



Case Notes 4

Social Entrepreneurship and Social Enterprise

About Seriti Institute

Seriti Institute, formed in 2009, is a social enterprise specialising in Community Development. Seriti's supports interventions which promote community self-reliance. Seriti implements and manages community development projects, and provides other technical services such as capacity building and training within communities it works in.

About Seriti TALKS

Seriti TALKS is a platform that brings together development practitioners, academics, policy makers, funders, and other stakeholders to share knowledge, ideas and experiences. The purpose of Seriti TALKS is to promote networking among all stakeholders involved in the development fraternity, while also trying to influence change among policy makers by disseminating best practice models of development.

Seriti Institute successfully hosted its first social entrepreneurship themed Seriti TALKS held on Wednesday, 30 October 2019. The topic was social entrepreneurship and social enterprises. In keeping with the format, the Seriti TALKS took the form of a participatory conversation. The discussions were led by our guest speaker Cedric de Beer; Struan Robertson facilitated using participatory techniques to capture the insights and cumulative learnings from the group of attendees.

Social Enterprises and Social Entrepreneurship

Cedric de Beer spoke to the different definitions of "social enterprise" and "social entrepreneurship" and the environment in which they operate was discussed. Social enterprises operating in the impact investment economy and their ability to deliver social good were examined with reference to broader social ills and the counter-arguments to a purely market-based approach to social entrepreneurship. The issue of broader social challenges requiring system-wide intervention was highlighted.

A taxonomy describing different types of social enterprises and their sources of funding was given as follows:

Type of Social Enterprise	Source of Funding
“Leveraged non-profits”	Grants
Hybrid non-profits	Grant/loans
Social business venture	
Public Private Partnership	Concessionary finance (debt or equity)
Commercial but “social benefit is part of the DNA”	Commercial rates

Cedric asked attendees what social ills/problems they hoped enterprises in social entrepreneurship space could address. The responses given are collated below by theme.

Social / Psychological	Economic	Political / Law
Improve educational outcomes	Reduce global inequalities	Eradicate exploitative capitalism
Change attitudes toward cooperation	Empower innovation	Bring governance of the market under social control
Changing the perspective that having a job is essential to making a living	Change the value of money	Support changes in policy

Five ways that could assist to improve the social enterprise sector were identified as follows:

- 1) Address local needs through understanding and learning;
- 2) Design models of “new economy” enterprises that build for the realities of the future;
- 3) Create catalytic development finance supported by self-funding and civic-driven support for social impact investment;
- 4) link with civil society around broader issues of human rights, democracy, government policy and the operation of markets; and
- 5) Be part of a movement for driving and energising social impact, not merely “the solution” to packaging small bundles of it.

Cedric emphasised the need to look at ways that we can deliver social benefit more broadly and cautioned against relying solely on market-based solutions. There was an argument made that social ills sometime need social fixes. Depoliticising poverty and executing social impact “investment”, one project at a time, has the effect of decoupling the causes of social ills from political and economic factors, and also of handing over control of the development agenda/objectives from practitioners to donors/funders. Broadly speaking development outcomes across the world would improve with better access to sustainable livelihoods and earnings, fair terms of international competition, and better enforcement for the rule of law. The danger in relying on commercial solutions to social problems is that systemic factors remain unchallenged. [Read](#) what fifteen leading economists say needs to be done.

During the facilitated learning session, attendees were asked to respond to the question of measurement. *Are we more concerned with quantitative versus qualitative assessment? What do funders want?* Thought provoking responses in the form of countering questions, included:

- 1) Do we measure?
- 2) Who measures? and
- 3) What is measured?

Participants indicated that in practice, measurement fulfils a monitoring and evaluation function mainly to satisfy donors/funders and that there needs to be a serious commitment to learning, which is often absent from an assessment of social impact. There is also a social benefit to implementing parties such as non-profit organisations and social enterprises in that they learn from their experience in delivering social impact and executing projects.

A consistent concern when it came to measurement and reporting, was the question: “In whose interest?”. *Does the sector undertake measurement and research to (a) nurture sustainable financing streams, (b) for their own learning purposes to develop strategic institutional learnings, OR (c) for the greater benefit of the civil society sector?* The consensus was that genuine learning takes place when social enterprises are independent and programme evaluation is about their passion for solving social ills, not mere compliance.

Cedric de Beer made the critical contribution that measurement of movement toward pre-defined objectives is actually less important than learning from the objectives themselves. Did the project set the right target? The salient feature of evaluating results should be to improve on delivery of social impact in future projects, not to vouchsafe one’s achievements in cautious analytical reporting. Importantly, organisations must ask themselves: **“Are there better approaches to turning objectives into outcomes?”** You can actually measure anything; it is about what you decide to measure and why.

Outspokenly, one participant said: “Funders and donors live in ivory towers”, meaning they remain apparently separated from the facts and practicalities of implementing social impact work on the ground. Furthermore, the nature of separation from the realities experienced between non-profits/social enterprises and donors/funders seems to take on different forms.

There can be a lack of consultation when designing interventions, and then in certain instances, funders may merely seek an implementing agent. What is problematic is that while delivering social impact and needing to demonstrate ongoing sustainability, civil society organisations often find themselves in precarious financing situations just to keep operations going. This means that organisations may be reluctant to “look a gift horse in the mouth” and will adapt to the wishes of the donor, which is acceptable unless of course, a social enterprise

finds itself compromising on its core values or “DNA”. In other instances, successful social enterprise initiatives can become high-jacked by corporates trying to access quick CSI¹ wins.

There was the sense among participants that social entrepreneurs as individuals must remain true to themselves, work hard and that the financial resources will follow on the back of well-managed impact investment, which is above all, still socially motivated and informed by an understanding of context surrounding social ills. If organisations feel pressured into compromising their essential character – *they might have the wrong donor/funder?*

The notion of the solidarity economy was also discussed, and what people mean by “**civil society**” and the so-called “**we**” in the space?. There is a critical issue with regard to advancing participatory practice in the social impact sector, to let local people tell you what their actual needs are. There was agreement that social enterprises should pursue self-funding options where possible, as this safeguards independence, autonomy and the close alignment of work to institutional values – it is often also the most successful method for creating sustainability.

Collaboration in the civil society space and among social enterprises must focus on:

- 1) Getting things done, together; and
- 2) Providing opportunities for learning and iteration.

The following challenges were identified as hindrances to social Impact creation by Seriti TALKS attendees:

- ❖ The need to follow onerous guidelines;
- ❖ Donors assess organisations on the basis of human capacity, best practice standards, governance, and compliance;
- ❖ Accountability up and down and among stakeholders, at different levels;
- ❖ Heavy pressure to show impact and return on “investment”; and
- ❖ The focus on measurable results.

Non-profits need to contribute to training and skills development not only for beneficiaries but also for staff and the sector to address certain capacity gaps. It is not simply a problem that can be fixed by injecting more money into the social economy. Social entrepreneurship has to make practical sense and build for long-term success. Companies on the donor/funding side need to recognise the need for broader, comprehensive and inclusive solutions.

Conclusion:

The Seriti TALKS concluded with a sum-up by Cedric de Beer and an attendee check-out where participants got to highlight their take home points. The gist of the learnings were that social entrepreneurship covers a broad range of sectors, but that it is also a standalone concept.

¹ Corporate Social Investment

Not everything has to be a social enterprise and not all organisations can be social enterprises. Successful social entrepreneurship harnesses the endogenous energies present within people to drive organisations and movements forward, incentivised around creating social impact.

The future of catalytic system-wide change to address social ills through social enterprise formation will most likely have to rely on alternative forms of funding. *Organisations must not be tempted to sacrifice the core of who they are on the altar of development aid.*

Speaker Profile



Throughout his professional career, Cedric de Beer has demonstrated a life-long commitment to human rights and social justice. He has four decades of experience in creating organisations, building teams and supporting his colleagues' personal and career development. Cedric has deep insight into effective governance and how to make organisations and their leaders function at peak effectiveness. He has an Associate Coaching Certificate in coaching from the International Coaching Federation (2017) and authored a book entitled: *Apartheid, Health and Health Care*, Raven Press, 1984. He holds a Bachelor of Arts degree from the University of Witwatersrand, 1974.