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## Social Entrepreneurship

The future of world economy shaped by the social impact

Supervisor:

Prof. Francesco Ferrante

Candidate:

Granata Andrea

ID Number: 089752

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## 0. Introduction

The word “social” originates from the Latin expression “*sociàlem*” (*socialis, is*), merging the term “*socius*” (friend, partner) and the termination “-àlem”, showing belonging or dependency. Social issues have evolved in parallel with the conception of society. Societies emerged with the natural tendency of human beings towards sociability, following the conception of Aristotle who defined people as “social animals”. Throughout human history, innumerable variants of society flourished, increasingly expanding across the centuries. Indeed, from isolated social communities, the social and economic dynamics led to an enlargement of societies, which started meeting each other. Nowadays, due to the processes of globalization, some may say the world is characterised by a unique, big and complex society. Consequently, while primordial social groups were structurally egalitarian, the more societies broadened, the more differences and inequalities rose. Even though heterogeneity is probably the most fascinating feature of the human race, it has unfortunately represented a source for social division led by economic and political flows.

Today, the world still has to deal with severe social divergencies, with marginalized and disadvantaged regions and groups of people neglected by national institutions. As a consequence of the unsatisfied needs of large portions of countries’ communities, a new paradigm of social business increasingly gained space. By following business models and processes to tackle social issues, social enterprises have generated an innovative approach to make an impact. The main goal of the thesis is, thus, to analyze the field of social entrepreneurship and to demonstrate how and why it is becoming essential in today’s world.

The first chapter is composed by three main parts. The first one introduces social entrepreneurship, going back to its roots to understand why it originated. In particular, we will focus on the experiences of two founding traditions of the field, namely the American and the European ones. By studying the first schools of thoughts dealing with the topic, we will aim at having a complete overview of social entrepreneurial activity in the Western world. Accordingly, a debate will be conducted over the reasons why an official single definition is still lacking.

After having introduced the origins of the field, the second part of the first chapter focuses on the current role social enterprises are playing. We will consider what are the main dynamics of the initiatives and what are the distinctive features which make them unique. Therefore, the path followed by social enterprises to enter the business processes will be studied, defining situations such as market and government failures. We will understand how these constitute sources for social opportunities which social enterprises will be able to exploit, emphasizing the entrepreneurial character of such

initiatives. Finally, to distinguish social enterprises from other ventures, we will compare them with commercial enterprises, highlighting the different mission, values and impact undertook.

Following the complete examination of social ventures, the third and last part of the first chapter will be directed to define the ultimate goal of such enterprises, i.e., the social impact. It can be considered the focal section of the thesis, as creating social value is progressively recognized as the real essence of social entrepreneurship. We will attempt to define it and, subsequently, carry on a detailed analysis of the methods of social impact measurement. It will include both a theoretical approach to the matter and a concrete overview of the processes endorsed by social ventures to measure their social impact. To conclude the first chapter, social impact will be understood in relation to the main international organizations and their sustainability projects, identifying where and how social enterprises are recognized at institutional level.

In the second chapter, the focus will be shifted from the developed world to a global understanding of the field. A specific concern will be investigating the role of social ventures in developing countries. For this reason, after having specified the terms of classification of countries, a global mapping will be developed. By studying the features of the field and the respective policies in different areas of the world, we aim at emphasizing how social enterprises' activity is affected by the geo-political context within which it is carried on. Several traditions will be identified, mirroring the culture and political structure of each region. Along with the Western world, the main areas under review are Latin America, East Asia, South Asia, Middle East and North Africa, and Sub-Saharan Africa.

After having achieved a clearer perspective of social entrepreneurship at global level, we will debate the controversial issue of countries' development classification methods. Accordingly, we will highlight the internal differences and inequalities characterizing many countries, trying to confute the inadequate understanding offered by income-based indexes, relying on alternative formulas. We will, therefore, focus on the specific case of South Africa, which is possibly the clearest example of such internal social inequalities. In addition, we will attempt to show how social enterprises are crucial, now more than ever, in any corner of the world, calling for a higher international recognition of bivalent cases like South Africa. Finally, a deeper understanding of the South African framework of social enterprises will be achieved by taking as case study the Social Enterprise Academy. The study is supported by an online interview with the Hub Manager in South Africa of the Academy, who expressed the organization's values and programmes aimed at fostering the sector in the country.

In conclusion, the last chapter will take on the recent problem of the Covid pandemic, understanding its impact over social enterprises' action. Part of the findings reported were directly provided by

Ashoka Italy, which contributed to the thesis by emphasizing its innovative solutions to support the social entrepreneurship sector, giving birth to the Ashoka Changemakers United.

The chapter on the impact of Covid aims at underlining the crucial role of social enterprises, enhanced by the current crisis, in providing services and support to those groups of people who suffered the most from this pandemic. Moreover, the crisis will be evaluated as turning point for the growth and establishment of social enterprises within the business world. The main question is about whether this situation could eventually give the decisive boost to the sector, or inevitably make it regress due to the dramatic economic consequences caused by it.

Then, this last study completes the analysis of social entrepreneurship, introducing the section of the conclusion. In the latter, the achievements of the thesis will be stated, recalling the initial goal of demonstrating the relevance of social ventures and their social impact.

## 1. Understanding social entrepreneurship

### 1.1. The story and roots of social entrepreneurship

Even though social enterprises have developed mainly in this century, the ideas they embrace and promote were already born a few decades before. Indeed, if we had to place the emergence of social enterprises in terms of period, we would have to go back between the end of the 1970s and the beginning of the '80s (Hossain, 2019). Those years were characterized by a significant change of route in world economy, experiencing the crisis caused by the oil price shock of 1973.

As a consequence of the Arab-Israeli War, the Organization of Petroleum Exporting Countries (OPEC), pressed by its Arab members, imposed an embargo against the United States, the Netherlands, Portugal, and South Africa. Consequently, oil prices dramatically increased, leading to a period of stagflation in many developed countries. Specifically, on the one hand, those countries were experiencing high levels of inflation and, on the other, the rates of economic growth decreased as much as unemployment rates rose (US Office of the Historian). Although initially the crisis could appear mainly of a fiscal nature, the increase in public expenditures paved the way for a legitimacy crisis in the welfare regimes (Gamble, 2018).

The public deficit put governments in such a position where they could not afford anymore all the burden of providing public services. The welfare state had, in fact, led to a situation in which there were not enough resources to maximize both economic growth and democratic legislation: reducing public investments led to reduced political consensus.

For this reason, starting from the end of the '70s, a new wave of privatization characterized social services provision. In this way, public authorities would have kept their financial responsibility, while private enterprises would have taken charge of carrying forward services arrangement on a regional basis. This process of decentralization allowed local authorities to elaborate and implement social policies in a more dynamic way, being closer to citizens' needs. Each region has its own difficulties and different issues, which is why a more locally focused administration proved to be more effective. Whether business and social activity used to be viewed as two separate and even contrasting fields in the early XX century, after the new trend in 70s' economy a new way of dealing with social problems emerged (Hossain, 2019). This was brilliantly depicted by Freer Spreckley in his "Social Audit" (1981). This document can be considered as a watershed in the understanding of social entrepreneurship. Spreckley understood the structural failures brought about after the industrial revolution, which exacerbated a system of inequality both at social and economic level. The main aim was to raise awareness on the potentials of social experiments, which no longer had to be

considered utopian dreams. A new way of organizing the economy was needed in order to introduce entities such as social enterprises, directed to a renewed socially useful productivity. For this reason, new viability criteria were identified to foster principles of collective democratic organization. First of all, an imperative step was the democratization of work, ensuring equality, more communication and joint decision making among workers. In addition, the humanization of work, promoting job satisfaction and improving working conditions, was seen as crucial in the development process. Finally, reshaping the social environment was essential for the socialization of product, in matters of economy, finance, but also politics.

The crisis of the welfare state was led by an unsatisfied demand in social needs. Therefore, new concepts such as “social demand”, “social profit” and “social production” were brought in. Accordingly, other means for productivity gained attention, namely education, social interaction and environmental care; indispensable factors for the development of a “healthy” economy.

Based on these assumptions, Spreckley’s Social Enterprise Audit model recognized five main areas in need of social responsibility: profit contribution (emphasizing the link between achieving financial surplus and adopting social responsibilities); human resource contribution (concerning recruitment, salaries, job security and occupational health); public contribution (in other words, the impact of organizational activities on the public); environmental contribution; and product/service contribution (as regards the impact on the quality of the product or service provided) (Spreckley, 1981).

After having acknowledged what were the first stimuluses which led into the development of social entrepreneurship, it is paramount to understand how the latter has been differently shaped by the two main Western economic models: the American one and the Rhineland one.

#### 1.1.1. Two founding traditions: comparing experiences between the US and Europe

Even though nowadays globalization has led to the establishment of many well-developed economic models, which ultimately converge when it comes to international affairs and trade, at the outset of the first social enterprises the two predominant business structures could be found on the two sides of the Atlantic. On the western side, the American tradition; on the eastern side, the European one. Albeit both used to be considered under the so-called Western capitalist model, they have divergent features which eventually defined the way social enterprises evolved within their contexts. Indeed, the US embodied a different expression of capitalism compared to the European one (Albert, 1991). On the one hand, the American model focused on the individual and mainly pursued short-term financial profit; on the other, the so-called “Rhineland model” – involving Western Europe but also Japan – endorsed collective success and long-term initiatives.

These disparate approaches led to two different understandings of social entrepreneurship and, thus, two separate ways of promoting its progress. More accurately, the American tradition itself is characterized by a clear division (Dees and Battle Anderson, 2006). The two independent schools of thought in the US were represented by:

- The Social Innovation School, which centralized its idea on the establishment of innovative and more sustainable ways of dealing with social issues and satisfying social needs. As a consequence of this view, Ashoka was created in 1980 by Bill Drayton. Currently the largest network of social entrepreneurs in the world, it was founded to search and support the most innovative figures engaged in bringing about social change. Hence, the individual – in this case, the social entrepreneur – was given the central focus.
- The Social Enterprise School, which instead focused on income generation and funding of social initiatives. It claimed that, in order to be effective and more entrepreneurial, nonprofit organizations should have adopted business methods. Inspired by this ideas, Edward Skloot founded New Business Ventures for Nonprofit Organizations in 1980. It represented the first consultancy firm entirely dedicated to non-market companies. This tradition offered a cutting-edge mechanism connected to the third sector.

Contrastingly, the Rhineland model introduced an alternative concept of social enterprise, which can be exemplified by the EMES approach. Reflecting the European tendency towards collective success, the EMES European Research Network aimed at studying social enterprises, focusing on their emergence and growth within the European Union. It was founded in 1996 and it is composed of scholars coming from different institutions and different countries in order to collaborate and offer the widest perspective possible over the field. The two main areas of interest concerned work integration and social and community care service provision (Borzaga and Defourny, 2001). Thus, the European model centralized its attention on the enterprise as a whole, rather than on the single entrepreneur, as the American design, particularly within the Social Innovation School, did.

Having introduced the founding traditions which constituted the cornerstones of social entrepreneurship, we can follow these distinctions and understand why it does not have a single definition, yet. In the next section, indeed, an inspection of the main interpretations from the different schools of thought will be carried on. Moreover, it will be analyzed how the environment of social entrepreneurship would benefit from reaching a single official definition.

### 1.1.2. Towards a single definition

Social initiatives have existed for a long time. An early form of social entrepreneurship could be detected in the efforts of Florence Nightingale during the Crimean War in the mid-nineteenth century. Thanks to her innovative method of nursing care, she managed to improve the hospital conditions to such an extent that the mortality rate fell from 40% to 2% (Bacq and Janssen, 2011). This was only one example of the several experiences of social intervention in the past. However, despite its long heritage, social entrepreneurship has gained academic researchers' attention only starting from the late 1990s. Drawing upon the American tradition, social entrepreneurship was considered as "the action of non-profit executives who pay increased attention to market forces without losing sight of their underlying mission, to somehow balance moral imperatives and the profit motives" (Boschee, 1995). It thus "combines the passion of a social mission with an image of business-like discipline, innovation and determination" (Dees, 1998). By detecting these two founding definitions it can be deduced the individual-centric American vision introduced before. A significant stress is put on the social entrepreneur who embodies the dynamism and innovative practices of a pure entrepreneur to achieve his/her social mission.

Shifting the focus to the European perspective, "social entrepreneurship is viewed as a category of entrepreneurship that primarily is engaged in by collective actors, and involves, in a central role in the undertaking's resource mix, socially embedded resources [...] and their conversion into (market-) convertible resources, and vice versa" (Stryjan, 2006). In particular, the EMES Network emphasized the collective nature and associative form of social enterprises in Europe (Defourny and Nyssens, 2008). Nevertheless, trying to find a unique stance even within Europe is ambitious, as each country has different roots and economic conditions.

It is clear that unifying such different contexts would result in a problematic duty for scholars and researchers. Yet, a single definition would guarantee greater recognition from the public sector. As a consequence, new organizational frameworks would be promoted and a more accurate scientific research in the field could be brought about (Bacq and Janssen, 2011).

While it is true that social entrepreneurship still lacks an official theoretical description, social enterprises have been developing exponentially and they are nowadays gaining increasingly importance within the economic and development balances. To understand their role in the economy, the next section will study the dynamics of the phenomenon and what makes social enterprises unique.

## 1.2 The role of social enterprises

As reported by the latest European Commission's statement, the sector of social entrepreneurship, including non-profit, for-profit and hybrid enterprises, employs over 40 million people and more than 200 million volunteers around the world. In France, in 2015, the sector accounted for 2.34 million employees, making up over 10% of national employment. According to the Social Enterprise UK's 2018 report, social enterprises are worth £60 billion to the UK economy, 3% of the country's GDP and 5% of total employment (Summerfield, 2020). This increasingly decisive performance is related to social enterprises' distinctive features.

Firstly, they are one of the main current sources of innovation in world economy, introducing new business methods and resources to deal with social issues. Fostering innovative solutions goes hand in hand with their holistic approach to business. In fact, in order to be effective within their field of interest and over a specific territory, social enterprises are required to establish conditions to remain innovative and competitive (Lizarralde, 2009). The degree of innovation of a social entrepreneur was measured by the Global Entrepreneurship Monitor (GEM) in 2015. By analyzing the responses to the statements "My organization offers a new product or services" and "My organization offers a new way of producing a product or service", GEM researches found out that the average rate of innovation had increased significantly in the last decade. Besides, it is no coincidence that one of the first ways social entrepreneurs were defined was as "innovative non-profit entrepreneurs" (Young, 1983).

The main strength of social entrepreneurship, indeed, is that it fills a need. As we saw in the first section, the increasing lack of social service provisions paved the way for new initiatives to meet that compelling necessity. Social enterprises' central role is, therefore, to act as a bridge between disadvantaged communities and existing institutions (Bayliss, 2004; Wallace, 1999).

Thus, to have a complete understanding of how social ventures fit within the economic machine we must study the concepts of market and government failures, which will lead to the exploitation of (social) opportunities.

### 1.2.1. Market and government failures and social opportunities

Social entrepreneurship usually occurs at the intersection of different institutions (Shaw and Carter, 2004). Institutions, in this case, should be understood as the humanly derived constraints composing human interaction. In particular, we can identify both formal and informal constraints. The former includes rules, laws and constitutions. The latter involves conventions such as norms of behavior and codes of conduct (North, 1997).

The relationship between social ventures and institutions is of mutual benefit. Indeed, regulatory institutions can be a crucial resource to social entrepreneurs for achieving goals for the community (Korosec and Berman, 2006). On the other hand, social enterprises may provide essential help to institutions in meeting the needs of communities. An example was the impact social enterprises had in facilitating inner-city social development in the US (Wallace, 1999). As opposed to traditional business and volunteer agencies, social ventures guaranteed a political, economic and, most importantly, social link between the government and free-market enterprises. The latter were crucial to grant self-help, business, development of local jobs, and human resources within the community. This type of situation arises when there are relevant market failures, which offer potentially profitable circumstances for entrepreneurs. A market failure can be defined as “a phenomenon that results from the existence of market imperfections that weaken the functioning of a market economy”. The five main sets of market failure comprehended in the welfare economics literature are: imperfect information, monopoly power, externalities, public goods, and market pricing. By creating new sustainable businesses, social enterprises can shape and rearrange institutions to adapt to the new market.

The role of the governments in dealing with market failures is fundamental. Efficient and accurate government policies can, in fact, solve divergences between social and private valuations, improving investment coordination and resource mobilization. However, improper provisions by the government can give a further impulse to market failures. In this case, we speak about government failures. A government failure is, therefore, a situation in which government intervention in an economy worsens outcomes.

The misallocation of goods and/or resources to government consumers can be caused by several factors. The first type of government failure is strongly related to self-interests, when politicians and civil servants favor the latter at the expense of a suitable allocation of resources. Secondly, government failures could happen due to short-term solutions. When government leaders serve in office for a narrow amount of time, they tend to neglect long-term and more complex issues. Lastly, imperfect information can be a cause for political failure, as the process of law enforcement would lack enough background research and resources.

All these classes of market and government failures represent sources of opportunities for social entrepreneurs. The consequences of those failures are suffered by the citizens. This is the theoretical understanding of how social ventures can impact the society and why they are, more than ever, crucial nowadays.

An important stage for social enterprises is, thus, the process of recognition of social opportunities. There are three notable dimensions of prior knowledge which influence their activity of

entrepreneurial discovery (Shane, 2000). Primarily, social entrepreneurs should have a prior knowledge of markets. This would help them in understanding the business dynamics and take prompt and effective action to exploit the opportunity. Accordingly, prior knowledge of ways to serve markets is crucial to tackle the issue in the proper way. Thirdly, no intervention would be effective if there was no prior knowledge of customer problems, essential to adopt an adequate strategy linked to people's necessities.

Israel M. Kirzner was the first to pinpoint a distinctive quality which entrepreneurs should possess to detect opportunities. He called it alertness, defined as an "attitude to available (but hitherto overlooked) opportunities" (Kirzner, 1973). Subsequently, entrepreneurs should respect a few necessary requirements to see opportunities: identify a need which was created through market or government failure; single out a way to satisfy that need, fostering social support; finally, put both those two pieces of knowledge together to build up what can be described as a social opportunity.

Recently, a few strategies which social entrepreneurs can pursue were elaborated to exploit at best social opportunities. First of all, the so called "bricolage" is aimed at taking advantage of social opportunities originated from institutional voids. It was defined as "to make do with whatever is at hand" (Mair and Martí, 2009), and it is specifically efficient in developing countries, where there is scarcity of resources and institutions. The bricolage strategy is also known as effectuation (Sarasvathy, 2001), which consists in acknowledging the available set of means and discern their best combination possible to impact society. It is obtained through a period of experimentation of the variables at stake in order to provide the best service possible. Moreover, entrepreneurs embracing a strategy such as bricolage, or effectuation, will require strategic alliances with stakeholders, aiming at obtaining pre-commitments from them as a way of reducing uncertainty (Sarasvathy, 2001).

A final variable which can dramatically influence the process of opportunities' recognition by social entrepreneurs is the presence of a social network. Having a wide range of contacts with customers, employees, acquaintances and so on, would represent a big source of opportunities (Shrader and Hills, 2003). Furthermore, social networks would also serve as an ongoing flow of new information, resources and support (Mair and Martí, 2006). Indeed, being involved in broad social networks can significantly increase the degree of alertness of social entrepreneurs.

In conclusion, we noticed how "social entrepreneurs see opportunity where others see problems" (Dees, 1998). What is, however, what makes social entrepreneurs peculiar and separates them from other commercial entrepreneurs? By analyzing this distinction, in the next section, we will complete our inspection over the role of social ventures, highlighting the distinctive value towards which all social enterprises' activities head.

### 1.2.2. Social vs. commercial enterprises

The field of entrepreneurship is, in general, deeply characterized by dynamism and it is a phenomenon in constant change as its features are related with the area of interest and the territory within which it is brought about. That is why even commercial entrepreneurship has not an officially recognized definition at academic level. What we know for sure is that “entrepreneurship is about taking risk” (Knight, 1921; Drucker, 1970). Entrepreneurs are, indeed, “individuals who exploit market opportunity through technical and/or organizational innovation” (Schumpeter, 1965). Entrepreneurship has been understood from both an indicative and a functional approach (Casson, 1982). By following these two interpretations, we can look at two different ways of comparing the commercial with the social variations of the activity.

The indicative approach emphasizes the distinctive features from an individualistic point of view, by focusing on the people from whom the initiatives originate. The approach of social entrepreneurs, in fact, is the same of commercial ones when it comes to seizing an opportunity or turning ideas into reality (Catford, 1998). A crucial element in the entrepreneurial process of both social and commercial ventures is a clear and well-founded vision. Having a vision means bearing an explicit picture of a future state (Naffziger et al., 1994). This vision shapes entrepreneurs’ actions and intentions throughout their activities. From this point of view, “social entrepreneurs are a “sub-species” of the entrepreneurs’ family” (Dees, 1998). However, the main distinction lies within the vision itself, as social entrepreneurs focus their perspective on the social sector, fostered by a socio-moral motivation (Nicholls, 2008).

Furthermore, we can distinguish social and commercial entrepreneurs according to their strengths, their mission and their consideration of profit (Thalhuber, 1998). Social entrepreneurs’ main assets, indeed, are based on experience and collective wisdom rather than on knowledge and personal competences. Their mission is built on a long-term view, not settling for short-term financial gains. Finally, they look at profit as a source of social services’ improvement. Moreover, there is a well-established culture of profit reinvestment, meant at advancing social progress. Earned income strategies are, therefore, exclusively linked to the social mission, fostering “a virtual blend of financial and social returns” (Boschee and McClurg, 2003).

A final concern of the indicative approach is the freedom of action of social entrepreneurs. This, in fact, is not limited by employers, as it is the case for commercial entrepreneurs, but instead by donors (Brouard, 2006). The funding of social initiatives is something affecting social entrepreneurship more

than any other activity, as usually the ventures are non-profit<sup>1</sup> or, as cited before, tend to reinvest the gains for communities' interests. There are several sources of funding granting financial support, especially at the initial stage, to social initiatives. These can be a sort of public aid, such as government programs, donations or grants; more informal contributions, coming from family, friends or neighbors; inputs by the entrepreneur's employer or work colleagues; private investments or venture capital; grants by banks or other financial institutions; and money collected through online crowdfunding, a strategy which is becoming increasingly successful in the entrepreneurial business. **Figure 1** below exemplifies the various forms of financial aid received by rising social enterprises, showing the proportion of their actual impact based on the different regions of the world.

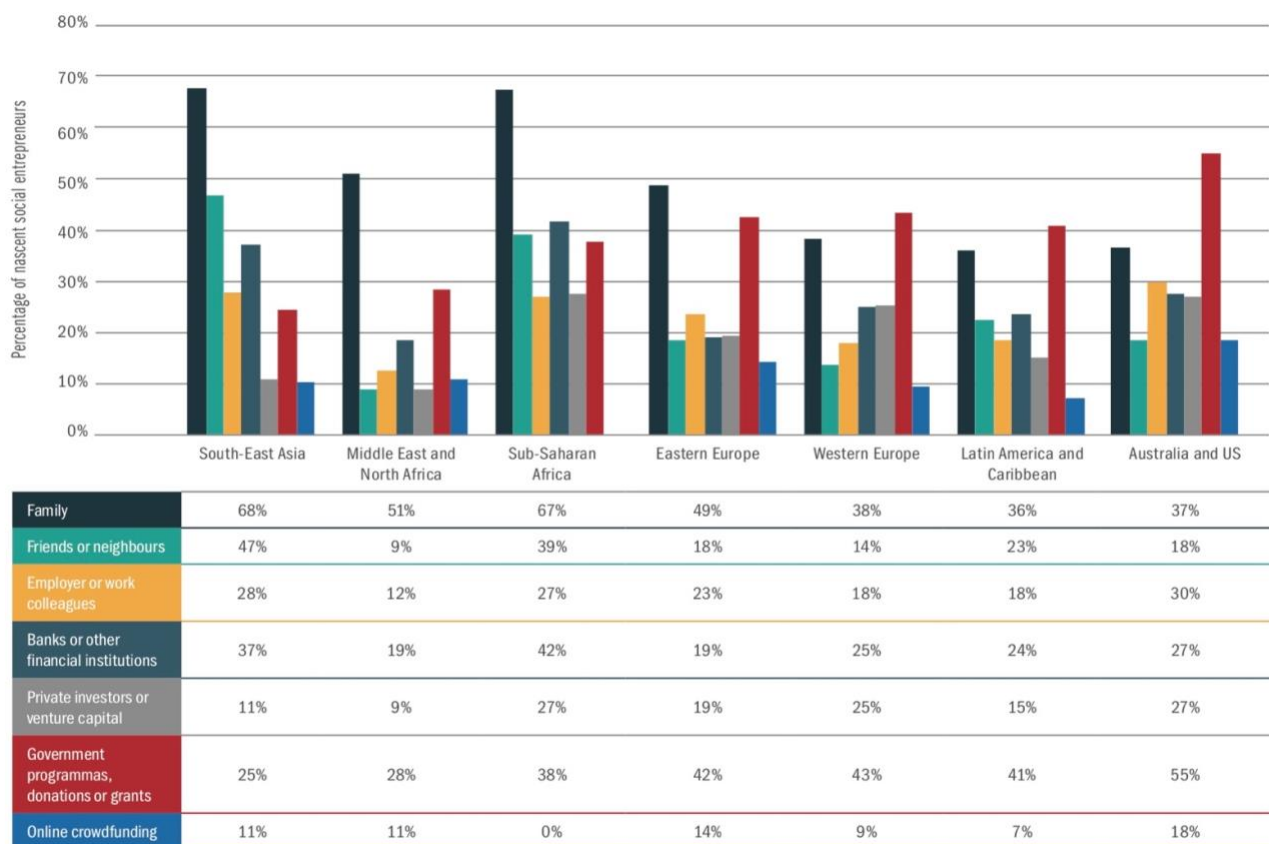


Figure 1. Source: “Sources of funding used by nascent social entrepreneurs.” *Global Entrepreneurship Monitor (GEM)*, 2015

As opposed to the indicative approach, the functional approach compares the fields of social and commercial entrepreneurship taking into account four variables (Austin, Stevenson, and Wei-Skillern, 2005). The first one is the type of market failure, as it would bring about different

<sup>1</sup> Non-profit Social Enterprises are “businesses whose primary purpose is the common good operated within a non-profit or as a wholly-owned subsidiary of non-profit” (Takagi, NEO Law Group, 2013).

entrepreneurial opportunities for social and commercial entrepreneurship. The second variable is the mission. As we saw before, the mission of a social venture has different priorities than the commercial one. The third aspect is resource mobilization, considering the contrasting backgrounds shaping the enterprises. The final element involves performance measurement, which would vary according to the values pursued during the respective activity.

This last variable allows us to introduce the framework of values. The last section of this chapter will scrutinize the several patterns of values, heading us to the ultimate goal of social initiatives.

### 1.3. Social enterprises' ultimate goal: the social impact

Recalling Adam Smith's "invisible hand", the private value created by a service (for example, the one offered by a baker) also assumes a social connotation as it provides goods for a certain amount of people, usually offering employment and economic growth as well (Auerswald, 2009).

However, the most recognized value within the economic environment has always been financial profit, at a firm level, and national wealth, at a societal level (Nicholls, 2006; Young, 2006). Over the years, other forms of value were identified as the framework was affected by a high degree of arbitrary judgment (Kirzner, 1973) and subjectivity (Von Mises, 1996) of consumers.

Natural value emerged following the increasing importance given to the natural ecosystems within which goods and services are provided. The features of ecosystems were seen as a reflection of business activity.

In addition, a significant concern was given to cultural value, as cultural capital became a decisive variable for individuals embedded in the economic fields (Bourdieu, 1993).

Notably, creative value turned out to be a key resource to promote abstract social relations and non-practical objects (Godelier, 1999).

Nevertheless, what has gained the greatest recognition and became the main focus of social entrepreneurship is, undoubtedly, social value. Indeed, the greatest impact which social enterprises aims at bringing about is that of cultivating individual capacities, enhancing the quality of relations between people and fostering the growth of the share capital. A crucial step towards value creation is supporting a suitable relationship between innovation and the external environment. This connection can be understood analyzing the concept of "creative destruction" by Joseph Schumpeter. According to the latter, economic growth and new value creation can be achieved through innovation and technological advancement (Schumpeter, 1934). Following this path, the duty of the entrepreneur is to shift the economy away from equilibrium to get, as a result, "Schumpeterian rents", i.e., "profits that remain until the innovation becomes the norm" (Schumpeter, 1942). Schumpeterian creative

destruction can be best applied in modern economy to (social) start-ups and innovative initiatives, which seek to offer new sustainable strategies through a creative renewal process.

In order to clarify the mechanism of value creation, Hambrick and Frederickson (2001) elaborated a framework, highlighting the stages necessary for understanding the system.

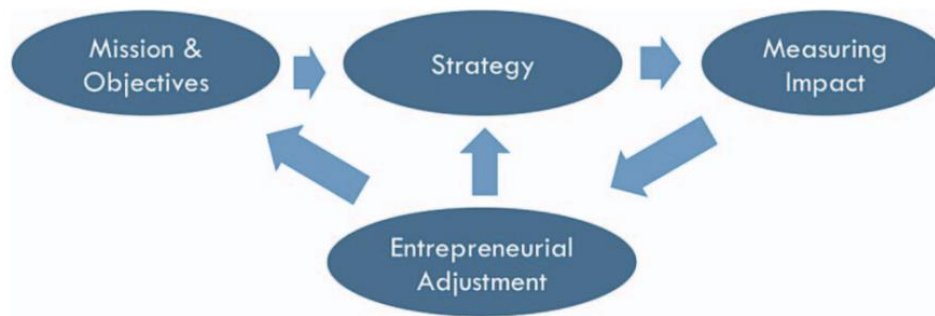


Figure 2. Source: Ormiston & Seymour, “Organising framework for understanding value creation.” *Journal of Social Entrepreneurship*, 2011

As expressed by **Figure 2** above, the starting point is represented by establishing the mission, which will shape the holistic process of value creation (Schumpeter 1939; Hambrick and Frederickson, 2001). The social (long-term) mission should be coherent and clear to ensure a better financial performance (Bart et al. 2001). In order to achieve the latter condition, five key questions were introduced to make sure social entrepreneurs follow a well-communicated and aligned social mission (Brooks, 2009):

- What the entrepreneur will do?
- What is the unique innovation?
- What value means?
- How value will be measured?
- What constitutes success?

After having clarified the mission, social entrepreneurs will have to establish and implement an effective strategy. Hambrick and Frederickson brought to light five elements affecting the strategy:

- Arenas: where the enterprise will be active
- Vehicles: how the enterprise will get there
- Differentiators: how they will succeed in the market
- Staging: the speed and sequence of moves
- Economic logic: how returns will be obtained

To understand the economic logic of social entrepreneurship and, thus, realize how social enterprises will achieve a social impact, we shall first study what social impact is. Indeed, the next sections will focus on defining social impact and, therefore, explaining its process of measurement. Measuring social impact will be indispensable to get to the last stage of Hambrick and Frederickson's framework, namely entrepreneurial adjustment, which consists in evaluating the extent to which entrepreneurs respond to new information. In other words, their inclination towards innovative solutions, which will shape their ventures' performance.

### 1.3.1. Definition of social impact

As we understood, social impact is key to social entrepreneurs' activity. Not surprisingly, one of the latest and most recognized definitions of social entrepreneurship sees social impact as the ultimate goal of the field, passing through all the elements we depicted in the previous sections. Citing Nicholls (2008), "social entrepreneurship is a set of innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systematically by using a range of resources and organizational formats to maximize social impact and bring about change".

Social impact has been understood according to four key elements (Clifford, 2014):

- The value created as a result of an initiative (Emerson et al., 2000)
- The value experienced by beneficiaries and all other affected (Kolodinsky et al., 2006)
- An impact including both positive and negative effects (Wainwright, 2002)
- An impact evaluated according to how things would have been if the activity had never taken place

The GECES (Group of Experts of the European Commission on Social Entrepreneurship) referred to social impact as "the reflection of social outcomes as measurement, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement) and for effects declining over time (drop off)" (GECES, 2014).

To carry on a process of value creation in an innovative way it is, first and foremost, necessary to foster knowledge socialization and to juxtapose science and technology with the market, in order to allow the development of new products and services (Vinck, 2013). Within this procedure, it is essential to overcome the historic separation between the customer approach and the production approach within business dynamics. Microeconomics has always considered the value of an asset in a quantitative way, linking it to the utility variation. As a consequence, in a perfectly competitive

market, producers are known to accept a commodity's price when it is higher or equal to the cost of production, which can be seen as the value of their work. On the contrary, consumers will comply with prices lower or equal to the estimated satisfaction capacity of the commodity, which is, concretely, the value in use. Given this mechanism as being the foundation of economic relations (Dussel, 2014), a new value model should be proposed at a global level to overwhelm this dichotomy (Schmitt, 2012). This innovative framework would need the elaboration of a new paradigm and an intensification in developing improved policies.

Two crucial steps at institutional level to boost a reconfiguration of economic values towards an ethical and social shape were the United Nations Conference in Sweden in 1972 and the effort of the World Commission on Environment and Development, in 1983. Both aimed at matching economic activity with environmental and social standards (Calvente, 2007).

The best way to promote social initiatives, setting objectives and monitoring the performance of social enterprises is to measure their social impact (Nicholls, 2007). Indeed, the next section will explain how social impact measurement can be carried on, including the different approaches and their possible limits.

### 1.3.2. Measurement of social impact

Social enterprises' activities are unique as their mission affects a wide range of stakeholders: public authorities, private investors, internal and external beneficiaries. For this reason, traditional performance measurements are not appropriate when it comes to social ventures. These, indeed, can be seen as "triple-bottom-line" organizations, being characterized by their social mission and financial returns, both affected by an environmental dimension. This structural condition led towards a new, standardized measurement process.

Nevertheless, there are still many controversies around the measurement of social impact, as several divergent approaches exist within the field. First of all, three different views over social impact measurement were developed, highlighting distinct features of social initiatives (Manetti, 2014; Nicholls, 2009; Mook et al., 2003; Palmer and Vinten, 1998; SIAA, 2014). The positivist approach supports an objective and rational value measurement, as accounting is seen as depicting the real world (Whittington, 1986; Watts and Zimmerman, 1979). This position fosters innovation and promotes operational performance. Contrarily, the critical approach considers accounting as fundamental in connecting organizations and society (Lehman, 1992). Critical theorists' practices are focused on resource acquisition. Finally, the interpretive approach views accounting as a symbolic tool for dealing with social groups and companies' stakeholders to foster social change (Ryan et al.,

1992; Gray, 2002). The interpretative method is deeply founded on organizational legitimacy (Suchman, 1995).

Another theoretical dispute emerged at academic level concerning two divergent methods adopted by social enterprises and public and private actors to measure their social impact. The first approach is the “one-size-fits-all”, which, as the name suggests, singles out a set of economic and social indicators and it applies them to all social ventures, notwithstanding their different features (e.g., size, sector, territory of interest) (Pearce, 1993; Arvidson et al., 2013). The alternative and, recently, most acknowledged approach upholds the heterogeneity of the field by emphasizing different measurement tools which can better fit with each individual case (Emerson, 2003; Nicholls, 2009). Lately, social impact measurement was classified throughout several research studies (Maas and Liket, 2011; Schaltegger et al., 2000; Clark et al., 2004) according to several analytical features, namely scope and purpose, orientation and time frame. Furthermore, this latter approach was also embraced by the European Commission’s GECES subgroup, as it was considered the best way “to measure the socio-economic benefits created by social enterprises” (GECES, 2014). This was strictly related to the belief that “no single set of indicators can be devised top-down to measure social impact in all cases”, given that “no single methodology can capture all kinds of impacts fairly or objectively” (GECES, 2014). Accordingly, the Group of Experts of the European Commission on Social Entrepreneurship elaborated a five-stage process which any social impact measurement should undertake:

- Planning stage: identify objectives
- Engaging stage: identify stakeholders
- Set relevant measurements
- Measure, validate and value
- Report, learn and improve

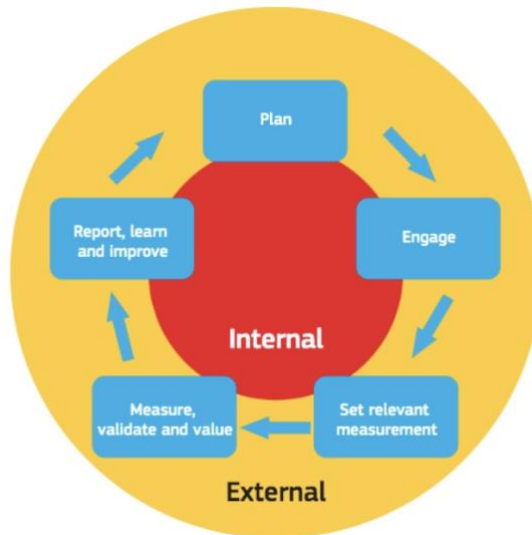


Figure 3. Source: Clifford, “Stages of impact measurement, and the benefits to stakeholders.”  
*EVPA*, 2013.

As illustrated by **Figure 3** above, the five-stage process combines the activity of both the internal party (the organization) and the external one (the stakeholders) to measure the enterprise’s impact given its objectives. The planning stage consists in chasing stakeholders’ support, externally, while managing resources in order to apply them efficiently, internally. The engaging stage is essentially dedicated to the recognition of stakeholders and to focus on the nature of their benefit. Therefore, shared initial expectations of value creation are identified. The third stage is about re-evaluating the planned intervention to advance relevant measures. It is a crucial phase to formulate investment decisions and allocate resources. During the fourth stage, both internal and external parties will support each other in improving the services and commit themselves to outline the desired outcomes. Ultimately, in the fifth stage the parties will attempt to extend the range of action and influence through the development of new partnerships. Likewise, they will try to improve management and service-delivery staff.

Alongside this model, the EVPA (European Venture Philanthropy Association) report of 2012 offered a framework which elaborated at best the impact value chain (EVPA, 2013). **Figure 4** below exemplifies it, highlighting the five crucial variables affecting the process of impact measurement: inputs, activities, outputs, outcomes and impact.

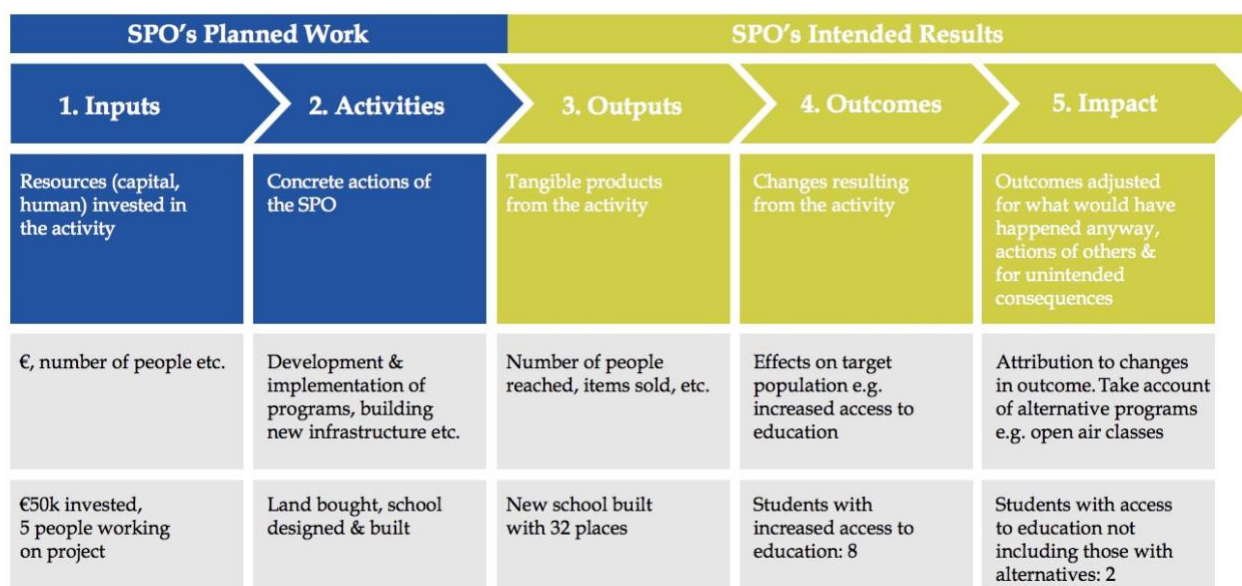


Figure 4. Source: “The impact value chain.” *EVPA, Rockefeller Foundation Double Bottom Line Project*, 2013.

The Impact Value Chain, also known as Theory of Change or Logic Model, drafts the logical flow characterizing social impact measurement and it analyze the causative correlation between the activities of social purpose organizations (SPOs) and their outcomes and impact.

The first variables of the model are, necessarily, the inputs, which are the resources (financial, intellectual, human or others) available to the SPO. The inputs will, then, support social enterprises’ activities, mainly intended to improve beneficiaries’ life standards. The points of contact between these activities and the beneficiaries are known as outputs, i.e., the means necessary to achieve the outcome and, eventually, the impact. The changes obtained as a consequence of social enterprises’ activities are the outcomes, which are understood as the difference between how the situation would have been without the service provided and the one actually attained with it. In conclusion, the outcomes can be evaluated in line with the impacts generated to people’s life. The impact is understood in terms of the value brought about for the stakeholder in question, considering both positive and negative effects and other aspects such as: attribution, comparing social enterprise’s responsibilities for the outcome with the external interventions; deadweight, isolating the outcomes which would have happened regardless of social venture’s actions; and drop-off, the tendency of certain outcomes to abate with time.

The framework of the impact value chain was fostered by the creation of the Impact Measurement Working Group (IMWG) in June 2013 as a consequence of the birth of the Social Impact Investment Taskforce (SIIT) under the UK’s presidency of the G8. In particular, the IMWG recognized four

phases of the impact measurement process, namely “plan”, “do”, “assess” and “review”. These stages are developed along seven steps:

- Goal setting, through the establishment of a clear theory of value creation to build the grounds for an effective strategic planning and to perform as a point of reference for future investment behavior
- Framework development, by selecting metrics in order to assess investments’ performance
- Data collection and storage, by way of ensuring that all resources and tools are effectively exploited to obtain data and information from investees
- Validation, i.e., checking transparency and completeness of data to ensure their quality
- Data analysis, to study investment trends in compliance with impact goals
- Data reporting, by distributing impact data to stakeholders not to mislead their decisions
- Data-driven investment management, to support stakeholders’ activities by implementing new mechanisms to make the investment process more efficient.

**Figure 5** below clarifies the relation between the former four phases of impact measurement and the relative seven guidelines for the process.

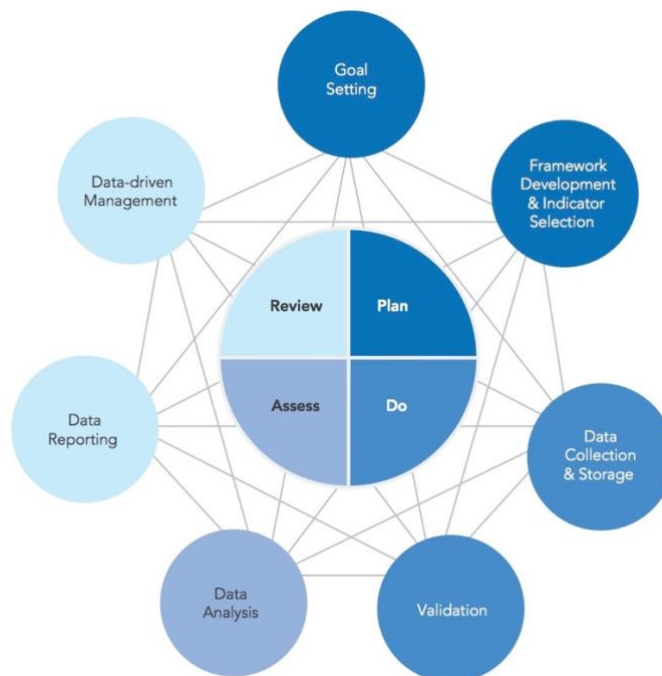


Figure 5. Source: “The Phases and Guidelines for Impact Measurement.” *Social Impact Investment Taskforce*, 2014

In conclusion, the works of social impact measurement just overviewed clearly share a “stakeholder-based approach” (Edwards and Hulme, 1996; Najam, 1996; Christensen and Ebrahim, 2006; Williams and Taylor, 2013). This approach emphasizes the need for a variety of metrics which can meet stakeholders’ different demands within social impact measurement (Harlock, 2013). As a demonstration, we can take in consideration three examples of different social impact measurement adopted by social enterprises and compare them in terms of different stakeholders, their related information need and metrics adopted. The following table (**Figure 6**) studies and contrasts work integration social enterprises (WISEs) in Italy, adopting as a matrix a cost-benefit analysis, Phitech, a French private company, using rating as methodology, and the British Jesmond Community Leisure, endorsing social accounting and auditing (SAA).

| Stakeholder      | Information need   | Methodology           | Case study                                       |
|------------------|--|-----------------------|--|
| Public investor  | Understand and select the more efficient allocation of public funds                          | Cost-benefit analysis | WISEs (Italy)                                    |
| Private investor | Evaluate the return on investment  | Rating                | Phitech (France)                                 |
| Community        | Understand the satisfaction level of the beneficiaries of the social enterprise's activities | SAA                   | Jesmond Community Leisure (JCL) (United Kingdom) |

Figure 6. Source: “Measuring the Social Impact of Social Enterprises: A few examples.” *OECD, European Commission*, 2015.

In the first case study, the issue at stake was the increasing degree of disadvantaged people in search of employment as compensatory policies were not sustainable anymore for the Italian government. For this reason, work integration social enterprises are crucial to provide an alternative solution to the problem. The stakeholders in question are public investors, therefore the wisest strategy to ensure the creation of social value would be the selection of a more efficient way for allocating public funds. The methodology for social impact measurement is based on a cost-benefit analysis. It includes a study of costs and benefits both at organizational level and related to each disadvantaged person employed. Concretely, a 6 years process of data collection was brought about by Euricse, a research center, over 10 WISEs in Trento, Italy. The data collected concerned economic and financial conditions of disadvantaged individuals, due to mental illness, physical disabilities or drug/alcohol

addictions, employed by WISEs, the changes in their demand for welfare services by local public bodies and their economic benefits and disability pensions expected in case of lack of employment. The peculiarity of the cost-benefit analysis carried on over this case is that it included information on disadvantaged people's wellbeing and on the benefits for the public administration. It, thus, provides a complete and effective evaluation of WISEs. However, the research requires a wide range of data and risks to neglect several externalities, namely the social capital produced and the increase in the quality of life of disadvantaged individuals' families.

The second case study considers the Phitech company, the aim of which is facilitating visually and hearing-impaired people to enter buildings and transports. In order to evaluate the return on investment, the Comptoir de l'Innovation (CDI) developed a rating approach to deliver reliable data on Phitech's social impact. This approach provides an accurate rating over both the financial and the social model adopted by the company in question. The former is valued according to the enterprise's market positioning and their operational costs. The latter, instead, considers the adequacy of the solution promoted, the social performance and the degree of social innovation of the service. As demonstrated by this case, social impact measuring is an essential process for private investors aiming at financing a social project. The rating approach lacks, however, of a focus on savings to society caused by social enterprises' activity.

Finally, the third case involves a leisure service facility called JCL, which is a community-based social enterprise in the UK. Accordingly, the social impact is difficult to measure as the data collected must be at individual level. Moreover, being the consumers their main stakeholders, JCL have a direct impact on the community. However, financial accounting did not grant enough social information. For this reason, JCL developed its own matrix for social reporting, namely social accounting and auditing (SAA). By fostering a framework of social accounts, the stakeholders were provided with a system of recording and scrutinizing the social value and impact of the facilities. In this way, JCL built a network which enhanced the relation between the enterprise and the consumers, granting transparency, engaging stakeholders democratically and providing proper management information. Notwithstanding the limits in collecting individual data, social accounting is an efficient method to analyze social measures through people's experiences and activities.

To conclude, it is important to close the debate around social impact measurement by understanding its main challenges. Both conceptual and practical challenges emerged over time. One of the main conceptual challenges is based on the nature of the measurement itself. It should not be a mere reporting tool, as it should establish itself as a core tool to foster greater impact in return. This would require social impact measurement to be included into core decision-making processes, through a significant cultural shift. In addition, another challenge is given by the attempt of reflecting equally

all sectors, not only the private, but also the public and the social ones. Moreover, it should be ensured that guidelines given on social impact measurement would not restrict social innovation. Tools which strengthen flexibility are therefore required when it comes to providing guidance. For this reason, innovative libraries of indicators (such as the UK Big Society Capital's "outcomes matrix" and the European open-source "global value exchange") were promoted to provide appropriate tools to measure any different element. The last conceptual challenge emerges where funding intervention may be discouraged to deal with areas which appear tough to measure, but still remain socially relevant. Clearly, a big effort is required to engage social impact investors, philanthropists and public authorities also within hard-to-tackle areas. This could be done by setting up interim goals, i.e., "informed outputs", linked to the long-term objective and by applying guidelines of social impact measurement to social impact investors, too.

When it comes to practical challenges, instead, the first one is related to the risk for social impact requirements to result overly burdensome for social enterprises. A solution can be found in the principle of proportionality, which helps to balance the resources exploited with the needs of stakeholders. Furthermore, another issue is related to the resources available to social enterprises to carry on measuring of social impact. Finally, the needs of both the social enterprise and the investors should be aligned, to effectively increase the social impact.

Facing all these challenges is compelling to ensure an efficient measurement of social impact. A pivotal role can be played by international organizations and institutions, by committing themselves in the field to support the creation of social value. The United Nations have made a huge effort to foster sustainability and the outcome is represented by the 17 Sustainable Development Goals. In the final section of the first chapter, the impact of the UN over the issue will be analyzed, with a particular focus on the involvement of social impact within the SDGs.

### 1.3.3. Social impact and the SDGs

The unique nature of social enterprises has been recognized and highlighted by the United Nations, too. Their legal status was identified in contrast with other charities or NGOs, emphasizing how social enterprises adopted market mechanisms to bring about financial self-sustainability. NGOs, on the contrary, rely almost entirely on subsidies, grants or donations aimed at supporting their activity. Indeed, social enterprises can deal with blended forms of financing and rely on equity capital in an easier and more flexible way than NGOs (Hanley, Wachner and Weiss, 2015).

Accordingly, social entrepreneurship has been seen by international institutions as a perfect means to promote sustainable development challenges (Seelos, Ganly and Mair, 2006). In particular, its multi-

stakeholder approach guarantees better results in terms of economic but mainly social and environmental performance (Tinsley and Agapitaova, 2018). Therefore, social ventures provide both international organizations and national governments a crucial thrust towards the achievement of the 2030 Agenda. Peter Thomson, former President of the UN General Assembly, assessed, in occasion of the High-Level SDG Action Event, that the financing needs to implement the Agenda would be higher than expected, as they amounted to \$6 trillion a year, up to \$90 trillion in 15 years. Sustainable development is, thus, strictly dependent on an efficient mobilization of current resources and an impulse headed for innovative approaches. As we studied previously, social enterprises are the perfect stage to deal with these issues. Recent studies confirmed the shift in inclusiveness at work and local development brought about by social ventures (OECD, 2018). In 2016, over 870 million people from nine countries between Europe and Central Asia benefitted from services and products, worth over €6 billion, provided by social enterprises. Moreover, a strong impact was achieved in the creation of employment, especially among the most marginalized groups of society (SEFORİS, 2016).

Although the values embraced by social entrepreneurial activity are shared with most, if not all, of the sustainable development goals launched by the UN, the SDG 17 focuses specifically on strategic partnerships to foster sustainable development and achieve the goals. In fact, social enterprises fall precisely within those “effective public, public-private, and civil society partnerships” the UN intends to intensify. The United Nations Development Programme (UNDP) has estimated the top 10 recipient offices of the funding experiences listed in goal 17, namely the Regional Center in Bangkok, Egypt, Brazil, Panama, the Regional Center in Istanbul, Haiti, Azerbaijan, the Crisis Response Unit, Zambia and the Programme for Palestinian People.

This last observation allows us to introduce the next chapter of the thesis, which will analyze the main recipients of the social impact through a global mapping. As a conclusion, it is fundamental to highlight the collaboration between social enterprises and international institutions, such as the UN, as a way of stabilizing the field. The stronger this relationship can be, the higher will be the social impact produced over the world, especially within the developing world.

## 2. Developing countries and social entrepreneurship

Social entrepreneurship does not have its roots only in the Western world. Given its social mission and its propensity to meet social needs, a strong tradition of social business established itself within the developing regions of the globe. Not coincidentally, one of the iconic figures of social entrepreneurship at a global level is Muhammad Yunus. Born in Chittagong, Bangladesh, he was deeply committed to his territory, which had suffered an intense war and was experiencing dramatic levels of poverty. Moreover, the conditions of the population were worsened by a deceptive loan system which only aimed at benefitting from people's adversities. Within this environment, Yunus innovatively revolutionized the field of social services' provision, elaborating a model which was established in 1983 with the birth of the Grameen Bank. Through this initiative, he introduced a renewed business model, defined as the Social Business. It basically gave birth to the whole movement of social entrepreneurship in parallel with the first European and American initiatives. He also demonstrated how innovative ideas can shape and have a decisive impact, regardless of the environment and the territory within which they are carried on. Furthermore, his company gave one of the main impulses for the establishment of microfinance<sup>2</sup>. His effort in building up both economic and social development from below was recognized with the Nobel Prize in Peace in 2006. Nowadays, Grameen Bank counts more than 8.5 million members, having provided over US\$12.5 billion in loans since its creation. Following his activity, Forbes included Muhammad Yunus between the "10 Most Influential Business Gurus" in the world.

As a consequence of Yunus' achievements, many new social businesses grew up in developing countries, following the experience of Grameen Bank. The standards of committing themselves in pursuing a social mission, developing new technology to be applied to human needs, all this within a sustainable framework, are becoming the founding pillars of any social enterprise all over the world. To have a clear picture of the current situation of social enterprises, with a focus on developing countries, the next section will conduct a global mapping to compare the dynamics of the phenomenon according to the respective geographical areas. The picture offered will be mainly based on a qualitative analysis, emphasizing the contextual differences between the regions of interest.

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<sup>2</sup> According to the Independent Evaluation Group of the World Bank, "microfinance can be defined as attempts to provide financial services to households and micro-enterprises that are excluded from traditional commercial banking services" (IEG, 2015).

## 2.1. The main recipients of social impact: A global mapping

The initial stage to build up a coherent global mapping is understanding the method of classification of countries. Lately, many different designations were applied based on several indexes and indicators. In particular, developing countries have been defined as least developed countries, according to United Nations' parameters, namely low income, low human capital and high economic vulnerability; they were identified as emerging markets, following the International Finance Corporation's approach; alternatively, the World Bank distinguished additional groups, related to countries' levels of GNI (gross national income) per capita. Therefore, developing countries' vague definition was deepened, highlighting differences between low-income countries (LICs), lower-middle-income countries (LMCs) and upper-middle-income countries (UMCs). On the other hand, the developed countries were represented by both high-income OECD countries and other high-income ones. In order to follow a territorial approach in our global mapping, the World Bank classification based on both region and income will be taken in consideration (World Bank, 2010). By doing this, we will be able to highlight not only the economic affinities between states, but also the cultural and political ones, which are essential in the field of social entrepreneurship.

### 2.1.1. Western countries

Throughout the first chapter, the focus was often put on the Western tradition of social entrepreneurship, considering its main approaches to the field and analyzing their academic roots. This greater concern over the issue was developed due to a higher support and consideration at institutional level. In particular, the European Union can be considered the backbone of social innovation, having a rooted attitude towards social policy advancement and welfare strategies. This brings us to the first study group, focusing on (almost all of) the high-income OECD countries. Concretely, composing this group are the Western European countries, the US and Canada. Recalling the features introduced before, both with the different approaches between the Rhineland model and the American one, we can clearly state what are the main sectors of activity of social enterprises within Western countries. First of all, work integration activities are a symbol of social entrepreneurship for these countries, as including socially and economically disadvantaged and marginalized groups of people is one of the chief goals to pursue. A clear example of this can be found with the EU-funded research program PERSE (Socio-Economic Performance of Social Enterprises in the Field of Integration by Work), which aimed at granting the field higher recognition

through a comparative analysis of over 150 social enterprises throughout Europe between 2001 and 2004 (EMES, 2001). Moreover, the whole field of social service provision is key to foster education, health care and training services. A complementary effort was put towards other sources of social services, such as microfinance, youth outreach, counselling and temporary housing provision for homeless people. An equivalently crucial sector is the one of public services, historical benchmark for civilization. Finally, Western countries' social enterprises are also active for environmental, cultural and recreational matters, as they constitute crucial pieces of the societal "puzzle".

After having acknowledged and refreshed the features of social entrepreneurship within the Western world, we can move towards the real objective of this mapping: understanding how social entrepreneurship has an impact in the other regions of the world.

### 2.1.2. Latin America

The second area of interest, indeed, will be Latin America. The region, ranging from Mexico to Argentina, has experienced several social issues which still need to be tackled. The rate of youth unemployment in Argentina amounts to almost 20%; Mexican households continue to struggle as still 25% of them are headed by jefas, 1/3 of which live in absolute poverty; education is still a matter of great concern in Brazil, where 50% of 15 years old students are considered at risk of dropping out of school (Social Finance, 2020). Latin American experience of social entrepreneurship is strongly related to its countries' political and economic systems. In Chile, for example, there is a deep tradition of neoliberal economic policies, which paved the way for innovative and entrepreneurial activities. The government has put much effort in fostering projects for social innovation, leading to the development of cross-sectorial regional ecosystems to promote social innovation policies. Techo, Socialab and the International Social Innovation Festival are just a few examples of social innovations in the region, which made Chile one of the leaders in Latin America on this matter. Even though the public sector proved to be truly committed to help create social value, there is still a lack of enough private investments to give a decisive boost to the field (IDB, 2016). Both with Chile, Colombia is one of the most active countries within the region, having developed an enthusiastic social impact investment environment. A turning point in this concerns is the birth of Inversor in 2011, the first social investment fund in the area. Even though social entrepreneurship in Colombia is mainly focused on the agricultural sector, the 2014 Social Innovation Policy drew attention on several societal needs. As its founding guidelines, the policy promoted cultural dynamism to foster social innovation, called for a strengthening of knowledge management and an intensification of private-public partnerships to support services of social impact (DNP, 2014). However, a growing issue in

Colombia is represented by the troubled dialogue between the government and civil society, and social enterprises can play a decisive role in dealing with social issues when government policies result not adequate. An intriguing case is the one of Mexico. It has surely the most advanced financial support system in Latin America, having direct links with US-based social enterprises and social impact investors. However, the field of social entrepreneurship is facing a stall as the National Institute of the Entrepreneur (INADEM) and the Secretariat of Welfare, both developed by the Mexican government, struggle to cooperate. This leads to an environment where social start-ups lack financial support. On the other hand, well-established and mature social enterprises are increasingly finding opportunities of funding through grants and crowd funding initiatives like in no other country of the region. The greatest challenge, however, remains the dearth of government transparency, as corruption keeps affecting authorities at all levels (IDB, 2016).

Apart from social ventures, the major source of social impact in Latin America turned out to be Social Impact Bonds (SIBs). One of the clearest examples was Argentinian “Proyecta tu Futuro”, concerning employment for vulnerable young people in Buenos Aires. Launched in October 2018 for a total of 42 months, it aimed at providing access to formal employment to the youth from poor neighborhoods in the south of the Argentinian capital. SIBs appear really effective in such a government-centered environment because they can directly shape the public sector through collaborative and innovative initiatives. The promotion of the field of social entrepreneurship, therefore, may need an external push. This is what Ashoka, Hystra, New Ventures and the Swiss agency for Development and Cooperation aimed to do by fostering the program “Promoting Social Entrepreneurship in Latin America”. These organizations joined their forces to reduce poverty and call for higher economic inclusion within Latin Americans. Following these goals, the program assisted social entrepreneurs in the area throughout their course, according to five complementary pillars: opportunity identification, through the analysis of potential ways to boost growth; launch of first activities, conforming to Ashoka’s values of creativity, ethical fibre and entrepreneurial mindset; scale-up and sustainability, fostering acceleration programs by providing business advising and grounded knowledge; replication and global impact, shaping social entrepreneurs with the Ashoka Globalizer program by evaluating strategies and leadership skills to innovate and enhance their social impact; knowledge dissemination, through the participation to events and exchanges both in Latin America and Switzerland (Ashoka, Hystra, New Ventures and SDC, 2019). The following graph (**Figure 7**) exemplifies the program’s operation.

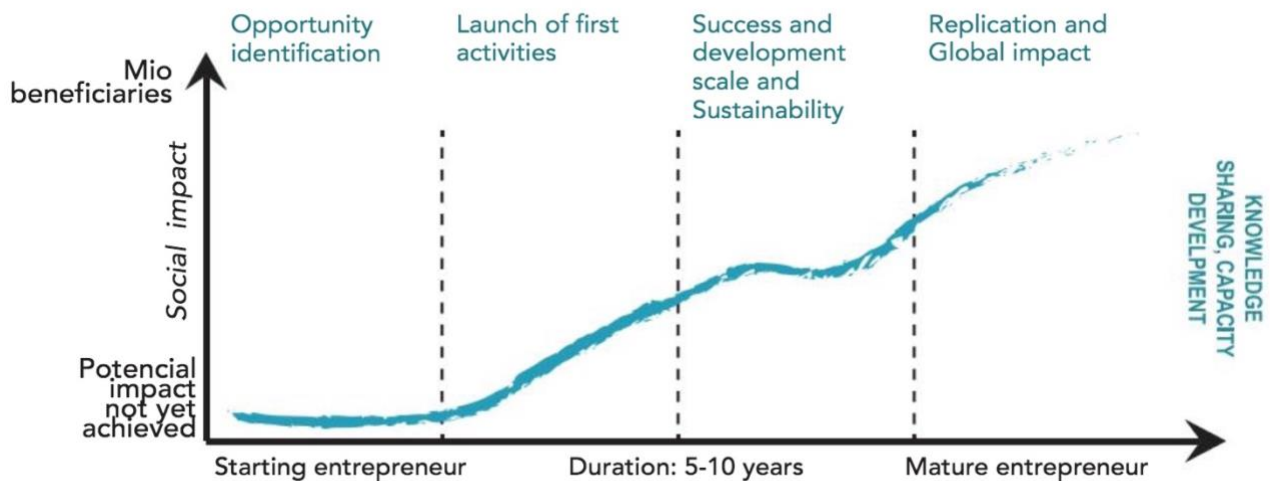


Figure 7. Source: “Promoting Social Entrepreneurship in Latin America.” Ashoka, Hystra, New Ventures and SDC, 2019.

### 2.1.3. East Asia

Leaving Latin America and crossing the Pacific Ocean, we will get to the next stop of our global mapping of social impact: Eastern Asia.

The welfare regimes of China, Japan, South Korea, Hong Kong and Taiwan share common features. In the first place, Confucian culture is an inherent part of these countries’ systems. They, moreover, share state-driven development strategies, and they are characterized by a limited civil society. Indeed, the latter has been strongly affected by the central role of the state. Even though within countries like South Korea and Japan civil social organizations has consistently grown, their qualitative increase is not as evident as their quantitative one, as their degree of autonomy is still narrow. This region is, nevertheless, deeply affected by a “development ideology” (Kwon, 2005), with welfare provisions seen as key tools for investment and development strategies, which can, eventually, tackle the legitimacy crisis of East Asian political powers. The 2006 Social Enterprise Promotion Act paved the way for a huge wave of awareness towards social issues in South Korea. The country was, in fact, one of the high-income countries in the world with the smallest share of government budget dedicated to social expenditure. Following the 2006 Act, the Korean government launched the ambitious Social Vision 2030, a policy targeting social services through the increase in public expenditure and the establishment of a social services market, with social enterprises acting as its key delivery system. South Korean progress in the field has been evidently inspired by the Western experiences, as the 2006 Act drew from the 1991 Italian social co-operative law in distinguishing social enterprises providing social services and work integration social enterprises. Concerning the

latter, it is worth mentioning the original driver of the structural change in the Korean welfare system: the 1999 NBLS (National Basic Livelihood Security) Act. It aimed at fostering both monetary and non-monetary support to fields such as health, education, housing and work integration (Holliday and Kwon, 2007). Within the NBLS scheme, both the public sector and civil society organization carry on work integration activities. In particular, increasingly common organizations promoting self-sufficiency enterprises and their relative work project teams are called “Jiyeok jahwalsenteo”. They are local self-sufficiency centres (LSSCs) which, however, gain most of their budgets from public subsidies. This condition has, thus, raised a debate over the actual degree of autonomy of LSSCs (Bidet, 2011). This great concern over employment dynamics can also be found in Japan. Work-integration initiatives were the “business units for the unemployed”, the “common workshops for the disabled” and the “workers’ collectives” which emerged since the end of the last century (Kanno, 2000). What mainly accelerated the development of social entrepreneurship in China, Hong Kong and Taiwan, but also in South Korea, was undoubtedly the 1997 financial crisis. Recently, civil society organizations have experienced their expansion in parallel with the development of the market economy (Yu, 2010). Indeed, the prevalent form of social enterprises in China, nowadays, is the one of “social welfare enterprises”, which are special tax-exempt businesses dealing with the employment of disadvantaged people (Lee, 2009; Wang and Zhu, 2009).

Within the region, different forms of social enterprises can be found, besides work integration ones. Firstly, there are trading non-profit organizations, in consonance with the US tradition (Dees and Anderson, 2006; Kerlin, 2009). Contrarily to the American framework, however, East Asian countries have not developed a well-established non-profit sector. Ventures of this type mainly grow in accordance with the state, which uses them to decentralise its power and, possibly, raise cost-efficiency. The closer form to non-profit organizations in China is the one of “civilian-run non-enterprise institutions”, which are based on non-state-owned assets and cannot undertake profit-making activities (Lee, 2009; Yu and Zhang, 2009). However, the Chinese government is imposing rigid eligibility criteria to control their activity. Both with a still unclear legal status, this strict management is deeply limiting these institutions’ growth.

A second variant currently shaping the social enterprise environment in East Asia is the one of non-profit co-operative enterprises. Unlike American and German co-operatives, mainly acting as for-profit enterprises, they played a crucial role in tackling social issues in the region. Particularly, the social-cooperative model has gained increasing influence in shaping Hong Kong and Taiwan’s social frameworks, following an empowerment approach (Decanay, 2005) where the owners of the enterprise commit themselves to meet the needs of the community (Chan and Kuan, 2009).

Finally, community development enterprises have spread, especially in Japan, where they dealt with the structural revitalization of areas and towns (Fujii, 2008).

In conclusion, we can understand the field of social entrepreneurship in Eastern Asia as being deeply affected by a strong influence of state policies, strongly absorbed within the countries' third sector, but with a significant growing role played by civil society in parallel to the business dynamics. **Figure 8** below exemplifies Eastern Asian model of social enterprises in relation to the three main areas of influence (the state, the market and civil society) and compares it to the US and Western European configurations (Defourny and Kim, 2011).

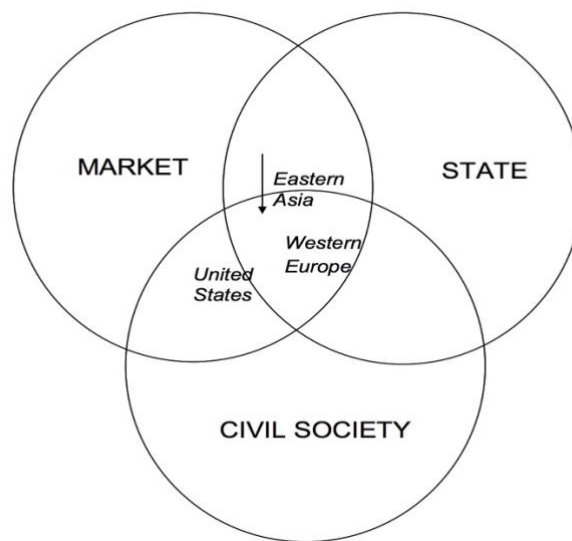


Figure 8. Source: Defourny and Kim, “Positioning of social enterprise for three regions.” *Social Enterprise Journal*, 2011.

#### 2.1.4. South Asia

The next group of study deals with an area adjacent to the previous one, namely the Southern region of Asia. Muhammad Yunus once said: “Poor people are bonsai people. There is nothing wrong with their seeds. Only society never gave them a base to grow on”. This metaphorical explanation of poverty contributes to understand the mission of social enterprises, i.e., taking radical action to bring about significant social change. This belief profoundly influenced the experience of social entrepreneurship in Bangladesh, his country of birth, but also in India, Pakistan and the Indochinese peninsula. The main social challenges faced by Bangladesh are the poor standards of living of minorities, including women, and the high vulnerability to climatic and natural disasters, all within a context of frequent political and religious tensions. A recent policy for social value creation boosted the process of development of social enterprises, namely the Bangladesh Securities and Exchange

Commission Rules of 2015. It established rules to manage funds for private equity, venture capital and social and environmental impact, guaranteeing a clearer framework within which social ventures can carry on their activity. A strong ecosystem of accelerators and incubators have been built, bringing to the creation of organizations like TekShoi. Based in Dhaka, it is an accelerator program supporting tech-based start-ups which aim at generating social impact.

Concerning the main social issues affecting Bangladesh, the two tables below (**Figure 9**) show in percentage what are the main sectors and the most common objectives of social enterprises in the country, based on a percentage study of 2016 (324 people were contacted and they could select more than one single sector or objective to identify their social initiative) (Anwar, Khan, Athoi, Islam and Lynch, 2016).

| Sector  | Respondents (%) | Objective   | Respondents (%) |
|---|-----------------|---|-----------------|
| Education   | 32%             | Providing a service                               | 47%             |
| Services  | 26%             | Other <sup>3</sup>                                | 32%             |
| Business development services and entrepreneurship support - including charities and NGOs | 22%             | Creating employment opportunities                 | 30%             |
| Livelihoods and employment creation   | 21%             | Promoting education and literacy                  | 30%             |
| Health and social care  | 20%             | Selling a good                                    | 21%             |
| Food and Nutrition  | 11%             | Supporting vulnerable people                      | 20%             |
| Financial services  | 7%              | Supporting vulnerable children and young people   | 20%             |
| Manufacturing   | 6%              | Improving a particular community                  | 18%             |
| Retail  | 5%              | Supporting other social enterprise/ organisations | 17%             |
| Water and Sanitation  | 5%              | Improving health and well being                   | 16%             |
| Justice and rehabilitation  | 4%              | Protecting the environment                        | 11%             |
| Forestry  | 3%              | Addressing social exclusion                       | 6%              |
| Agriculture and fisheries   | 3%              | Providing affordable housing                      | 3%              |
| Energy and Clean Technology   | 3%              |   |                 |
| Infrastructure development and maintenance  | 1%              |   |                 |
| Housing   | 1%              |   |                 |

Figure 9. Source: “Social enterprise sectors (a) and objectives (b).” *British Council*, 2016.

A similar framework of sectors and objectives can be found in Indian social enterprises, which embraced Yunus’s belief that citizens have the power and abilities to change the world. Indian social enterprises, however, have a greater focus on improving health conditions due to the frail public healthcare system. In addition, possibly the greatest objective sought by social ventures in the country is the development of skills, considered instrumental to build up a solid social enterprise framework. Indeed, one of the main policies affecting the field was the “National Skill and Entrepreneurship Policy”, introduced by the Ministry of Skills and Entrepreneurship in July 2015 (Anwar, Khan, Athoi, Islam and Lynch, 2016). At the same time, India has been deeply influenced by external trends of

social innovation, especially by the English business academic framework (Shambu, Prasad and Satish, 2011; Shukla, 2012). Moreover, Ashoka brought about a decisive process in promoting social innovation in India, shaping the social enterprises' development in the area by supporting its fellows. Drayton's organization has, in fact, began its activities in India, straight after its foundation in 1980, inspired by the ideological revolution brought about by Gandhi. The process of social entrepreneurship development has therefore expanded in line with the dynamics of globalization which affected the region (Prasad, 2014). Ashoka had a decisive impact in fostering the field in Pakistan, too. It paved the way to the first social enterprises in the country, namely the Kashf Foundation and the Hashoo Foundation. The former is now the largest microfinance bank in the area, while the latter is one of the main rural entrepreneurs' support organizations (Ali and Darko, 2015). Even though the framework for impact investment is experiencing a significant expansion, the region still lacks enough local capacity to support the field and absorb capital (GIIN and Dalberg, 2015). For this reason, the Centre for Social Entrepreneurship in Planning Commission of Pakistan was created, in 2015. It represents the first official entity of promotion of social entrepreneurship fostered by the government of Pakistan. The main channels of social impact are, inevitably, philanthropy, with a rising concern around corporate social responsibility (Ayub and Zafar Khan, 2012). In conclusion, the massive demographic range of South Asian countries have caused several issues to governments, which need support in dealing with social issues. That is another reason why social enterprises can play a significant role within these areas.

#### 2.1.5. Middle East and North Africa

After having understood social impact in Latin America, Eastern and Southern Asia, it is time to go through the zone comprehending the Middle East and North Africa. The area is characterized by a distinctive demographic tendency. Indeed, one third of the region's population is between 15 and 29 years old, with another third being aged under 15 (DOC Research Institute, 2017). This is why the sector of social innovation is strongly banking on new generations as guarantors of change. Following Arab economist Khalid Abdallah Janahi's belief, investing in youth is the best way to incentivize social justice and stability. Notwithstanding the dramatic need for social value creation in the area, social entrepreneurship has struggled to establish itself with a definite legal framework. This is a consequence of the recent political turmoil which marked many countries, such as the civil wars in Yemen and Syria, the still tragic circumstances affecting Palestine, the endless war in Afghanistan, the events linked to Kurdish nationalism, the internal clashes in Libya and the political instabilities in the other Maghreb countries. This environment has inevitably hampered the development of social

entrepreneurship in most of the countries of the region. Yet, the engine of social entrepreneurship has started to fuel in recent years, focusing on education and sustainable development. Dealing with the former, Thaki, an innovative organization active in Palestine and Jordan, is supporting disadvantaged children and refugees by providing access to education through electronic tools. In Qatar, at the same time, annual summits and frequent programs are coordinated by WISE, an international platform, to promote education in an innovative and collaborative way. Concerning sustainable development, one of the pillars of the field can be identified in Egypt with the Sekem initiative, started by Dr. Ibrahim Abouleish in 1977. It introduced an innovative and holistic approach dealing with cultural, economic and ecological issues, and it currently fosters activities in the fields of healthcare and education. The central challenges for the spread of social enterprises in the area, besides social tensions, are a lack of awareness and of a resolute government support. One of the first attempts to fill this broad gap were led by the UAE Ministry of Community Development. In 2016, the United Arab Emirates saw the birth of a Social Innovation Platform, which can act as a key promotor of social investment and pave the way for a growing sustainable development (Schreiner and Junge, 2018).

#### 2.1.6. Sub-Saharan Africa

The last area of interest which this global mapping will take into consideration is Sub-Saharan Africa. This region of the world is still profoundly overwhelmed by social, cultural, economic and political problems. The future, however, seems brighter as that zone contains an increasingly high number of countries with the highest growth rates in the world. Therefore, social entrepreneurship has to deal with the big issues affecting these territories, but it is greatly incentivized by the rosy perspectives and opportunities offered. It is clear how both the institutional framework (Dionisio, 2019) and the territory's environment (Santos, 2012) can influence social enterprises' establishment. Regarding the former, nearly every country in Sub-Saharan Africa is characterized by little, if not null, policy recognition of social enterprises. However, a raising number of incubators is giving the field hope for the near future. For instance, the former British incubator "Impact Hub" has now established itself in Accra, Ghana, and in other 11 countries in the region, acting in support of inclusive growth and aiming at building a dynamic social innovation ecosystem. One of its greatest initiatives is the recently developed health innovation program, with the ambition of fostering a sustainable pan-African health innovation ecosystem. Another example is "Reach for Change", originally Swedish, which now acts in seven countries in Sub-Saharan Africa to support social entrepreneurs in improving African children lives.

In parallel to the impact created by their activities, the creation of social ventures itself can represent an important source of social change in Sub-Saharan countries. Indeed, social enterprises generate social value by creating jobs. According to a British Council survey in 2020 up to 41 million people were employed by social ventures in the region. These work opportunities are offered in compliance with the territory's environment and the employee's needs, as 44% of social enterprises intend to improve a particular community. Moreover, the peculiarity of this employment process is the inclusiveness without equal. 73% of social enterprises purposely hire people from poor communities, compared to the 56% of profit-first businesses (Richardson, Agyeman-Togobo and Catherall, 2020).

**Figure 10** below compares the percentages of women employed by social enterprises and profit-first companies in Ethiopia, Ghana, Kenya and Sudan.

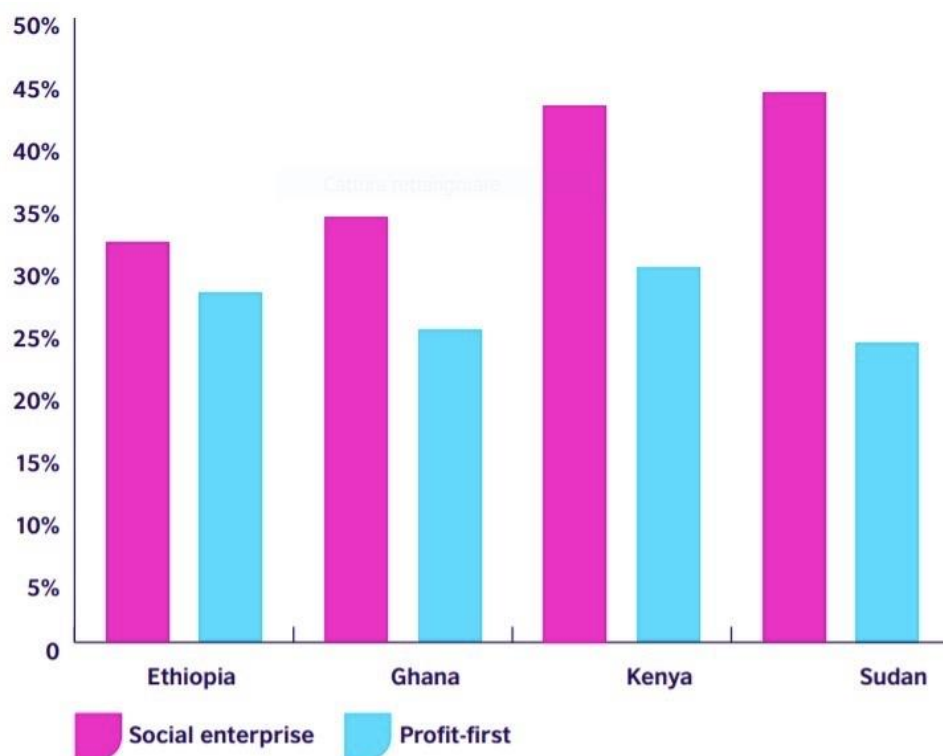


Figure 10. Source: “Percentage of paid employees who are women in Sub-Saharan Africa.” *British Council*, 2020.

Given these crucial features, social enterprises should now commit themselves to increasing the quality of the job offered, but this strictly depend on the venture's turnover. It was demonstrated, in fact, that 82% of social enterprises with an output above £10,000 offer to their highest paid workers a pay exceeding the living wage, while only 32% of the ones with a lower output can afford to do it (Richardson, Agyeman-Togobo and Catherall, 2020).

In conclusion, Sub-Saharan Africa is the clearest example of how much social entrepreneurship as a field can be influenced by the territory of activity. Unfortunately, the regions of the world where social enterprises' impact would be more needed are the same where it is more difficult to operate. To complete our study, it is important to cite Rosenberg International Franchise Center's achievement in developing the "Global Social Franchise Index", which evaluates the impact social entrepreneurship can have on people's well-being. The index comprehends 131 countries, ranked according to metrics such as health conditions, education rates, income, size of population, as well as the degree of risk took by social enterprises in carrying on their activities in each country. As reported by the latest version of the index (RIFC Global Social Franchise Index, 2020), the eleven countries with the highest scores are African, with Gambia ranking first with 119.55, showing the highest degree of social impact on citizens by social enterprises in the world. The following table (**Figure 11**) lists the countries exceeding 100 as a score in the 2020 Index.

| Country      | Score  | Ranking |
|--------------|--------|---------|
| Gambia       | 119.55 | 1       |
| Liberia      | 118.80 | 2       |
| Chad         | 112.35 | 3       |
| Lesotho      | 111.50 | 4       |
| Mauritania   | 109.90 | 5       |
| Swaziland    | 107.25 | 6       |
| Niger        | 106.40 | 7       |
| Mali         | 106.00 | 8       |
| Burkina Faso | 104.70 | 9       |
| Togo         | 103.30 | 10      |
| Benin        | 103.20 | 11      |
| Yemen        | 102.95 | 12      |
| Mozambique   | 102.90 | 13      |
| Gabon        | 100.15 | 14      |

Figure 11. Source: "2020 Global Franchise Index." *Rosenberg International Franchise Center (RIFC)*, 2020.

The Global Social Franchise Index bases its understanding of human well-being on the measurements of the United Nations' Human Development Index. In the next section we will analyze the controversies related to the classifications of countries, and how this could mislead social entrepreneurial activity.

## 2.2. The illusion of growing income: Social entrepreneurship and the HDI

As a consequence of the global mapping developed in the last section, a compelling action by social enterprises is crucial to bring about social impact in different and multiple ways. We understood how social needs differ depending on the area, shaped by disparate cultural and political environments. We also recognized how important it is for social enterprises to have institutional support, which can define the framework within which social ventures will operate. This latter observation raises a relevant issue: to spread awareness over a social need, emphasizing a specific situation affecting a region of the world, an accurate and complete method of analysis is indispensable. Until sometime ago, countries were only classified according to their economic performances. This approach led the international community to embrace as the key measurement source the GDP. The Gross domestic product was based on the evaluation of the total output of goods and services produced by a country's economy (Todaro and Smith, 2011). Following the expansion and transformation of world economy, the GDP was completed by including income earned by country's people, instead of output, notwithstanding their location. This method is used by the GNI (Gross National Income) per capita, which is nowadays considered the most accurate way to evaluate economic performance in different countries (Cheng, 2021). A further development in the assessment methods was obtained by using PPP (Purchasing Power Parity). This measure improved the comparisons between people's economic well-being in different countries, considering a single set of international prices for goods and services, instead of relying on exchange rates to convert them (Todaro and Smith, 2011).

Can economic well-being offer a complete picture of people's living conditions? Amartya Sen did not think so. Indeed, the Indian economist and philosopher elaborated, both with Mahbub ul Haq, an alternative way of assessing a country's development, with a primary focus on the individual. The result was the Human Development Report, which now is fostered by the UNDP (United Nations Development Program). The Report is based on the rankings of the Human Development Index (HDI), which provides a picture of human development levels according to three dimensions:

- Levels of health, in relation to life expectancy at birth, assessed by the life expectancy index
- Levels of education, based on expected years of schooling and the average years of schooling, which compose the education index
- Standard of living, following the GNI index based on GNI per capita (PPP \$)

The index was based on Sen's capability approach. In his book, "The Idea of Justice" (2009), he emphasized the central role of capabilities in shaping people's well-being. They were defined as

“the freedom that a person has in terms of the choice of functionings<sup>3</sup>, given his personal features and his command over commodities” (Todaro and Smith, 2011).

An essential step towards an index as complete as possible was the adjustment of the HDI for income distribution. In this way, the index would also account for inequalities and unequal income distributions within a single country. This situation is dramatically common, yet, and the unique inclination of social enterprises to work on regional and local grounds increase the importance of their development in such countries. The following section will analyze one of the clearest examples of this phenomenon, studying to what extent social enterprises are promoted and supported in a country like South Africa, profoundly marked by a clear social division.

### 2.2.1. South Africa: An unbearable division

In 2016 Johnny Miller, photographer, started a project called “Unequal Scenes” to capture inequalities from the air through a drone. He started taking pictures of the most evident social divisions in South African territory, depicting unbelievable circumstances where rich and poor neighborhoods were separated just by a street. One of his most shocking and impactful pictures was the one depicting Primrose and Makause, two confining neighborhoods in Johannesburg. It was later used as the international cover of TIME on May 13, 2019, with the description “The World’s Most Unequal Country” (TIME, 2019). Even though South Africa has now experienced 27 years of democracy, the effects of apartheid are still evident. The system of racial segregation active from 1948 to 1994 has generated a tremendous social and economic gap which still struggles to be filled. As described by the 2018 World Bank report on poverty and inequality in South Africa, previously disadvantaged South African residents are now characterized by fewer assets and skills and, thus, lower wages, while unemployment is still alarmingly prevalent.

In support of the statement by the TIME in 2019, the Gini index confirms that South Africa hosts the widest gap between rich and poor. Inheriting the name of its Italian formulator, the Gini index “measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution” (Index Mundi, 2019). It ranges from 0, value for perfect equality, and 1, perfect inequality. The Gini coefficient can be computed graphically through the Lorenz curve, which shows a country’s degree of inequality according to cumulative percentages of population and the relative percentages of income. The coefficient is calculated by correlating the area between the Lorenz curve and a 45-degree line, called the line of equality, and the total area underneath that same line. The graph below (**Figure 12**) clarifies this process.

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<sup>3</sup> “The concept of functionings reflects the various things a person may value doing or being.” (Sen, 1999)

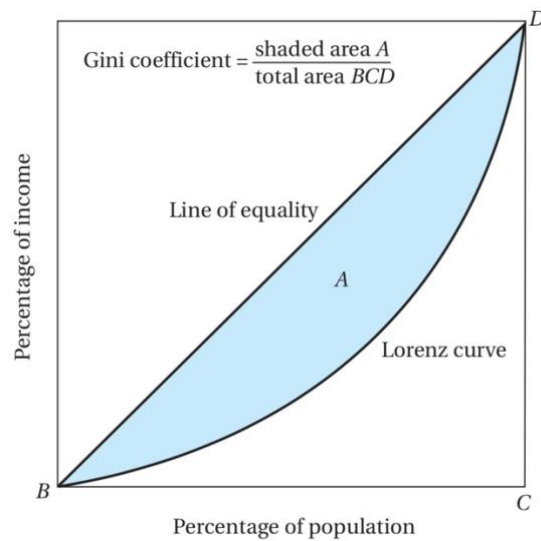


Figure 12. Source: Todaro and Smith, “The Lorenz Curve and the Gini Coefficient.” 2011.

Following Gini index measurements, South Africa ranks 1<sup>st</sup> as the country with the highest score of inequality in income distribution, as pictured in the chart below (**Figure 13**).

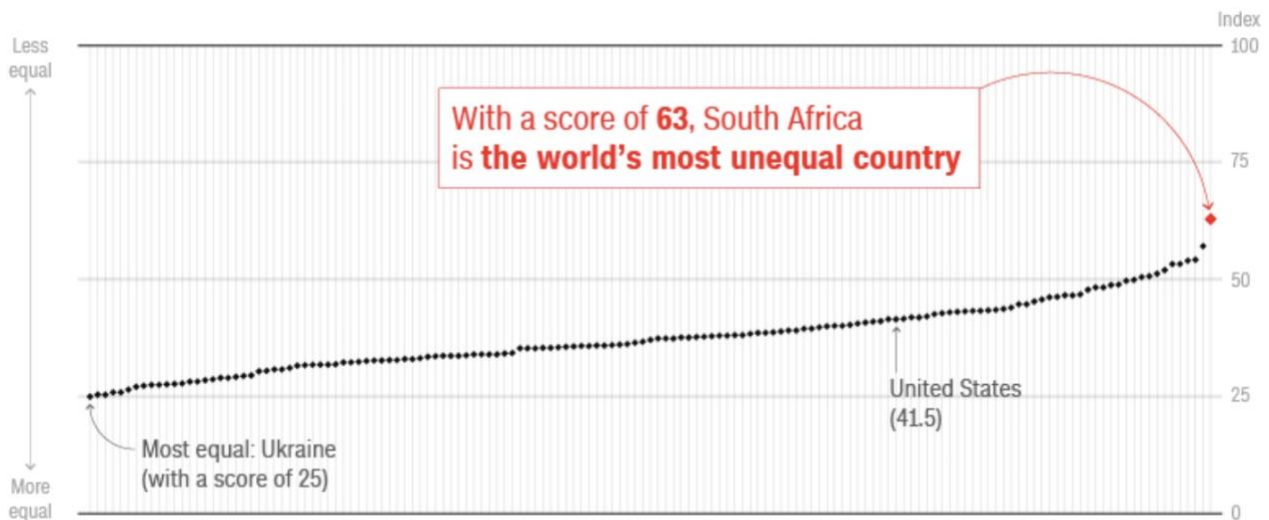


Figure 13. Source: “Income inequality.” *CNN, World Bank*, 2019.

Accordingly, data on wealth distribution is a clear prove of this condition. The richest 10% of South African residents holds 71% of total national wealth, while the poorest 60% only owns 7% of it. Compared to the OECD average, where the richest 10% accounts for 50% of total wealth and the poorest 60% owns 13%, South Africa’s social environment is deeply intricate and worrying (World Bank and University of South Africa, 2015). When we look at the impact of this unequal framework

on different ethnical groups, we can see how black South African residents are definitely the most affected, as **Figure 14** below shows.

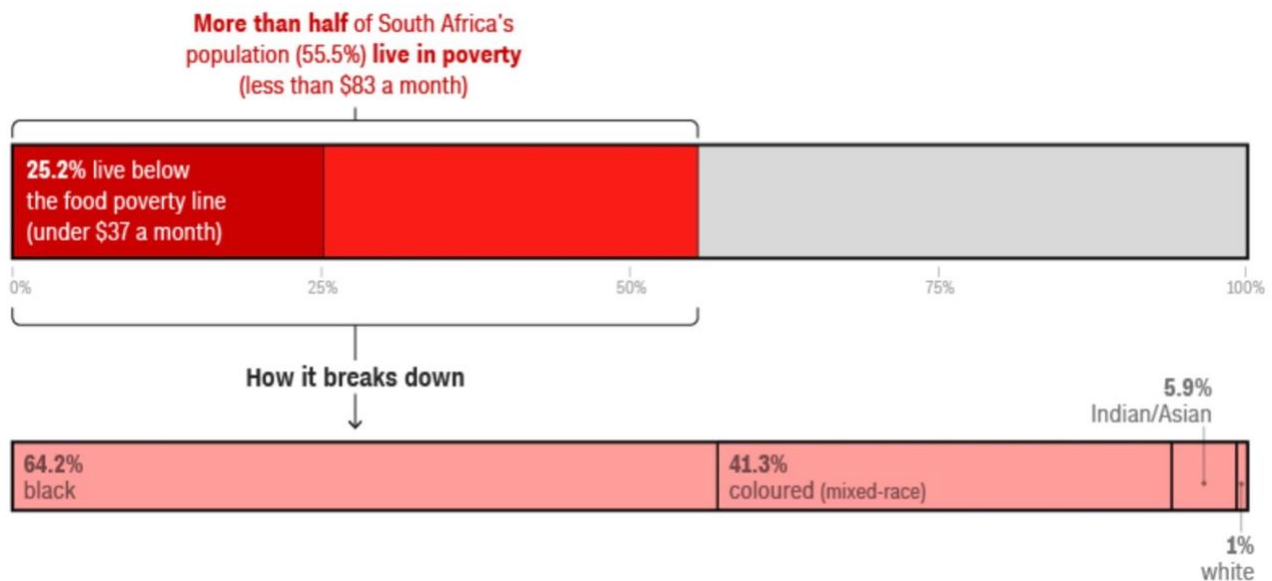


Figure 14. Source: “Poverty in South Africa.” *CNN, Statistics South Africa*, 2019.

Additional evidence of this bivalent condition can be attained by analyzing the different rankings of South Africa according to two classifications introduced before. Conforming to the list of countries by GDP, following IMF (2019) and UN (2016) reports, South Africa is ranked at the 38<sup>th</sup> position (World Population Review, 2021). Indeed, the country is considered one of the main emerging economies, being part of the BRICS<sup>4</sup> since 2011, joining Brazil, Russia, India and China. On the other hand, as reported by the Human Development Index ranking, South Africa is 114<sup>th</sup> (Human Development Report, 2020). This 76 positions difference is nothing but the proof of the rooted divergencies and inequalities affecting the country’s social and economic environment.

As we noted before, one of the main issues concerning poor people in South Africa is the lack of basic skills, which inevitably lead to a higher rate of unemployment. Therefore, a decisive impact can be produced by social enterprises in the field of education and skill training. Indeed, over one-third of South African social ventures identified as their main industry of operation the one of education and training, with 77% of them declaring as their main activity the development of skills (Gordon Institute of Business Science, 2018). A common effort had already been demonstrated at institutional level, as the government enacted the Skills Development Act, in 1998, the Skills Development Levy Act, in 1999, and redacted the National Skills Development Strategy III (RSA, 2012). An example

<sup>4</sup> BRICS is a term, first coined (as “BRIC”) in 2001 by former Goldman Sachs’s chairman Jim O’Neill, identifying the group of countries which would eventually dominate the global economy by 2050 (James Chen, 2021)

of social enterprise running a successful activity in the area is Learn to Earn (LtE). By developing training centers in the townships of Khayelitsha and Zwelihle, LtE has prepared over 9,000 unemployed people providing training in life skills, basic education and more specific fields, namely woodwork, baking and sewing. Moreover, LtE is in contact with the Cape Town city authority, carrying out contract work, as a demonstration of the growing collaboration between social enterprises and the public sector in the country (Littlewood and Holt, 2015).

A further concern shaping South African environment is its historical tradition of hosting asylum seekers, both with a high number of economic migrants. Despite the effort of the government in accommodation systems, the conditions of refugees resulted critical as over the 266,694 of them, two-thirds were not provided the adequate rights and privileges of refugee status (UNCHR, 2021). Social enterprises flourished in relation to this problem, too, as 12% of social ventures in South Africa declared to be mainly focused on accommodation (Gordon Institute of Business Science, 2018). For instance, Taunina, founded in 2011, produces luxury toys offering employment opportunities to refugees, asylum seekers and people from disadvantaged communities, especially women (Littlewood and Holt, 2015).

In conclusion, after having acknowledged the main drivers of social entrepreneurship in South Africa, we must also consider what are the main challenges the sector is facing in the country, partly recalling the previous considerations over the role of the territory's dynamics for social ventures. Steinman (2011) identified the following issues which social entrepreneurs have to deal with (ILO, 2017):

- State capacity
- Participation
- Autonomy
- Institutionalisation
- Policy coherence
- Inclusivity, equity and the labour environment
- Access to finance
- Lack of a legal form
- Lack of government resources for social economy research
- Lack of coherent social enterprise funding policy from government
- Legislation and tax issues

Concerning the latter, there is a substantial need for tax reforms, fostering incentives to social enterprises which are still limited by the current tax legislation. Given the absence of a specific business entity dedicated to social enterprises, it is almost impossible for them to be non-profit and

maintain an equal possibility of scaling<sup>5</sup> within the ongoing South African legal framework. For this reason, the majority of social ventures in the country are hybrid, being composed by both a non-profit and a for-profit branch. However, given their trading activity, these businesses find not convenient to be registered as a public benefit organization (PBO), which would give them tax-exemption but terribly restrict their possibilities of scaling (ILO, 2017). In response, the South African Revenue Service (SARS) justified the present legislative context since granting tax exemption to non-profits which, at the same time, compete with other businesses would be unfair in terms of economic competition (SARS, 2014).

To further understand the real challenges faced by social enterprises in South Africa, the Gordon Institute of Business Science asked to several social entrepreneurs in the region what were the major issues found along their activity. The results are listed in the table below (**Figure 15**), highlighting and confirming a prevalence of funding issues and equipment furnishing (GIBS, 2018).

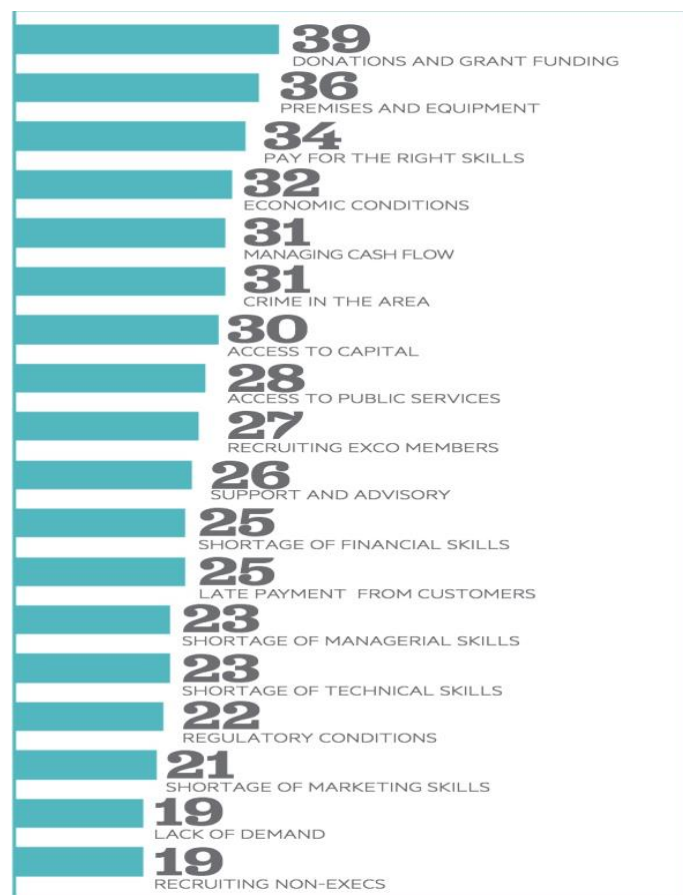


Figure 15. Source: “Major Challenges Facing Social Enterprises (%).” *GIBS*, 2018.

<sup>5</sup> The process of scaling is defined as “the most effective and efficient way to increase a social enterprise’s social impact, based on its operational model, to satisfy the demand for relevant products and/or services (OECD, 2016)

At this point, we can say South Africa represents the perfect stage to emphasize the crucial impact social enterprises can have, both in the most developed regions of the world and, mainly, in the disadvantaged ones. It, thus, reflects the different features and issues of both developed and developing world within a unique territory. That is why the Social Enterprise Academy has fostered social intervention in South Africa, promoting and supporting social enterprises to achieve a decisive social impact. The next and final section of the chapter, thus, will be based on the analysis of Social Enterprise Academy's action in the territory and the study of the main programs sponsored by it.

### 2.2.2. The Social Enterprise Academy and the social impact in South Africa

The SEA is a social franchise, born in Scotland, which is one of the most important promoters of social enterprises in South Africa since 2004. The drivers of its activity are learning and development, as they are considered the two main means for achieving social change. The core values shared and embraced by the SEA are ensuring responsibility, both with kindness, to grant authentic integrity and empowerment. To respect these founding ideas, the belief is that enhancing a collaborative framework made of social enterprises is the most efficient way to bring about social impact. Following this viewpoint, the Social Enterprise Academy has built a cohesive community of social entrepreneurs and changemakers, who are inspired to create social change within the following fields:

- Effective decision making
- Collaboration with stakeholders
- Leadership confidence and ability
- Innovation
- Resilience and grit
- Reinforce “can-do” attitude

The SEA's main goal in South Africa is creating sustainable social change by supporting the development of social enterprises through learning programs. **Figure 16** below approximately reports the impact of SEA's activity over the South African territory, in terms of social, economic, cultural and environmental aspects.

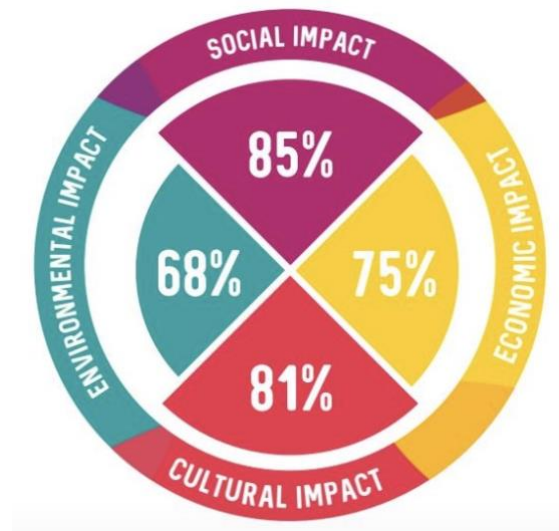


Figure 16. Source: “Creating Sustainable Social Change.” *Social Enterprise Academy*, 2018.

According to the Social Value Lab, which measures impact contribution of SEA’s learning programs, the percentage increase in impact of social entrepreneurs attending those programs can be seen in four main sectors (Social Value Lab, 2018):

- Building and maintaining partnerships (95%)
- Measuring and managing social impact (90%)
- Balancing social and commercial goals (87%)
- Investment readiness (75%)

In addition, the high concern of the SEA on learning programs gave birth to the Global Learning Lab, supporting the development of innovative, sector-led projects carried on by local teams. In South Africa, the most recent program was called “Journey to sustainability”, which inspired non-profit organizations to start a transition to sustainable social enterprises, leaving their status of donor-dependency to bring about social impact through trading self-sustaining activities.

One of the most interesting programs promoted by the SEA was the “Impact Makers and Creators” program, in partnership with the British Council’s DICE (Developing Inclusive and Creative Economies). It was aimed at supporting social creative entrepreneurs in South Africa through a three-month learning plan. Accordingly, emerging entrepreneurs were able to benefit in-depth coaching by successful social entrepreneurs, and they were offered support in terms of high-impact business development, funding strategies and access opportunities to market.

Two representative social enterprises which experienced the program have reported the impact of the latter on their development. The first case study is Amanda Solomon’s H18 Foundation, a social venture providing skills training and employment to unemployed women from the Joe Slovo Park informal settlement in Milnerton, Cape Town. In particular, several crochet techniques are taught to

disadvantaged women, who can, then, make custom-made products originated from waste materials. These are later sold to the organization's clients, building a self-sustainable business model to foster social and environmental impact. After attending the DICE Impact Makers and Creators Programme, Amanda Solomon expressed the significant improvement experienced by her social enterprise in terms of impact creation and tackling internal challenges (British Council, 2020).

The second case study in question is the ThomArts Gallery, a neo-expressionist gallery which exhibits artworks made by artists from rural areas and townships. Furthermore, it fosters art workshops in Cape Town and in Mpumalanga townships to train disadvantaged artists from rural communities. The co-founder of ThomArts Gallery, Nkgadi Sheena-Leigh Ngulube, was selected to join the DICE Impact Makers and Creators Programme. Following her participation to the project, she declared the deep concrete and emotional impact gained, especially concerning the enhancement of her leadership. As a consequence, her organization accomplished more efficient profit strategies and was positively shaken. As a symbolic example, an artist launched by the ThomArts Gallery in 2019 had the opportunity of seeing his artwork exposed in Los Angeles and in Paris, fulfilling a lifelong dream (British Council, 2020).

In conclusion, the remarkable example of the Social Enterprise Academy represents a great encouragement for the future of social entrepreneurship in South Africa. It demonstrated how passion and commitment can bring about change, especially when it is carried on for sustainable and social matters. The country is still struggling to fill the dramatic inequalities shaping its population, but a new wave of social action and strong sustainable intervention definitely bodes well for the near future.

### 3. Social entrepreneurship and the pandemic: An early stop or a new beginning?

The Covid-19 pandemic started in 2020 has inaugurated a humanitarian crisis at global level, which inevitably had both economic and social consequences. People's lifestyles changed, with severe repercussions especially experienced by the less advantaged groups in the world. The pandemic also put a strain on the business world as its dynamics were dramatically influenced by the spread of the virus. Therefore, social enterprises, too, had to deal with an increasing issue concerning their finances (Weaver, 2020). As we studied in the previous chapters, the social enterprise's business structure, not entirely dependent on loans, enabled the sector not to completely fall into a debt turmoil. Many sources of funding, in fact, have dramatically decreased, such as start-up funding (Brown, Rocha, and Cowling, 2020) and equity funding (Brown and Rocha, 2020). However, we must recall how social ventures' activity is strictly linked to the legal structure within which they operate. If they used to be embedded in a supportive environment, with a strong institutional assistance, the pandemic probably affected them less than others not enjoying such circumstances. A possible way to tackle this issue can be by relying on resource conservation, focusing the exploitation of those directly supporting revenues (Giones et al., 2020).

Along with the economic effects of the pandemic, social enterprises had to re-balance the management of their economic and social goals. The duality of their mission, indeed, has always caused a certain level of concern for investors, many of which still prefer commercial enterprises as recipients of their investments. During a research on the effects of the pandemic, social entrepreneurs were asked the following question: "To what extent does a sudden shift in societal needs expose the boundary conditions of mission drift and reveal the need for 'mission agility' instead?" (Bacq and Lumpkin, 2020). Missions drift are deviations of social enterprises from their original social mission, as a consequence of a disproportionate focus on economic goals. This behavior emerges in times of uncertainty and crisis, like the one we are experiencing during the pandemic, when enterprises and organizations have to rearrange themselves to find solutions to create economic value. Even though previous studies emphasized the risks of mission drift (Ebrahim, Battilana, and Mair, 2014; Cornforth, 2014), social ventures could benefit a certain degree of mission agility to deal with the current crisis.

Accordingly, the social entrepreneurial sector was strengthened since the creation, in April 2020, of the COVID Response Alliance for Social Entrepreneurs. It was launched by the World Economic Forum's Schwab Foundation for Social Entrepreneurship<sup>6</sup> and Yunus Social Business, supported by

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<sup>6</sup> The Schwab Foundation for Social Entrepreneurship was created in 1998 by Hilde Schwab and her husband, Klaus Schwab, Executive Chairman of the World Economic Forum. Since then, it provided assistance and support to social entrepreneurs, enhancing their mission and passion to build a stronger field of social entrepreneurship around the world.

the GHR Foundation<sup>7</sup>. It counts 60 organizations and 14 social entrepreneur representatives which account for more than 50 thousand social enterprises in the world. Over 7 thousand of them are directly supported by funders and intermediaries, while the remaining 43 thousand are represented by network bodies. In addition, the Alliance is undertaking to boost social change, in compliance with the UN Sustainable Development Goals. In particular, the main goals advocated are number 1, “No poverty”, number 5, “Gender equality”, and number 8, “Decent work and economic growth”, which are, in most cases, the main targets of social enterprises’ activity, as well.

The Covid-19 Action Agenda, realized by the World Economic Forum in 2020, emphasized how the pandemic hit to a greater extent the most marginalized and vulnerable communities of world societies. This drastically uneven impact of the crisis led to critical conditions in the lowest-income populations of the world, with global extreme poverty rates increasing for the first time since 1998. An interesting research was carried on by the organization named “60 Decibels”, which gathered information about low-income households’ conditions and main concerns after the pandemic. Furthermore, the members of 60 Decibels developed an index to evaluate the degree of vulnerability based on different nations and communities, namely the “Vulnerability Index”. It highlighted growing inequalities within society as, for example, female-headed households experiencing higher levels of risk and vulnerability than male-headed ones (respectively 40% and 25%) (COVID ASE, 2020).

The Covid-19 crisis represents, from an alternative perspective, a unique opportunity to take advantage of the business deadlock and start a new wave of social business in the name of social entrepreneurship and the social impact. As Muhammad Yunus claimed, “Before Covid-19 struck, the global economy was like a high-speed train heading for self-destruction. The pandemic has stopped the train and given us an opportunity to redirect the tracks with social business in the lead”. Social entrepreneurs, dealing with market failures and social innovation models, are now called to:

- Provide vital products and services to disadvantaged communities facing the crisis
- Help preserving jobs and social security
- Find innovative ways to deal with the arduous social and environment challenges of today
- Act in compliance with the sustainable development agenda, fostering an inclusive and green economy
- Improving the conditions at community level to grant them a certain degree of autonomy in developing their own solutions

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It has highlighted and promoted innovative social models, awarding every year the social entrepreneurs achieving the highest social impact throughout the globe.

<sup>7</sup> The Gerald and Henrietta Rauenhurst (GHR) Foundation has followed a transformational philanthropic approach to foster social change in different areas of impact, such as education, global development and Alzheimer’s prevention.

To sum up, social entrepreneurs nowadays constitute social safety nets which are essential in dealing with market failures and systemic inequalities. Notably, a consistent impact is needed by the so-called SGB (small and growing businesses), as they are one of the categories worst affected by the pandemic. Data showed that, in April 2020, almost 42% of SGBs were at risk of failing. Moreover, by June, about 12% of them were already failed, with a big amount of other SGBs temporarily shutting down operations (Aspen Network of Development Entrepreneurs, 2020). **Figure 17** efficiently summarizes the three stages which SGBs and social enterprises have to undergo to start up again their businesses.

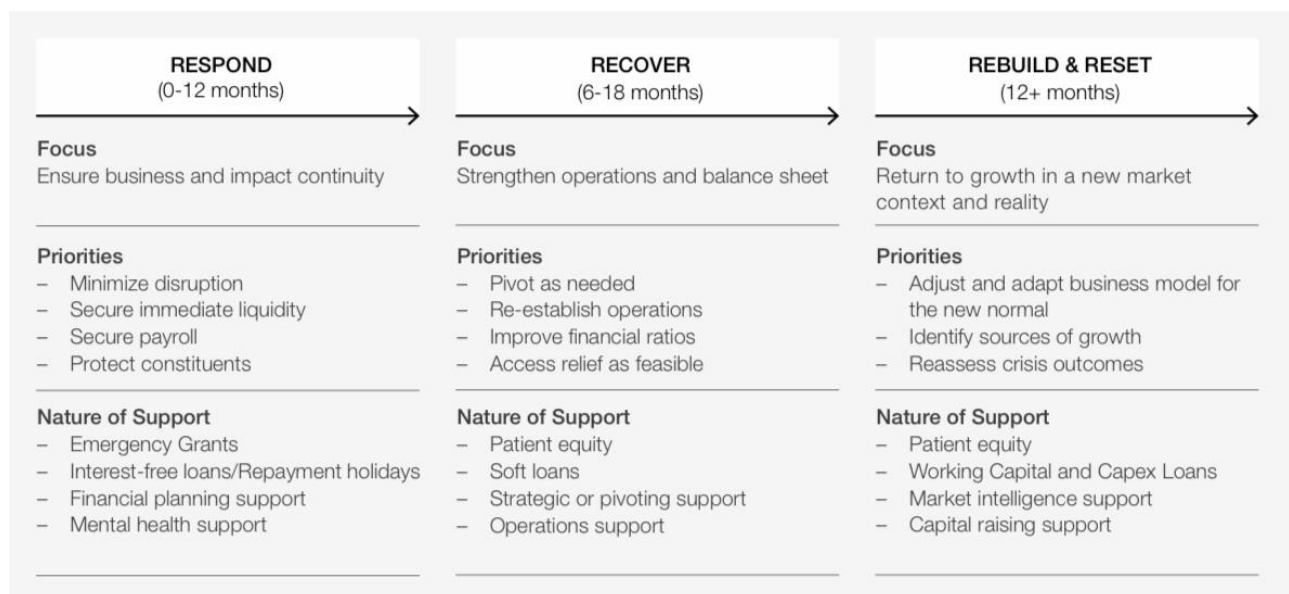


Figure 17. Source: “Social entrepreneur and SGB requirements across the horizons of need.” *World Economic Forum*, 2020.

Firstly, there is a period, up to one year, within which the organizations should respond to the challenges emerged with the crisis, aiming at ensuring business and impact continuity. Secondly, a period of recovery, between 6 and 18 months, through which social enterprises have to strengthen their operations and effectively manage their balance sheet. Finally, a third period of at least a year is necessary to return to growth, adjusting business models to the new market environment.

To conclude the study of the COVID-19 Response Alliance for Social Entrepreneurs, it is important to state the 5 core COVID-response principles embraced by the Alliance to help the sector recover:

- Raise awareness on social entrepreneurs’ action and on their respective communities of interest
- Foster the re-arrangement of social enterprises’ models to embrace the opportunity originated by the crisis to start a new social and sustainable process of development

- Promote collaboration across sectors to face the common challenges of the pandemic
- Try to support communities looking beyond healthcare, as other still compelling issues are taking second place
- Support grassroots organizations which already elaborated effective solutions to be applied straightaway

In line with this approach, another source of support to social enterprise emerged during the pandemic was the Ashoka Changemakers United.

Ashoka Europe launched the project in April 2020, in partnership with Zalando, the BMW Foundation and others, to light up the solutions developed by social entrepreneurs and provide for them along their activity. In particular, the areas covered by European social entrepreneurs who joined Changemakers United are the following:

- Health services and products provision, as a consequence of the increasing need provoked by the pandemic
- Protection of the most vulnerable people, whose conditions got worsened recently
- Development of educational models and tools, especially for children and young people
- Accurate provision of reliable and easily accessible information
- Contribution to the development of innovative solutions to tackle COVID impact both at economic and political level

Accordingly, Changemakers United has founded its activity on 6 explanatory guidelines for social entrepreneurs. First of all, be realistic about the actual possibilities, considering the available resources, before deciding to implement a solution. Secondly, elaborate fast solutions, but always undertake them with a long-term perspective, taking into consideration the timing for their development, adjustment and implementation. Thirdly, take into account the variety of environments and situations within which the actions will be carried on, as each experience has peculiar features and dynamics. Moreover, a fourth crucial step is to evaluate expectations in a realistic way. Without a clear view of what could happen after the implementation of certain solutions, they could result completely ineffective. In addition, it is important to consider the issues social entrepreneurs themselves are facing due to the crisis, especially linked to their organizational processes. Lastly, it is still pivotal to acknowledge the financial aspect of the support strategies, as funding remains an essential step to bring solutions into reality (Ioan and Baurmann, 2020).

Both the COVID-19 Response Alliance for Social Entrepreneurs and the Ashoka Changemakers United are admirable projects that are showing how social impact can be pursued, even during a global pandemic, if there is strong cooperation at institutional level. Moreover, they confirm once

again the increasing relevance social entrepreneurship is achieving. As a demonstration of how this vibrant sector can impact society, two key examples will be analyzed in the last part of this chapter. To begin with, YouthBuild USA experienced an increasing importance in its role. Indeed, it was instituted to tackle the systematic challenge of the “disconnected” youth. This group is composed of young adults, between 16 and 24, who neither go to school nor have a job. Before the pandemic, the number of people identified as such in the US were already around 4.5 million. After the COVID crisis, the amount more than doubled, making YouthBuild’s action even more crucial. As John Valverde, president and CEO of YouthBuild USA, emphasized, the growing number of disconnected young people is explicative of the consequences that the pandemic brought about. For this reason, YouthBuild not only promoted new jobs creation and skills development, but also dealing with students’ mental health and wellness, fostering community activities to involve people who risked to “be adrift” (Foote, 2020).

A second example of social enterprises’ impact on new problems created by the pandemic is offered by Citizen School. As YouthBuild USA, it focuses its activity on students’ education and wellbeing. Emily McCann, CEO of the venture, highlighted how under-served students have sustained a 9-12 months learning loss in 2020 which could mark their entire education process. Accordingly, Citizen School developed innovative and engaging skill building and tutoring for middle school students, both with virtual apprenticeships aimed at raising awareness over community issues.

These two last examples show how social enterprises are needed in any part of the world, following their capacity of adapting to regional and local contexts.

## 4. Conclusion

The main aim of the thesis was to study the field of social entrepreneurship, understanding its features and, most importantly, emphasize the importance of its role within modern society. To achieve these goals, the dissertation followed a logical and chronological reasoning, starting from the origins of social entrepreneurship until its current activity.

In the first chapter, indeed, the analysis of the roots of the field, with a special focus on the American and Rhineland traditions, allowed us to explain the reasons why such form of ventures emerged. Importantly, the focus on the economic and social environment within which they first developed introduced the first peculiar strength of social enterprises, i.e., carrying on their activity at regional or local level. This aspect helped social ventures to advance effective solutions for specific communities' issues. Successively, the second part of the first chapter aimed at clarifying the role of social enterprises, so to mitigate the confusion around it due to the lack of an official single definition. They were, therefore, studied in relation to business dynamics, such as market and government failures, and in comparison to other forms of enterprises, namely commercial ones. In this way, it was possible to highlight how social ventures can exploit social opportunities created by such economic and social failures, while embracing a social mission. The difference between social and commercial initiatives was brought about both with an indicative and a functional approach, to obtain a view as clear as possible of the distinctive features shaping social entrepreneurship.

The chapter concludes the study of social enterprises by scrutinizing what is their ultimate goal, i.e., the social impact. After having defined it, a robust analysis raised awareness over the types of measurement of social impact. Various models were identified, such as the Impact Value Chain, introducing various methods according to the specific approach followed. It was, therefore, emphasized how these methods are related to the nature of the social venture, both with the type of stakeholders involved. These findings were based on the researches by institutions such as the OECD and the European Commission, but also organizations such as the European Venture Philanthropy Association and the Impact Measurement Working Group.

Finally, the first chapter ends by understanding social impact in relation to the UN Sustainable Development Goals, highlighting the crucial role of Goal number 17 ("Strengthen the means of implementation and revitalize the global partnership for sustainable development") in supporting and boosting the field of social entrepreneurship.

The second chapter is a crucial step to have a complete overview of social entrepreneurship in the world. By developing a global mapping, it is possible to understand even better how social enterprises produce social impact according to the community in question. This polyvalent nature is what allows

social ventures to deal with social issues in Latin America as much as in Sub-Saharan Africa. However, the study highlighted several challenges affecting social enterprises' activity, namely the degree of institutional support, different political systems and territory, which can positively or negatively shape the development of their social mission. An important landmark about this issue is the RIFC Global Social Franchise Index, which classifies countries according to the degree of social impact they would experience after social interventions.

The second part of the chapter introduces another contentious debate, focusing on the different systems of countries' classification and its impact on the development of social enterprises. Indeed, measures such as the GDP illustrate an incomplete perception of world development processes, as citizens' well-being is only evaluated in terms of income. For this reason, alternative indexes such as the Human Development Index, first introduced by Amartya Sen and now embraced by the UNDP, can offer a more reliable source as they consider many aspects of social lives. Linked to this reasoning, the case of South Africa is inspected, as it appears to be the most unequal country in the world in terms of income distribution. The section aims at emphasizing the need for social entrepreneurship in such environments, highlighting the existent initiatives in the region and their main areas of activity. A pivotal step for the purpose of this research was the interview with the Hub Manager in South Africa of the Social Enterprise Academy. It is a social franchise which fosters sustainable social change by supporting social enterprises in the area, as emphasized by the experiences of two social ventures which benefitted from the program, namely the H18 Foundation and the ThomArts Gallery. The Academy experience asserted, once again, the key role played by social enterprises, both in more developed context and in developing ones, and also in hybrid environments such as the one of South Africa.

The last chapter of thesis intended to bring together all the knowledge gained along the study and interpret the recent impact of COVID-19 over the field of social entrepreneurship. Two benchmark experiences were found in the COVID Response Alliance for Social Entrepreneurs and the Ashoka Changemakers United. Both committed themselves to dealing with the consequences of the pandemic, which inevitably affected social entrepreneurs, too. By establishing some key guidelines, the two programs helped to understand the effects of the crisis and emphasize the leading role of social enterprises in creating social impact even in these hard times. Accordingly, the final statement can be that social ventures, more than any other initiative, can use the crisis as opportunity to lead to a new beginning, in the name of sustainability and social value creation.

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## Imprenditoria sociale

Nessuna delle comunità a livello mondiale è esente dal presentare una serie di problematiche sociali. Queste sono state notevolmente esasperate in seguito alla crisi dovuta alla pandemia. Un intervento a livello istituzionale potrebbe non essere sufficiente per far fronte alle necessità delle comunità locali delle varie regioni del mondo.

Considerando questi presupposti, la tesi si pone l'obiettivo di dimostrare la crescente importanza delle imprese sociali a livello globale. Lo scopo è, dunque, valutare la posizione occupata da queste all'interno delle dinamiche economiche e sociali internazionali, studiare il loro sviluppo e, soprattutto, l'impatto sociale che apportano nelle varie regioni di interesse.

Con questa intenzione, lo studio segue un filo logico ben delineato, esaminando inizialmente il ruolo che le imprese sociali rivestono, sottolineandone l'unicità rispetto ad altre iniziative, per poi analizzare l'obiettivo principale delle stesse: la creazione di valore sociale. Parallelamente, lo svolgimento della tesi segue un ordine temporale, partendo dalle origini dell'imprenditoria sociale per capirne le intenzioni e le necessità a cui fanno fronte, fino ad arrivare ai giorni d'oggi, cercando di comprendere l'impatto che la pandemia ha avuto sul settore.

Il primo capitolo è composto da tre parti principali. La prima va indietro nel tempo alla ricerca delle radici delle imprese sociali, per capirne a fondo le dinamiche che le caratterizzano tutt'ora. Durante il periodo di estensione della Guerra Fredda, il conflitto arabo-israeliano del 1973 contribuì ad alzare la tensione geopolitica e, soprattutto, provocò dure conseguenze economiche. Difatti, al termine della guerra del 1973, l'OPEC (Organizzazione dei Paesi esportatori di petrolio) impose un embargo verso gli Stati Uniti, oltre che a Olanda, Portogallo e Sud Africa. Questo causò uno shock nei prezzi del petrolio nello stesso anno, a cui seguì una sostanziale crisi nei paesi occidentali. I governi, date le circostanze economiche precarie, per ridurre i deficit di bilancio limitarono la spesa pubblica, attraverso le cosiddette politiche di "austerità". Queste dinamiche portarono, infine, a quella che può essere definita la crisi del "Welfare State", che coincide con una fioritura delle imprese sociali. Infatti, la mancata disposizione di servizi sociali da parte delle istituzioni spianò la strada per la nascita di vie alternative che promuovessero lo sviluppo sociale per affrontare le problematiche emergenti.

A livello accademico, la necessità di indagare le nuove forme di iniziative sociali emerge negli anni '80. Una delle prime testimonianze è l'Audit sociale di Freer Spreckley, che promuove un rinnovo dell'organizzazione economica, orientata verso una produttività sociale. Da questa analisi, viene introdotto un modello di impresa sociale conforme alle nuove necessità della società (Spreckley, 1981). Con il crescente interesse teorico sulla materia, si vengono a delineare due tradizioni ben definite nel mondo accademico occidentale. Da una parte, la visione americana, concentrata sull'individuo, ovvero l'imprenditore sociale; dall'altra, la prospettiva europea, fondata su principi di

successo collettivo, e dunque di impresa sociale. In particolare, si possono identificare tre scuole fondatrici: la prima è la Scuola per l'Innovazione Sociale. Puramente individuo-centrica, viene a formarsi come conseguenza delle idee innovative di Bill Drayton, che fondò Ashoka nel 1980. Ad oggi, Ashoka rappresenta il più vasto network di imprenditori sociali al mondo, promuovendo le principali figure di innovazione sociale a livello globale. La seconda prospettiva è quella della Scuola per l'Impresa Sociale, simboleggiata dalle Nuove Iniziative Imprenditoriali per le organizzazioni no-profit, azienda nata sempre nel 1980 dalle idee di Edward Skloot. Possiamo definire questo approccio una via di mezzo tra la concezione individualistica della Scuola per l'Innovazione Sociale e quella collettivistica di stampo europeo. Difatti, la Scuola per l'Impresa Sociale, come suggerisce il nome, nasce per sviluppare metodi di business per le organizzazioni con missioni sociali, sfruttando le caratteristiche innovative dell'imprenditoria per portare un cambiamento a livello sociale (Dees e Battle Anderson, 2006). Infine, il terzo modello segue la tradizione europea e viene rispecchiato dall'approccio del network di ricerca EMES. Fondato nel 1996, è composto da studiosi di varie istituzioni europee che promuovono la collaborazione internazionale per supportare le imprese sociali nel continente (Borzaga e Defourny, 2001).

La prima parte del capitolo si chiude con una riflessione riguardante la mancanza di una definizione unica che descriva l'imprenditoria sociale. Essendo un fenomeno dinamico e, soprattutto, che si adatta alle varie regioni in cui si sviluppa, sarebbe presuntuoso pensare di racchiuderlo in una singola definizione. Tuttavia, nell'elaborato si evidenzia l'importanza di uno sforzo a livello accademico per far convergere le visioni discordanti. Questo impegno risulterebbe in un maggiore riconoscimento e successivo sostegno a livello istituzionale, cruciale per potenziare il settore.

Dopo aver introdotto l'imprenditoria sociale a livello teorico e accademico, la seconda parte del primo capitolo si occupa di identificarne le dinamiche concrete. In particolare, le imprese sociali vengono identificate come degli enti di connessione perfetti per fare da tramite tra le comunità svantaggiate e le istituzioni (Bayliss, 2004; Wallace, 1999). Questa posizione strategica ha consentito loro di espandersi sempre più a livello globale. Come riportato dalla Commissione Europea, l'imprenditoria sociale impiega oltre 40 milioni di persone e più di 200 milioni di volontari nel mondo. Ad esempio, in Francia, nel 2015, il settore costituiva già il 10% dell'occupazione nazionale, con oltre 2.3 milioni di impiegati. Questa diffusione è dovuta anche alle caratteristiche delle imprese sociali stesse. Queste, infatti, rappresentano una delle principali fonti di innovazione nel mondo del business, favorendo l'implementazione di nuovi progetti per la sostenibilità ed il sociale, sempre mantenendo un tono di competitività che contraddistingue l'attività imprenditoriale.

Così come le imprese commerciali, le imprese sociali sfruttano le opportunità originate da carenze nel sistema istituzionale o del mercato. Come nel caso della crisi del Welfare State prima citato,

situazioni di “fallimento di mercato” e/o “fallimento del governo” offrono la possibilità a enti come le imprese di inserirsi tra istituzioni e mercato per creare soluzioni innovative. In aggiunta, la relazione tra imprese sociali e istituzioni è di vantaggio reciproco, con le imprese che beneficiano del supporto delle istituzioni e viceversa. Le condizioni di fallimento di mercato e/o di governo possono essere causate da vari fattori. In ogni caso, però, esse offrono di fatto delle opportunità alle iniziative imprenditoriali. Un passaggio importante della tesi riguarda il processo di riconoscimento di queste opportunità da parte delle imprese sociali. Innanzitutto, ogni imprenditore sociale dovrebbe essere dotato di una grande “prontezza” nell’individuare le opportunità al momento giusto (Kirzner, 1973). Una volta preso in considerazione questo aspetto, un modo per sfruttare al meglio le opportunità è il cosiddetto “bricolage”, anche noto come “effettuazione” (Sarasvathy, 2001). Questo metodo consiste nel considerare i vari mezzi a disposizione ed elaborare la loro combinazione migliore per creare impatto. Un importante fattore che aumenta le possibilità di cogliere le opportunità è l’appartenenza a una vasta rete sociale, attraverso cui entrare in contatto con clienti, dipendenti e nuove informazioni (Shrader e Hills, 2003).

L’intera sfera relativa al riconoscimento delle opportunità può essere attribuita all’intero campo dell’imprenditoria. Cosa distingue, dunque, le imprese sociali dalle altre forme di imprese? Per rispondere a questa domanda, la tesi analizza due approcci al campo dell’imprenditoria, uno indicativo e uno funzionale, da cui emergono le principali differenze. In primis, la visione che caratterizza le imprese sociali è fortemente motivata da un intento sociale. Concretamente, inoltre, il profitto, e le relative strategie di reddito, è sempre visto in funzione sociale, per essere reinvestito per impattare sulla comunità (Boschee e McClurg, 2003). Un importante fattore sono anche le fonti di finanziamento, fondamentali soprattutto per le imprese nascenti (GEM, 2015). Infine, ad affiancare la visione dell’impresa sociale sono i valori che la stessa promuove, che condizionano le sue performance. Questa analisi comparata, da cui risaltano i valori e l’impatto voluti dalle imprese sociali, consente di introdurre il tema principale del primo capitolo, ovvero l’impatto sociale.

La terza parte del primo capitolo studia dunque l’impatto sociale, anche identificato come il processo di creazione di valore sociale. L’analisi mette in evidenza le componenti necessarie per produrre un impatto sociale, ovvero il livello di innovazione e le caratteristiche dell’ambiente circostante, racchiuse nel concetto di “distruzione creativa” di Schumpeter. Applicando questa concezione alle strategie di business delle imprese, si arriva a un modello per la creazione di valore sociale. Elaborato da Hambrick e Frederickson nel 2001, tale modello prevede quattro fasi. La prima di identificazione della missione e degli obiettivi; la seconda di elaborazione di una strategia; la terza di misurazione dell’impatto creato; e la quarta, che si ricollega alle prime due, di “adattamento imprenditoriale”, ovvero la capacità degli imprenditori di reagire a nuove informazioni. Una definizione di impatto

sociale viene fornita dal GECES (Gruppo di Esperti della Commissione Europea sull'Imprenditoria Sociale) da cui si evince che per promuovere iniziative sociali sia necessario trovare un metodo per misurare la portata dell'impatto stesso (Nicholls, 2007). La tesi analizza vari metodi, sviluppati seguendo un approccio positivistico, concentrato sulle prestazioni operative, uno critico, incentrato sull'acquisizione di risorse (Lehman, 1992), e uno interpretativo, basato sulla legittimità organizzativa (Suchman, 1995). Inoltre, i benefici socio-economici del settore vengono valutati secondo un approccio che ammette vari strumenti di misurazione. Si considera superato, infatti, un approccio univoco, cosiddetto "one-size-fits-all", perché non comprende l'eterogeneità del campo e la possibilità di sviluppare indicatori adatti a ogni caso specifico (Emerson, 2003; Nicholls, 2009). Di conseguenza, il GECES ha elaborato un processo di misurazione dell'impatto sociale che comprende cinque stadi. La tesi li analizza e affianca a questo modello la cosiddetta "impact value chain", sviluppata dalla EVPA (Associazione filantropica delle imprese europee). Inoltre, nella tesi viene evidenziato il lavoro dell'IMWG (Gruppo di lavoro sulla misurazione dell'impatto), lanciato dai paesi del G8 nel 2013, che ha contribuito a fornire delle linee guida per i processi di misurazione. In conclusione, si termina lo studio della misurazione dell'impatto sociale analizzando tre casi studio (le imprese sociali per l'inserimento lavorativo in Italia, Phitech in Francia e la Jesmond Community Leisure nel Regno Unito) che adottano tre metodi alternativi, rispettivamente un'analisi costi-benefici, il rating e la contabilità e audit sociale.

Il primo capitolo si chiude con un'analisi della considerazione delle imprese sociali e del loro impatto a livello istituzionale. Si evidenzia, in particolare, l'obiettivo 17 tra gli SDGs delle Nazioni Unite, che promuove una cooperazione strategica tra i settori per alimentare lo sviluppo sostenibile.

Mentre le analisi del primo capitolo vengono portate avanti principalmente da una prospettiva occidentale, il secondo si occupa di studiare le forme di imprenditoria sociale nelle varie regioni del mondo, con un interesse specifico sui paesi in via di sviluppo. Viene quindi introdotta l'esperienza di Muhammad Yunus, da molti considerato il padre fondatore del business sociale. Attraverso la fondazione della Grameen Bank, nel 1983, Yunus introdusse un modello innovativo di business, sviluppando il settore della microfinanza. Il suo impegno nel campo dello sviluppo sociale ed economico, ideando un modello di assistenza finanziaria che beneficiasse le comunità svantaggiate, fu premiato con il Nobel per la Pace nel 2006.

Per garantire un quadro più allargato delle dinamiche di imprenditoria sociale nel mondo, la tesi propone una mappatura che include, oltre ai paesi occidentali, altre 5 aree geografiche: l'America Latina, l'Asia Orientale, l'Asia Meridionale, il Medio Oriente e il Nord Africa, e l'Africa Subsahariana. Questo studio ha l'obiettivo di dimostrare come le iniziative delle imprese sociali siano fortemente dipendenti dall'ambiente politico, economico e culturale della regione in cui operano. La

mappatura offre la possibilità di analizzare, al contempo, le politiche che sono state implementate a sostegno del settore. Viene dunque evidenziato il livello di sensibilizzazione verso le iniziative sociali dei vari governi del mondo. L'America Latina, ad esempio, è caratterizzata da esperienze differenti a seconda delle dinamiche politiche ed economiche nazionali. Lo dimostrano i casi del Cile, con una profonda tradizione di politiche neoliberali che hanno favorito lo sviluppo dei settori imprenditoriali e di innovazione, e il Messico, che nonostante il sistema di supporto finanziario avanzato fatica a promuovere e finanziare iniziative sociali innovative a causa di una mancata comunicazione tra l'Istituto Nazionale dell'imprenditore (INADEM) e il Segretariato di Welfare.

Una sostanziale divisione si ha anche in Asia Orientale. Se, da una parte, Corea del Sud e Giappone si sono distinte per una grande quantità di politiche mirate a migliorare le condizioni dell'imprenditoria sociale, dall'altra il fenomeno in Cina è fortemente limitato dalle restrizioni, soprattutto di natura fiscale, imposte dal governo. In generale, infatti, la regione orientale dell'Asia è molto condizionata dalle decisioni degli Stati, con un livello di indipendenza molto inferiore rispetto a quello che caratterizza le imprese americane.

Spostandosi più a sud, lo sviluppo delle imprese sociali in Asia meridionale è stato fortemente ridefinito dall'esperienza di Yunus, partita dal Bangladesh. La tesi ne analizza gli effetti, concentrandosi su come il settore possa combattere i grandi problemi sociali che contraddistinguono l'area, come l'emergenza sanitaria in India.

Ci sono, inoltre, regioni come il Medio Oriente e l'Africa settentrionale che sono state marchiate da innumerevoli conflitti interni. Questa situazione, logicamente, non ha favorito l'istituzione di un tessuto sociale compatto. Tuttavia, recentemente nuove iniziative sono nate per sviluppare aree come l'educazione e lo sviluppo sostenibile.

Infine, l'ultima area trattata nella mappatura è l'Africa Subsahariana. Lo studio di quest'area è importante perché porterà poi al caso studio che chiuderà il secondo capitolo. Le grandi disuguaglianze che caratterizzano i paesi africani portano, infatti, a una discussione dei metodi di classificazione dei paesi in termini di sviluppo. Viene dunque enfatizzata la controversia degli indici come il PIL (Prodotto Interno Lordo), che considerano lo sviluppo di una nazione in termini puramente economici. È in seguito a questa questione che Amartya Sen sviluppò l'Indice di Sviluppo Umano, che classifica i paesi del mondo secondo tre fattori: i livelli di salute, i livelli di educazione e gli standard di vita, legati al RNL (Reddito Nazionale Lordo) pro capite. La tesi si concentra, in particolare, sulle disuguaglianze legate alla distribuzione del reddito. Per questo motivo, la parte finale del secondo capitolo tratta il caso simbolo di questo problema, ovvero il Sud Africa. Basandosi sull'indice di Gini, che classifica il paese al primo posto nel mondo per disuguaglianza nella distribuzione del reddito, viene analizzata nello specifico la condizione delle imprese sociali in Sud

Africa. Il paese, non a caso, nonostante figure 38esimo nel ranking mondiale secondo il PIL (World Population Review, 2021), è addirittura 114esimo secondo l'Indice di sviluppo umano (Human Development Report, 2020). In questo ambiente, fortemente condizionato da divergenze sociali, il ruolo delle imprese sociali è ancora più impellente. La loro capacità di inserirsi tra le esigenze sociali della comunità e le falle istituzionali le rende indispensabili per provare a contrastare questa emergenza. Secondo uno studio del Gordon Institute of Business Science, la maggior parte delle imprese sociali in Sud Africa hanno l'obiettivo di sviluppare competenze e incentivare l'educazione delle popolazioni svantaggiate ed emarginate. La tesi mette in risalto l'esperienza di due imprese sociali in Sud Africa, "Learn to Earn" e "Taunina", che forniscono rispettivamente centri di formazione e opportunità di lavoro per le persone dei villaggi più in difficoltà (Littlewood e Holt, 2015). Per avere una concezione più accurata e realistica dell'imprenditoria sociale in Sud Africa, è stata condotta un'intervista telematica con la Hub Manager in Sud Africa della Social Enterprise Academy. Questa "accademia" è un franchising sociale nato in Scozia, che dal 2004 è attiva in Sud Africa, dove ha costituito un network di imprenditori sociali e changemaker per promuovere un impatto sociale. Il progetto più recente è stato "Journey to sustainability" (viaggio verso la sostenibilità) che ha incentivato la transizione di organizzazioni no-profit in imprese sociali sostenibili. Un programma molto intrigante e di successo è stato l'"Impact Makers and Creators", in collaborazione con il gruppo DICE del British Council. Il progetto ha coinvolto varie imprese sociali in un piano di apprendimento di tre mesi. La H18 Foundation e la ThomArts Gallery, due tra le imprese partecipanti, hanno offerto una relazione delle loro esperienze, riportando un grande impatto verificatosi nelle proprie imprese a seguito del progetto (British Council, 2020). Questo caso studio è, dunque, servito a confermare come il mondo dell'imprenditoria sociale possa impattare positivamente sulle comunità in bisogno, seguendo modelli sostenibili di business che si adattano alle aree di interesse.

Il terzo e ultimo capitolo della tesi valuta la situazione odierna del settore, in relazione alla recente crisi causata dalla pandemia. La questione che la tesi pone è se le conseguenze socioeconomiche del Covid-19 abbiano impattato negativamente sul settore, o se possano costituire un'occasione per lanciare definitivamente l'imprenditoria sociale nel mondo. Vengono dunque analizzati due casi specifici che hanno contribuito a rendere le imprese sociali una fonte di rivalsa sociale anche e soprattutto durante la pandemia. La prima colonna portante di questo movimento è la COVID Response Alliance for Social Entrepreneurs. Lanciata dalla Fondazione Schwab del World Economic Forum nel 2020, l'"Alliance" ha supportato decine di migliaia di imprese sociali nel mondo durante la crisi, seguendo principi cardine come la collaborazione tra settori e la riorganizzazione dei modelli delle imprese in funzione delle vicende odierne. Il secondo caso è quello di "Changemakers United",

le cui informazioni sono state fornite direttamente da Ashoka Italia. Lanciato ad Aprile 2020 da “Ashoka Europe”, il progetto supporta gli imprenditori sociali nei seguenti settori: servizi sanitari e fornitura di prodotti; protezione delle persone più vulnerabili; sviluppo di strumenti e modelli formativi; disposizione di informazioni affidabili e facilmente accessibili; e contribuzione nello sviluppo di soluzioni innovative per contrastare l’impatto della pandemia.

In conclusione, nonostante i chiari problemi legati ai finanziamenti a seguito della crisi, le imprese sociali possono sfruttare questo momento per affermare il loro modello di business, nel nome della sostenibilità e dell’impatto sociale.

