

Comparative Analysis Of Organizations Supporting Social Entrepreneurship

By: Devika Shekhawat*

***Founder, Dhara Shakti, and M.S. University of Pennsylvania**

Keywords: social innovation, comparative analysis, Ashoka, Skoll Foundation, challenges, recommendations

Abstract

Even though many have put in decades of work and effort in the field of social innovation, which includes social entrepreneurship and enterprise, there is still a lack of a clear definition. Today, people still identify with the social entrepreneurship world differently because of its vast scope. For this article, I will provide the readers with a comparative analysis of a few organizations that focus on social entrepreneurship. Organizations in focus will be Echoing Green, Ashoka, Skoll Foundation, and Schwab Foundation for Social Entrepreneurship. I will highlight my analysis of the challenges as well as propose some recommendations.

Introduction:

A large population of people around the world has, in the past few decades, experienced the removal of historical encasements and constraints in the forms of autocratic rules, slavery, or monarch rule. This freedom has led to more wealth creation, a larger middle class, longer lifespans, etc. However, it comes with an array of problems that need novel solutions. The rise of global media has also shed light on vast disparities within countries and communities. Long before the term social entrepreneurship was invented, people worked on ideas that resemble what we know as social entrepreneurship today, particularly in developing countries. Two organizations from Bangladesh, namely Grameen Bank and BRAC, provide excellent examples of this fact. They were able to solve problems without following any traditional non-profit or business pathways. The founders were not identified as social entrepreneurs until Bill Drayton, the founder of Ashoka, popularized the term.

Drayton traveled extensively in India, where he found formal and informal organizations working on practical novel ideas with financially viable plans. He discovered that there was always an entrepreneur who served as a champion behind ideas. He named his organization after an Indian emperor, Ashoka, and founded it in 1981. Ashoka believes in the “everyone is a changemaker” philosophy and, therefore, its mission is to identify and support the world’s leading social entrepreneurs who work toward systems change. Ashoka focuses on early-stage ideas and believes they can support organizations and individuals when they are at an inflection point where the idea has shown some promise in the community.

Over the years, Ashoka ensured they had boots on the ground, which helped them set up 30 regional offices across the globe and attract 4000 fellows in 95 countries. These fellows receive a living stipend for three years and remain lifelong fellows and continue to stay in the ecosystem Ashoka builds. With a USD 40 million annual budget, the organization has a

robust fundraising mechanism and has empowered and decentralized funding to its regional offices.

Ashoka is an example of an organization that operates as 501 c (3)s and works in this space with reliance on traditional funding mechanisms such as individual and foundation donations and corporate giving. Another example is Echoing Green.

Echoing Green was founded in 1987 with a mission to support bold ideas and extraordinary leaders. They focus their search on idea-stage social enterprises and support programs that promise to create a positive impact. With over 800 entrepreneurs from over 86 countries, Echoing Green fills the gap of supporting young ideas in an ecosystem that more often funds later-stage ventures. Selected entrepreneurs join a two-year fellowship and receive USD 80k in support along with leadership development training, seed resources, and a vibrant global community of entrepreneurs. So far, through this process, they have invested over USD 50 million in their fellows.

Another type of organization that aims to support social entrepreneurs is family-run foundations, which rely on funding endowments and global partners to reach their grantees. Skoll Foundation and Schwab Foundation are great examples of this kind of organization. Both foundations are named after their founders and have leadership control to a great extent.

Skoll Foundation was founded by Jeff Skoll with a mission to drive transformational social change by investing in, connecting, and championing the work of social entrepreneurs and other social innovators. The foundation has an endowment and over a billion dollars in assets. They fund organizations like Ashoka and Echoing Green. Skoll's theory of change focuses on the mid-stage, or as they call it, the mezzanine stage, where organizations already have a proven model that has systems change. They provide monetary grants, storytelling support from their in-house media team, and a lifelong network that also culminates in an annual conference. In the last few years, they have had a leadership change, and funding has increased drastically, which has led their focus from a more horizontal approach to social entrepreneurship to a more vertical one. They have now moved on to identifying sectors and grants available for each of them. They do not have boots on the ground in the global community they serve and rely on the network effect to identify potential grantees. They have funded more than 220 organizations on five continents.

Hilde Schwab and Klaus Schwab founded Schwab Foundation for social entrepreneurship in 1998 under the Swiss Federal government. Klaus founded World Economic Forum, which has become a fixture for top business and government leaders worldwide. Given that it's a family-run private foundation, they have chosen to keep the financials more private, and not much information is available online. They do not rely on fundraising and are funded by the founders. Schwab makes an impact in more than 190 countries through its entrepreneurs. They do not provide monetary support awards to the social entrepreneur's organization but instead support with the vast network and leadership development. Schwab Foundation is the foremost organization for identifying, selecting and highlighting well-established and accomplished individuals. They strive to be the standard bearer of excellence in social innovation. They have various awards ranging from social entrepreneurs in the traditional sense to social innovation thought leaders, corporate social entrepreneurs, and public social

entrepreneurs. They define the work under the social innovation umbrella and recognize successful people to build a network of like-minded people. In my view, it is a sector-agnostic approach to building a community of well-connected and already successful people in all fields of social innovation.

A Comparative Analysis

Echoing Green	Ashoka	Skoll Foundation	Schwab Foundation
1987	1981	1999	1998
Selection Criteria			
Looking for applicants that are emerging social entrepreneurs and have proven leadership potential. Usually, look for entrepreneurs who can articulate their mission and passion and show a commitment to sustainable change.	They have five key criteria they look for, which are: a. New idea, which is more of a viable solution that is road ready and needs to be pushed up a notch b. Creativity c. Entrepreneurial traits d. Social Impact e. Ethical Fibre	Looking for mid-stage or mezzanine-level applicants, those who have proved a success but need funding and support to scale the impact and have broader systems change. They have moved from a referral system to a more network-based model of scouting.	They look for established entrepreneurs that they can shed light on and focus on: a. Innovation b. Reach and Scope c. Replicability d. Sustainability e. Direct positive social impact
Unique value add to the ecosystem			
Echoing Green takes risks to support undiscovered leaders that most don't support. They focus on emerging leaders and ideas and organizations they have. They play the role of an angel investor in the social entrepreneurship space.	Bill Drayton, through Ashoka, pioneered the social venture capital approach globally, starting in India. Ashoka intervenes when the entrepreneur's idea/organization is at an inflection point or a point of make or break.	They emphasize the leader, but a lot more due diligence is on the organization they fund, as they believe in funding a sustainable organization. Storytelling support is a big aspect of the support they provide.	They don't give grants but have an unprecedented network through the World Economic Forum, and that prestige value amongst business, political and social leaders is unique.
Support to Fellows/Organizations			
a. Financial Support of USD 80K through a two-year fellowship b. Network Creation	a. Three-year living stipend, which is decided based on the region b. A lifelong fellow who provided a global network	a. Awardees get three years of funding and, case-by-case additional years of support.	a. Network building on a global stage b. Access to WEF resources and profile building

c. Leadership development and hands-on support		b. Storytelling support through an in-house media team	
Focus Areas			
a. Climate change b. Education c. Health d. Human Rights e. Poverty eradication f. Racial Justice	Widely industry agnostic	a. Health systems b. Effective governance c. Action for a sustainable planet d. Inclusive and sustainable economies e. Racial Justice	Widely industry agnostic

Challenges for Organizations working in the Social Entrepreneurship Ecosystem

The fundamental challenge still lingers: the unclear definition of social entrepreneurship and how each organization globally defines it. All the organizations mentioned in this article have a global focus with respect to entrepreneurs and organizations they support. This global focus is helpful in the context of international development and sharing best practices but can further create ambiguity in the versions of what social entrepreneurship is and how it is measured.

Speaking to one of the criteria of the comparative analysis table above, a feature of being sector agnostic has great benefits with inter-disciplinary networks where system changes can be more effective. However, we notice a trend with Echoing Green, Skoll, and Ashoka that they are now trying to focus on a few sector areas in the past few years. I believe these are steps in the right direction, and being too broad will lead to a lack of expertise in the network these organizations are trying to build.

On the selection of applicants criteria, Ashoka has created a boots-on-the-ground approach that helps ensure that the pool of applicants is truly global and selected with clear metrics in mind. However, other organizations rely more on organizations like Ashoka to scout for entrepreneurs, which often creates a high repeat pool of applicants and leaves a large population out of the process. Many awardees and fellows are the same entrepreneurs in all organizations, which sheds light on the lack of diversity and depths of scouting for ideas. Many fellows and organizations are from a few countries, such as the USA, India, and Kenya. The representation from other countries is lower in number and does not necessarily represent the global picture that organizations seem to paint. In the space of entrepreneurship, there is an organizational struggle on whether it should focus on and support the entrepreneur or the enterprise. Supporting both and striking that balance based on the stage is challenging.

Recommendations

Decades of work in social entrepreneurship have supported and sparked the entrepreneurial mindset globally to solve the world's most pressing challenges. However, there is always a constant need to innovate and adapt to the changes around the world.

I would recommend a more significant emphasis on the scoping of entrepreneurs. A clear strategy should be implemented to reach the desired quality and quantity of venture ideas. Many organizations don't necessarily have a clear strategy that suits their aim of global impact. There need to be methods to evaluate the extent to which the scoping occurs. Due to the nature of the entrepreneurial activity and how adaptive it is to markets and opportunities, it is important, in my view, to have focus area grants. This will enrich the information learning entrepreneurs get from other fellows in the community and allow organizations like Schwab to provide expert-focus support. All organizations may have well-thought-out selection criteria and metrics by which they select and identify the entrepreneurs or organizations. However, clear metrics are not easy for entrepreneurs to access, and there is a lack of transparency on that front to the applicants. For those who rely on partnership models for identification, it would be better to have clearer metrics so that referrals and recommendations are more effective. The sectors and markets in which these organizations work are economically, culturally, and socially diverse. With this in mind, having streamlined support for clusters of regions and sectors might be more beneficial for entrepreneurs. This would require removing the blanket support and customizing, which is complicated and time-consuming; hence some flexibility might be needed.

The world needs social entrepreneurial leaders more than ever, and the pandemic has shown us how volatile systems are and the importance of being able to reorder and evolve. The effects of the virus and global crisis have also shed light on the social innovators who rose to support the most vulnerable communities. It will be interesting to see how these organizations will adapt their methods to better suit the world as we find it today.

References

(Bakker 2020)

(Bonnici 2020)

(<https://www.ashoka.org/en-us> n.d.)

(<https://echoinggreen.org/> n.d.)

(<https://www.schwabfound.org/> n.d.)

(<https://skoll.org/> n.d.)

(Osberg 2007)

(Roopinder Oberoi 2021)