus, founder and manager of Grameen Bank and its growing family of social venture businesses, who was awarded a Nobel Peace Prize in 2006, is one well known social entrepreneur. The work of Yunus and Grameen echoes a theme among modern day social entrepreneurs that emphasizes the enormous synergies and benefits when business principles are unified with social ventures. In some countries like Bangladesh and to a lesser extent, the USA, social entrepreneurs have filled the spaces left by a relatively small state. In other countries particularly in Europe and South America they have tended to work more closely with public organizations at both the national and local level.

### Zimbabwe

In Zimbabwe, a social entrepreneur can be a person, who is the founder, co-founder or a chief functionary (may be president, secretary, treasurer, chief executive officer (CEO), or chairman) of a social enterprise, or a Non Profit, which raises funds through some services (often fund raising events and community activities) and occasionally products.

Examples of some of the Zimbabwe based social entrepreneurs people like Betty Makoni Director and Founder of Girl Child Network who said “From our lived experiences, we have so many practical ways to support the empowerment of girls in the home, school, and community so that what happened to us will never happen to women and girls again. We want a new breed of girl who will walk in the fullness of her potential,” The Girl Child Network is the lead organization in the empowerment of girls worldwide. The need to establish an organization to champion the rights of girl children in Zimbabwe was perceived in 1998 by Betty Makoni after listening to the horrifying experiences of ten of her female students. Her personal experiences of abuse as a child further fueled her determination. An informal discussion group was subsequently created to provide a safe forum for girls to meet and talk freely about their problems and devise possible solutions. This initial group became the first girls’ empowerment club in Zimbabwe. GCNW replicates a best practice model that has secured 26 global awards for excellence, innovation, and effectiveness in the delivery of girls` empowerment programs at the local grassroots level. It is a globally acclaimed organization anchored in many parts of the world. It stands as a great inspiration to girls and women who want to actualize their full potential. By taking a unique empowerment and proactive rather than welfares or reactive approach, GCNW motivates girls to spearhead their own liberation.



The KAITE Initiative was founded to realize the vision of sustainable human development. KAITE aims to contribute to the comprehensive development of the individual, society and environment. A holistic concept encompassing integrated economic, social and cultural development forms the key KAITE vision. KAITE contributes to the increased prosperity of Zimbabwe and its people through innovative organic farming and sustainable entrepreneurship with small-scale producers, particularly women. Agricultural production has to some degree collapsed in Zimbabwe. Yet, thanks to KAITE, there are now 500 small-scale farmers in the subsistence rural areas harvesting a variety of indigenous plants to produce organic essential oils, herbs and spices. These include wild khaki weed, often considered valueless, but in fact used in the manufacture of many different products, including cosmetics and natural pesticides. KAITE trains and certifies its partner farmers to cultivate and process organic essential oil crops as well as herbs and spices, using mobile stills and solar dryers especially engineered locally. KAITE also links its partner farmers to international fair trade markets, so that they can benefit directly from the sale of their produce at favorable world prices. KAITE's model of work is socially responsible entrepreneurship

There is an organization called Miss Zim Diamond UK that has been started in the United Kingdom, which mainly focuses on encouraging young women to create wealth and pave the way for financial freedom through Social Enterprise and working with various charities in the UK and Zimbabwe. Their main goal is to attract tourism and Foreign investment by flying the flag of Zimbabwe and being the Face of Zimbabwe in the UK working in partnership with The Zimbabwe Tourism Authority. They pride themselves in offering the best training to participants in order to equip them with international standards and represent Zimbabwe professionally and with integrity. They also empower them to achieve their own personal goals while striving to promote positive and creative thinking and developing desirable images. They aim to be ambassadors of beautiful Zimbabwe and in so doing be a face for tourism and foreign investment through young entrepreneurs.

Miss Zimbabwe UK encourages young women to become social entrepreneurs by engaging them in identifying social problems within a community and using their beauty and entrepreneurial principles to organize, create, and manage a venture to make social change. As a social entrepreneur Miss Zim Diamond UK says they will focus on creating social capital which is the

main aim of social entrepreneurship including environmental goals. They will be individuals with innovative solutions to society's most pressing social problems. They would like to show that women can be beautiful and still be great leaders and entrepreneurs.

### Africa

Five leading innovators were named the Social Entrepreneurs of the Year 2012 Africa by the Schwab Foundation for Social Entrepreneurship at the World Economic Forum on Africa in Addis Ababa, Ethiopia. The awards were presented to the winners by Klaus Schwab, Founder and Executive Chairman of the World Economic Forum. "Africa has seen tremendous growth over the past decade," said Hilde Schwab, Chairperson and Co-Founder of the Schwab Foundation for Social Entrepreneurship. "Social entrepreneurs use innovative approaches to extend access to healthcare, education, energy and housing to marginalized populations that may not otherwise be included in the traditional markets. They ensure that growth, such as that experienced in Africa, is and will be inclusive." The five winners who have been selected as the 2012 Social Entrepreneurs of the Year Africa are:

- **Bethlehem Tilahun Alemu, Co-Founder and Managing Director, sole Rebels, Ethiopia** - creates durable, stylish and eco-friendly footwear for international markets. The company offers training and employment to hundreds of underprivileged workers in Ethiopia, creating a new employment model for local enterprises. By using recycled automobile tires for the rubber soles and other environmentally friendly practices, sole Rebels is committed to a zero carbon footprint.
- **Sameer Hajee, Chief Executive Officer, Nuru Energy Group, Rwanda** - With many homes in sub-Saharan Africa not connected to electricity grids, Nuru Energy works with micro-entrepreneurs to disseminate its Nuru LED light, which can be recharged using an off-grid, pedal-powered platform
- **Paul Scott Matthew, Director Africa, North Star Alliance, South Africa** - Star Alliance provides mobile workers and related communities with continual access to high-quality health and safety services through a network of interlinked clinics known as "Roadside Wellness Centres".

- **Andrew Muir, Executive Director, Wilderness Foundation, South Africa** - , integrates conservation programmes with social and educational programmes. It has trained thousands of youth to be community leaders and national park rangers.
- **Seri Youlou and Thomas Granier, Co-Founders, Association la Voute Nubienne, Burkina Faso** Train farmers in the construction of homes with vaulted earth-brick roofs, provides an affordable, ecologically sustainable housing alternative and source of income to farmers during the off-seasons.

Today, non profit and non governmental organizations, foundations, the government, and individuals also play the role to promote, fund, and advise social entrepreneurs. A growing number of colleges and universities are establishing programs focused on educating and training social entrepreneurs. Midlands State University has a fully fledged moule on entrepreneurship and is working to establish partnerships between the entrepreneurship department and businesses in Zimbabwe in order to allow students hands on experience with an organization working directly with producers.

There are continuing arguments over precisely who counts as a social entrepreneur. The lack of consensus on the definition of social entrepreneurship means that other disciplines are often confused with and mistakenly associated with social entrepreneurship. Philanthropists, social activists, environmentalists, and other socially oriented practitioners are referred to as social entrepreneurs. It is important to set the function of social entrepreneurship apart from other socially oriented activities and identify the boundaries within which social entrepreneurs operate. Some have advocated restricting the term to founders of organizations that primarily rely on earned income, meaning income earned directly from paying consumers. Others have extended this to include contracted work for public authorities, while still others include grants and donations. This argument is unlikely to be resolved soon. Peter Drucker, for example, once wrote that there was nothing so entrepreneurial as creating a new university: yet in most developed countries the majority of university funding comes from the state.

#### **Other Countries.**

The North American organizations tend to have a strongly individualistic stance focused on a handful of exceptional leaders, while others in Asia and Europe emphasize more how social entrepreneurs work within teams, networks, and movements for change. The Skoll Foundation, created by eBay's first president, Jeff Skoll, makes capacity-building "mezzanine level" grants to social entrepreneurial organizations that already have reached a certain level of impact, connects them through the annual Skoll World Forum and Social Edge, the Foundation's online community, and highlights their work through partnerships with the Sundance Institute, Frontline World, News Hour with Jim Lehrer, and other film and broadcast outlets. Skoll also supports the field of social entrepreneurship, including through Skoll's founding of the Skoll Centre for Social Entrepreneurship at the Said Business School at Oxford University. Examples of social entrepreneurial business in the USA include NIKA Water Company, which sells bottled water in the USA and uses 100% of its profits to bring clean water to those in the developing world, as well as Newman's Own which donates 100% of its profits to support various educational charities.

Youth social entrepreneurship is an increasingly common approach to engaging youth voice in solving social problems. Youth organizations and programs promote these efforts through a variety of incentives to young people. One such program is Young Social Pioneers, which invests in the power and promise of Australia's young leaders. The program, which is an initiative of The Foundation for Young Australians, strengthens, supports and celebrates the role of young people in creating positive change in their communities. About Face International has a program that promotes youth social entrepreneurship amongst middle school, high school, and college students by providing interest-free loans, grants, and mentorship. They also help middle schools, high schools, and colleges form youth social entrepreneurship after-school clubs on site. Roozt's business model parallels such an approach by "paying it forward" with their commitment to help educate today's youth about the fundamentals of socially responsible businesses so that they may become progressive leaders of tomorrow. National Social Entrepreneurship Forum, founded by Yashveer Singh<sup>1</sup> is support organisation for promoting social entrepreneurship amongst Indian Universities and youth.

Istanbul Bilgi University launched the BILGI Young Social Entrepreneur Awards project in May 2010 to identify, educate, and provide financial support for young social entrepreneurs in

Turkey. Cooperating with International Youth Foundation, Sylvan/Laureate Foundation and TEGV, through this comprehensive strategy, İstanbul Bilgi University seeks to contribute to the development of a new generation of socially conscious citizens leading change in their communities.

Another youth social entrepreneurship organization is rooted in Turkey, the organization named SOGLA (The Academy of Young Social Entrepreneurs). SOGLA provides young entrepreneur candidates (named SOGLA pioneers) with a high quality of education, and supports pioneers to develop, start-up, and sustain their social entrepreneurship projects.

Fast Company Magazine annually publishes a list of the twenty-five best social entrepreneurs, which the magazine defines as organizations "using the disciplines of the corporate world to tackle daunting social problems." In 2009, Business Week followed suit, publishing a review of America's twenty-five most promising social entrepreneurs, defined as "enterprising individuals who apply business practices to solving societal problems."

The internet and social networking websites have been pivotal resources for the success and collaboration of many Social Entrepreneurs. These media allow ideas to be heard by broader audiences, help networks and investors to develop globally, and achieve their goals with little or no start-up capital. For example, starting with no capital and just an interesting idea, three Australian students (1egg1world) are in the process of raising AUS\$1million for Charity starting out with just one egg, an excellent example of the growing opportunities brought by the internet to people with good ideas. The US-based nonprofit Zidisha leverages the recent spread of internet and mobile technologies in developing technologies to provide an eBay-style microlending platform where disadvantaged individuals in developing countries can interact directly with individual "peer-to-peer" lenders worldwide, sourcing small business loans at lower cost than has ever before been possible in most developing countries

## Discussion

### Characteristics of today's social entrepreneur

The common view of a social entrepreneur is a mix of Sir Richard Branson and Mother Theresa, commercial entrepreneurship combined with charity. The truth is more complex. At its best,

social entrepreneurship is an organizing process distinct from those in the business and social sectors. While social activists use political pressure to stop the negative impact of government and business, social entrepreneurs approach it from a different angle. They ask why people behave in a negative way, and then look for market and/or community based incentives to encourage positive behavior. On one level, their actions are no different to any commercial entrepreneur pursuing opportunities for value creation through new business initiatives. The distinction is in their motivation. Whereas the main driver for commercial entrepreneurs is profit, their socially minded counterparts want to improve society.

Creating a sustainable venture is what both types of entrepreneur have in common and the need to make ventures financially sustainable. If you give money to a poor man and he can eat the next day, but what happens when the money is gone? Human beings cannot live off goodwill. Hence the concept of sustainable microfinance lending pioneered by Muhammad Yunus in Bangladesh.

Lenders loan money to poor individuals so that they can create a small business. When that enterprise takes off, it generates returns to repay the loan and support the owner's family and community in the long-term. Not only do the first of wave of beneficiaries improve their own lives, the money they give back to the lender is used to fund further loans. Creating a sustainable solution to a problem in society has become a hallmark of today's social entrepreneurs.

### **Difficulties and recommendations**

In the past, identifying problems and designing innovative solutions on a small scale was the typical approach of social enterprises. In the wake of the global fiscal crisis, the difficulty many entrepreneurs face is how to expand their operation to address the growth in numbers needing their help.

Over the past 200 years, management theories and powerful business tools in the areas of marketing, strategy and competitive advantage have helped entrepreneurs expand their commercial ventures. Growth within the social enterprise sector remains comparatively unknown territory. As the aftershocks of the economic turmoil continue to be felt around the world, rethinking management theory for social entrepreneurs is critical. Developing a set of powerful tools is necessary to enable the social enterprise sector to reach its full potential when society needs it most.

The financial community is also starting to adapt. One dilemma for social entrepreneurs, for example, is how to hire skilled people and obtain finance on commercially viable terms even though they cannot offer the same rewards or returns as commercial counterparts.

To deal with this, institutional investors and banks need to establish social impact funds that apply traditional investing criteria to projects with the potential to benefit society as a whole. Elsewhere, social groups should look for opportunities that deliver social value rather than just profit, and experiments should be done to establish a social stock exchange. Developing the financial tools necessary to support social entrepreneurs is therefore a priority for the business community in years ahead. Allied industries will also benefit from a thriving social sector.

We should consider wealth management. With increasing numbers of successful entrepreneurs wanting to use their assets to ease societal problems, managing their wealth in line with their conscience will call for an entirely new approach to personal asset management.

Succession is another area where the financial and wealth management sectors can play a part. The rapid growth in social entrepreneurship since the 1970s means many established social entrepreneurial organizations are reaching a point where transferring power is becoming a pressing issue. While commercial enterprises are often taken over by a larger corporation, leaving the founder free to start up new ventures, acquisitions within the social entrepreneur sector are rare.

### **Crisis as opportunity**

The challenge for entrepreneurs, business schools, governments and financiers is to create a vibrant social entrepreneurial culture that will have the same impact on society as the commercial sector. The current fiscal crisis has made this transition even more urgent. The age of austerity means governments are looking to devolve more responsibility to social entrepreneurs typically more adept at delivering local solutions cost-effectively than central government. This new approach, combined with a reduction in social security spending, calls for even more ambitious and professional social entrepreneurs to meet society's needs— from job creation to education. Not only must they identify the best innovations, they will also need to apply them at a national or international level. As conventional methods of addressing society's problems appear ineffective, the time has come for social entrepreneurs to take the lead..

## Benefits of Social Entrepreneurship

We researched the work of over 20 authors from Bornstein, Schumpeter, the OECD, the World Bank and many others. Our findings conclude that the social entrepreneur sector is increasingly important for economic (and social) development because it creates social and economic values:

### 1. Employment Development

The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation. Estimates range from one to seven percent of people employed in the social entrepreneurship sector. Secondly, social enterprises provide employment opportunities and job training to segments of society at an employment disadvantage (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women).

### 2. Innovation / New Goods and Services

Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly, is confronted in innovative ways.

### 3. Social Capital

Next to economic capital one of the most important values created by social entrepreneurship is social capital (usually understood as “the resources which are linked to possession of a durable network of ... relationships of mutual acquaintance and recognition”). Examples are the success of the German and Japanese economies, which have their roots in long-term relationships and the ethics of cooperation, in both essential innovation and industrial development. The World Bank also sees social capital as critical for poverty alleviation and sustainable human and economic development. Investments in social capital can start a virtuous cycle. (give Zimbabwe examples)



#### 4. Equity Promotion

Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization. (give Zimbabwe examples). To sum up, social enterprises should be seen as a positive force, as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial stress.

#### Conclusion

This paper has attempted to shed more light on the hidden and complicated issues of social entrepreneurship. These include the sources of gaps in the social fabric, the motivational profile of social entrepreneurs in filling these gaps, the central human capabilities that they help foster, and the resources at their disposal. Decentering economic motivations results in meaningful differences between traditional entrepreneurship (cf. Shane and Venkataraman, 1990) and social entrepreneurship. Most prominent among these are an emphasis on improving the quality of life among the disadvantaged, and on social entrepreneurs being more embedded within a given community (Peredo and Chrisman, 2006). Social entrepreneurs are, in the vernacular of Easterly (2006), the prototypical searchers. Their lithe, bottom up approaches keeping human well being as their ends are sparing of the 'tried-and-true' that have often fallen well short of the mark in lessening deprivation.

Social entrepreneurs actively attempt to reduce risks induced by social dislocation not through slicing risks into ever finer quantities for risk management purposes (e.g., Rajan and Zingales, 2003), but through actively reducing social tensions. As long as the state and businesses function as imperfect agents in addressing the needs of the deprived, social entrepreneurs will find welcome places in the social firmament.

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