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Social Entrepreneurship: The Ideal Business for Humanity and the Economy

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<u>Preface</u>
Discovering the New Model

I led a volunteer trip to Costa Rica the first weeks after completing my freshman year at Pomona. We spent our time on the coast, working night patrols to guard the breeding grounds of endangered sea turtles, conducting scientific research on the environment, and attempting to teach both sustainability and the concept of extinction to the locals who traditionally hunted the sea turtles.

The experience was remarkable; the other volunteers and I spent hours of the night trekking up and down the black sand beach, searching for the six- to eight-foot-long mothers that sporadically ambled out of the ocean to lay their enormous eggs. It was our job to quietly slip behind the females as they kicked their powerful legs until a large hole appeared in the sand. We took turns lying behind her with our arms outstretched, catching the soft, mucous-covered eggs in a white sack, and then relocating them to a fenced area that neither predators nor locals could access. Sometimes, the night patrols would come across a native, whose hands would be cupped into round shovels as he or she attempted to dig up a freshly lain clutch. The individual would be stopped, and one of the volunteers—in nasally, formal Spanish—would explain why Costa Ricans could no longer consume turtle eggs on their own land.

During the day, we listened intently as the English project manager stated alarming statistics on the extinction rate of these 100-million-year-old creatures. We sat through hours of presentations that explained the imperative nature of conservation, later reciting the information to any local who would listen.

Surprisingly though, we never learned about the history of the people we were attempting to inform. The only Costa Ricans with whom we interacted were the few that had been hired as guards of the night patrols, cooks, or hosts.

We spent our nights in a small cottage, owned by a large indigenous family. They lived well, and were one of the few locals to be accommodated for the presence of and disturbance by our organization. Other than that family and a few of their close friends, we were isolated from the outside community, and did not acknowledge unfamiliar natives unless we were instructing them to stay away from sea turtle eggs. The day we left, I observed a confused old woman trudge away from the beach, followed by proud volunteers who had successfully deterred her from sea turtle habitat.

Though the organization had good intentions, the project outcomes were inconsequential or nonexistent, forcing the sea turtle conservation program to close not long after we left the country. I saw members of my group spend most of their days collecting trivial ecological data that seemed only to fuel the sense of purpose of these paying volunteers. One employee told me that their work did nothing to impact the rural area, but the data would be sold to research companies in order to acquire funding. It seemed they were forced to neglect their fundamental mission, to help the community, in order to sustain their organization.

I had come to Central America with the naïve perception that these kinds of organizations always resolved the social or environmental issues wherever they established. It appeared that the only thing this institution significantly influenced was my perception of humanitarian programs. It became clear just how flawed their

system was when I observed other American volunteers under the instruction of the project manager, who attempted to enforce rules that the Costa Ricans neither respected nor understood. In their benevolent attempt to save endangered species, I watched foreign volunteers disregard the traditions and culture of the coastal inhabitants.

The locals did not adopt our perception of conservation. They continued hunting sea turtles and interacted with their environment just as they had for many generations. This was because the volunteer organization did not attempt to understand the motives of the natives. Instead, they forced their ideals onto the community and expected them to comply. On the company's website, our trip was described as meaningful work that positively impacted the local community as well as preserved endangered sea turtle populations. After the trip, I realized this claim was false; we were unable to do either because the organization attempted to fundamentally alter the culture of these Costa Ricans without collaborating with the community at large.

My time in Costa Rica encouraged me to explore the competence of European and American organizations in developing countries. I spent the rest of that summer interning in Trinidad, where I remained conscious of the influence of nonprofit and foreign aid organizations. I witnessed a disconnect between the communities' needs and the services provided by the institutions. Though small food drives or fundraisers or beach cleanup activities were successful, there was no initiative to fundamentally change the structural conditions that perpetuated the need for these projects. Instead of examining the cause of poverty or the source of pollution, the

work I observed only focused on short term, unsustainable resolutions that

mitigated but did not significantly alter the root causes of these socioeconomic and

environmental problems. Also, there was corruption everywhere—within the

organizations, and all the way up to their interactions with the government. This

seemed to negatively affect both growth and sustainability, and almost every

Trinidadian expressed that the constant claims of money laundering and

embezzlement decreased their confidence in the competence of social programs.

Despite these disheartening discoveries, I left the West Indies with a plethora

of knowledge and an even stronger desire to volunteer abroad. The organizations I

had examined did not collaborate with the community, develop initiatives that

respected native culture and tradition, or establish sustainable programs that

protected the environment without sacrificing the locals' wellbeing. I had begun to

construct a list of the characteristics defining a successful humanitarian

organization, and a list of qualities to avoid. Guided by my experiences in Costa Rica

and Trinidad, I searched for a program through which I could positively impact a

community in need. Eventually, I found ReefDoctor, a United-Kingdom-based

nonprofit organization (NPO), located in Ifaty, the most impoverished region of

Madagascar.

Their website boasted "a fresh holistic modular approach using research,

management, educational and social development tools to undertake conservation"

(ReefDoctor 2012). It described ReefDoctor as the type of organization that

prioritized the collaborative efforts and consideration of local culture that I had not

seen in other programs; "By educating and involving local communities in the

sustainable management of their own resources they become stewards of their own environment and therefore their future whilst preserving their unique cultures, knowledge and traditions" (ReefDoctor 2012).

I was assured that my efforts would directly influence the people of Ifaty who were in dire need of aid and volunteers. The locals, the Vezo tribespeople, were literally starving. Global warming was culpable for the prolonged droughts that were devastating the country's agriculture, and thus forcing subsistence farmers to migrate to the coast. Increasing water temperatures also resulting from global warming had already begun to bleach the coral reefs, and the influx of inlanders only exacerbated the rising rate of destruction. The inexperienced migrants overfished the reef, and unwittingly crushed newly forming coral systems as they plunged through the shallow waters, decimating the habitat of young fish and edible vegetation. The Vezo people faced both ecological and social problems that they could not resolve alone. ReefDoctor presented itself as an ideal nonprofit that would provide the means to productively assist the community, as well as present an efficiently functioning nonprofit that I could both learn from and observe.

And so, I designed a trip to research and volunteer with ReefDoctor, and presented my proposal upon returning from my summer abroad. I was soon after awarded a grant from the Student Undergraduate Research Program, which I used to finance the roughly $1,000 ReefDoctor volunteer fee, and some of my travel expenses. I imagined rewardingly exhausting days, dedicating all of my energy to saving the region's ecological systems, and working closely with the tribespeople to

develop an environmentally sustainable food source that would feed every hungry Vezo.

To my utter disappointment, ReefDoctor not only failed to meet my expectations, they also failed to successfully execute almost every one of their social and environmental programs. Aside from one unique turtle conservation project, every ReefDoctor initiative to help the Vezo people or to salvage the crumbling coral reef system eventually proved infeasible, unsustainable, or ineffective.

To begin, the founder of the organization was not in the country; he lived in England and had been away for several years. Despite his isolation from Ifaty, he still attempted to design projects, allocate funds, and manage the organization. But the distance prevented successful communication, and hindered his ability to adapt the projects to best fit the individuals and evolving cultures of the community. Consequently, ReefDoctor's funding was wasted initiating programs that either failed to recruit members, or proved unsustainable or ineffective. Like other nonprofits I had observed, the top-down management system inhibited the pivotal communication and close examination required between those designing volunteer initiatives and those affected by them.

The founder was not the only one isolated from the community. Perplexingly, the only Vezo tribespeople with whom we regularly interacted were ReefDoctor's cooks, laundrywomen, boat drivers, guards, or grocery deliver personnel. The camp was only a five minute walk from the local village, but I would often have to travel alone up the white sand beach, through the rickety fence maze, past goats and

scrawny chickens and sandy-faced children, to the central gathering place of the community members.

ReefDoctor is a not-for-profit organization; it is completely economically dependent on paying volunteers, major donor contributions, and awarded grants. Subsequently, it must prioritize the demands of volunteers and donors in order to sustain funding. Instead of focusing on the needs of the locals, the organization concerns itself with appeasing its major contributors. Similar to what I had witnessed in Costa Rica, when an organization is funded by donations, its primary concern inevitably becomes sustaining itself: seeking more funding. Consequently, it tends to disregard or compromise its fundamental social mission in order to appease donors or pursue a means to acquire funding. As Hancock (1989) analogized, "The way in which the mill operates becomes more important than the quality of the flour it produces."

ReefDoctor's daily camp activities demonstrated the negative outcomes of donor dependency. Without fail, ReefDoctor employees would emerge from their huts just after dawn, fill their stomachs with the fried dough left out by the cook from the night before, trudge through the cold sand and into the dive shed where they would force themselves into tight diving suits, drag their oxygen tanks onto the rickety fishing boat, and fight the pangs of seasickness as the small Malagasy boatman led them out to conduct their morning reef surveys.

The costs of gas, boat maintenance, and upkeep of diving gear were expensive, but ReefDoctor prioritized these expenditures, though it did not have the funds to advance its prospective youth scholarship program, or to contribute to its

treatment fund for Vezo people burned by traditional, uncovered oil fires.

ReefDoctor prioritized grant writing, so conducting ecological research every day, in

a competition with other nonprofits to produce journal articles and submit new

discoveries, was the number one priority. Out of all of the programs, Reef surveys

were the only initiative I observed that regularly met and functioned efficiently.

Members of the organization were continuously collecting data to track the

depletion of the coral reef, but this did nothing to help the Vezo people, or to sustain

the reef itself. I was astonished by how little the community was considered or

acknowledged, and by how much importance was attributed to projects that

acquired funding.

ReefDoctor blatantly disregarded the culture, the needs and the traditions of

the local people by attempting to implement various sustainability and coral reef

conservation projects in the poorest region of Madagascar. Once, one of the few

women who spoke English began to discuss her day-to-day struggles with me. She

told me that sometimes, when there are no fish to catch, she collects minnows for

her children, and drinks a cup of hot water before she sleeps to stop the hunger

pains. One of the reasons why their conservation program did not function as

planned was because they attempted to limit the Vezo people from fishing on their

own land in a time when most of the locals were struggling to sustain themselves.

After a few weeks on camp in Ifaty, I packed my bags and travelled alone

through the country, visiting other organizations and analyzing their practices. I

spoke with Peace Corps members, independent volunteers, and employees from the

reef conservation organizations. I also visited an orphanage that sustained itself by

selling handicrafts made by the housed children. After travelling through the lush rainforests of Ranomafana, guest speaking in a three-walled, crumbling classroom in Ambositra, learning to respond *tsy misy* to the introduction *salama, inona ny vaovao?* and riding in overcrowded taxi-brousses next to and under chickens, children, luggage, and large sacks stamped USAID, I discovered what I believe to be the essential characteristics required by an aid organization in order for it to produce sustained and significant change.

My thesis is a close examination of these qualities, which are all represented in the social entrepreneurship model.

<u>Chapter I</u>
Introduction

Poverty is unnecessary.
-Muhammad Yunus

In the past two decades, social entrepreneurship has emerged at the forefront of development initiatives aimed to improve the lives of marginalized and poor people around the world (Alvord et al. 2004; Bornstein & Davis 2010; McAnany 2012). Previously, attempts to impact these communities were exclusively executed by government agencies, private foundations, or nonprofit, volunteer, and non-governmental organizations (Kerlin 2009). Despite their prevalence in impoverished areas, the majority of host countries have not experienced significant changes in their socioeconomic state, or a drastic increase in the integrity of their corrupt political systems (de Waal 1997; Kerlin 2009).

Congruent with these findings, Alvord, Brown, and Letts (2004) from Harvard University analyzed the influence of government aid agencies and private foundations, concluding, "…all too often, the results of these initiatives have been disappointing in terms of both effectiveness and sustainability, let alone their capacity to scale up their impacts into significant social change." The traditional not-for-profits frequently lack the means to significantly and permanently impact impoverished communities, as has been demonstrated by the unrelenting social, political and economic ills that continue to decimate the societies in which these organizations have established (de Waal 1997).

That is not to discredit the social contributions of nonprofits, charitable funds, government aid agencies, and volunteer organizations; on the contrary, these organizations have historically aided marginalized and impoverished people around the world. Despite its history of donation embezzlement (Holguin 2009), the nonprofit organization Red Cross, for example, has been an indispensable resource in America for more than 100 years. Though some of its activities have been questionable in nature, USAID has provided development, humanitarian and economic assistance to individuals in need around the world. There are many others that have significantly impacted the communities where they are located, and permanently improved the welfare of the individuals affected. Their ability to contribute to the advancement of society is not in question. The issue is that these organizations are not the most efficient or most effective means of generating social change (McAnany 2012).

These traditional models all share several inherent flaws that hinder their ability to maximize their contributions to society. Specifically, they will never achieve self-sustainability; they are always financially dependent on their donors, and constantly competing for funding inevitably disrupts the pursuit of their fundamental social mission (Anheier and Salamon 1998). In addition, they are criticized for their frequently disjointed, top-down management structure, their inability to foster self-reliance and independence in the communities to which they contribute, and their misguided social initiatives that often fail to consider the culture or traditions of the impacted individuals.

There is a solution; social enterprises have continuously demonstrated their ability to productively generate sustained change. As stated by Katzenstein and Chrispin (2011) in their essay describing social enterprises in Africa, "Entrepreneurship is, after all, the engine of economic growth in developed countries, and the concepts of entrepreneurship have proven effective in many developing countries." Plus, their financially independent nature allows them to more efficiently employ social initiatives. In *Social Enterprise: A Global Comparison*, written by Janelle A. Kerlin, the social enterprise is examined as a means for the civil society to resolve social issues.

> Increasing interest in the social enterprise has been spurred on the belief that market-based approaches for social benefit can contribute significantly to the self-determination and long-term sustainability of programs serving the disadvantaged, particularly in regions where funding from government and private sources is limited or unavailable. Indeed, policy makers and international development strategists alike have begun looking to social enterprise to regenerate communities, deliver public services, and promote a new, socially responsible economic engine. (Kerlin 2009)

Unlike the other models, the social enterprise functions as productively as a for-profit business, but differs in that it prioritizes humanitarian development over short term economic growth; it combines "…a social mission with business-like discipline" (Katzenstein & Chrispin 2011). In other words, a social enterprise is an economically independent business that prioritizes and actively pursues social development, while funding its own initiatives. Not surprisingly, it has increasingly been utilized as a means to resolve the issues of society (Emerson & Twersky 1996; Thake & Zadek 1997; Alvord et al. 2004).

These enterprises are devoid of the problems faced by former aid systems. They are the optimal model for sustaining social change in that they unanimously

encourage a bottom-up, inclusive leadership system; they implement policies and programs that promote sustained socioeconomic independence in the communities that they influence; they have the capacity to grow and thus increase positive social impact over time; and after they are initially established, social enterprises do not require funding or donations, as they are for-profit institutions, and are able to sustain themselves, which means they have more freedom to act in favor of the communities' needs, and not the donors' desires.

Social entrepreneurship is the ideal model for the most efficient and productive impact on social issues in impoverished or otherwise marginalized communities around the world. Traditional models such as government aid agencies, nonprofit organizations, and nongovernmental organizations are fundamentally flawed in their design, and thus incapable of ever truly maximizing their social contribution or achieving the same level of efficiency as the social enterprise model.

Chapter 2
Social Entrepreneurship: Defined

Change starts when someone sees the next step.
-William Dayton

Recently, the concept of social entrepreneurship has received significant attention from economists, social scientists, philanthropists, and international governments. It is still too new of a concept to have achieved a universal definition. However, there seems to be a general consensus in the business's characteristics and procedures. For example, David Bornstein and Susan Davis in their book *Social Entrepreneurship: What Everyone Needs to Know* identify the model's utility as a means to resolve social issues: "Social entrepreneurship is a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human right abuses and corruption, in order to make life better for many." Congruent with the authors, McAnany (2009) describes the inherent purpose of social entrepreneurship as resolving problems within society, and addresses its unique potential to increase social impact over time through a "rippling" effect: the "[social enterprise] tends to start locally to solve a problem with an innovative approach, and once the idea has been tested and shows positive results, it attempts to spread the approach to more people until it reaches a large scale. It also seeks sustainability through more permanent funding sources and attempts to practice organizational efficiency and demonstrate clear benefits."

Similarly, Katzenstein & B.R. Chrispin (2011) note, "Social entrepreneurship is a variation of entrepreneurship with the social mission explicit and central to its reason for being. The impact on society rather than wealth creation becomes the primary value created." The "mission-related impact" is the primary priority— above wealth creation or volunteer recruitment or accumulation of grants or donations, unlike the traditional models. Lastly, Alvord, Brown, and Letts (2004) closely studied social entrepreneurships around the world and found that "they create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems rather than market criteria." These socially conscious, for-profit businesses are not only innovative; they are recognized for their resourcefulness and are constantly discovering new ways to overcome challenges in the communities they serve.

The aforementioned definitions distinguish social entrepreneurship for its exemplary demonstrations of innovation, its ability to mobilize resources, its fundamental priority of a social mission established with the business itself, and its capacity to impact society, with the potential to increase and expand its initiatives over time. Though social entrepreneurship is a versatile concept still developing a formal definition, and all of the above descriptions are accurate in their own vein, for comprehension's sake, only one definition will be employed. This will be from the United Kingdom government: "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" (Kerlin 2009). In other words, it is a for-profit business

that actively pursues its social objectives by investing its returns into initiatives that contribute to the advancement of said objectives.

In congruence with the above definition, the social enterprises addressed in this essay adhere to six specific criteria. These require that the for-profit business must 1) efficiently produce a good or service, and 2) use the profits from this business to invest principally in socially minded initiatives directed towards a specific community. The company must 3) adopt and then actively pursue a humanitarian mission that aims to resolve a social issue, and 4) the pursuit of this humanitarian mission must be the fundamental priority of the business. Therefore, it must be 5) willing to forego economic growth in order to increase social development, either directly through employing its own social initiatives, or indirectly through product, monetary, or labor donations. It must 6) become an economically independent, self-sustaining organization with the capacity to grow and thus increase its positive impact over time.

Finally, the characteristics described above may present themselves in various establishments, but only two specific forms will be acknowledged. Firstly, the social enterprise that functions independently, generating revenue as a for-profit business in order to fund its endeavors geared towards resolving some social issue and also increasing social development. This includes community development banks, microfinance loan initiatives, and social enterprises that exclusively employ members from the communities they are working to improve. The second form is a hybrid system. Essentially, it is a charitable foundation and a for-profit business that have permanently been fused and practice a symbiotic

relationship. The business side perpetually donates its profits to the charitable side while the charitable side manages the social initiatives. Both components share the same fundamental social mission and actively pursue it as one humanitarian organization. This type includes a homeless shelter that establishes a business in order to train and then employ its residents.

To clarify, in this essay's definition of a social entrepreneurship or any other, a corporation does not become a social enterprise if it simply donates to charity. For example, Target has donated books, funded museum days, field trips, and paid for food pantries for families through its giveback program, which donates one percent of all customer transactions in a specific community back to that community. The initiative donates more than $4 million a week (Target 2012). Target is donating a significant amount to social initiatives aimed to improve the communities where each company is located, thus decreasing the amount of revenue reinvested into the company or distributed to individuals in order to increase social development. Also, it seems to practice a symbiotic relationship with the affiliated charity. Despite its benevolent contributions, Target is still a competitive corporation with a fundamental motive to increase share value, and to maximize profits through minimizing costs by any means necessary. The company is using its own revenue to fund the giveback program. However, the subsequent positive publicity, the potential increase in sales due to post-donation customer loyalty, and the benefits it will receive from marketing its good deeds. will likely mitigate the loss in returns (Porter and Kramer 2003; Smith 1994). In order to achieve the status of a legitimate social enterprise, Target would have to fundamentally alter its business platform,

and adopt an entirely new agenda prioritizing social development, which would

dramatically affect its ability to compete with other major corporations. Greg Dees,

the "father of social entrepreneurship education," provides a precise description of

the distinction between traditional for-profit businesses and social

entrepreneurship.

> For social entrepreneurs, the social mission is explicit and central. This obviously affects how social entrepreneurs perceive and assess opportunities. Mission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to an end for social entrepreneurs. With business entrepreneurs, wealth creation is a way of measuring value creation. This is because business entrepreneurs are subject to market discipline, which determines in large part whether they are creating value. If they do not shift resources to more economically productive uses, they tend to be driven out of business. (Dees 1998)

It would be difficult, but not impossible, for major corporations such as

Target to restructure their companies in a way that conforms to the stipulations of a

social enterprise. For starters, it would need to prioritize social development over

all other concepts. Unlike the social enterprise, the traditional for-profit model is

directed by a chief executive officer (CEO) whose sole focus is to maximize share

value. A social entrepreneurship does not have a board of executives, no major

shareholders who are incessantly pressuring the CEO to run the company in a way

that will increase stock value and thus their dividends. Though the social enterprise

operates as efficiently and productively as the traditional business, its inherent

purpose is to advance the society; and so, economic growth only functions as a

means to achieve this end.

<u>Chapter 3</u>
Traditional Models

We cannot solve our problems with the same thinking we used when we created them.
-Albert Einstein

There are many inherent issues within the fundamental structure of traditional aid models. One aspect of most nonprofits, and other donor-dependent organizations that seems to cause a significant amount of inefficiency, and in my experience, tends to lead to the failure of community-based initiatives is the top-down management approach. I recently interviewed Pomona College senior, Christina Cyr, regarding the humanitarian organizations that she worked with during her study abroad in South Africa. She observed problems between the aid organization and the communities impacted by their projects and programs. Similar to ReefDoctor's frequently unsustainable and ineffective projects developed by its London-based founder, Christina noticed, "A large number of non-profits are affiliated with international organizations, or run by individuals or groups abroad" (Christina 2012).

Christina and I shared similar sentiments regarding western nonprofits in the east and their tendency to implement their western ideals through policies and projects, without modifying them to align with the culture and traditions of the affected community. Christina (2012) elaborated on this issue:

> As a result, funding often goes toward projects that were never asked for by the aid recipients. Often, the decision-makers in more hierarchical-structured organizations have false notions of what people really need. Western solutions do not always work in the South African context.

She referenced the urban farming initiative that began in the United States and then travelled to Africa as nonprofits attempted to disseminate and apply this model. And though they have funded "a large number" of these gardening projects, a vast majority of them have failed, because the initiative did not respect the culture and traditions of the impacted community.

> …there is little public interest in farming, especially among youth, because many people migrate from rural areas to the urban center of Cape Town to escape their past agrarian lifestyles. People want no part of farming. In addition, there is very little physical space for gardens. There are millions of people living in the very small geographical area that holds Cape Town's townships, and the houses (shacks) nearly touch each other in most places. Where there is space for a garden, the soil quality is often terrible for growing, rife with heavy metals and low in nutrients. (Christina 2012).

Christina discussed the idea of urban farming with many South African based food security researchers who immediately recognized the infeasibility of the idea. They were members of the community who understand and respected the culture and traditions of the South Africans, and thus advocated solutions that would be more practical, and would align with the customs of the community members. "In terms of improving the efficiency and effectiveness of these programs," she concluded, "I think more local leadership and ground-up organization would be a good place to start" (Christina 2012).

Christina's words resonated with me; I had observed similar issues while volunteering abroad. Not long before Christina's interview, I had heard these same sentiments being expressed from Shyam Krishna Iyer, a Pomona College alumni and social entrepreneur. His company, SKI Charities and SKI Development Finance, had established in many developing countries, where they engaged in community building and provided microfinance to high potential individuals.

Though he headed the organization, he adamantly supported and employed grassroots initiatives. During our interview, he noted, "Quite a bit of the work we do involves hiring other local people, it involves investing in local people and nobody has better knowledge of who the players are and what the chances are than the local team that we employ" (Shyam 2012). His ground level projects were all collaboratively designed and put into practice by the locals in the villages where he conducted business. He provided a plethora of information for me when I inquired about the topic of locally based initiatives.

> What I would say is first off, local people have local expertise, they have local knowledge, they know how to get different agreements and deals done that many foreigners, or people—when I say foreigners, I don't just mean people outside the country, even people outside the communities of our engagement. But nobody knows the local scene as well as the people who have grown up there and who have spent their lives there and additionally, these are peoples' relationships in the community. That level of local expertise: you cannot replicate that, you cannot teach that. We cannot come in with an idea from our research and our readings. Unless we are able to live there, learn the local language, and kind of know who is for real and who is not, it is impossible to unless you have a local team. And again, going back to what I said in the previous question: it also provides confidence when other local people see our team member who are one of them succeeding, taking charge, making decisions on my behalf—that increases the confidence and the independence of the other people who see the example that our team is setting. (Shyam 2012)

Shyam has had success with all of his projects, and he believes it is greatly attributable to his collaboration with community members. Social enterprises encourage economic independence and self-sustainability in the communities where they establish, and this autonomy gives a voice and an opinion to the locals. Traditional aid organizations have not had such success with the outcomes of their programs, and Shyam and Christina's stories provide all the more support as to why nonprofits and the other donor-dependent models are inefficient and unproductive,

and why social entrepreneurship is the ideal resolution for the current social

problems around the world.

<u>Chapter 4</u>
Humanitarian Aid
The Problem and the Solution

"Pouring large sums of money into African countries, with the hope that somehow the money will translate into development, has proven to be a failed strategy. If the Africans are ever to build an enlightened and prosperous continent, they must develop processes that will allow development to occur."   Katzenstein & B.R. Chrispin (2010)

If the number of aid organizations and amount of product and monetary contributions continues to increase, it would only seem logical that the issues they aim to resolve would eventually begin to decrease in response. Therefore, as these traditional models continue to increase their aid efforts without significantly impacting poverty and rates of hunger, it becomes clearer that these models are ineffective and unfit to treat the issues faced by poor and marginalized individuals domestically and abroad.

Over the last thirty years, traditional humanitarian organizations based in Europe and America have contributed over $90 billion in humanitarian relief (Rondel 2011). Last year, the United States alone spent $4.4 billion on emergency support programs aimed to mitigate famine (GHA 2010; Rondel 2011). The number of United States based nonprofits has more than doubled since the 1990s (Grant Space 2012). Despite the increasing amount of organizations, and their monetary and product contributions, global rates of starvation and malnutrition have persisted and in some areas, namely Sub-Saharan Africa, they have increased (GHA 2010; Rondel 2011). At the same time, the number of individuals subsisting on less than one dollar per day continues to increase (Global Issues 2012).

If these social issues are not mitigated or resolved over time by the initiatives deployed, then the initiatives are ineffective, or the entity enforcing them is not correctly utilizing their potential. Therefore, it is clearly exposed by the persistent rates of famine, and the increasing rates of global poverty that the traditional models currently treating these issues lack the competence and adaptability required to successfully resolve them.

Aid essentially "treats" the symptoms of extreme poverty rather than "curing" the source of the problem. It has permitted dysfunctional political systems and barbarous militias to continue their reign. By constantly supporting victims of disaster with emergency aid, the ruling bodies are never held accountable for their acts, and thus are able to continue with otherwise incurably destructive policies.

> Diplomats now use disaster response as a preventative measure to stave off chaos in an unraveling society, as a confidence-building measure during political negotiations, to protect democratic and economic reforms, to implement peace accords which the U.S. has mediated, to mitigate the effects of economic sanctions on the poor, where sanctions serve geopolitical ends, and to encourage a political settlement as a carrot to contending factions. (de Waal 1997)

Humanitarian aid perpetuates the fundamental issues that cause poverty and thus hunger. It does not promote the economic independence and self-sustainability required to permanently resolve the issues of poverty and famine in developing nations. "Over time, sustained food aid creates dependence on handouts and shifts focus away from improving agricultural practices to increase local food supplies" (Perry and Kuyera 2008). Ethiopia is a prime example of this; it has received over $800 million in relief from the United States alone, making it "one of the largest recipients of aid" (McClure 2010). Still, the country reports increasing rates of starvation and malnutrition (Perry and Kuyera 2008). This is because the WFP

donates directly to the "increasingly authoritarian ruling party," who is claimed to use "food as a weapon" (McClure 2010) by hoarding the aid contributed until the impoverished, starving members of society comply with their wishes. Donating humanitarian aid to the governments of impoverished nations has proven ineffective, and frequently perpetuates the social ills they attempt to cure.

There is a solution for this issue: social entrepreneurship. Social enterprises promote independence, collaboration and long-term self-sustainability in the communities where they exist. Shyam Krishna Iyer, the social entrepreneur referenced in the previous chapter, has demonstrated this fact throughout his mission to resolve poverty and promote economic growth in developing nations such as Chile and Zimbabwe.

> It's those entrepreneurs we want to empower, not just financially but giving them the confidence and the freedom to make their own decisions, to make their own mistakes, to learn from those mistakes, because we have a theory that nothing that comes easy is really highly valued. It's through… the blood and sweat at the grassroots that you really feel confident in your ability, and that's the main reason why we employ a bottom-up approach to managing all of these different projects. So, whether it's the divisions we have or the projects that we finance through the divisions, the majority of the heavy lifting—if not all—is taking place at the ground level. And, again, it's a part of empowering these people and it's a part of helping them help themselves. We believe in a hand-up rather than a handout, and it's that hand-up that gets people on their feet, but then they have to run with it. (Shyam 2012)

His organization, SKI Charities and SKI Development Finance Initiative, has two divisions: a development finance sector and a charitable, not-for-profit sector. They function in the symbiotic, interrelated relationship described in Chapter 2. The finance side is an investment fund that "identifies promising entrepreneurs in the most emerging of frontier markets, and [helps] finance their ideas" (Shyam 2012). This side earns profit through the equities of the loans distributed. On the other hand, the charitable foundation, which "completely zeros out" at the end of the year,

is focused on the economic empowerment of women. They provide low-cost loans to

women in order for them to start their own enterprises. Unlike traditional aid

models, social enterprise provides communities with independence and a

sustainable livelihood. Like other social entrepreneurs, his fundamental mission is

social development, and he actively employs initiatives to accomplish this.

> We focus on providing them with loans, rather than aid, because we like to treat them as any of us on the developed world would be treated. So people like you and me cannot go into a bank and just take money and walk off with it. We need to present the bank with an idea, with our background to make the idea a reality, and of course that is what we ask the women to do as well. That is another way of empowering them, treating them as equals, and they are also full members of the mainstream global financial system. (Shyam 2012)

At the core of his foundation is a dedication to resolving the issues that

fundamentally cause the most detrimental social ills. Though his method is

congruent with other social entrepreneurs, it is unique to the traditional aid model.

Shyam promotes sustainable assistance: providing the skills and opportunities for

poor or marginalized individuals around the world so that they can become

independent members of society. Shyam oversees all of the projects, but still

encourages self-sufficiency in these developing communities by allowing them to

direct and develop their own entrepreneurial endeavors.

> We keep all the responsibility with them, because at the end of the day, it's all about empowering them and encouraging them to be independent and to own their projects. So that takes the form of us taking equity as far as a percentage in their enterprises, helping them with the finance side, the strategic side; at the end of the day, it is up to them to manage it day to day—keep pushing it forward. And since they are the ones with the local knowledge, we give them a great deal of autonomy and freedom, which again connects back to our focus on local development, and allowing them the maximal amount of independence and empowerment that we can, while of course assisting them to reach what we believe is their potential. (Shyam 2012)

In addition to these economic initiatives, his social enterprise provides

scholarships to girls from low-income communities, to pay for their school fees,

transportation, and tuition.

> And that is our most long-term, strategic initiative of everything we have spoken of because, at the end of the day, true empowerment begins with an education, with the confidence to apply that education, and some of these low-income communities, nothing goes further than an education. It goes even farther than having a job, or a bit of wealth; it's all about people respecting your knowledge and experience, and that is what we hope to provide with our educational projects. (Shyam 2012)

This initiative also demonstrates his company's dedication to providing the

tools for these people to improve their livelihoods, rather than the means to allow

them to subsist in their current state. Humanitarian agencies that donate large

amounts of monetary or product donations are vastly unsustainable and do not

fundamentally help the communities in need. In contrast, the social

entrepreneurship model promotes the economic independence these people need to

succeed and sustainably advance their lives.

Chapter 5
The New Model

Expect problems and eat them for breakfast.
                                                                -Alfred A. Montapert

The social enterprise has only recently been placed at the forefront of both

business and humanitarian aid development. Consequently, it is only distinguished

from a 501C(3), or traditional not-for-profit organization, in select locations that are

currently leading the market in progressive innovations. These places include

California, which recently established a "Benefit Corporation," defined as a for-profit

corporation that also has a social mission and is licensed to use the trade name 'B

Corporation'" (Wexler 2009), and also an "L3C," describing "an LLC that is formed as

a low-profit, limited liability company." In India, a "social enterprise" is held to

unique standards as a "non-profit corporation."

As explained in Chapter 2, the social enterprise has an officially recognized

definition in the United Kingdom: "businesses with primarily social objectives

whose surpluses are principally reinvested for that purpose in the business or in the

community, rather than being driven by the need to maximize profit for

shareholders and owners" (Kerlin 2009). In order to facilitate comprehension, the

following will present several interviews with social entrepreneurs in practice,

followed by an analysis of their practice.

Since there are no universally established stipulations defining this new

entity, the social enterprises addressed will adhere to the following six

requirements that synthesize the international legal and theoretical explanations.
The requirements are as follows.

1) The for-profit business must efficiently produce a good or service.

2) It must use the profits from this business to invest principally in socially
minded initiatives directed towards a specific community.

3) The company must adopt and then actively pursue a humanitarian
mission that aims to resolve a social issue.

4) The pursuit of this humanitarian mission must be the fundamental
priority of the business.

5) It must be willing to forego economic growth in order to increase social
development, either directly through employing its own social initiatives, or
indirectly through product, monetary, or labor donations.

6) It must become an economically independent, self-sustaining organization
with the capacity to grow and thus increase its positive impact over time.

Case Study 1: Amba

The sun decides to take this moment to shoot its first hot rays onto my jacketed back. *Perfect, another reason to sweat.* I am uncharacteristically nervous to meet this woman, and have already begun to feel the prickle of an anxious perspiration spreading across my forehead. I force my wooden chair a few inches across the uneven cement, taking advantage of the small sliver of shade hovering below the large table umbrella.

Just then, a tall woman dressed in shades of blue approaches my table. "Maya?" she inquires. I stand, quickly extend my hand towards hers and spread my mouth into a nervous grin. "Hello, Hema Shroff Patel. Thank you so much for meeting with me. It is so nice to meet you." She responds with a comfortable smile, gracefully, noiselessly pulls out the wooden chair next to mine, and places her thin body upon it. She immediately inquires about my status as a student at Pomona, my major, my background, my hometown... "Ahhh," she nods approvingly to my answers. "I am from Michigan. I attended Kalamazoo College and wrote my thesis on a similar concept: small businesses." I detect the slight singsong of an Indian accent when she first begins to speak, but it quickly disappears as she continues.

After a few minutes, her index fingers rise to the sides of her gold-rimmed sunglasses, and delicately lift the frame into her neatly curling brown hair. The sun catches on the round diamonds in her ears, and they sparkle along with her gleaming shades. "Let's begin," she says, her pretty brown face cool and confident in the intense sunlight. "Yes, ohkay... One... One sec," her presence has caused me to

lose the questions I had imprinted in my mind, and I clumsily shuffle through my papers to find them.

I interviewed Hema for almost an hour. She described the founding of Amba, when she began as a small business thirteen years ago, and then developed into a social enterprise over time. Her company sells only handmade, environmentally friendly products to an international market. In reference to humanitarian work, Hema is currently on the board of WomenWeave Charitable Foundation, a charity that aims to provide economic independence and sustainable means of income in the impoverished communities where they employ their initiatives. She has contributed to charities long before she thought of starting her own socially conscious organization.

Unlike most other places, India acknowledges the social enterprise model as its own distinct entity, a "nonprofit corporation" of sorts.

> I turned Amba into a social entrepreneurship or a social enterprise probably five years ago. I set the small business up, you know, you take the time to break even, and then make a little money, and then eventually, it just made a lot of sense for the love of the fabric and the love of the different projects, to turn the business into a social enterprise and give back to specific programs. (Hema 2012)

Legally, Amba is officially recognized as a social enterprise. Her company is an example of the first of two "types" of social entrepreneurship defined in Chapter 2: a social enterprise that functions independently, generating revenue as a for-profit business in order to fund its endeavors geared towards resolving some social issue and also increasing social development. I asked Hema to define the ultimate goal of her company, and initially, she said, "The goal is to make sure, each year, [the weavers] keep learning, expanding, they're self-sustaining. They should have other

labels they work with besides Amba—Amba will help them find those labels." She

continued, explaining the nature of her contributions as a social enterprise.

Fundamentally, the individual initiatives she executes all promote the wellbeing and

autonomy of her community.

> When you're working in weaving communities, certain pockets of weaving
> have lots of funding, and certain pockets don't. So the projects would
> always be aimed at benefitting those who have had less fortunate
> backgrounds; giving them skills, giving them finance, and so part of it is
> upgrading skills. It's constant, ongoing, it's not even a tangible finance, but
> it's definitely part of the whole social enterprise model in that you're always
> upgrading their skill sets. (Hema 2012)

In order to pursue this, she funds projects to facilitate the economic

independence and self-sustainability of her locals, providing training as well as

monetary and product contributions to her business partners, high potential

weavers, and otherwise unskilled members of the community who aree in need of a

sustainable means of income.

> Everyone that is part of the giveback program directly works with Amba. So
> I've done—Amba's done funding for a weaver's workshop. One of the key
> weavers I've worked with in the past was building a new workshop so
> Amba helped fund the building of that. One year, I worked up in the foothills
> of the Himalayas and they had very poor lighting in their reading unit so
> Amba did the solar lights for all twelve units that year and they have solar
> lighting now and they can weave past 5pm, which is fantastic—they make
> more money. The natural dye unit I work with needed a new women's toilet
> built, so Amba built a women's toilet one year. (Hema 2012)

Without Amba, the previously impoverished weavers she employs and trains

would not have had a means of income, and would have been trapped in poverty.

Unlike traditional models, social enterprises facilitate the economic independence,

self-sustainability, and collaboration of their communities of impact. For example,

Amba funded a Young Weavers Entrepreneurship Program by employing a graduate

from the Young Weavers Program. Mrs. Patel explained how her program taught

him the necessary skills to open up a business of his own.

> So, for example, the young weaver: his finances may have been absorbed in that he made mistakes, but it also taught him to work with a small label. It also taught him better communication skills. We also worked on all of his accounting skills. I worked out a weekly accounts chart, and he had to give me a weekly loom production chart with pieces produced and costings and breakdowns and all of that, so that upgraded his skills in finance. The solar lighting—the group up in the foothills, in the Himalayas, they got solar lights, so that was tangible, and that was financed. (Hema 2012)

She said, "He helped weave and design products for Amba, making many,

many mistakes in which we could only really sell about fifty percent of the products

because he was new—but that was the point of it. Amba absorbed all the waste

costs" (Hema 2012). These initiatives constantly incur economic costs, but the

distinguishing factor of the social enterprise is that it is willing to forego most or all

of its revenue in order to increase social development.

Not only does Amba provide a means of stable income to rural Indians, it has

the capacity and resources to expand, thus increasing its positive social impact.

Firstly, it is economically sustainable. Like most other social enterprises, it produces

a commodity that is unique and distinguished due to its humanitarian contribution.

Therefore, customers are willing to pay a higher price for the socially conscious

good, easing the economic expense of funding its initiatives. It also teaches

entrepreneurship courses, which will allow others to open social enterprises like

Amba, and perpetuate the expansion of these socially conscious, collaborative

businesses.

The company is a prime example of a successful, impactful social

entrepreneurship. Mrs. Patel owns a for-profit organization, but the company is

willing to forgo some of that profit in order to increase the social value output of her company. By functioning as both a competitive, efficient business that actively pursues social development by continuously funding its initiatives, this model truly does represent the ideal business for humanity and the economy.

Case Study 2: Telapaka

"I think a lot of people working in NGOs or aid organizations…" Alice Grainger, the Dive Officer during my time at ReefDoctor, said to me in her strong English accent. "They tend to be very passionate about the cause. It can be very disheartening because you observe all sorts of problems when you're working for one."

Alice has worked with many volunteer organizations over the years, subsequently acquiring a very thorough understanding of their design and utility. She has worked with ReefDoctor, Gili Eco Trust in Ondonesia, Zero Emissions Research and Initiatives (ZERI) in Switzerland, and USAID in Egypt, to name a few. She spent an hour providing anecdotes about her experiences. I was particularly interested in her work with a nongovernmental organization as it successfully executed an economically empowering program.

"I worked at an NGO in the north of Bali called Telapak. Very, very small. Very, very grassroots. They do projects tailored—highly tailored to the community. So they go in and do three to six month consultations before they even begin to decide or design a project." She continued explaining the organization with which she had worked.

Members of Telapak spent months in north Bali developing a socio-environmental project to stop cyanide fishing and also to provide an alternative and sustainable means of income to the local fishermen. "The people would fish with cyanide to keep [the fish] alive, and sell them in the ornamental fishing market—aquarium trade. But the surrounding reefs had been completely devastated." She

explained how Telapak finally came up with a plan to grow coral, catch juvenile fish, and raise them in an aquarium. Thirty percent of the fish and all of the coral they raised went back into regenerating the reef, and seventy percent of it went to the aquarium trade. "As a result of this, the reefs were recovering really, really well and the community was doing really well economically."

Alice's example demonstrates the benefits of developing a close relationship with the community of intended impact. If Telapak had not taken the time to learn the culture and tailor the program to best fit the locals' needs, the initiative could have just as easily failed. If Telapak had attempted to outright stop the people from fishing, or had not pre-established the ratio of fish used to sell and fish used to regenerate and to economically sustain the community, the initiative could not have been survived.

Case Study 3: ReefDoctor Independent Project

The only project that proved successful in its implementation and sustainability was developed and established independently by a long term European volunteer named Emma. I was intrigued by this reserved, red-haired woman who spoke fluent Malagasy. She lived with the locals in the village, and had an intimate understanding of the people and their culture, unlike any other non-native I had observed. Once, I overheard her speaking about the previous night's events. She casually stated how she had invited the Vezo children over for food and games, and they all ended up staying the night at her little house. I would often discreetly listen to her describe their meals together, the community gossip, and life in general as an accepted member of the Vezo people.

It had taken her years to gain the respect and trust of the tribespeople, and she did not waste her time interacting with the transient volunteers who could not and did not understand her work or the evolving indigenous culture of the region. Fortunately though, she noticed my genuine interest in the locals, and granted me a short interview. Though it was brief, I was able to extract key components of her initiative that I believed had contributed to its success. The people trusted her, and she planned initiatives only after deeply understanding their culture and traditions.

Emma successfully negotiated with the Vezo tribespeople, and by actively communicating with them and respecting their culture, was able to implement a policy that both preserved a Vezo tradition, and helped to conserve an endangered sea turtle population. In Malagasy culture, children become adults, or *hazamunga*, through a series of cultural practices that includes the consumption of turtle meat.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) protects Madagascar's sea turtle population, as they have become an endangered species.

Though she could have approached the issue as the sea turtle conservation program in Costa Rica had done, she worked with the community to develop a project that respected both sides of the issue. Now, Emma notifies the *hazamunga* when there has been too much hunting, and they limit their catches. Because she took the time to learn the culture and earn the respect of the local community, she is able to act as a liaison, and the people listen to her. No one else in ReefDoctor has accomplished as much while working with the Vezo people.

Clearly, in order to successfully produce change, one must work directly with the community of focus. Social entrepreneurship may be the ideal model for initiating efficient and productive methods of change, but that is not to say individuals on their own accord, regardless of the organization with which they affiliate, are incapable of significantly impacting society. The success of these organizations is dictated by the projects they deploy and their methods of action. The social enterprise model encourages and facilitates the methods that seem to correlate with success, such as bottom-up management, constant and sustained communication between the organization and the community of impact, and a social mission that aims to permanently decrease poverty. However, each triumph, independent of its model, represents these factors.

Chapter 6
A View From the Other Side

During our interview, Gregory Hoffman, a Claremont McKenna sophomore,

presented a dark side of social entrepreneurship that I have never before

considered. He recently established his own legally recognized social enterprise,

Raffle for Good, and had studied all aspects of its potential in the United States

market. His company is an online fundraising platform that facilitates donating, as

"there is no real ways of for profits, non profits, and users to interact" (Gregory

2012), and his knowledge of the potential issues seemed to come from his time

spent on the web. Towards the end of our interview, he decided to play devil's

advocate.

> [Social enterprises] don't have the same transparency to make sure your money is getting used. You can go to any nonprofit's webpage or call them, and ask them to see their annual report, and they'll give it to you. You can see how much money is being spent on the cause, how much is going to administrative fees, etc. There isn't very much waste in nonprofits, all things considered. All things considered, there is a certain threshold of money that has to get through to the cause. It's… What? Sixty percent? With the social enterprise, there's no transparency. (Gregory 2012).

Gregory presented a legitimate concern, at least in the western market. Since

it is not legally recognized as a for-profit business in any state other than California,

they are not held to the same standards, and thus have the freedom to manipulate

their funding and revenue. Furthermore, the social entrepreneur has the freedom to

design and execute his or her own social initiatives with the revenue generated from

their for-profit business. These organizations practice in good faith; there is no

quantifiable amount of revenue that must be contributed to the pursuit of their

social cause. As a competitive organization participating in the marketplace, the

company will frequently have to invest its revenue in the business itself, whether it be for building renovations, research and development, or new equipment. Therefore, mandating they invest 100-perent of revenue into pursuing their cause would not promote economic sustainable; it is not viable. It is impossible to foresee exactly what ratio these organizations will need to contribute to sustaining themselves economically, or contributing to social development, without knowing the immediate factors.

Without an entity monitoring their expenditures, these social enterprises are able to spend how much they want on whatever they want. They must be monitored like other humanitarian organizations in order to ensure the social entrepreneurs do not pay themselves astronomical salaries, or frivolously spend its company's earnings. Traditional models, specifically nonprofit organizations, are required to present their spending to the Internal Revenue Service and agencies regulated by individual states.

Initially, in order to prevent the potential for misuse, it is essential to incorporate social entrepreneurship into legal system as an officially recognized institution, distinct from the pre-existing not-for-profit and for-profit models. That way, they will be held legally accountable, and a reasonable ratio of spending can be enforced. Secondly, a government agency must be established, and it must monitor the monthly expenditures of nationally based social enterprises. Social entrepreneurship is currently at the forefront of international development models. It is necessary to acknowledge their potential, both negative and positive.

<u>Chapter 7:</u>
Conclusion: Part I

A cobblestone path juts out of the uneven earth, appearing as if the ground itself were purging the foreign rocks from its surface. I have to look down with every step, but when I occasionally glance up, I am guided by the blonde tufts of hair marking Adam from England, my travel partner for the day. The road is thick with the bright reds, blues, yellows, and greens of Malagasy dress, and Adam is a pale outsider amongst the almond-eyed, thick-haired, brown-skinned townsfolk. The cracked cobblestones lead us to a loud, bustling market where I spot a zebu torso that has been split down the center. 'Gasies stand around, some bartering for a cut, some carving out their own bits. A woman stands next to the crowd clutching several squawking chickens by the feet as she casually chats with a nut vendor in the deep, tsi- mis- accent of Malagasy.

A small, dark-skinned, round-faced man catches stride with us, and begins to stare intently. I speak in a loud, extremely nasal English accent to ward him off, assuming he thinks I am a prostitute and that Adam is my customer for the day, as usual between brown-skinned females and white males in the country. My flat words do not deter him and as I continue looking down, I see his wide mouth split into a massive, toothy smile that shimmers white in my peripherals. We continue walking, and he continues smiling until I stop and stare directly at him.

"Hi! You speak English?!" He asks us, his eyes wide and sparkingling.

"Yes, we do." Adam responds, attracted to his friendly face and clear English.

"Oh! You come speak at school today? I am visiting teacher from Fianar. I work for three months. It is close. Is this ohkay for you?" They both look at me, and I smile, shrug and nod to the man I would later learn was hired by an American nonprofit to teach English to all Ambositra youths. "Yes! Come with me to school! It is this way! What is difference between American and English? Are you married? Do you have children?" The little man buzzes with excitement as we answer his stream of inquiries.

After a few minutes of questioning, he looks up at the sky to find the time. "Ohkay, Ohkay. I must go now! You will come too! To school! It is so close!" Without a moment of hesitation, the man slips between a vendor's wall of sheets, sticks his hand back through, and motions for us to follow.

"Do you trust him?" Adam asks.

"There's no reason not to." There was, of course, but we would risk it.

We hopscotch over rows and rows of leather boots that have somehow been smuggled into the country and are being sold for $5,000 Ariary, or about $2.50 USD. I see lines of bright orange carrots and brilliantly green, red, and purple vegetables next to heaping piles of electronics, trinkets, fried vegetables, fried fish, fried dough, and handmade souvenirs. There are orange clay houses just outside of the market, and chunks of broken glass have been glued to the tops of their fences for protection. I notice the green shards as they glitter in the lukewarm afternoon rays.

We finally come to the end of the market madness. He leads us up through a decrepit church, along a dirt path, and behind a massive stone building to some

crumbling walls of bricks with half a ceiling. "Here!" The teacher looks back at us and smiles.

I look at Adam, he shrugs, and we continue into one of these quasi-classrooms. Inside is filled with second- and third-hand desks, some with arms, some missing legs, some dark with dirt. "Salama!" He greets his classroom, introducing us in Malagasy. The students range from elementary age up to at least thirty. Teacher looks to Adam first, who finishes his introduction in English. Adam looks to me, and I start with *nice to meet you* in Malagasy, "Fali mah-hah-lala nao." A few respond, " Fali mah-hah-lala nao koo-ah."

"Ah-nar-ah koo dia Maya."

"Salama, Maya," they smile.

"Now, it is time to show them your English," the teacher interrupts. One at a time, the students stand and tell us about themselves. Some have been attending the English classes for days, but none longer than a month. Most live close, but some travel far to learn. All of them are pursuing big dreams of professional careers. I am surprised by their full sentences, clear speech, proper grammar, and ability to take notes in English, only after a month of class; they students are so intelligent and driven. So how is it fair that they are stuck here?

When they finished their stories, the teacher looked at us. "Tell us, where is success? How do we learn English fast, and how to find the best job?" Adam and I looked at each other, both lacking the secret that Teacher thought we, as Americans, must have. "Tell them what to do to be the best."

"I- I'm... I'm not sure what you must do. Well, yes. You must work your hardest every day, and listen to your teacher, who knows best. Never stop learning... Stay in school..." Adam racked his brain for more cliché life instructions.

I pause before I continue, realizing the potential impact of my words. What wisdom could I bring to these students? What secret did I hold? Which of my words would guide them to Teacher's idea of *success*? The room is still; the girls stare intently at me and the boys at Adam. Nothing comes, and finally, a young girl stands up and raises her hand high. I nod toward her and smile. She presents her question in remarkably clear English.

"How do we get a husband?"

What did I know about acquiring a partner? I did not even have a boyfriend. But this was not a moment for doubt. I raise my index finger, and think hard. These girls are in need of advice that they can keep forever. They want the secrets I hold from America. I must know what they are.

I stand for a long time until finally, something comes. "If you are smart, and work hard until you get the best job, the boys will come to you. Never stop, never ever stop trying your hardest in school and at work. Listen to your elders, do your homework, and come to school." Teacher smiles at me. Is he being polite or did I just discover and release the secret that they have been missing? The girl sits down and begins fervently taking notes. Maybe I did. Maybe we did. Adam chuckles and we exchange glances, preparing to leave.

"Misocha!" *Thank you*, Teacher bows his head to us.

"Vay-loo-mah!" *Goodbye*, and we are off.

Later that day, we ran into the family of one of the boys from class. The father is ecstatic as he learns of our origin, and beams throughout the duration of our conversation. After the typical drilling of questions about America, the group begins to share about themselves. The father studied medicine in the U.S., and decided to return to Madagascar, unlike the other students from Africa. He accepted the burden of chronic poverty, and decided that it was more important to help his home where he was needed most, sacrificing proper pay and sufficient medical resources. He pauses to reflect on his decisions, and the brother takes this opportunity to interject.

"I want to be a pilot."

And I soon learn that the student's sister wants to manage hotels. The young man from school finishes the conversation, "I want to decide tribunals." After some time, we decipher this into "judge."

I realized then that my previous perception of these people was vastly incorrect. They were not trapped in the confines of this utter poverty due to any regional incompetence, or some inability to adapt or evolve as portrayed through some American media. I was surprised, and deeply moved to learn of their great aspirations. These people were just as intelligent as the students I knew in America, and just as capable of fulfilling their dreams. It was clear that the only component hindering their ability to succeed was their lack of resources.

The English and Economics courses provided by the nonprofits granted them with the skills that would prove useful in an advanced society. Unfortunately though, theirs was not up to those standards. Before they were able to utilize their intellect, they would need a developed infrastructure as a means to foster their

abilities. They were limited by a poverty that prevented them from further academic advancement, and from attaining employment that met the demands of their advancing skill sets. This place required a means; they needed a way to become financially independent and a way to help develop their communities into ones that provided the resources they needed to succeed—to fulfill their dreams. It appeared then that they needed social entrepreneurship.

Chapter 8:
Conclusion: Part II

People like you and me, Maya, we've had every opportunity since we've been born in the U.S. to get educated, to get jobs, to meet people, to travel, but there are equally if not more talented people all across the world who nobody puts much effort into thinking about. These are the people we hope to bring opportunity to. We know we're bringing them jobs, we're bringing them engagement, we're bringing them hope, and I'm going to go overboard when I'm saying this but I feel like we've been giving them light. These are people who exist who need the attention and need the involvement, and we're able to shine a light on them and let them step on the stage and really take advantage of their talent and that brings them the strength and the empowerment that we speak about—that they deserve.
-Shyam Krishna Iyer, in reference to his social enterprise

The problem is poverty. The solution is social entrepreneurship. Neither for-profit nor non-profit models have resolved the factors that fundamentally perpetuate poverty. America has grown tired and resentful of the corporate model that seeks to maximize economic profit at all costs. A new model presents itself with all of the same capabilities; the only distinguishing factor is that the social enterprise model conducts business with a conscience. Social entrepreneurship *is* the ideal business for humanity and the economy.

The social enterprise model functions as efficiently as a traditional business. In addition, it promotes sustainable and significant changes in the communities where it is employed as a means to resolve social issues. The examples I have observed and the interviews I have conducted demonstrate the competence of social entrepreneurship and expose the inefficiencies and socially destructive components of both traditional for-profit and non-profit models.

Clearly, it is not essential to become a social entrepreneur in order to generate major change, but it is imperative to adhere to the qualities that are

inherent to the social entrepreneur. Firstly, in order to execute a successful social initiative, it is essential to collaborate and communicate with the community one attempts to influence. Social endeavors are successful when the initiatives and members understand, respect, and adapt to the culture and needs of the community they wish to assist. Secondly, it seemed that smaller, more intimate endeavors were more successful.

The social entrepreneurs that I interviewed all seemed to have distinct qualities in common. Firstly, they did not fall into social entrepreneurship by chance or with the primary motive to establish a highly lucrative business. Hema Shroff Patel had been involved in charity work long before she established her social enterprise. Shyam Krishna Iyer said that he always knew wanted to help people through some business-motivated initiative. I also interviewed Ravi Reddy, co-founder of Apps for Action, Sean Yen, co-founder of Serengetee, and Shreya Kanoi, founder of Living Free in West Bengal, India. They along with fellow social entrepreneur Greg Hoffman all willingly invested in these companies, knowing that they would be foregoing profit in order to maximize social development. It seemed that every participant of the social entrepreneurship movement shared a fundamental understanding of social responsibility. They all shared a desire to help others and were willing to make sacrifices in order to contribute to the betterment of society.

Within the social enterprise model, as well as the for-profit business and the nonprofit industry, the success of its endeavors is directly dependent on its familiarity with and respect for the community impacted by the initiative. The

fundamental issue is poverty, and social entrepreneurship clearly represents the most viable solution.

We all have the potential to make change, and we are all living in a time when the resources to make this change are becoming available to everyone. I was inspired by the compassion and selflessness of everyone I met through this experience, and have acquired a new hopefulness for humanity. It is not impossible to end poverty over time. Social entrepreneurship provides the means. Let us start today.

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