

Social Innovation and Entrepreneurship: Developing Capacity to Reduce Poverty and Hunger

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Social entrepreneurs—individuals with business acumen who are on a social mission—can provide the new approaches needed to hasten the process of reducing poverty and hunger. By combining innovative ideas from individuals and investments from public, private, and civil society organizations, such entrepreneurs can guide complex global food systems and rural institutions toward their goals. Often, however, inappropriate and stifling bureaucratic processes, along with insufficient understanding of how food systems and rural institutions function, slow the identification and implementation of innovative solutions. As a result, potential social entrepreneurs lack the motivation to take action, and their potential contribution to the global goals of reducing poverty and hunger is lost.

Social innovation—meaning new strategies, concepts, ideas, and organizations that meet social needs—and social entrepreneurship—a drive for social missions that combine business principles and motivations—are emerging as promising approaches to international development. Recent experiences have shown that introducing an entrepreneurial spirit into the development process can improve the effectiveness of intervention programs. World history shows that every society produces its own social entrepreneurs to solve its problems. Yet until recently, organized efforts to develop and promote the capacity for social innovation and entrepreneurship have been limited. This is in sharp contrast to the private sector, where entrepreneurship has been and continues to be a major force driving development.

Unfortunately, social entrepreneurs are in short supply in the arena of policy-making. Expanding their number and improving the environments within which they operate effectively would greatly enhance the capacity at local, national, and international levels to address developing-country poverty and hunger problems through planning, policymaking, program design, implementation, and monitoring and evaluation of interventions. It is high time for the public sector—in particular the social sector—to remove the barriers to creative action and provide incentives for social entrepreneurs.

This chapter reviews existing paradigms for strengthening the capacity for social entrepreneurship and innovation to reduce poverty and hunger. It identifies various approaches for increasing the number of social entrepreneurs at various levels and highlights the challenges developing countries face in building such capacity.

Increasing the Capacity for Social Entrepreneurship and Innovation

Social entrepreneurs are needed in adequate numbers in different spheres of development—that is, at global, national, and community levels—to enable the effective design and implementation of poverty and hunger reduction programs. Expanding the benefits of social innovation to reduce widespread poverty and hunger, however, will require a plethora of social entrepreneurs who function as change agents by innovating, inspiring, and implementing new ideas at various levels.

At the global level, it is highly unlikely that the Millennium Development Goals (MDGs) related to poverty and hunger will be achieved with “business-as-usual” approaches. The current approaches to reducing poverty are based on several assumptions: that programs designed to address poverty should operate effectively, markets should function and deliver, poor people should have the same opportunities as others in society, and they should have equal access to public and financial services. Social entrepreneurship and innovation are particularly useful when these assumptions break down, as they often do in developing countries. Many are concerned that the MDGs may not be reached through poverty reduction programs led by the public sector alone. Social entrepreneurship and innovation do not replace public-sector interventions, but they can make them more effective and enhance their impact on the ground.

At the national and local levels, several success stories document how social entrepreneurs in different countries have responded to social challenges with innovative solutions. For example, the seemingly simple social innovation of helping poor rural women in Bangladesh to access small-scale, group-based loans through microfinancing continues to be a major poverty reduction strategy in rural Bangladesh. It was the removal of regulatory barriers in the banking sector that allowed individuals to form

microfinance groups. In Tanzania's Iringa region, an innovative idea about identifying village volunteers and training them to monitor child growth—as part of an integrated nutrition program—helped to reduce infant mortality and child malnutrition substantially. Although successful, many of these advances are largely isolated, typically developed as local interventions that target a limited geographic area.

While such interventions make a difference in people's lives, their impact may not be sufficiently great to lift millions of poor people out of poverty and hunger. Such endeavors are simply not supported by the necessary capacity to scale up and scale out. Furthermore, most successful social entrepreneurs operate outside the public sector, partly because they need the freedom to innovate and to implement their ideas rapidly. Yet the publicly funded intervention programs also require innovation, change agents, and entrepreneurial approaches to enable them to have a greater impact with fewer resources. The current challenge is to identify cost-effective methods of developing a large number of social innovators and entrepreneurs who can contribute to the process of reducing poverty and hunger.

Three Roles for Social Entrepreneurs

Social entrepreneurs can contribute to reducing poverty and hunger in many ways and at different levels within a country. At the macro level, social entrepreneurs could help formulate and implement policy; at the business level, they could use their business skills to address social issues; and at the community level, they could help solve specific local problems. Three kinds of social entrepreneurs are needed, based on their roles and working environments: policy, program, and business entrepreneurs. The abilities required by each type of entrepreneur vary, although several traits are common to all.

Policy Entrepreneurship

Social entrepreneurs well versed in policy processes are needed to expand successful local programs into large-scale national programs with a wider poverty impact. Bringing about significant changes in policy at the national or global level, however, requires change agents at the highest levels of decisionmaking. At the global level, policy entrepreneurs could influence policymaking by multilateral aid agencies. At the national level, they could guide national systems toward specific strategies, through either innovation or adoption of ideas that have succeeded in other places and contexts. At the local level, although their influence is limited, they could help create a policy environment that enables other types of social entrepreneurs to be effective. Developing an adequate number of policy entrepreneurs in developing countries with the knowledge and expertise needed is essential for solving hunger and poverty problems.

Program Entrepreneurship

Program entrepreneurs are instrumental in designing and implementing innovative programs to reduce poverty and hunger funded by development partners, national governments, and nongovernmental organizations (NGOs). It is essential that program managers and implementers have the entrepreneurial skills needed to address local problems with global ideas. With improved capacity for identifying innovative solutions, local authorities, elected officials, and leaders could become effective initiators of grassroots change.

Youth and youth leaders are increasingly seen as partners in development. Their active participation in solving development problems could have a profound impact on reducing poverty and hunger. On the one hand, many youth are engaged in community affairs, have a high level of commitment, and are well connected through information and communications technologies. On the other hand, the growing number of educated but unemployed youth in many countries increases the risk of social instability and armed conflict. Given appropriate skills, mentoring, recognition, and support, these individuals could become effective social entrepreneurs, and their engagement and collective action could be transformed from negative to positive action.

Business Entrepreneurship

Applying the principles of business development to social problems could be another way of solving the challenges of poverty and hunger in developing countries. Social business entrepreneurs use business principles to implement social innovations. At least three types of such entrepreneurs can be identified. The first category encompasses business leaders who are successful in their own field and bring their business acumen to bear in solving social problems—for example, a commercially successful physician who organizes fellow doctors to provide health services to the rural poor at no cost or minimal cost. The second group views poor people as a business opportunity. Instead of seeing poor people as victims or a burden to society, these entrepreneurs recognize them as potential consumers of their products and services. Recent attempts by corporations to devise strategies that combine business objectives with social concerns are good examples of social innovation within the business sector.

The third group of social business entrepreneurs is a subset of poor people, who—although they all fall below the poverty line—still have different levels of income, resource ownership, social capital, and entrepreneurship. Some have become business-oriented social entrepreneurs with little financial help or training. Microfinance programs enable poor and otherwise vulnerable people to organize themselves and develop businesses, thus addressing their own social challenges in innovative ways. For example, the private schools that have emerged in the slums

of India, Kenya, and Nigeria in response to poorly run government schools indicate that poor people can address their own social needs. Moreover, futures markets for goods and services are to be found among the poor. Building the capacity for social entrepreneurship among poor people themselves and connecting them with financial markets could transform poor societies.

Developing Social Entrepreneurship through Education

To achieve the MDGs, adequate social innovative capacity is needed at various levels in public, private, and NGO sectors. Existing systems of higher education must gear up to be able to develop the capacity for problem solving. Although social entrepreneurship is a relatively new area for capacity development, considerable progress has been made in several spheres.

Universitywide Approaches

Increasingly, many developed-country universities and selected institutions of higher learning are adopting an entrepreneurship approach to education. Education in entrepreneurship supports students in becoming leaders, innovators, and creative problem solvers because it blends real-world experience with conceptual learning in the classroom. It seeks to develop entrepreneurial characteristics in students and to simulate reality by bringing actual policy, program, and business cases into the classroom and by employing a participatory, hands-on approach.

From the perspective of reducing poverty and hunger, universities can help students gain a better understanding of the complexities of the global food system and how government policy and actions by the private and civil sectors can influence it. Courses are being developed to provide students with a social entrepreneurship approach to the analysis, design, and implementation of actions aimed at improving the global food system. Such an approach could enhance undergraduate and graduate training in policy analysis with the overall purpose of reducing poverty and hunger in developing countries and promoting sustainable development (Box 43.1).

While the trend toward universitywide programs in entrepreneurship education is increasing in developed countries, programs specifically addressing international development issues are still few in developing countries, where the need to build such programs and to make higher education relevant to meeting social needs and challenges is enormous.

Business School Approaches

In recent years, business schools in both developed and developing countries have approached the problems of poverty and hunger from the perspective of large-scale entrepreneurship for and among poor people. This approach to business education

Box 43.1 Teaching food policy analysis through participatory social entrepreneurship

An example of this new educational style is a recently created program at Cornell University that teaches a social entrepreneurship approach to solving issues of poverty and hunger. The Cornell program attempts to instill in students a social entrepreneurial mindset with which to analyze and design policy. The program uses case studies from real life, developed through collaborative arrangements with several institutions and individuals, to emphasize the characteristics of social entrepreneurship.

During the program, students are presented with a set of guidelines with which to analyze the case studies in question. The social entrepreneurs (in this case, the students) are urged to make policy recommendations aiming to change the underlying causes of problems rather than the symptoms. They are encouraged to make innovative use of new developments in modern science and technology, including molecular biology and digital technology, as well as new knowledge in the social sciences and the opportunities presented by globalization.

The program, integrating social entrepreneurial thinking into analysis of the global food system, has also been applied in courses at the University of Copenhagen in Denmark and at Wageningen University in the Netherlands. The program and its applications were demonstrated in workshops held during the first half of 2009 in Bangladesh, China, and Uganda, with participation by 70 professors and instructors from Africa and Asia. Many of them reported that they had begun to use the social entrepreneurship approach and related case studies at their home universities.

goes beyond the concepts of philanthropy and corporate social responsibility to business management teaching that applies the energy, resources, and innovations of good business practices to solving the problems of poor people. It emphasizes that poor people can be active, informed, and involved customers and that poverty can be reduced as a result by co-creating a market around the needs of the poor. Students are encouraged to develop case studies of social entrepreneurship that address poverty, health, and other social challenges.

Some business schools offer courses on social entrepreneurship (see, for example, social entrepreneurship programs at Duke and Stanford universities and the Universities of Michigan and Oxford). Programs are designed to enable students to integrate strategies for social change into their business and entrepreneurial careers.

These programs help students to recognize and address opportunities to create social values. Educational programs at the postgraduate level offer specialization in social entrepreneurship—they specifically develop the skills, knowledge, and perspectives necessary for efforts to have a social impact. Such focused programs are designed to develop the capacity of students to become social entrepreneurs, program managers, and executives in cause-based organizations or volunteers in their communities.

Developing Local Leadership

The success of poverty reduction programs depends on the skills and capacity for innovation of the program managers and local leaders who deliver them. As a trend toward decentralization emerges in many developing countries, the need to strengthen the capacity of local leaders becomes paramount. Approaches for developing the skills needed to address local problems for a new generation of leaders should be expanded. One example of a program that focuses on a specific sector is the Leadership for Environment and Development Program, which has developed a global network of more than 1,600 individuals from various sectors and professional backgrounds with a strong commitment to sustainable development causes.

NGOs also need a cadre of social entrepreneurs to bring innovation to bear on local problems. Multiplying the success of one NGO or local leader requires an organized way of transferring contextual skills and knowledge to others who are implementing similar programs. For example, the Panchayat Academy in India, which offers a capacity development program for village leaders, has been successful in improving the social entrepreneurial skills of a large number of local leaders. Similarly, the Songhai Center in Benin is training African youth to become social entrepreneurs and change agents for African agriculture.

New approaches to developing social entrepreneurs include young people as development partners. Recognizing the ability of young people to see old problems in new ways, these approaches target youth as potential social innovators. Their energy and idealism, propelled by their connectedness through information technologies, can be effective in addressing the poverty and hunger challenges of their communities. The recent launching of Youth Institutes by the International Youth Foundation in several developing countries aims to develop youth as social entrepreneurs through leadership training and mentorship.

Conclusion

In sum, achieving the poverty and hunger reduction goals of the MDGs and beyond requires new approaches and skills that social innovation and entrepreneurship may

well be able to provide. Social entrepreneurs and their innovations for reducing poverty should not replace large-scale public-sector poverty intervention programs but rather enhance them with improved effectiveness.

The emerging models of capacity development for social innovation and entrepreneurship need to be scaled up and mainstreamed. Social entrepreneurs should not be limited to the elite and highly educated who have the influence and resources to implement their ideas. Rural volunteers and youth leaders could be trained as social entrepreneurs. Although the criteria for successful entrepreneurship vary contextually, individuals with qualities such as creativity, self-motivation, social values, and willingness to share credit with others are likely to succeed as social entrepreneurs.

Publicly funded development interventions could benefit from implementers and managers who have learned social skills. Professionals with such skills can improve the social impact of business enterprises. Considering the crucial need for social entrepreneurs at policy, program, and business levels, skills related to social innovation and entrepreneurship should be mainstreamed into education programs. Without new approaches and skills in regions where poverty and hunger are chronic, strategies and programs will continue to fall short of their intended goals.

For Further Reading

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