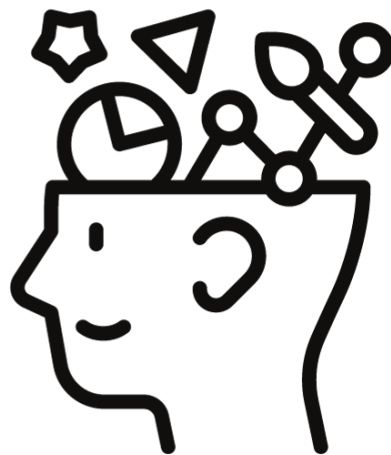


youthIES

Training Pack for Youth Workers



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Module: Social Entrepreneurship

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INTRODUCTION

Welcome to the social entrepreneurship module of the YouthIES project. In this module, we will embark on the exciting world of social entrepreneurship, which plays a vital role in the transformation of the economy that the European Union and the world as a whole is working for.

Social entrepreneurship in the 21st century economy is an altruistic form of entrepreneurship, differently from the models of the last century, it puts the entrepreneur at the center of the economy and sees him or her as an essential driver for social transformation and innovation.

Simply put, entrepreneurship becomes a social enterprise when it transforms social capital in a way that positively affects society. Social entrepreneurs recognize the immediate social problems, but also seek to understand the broader context, not forgetting the generation of profits for the maintenance and financial sustainability of the venture.

This is a very interesting economic model, as well as being the model that Western economies are committed to for the sustainable development of their societies.

LEARNING OUTCOMES

By the end of this module, youth workers will be able to:

- Understand and present the concept of social entrepreneurship.
- Understand the positive impact of this business model.
- Provide young people with a brief, historical overview of its origin and development.
- To give guidelines for the identification of social problems
- Generate innovative solutions to these problems.
- Guide young people in defining social entrepreneurship models.
- Understand the ethical dilemmas of social entrepreneurship.
- Understand the guidelines for profit balancing.
- Understand the legal framework of entrepreneurship.

REFERENCES TO EU POLICIES

Statute of Social and Solidarity Enterprises:

https://www.europarl.europa.eu/doceo/document/TA-8-2018-0317_ES.pdf

Fondos de Emprendimiento social europeos

<https://eur-lex.europa.eu/ES/legal-content/summary/european-social-entrepreneurship-funds.html>

EU Programmes and Funds: The EU has established several programmes and funds to support social entrepreneurship. The Employment and Social Innovation Programme (EaSI) and the European Social Fund (ESF) are examples of instruments that support social entrepreneurship initiatives at European level: <https://ec.europa.eu/social/main.jsp?langId=es&catId=1081>

CHAPTER I: INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

1.1 Defining Social Entrepreneurship

Social entrepreneurship is a way of addressing social or environmental problems by applying business principles to create sustainable solutions. It can be carried out by an entrepreneur or a traditional company in which products or services are marketed.

The defining factor is that the main objective is to solve the problems that society faces: hunger, inequalities, social exclusion, education, health or climate change, among many others. The products or services will have to provide a solution to one of these circumstances.

The main difference with a Corporate Social Responsibility (CSR) policy is that the latter is carried out by companies whose focus or business model is not of a social nature. In other words, these would be companies that do not necessarily offer solutions to social problems, but simply contribute part of their profits to social causes.

A social entrepreneur is an agent of change who sees opportunities, needs and absences, and tries to generate improvements in their environment. In addition, she is innovative, sets goals and works to achieve them.

The social entrepreneur is a person with initiative, honesty, self-control, perseverance, risk-taking, responsibility, tolerance for uncertainty, opportunity, decisiveness, and goal orientation. And he also sees opportunities where others see problems.

The capital required for an undertaking is:

- Economic: important for the strengthening of any project.
- Cognitive: knowledge of the problem.
- Social: all the networks and aid agencies to associate and make the ventures grow.
- Symbolic: values of the entrepreneurship that are in line with the partners so that the entrepreneurship is recognized.

Social enterprises do not come alone, but in a network, as this is how everyone involved in the project benefits. That's why it's important to think collectively. Success for a business venture is measured by profits, while in a social one the most important thing is the community impact. Obviously, the economic part is important for the project to be sustainable and generate positive benefits, but the importance lies in the social contribution it has.

A social enterprise must take care of:

- The impact: identify the problems of the population and what will be the benefit it will have.
- Be sustainable: the intention of a social enterprise is to maintain itself over time.
- Profitable: we must not forget the economic part of our survival.

Social enterprises can be aligned with the social and solidarity economy by being inclusive, seeking fair and supportive labor relations; placing the person at the center of the business model; maximizing the social benefit of people, as well as ensuring the profitability and sustainability of companies.

Two types of social entrepreneurship can be distinguished if we look at the source of their funding. That is, where does the money come from to be able to carry them out.

In this sense, we can differentiate between these two:

Dependent: These are projects financed by institutions outside the entrepreneur or the company. They can be public or private and are responsible for subsidizing the actions before they receive any return.

Independent: They are self-financed by the company itself through the actions carried out.

In short, social entrepreneurship aims to achieve an economic return derived from the actions or proposals put forward to solve a social problem. We must never lose sight of the responsibility towards society that our project pursues.

1.2 The Role of Social Enterprises in Society

The role of the social economy in the European Union is extremely important. It accounts for 10% of the European economy. It employs more than 11 million workers, representing 4.5% of the European Union's workforce.

It represents 7.5% of the working population in Finland, 5.7% in the United Kingdom, 5.4% in Slovenia, 4.1% in Belgium, etc. One in four new businesses created each year in the European Union and even one in three in Finland is a social enterprise.

And by responding through social innovation to needs that have not yet been met, social enterprises are part of smart growth. By considering their environmental impact and being born with a long-term vision, they generate sustainable growth. In addition, by placing special emphasis on people and social cohesion, social enterprises are at the core of inclusive growth, creating sustainable jobs for women, young and older people.

Among others, the role of social entrepreneurship in society includes:

- It is an undertaking that aims at the well-being of communities and society as a whole.
- Innovative solutions to social problems.
- The management team is responsible and committed.
- They are looking for sustainable solutions that can sustain themselves financially in the long term.

- Involve the community in the process of designing and implementing solutions.
- The impact is measurable. They focus on outcomes to measure both social and economic impact.
- It fosters collaboration between various actors such as businesses, non-profits, governments, and civil society.
- It seeks to empower communities to equip them with skills, resources, and opportunities.
- They promote inclusion by addressing inequalities and working to create opportunities for the most vulnerable.
- They seek to balance economic profitability with social impact, that is, they seek social profitability.

They contribute to raising social awareness by mobilizing society to participate in the solution of these problems.

1.3 Historical Roots and Development

The term "social entrepreneurship" or "social entrepreneur" is not a term of this century. It all starts with the origins of the social economy, in the nineteenth century, which defines itself as that economic activity in which the people who work for a company not only seek to meet financial objectives but also meet them without exploiting or destroying the environment and that it is a rewarding work experience.

Throughout human history, there have been entrepreneurs with an innate ability to make an impact in their communities. However, it is impossible to leave out two pioneers like Bill Drayton and Muhammad Yunus.

William Drayton (born 1943 in New York City) is an American social entrepreneur, best known as the founder of Ashoka, the world's largest association of social entrepreneurs. He has always been linked to the "civil rights movement."

He is known as the father of social entrepreneurship since he was the one who coined the term Social Entrepreneur to refer to people who face in an innovative way, with all their energy, passion, and tenacity to solve the most important problems of our societies.

30 years ago, he founded Ashoka, a community of nearly 3,000 innovative social entrepreneurs from 70 countries that drives the most important and innovative ideas for social transformation. Ashoka supports social entrepreneurs in launching their innovations, spreading them around the world, and collaborating with each other to achieve the greatest possible social impact.

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Muhammad perfectly illustrates the work of social entrepreneurs: how an innovative idea (giving credit to poor women) can contribute to generating social change of global importance and magnitude. In the 1970s, Professor Yunus developed a microcredit model in Bangladesh that has changed the way poverty is fought around the world. Millions of people benefit from microcredit; more than 6.6 million women and men are customers of Grameen Bank.

Since then, many social entrepreneurs have followed the path of Drayton or Yunus. Currently, more than 40 million people and entities around the world can fall into this category, according to data from B Corporation, the corporation in the United States that is responsible for certifying that a social entrepreneur meets all the conditions to be one.

CHAPTER II: Building and Scaling Social Enterprises

2.1. Identifying and Defining Social Problems

There are many different types of social problems, however, and for practical reasons, we can classify them into the following categories:

- Unequal access to education
- Youth unemployment
- Limited access to health services
- Lack of affordable housing
- Environmental Domination
- Gender inequality
- Hunger and malnutrition
- Limited access to clean water
- Displacement and migration
- Discrimination and social exclusion

Identifying and addressing social needs is a crucial aspect of social entrepreneurship. We need to understand the target population and their unique challenges, as these are the underlying causes of social entrepreneurship.

Interact with the community. For the needs analysis to be fruitful, it is necessary to engage with the community affected by the problem. We can interact through surveys, local groups, one-on-one interviews, etc. First-hand information about their experiences, perspectives, and priorities.

Collaboration with stakeholders. Addressing societal needs often requires the collaboration of diverse stakeholders. These can include government agencies, organizations, non-profits, businesses, and organizations, community-based, etc. We must build partnerships and work together to produce more comprehensive and impactful solutions.

Prioritize sustainable solutions: To make a lasting impact, sustainable solutions that address the root cause of societal needs must be prioritized. That is, the solution must be financially sustainable in the long term and at the same time, provide a sustainable change in society.

2.2. Ideation and Innovation in Social Entrepreneurship

"Ideation" is the process of thinking, producing, and communicating ideas. This process can be at the individual level or at the organizational level. Organizations often schedule ideation sessions to empower innovations and find sustainable and effective solutions. It is a dynamic process in which each participant contributes their respective contributions.

Sharing thoughts, opinions, beliefs, and goals. The problem is discussed and an innovative solution in the field of social entrepreneurship is proposed.

It is a very enriching process, as each member can see the problem and the solution differently.

Through work groups that work as a team, it is possible to obtain benefits and competitive advantages that would not be achieved individually.

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- Direct Solutions: Direct, Problem-Solving Strategies
- Derivative ideas: they are used to improve an existing idea.
- Symbiotic ideas: amalgamation of incomplete ideas to form a single social entrepreneurship plan or solution.

The ideation process often culminates in innovation in social entrepreneurship, which is crucial to address identified problems in a sustainable way. Innovation can happen in different ways:

- Scrubber Business Models
- Using Technologies Creatively to Address Social Issues
- Establishment of collaborations and strategic alliances that create innovative synergies that optimize resources.
- User-centered design in which the ultimate beneficiaries design the process to increase efficiency and sustainability.
- Identifying innovative financing
- Open social innovation that promotes the active participation of the community to generate creative and effective solutions.

Therefore, innovation in social entrepreneurship involves not only the introduction of new ideas, but also new capacities to be implemented effectively to bring about positive and sustainable change in society.

2.3. Business Model Development for Social Entrepreneurship

To develop a business model within the field of social entrepreneurship, qualities and skills are needed to maintain an effective balance between social objectives and the financial viability of the venture. Below, we list a number of practical steps that can be followed in an orderly manner to create a strong and social business.

Identification of a social problem: this is about recognizing a social or environmental situation that affects a group of people or society. This is the problem we want to address. To do this, we must know the causes and the current impact on the community. It requires researching and having conversations with interested people. Recap testimonials, consult with experts, and analyze social media news sources of information about the problem.

Define mission and objectives: once the need we want to satisfy has been identified, the mission and specific objectives of the social enterprise will be established. It is about defining a long-term vision and the short-term milestones that must be undertaken to deliver our solution socially and financially viable.

Identification of target customers: We will then identify the target customers. That is, who are the beneficiaries of our solution, and thus understand their specific needs.

Market research and development of innovative solutions: Next, we will conduct market research to assess the viability of the model. We will analyze competition and market trends, as well as growth opportunities.

Development of innovative solutions that address the identified problem and are practical, scalable, and sustainable in the long term.

Define the financing model, as well as the future revenue model.

Definition of measurable and specific impact indicators on progress towards social goals.

Establishment of alliances and collaborations with other organizations, companies, public entities and governments, in order to strengthen entrepreneurship.

Implementation plan: the marketing strategy, operations, human resources, and any other key aspects of your venture.

Communication Plan: Communication of mission accomplishments and needs to all stakeholders, collaborators, donors, clients, and the community at large.

Continuous evaluation plan to monitor activities and impact.

CHAPTER III: Challenges and Ethical Considerations

3.1. Ethical Dilemmas in Social Entrepreneurship

Social entrepreneurship also faces a number of ethical dilemmas. These dilemmas can arise due to the dual nature of social entrepreneurship, which seeks to balance financial and social goals. Here are some common ethical dilemmas in social entrepreneurship:

Profitability vs. Social Impact:

Dilemma: Prioritise profit to ensure financial sustainability or focus on maximising social impact even if that means reducing financial returns?

Beneficiary Selection:

Dilemma: How to decide who benefits from social solutions: prioritise those most in need or those who can afford to pay for the service?

Impact Assessment:

Dilemma: How to accurately measure and evaluate social impact - is it more ethical to focus on the number of beneficiaries or the depth of change in the lives of a few?

Community Participation:

Dilemma: How to involve affected communities in decision-making? Avoid the risk of paternalism and ensure genuine participation?

Competition vs. Collaboration:

Dilemma: Competing with other social organisations for resources and attention, or collaborating to maximise collective impact?

Transparency and Communication:

Dilemma: How much information to share about internal operations and challenges; to what extent should positive impact be highlighted without raising unrealistic expectations?

Ethical Supply Chain:

Dilemma: How to ensure an ethical and sustainable supply chain; prioritise local suppliers, even if costs are higher?

Technological Innovation and Labour Displacement.

3.2. Balancing Profit and Social Impact

Balancing economic benefits and social impact is one of the fundamental challenges for social enterprises. These organizations seek to generate a positive impact on society while maintaining financial sustainability. Here are some strategies for striking a successful balance:

Clarity in Mission and Values:

Clearly define your social enterprise's mission and values. Establishing a solid foundation will help guide the organization's decisions and actions, ensuring that both social impact and economic benefits are aligned with the mission.

Sustainable Business Model:

Develop a sustainable business model that enables revenue generation while pursuing social goals. This can include diversifying revenue streams, pursuing impact investments, and implementing sound financial strategies.

Impact Measurement:

Implement robust impact measurement systems to effectively assess and communicate the social impact of your activities. This can be instrumental in attracting mission-driven investors, partners, and customers.

Social Innovation:

It fosters social innovation to find creative solutions that address societal challenges while generating economic value. Innovation can be key to identifying opportunities that benefit both society and business.

Strategic Partnerships:

Establish strategic alliances with organizations, governments, or companies that share similar goals. Collaboration can strengthen your ability to address social issues while also creating economic synergies.

Transparency and Accountability:

Encourage transparency and accountability in all areas of your social enterprise. Communicating openly about how finances are managed and how social impact is achieved helps build trust among diverse stakeholders.

Employee Involvement:

Involve your employees in the mission and goals of the social enterprise. An engaged and motivated team can be a valuable asset in the search for a balance between profits and social impact.

3.3. Legal and Regulatory Frameworks

The legal and regulatory framework for social entrepreneurship varies by country and region. Below are key aspects that social entrepreneurs should consider in terms of laws and regulations:

Legal Form:

Non-Profit Organizations: Many social enterprises choose to operate as non-profit organizations or similar entities, which may provide tax benefits and be subject to specific regulations related to their charitable activities.

For-Profit Entities: Some social enterprises operate as for-profit entities, such as social enterprises or benefit corporations, seeking a balance between social and financial goals.

Registration & Compliance:

Registration Requirements: Social enterprises must register with the appropriate government authorities, which may include registering the organization itself, obtaining tax-exempt status, and complying with local business registration requirements.

Tax Compliance: Depending on the legal structure, social enterprises may be eligible for tax exemptions or deductions. Understanding and complying with tax regulations is crucial.

Social Impact Report:

Transparency and Reporting: Some jurisdictions may require social enterprises to report on their social and environmental impact. This could involve regular reporting on metrics related to the organization's mission and goals.

Financing & Investment:

Crowdfunding and Grants: Social enterprises often rely on a variety of funding sources, including crowdfunding and grants. Legal considerations may include compliance with crowdfunding regulations and adherence to grant terms.

Social Impact Investing: In cases where social enterprises are seeking investment, they can explore social impact investment options. This can involve complying with securities regulations and making sure investors understand social and financial goals.

SUMMARY/CONCLUSIONS

As a conclusion of this module, we would like to highlight that social entrepreneurship is one of the economic models proposed by the European Union and many Western countries for the transformation of society. This is because it promotes a more inclusive and diverse society, where business objectives are not only linked to economic profit, but also take into account the needs of society.

We would also like to highlight that social entrepreneurship has its historical roots in initiatives developed in the 20th century.

It is a model that has already proven to be efficient.

We encourage young people and youth entrepreneurship workers to promote the identification of social problems that can be addressed in an innovative way through social entrepreneurship. We are convinced that social entrepreneurship helps the integration of young people into the labour market, either from the point of view of entrepreneurship or to work in companies that are already established and contribute to social innovation.

In European Union countries there are many programmes that favour social entrepreneurship, so we encourage local change agents to investigate the funding opportunities that exist and how to access them.

We are convinced that using them in the way they are proposed will create the seed of social entrepreneurship in our young people.

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