

# Challenges & Opportunities in Social Entrepreneurship Development



**CASE OF GEORGIA**

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# What is social entrepreneurship



- Enterprises – ‘for profit’ interest using business approaches for achieving social change
- Strong social dimension and impact - not charity or welfare agency/ not just philanthropy and altruism
- Emphasis on innovation
- Targeted at making long-term sustainable change

# Who are social entrepreneurs



- Active concerned citizens that recognise social problems and strive for solutions
- Social entrepreneurial actors use traditional entrepreneurial principles along with diverse set of skills to engage public and influence change that they are passionate about .

# Who are social entrepreneurs



“Social entrepreneurs identify resources where people only see problems. They view the villagers as the solution, not the passive beneficiary. They begin with the assumption of competence and unleash resources in the communities they're serving.”

David Bornstein, author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas*

# Key drivers for social entrepreneurship action



- Social issues that receive less attention e.g. from government or private sector
- Needs to raise funds and mobilize resources for charities
- Changing donor paradigms for aid and change (e.g. sustainable investment)
- Increasing demand for corporate social responsibility and ethical entrepreneurship from various stakeholders

# Core 3 Elements



1. Triggered to provide benefits for a community.
2. Unites mutual opportunities for actors and beneficiaries (e.g. capacity building, multiplier effect, reinvestment).
3. Uses sound & traditional commercial business practices to ensure its sustainability

# Social enterprise challenges (Bessant & Tidd, 2007)



- Search for opportunities
- Strategic selection
- Implementation
- Innovation strategy
- Innovative organisation
- Rich linkages

# Criticism



- Idea of social entrepreneurship a a powerful change tool but its usefulness may be questioned.
- Who defines its areas for action and relevance in a given society.
- Human achievement vs. social entrepreneurship – framework?
- Form of action – close links between social entrepreneurship and social engineering
- Real motives can undermine philanthropy



# Criticism



- Degree of public engagement and involvement of other interested parties (e.g. government).
- Abuse of social change interests and turning into business interests.
- Scale of impact may make an action unsustainable – feasibility of action

# Social Enterprise Development: Georgia



- These establishments evolved very slowly since 2000.
- First study giving baseline data on social enterprise was conducted in 2005.
- Follow up study was conducted in 2010 that illustrated significant improve on the social enterprise landscape.
- No up to date comprehensive study is available but the assumption is that their presence is strong given the interests of various stakeholders, growing demand, and triggering factors.

# Triggering Factors & Growing Demand



- Appeared leader and champions to design social impact actions and seek the action space opportunities
- Response by NGOs/Civil Society Organizations to the donor imperatives to transform their actions into for-profit activities and more sustainable approaches
- Many social problems unaddressed by the government, hence much social entrepreneurship opportunities

# Key Players



- Up to 40 social enterprises are in Georgia
- Approximately 20% carries out economic activities with an annual revenues up to 12% (study, 2010)
- Majority of organizations 72% are based in Tbilisi while 28% is in the regions
- One third of the enterprises does not have full-time staff
- The core activities include skill-set development and capacity development activities for disadvantaged groups

# Key Local & Int'l Donors



- Europe Foundation
- People in Need (Czech CSO) in Western Georgia
- Young Economists' Association of Georgia
- LEPL Children and Youth Development under the Ministry of Sports and Youth Affairs
- ASB Georgia
- Hilfswerk Austria International
- Charity Fund of Bank of Georgia
- International Organization for Migration
- Community Centers (38) by the GoG – Ministry of Justice

# Challenges



- Legislative status of SEs, framework, Taxation issues
- Access and availability of to start-up funds for SEs
- Lack of tailored and specific competencies of staff who are capable to lead sustainable and consistent social entrepreneurship action
- Lack of human resources in the region
- Absence of social responsibility culture and awareness
- More heroic movement rather than participatory (e.g. public involvement in problem define and action)

# Opportunities



- Transition and development of degree of democracy closely linked to social agenda formation
- Freedom of action
- Other actors and key players – higher education institutions (HEIs) in shaping social entrepreneurship culture and imperative as HEIs have strong influence on the growing number of student body, public awareness and shaping the culture
- ISU's social responsibility agenda, education and training activities (LLL), start-up, innovation and entrepreneurship ecosystem

# Thank You



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