Social Outcome of Social Enterprise: A Social Capital Framework

By

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All interested are welcome
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Abstract

Social Enterprises (SEs) are non-profit organizations that apply business solutions to address a myriad of social issues. Their importance in providing social value is gradually rising commensurate with the realization of limitations of each of the three traditional sectors: governments (e.g., shrinking of resources), traditional businesses (e.g., lack of conscientiousness), and NGOs (e.g., low efficiency and dependency on donations). The market-based solutions, offered by SEs, are acknowledged to genuinely and directly improve the quality of life for people at the base of the global income pyramid through improving social fabrics and economic development. At the heart of these outcomes is the mechanism of social capital, as economic transactions are embedded in social interactions.

Social capital plays a significant role in all phases of the establishment and success of entrepreneurial activities. It provides a mechanism with potential to uncover how social value is created through SE. However, we do not know what role SEs play in strengthening social capital, as social outcomes of SEs are rarely measured. The role of SEs have been promoted as positive solely because of their income generating effects. However, in our pilot study, we found that SEs have potential negative effects on social capital, such as bringing instrumentality in the existing social relationships.

Based on a review of the literature, we identified four perspectives on social capital: social structure perspectives; communitarian perspectives; ego-network (structural holes) perspectives; and critical perspectives. Insights drawn from our initial pilot study suggest that social interactions in rural environments can be understood from multiple perspectives of social capital, and outcome of a SE will depend on how the initiative is implemented and what social capital perspective is used to evaluate its social outcomes.

Keywords: Social Capital, Social Enterprise, market-based solutions, bottom of the pyramid, social outcomes