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Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

Empresa Social en Latinoamérica: Dimensiones de colaboración entre emprendedores sociales

Empreendimento e Inovação sociais em Latinamerica, Dimensões de colaboração entre empreendedores sociais

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Abstract (English)

In a time of unprecedented wealth, over 2.4 billion people in the world still live in poverty, with less than \$2 per day. In Latin America, over 165 million men, women and children –almost 30% of the population – still live in these conditions. Exhausted approaches to development using market mechanisms have cracked under the weight of their evident failure to reach the poorest and neediest. New approaches, values and institutions are emerging to address the social and environmental challenges in the region. Social enterprises appear as one of these new institutions. A “social enterprise” is a purpose-driven organization that solves social problems in a financially sustainable way, through innovative business models that move away from donations and aid. Social entrepreneurs are embracing new values and practices such as openly collaborating and sharing ideas, business models and experience – contrary to traditional business practices of competition and secrecy.

The proliferation of the internet opens new avenues for collaboration through online platforms, bringing down barriers to social entrepreneurship. Virtually nothing is known about how social entrepreneurs use the internet to connect and collaborate in developing regions. This capstone uses an online survey to explore the socio-demographic characteristics, interests and modes of online collaboration of social entrepreneurs in Chile, Colombia and Brazil, countries with well-established networks of social enterprises in Latin America. The results show the social entrepreneurs surveyed are predominantly young, educated and avid users of mobile technology. Although levels of online collaboration are still low, a great majority expressed a desire to connect and collaborate online more with other social entrepreneurs. Of those that do collaborate online, they do so predominantly with others in their own country, using social media and basic communication software instead of specialized platforms or websites. This suggests there is a need for national initiatives specifically crafted for social enterprise that will facilitate networking and collaboration.

Abstracto (Español)

En tiempos de riqueza sin precedentes, más de 2.4 billones de personas aún viven en pobreza, con menos de \$2 dólares al día para sobrevivir. En Latinoamérica, sobre 165 millones de hombres, mujeres y niños, alcanzando casi 30% de la población, viven en estas condiciones. Agotadas fórmulas para alcanzar el desarrollo usando mecanismos de libre mercado han fracasado estrepitosamente en alcanzar a los más pobres y necesitados. Nuevas ideas, valores e instituciones están emergiendo para dar respuesta a los desafíos sociales y ambientales en la región. Las empresas sociales son una de estas nuevas instituciones. Una “empresa social” es una organización que intenta resolver problemas sociales pero se alejan de donaciones y caridad y buscan modelos innovadores de negocios para sostenerse en lo financiero. Emprendedores sociales están

incorporando nuevos valores y prácticas tales como la colaboración abierta de ideas y modelos de negocios, contrario a los valores tradicionales de negocios como la competencia y secretismo corporativo.

La proliferación de internet abre nuevas oportunidades para la colaboración a través de plataformas en línea y reduce las barreras al emprendimiento. Hasta hoy no se ha estudiado cómo los emprendedores sociales usan internet para conectar y colaborar entre ellos en Latinoamérica. Este estudio usa encuestas en línea para explorar características sociodemográficas, intereses y modos de colaboración en línea de emprendedores sociales en Chile, Colombia y Brasil. Los resultados muestran que los emprendedores sociales encuestados son jóvenes, de alto nivel de educación y ávidos usuarios de tecnología móvil. Aunque los niveles de colaboración aún son bajos una gran mayoría expresó el deseo de conectar y colaborar más con otros emprendedores sociales por internet. Entre aquellos que sí colaboran en línea, la mayoría lo hace con personas de su mismo país, en distintas región, usando páginas sociales y programas básicos de comunicación en lugar de plataformas o páginas web especializadas. Esto sugiere una necesidad de iniciativas a nivel nacional enfocadas específicamente para emprendedores sociales que faciliten la colaboración entre emprendedores sociales y la construcción de redes.

Resumo (Portugues)

Em uma época de riqueza sem precedentes, mais de 2,4 bilhões de pessoas no mundo ainda vivem na pobreza, com menos de 2 dólares por dia. Na América Latina, mais de 165 milhões de homens, mulheres e crianças - quase 30% da população - ainda vivem nessas condições. Abordagens para o desenvolvimento que se utilizam de mecanismos de mercado evidentemente fracassaram em alcançar os mais pobres e necessitados. Novas abordagens, novos valores e novas instituições estão surgindo para enfrentar os desafios sociais e ambientais na região. As empresas sociais aparecem como uma dessas novas instituições. "Empresa social" é uma organização orientada a propósitos específicos, que resolve problemas sociais de uma forma financeiramente sustentável, por meio de modelos de negócios inovadores que se afastam do modelo baseado em doações e ajuda. Os empreendedores sociais estão adotando novos valores e práticas como, por exemplo, colaboração e o compartilhamento de ideias de maneira aberta, modelos de negócios e experiência contrários às práticas negociais tradicionais, fundadas na concorrência e no sigilo.

A proliferação do acesso à Internet abre novos caminhos para a colaboração através de plataformas online, derrubando barreiras ao empreendedorismo social. Praticamente nada se sabe sobre como os empreendedores sociais usam a Internet para se conectar e colaborar nas regiões em desenvolvimento. Este trabalho empregou uma pesquisa online para explorar as características sócio-demográficas, os interesses e os modos de colaboração online de empreendedores sociais no Chile, na Colômbia e no Brasil, países com redes

bem estabelecidas de empresas sociais na América Latina. Os resultados mostram, em síntese, que os empreendedores sociais pesquisados são predominantemente jovens usuários, com um nível alto de formação, ávidos pelo uso de tecnologia móvel. Embora os níveis de colaboração online ainda sejam baixos, a grande maioria manifestou o desejo de se conectar e colaborar online mais com outros empreendedores sociais. Os que efetivamente colaboram online, o fazem predominantemente com os outros empreendedores sociais em seu próprio país, usando mídias sociais e software básico de comunicação em vez de plataformas especializadas ou sites. Isso sugere que há uma necessidade de iniciativas nacionais especificamente voltadas a facilitar o networking e a colaboração entre empresas sociais.

I. Introduction: Poverty amidst unprecedented growth

The time starting in the early 20th century until today has been a period of unprecedented economic growth. A look at the past 500 years sheds light on the actual magnitude of this explosion in economic activity.

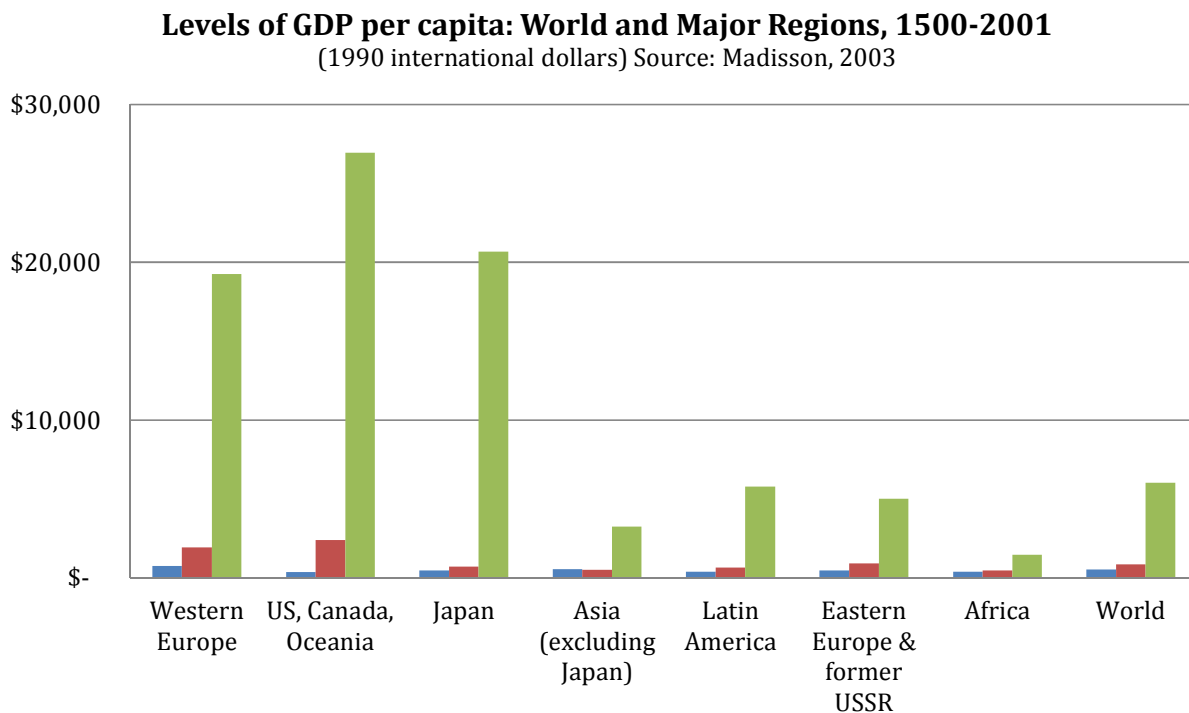


Figure 1 - The economy grew more in 1997 than in the entire 17th century, and from 1990 to 1997, global consumption grew as much as it did from the beginning of civilization until 1950 (Jenkins 2005).

During the past 150+ years, breakthroughs in medicine, science, agriculture and energy have made people’s lives longer and better, and the parallel development of globalization, worldwide trade, the internet and other technological advancements ensured these breakthroughs were rapidly spread.

Despite these achievements, this explosion in economic growth has come at enormous human and environmental costs. Not everyone benefitted from the gains in wealth, in fact, not even the majority. The tragedy is that, in a time where knowledge, technology and resources abound, our societies continue to blindly struggle with stubborn human and environmental problems:

1. Poverty – Poverty is still pervasive throughout the world, especially in underdeveloped nations, totaling over 2,5 billion people that live on less than \$2 per day (WorldBank 2013). Despite the huge expansion of

wealth, only a handful of countries accrued the benefits of it, leaving a greater portion of the world with high levels of povertyⁱ.

2. Hunger – Hunger is also pervasive and not exclusive to developing nations. In the United States, the richest country in the world, 14.9% of the population is “food insecure”, and over 45 million citizens depend on food stamps to feed themselves (USDA 2013).

3. Structural Inequality – The gap between rich and poor not only expands between countries, but also *within them*. Inequality hurts economic development and has disastrous effects on social capital, health, crime levels and democracy (Wilkinson and Pickett 2010).

4. Environmental destruction - The externalities of industrial production, coupled with the fetish of indefinite growth has led to unprecedented levels of environmental destruction, the depletion of natural resources and the alteration of natural climate patternsⁱⁱ.

The need for new values and institutions

These problems are *structural*. They respond to the values and principles embedded in our dominant and widespread economic paradigm and cannot be solved by conducting our societies and businesses in the way we have done so in the past. Our economic ideology defines value through *scarcity* (as opposed to abundance, *something is valuable as long as it is scarce*). *Competition* moves people to see each other as rivals instead of collaborators, and selfishness makes people hoard resources and good ideas until rents are secured through copyright laws. It is relentless promoting “free markets”, yet ironically free market economics has actually left more people out of markets than in themⁱⁱⁱ. Our economic discourse is exhausted and does not provide solutions for these problems, in fact, it **exacerbates** them. Facing these structural challenges requires a revision of these dominant values upon which we have built our economic and governance systems^{iv}.

Institutional innovation is a key element in this process of paradigm shift. Our institutional landscape is basically populated by either profit-maximizing businesses, non-profits, charities, and governments that administer the public agenda. The legal and operational framework of these institutions has slowly become rigid and outdated, leaving them ill-prepared to face the global challenges of today.

Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

But all this is beginning to evolve in a positive direction. New, purpose-driven organizations are emerging; embracing openness, transparency and collaboration as their core values, finding innovative ways to produce revenue and deliver social value.

Social enterprises and entrepreneurs

Social enterprises are an example of new organizations that are being developed all over the world that respond to this need for institutional innovations and new values. They fit in the wide span between government, nonprofits and businesses, and address a wide range of causes. Lacking a specific definition, the common notion of *social enterprise* is of an organization that combines private and public organizational characteristics to be mission driven (not profit-maximizing) and financially sustainable (not dependent on donations).

Social entrepreneurs are the people that create and lead social enterprises and are ultimately the engine behind this change. Although they are often treated equally as traditional business entrepreneurs, some studies indicate there are clear differences between social and traditional ones, particularly in their motivations and experience (Martin and Osberg 2007). To study social enterprises means also studying the individuals that pour their values into these organizations.

There is a growing interest in how social enterprises can contribute to tackle social and environmental challenges, and how social entrepreneurs can be supported in building these organizations.

Collaboration and the web

Along with openness and transparency, *collaboration* is an important feature for social entrepreneurs and the organizations they form, and evidence of this can be seen in the modes of interaction among them. Entire communities of social entrepreneurs and other emergent groups around Arduino, MAKE, MeetUps, Github, etc. are forming, where individuals pool their experience, resources and knowledge to develop ideas, products and services that are purpose-driven. Given our current doctrine of selfishness and cut-throat competition, collaboration appears as a truly heretic¹.

¹ Our current logic assumes we are all competitors, and if someone has a good idea, he/she must hide it and quickly get it patented. But socially motivated entrepreneurs, whose ideas accrue social benefit, wish to see their ideas spread; in fact, their ideas *get better* the more they are shared and enjoy the inputs of a wide number of individuals with similar motivations. Another point of contention is the result of these collaborations. In the open-source community many successful products become free for all.

This collaboration is not limited by geography: communities have also made extensive use of online platforms and open-source tools to connect, collaborate and quickly expand their reach across the globe.

What has opened these opportunities for online connection and collaboration is the proliferation of internet technology. There are multiple online sites designed especially for social entrepreneurs such as Changemakers.org, funded by the prestigious Ashoka Association. This site maintains a network of high impact social entrepreneurs and facilitates the connection of people all over the world. Fundrazr.com is a crowdfunding site for social entrepreneurs and also serves as a social network where members can find people of similar interests and communicate.

Research focus

Despite the evidence of this emergent group and its dynamics, virtually nothing is known about what these social entrepreneurs look like, who they collaborate with and how. These are the questions this capstone tries to answer, with a focus on 3 countries in Latin America. The capstone explores the socio-demographic characteristics of the social entrepreneurs and different dimensions of collaboration among them. In addition, are they using online collaboration platforms, and if not, what are the barriers for them to do so?

I focus mainly on 3 countries in Latin America: Chile, Brazil and Colombia. Latin America is the most unequal continent and suffers from chronic economic underachievement. There are still over 165 million people that live under the line of poverty (CEPAL 2012). There are wide and rich opportunities for social entrepreneurs to start organizations that will help lift families out of poverty or tackle environmental challenges that abound across the continent. These three countries lead the development in the institutionalization of these organizations.

Importance

My research questions are relevant for the following reasons:

1. - The most pressing social problems in Latin America today relate to poverty, inequality and the environment. In the case of the poor, most problems are not due to technological barriers but to *access* – we have already invented all the technology needed so everyone can provide for their fundamental needs, yet

Mainstream logic says this is *inefficient* (since most were probably willing to pay something for the product), and even injurious, considering our major index of success today is GDP growth.

these technologies systematically fail to reach those that need them the most. This is the greatest of market failures². Traditional business practices naturally discriminate against the poor and cash-strapped government programs do not have the reach needed. New organizations and institutions are needed, and social enterprises are a glimpse at this evolution. Finding ways in which social entrepreneurs collaborate and how these mechanisms can be enhanced can support the development of more social enterprises.

2. - *The role of social entrepreneurs in scaling innovations.* The literature refers extensively to social innovations (the products and services that are designed to solve social problems) and how their chances of success depend greatly on their capacity to achieve massive scale. In my opinion this view is incomplete, because it is missing the *local innovator*. What applies to one context will inevitably require a “localization” to become effective³; the element that will do this is the local entrepreneur.

3. - Internet (broadband) penetration grows rapidly and becomes available across the continent⁴. This technological diffusion put the tools and resources of the World Wide Web at the disposal of more and more people that could take advantage of this connectivity, and at the same time brings down barriers to social entrepreneurship. Online collaboration can supply valuable knowledge and resources that might not be available on a face-to-face basis.

4. - The popular pages of today’s social media such as Facebook, Twitter, LinkedIn, Youtube, etc, provide easy, almost costless ways of finding people with similar interests and building collaborative relationships. That said, they do not even begin to meet the needs of social entrepreneurs wanting to collaborate on ideas and projects but are unable to meet face-to-face. Specialized platforms have emerged, both open and private, which are better equipped for remote collaboration, developing open-source projects and managing innovation. Is there a need for specialized sites for social entrepreneurs? If so, what features should it have?

² see note iii in the appendix

³ Poverty is the tragic result of a combination of infinite variables, yet all these variables will weigh differently for everyone. Two people can be statistically equally poor (think of a white, single mother living in Santiago de Chile and a black male rural peasant in Cartagena Colombia) in that they have the same fundamental needs, but their poverties have different causes and contexts. Understanding these contexts is crucial for designing effective solutions. We can’t think of designing rain water catchment systems “for the poor”; they must be “for the poor in Haiti”.

⁴ World Telecommunication/ICT Indicators database, accessed April 19th
<http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>

II. Literature Review

In this capstone I have used terms that might be new to the reader. I will begin defining *social entrepreneurship*, *social enterprise* and *social entrepreneur*, and then refer to modes of collaboration.

What is social entrepreneurship?

The term “Social Entrepreneurship” was first used by Bill Drayton, Ashoka^v founder and CEO in the beginning of the 1980s⁵. Since then it has been used to describe an endless stream of organizations and initiatives that try to bring about social change. Social entrepreneurship is loosely defined and several authors have taken different approaches to convey it with meaning. The underlying image is of actions that bring breakthrough change and solutions to distressing social and environmental situations that seem intractable under traditional approaches and institutions (Light 2009). This also constitutes one of its stronger links to innovation as a usual ingredient. We can think of a wide range of public and private organizations, for and not-for profits, community organizations and cooperatives that make generating social change the core of their existence.

Social Entrepreneurship is a mix of components such as the ***entrepreneur*** him/herself, the actual ***time and place*** that provide the opportunity for change, ***the innovation*** that materializes into a product or service and the ***organizations and institutions*** that allow for scale. Part of the debate around the definition of Social Entrepreneurship centers on which component precludes the rest.

According to Alex Nicholls, social entrepreneurship can be defined as “*a professional, innovative, and sustainable approach to systemic change that resolves social market failures and grasps opportunities*” (Nicholls 2005). He states that social entrepreneurship, lacking a strict definition, can be conceptualized in a broad range of activities from grassroots activism to multinational corporate responsibility. What is not in dispute is the primacy of a social purpose.

A ***social enterprise*** is, according to Muhammad Yunus, a form of social entrepreneurship that is socially driven yet “financially sustainable”, meaning it maintains itself through market mechanisms (Yunus 2008). This departs from other forms that can resemble more a non-profit or traditional business, such as a Benefit Corporation (Reiser 2011). This is not a universally accepted definition^{vi}; other scholars have

⁵ For more, visit www.ashoka.org

much broader notions of what a social enterprise is (Laville & Nyssens, 2001; Defourny & Nyssens, 2006). Gatica et al summarizes the definitions from leading scholars of different schools of thought (Gatica, 2012).

Social entrepreneurs

The Ashoka Organization defines social entrepreneurs “*individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change*” (Ashoka 2007). Social entrepreneurs are those that create or lead initiatives of social entrepreneurship and play a fundamental role as agents of change. The social entrepreneur is often portrayed as bold, passionate and driven individual that brings down barriers through persistence and innovation to bring about the change they wish to see, but this portrayal is somewhat caricatured, and not always accurate or all-encompassing. Hence, as the interest in social entrepreneurship has risen in the past several years, some have tried to identify the key characteristics of these entrepreneurs.

Gregg G. Van Ryzin & Seth Grossman, in a study conducted on 1.327 participants of an online panel, found the social entrepreneur in the United States likely to be female, non-white, college educated people that live in big cities. They also tend to have larger social capital, defined as participation in clubs and organizations, and are more ideologically liberal (Van Ryzin 2009). This coincides with study results conducted in the UK by GEM⁶, the largest entrepreneurship research project in the World. The study found that a social entrepreneur in the UK is likely to be a woman, young and well educated. These results contrast with the higher probability a traditional business entrepreneur will be a man (GEM 2009).

Online Collaboration

For the purpose of this study, “Collaboration” was defined as all interactions where social entrepreneurs share and/or give each other help and support (technical, financial, consulting and assessment, networking and information, etc.) without there being any financial compensation for it.

Web technologies to communicate and collaborate have been used in several fields over the past decade. Schweik et al writes about the opportunities these tools provide to expand scientific research especially in the fields of socio-ecological studies (Schweik, Evans, Grove, 2005). Schweik and English (2012) document

⁶ The Global Entrepreneurship Monitor (GEM) project is originally a joint project between London Business School and Babson College to assess entrepreneurial activity, aspirations and attitudes of individuals across several countries. Today this partnership has been extended to over 100 national teams around the globe and currently constitutes the largest ongoing study of entrepreneurship and its different dynamics in the world. In 2009 the GEM conducted research regarding Social Entrepreneurship through interviews to over 150,000 individuals in 49 countries.

the process of online collaboration for the development of open-source software projects. They find the internet has an enormous potential to act as a catalyzer for people with similar interests, needs, capabilities and passions to find each other, even though they are located far apart.

Virtually nothing is known about online collaboration and its different dimensions regarding social entrepreneurs. Physical networks are being treated by some (Gatica 2012), in the form of “social innovation ecosystems”, although these refer to all the organizations that are stakeholders in the social innovation realm of a given space, and how interactions between them are motivated. Nonetheless, governments around the world are creating programs to support social entrepreneurs and help them start organizations. There is a growing expectation that such an institutional innovation can provide means for achieving social and environmental goals that current institutional arrangements come short to addressing.

III. Methodology

This study uses an online survey conducted between March 18th and April 15th of 2013. The surveys were taken by a convenience and snowball sample of self-selected social entrepreneurship enthusiasts from different formal and semi-formal groups in Colombia, Chile and Brazil. Once a group of social entrepreneurs was identified, they were invited to respond the survey and also consulted whether they knew of other groups that would be eligible to respond. I would later follow their leads and invite these other groups and individuals to participate. I also used key people to distribute the survey among their contacts; people that are important figures in social enterprise circles and could extend my reach further.

Convenience Sampling uses the researcher’s judgment to select the most cases possible to be studied and various methods are used to reach them. It is used primarily when the research is about specific, particular types of populations that are being studied more in-depth or are difficult to reach or frame (such as Latin American self-declared “social entrepreneurs and innovators”). *Snowball Sampling* is used when the individuals studied have direct or indirect connections among them (such is the case of this capstone, that studies the connections and collaborations among a select group of people).

Unlike randomized sampling, the sampling techniques used for this capstone causes the researcher lose some control over the total population that might participate in the study and must continuously be analyzing the integrity of the group. For this study, nonetheless, these sampling techniques serve their purpose.

The survey has 42 questions with multiple question formats. There are basic groups of questions: socio-demographic information of the respondent, questions targeting the respondents' relation and needs regarding social entrepreneurship, and the level of collaboration with other entrepreneurs. The entire survey can be found in Appendix 1.

Many questions were adapted from widely regarded surveys such as the General Social Survey and the Global Entrepreneurship Monitoring Survey. This allows for comparison of the results also.

Three countries were selected to conduct the study: Colombia, Chile, and Brazil. There are two main reasons for this selection. First, the HUB⁷, a globally recognized organization of social entrepreneurship, has opened offices in Chile, Colombia and Brazil. The HUB does not export staff to open these offices; local entrepreneurs adapt a business model in their city. The opening of the HUB therefore speaks of the more advanced organization and development of local cluster of social entrepreneurs in these locations. Second, all three countries have government programs and policies supporting social entrepreneurship. In Colombia, the government opened a Center for Social Innovation (*Centro de Innovación Social, CIS*) that will contribute to the government's commitment to eradicate extreme poverty. In Chile, the government has organized social enterprise competitions and placed funds through its national development corporation (*Corporacion de Fomento - CORFO*). It is also consulting with local and foreign experts to draft legislation which recognizes social enterprises as new forms of business organizations. The government in Brazil created the "Solidarity Economy Secretariat" that coordinates inter-ministerial support for a wide range of policies that favor the development of the solidarity economy.

As social entrepreneurs cluster in formal and semi-formal groups, I approached the most important groups in each country. Aside from these, other groups were contacted. For the description of these and the full list please refer to Appendix 2.

The groups invited to participate and extend the survey were:

- Social iLab of the Catholic University of Chile (Chile)
- Socialab.com, Santiago (Chile)
- HUB Bogotá (Colombia)
- HUB Sao Paulo (Brazil)

⁷ The "Hub" is a social business organization that is at the same time a meeting point for social innovators and entrepreneurs that gather to work and collaborate together. It manages a property that becomes the shared office of several social enterprises and forms a community of social entrepreneurship around it. It was founded in 2005 in London, and since then has expanded to 30 more locations in 5 continents. The Hub Bogotá opened in 2012, and in Santiago Chile the Hub is in its final stages of officially opening. In Brazil, there are 3 Hub offices currently operating, in Curitiba, Sao Paulo and Belo Horizonte.

- HUB Curitiba (Brazil)
- HUB Belo Horizonte (Brazil)

IV. Results

The survey was closed on April 15th, with 78 responses. Of these 78, seven were from people that were not from the target countries and were not considered in the final analysis. Total answers considered for analysis therefore were 71. I also created a public Facebook profile for the survey that was open to all members of the social network, which increased its possibilities for diffusion but did not allow filtering. Because of the dependence on other people's network to spread the survey, there is no way of knowing, if not only very broadly, the response rate.

Since this was a long survey with many questions concatenated, response numbers for each question vary. I have nonetheless reported the number of responses (n) with the percentages of each response⁸.

Socio-demographic information

There were 35 responses from Colombia, 13 from Chile and 23 from Brazil. I would like to point out that I do not expect nor pretend this group to be representative of the population of Latin American social entrepreneurs or of the three countries included in the study. I will from now on describe the trends found in the group that responded the survey, later I will discuss the possibilities of extending these trends to a larger group.

The respondents were predominantly young (80% was under 40 years of age), single (72%) and yet to have children (79% reported no children). The group is also highly educated; 83% at least completed undergraduate studies. 39% declared having completed graduate level degrees.

Employment status was diverse; respondents were allowed to mark more than one option (average responses marked=1.3). 12 respondents that marked "student" also marked another answer, and two respondents that marked "unemployed" also marked "self-employed". Income is highly variable: on the

⁸ *Difficulties with obtaining responses:* The networks of social enterprise in Latin America are in a nascent stage and although growing steadily, are still very small. I many times found that the same people are involved in more than one organization; therefore my initial estimates of possible responses were overestimated. As an example, there is a small cluster of people that share the management of Hub Bogota, La Arenera and La Pola Social, three Bogota-based organizations I contacted. The network of each organization overlaps considerably.

Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

personal level, the average reported represents a middle income figure, yet on a *family* income on those reported (n=42), average and median represent a middle to high income in a local context⁹.

87% of respondents connect to the internet on a mobile device (3G or 4G phone, tablet, etc.) and 89% connect to the internet from home. 94% have laptop PCs versus only 44% having desktop computers, suggesting a highly connected, mobile group¹⁰.

Respondents were asked to evaluate their ability to speak, read and write in other languages, using a scale from 1 to 5 (5 being the highest). The following table displays the averages of the self-reported scores and the total number of respondents.

	Speak	Read	Write	N
English	4.1	4.3	3.9	53
French	1.9	2.1	2.0	28
German	1.4	1.4	1.4	18

Table 1. Average score of respondents self-assessing their ability to speak, read and write in other languages. (1 = no skill; 2 = basic; 3 = lower intermediate; 4 = upper intermediate; 5 = advanced)

Spanish speakers evaluated their ability to speak in Portuguese, and native Portuguese speakers rated their Spanish skills. Their averages are displayed below.

	Speak	Read	Write	N
Portuguese for Spanish natives	1.9	2.4	1.6	14
Spanish for Portuguese natives	2.7	2.3	3.7	18

Table 2. Average score of native Spanish-speaking respondents self-assessing their ability to speak, read and write in Portuguese, and vice versa. Same scale used.

Social Enterprise

Respondents were asked several aspects of their involvement with social enterprise. 77% of respondents claim to consider him/herself a “social entrepreneur” and most are developing ideas they plan to

⁹ Average reported family income was \$43,452 in US dollars, versus average annual income per capita (in 2005 ppp) in Brazil: \$5028; Chile: \$5923; Colombia: \$3371. Income information taken from World Bank Data Bank, PovCalNet. <http://iresearch.worldbank.org/PovcalNet/index.htm?1>

¹⁰ The percentage of people using the internet and the number of internet subscriptions per 100 habitants for each country is as follows: Brazil 45% and 12; Chile: 54% and 12; Colombia: 40% and 7. World Telecommunication/ICT Indicators database. <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> - Accessed April 19th 2013

implement in the near future. They were asked to rate their ideas in terms of scalability and originality. In the next section I will discuss the results.

Collaboration

Group membership

70% (n=67) of the respondents say they belong to a formal or semi-formal group of social entrepreneurs. The list of organizations they belong to is varied and repeat themselves among the respondents. There are industry associations, organizations dedicated to the promotion and development of social enterprises, non-profits and multilateral organizations, informal social groups, among others. These groups mainly have physical locations where the respondents meet people face to face. The complete list of these organizations is in Appendix 3.

Online collaboration

59 respondents said they visit websites specialized in social enterprise. The reasons they do so are, in order of importance, (1) to read related news; (2) to network with other social entrepreneurs; (3) to find events; (4) find training; and (5) find funds and capital. Again, respondents could mark more than one option (average number of responses = 2.5). 40 respondents provided the names of the websites they visit. These sites range from informal groups on Facebook to specialized or academic sites such as the Stanford Social Innovation Review.

Regarding online collaboration, 33 respondents (48%, n=67) said to collaborate online with other social entrepreneurs. More than half said they do not engage with other entrepreneurs online, yet 63% (n=64) said they “value online collaboration a lot” or deem it “very valuable”. 85% (n=65) said they would like to collaborate and connect more with social entrepreneurs over the internet, versus 14% that said they’re indifferent, and 1% that said they wouldn’t like to.

V. Discussion

Caveats and trends

As mentioned before, I do not expect this group to be representative of the Latin American social entrepreneurship population, as some socio-demographic trends regarding age, education and income seem to skew in specific directions. My caution also responds to the respondent’s chance of access to the internet and self-selection bias.

Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

Nonetheless, some trends in the sample seem to surface and could be generalized, that are likely to have little influence from the socio-demographic biases or overall incompetence of the researcher.

Socio-demographic information and language skills

As reported in the results section, the respondents were overwhelmingly young, single, educated and highly connected. The GEM (GEM 2009) study found a worldwide tendency for social entrepreneurs to be educated (at least post-secondary), which is replicated in my sample. It also found for Latin America a relatively equal proportion of social entrepreneurial activity among different age groups, a point where my sample differs. Again, the limitations of the sample does not allow for conclusions.

There were two native languages among the respondents, Spanish (n=43) and Portuguese (n=23). Native Portuguese speakers are much better at Spanish than the Spanish speakers are at Portuguese. The languages have similarities that allow for communication, yet this does not mean a Brazilian and a Chilean, for example, would rather not just communicate in English if possible.

Respondents report strong English skills (the average equals to an upper intermediate for all three areas), and this corresponds with other socio-demographic characteristics of the group, generally well-off and highly educated. These English skills may be overestimated, as not all the respondents answered (n=56 of 66 that had not abandoned the survey at this stage)¹¹. Strong English skills might initially suggest that internet technologies are mainly used to collaborate with people of different native languages (from the US and European countries). The answers in the collaboration section suggest otherwise.

Social Enterprise

Although the socio-demographic information has strong uniformity, there is more diversity in the answers regarding social enterprise. This is due, I would suggest, to the loose definition that social enterprise has and how it manifests itself in different local contexts and groups. Figure 2 summarizes the responses.

¹¹ A possible motive for not answering is respondents skipped rating the language for which they have no skills at all. Replacing blank answers for “1” (the score for “no skill”), the overall average drops a proficiency level, from upper intermediate to lower intermediate for all areas.

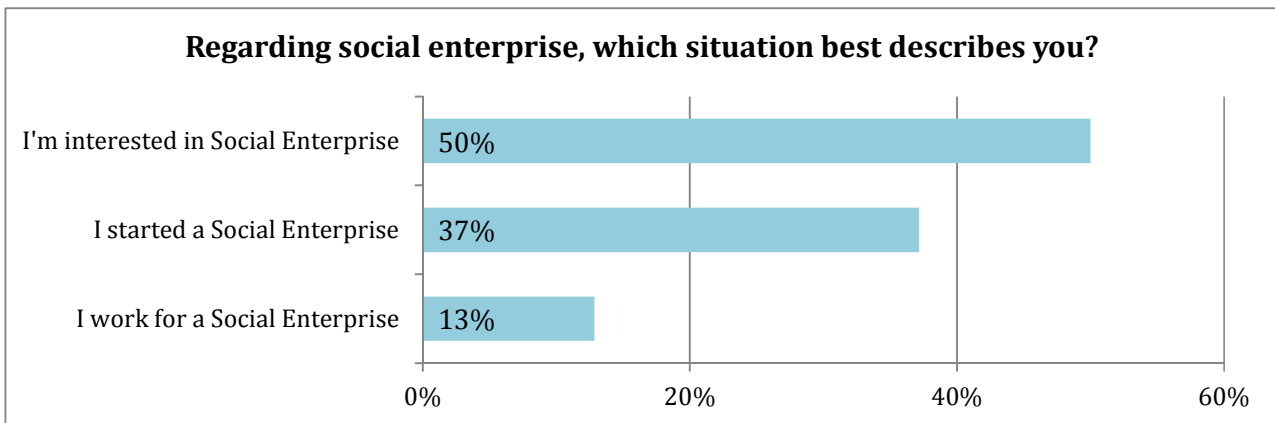


Figure 2. Respondents were asked “Which situation best describes you?” regarding social enterprise. N=70 Actual survey had more options that were collapsed in this graph. The category “I’m interested in Social Enterprise (SE)” includes all respondents that marked the options “I’m interested in Social Enterprise”, “I plan to start a social enterprise in the next 6 months – 1 year” and “I plan to start a social Enterprise in the next 2-3 years “. The category “I started a SE” includes respondents that have started a SE from less than a year ago to over 4 years.

48 respondents answered an open-ended question regarding their ideas for a social enterprise. 26 of these respondents say they already started one, and 22 have yet to materialize their ideas. I classified the different ideas into *areas of enterprise* in Figure 3 below. I refrained from publishing the list as I do not have explicit authorization to do so. Two categories have half of the ideas. The first referred to organizations that supported other social enterprises through business consulting, incubating services, impact assessment and funds. The second include a range of educational and arts initiatives, mainly for women, children and vulnerable populations.

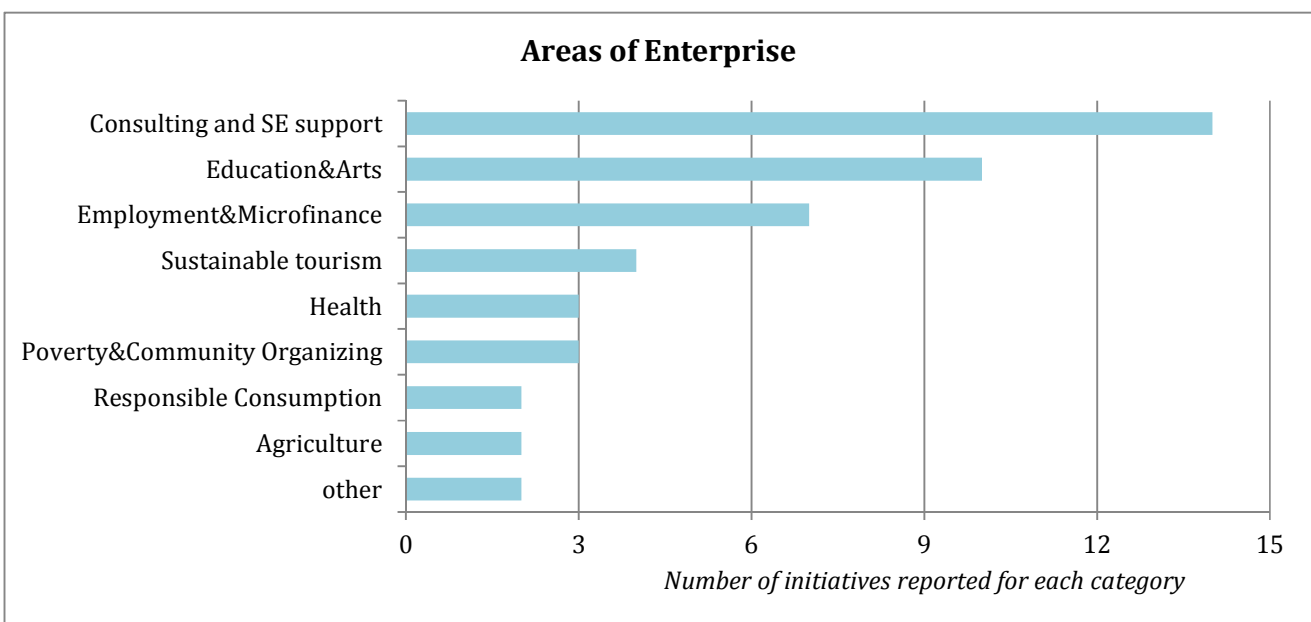


Figure 3. Classification of respondents’ ideas for social enterprise (some are already in operation). Classification by author. N=48

We could say this is a highly *confident* group. A majority stated (57%, n=60) they have an original idea and they visualize this idea scaled internationally (75%, n=69). 68% feel they have the skills (technical, managerial, operational, etc.), and experience required to start/run a Social Enterprise.

Collaboration

A developing culture for collaboration

Regarding membership in groups, most respondents belong to an average of 2 (formal or semi-formal) groups related to social entrepreneurship. The following question was “*What are the motivations you have in joining these groups?*”. Respondents could mark multiple options. This question was phrased so those that currently do not belong to any groups might also express what motivations they feel to actively pursue joining one. The results are displayed in Figure 4. 55 respondents answered this question, and every respondent marked an average of three options.

The highest motivation to join groups was to find and share ideas and discuss business models, followed by the desire to find events, funds, clients and partners. These answers suggest the respondents are in a phase of expanding their ideas and promoting their businesses. As with socio-demographic information, this also falls in accord with GEM results which found a high proportion of social enterprises in “new” or “early” stages. Collaboration on technical issues was the least cited. This seems to agree with the areas of enterprise (see above), since hardly any of the ideas proposed or in execution involve a technical innovation; most refer to products and services that are more intensive on management and operations. What is most likely motivating these entrepreneurs to group and engage with each other is finding an innovative way to offer existing or slightly modified products or services. It also suggests that the innovations that will come from these groups will be mainly business models.

For the same question, 11 people answered “other” as an open ended response. 9 of these 11 mentioned some form of networking and collaborating as a high motivation, such as “co-creating” or “co-working”. The prefix “co” surfaces repeatedly in social innovation and entrepreneurship circles. For organizations like Socialab.com (co-creation) and the Hub (co-working), these concepts are central to their activity.

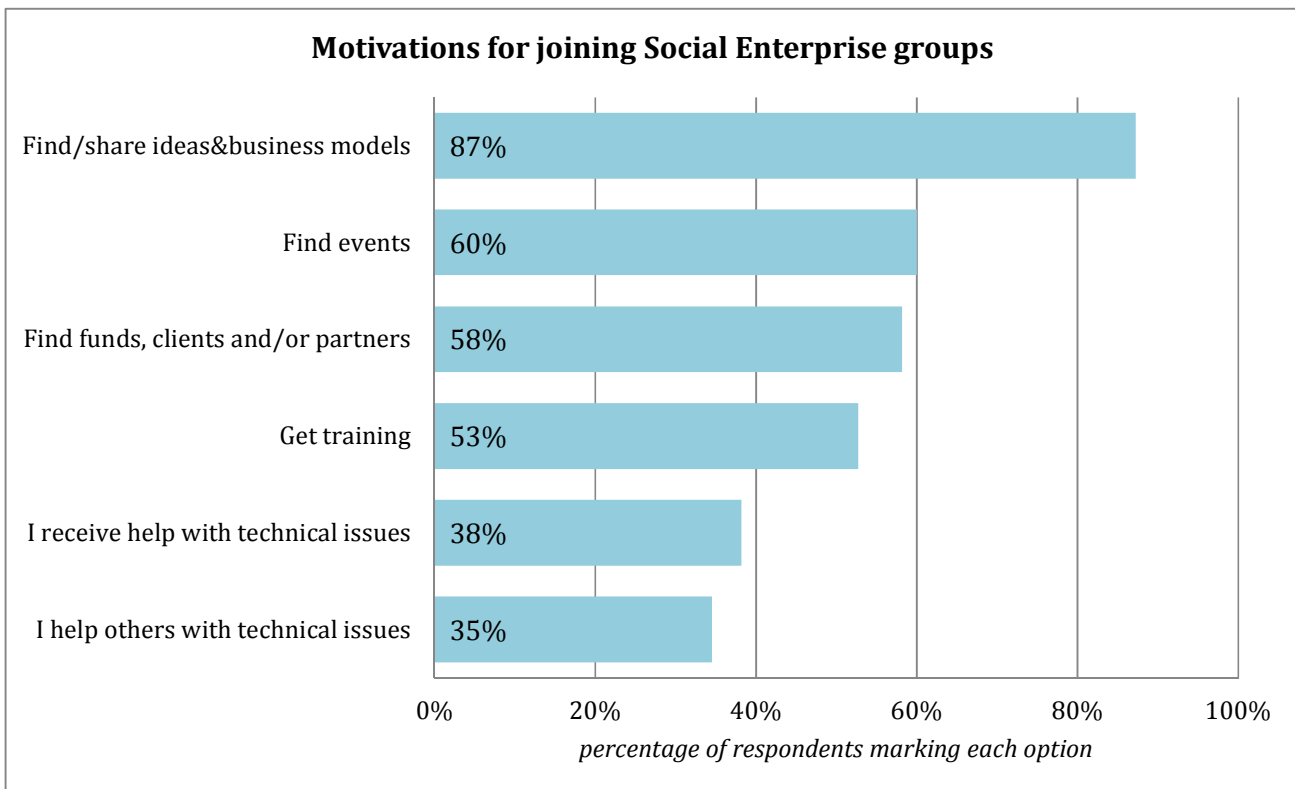


Figure 4. What are the motivations you have in joining these groups? N=55. The original options in the survey were: a) I'm currently in no group; b) Generally I receive help with technical issues from other people (help for challenges in engineering, design, electronics, physics, construction, etc.) for the development of products/ services; c) Generally I give other people help with technical issues (help for challenges in engineering, design, electronics, physics, construction, etc.) for the development of products/ services; d) Get training; e) Find funds and seed capital; f) Find events; g) Find business partners; h) Find clients; i) Share ideas and business models; j) Find/discuss new ideas; k) Other. (open-ended). Respondents could mark multiple options.

Social enterprise websites

As reported earlier, the respondents were asked if they visited websites specialized in social enterprise, and for which purposes. The answers are categorized in Figure 5. 40 of these 59 respondents listed the sites they visit for each category. 3 sites were mentioned repeatedly and for various categories. These were Ashoka (<https://www.ashoka.org/>), the Hub Bogota (<https://bogota.the-hub.net/>) and La Arenera (www.laarenera.org). Ashoka has Spanish versions for certain Latin countries (Mexico), but the general page is in English. Their affiliate page, Ashoka Changemakers, has versions in different languages.

The respondents seemed to know many sites where they can read news on social enterprise (28 different sites reported), but not many know where they can meet and interact with other social entrepreneurs. For this last category, there are only 7 sites listed (of a total of 12, I excluded the institutional sites of the

organizations in which the respondents are involved). No other sites, aside from the three most mentioned (*Ashoka, La Arenera and the Hub*), are listed to find events or webinars.

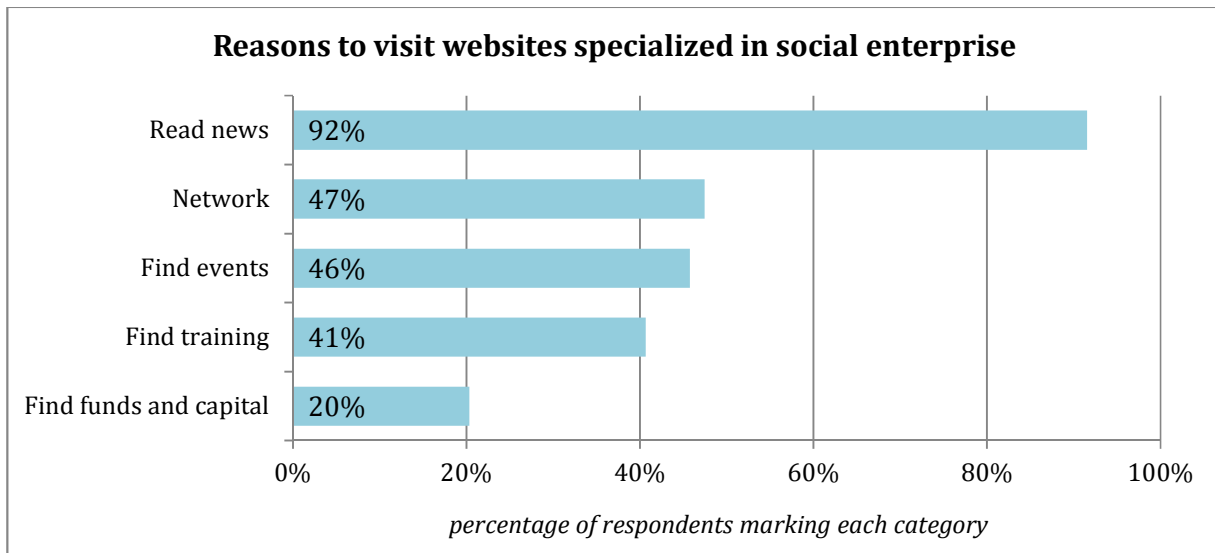


Figure 5. Do you visit websites specialized in social enterprise (sites, blogs, platforms, etc.) to:; N=59

Online collaboration: analysis

32 respondents gave information of the collaborative relations they sustain with other entrepreneurs outside their geographical reach. On average, each reported 3 current collaborations, totaling 101 relations. The respondents reported the city where their counterpart is located, the language they communicate in and how long have they been communicating. The following discussion will be regarding these collaborations.

The different collaborative relations spanned over 43 cities in 18 countries. In Brazil alone 16 cities were mentioned. 85 of the relations are conducted in the respondent's native language, 15 in English, and 1 in French.

The three most popular ways in which they first came into contact with the different entrepreneurs they collaborate with were (in order of importance) (1) social media, (2) through mutual contacts and (3) by finding contact information on the company websites where their collaborators are involved in. Only eight reported having used a social enterprise platform. The predominance of social media and popular communication software (Facebook, Skype, Google Hangout, email in general) to initiate and carry out these relations is in accord with the overall lack of knowledge of specialized social enterprise platforms

that could be better equipped for collaboration. “Collaboration” through social media might suffice for now, given the areas of enterprise the respondents are mostly involved in and the maturity of these. Nonetheless, they might be insufficient as social entrepreneurs engage in more technical and knowledge-intensive enterprises and require a higher-capacity infrastructure or software base for effective collaboration. This is evident in other communities such as collaborative open-source software production and innovation management systems that integrate communication features with file sharing, project bifurcation (“forking”) and enhanced multimedia features, etc.

Nonetheless, when asked “*what is the best way to meet other social entrepreneurs online?*” there was an equal amount of responses favoring social network profiles, and more specialized sites such as platforms and websites specifically crafted for social innovation and entrepreneurship.

Geographic dimension: Countrywide.

Figure 6 shows the geographic reach of these collaborative relations. Since there are 101 cases analyzed, the numbers reported correspond to the number of cases in that category and the percentage of the total they represent. “Nationals” refer to the collaborations that happen with people in the same country. “Other Latinos” are collaborations that occur with people that are Latino and are in a different Latin American country. “Other continent” refers to collaborative relations that happen with people outside of Latin America, although it might occur in the Latino’s native language, as several reported interactions with people from Spain or Portugal. Roughly half of the collaborations occur with people in their same country, the rest rather evenly divided between other Latinos and people in other continent.

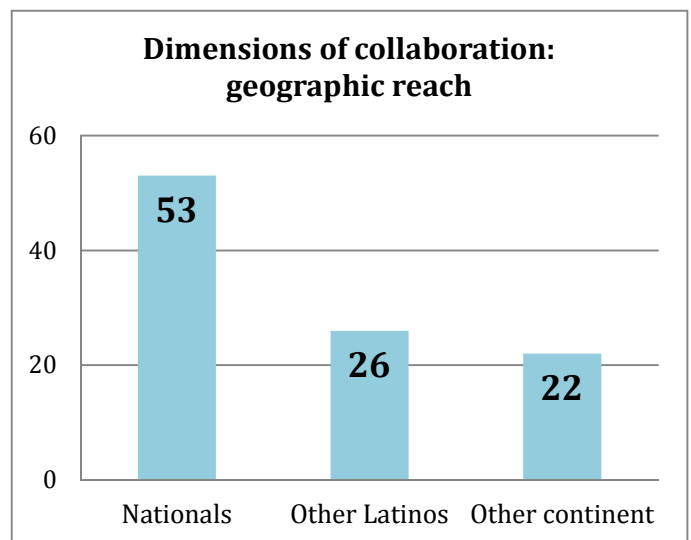


Figure 6. Nationals only considers relations within Brazil, Chile and Colombia. Other Latino countries mentioned: Argentina (3), Uruguay (3), Peru (3), Mexico (3); Costa Rica, Ecuador, Panama, Nicaragua all with 1 mention. Other continent countries are USA (7), Spain (6), UK (3), Belgium (2); Germany, Portugal and Iran with 1 mention.

Geographic and language dimension.

I then consider a different dimension of geography, “city” (as respondents reported the city they live in) and incorporate language. Figure 7 shows the information reported about these collaborations under these new dimensions. It is possible to imagine entrepreneurs that live in the same city but first began to collaborate through internet technologies, especially considering the size of some cities in Latin America. Bogotá has over 8 million people, and the metropolitan area of Sao Paulo has roughly the same population as the entire state of New York (over 19 million people).

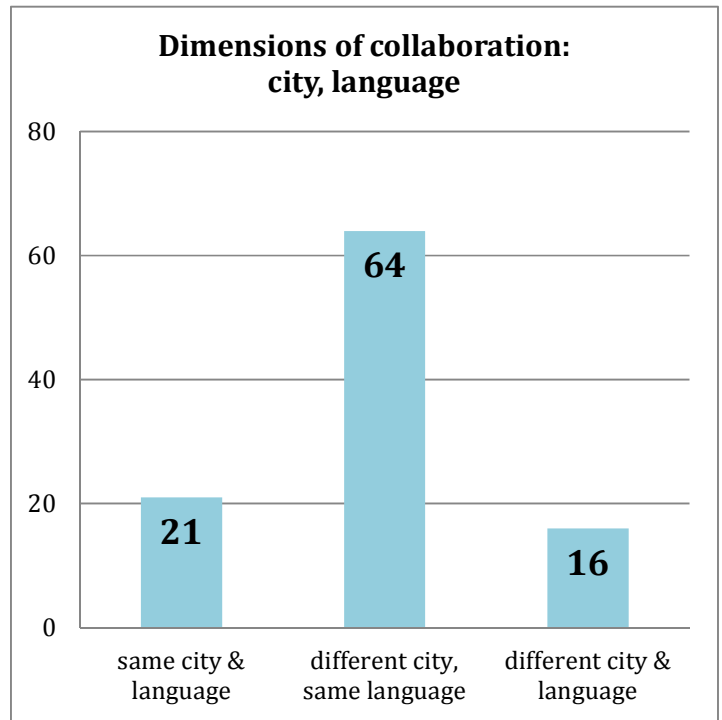


Figure 7. 101 collaborative relations considering geographic and language dimensions.

Time dimension. Figure 8 shows the time dimension of these collaborations. The great majority of these collaborations (79%) have been occurring for less than 2 years.

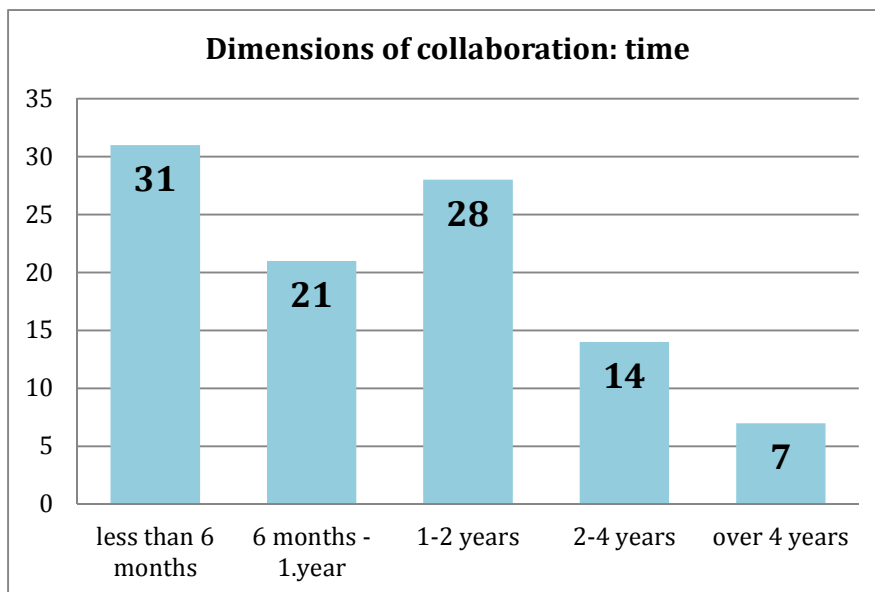
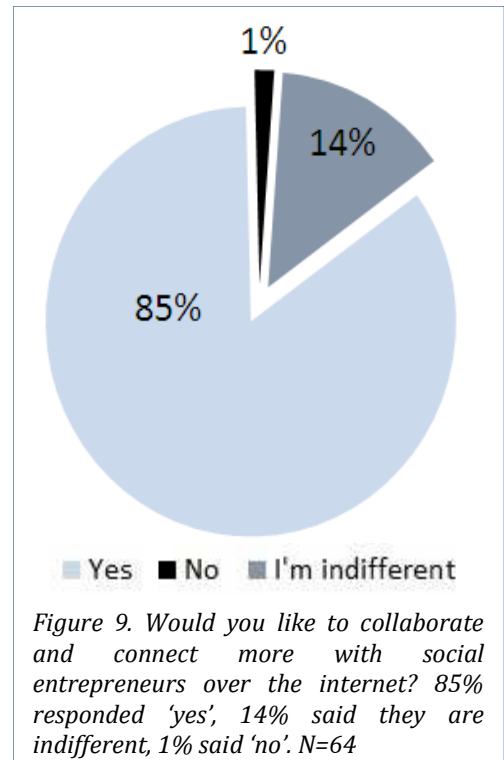


Figure 8. Time dimension of 101 collaborative relationships

Collaboration: needs assessment

Respondents were asked if they would like to collaborate more with social entrepreneurs over the internet, and how much they value collaborating with others overall.

There's an overwhelming majority that would like to collaborate more with others online. Figure 9 displays actual response values. This corresponds with the overall value they give to collaboration in general. On a scale from 1 to 5, 1 being the lowest (no value) and 5 the highest ("collaboration is very valuable") the reported average is 3.79. There are differences among the respondents as we can find ways to categorize them, I will discuss this further in the report.



Barriers to online collaboration

Respondents were asked what the barriers were to collaborating more online with other social entrepreneurs. The results are displayed in Figure 10.

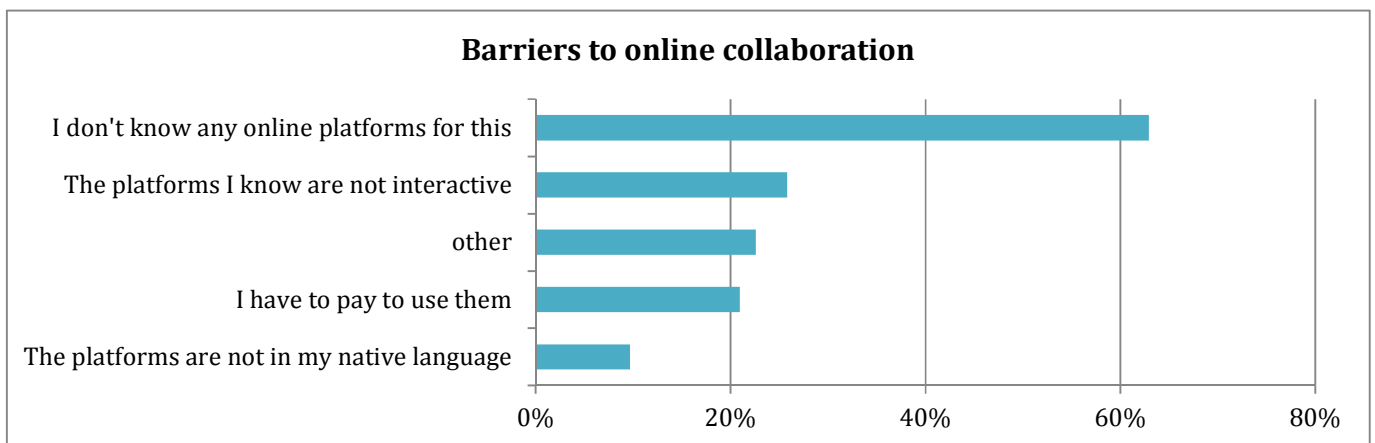


Figure 10. What are the barriers to collaborate and connect with other social entrepreneurs online? N=62. The "Other" category was an open-ended question, eight of the responses mentioned lack of time to engage online with other entrepreneurs, others mentioned language limitations. Respondents could mark multiple options. Percentages indicate the proportion of respondents that marked that option.

Figure 11 summarizes the responses when asked what features a social enterprise online platform must have for respondents to use it. Respondents were allowed to choose more than one option.

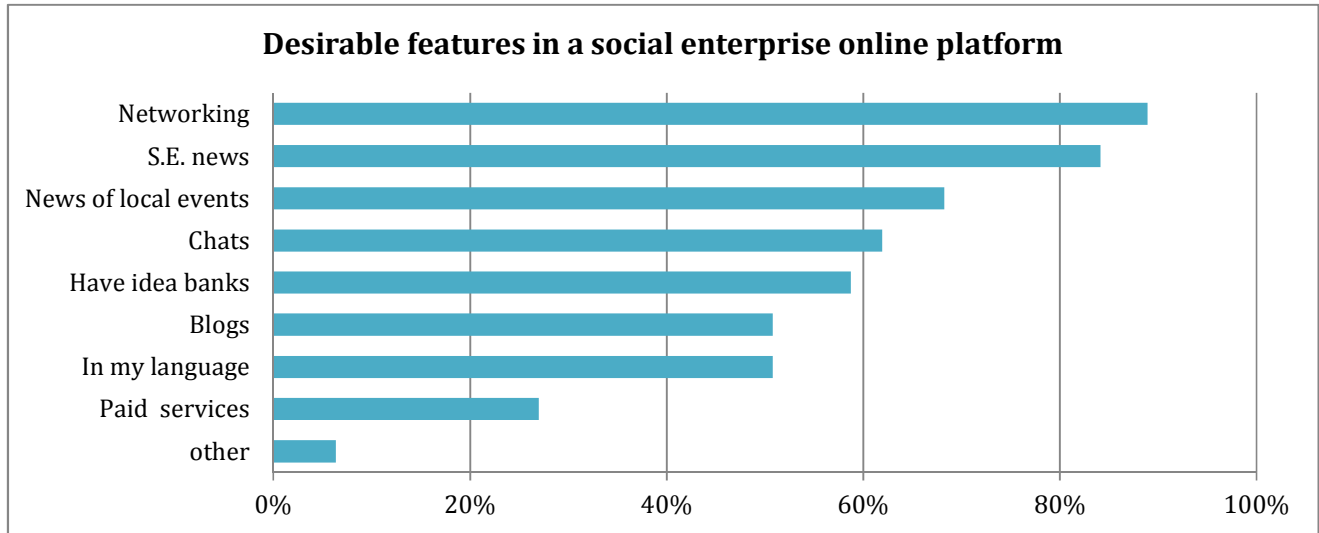


Figure 11 What features and tools should a social enterprise platform for collaboration have for you to use it? "Networking" = Allow networking with others; "S.E. news" = Social Enterprise news; "Have idea banks" = Have idea banks to up & download projects; "In my language" = Be in my native language. "Paid services" = the platform offering paid consulting services". N=63. The four "Other" responses related to funding opportunities, "a space for voluntary cooperation" and a mention of not only local but also global events. Respondents could mark multiple options. Percentages indicate the proportion of respondents that marked that option.

The answers of the previous question follow the direction of other responses and suggest of a demand for networking social entrepreneurs have and is not being met. If we recall the results of previous questions, the greatest motivations people have in joining formal and semi-formal groups of social entrepreneurs is precisely to network, participate in events and find funds, partners and clients. Their highest motivation for visiting specialized websites of social enterprise is to read news, followed closely by their desire to network with others. Respondents could name dozens of pages to read the news on, yet less than eight sites where they could go to meet and collaborate with others. In addition to this, the possibility to network with others was listed first in the desired features a social enterprise platform must have for them to use it. The possibility of an unmet demand is also suggested by the 85% of respondents that claimed they would like to collaborate more over the internet with other social entrepreneurs.

Differences among respondents

It is tempting to think of any relevant differences that might exist among those that collaborate and those that don't. In fact, if respondents are separated in "online collaborating" and "non-online collaborating" groups, those that collaborate online rate collaboration with other entrepreneurs higher than those that do not. The averages in ratings are 4.1 and 3.51 respectively, 5 being the maximum rating. I am not claiming

any statistical significance since these groups are not representative; I am only stating averages within the sample. Aside from this, both groups list in the same order of importance the barriers to online collaboration and the list of desired features for a hypothetical platform.

There are 12 “super collaborators”; people that collaborate with at least 4 other entrepreneurs. Their average rating of collaboration with other entrepreneurs is 4; 9 of them said they would like to collaborate more over the internet, 7 of them reported to not know of platforms where to meet and connect with other entrepreneurs as a barrier for more online collaboration. They’re average age is 26 and they are all single.

Group participation and online collaboration	Do you participate in a group?	
	YES	NO
Do you collaborate online?	YES	25%
	NO	57%
		75%
		43%
	100%	100%

Table 3. Participation in groups; yes=27, no=20; online collaboration; yes=32, no=35

Physical and online collaboration

Is there a relation between group participation and online collaboration? A glance at the relevant data from the survey (see Table 3) seems to suggest mechanisms of reinforcement between both. A larger sample would be needed to determine the existence of a relation and the direction of this.

VI. Conclusions

This study explored the socio-demographic characteristics, interests and modes of online collaboration of social entrepreneurs in Colombia, Chile and Brazil. Although the sample for this survey was by no means representative of the population, there seems to be trends emerging from the group surveyed that might be interesting to pursue in a wider study.

The social entrepreneurs of the survey were predominantly young, single and with middle to high income. Most have at least 16 years of formal education and upper intermediate level English skills.

Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

Most respondents belong to formal and semi-formal groups of social enterprise, and place a high value on collaboration among social entrepreneurs. There is a demand for online interaction, networking and collaboration expressed by most in the survey; nonetheless, respondents in general do not know where to go online to meet other social entrepreneurs and establish relations with them. I would claim this is due to an overall lack of online platforms that offer these features for social enterprise.

Close to half of the respondents maintain collaborative relations with other entrepreneurs over the internet. Despite having the capacity to establish collaborative relations with people in other countries and languages (there is no sign of language or technological barriers), collaboration mainly stays at home within country and among Latinos.

These findings suggest there is demand for national initiatives to connect social entrepreneurs. Governments and other organizations wanting to support social enterprise might optimize their efforts in this arena building platforms that focus on networking and information sharing. These platforms should have up-to-date news and information on social enterprise available to keep users returning, and slowly build other capacities.

This study can serve as a primer for more research containing a representative sample. Future research should focus on extension of the survey to other countries and regions of Latin America, and a qualitative evaluation of different forms of collaboration (physical, online, and between them, to discover if there is a relation between them).

APPENDIX 1a

The complete survey (Spanish)

APPENDIX 1b

The complete survey (Portuguese)

APPENDIX 2

List of organizations – question 12

For technical reasons I cannot separate organizations provided by Colombian and Chilean respondents, but it is possible between this group and Brazilian respondents.

1. *La Arenera*
2. *ASOGES*
3. *La Escuela Popular*
4. *the Hub*
5. *Unidad de acción vallecaucana*
6. *La Pola Social*
7. *TECHO*
8. *Pocalana*
9. *DPS*
10. *Mercado orgánico consciente y solidario*
11. *Red Agroecológica campesina*
12. *Art of Hosting*
13. *Asech*
14. *Red de Emprendedores Emprende País*
15. *Socialab*
16. *V Founders*
17. *Startup Chile*
18. *B Corporations*
19. *Ashoka*
20. *Asociación de Empresas Sociales Chile*
21. *AIESEC*
22. *Aconcagua Summit*
23. *ACCIONJOVEN*
24. *YouthActionNetwork*
25. *Meet-Up*
26. *Arriesgo*
27. *Desafiados*

Organizations mentioned by Brazilian respondents

1. *Choice*
2. *Emprendedinks*
3. *Net Impact*
4. *Global Shapers*
5. *Artemisia*
6. *Laboratório Estudar*
7. *ESPM Social*
8. *Rede Folha de Empreendedores Socioambientais*
9. *Rede dos Usineiros*
10. *Muda Mundo*
11. *BR 27*
12. *www.vivaamigos.org.br*
13. *Nós por Nós*

APPENDIX 3

List of organizations contacted for survey responded

Colombia

Aside from the Hub Bogota, I contacted “La Arenera”. La Arenera has an online platform with an extensive network of social entrepreneurs, and through these platforms members can contact and communicate with each other. Through their online directory I personally contacted several dozen people from across Colombia and invited them to answer the survey.

Other organizations that were contacted in Colombia to spread the survey are the following:

- La Pola Social (Bogota - facebook page)
- La Birra Social (Cali - facebook page)
- Ashoka Colombia (facebook page)
- Centro de Innovacion social CIS (facebook page) (*Center for Social Innovation CIS*)
- El Desparche Espacio de innovación y emprendimiento social (Medellin - facebook page) (*“El Desparche” – Space for social innovation and entrepreneurship*)

Chile

Socialab.com is a Latin American social innovation platform located in Santiago, Chile. It works mainly through cycles of thematic competitions where they will challenge people to solve a particular problem encountered by very low income people in Chile and abroad, be it energy, heating homes, acquiring clean water, and have their proposal compete for start-up funds.

The *Social iLab* of the Catholic University of Chile (Chile) is a growing social innovation organization that engages in a wide array of activities promoting social enterprise and innovation: from teaching and academic research, to entrepreneurial formation, business and government assessment and outreach in different forms.

Aside from these organizations in Chile, I contacted other groups:

- IJES: Incubadora para Jóvenes Emprendedores Sociales (facebook page) (*Incubator for Young Social Entrepreneurs*)
- Despega! Innovación Social (facebook page) (*Takeoff! Social Innovation*)

Social Enterprise In Latin America: Dimensions of collaboration among social entrepreneurs

- NISA: Nodo de Innovacion Social y Abierta (personal contact) (*Open Social Innovation Node*)
- EmprendoVerde (personal contact) (*Green Entrepreneurships*)

Brazil

In Brazil, aside from the 3 Hub organizations, I contacted other organizations I found through various searches and leads:

- NeSst Brazil (personal contact)
- Ashoka Brazil (facebook page)
- Folha Empredeedor social (facebook page)
- Emprededorismo Social (facebook page) (*Social Entrepreneurship*)

Multilateral Organizations

- Ashoka Changemakers en español
- AVINA
- CEPAL
- NextBillion.net

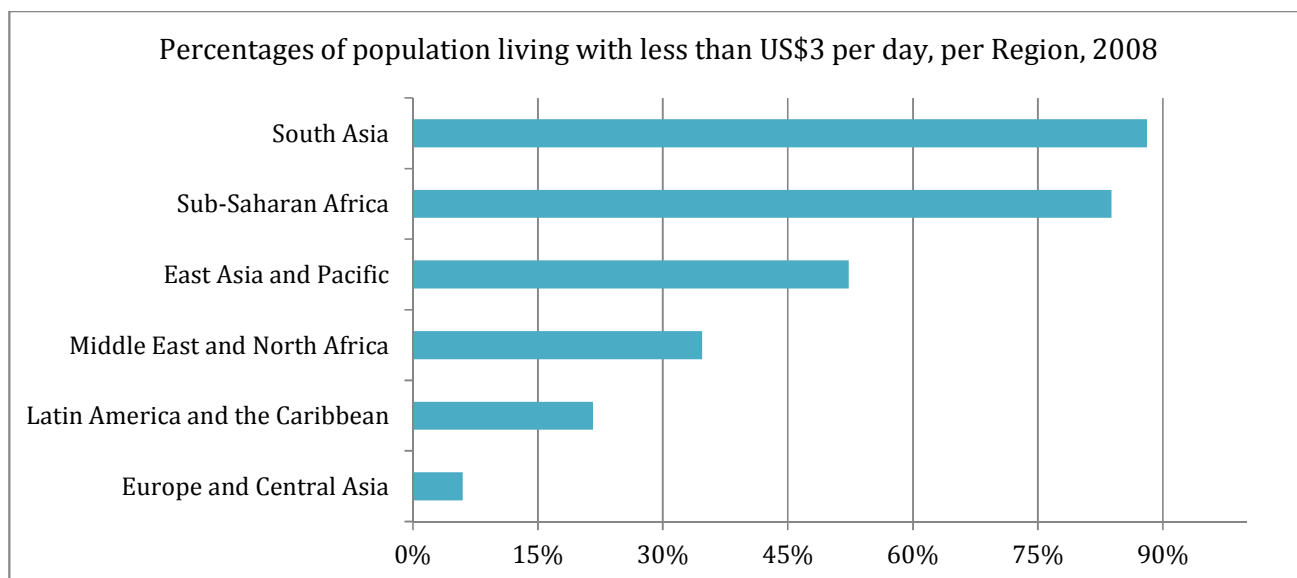
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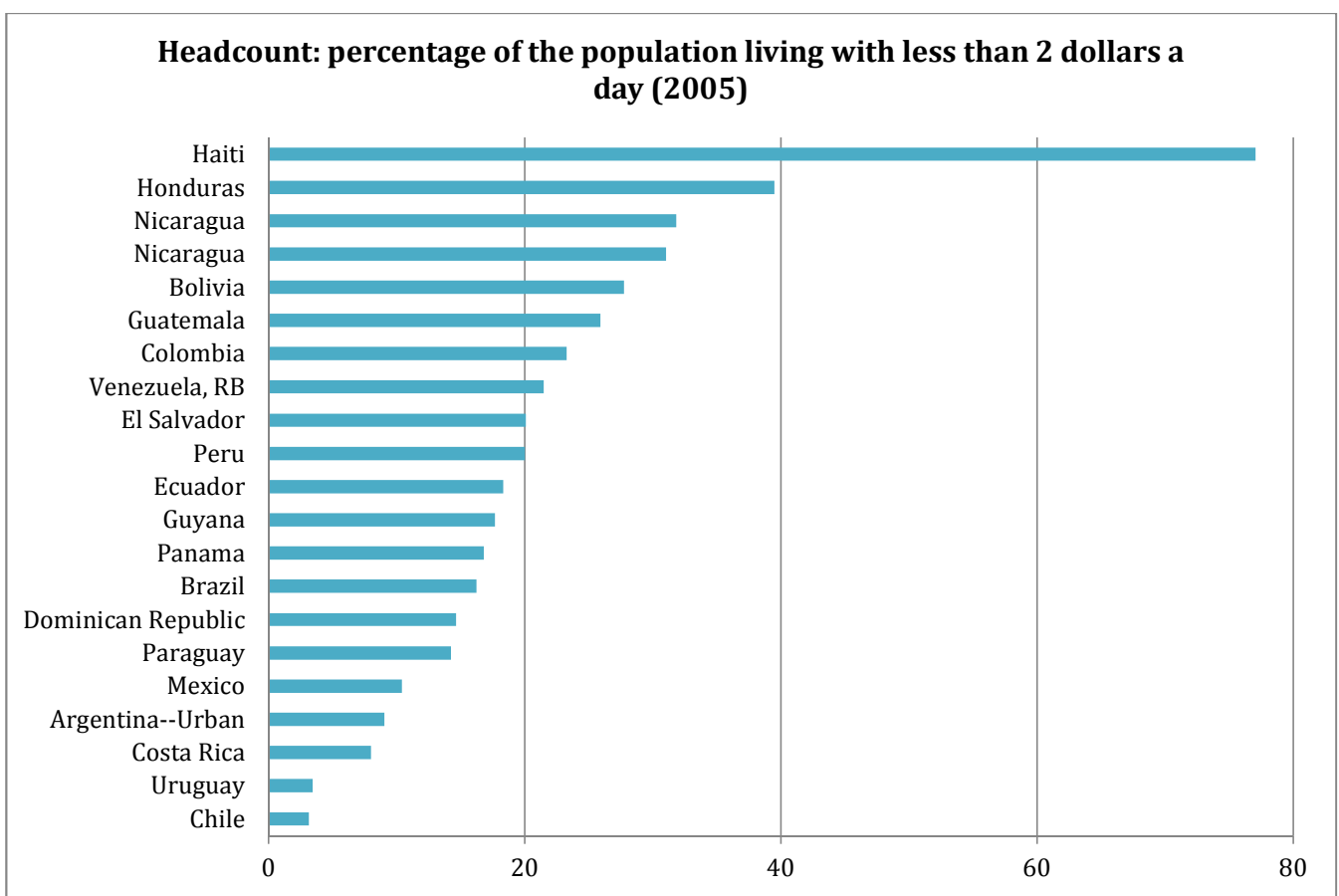
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Notes

ⁱ Official poverty statistics taken from World Bank Databank





ⁱⁱ Today the United States population represents only 5% of the world population yet consumes 25% of its fossil fuel and 30% of total World's resources, while other countries barely consume enough to sustain themselves. Regardless of this inequality in consumption, the environmental consequences of the American consumerism and oil usage are borne by people all over the world. The environmental impact of our current economic development model make poverty and hunger a problem for the rich as much as for the poor themselves, as the world's poor aim to achieve that American lifestyle level that is absolutely unsustainable from an environmental standpoint.

ⁱⁱⁱ The greatest failure of capitalism is that it fails to ensure that everyone in a society enjoys the benefits of competitive markets. Businesses focus exclusively on maximizing profits, therefore segment markets and cater to the people that provide the greater gains. This results in billions of low income people around the world to not have access to basic products and services that can greatly improve their quality of lives. Once and again markets have proven to exclude the majority from its benefits if they are not heavily intervened, and will inevitably transfer wealth upwards to the owners of capital. Let's be clear: *markets are instruments - there have no virtue in as of themselves*. They can be rigged to create vast inequality or provide access to opportunities for families that need goods and services that will improve their quality of lives. Virtuous cycles of development are those where families are empowered and given access; access to markets, to public services and civil liberties, to training, to opportunities to organize, etc.

This is not the picture today. In reality, millions of low-income families of the bottom of the pyramid (BOP) do not have access to basic products and services that would allow them to improve their quality of life, provide basic amenities and grant access to loans and capital. The exclusion of the BOP from formal markets is a major cause in the persistence of poverty today. It is not only a matter of lack of income or informality. Today's standard business practices, carved from our current economic development model, produce a chasm between low income families and formal markets that prevents needy families from taking advantage of the possibilities the "free market" offers to improve their quality of life. The main reason for this is that firms solely focus on maximizing short term profits. Firms cater to the low risk market segments, middle to high income earners, and focus on products and services that are low volume and high margin. Profit maximization also leads to practices of corporate secrecy, the need for patents, copyrights and centralization, all which lead to further separate the BOP from the markets.

^{iv} The "structural nature of the problems" we face are based mainly on the assumptions and rules of engagement of free market capitalism that have shaped our method of achieving economic development. The assumptions are worth mentioning mainly due to their absurdity. The dominant economic theory reduces people to rational, self-interested being that only maximize their own well-being. They assume markets have an "invisible hand" that will move about between different people with different initial endowments and allow the exchanges for the best outcomes. It assumes people always have all the information they need to make the best decisions (by "best", economists mean "the decision that maximizes their wellbeing"). Shying away from the idea of redistribution, mainstream economics cares mainly of growing the economic output as a means of achieving development, barely considering restrictions of natural resources or equity. As absurd as these assumptions sound, there are two other ideas that are more alarming. First, mainstream economists have declared their studies to be value-free and care only for "increasing efficiency" (making the pie bigger) without looking at environmental or social costs. Second, economists sustain that markets left alone are perfectly competitive and will deliver the best outcome for society. Markets "left alone" means without the "burden" of regulations or restrictions a government might put in place to address issues of environmental protection, taxation, social equity or other social issues. This assumption, which arguably never holds true, naturally pitches markets and government in antagonizing positions and draws a stark line between public and private initiatives.

^v Ashoka is a worldwide network of social entrepreneurs, with nearly 3,000 Ashoka Fellows in 70 countries. It was founded by Bill Drayton in 1980, and has provided start-up financing, professional support services, and connections to a global network across the business and social sectors. It also hosts a platform for social entrepreneurs to connect and share. For more, visit www.ashoka.org

^{vi} Muhammad Yunus wrote in 2000^{vi} that a social enterprise is a new organization that borrows practices from both public and private sectors, but uses markets to finance itself. As in the previous definition, he also states that first and foremost, a social enterprise is driven by a social purpose, and does not exist to makes its owners rich. Its main objective is to deliver a social benefit and measures its success by the degree in which it can benefit its different stakeholders. This said, it resembles a traditional business in that it tries to recover its costs through market mechanisms – it moves away from depending on charity and donations towards more independent and sustainable ways of financing itself. For Yunus, a social enterprise can take two forms of delivering its social benefit: either by the nature of the products and services it offers (the benefit comes from the consumption and use of the products by a disadvantaged group) or by the ownership structure. In the first type, social enterprises will offer, for example, affordable health services or renewable energy technology to families with currently no access. It might sell refurbished agricultural equipment at fair prices to rural farmers that cannot afford new machinery. The second type will be a profit-maximizing group that will be owned by the communities and other disadvantaged groups, and become a vehicle for further investment in social projects. An example could be

the construction of a bridge or irrigation project that can generate revenue charging for its use, but the beneficiaries are the community members either through the payment of dividends or the reinvestment of these in projects that benefit the community in general.

In our society we commonly think of three sectors: government, business and the not-for-profit organizations. In a much lesser degree you can find cooperatives or other productive units. Each of these organizations have strengths and weaknesses to achieve certain goals, but altogether come short in having the capacity to address the most pressing challenges we face today. Yunus points out the shortcomings of the three most important organizations today. Governments are very good at creating new programs and agencies but very bad at closing those programs that have ceased to be relevant. There are problems of politics and accountability that come from the governments' size and power, and governmental organizations tend to be less nimble and more bureaucratic than businesses or not-for-profits.

Traditional businesses, by definition, cannot and will not solve social or environmental problems, for their sole goal is to increase the value of its stakeholder's investment. The only way a business will contribute to solving these problems is if by doing so they can at the same time maximize profits, and this scenario never happens. Corporate Social Responsibility has been a concept developed by businesses to play their part in addressing poverty, climate change and other local problems, but any action that clashes with maximizing profits has difficulty in being implemented, and this gets to the heart of the negative externalities businesses impose on the rest of society.

Not-for-profit organizations also play an important role in development and environmental sustainability, but the fact that a majority depend on donations raises severe issues of impact and financial sustainability. This dependence on the charity and goodwill of individuals and corporations to maintain their operations means that when times are lean (and therefore the needs of the poorest are greatest) the funds dry up and the good work stops. The availability of donations and money for charity will also be the smallest where the needs are greatest. The uncertainty of funds hinders several of these organizations from long term planning and to develop work with long term results.