

More in common

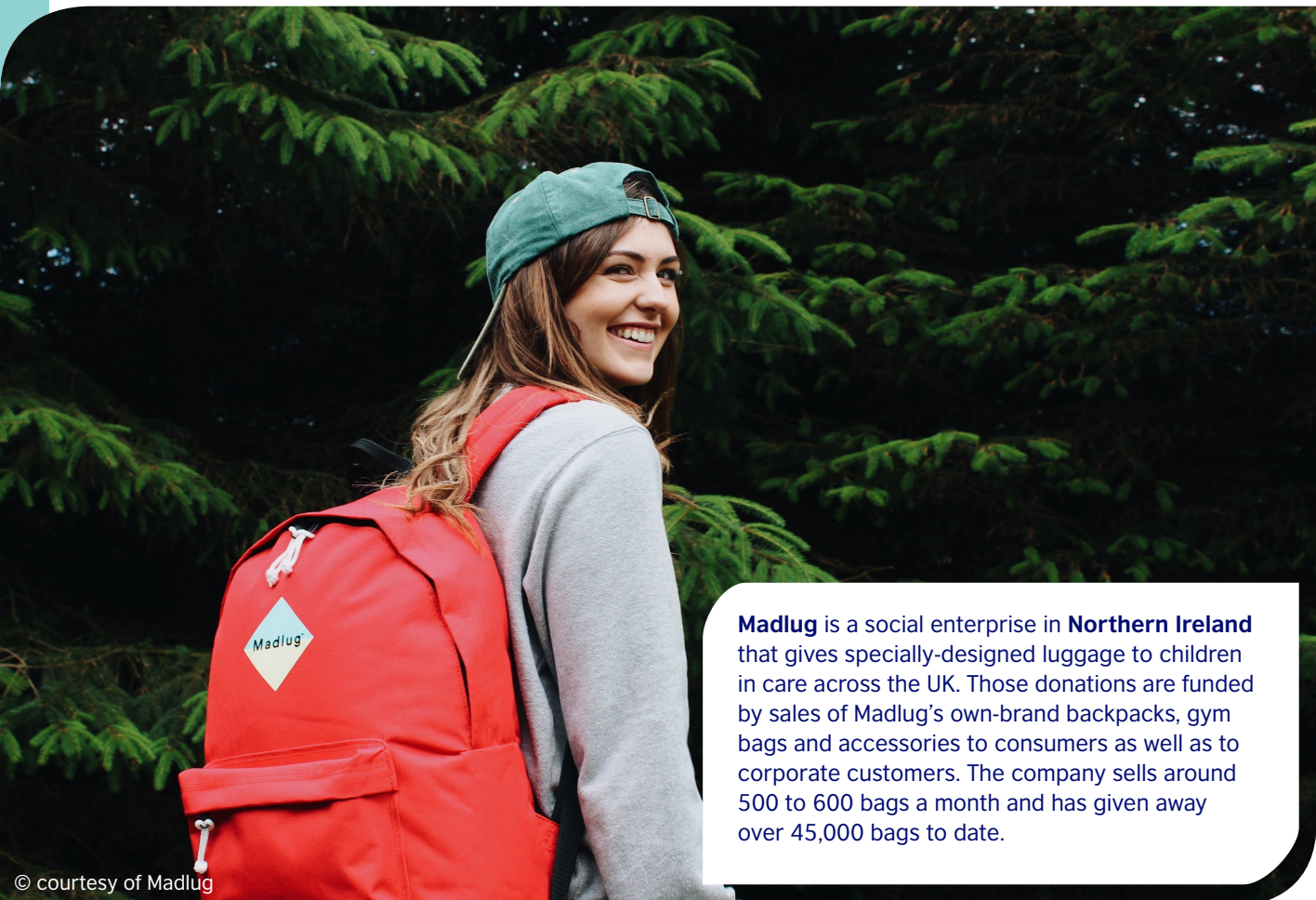
The global state of
social enterprise

June 2022



Executive summary

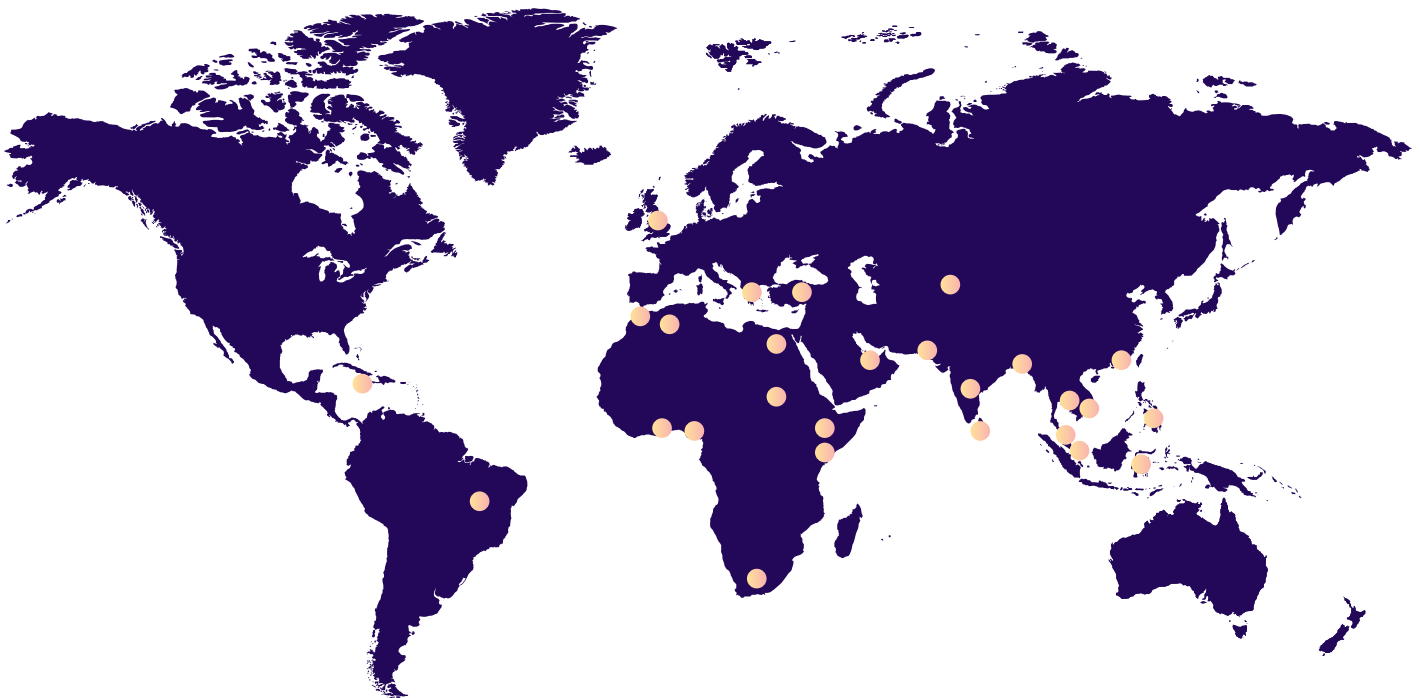
- Businesses with a commitment to a social purpose, which sell goods and services and reinvest profits in their purpose, are not a new phenomenon. But the idea of social enterprise and related terms has grown in popularity over the last few decades. These are businesses driven by a social or environmental purpose.
- The British Council has worked with Social Enterprise UK and a range of research partners to map the state of social enterprise over the past few years. Social Enterprise UK itself surveys social enterprises in the UK bi-annually and has contributed findings to this report. This report reflects on the position of social enterprise across 27 countries, across 5 continents and including both developed and developing, stable and fragile countries. Together these countries represent over 40% of the world's population.
- This report aims to bring evidence together to provide comparisons between social enterprises across the globe, to highlight commonalities and differences, patterns and challenges. This study also considers the policy and support ecosystems for social enterprise in many countries, draws conclusions and makes recommendations based on the evidence.
- These studies draw on survey data from thousands of organisations across the world. Of course, each country and territory is different and the survey approaches were slightly different in every place, while language and terminology, definitions and understanding of social enterprise vary across contexts.
- Research led by the British Council around the world has included efforts to estimate the number of social enterprises in each country. It is challenging to calculate with confidence, but the data suggests perhaps around 11 million businesses that could be recognised as social enterprises around the world, however they identify themselves.
- Across the globe, governments have been developing policies and strategies to support the development of social enterprise, including specialist units or offices, legislation, incentives, awards and more. In some countries, the support ecosystem – of policymakers, enablers and capacity builders, networks, platforms and facilitators, membership bodies, funders and financiers, and higher education – is relatively mature, while often dynamic, complex and growing.



Madlug is a social enterprise in **Northern Ireland** that gives specially-designed luggage to children in care across the UK. Those donations are funded by sales of Madlug's own-brand backpacks, gym bags and accessories to consumers as well as to corporate customers. The company sells around 500 to 600 bags a month and has given away over 45,000 bags to date.

- This research paints a picture of social enterprises around the world:
 - working from the local to global level
 - recognising themselves and identifying as social enterprises, often based on the common characteristics of earning income through trading; a commitment to a primarily social or environmental mission above the pursuit of profit; and principally directing surpluses or profits towards their mission
 - taking a wide variety of legal forms
 - with diverse objectives but often working to improving a particular community
 - working for a wide range of beneficiaries but often serving particular groups of people, often small groups but sometimes many thousands.
 - balancing social and financial imperatives and taking steps to measure their social impact
 - often young businesses, founded in the last few years, and often small businesses but not always
 - often creating jobs for women more than business more widely, often led by young people and much more likely to be led by women than business more widely
 - working across all sectors of the economy, all around the world, from agriculture to arts, culture and heritage and from education to food, health and manufacturing
 - attracting grants and investment from a diverse range of source, including government, friends and family and financial institutions
 - making a profit, breaking even and making a loss around the world, like all other businesses. But when they are making a profit, directing it to the cause
 - creating jobs, often faster than other businesses, often optimistic and with plans to grow
 - facing a number of barriers when seeking to access finance and more widely, including staff and talent.
- The data suggests that social enterprises sometimes share common experiences and situations with those in other countries as we might expect - based on their shared or similar history, culture or geography, or across a wider region. But above all, they have more in common than divides them – this is a global movement of millions.

Report draws on research from around the world



Entreprenelle in Egypt supports local women through education and training and in entrepreneurship development. Entreprenelle have worked with more than 100,000 Egyptian women and developed thousands of projects through awareness, education and economic development.



Acknowledgements

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities. The British Council's cultural relations approach to development encourages work with people and communities closest to local contexts, fosters partnerships and relationships building on equal terms, and promotes trust and understanding for social cohesion and inclusive growth worldwide. It also recognises the transformative power of arts and culture in contributing to more inclusive and creative economies and societies for sustainable development.

Social Enterprise UK is the biggest network of social enterprises in the UK and a leading global authority on social enterprise. Our membership is a network that includes all the leading lights of the UK social enterprise movement from multimillion-pound health care and public service providers to community organisations and retail businesses. We are the membership body for social enterprise.


The state of social enterprise reports are part of a series of surveys undertaken by the British Council and partners around the world. This comparison report would not have been possible without the contributions of our research partners across the world – it is the culmination of deep partnerships over more than five years. We would like to thank the following partners for their help and support:

- BH Advisory, Algeria
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- Vantage Consultancy, Ethiopia
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- Songhai Advisory, Ghana.
- European Village, Greece
- HSBC
- Ennovent and the Aspen Network of Development Entrepreneurs (ANDE), India
- Platform Usaha Sosial, Indonesia
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- Intrac, Kyrgyzstan
- Tandemic, Malaysia
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- Qualiquant Services, Nigeria
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- The Philippine Social Enterprise Network (PhilSEN), the Philippines
- Soristic and raiSE, Singapore
- Simanye, South Africa
- Lanka Social Ventures, Sri Lanka
- Sudan Academy for Banking and Financial Science, Sudan
- Thailand Development Research Institute (TDRI) and Social Enterprise Thailand, Thailand
- TED University and İstasyonTEDU, Ashoka Turkey, İstanbul Bilgi University, Koç University, Koç University Social Impact Forum (KUSIF), Middle East Technical University and Mikado, Turkey
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- UnLtd, UK
- ODI, UK
- United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
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LUÜNA in Hong Kong is a purpose-driven period wellness company, proudly built in Asia. Their woman-built ecosystem provides holistic cycle care, pairing healthy products with expert wellness resources, underpinned by a supportive global community.

Foreword

We represent social enterprises and social entrepreneurs. Together, we are...

- harnessing the power of business - for people, planet and prosperity
- trading in every country and on every continent - selling goods and services and reinvesting profits in our missions
- diverse – working in different cultures and conditions, languages and legal contexts - yet united by our commitment to a social purpose
- building more innovative, accountable and inclusive models of business - delivering for diverse beneficiaries
- working locally and globally to meet the SDGs - delivering financial, environmental and social value
- creating jobs, for women - often faster than other businesses
- often young businesses, led by young people - optimistic and with plans to grow
- in all sectors of the economy - from agriculture to arts, culture and heritage and from education to food, health and manufacturing
- growing rapidly - now a movement of millions across the globe

Together we will...

- counter rising inequalities - spread opportunity, wealth and power, tackle poverty and work to leave no-one behind
- fight inequality - empowering women, young people and the most vulnerable.
- respond to the climate crisis - protecting natural resources and deliver more sustainable development
- deliver clean water and energy, sustainable agriculture, transport and infrastructure
- create more, fairer, better and more inclusive jobs - offering valued and dignified employment, paying fair wages and protecting labour rights
- grow our share of the economy - while measuring our work against a triple bottom line
- strengthen our movement - through greater co-operation and partnerships - learning from each other
- work with governments, business, civil society, the media and citizens - to recognise and support the immense potential of social enterprise
- trade for a world free of poverty, hunger, disease and want - with more in common than divides us

Sudarat Rojphongkasem, Social Enterprise Thailand

Lalith Welamedage - Lanka Social Ventures

Peter Oloo - Social Enterprise Society of Kenya

Berivan Elis, Turkey Social Entrepreneurship Network

Peter Holbrook, Social Enterprise UK

Stefan Panhuijsen, Social Enterprise NL

Amma Lartey - Social Enterprise Ghana and Impact Investing Ghana

Alfie Othman - RaiSE, Singapore

Brukty Tigabu - Social Enterprise Ethiopia

Creative Minds International Academy in Nigeria ensures that children from poor families or those displaced by war can go to school, breaking the cycle of poverty. Students pay a small, affordable fee and the Academy now serves communities beyond education, bringing together different ethnic and religious identities. There are nearly 500 pupils across two sites.



Foreword

The world is at a key turning point in our history. Over the last one hundred years we have made incredible scientific and economic progress, however this has come at a real cost to our planet and ecosystems. And despite real gains, inequality is rising again with the Sustainable Development Goals significantly off track. We seemed trapped in an extractive and exploitative economic system that we created and are searching for real alternatives.

Alternatives do exist, and we have had several decades of organizational innovation to more intently drive social and environmental purpose in businesses and bring inclusive and sustainable solutions to many of the intractable challenges of our time. Hundreds of thousands of social enterprises have proven that such alternatives exist.

This historic report demonstrates how social enterprise is one of the largest movements of our time. It does not have a visible leader or figurehead, or feature media-made unicorn successes, but it is rather driven by a movement of millions of people developing the kinds of companies we need in the 21st century. They are significant in number and are present in every community and society around the world. We know that social enterprises are essential in the effort to recover from the pandemic and drive more inclusive, sustainable economies and societies.

We must not get paralysed by the heterogeneity and contextual differences – and recognise that this report plays an important part in the emerging and pronounced maturing of the global social enterprise movement. It provides new global evidence that is crucial to advocate for recognition, drive enabling policy changes and attract further mainstream investment, as well as equip those building the support ecosystem to provide more effectively planned interventions.

We now also have greater global collaboration between the different parts of the global social enterprise movement and the ecosystem of actors through the [Global Alliance for Social Entrepreneurship](#), hosted by the Schwab Foundation at the World Economic Forum and [Catalyst 2030](#), hosted by social entrepreneurs themselves. Working in this new way, across fellow actors and with evidence to call upon, with global evidence to back the case, we seek to engage public and private leaders to recognise the value and engage their support for the movement.

It is essential that we build our global social enterprise movement with the values embedded in the sector – in an inclusive way, based on the lived experience and voice of social enterprises working in developed and emerging countries, stable and more volatile or fragile countries equally. We must not make the same mistakes and colonise the social enterprise movement but allow those who understand contexts and experience to speak fully. This research is fundamentally important to a truly inclusive global movement, giving voice and unrivalled access to the social enterprises in a diverse array of cultures in very different stages of stability and economic development, and a testament to the cultural relations mission of the British Council in advancing cross-cultural understanding.

The country surveys, on which the global report is based, have already been used to shape the design of policy and ecosystem support. They have been effective in contributing and spurring country dialogue, as shown by [this synopsis](#) of work delivered by the British Council and UN ESCAP across South East Asia. There is an urgent need for additional support for future research to build on this first dataset. Further studies and surveys will increase the reach and accuracy of findings. Like the European Social Enterprise Monitor, it is important that follow up and longitudinal research is invested in because they informed both the global and country level recommendations, from the OECD and International Labour Organization to the European Commission and the World Economic Forum's *Unlocking the Social Economy* to advance policy tools in recognition of this growing sector.

I commend the excellent work of the British Council in sustaining and advancing our global and country level knowledge and count on its support and expertise in helping achieve our common goal to advance social enterprises as a critical and catalytic force for equity and sustainability and more people and planet oriented economy.

Dr François Bonnici

*Director, Schwab Foundation for Social Entrepreneurship
Head of Social Innovation, World Economic Forum*

Waste Ventures India is a social enterprise working with 6000 informal waste pickers and bulk waste generators to create inclusive, financially viable and environmentally sustainable waste management. The business offers dry waste collection for recycling and organic waste processing, and has created over 100 jobs and averted over 21 million tonnes of CO² emissions.



Methodology

Purpose

The main purpose of this study is to provide insight into the social enterprise landscape around the world.

This report aims to compare social enterprises operating in diverse settings, to highlight commonalities and differences, patterns and challenges. This study also considers the policy and support ecosystems for social enterprise in many countries, draws conclusions and makes recommendations based on the evidence.

This work builds on past British Council research, undertaken by Social Enterprise UK and research partners around the world. United Nations ESCAP and HSBC and others have also supported elements of this work. It also references Social Enterprise UK's own report in the UK context. We hope these insights will provide guidance for future interventions to further support the development of social enterprises around the world.

While this study is not exhaustive and has limitations, we believe it offers an important contribution to the discussion on social enterprise. We hope that other actors will benefit from this study and build upon these findings. Any comments on this report are welcome.

Countries and territories

The countries and territories covered in this research represent 27 countries or over 40% of the world's population. This is made up of 26 contexts in which the British Council has worked with Social Enterprise UK and others to map the state of social enterprise over the past few years¹, as well as SEUK's own survey results in the UK.

These are:

- Algeria
- Bangladesh
- Brazil
- Egypt
- Ethiopia
- Ghana
- Greece
- Hong Kong
- India
- Indonesia
- Jamaica
- Kenya
- Kyrgyzstan
- Malaysia
- Morocco

- Nigeria
- Pakistan
- Philippines
- Singapore
- Sri Lanka
- South Africa
- Sudan
- Thailand
- Turkey
- United Arab Emirates
- UK
- Viet Nam

These studies were conducted between 2015 and 2020. Together they draw on survey data from thousands of organisations around the world. These surveys were undertaken through a mix of methods, including online, by telephone and face-to-face.

We have also referred to research undertaken in the UK over more than a decade through Social Enterprise UK's State of Social Enterprise reports, published every two years.

The data

We have brought much of the data from this research together for the purposes of this study. Of course, each country is different and the survey approaches were slightly different in every country, tailored to the context. This means that some questions are not directly comparable. Furthermore, some fieldwork was carried out nearly five years apart. Not every question was asked in every country. There may also be inconsistencies between the data presented here and that in individual country reports as a result of minor adjustments to the datasets to allow for easier comparisons across countries. This report cannot therefore claim to provide an accurate comparison of the state of social enterprise across the world but rather can give a flavour and insight into trends across diverse contexts.

Survey scope

The primary data about social enterprises captured in this research include the following, as self-reported by survey respondents in each country:

- age and gender of leadership
- year of establishment
- geographical area of activities

¹ Some of this research was not exclusively related to social enterprise and, rather, formed part of the British Council's DICE programme, which mapped the creative and social economies in Brazil, Egypt, Indonesia, Pakistan and South Africa. In these cases, data relating solely to social enterprises was extracted from the wider samples.

- legal registration
- area of focus
- social/environmental impact
- employees, by gender
- beneficiaries
- revenue and profit
- profit allocation
- growth plans
- barriers to growth
- financial sources
- financial constraints.

Sampling approach

The sampling approach in each country and territory was non-randomised. To attract a significant number of respondents in each country and territory, and to adopt an inclusive approach, the surveys commonly aimed to reach as many organisations or businesses as possible that could be potentially recognised as a social enterprise or which would

self-identify as a social enterprise. Defining criteria were then developed with stakeholders in each context to use as a basis for filtering these respondents once they had completed the surveys, and considering them as social enterprises, or otherwise, for the purpose of the research. In some countries and territories, survey respondents were given incentives to encourage participation.

The surveys were disseminated publicly through a range of routes, including mailing lists of support organisations, networks, trade bodies, funders and intermediaries, universities, as well as via social media, events and word of mouth, universities and social enterprise supporters.

Besides the survey, many reports also included findings from workshops, interviews and/or focus group discussions with a number of social enterprises and other stakeholders, to gather further insights on opportunities and gaps in the social enterprise ecosystem.



Tebita Ambulance is the first independent pre-hospital emergency medical service in **Ethiopia**. Tebita was set up in 2008 by former nurse anesthetist Kibret Abebe in response to Ethiopia's lack of ambulance services. The social enterprise cross-subsidises its work for those in need by providing first aid training and medical assistance services to commercial clients.



Tech Era in Ghana seeks to empower people with disabilities to become independent and employable through the use of technology. Tech Era uses innovative assistive technologies and accessible consumer products to support students with visual impairments. The business also provides accessibility audits and accessibility consultancy for public and private organisations.

© courtesy of Tech Era

Definitions and scope

While we often have more in common than divides us, language can often be a barrier to common understanding, and one that is not always easy to overcome. Conceptions of social enterprise naturally vary according to cultural, linguistic, political and other local and regional conditions.

Furthermore, we also encounter diverse terms and definitions used to describe business with a social purpose in different countries and contexts. Definitions of social enterprise – and social business, social entrepreneurship, inclusive business, and other terms - vary around the world. They are rarely formalised in many contexts. There is no, single, global definition, and competing and overlapping terms. While some may find this frustrating that we collectively lack one single, overarching set of defining criteria for social enterprise, in each country and territory, our methodology has been shaped to be sensitive to local stakeholders and respond with sensitivity to the local context, following the principle of the British Council's cultural relations approach to its work.²

In each territory, based on discussions with stakeholders and existing literature³, and with regard to relevant government policy or defining criteria adopted by membership bodies, research teams sought to establish an inclusive set of criteria for defining social enterprise, appropriate for the context. Naturally, these approaches and these criteria vary slightly from place to place and we have always sought to create an inclusive research approach in every context. Questions were included in the surveys to enable researchers to identify organisations that could be treated as social enterprises for the purposes of the research.

While we have never sought to impose definitions, we believe this work has nevertheless brought greater clarity to the field and brings us nearer to recognising commonalities and characteristics that transcend geographic, political and cultural boundaries. We believe that through sharing experience, recognising and appreciating diversity, we can come closer to shared understanding.

² For further reading and attempts to define social enterprise and the social economy, see <https://sewfonline.com/about/about-social-enterprise/> and UNTFSSSE – UN Inter-Agency Task Force on Social and Solidarity Economy (unsse.org)

³ Literature available on social enterprise is often a mixture of 'grey', practitioner and academic literature and inconsistent from country to country.

Diversity and history

Whether identifying as social enterprises or otherwise, businesses like these have been around for many hundreds of years. Social enterprise is a truly global tradition across very diverse cultures and contexts.

Bill Drayton started talking explicitly about social enterprise in those terms in the seventies, Ashoka launched in the 1980s and Charles Leadbetter published *The Rise of the Social Entrepreneur* in the 90s.

Yet Michael Young had been a serial social entrepreneur decades earlier. Hull House in Chicago was co-founded in 1889 by Jane Addams and Ellen Gates Starr and in 1902 Goodwill Industries first pioneered the notion of “a hand up, not a handout” through a business which employed poor people in mending and selling clothes. Toynbee Hall was founded in 1884 while The Rochdale co-operators of 1844 are often identified alongside Robert Owen at New Lanark the earliest pioneers. Yet even earlier, Bishop Michael Northburgh set up a kind of social investment fund at St Paul’s in London in 1361.

In Europe, Mondragon in the Basque country was founded in 1956. Co-operatives appeared in Greece around the 18th century, including among sponge-divers, maritime co-operatives and the community of Ampelakia. The co-operative movement and the idea of the Social and Solidarity Economy is spread across the globe⁴. But earlier again, workhouses since 1600, medieval monasteries sold goods and reinvested profits in their mission, and guilds existed in the middle ages and even Roman times.

In Africa, the Ethiopian *idir* model of mutual self-help goes back to at least the early 20th century, while the traditional Nigerian savings models of Ajo or Esusu date back many perhaps even to the 16th century.

Elsewhere, some have argued that the Sumerians were the first social entrepreneurs, setting up libraries around 1500 BC. The earliest guilds may have existed in India over 3000 years BC. Social enterprise, whatever the name, is a global tradition.

Towards a common understanding

Yet language, terminology and definitions can look different in different places, responding to the context.

For example, the influence of Nobel prize winner Prof. Muhammad Yunus means that his conception of the term social business is more popular in Bangladesh, for instance,

and some other countries, which he has defined as a “non-loss, non-dividend company created to address a social purpose”. Elsewhere, this emphasis on what happens to surpluses may not be so significant and profit distribution is more widely accepted. In Brazil, for instance, the terms *negocio impato* and *negocio socio* represent these two strains of thought, with the former unconcerned with where profits are directed and the second more aligned with Yunus’ key emphasis on not distributing profits. Others have recently started to talk about the impact economy, while the idea of the social and solidarity economy has a long tradition, especially in Mediterranean and Latin American contexts.

So throughout our research we set out to ask social enterprise themselves how they identified and what criteria they believed were important – building shared understanding from the bottom-up. Fundamental inclusion criteria which were considered or adopted in various countries included:

- independence of government;
- proportion of income earned through trading vs. through grants;
- commitment to social or environmental mission;
- distribution of profits;
- democratic governance;
- demonstrable impact; and
- innovation

While definitions will continue to vary, our work has taught us that social enterprise are most commonly understood to exhibit three or four of these characteristics. With independence of government often taken as a given – as we are not talking about public or state-owned enterprise - the majority of countries shared three key inclusion criteria, based around:

- a significant or the greater proportion of income earned through trading, selling goods and services in markets;
- a commitment to a primarily social or environmental mission above the pursuit of profit; and
- principally directing surpluses or profits towards that mission.

However, this was not the case in all countries. For example, in some the use of profits was less significant. Furthermore, this approach does not reflect the difficulty of verifying these characteristics in practice, particularly given the informality of economic actors in many contexts. In many cases, these characteristics may be closer to values of a movement than formal criteria, or conditions of membership to a club. We hope our work fosters greater shared understanding of this field while continuing to recognise the great diversity of local conditions.

⁴ The ILO have defined the Social and Solidarity Economy as a “concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity”.



Ketemu Project in Indonesia is founded on the idea that the arts can be a tool to deal with societal challenges. They have worked with marginalised batik workers, with local schools and communities, and internationally, for example, with The Arts Development Company from the UK to bring business training and mentoring to disabled creative people.

A movement of millions

In our research we have sought to estimate the number of social enterprises in many countries. This is challenging in almost every country, since there is never a single, overarching legal form or status for social enterprise, and an absence of relevant data.

We have therefore, commonly based estimates on an approach that considers how some social enterprises are registered as companies, some as non-governmental organisations (NGOs) or non-profit organisations, and some as co-operatives. By establishing a prevalence rate for the proportion of social enterprise which make up each of these wider groups, and by applying that the total number of companies, NGOs or co-operatives in each country or territory, a rough estimate can be made.

These estimates are based not on statistically robust

samples, but some extrapolation of relatively small samples. To form this estimate, we examined organisations that met social enterprise characteristics in each country within the NGO, co-operative and micro, small and medium-sized enterprise communities. For more detail on the methodologies, please read each country report available on the British Council and Social Enterprise UK websites.

Many of these estimates are set out in the table below, with the UK added. We also include here the total population of each country in order to provide a social enterprise per capita estimate for each territory. Not all countries in which research was undertaken are included below and estimates were not made in every country where British Council research was undertaken. Where an estimate was provided in the form of a range we have taken a figure below the mid-point in the range.

Country / territory	Estimated no. of social enterprises	Population (approx.)
Bangladesh	150,000	150 million
Ethiopia	55,000	100 million
Ghana	26,000	30 million
Greece	1,500	10 million
Hong Kong, China	4,000	7 million
India	2,000,000	1.3 billion
Indonesia	342,000	260 million
Kenya	40,000	50 million
Malaysia	20,749	30 million
Pakistan	448,000	210 million
Philippines	164,473	100 million
Singapore	6,000	5 million
Sri Lanka	10,000	20 million
Sudan	55,000	40 million
Thailand	115,000	70 million
UK	100,000	65 million
TOTAL	3,537,722	2.447 billion

This data can provide us with social enterprise per capita figures for these diverse countries, which together comprise over a third of the global population. They range between one social enterprise per 600 people for The Philippines to one per 2,000 for Sri Lanka.

Other research has estimated the number of social enterprises in other countries. Sometimes, these are very wide, such as estimates of “hundreds of thousands” in the United States⁵ with a population of around 320 million. But some are more specific, for example:

- 20,000 in Australia⁶ (population 25 million)
- 102,000 in Italy⁷ (60 million)
- 18,000 in Belgium⁸ (11.5 million)
- 96,603 in France (67 million)
- 15,855 in Hungary (c. 10 million)
- 29,535 in Poland (c 40 million)
- 205,000 in Japan⁹(126 million)

Per capita, these countries give us figure of one social enterprise per 600 to 1600 people per country, similar range to the British Council studies, a useful sense check and comparison¹⁰.

It should be noted that the Global Entrepreneurship Monitor (GEM) has looked at the prevalence of social entrepreneurial activity among individuals, which is slightly different to our approach but has, nevertheless helped inform estimates in a number of countries included in this estimate. Social Enterprise UK also supported research¹¹ in China with our partners at CSEIF, which concluded 1.75 million social enterprises to be at “the higher range of the total number of SEs in China” for a population of around 1.4 billion, or 800 people per social enterprise.

Towards a global estimate

Based on the figures above, it is possible, for the first time to make provisional estimates of the total number of social enterprises, globally. Taking the average per capita figures for the countries in the British Council research, and considering

the global population or around 7.9 billion, we could make an initial estimate of the total number of social enterprises around the world to be around 8.6 million. However, using a weighted average which takes into account the population of each country, this estimate would rise to as high as over 11 million social enterprises.

If we also include figures available for other countries above, including China, then a total of 5.9 million social enterprises have been estimated for countries with a total population of around 4.5 billion, or over half the total global population. Adjusted accordingly for the global population, this would give us a total estimate of nearly 11.5 million social enterprises around the world.

This is far from being statistically robust, hence it should not be interpreted as an accurate estimate but merely the basis for further research. We believe it is important to recognise the limitations of this estimate, particularly with regard to:

- limited accuracy of the data in many contexts;
- risks of inaccuracies being multiplied through methodologies that extrapolate large numbers from relatively small samples;
- definitional challenges, based on language and other issues (explored above);
- irregular timings of the country surveys with some research taking place years after others;
- the risk of using data from countries where we have worked to help establish assumptions for other countries, with some regions better represented than others

A global estimate

Nevertheless, we are cautiously confident in our conclusion that there are many millions, and perhaps around 11 million businesses that could be recognised as social enterprises around the world, however they identify themselves. These businesses are trading for a social or environmental purpose and directing profits towards their missions. They are likely creating many millions of jobs and turning over many billions of pounds every year.¹²

⁵ https://www.huffpost.com/entry/social-enterprise_b_2090144?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2x1LmNvbS8&guce_referrer_sig=AQA-AADiYAOy2KEvqYHOSzXmfHBvYmtDPqSoKzK_gOK9E0n7MhPPsHby_YArj9uwQZ0BmpBOUvT5Jr3N8ynZiDSKq24g1NKsi9NihQvXQdvi4T5Hsf7-iXzh3v4SPLNb_e248sECiCibQo4wBHjNGQET-0Y5-C05PrsC2RVmLqzb1LU

⁶ <https://www.pioneerspost.com/news-views/20200722/bold-new-national-voice-social-enterprise-australia>

⁷ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274&furtherPubs=yes>

⁸ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274&furtherPubs=yes>

⁹ <https://www.npo-homepage.go.jp/uploads/kiyouyou-chousa-summary.pdf>

¹⁰ Other research in Europe suggested 369 social enterprises per one million inhabitants, with ratios as high as 620 per million in Germany and as low as 8 per million in Cyprus but many of these estimates are lower than the figures above provided by the EU.

¹¹ <http://www.cseif.cn/Uploads/file/20190623/5d0f4381b9d97.pdf>

¹² Estimates suggest there are around 213 million companies operating worldwide. Previous British Council research has explored how social enterprise is comparable in scale to other sectors around the world, with the social economy in Spain accounting for over 20% of employment, for example, and representing a larger share of the economy than the car industry in South Korea, for instance - https://www.britishcouncil.org/sites/default/files/seuk_british_council_think_global_report.pdf

Hathay Bunano in **Bangladesh** is a Fair Trade organisation creating handmade products in clean and safe environments, paying double the average wage of garment factories across Bangladesh. Together with partner Pebble Child Bangladesh, responsible for distribution, they have created employment for around 8,000 women and export to 37 countries.



Policy and support ecosystems

Government policy

Around the world, many governments have been developing policies and strategies to support the development of social enterprise over the last decade and more. Governments have explored a range of approaches, from funds and programmes of support to fiscal measures and awareness-raising, as well as adjustments to the law, education curricula or procurement regimes.

The UK has done much to support social enterprise through policy, while the British Council has attempted to share learning around the world. Social Enterprise: A Strategy for Success in 2002 was the first formal government strategy explicitly aimed at supporting social enterprises, and international strategies followed from both the UK and Scottish governments. More recently, the Scottish government has arguably led the way, and the EU has also taken a number of supportive initiatives.

Evidence-based policy making

The establishment of robust evidence is often understood to be an important step, or even a prerequisite, in the policy development process, with regard to social enterprise or otherwise. The British Council, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and Social Enterprise UK have worked across South East Asia to support policy makers and ecosystem builders in creating a more enabling environment for social enterprise and social impact investment¹³.

This work frequently followed the state of social enterprise reports. In Bangladesh, for instance, mapping work was followed by the British Council and partners supporting the National Advisory Board (NAB), chaired by the Ministry of Finance to develop a National Impact Investment Strategy and Action Plan. In Indonesia, the research helped underpin the inclusion of social entrepreneurship in the National Development Plan. In Sri Lanka, we supported the establishment of a cross-government working group focused on developing a national social enterprise strategy.

British Council research has explored the development of the policy environment in over 20 countries. Some notable developments include, for instance:

- measures in Bangladesh to encourage banks and other investors to explore impact investment
- in Pakistan, parliamentarians from the national assembly and provincial assemblies have helped draft legislation to support social enterprises in Pakistan
- the government in Indonesia recognising the important role of government in helping to build and nurture the social entrepreneurship ecosystem
- in Ethiopia, steps which granted greater freedoms to NGOs being allowed to trade goods and services
- the Malaysian government playing an active role in recognising and promoting social entrepreneurship with the launch of the Malaysian Global Innovation & Creativity Centre (MaGIC) in 2014 and the Malaysian Social Enterprise Blueprint 2015–2018 (MSEB), released in 2015
- in the Philippines, legislation has been proposed in the House of Representatives to support social enterprise
- in Jamaica, Planning Institute of Jamaica, Ministry of Education, Development Bank of Jamaica and others have developed programmes to promote social enterprise over last few years
- recognition of the term social enterprise as a distinct type of organisation in Viet Nam's Enterprise Law in 2015, which promised favourable conditions for organisations and individuals to set up social enterprises, including investment incentives and access to foreign non-governmental aid
- in Ghana, development of draft social enterprise legislation
- in Singapore, a government-appointed Social Enterprise Committee was tasked with developing national strategies to grow social enterprises and their ecosystem, and in 2012, the Office of the President of Singapore launched the President's Challenge Social Enterprise Award (PCSEA) to honour and recognise outstanding social enterprises for their contributions to the local community

¹³ https://www.britishcouncil.org/sites/default/files/se_policy_briefs.pdf

Center Pottery in Singapore was founded by Joan Huang with the aim of bringing mental wellness to people through pottery making. Bringing together pottery expertise and healthcare experience to promote the benefits of clay, ceramics, and pottery to help participants improve their mental health and emotional well-being.



- in Hong Kong, China, the government launched a Social Enterprises Partnership Programme (SEPP) in 2008. The government also supported the creation of a Social Enterprise Award Scheme
- in Thailand, the Master Plan for Social Enterprise Promotion was developed for the period 2010–2014 with the Thai Social Enterprise Promotion Board, chaired by the Prime Minister, and the Thai Social Enterprise Office was also founded in 2011. A law specifically targeting social enterprises was passed in 2019.¹⁴
- in Sri Lanka in 2018, the Ministry of Finance entered into an agreement with UNDP to establish two funds to promote and support social enterprises and impact investment

Policy lessons

The following picture emerges from the experience of these policies and strategies:

- The long-term nature of the development of social enterprise policies – sometimes exacerbated by political uncertainty and/or low levels of trust in the economic and political system in many places.
- The significance of high-level political leadership as well as the question of where responsibility for social enterprise lies within the architecture of government.
- In many countries, no explicit law or legislation regarding social enterprise exists, nor is there a distinct registration or legal form for social enterprise. Where explicit legal forms or legal recognition do exist, they have not always had significant uptake, such as in Viet Nam or Thailand, which may be simply due to their infancy, lack of understanding, or perhaps linked to a perceived lack of tangible benefits for entities registering as such.
- Generic business policies, relating to SMEs for instance, can be a significant factor in the enabling environment for social enterprise. Access to business support for SMEs as a whole, or legislation around NGOs or co-operatives, civil society or the social and solidarity economy more widely, company law, microfinance or job creation policies are all important parts of the policy environment for social enterprise.
- Governments and other policymakers are often interested in access to finance and impact investment with a view to how the flow of capital can help social enterprise to scale.
- Regional, sub-national and even municipal-level policies can also be important enablers.
- The EU, international donors or UN bodies, the World Bank and others exhibit an influence over the policy environment and the degree to which social enterprise is given consideration, or otherwise.
- Co-ordinated and constructive advocacy on behalf of social enterprises and relationships with government are also important in taking policy forward, while the existence and capacity of social enterprise networks and associations varies greatly across the world.
- Inconsistency in the application and delivery of policies, partly depend on government capacity, communication, bureaucratic processes and other factors

Evidence and the support landscape

While evidence can often support policy development, it can also influence development in the field. Mapping research has helped shape the actions of funders, financiers, and other social enterprise supporters. In Bangladesh, for instance, where the launch of the first proposed impact fund in 2017 by Build Bangladesh was instigated in partnership with the United Nations Development Programme and SDG Impact Finance (UNSIF). In Sri Lanka, our research has helped inform the development of the growing ecosystem, where intermediaries are expanding, enabling them to support more social enterprises across the country, and new players are also emerging to provide support services such as business incubation, capital, coaching and mentoring and access to markets.

Evidence has also helped with the development or emergence of social enterprise membership bodies. Social Enterprise Ethiopia, Social Enterprise Ghana, Social Enterprise Society of Kenya have all developed in the last few years, with support from British Council and others, following research in the field. In Turkey, a consortium came together to deliver the research for the British Council, in partnership with Social Enterprise UK, and this project supported the development of the capacity and the legitimacy of the what has now evolved into the Turkish Social Entrepreneurship Network (TSEN).

¹⁴ www.thailand-business-news.com/environment/71489-regulation-can-hinder-not-help-asias-social-enterprises-analysts-say.html

The support ecosystem

The British Council-backed research has also explored the range of players in the social enterprise support ecosystem. In some places, it is very early days, while in others this ecosystem is more mature. But it is often dynamic, messy and growing. These ecosystems include:

- policymakers – not only governments but think tanks and international agencies
- enablers and capacity builders – business support providers as well as incubators, accelerators and co-working spaces, often with a focus on start-ups and digital technology
- networks, platforms and facilitators – including membership bodies, chambers and associations
- funders and financiers – with a mix of financial motivations from philanthropic through to commercially motivated providers of capital. Crowdfunding has been on the rise in many places, and while impact investment is often new and exciting, the role of conventional banking institutions remains important
- higher education, and technical and vocational education and training providers – universities often play a significant role as crucibles for social enterprise development, as social enterprise increasingly features in curricula across the world and also often play an important role in researching the field.

In many countries and territories, this ecosystem is often highly concentrated in major cities, even if a significant proportion of social enterprise activity actually takes place in more rural or peripheral areas. Corporates also sometimes play a significant role, but this varies significantly. The media also engages in raising awareness and understanding of social enterprise to varying degrees

with some high-profile social entrepreneurs on television in some contexts, while public awareness of social enterprise more widely remains very limited in many places.

Social finance and impact investment

Social enterprises may seek access to funding and finance. This funding and finance can come from multiple avenues, including social entrepreneurs' own personal resources; grants or donations; trading revenue; crowdfunding campaigns; and investments such as debt, equity or hybrids. Social finance - from investors with a social motivation - is one of the available options and one that is receiving ever more attention and policy focus.

Social finance, social investment and impact investment are all terms that have become increasingly popular in recent years. While this territory is emerging and contested, these terms tend to refer to repayable finance instruments, where decisions are driven by social and/or environmental return as well as financial return. 'Social finance' can be used as an umbrella term to describe the range of new financial instruments that have emerged in recent years, where financial motivations are accompanied by social objectives. This increasing interest in social finance has come alongside a rise in sustainable investments more widely. Globally, the size of socially responsible investments in 2019 rose by 34 per cent to US\$30.7 trillion in two years.

We hope our research has helped develop understanding of the relationship between the demand for finance social enterprise and the supply of socially motivated and/or sustainable investment.



Deaf Can! Coffee in Jamaica employs 20 full time staff and has 10 students in training. The enterprise contracts out baristas to coffee shops, as well as operating its own mobile pop-up cafes. Deaf Can! Coffee supports young men and women to believe in their own gifts and talents, take responsibility for their futures and become leaders in their communities.



GarbageCan is a recycling and waste management company in **Pakistan**. The business focuses on environmentally friendly waste management practices - reduce, reuse, and recycle. The business provides awareness, recycling management, comprehensive waste management and - in the face of the Covid-19 pandemic- launched a disinfection service.

Survey findings

Operational Profile

Year of establishment

Social enterprises are often young businesses, founded in the last few years. The average year of establishment across all countries is 2010. Singapore and Algeria have the newest social enterprises with the average year of establishment as recent as 2016 and 2017 respectively while in Sri Lanka and Pakistan, these businesses tend to be much older, where the average years of establishment are 2003 and 2002. There are a greater proportion of newer social enterprises in South-East Asia than in sub-Saharan Africa. This reflects the commonly held perception that this part of the world has seen particularly significant growth in the profile and activity of social enterprise in recent years, as well as perhaps the longer history of co-operatives and the social and solidarity economy in a number of SSA countries.

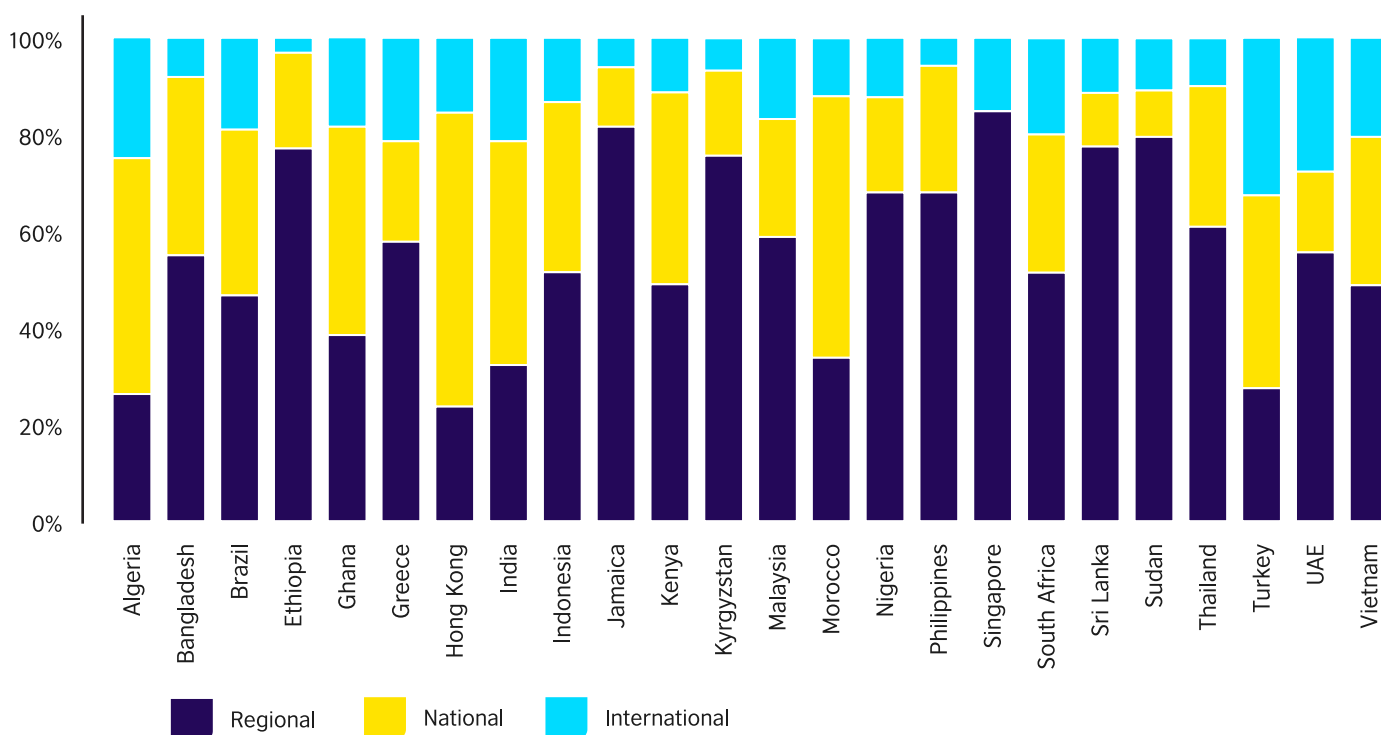
Average year of establishment

2002	2003	2006	2007	2009	2010	2011	2012	2014	2016	2017
Pakistan	Sri Lanka	Philippines	India	Ghana Hong Kong Jamaica Kyrgyzstan	Bangladesh Ethiopia Sudan Thailand	Kenya	Brazil Greece Malaysia Indonesia Morocco Turkey	Nigeria South Africa UAE	Singapore	Algeria

Geography of operations and reach

Social enterprises work from the local to global level. Turkey and UAE have the highest proportions of social enterprises operating internationally, with 32.6 per cent and 27.8 per cent respectively. Meanwhile, in Ethiopia and Philippines, just 3.1 per cent and 5.8 per cent of social enterprises operate internationally.

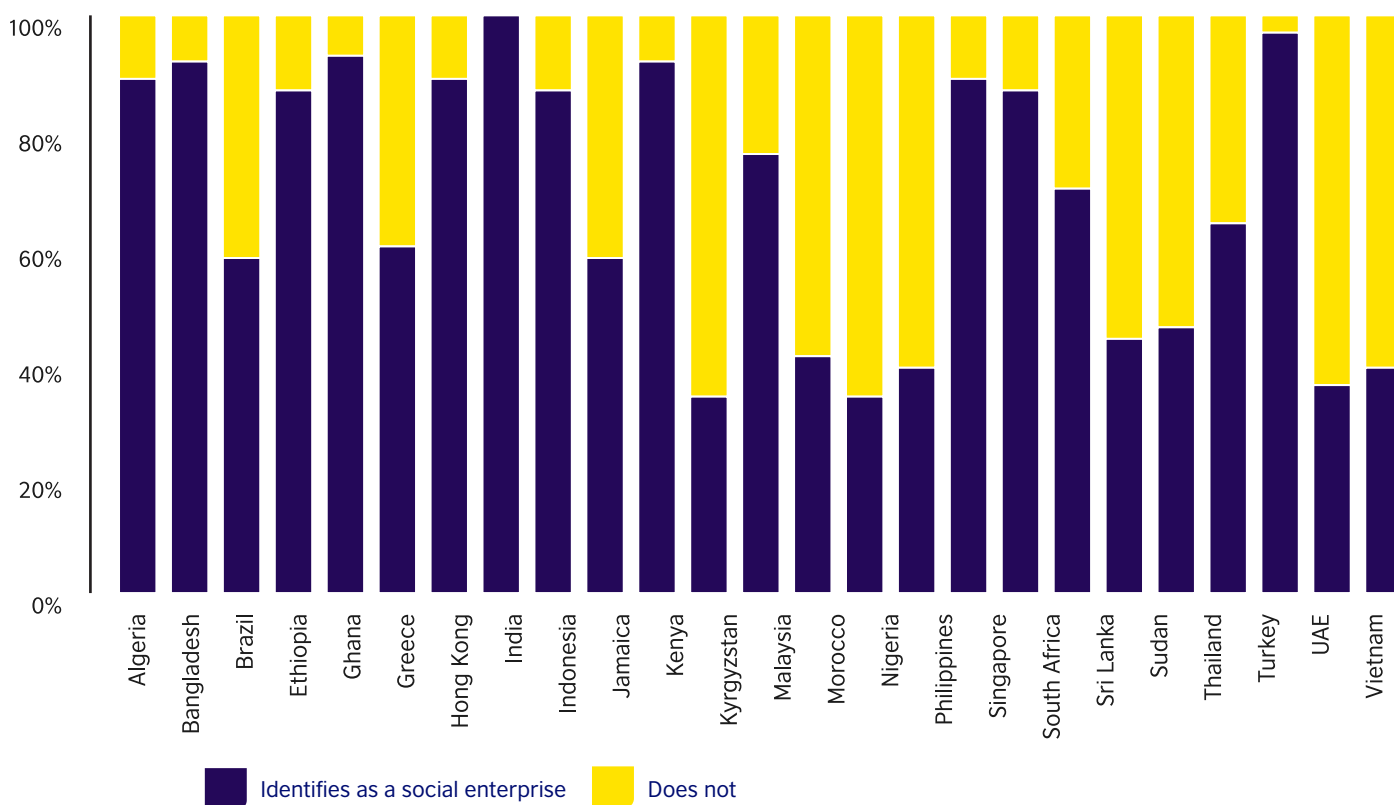
Regional, national and international operations



Self-identity

Social enterprise is a well-recognised term by social enterprises themselves and commonly part of their identity. Survey respondents tended to recognise themselves as social enterprises most of all in India and Turkey, at 100.0 per cent and 96.9 per cent respectively. While in Kyrgyzstan and Viet Nam, only 33.6 per cent and 38.6 per cent of respondents did so. This is not surprising in Kyrgyzstan, where the concept of social enterprise is still quite novel but is perhaps more surprising in Viet Nam where the Government has introduced formal policies relating to social enterprise and their recognition. There is perhaps a link here as Viet Nam's Enterprise Law in 2015 established social enterprise as a distinct type of organisation and respondents may have included many which are not recognised by this law but nevertheless meet wider defining criteria of social enterprise. The figures for Thailand and Malaysia were also lower than other countries with less well-developed policy, such as Ethiopia and Ghana, perhaps backing up this idea that formal government registration and recognition schemes are excluding a large proportion of businesses which nevertheless do meet many people's understanding of what constitutes social enterprise. Policymakers in a range of contexts should reflect on this experience when considering new policies for registration and recognition.

Survey respondents identifying as social enterprise



Legal form

Legal forms for social enterprises to register their businesses vary across countries, as well as the regulations around each form, compliance and the degree of informality in the economy. For the purposes of this research, we grouped together similar or related legal forms into the following broad groups:

- sole trader
- partnership
- private company
- charitable organisation/NGO
- other, including co-operatives

The highest proportion of sole traders could be found in Algeria (42.9 per cent) and Brazil (36.6 per cent). The highest proportion of partnerships could be found in Malaysia (15.3 per cent) and Bangladesh (17.4 per cent), likely linked to their shared and related legal tradition.

The highest proportion of private companies could be found in UAE, Singapore, Viet Nam, India and Thailand with over half of social enterprises, or more, taking this form. Charitable organisations, or similar, were most frequently found in Greece, The Philippines and Sudan.

Social enterprises as subsidiaries of other organisations were most often found in The Philippines and Ethiopia, at 26.2 per cent and 23.1 per cent of respondents accordingly. These are two of the countries where Social Enterprise UK and the British Council have seen significant frustration with the existing legal options and frequent calls for new and bespoke social enterprise options and recent changes to the NGO laws in Ethiopia in response.

Folkcharm in Thailand works with natural cotton farmers, artisans and around 40 home-based local craftswomen. Materials are organic and chemical-free and 50% of sales goes directly to the makers. Off-cuts are upcycled and 90% of packaging is recycled or biodegradable. Through their products, the business increases awareness of traditional crafts and slow fashion.



Mission

Objectives

Social enterprises around the world have diverse objectives. Improving communities, creating employment and/or enterprise opportunities, improving health and well-being, protecting the environment, and promoting education and literacy tend to be the most common priorities. Significant differences include:

- The environment was a high priority for social enterprises in Morocco (55.6 per cent) Philippines (53.9 per cent) and Sri Lanka (53.3 per cent).
- Serving young people was often a high priority in the Philippines (34.5 per cent)
- Creating employment was most common in Greece (77.8 per cent) and Sri Lanka (77.0 per cent).
- Supporting vulnerable people was a high priority in Kyrgyzstan (54.6 per cent) and the Philippines (51.5 per cent).
- Providing access to quality products/services high in Sri Lanka (46.8 per cent)
- Improving health and wellbeing was a common objective in Hong Kong (47.3 per cent) and India (41.5 per cent).
- Addressing financial exclusion was a frequent objective high in Greece (39.7 per cent), linked to the financial crisis around the time of the research.
- Promoting education and literacy was often an objective in many places but especially in Nigeria (46.4 per cent), Pakistan (48.2 per cent), Philippines (45.6 per cent).

Business and the climate crisis

Protecting the environment is one of the top objectives for social enterprise around the world. In the UK, we estimate that recycling social enterprises alone - wood, bicycle, furniture, IT, materials and clothes recycling - may be worth around a billion pounds per year with profits of over £300 million per year. They deliver a range of environmental benefits, including millions of tonnes of carbon savings and avoiding hundreds of thousands of tonnes of landfill. More widely, protecting the environment is a priority for over half of social enterprises in Morocco, the Philippines and Sri Lanka.

But even those social enterprises whose main objective is not environmental are nevertheless uniquely positioned to play a leading role in responding to climate change. The potential in governance and ownership models driven by values other than the pursuit of profit offers the flexibility and opportunity to demonstrate how business can address the biggest challenge we face. In the UK, 67 per cent of all social enterprises have a plan to embed tackling climate into their constitution or articles of association. In Malaysia, Morocco and Nigeria, social enterprises frequently operate in the environmental and sustainability sector.

As the Social Enterprise World Forum concluded in April 2021, “The global changes needed to combat the Climate Emergency are huge. While most social enterprises are small, the philosophical foundation from which we operate is profound enough to help immediately. Social enterprise is a climate-friendly new way of doing business.”

Purpose

By their nature, social enterprises must balance their aims to achieve social impact along with the need to achieve financial sustainability. In Indonesia, the primacy of social or environmental mission was one of the criteria for including respondents in the findings¹⁵. But in other countries and territories, ‘Profit and social/environmental mission jointly’ was also allowed.

Social enterprises most likely to put mission first after Indonesia and Brazil could be found in Nigeria, with 55.3 per cent and Turkey with 57.6 per cent. This was least common in Morocco (19.5 per cent) and Viet Nam (25.4 per cent).

¹⁵ This approach was also used to distinguish social enterprises from creative enterprises in the sample for Brazil, the survey for which was originally conducted as part of the British Council's DICE programme. For more information see <https://www.britishcouncil.org/programmes/society/dice/reports>

Beneficiaries

Social enterprises work for a wide range of beneficiaries in diverse settings around the world. In every country surveyed, the most common response was serving particular groups of people. This was 100 per cent or close in Singapore, Sri Lanka, Morocco, Nigeria, Jamaica, Kyrgyzstan and Sudan.

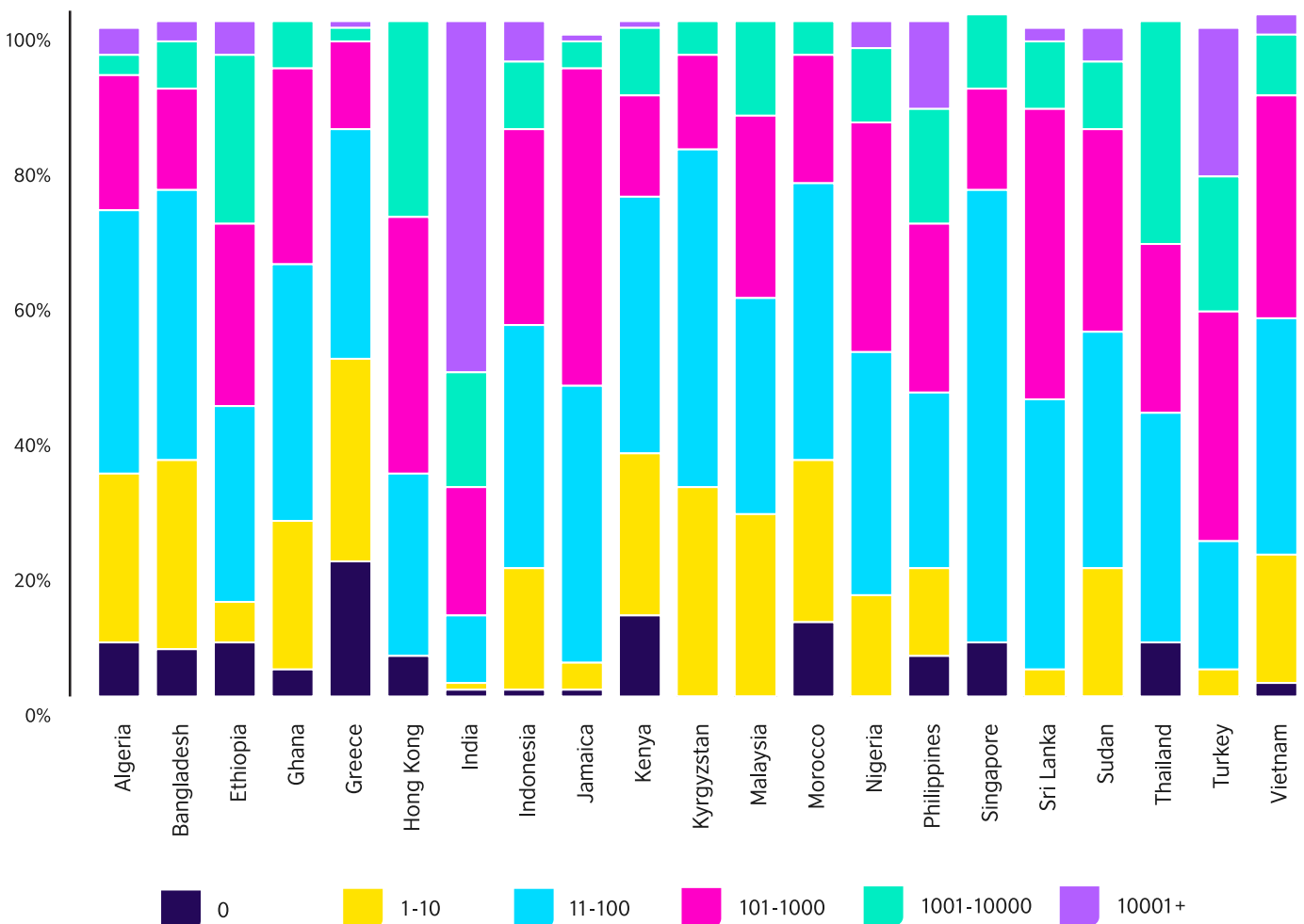
Organisations were frequent beneficiaries in Brazil, The Philippines, and India, for over half respondents. While employees were often beneficiaries in India (62.2 per cent) and The Philippines (59.7 per cent). Local community was also a priority in The Philippines and Jamaica.

Number of beneficiaries

Social enterprises often serve small groups of people but sometimes many thousands. In terms of the number of beneficiaries, it is notable that Greece had a relatively high proportion of social enterprise serving low numbers of people, with 19.6 per cent serving none (which could be because they have an environmental mission, for instance, and do not serve individual beneficiaries directly) and almost a third (30.1 per cent) serving fewer than 10 or under. We see a similar proportion in Kyrgyzstan, where social enterprises are also often serving 10 or fewer people (31.4 per cent). In Singapore over two thirds of social enterprises (66.9 per cent) were serving between 11 and 100 beneficiaries.

India sits at the other end of the spectrum where over half of social enterprises (51.9 per cent) were serving more than 10,000 beneficiaries. Turkey is also relatively high, with 21.6 per cent of social enterprises serving high numbers of beneficiaries.

Beneficiaries served





RUMAH

SUKKHA CITTA

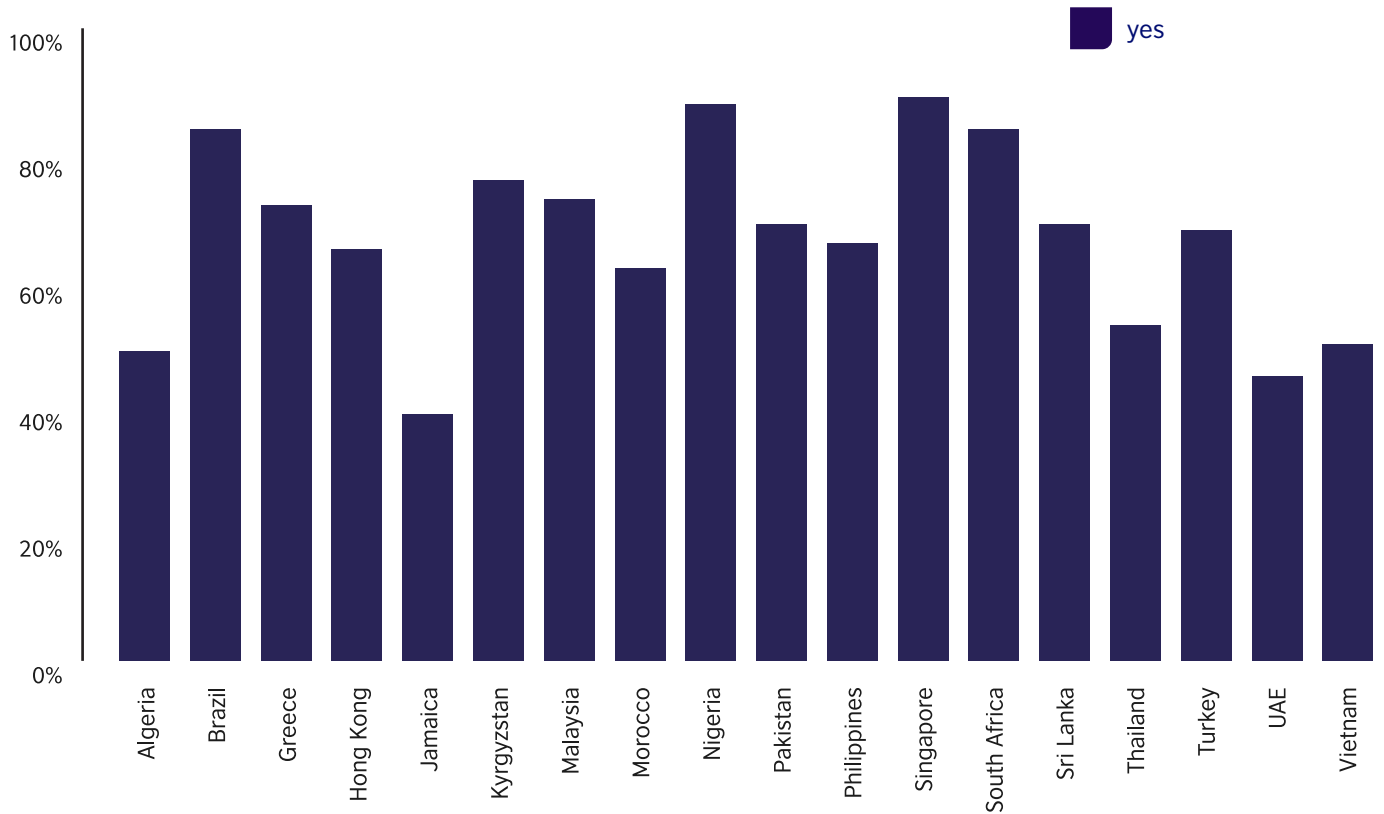
SukkhaCitta is an award-winning clothing social enterprise in rural **Indonesia**.

The business enables young women to learn heritage crafts to lift themselves out of poverty with over 50% of sales flowing to villages. SukkhaCitta has opened four craft schools, increased incomes for women and school enrollment for their children, as well as avoiding plastic waste.

Social impact measurement

Not all the studies asked whether social enterprise measured their social impact. For those which did, Singapore and Nigeria had the highest proportion doing so, with 88.7 per cent and 87.6 per cent respectively. At the other end of the spectrum, Jamaica and UAE were lowest with 38.5 per cent and 45.5 per cent reporting that they did not measure their impact.

Do you measure your social and environmental impact?



From one sandwich stall in 1999, **KOTO** has grown into an internationally recognised and award-winning social enterprise that empowers at-risk and disadvantaged youth in **Vietnam** through its hospitality training program. KOTO's model provides training, and builds careers, self-esteem and dignity, through a range of restaurants, training centres and an investment arm.



Staff and leadership

Full-time staff

Social enterprises are often micro and small businesses but not always. The countries with social enterprises often employing relatively small numbers of staff were Greece and Jamaica, where 59.8 per cent and 67.6 per cent of social enterprises had no employees. At the other end of the spectrum, 12.2 per cent of social enterprise in India employed over 250 people and Pakistan, where 20.6 per cent did. Nigeria and Thailand also had several large employing social enterprises.

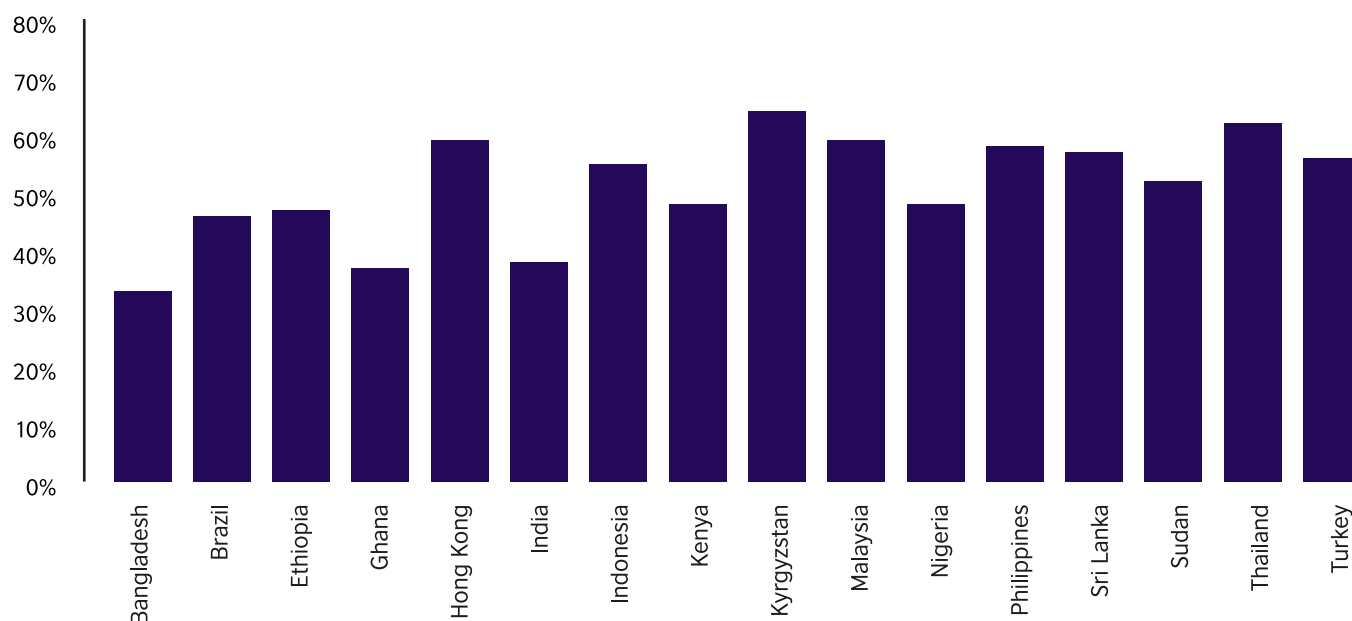
Other British Council research¹⁶ shows how social enterprises are often significant employers, in proportion to their size. For countries in Sub-Saharan Africa for which there is data, registered micro, small and medium-sized enterprises employ an average of two people¹⁷, while social enterprises employ an average of 21. Survey data shows that this is likely a result of their explicit missions to create jobs with only 27 per cent of profit-first businesses actively seeking to create jobs, compared to 78 per cent of social enterprises.

Gender and women empowerment

Research has found that in almost every country and territory, social enterprises tend to create jobs for women more than business more widely. Kyrgyzstan and Thailand have the highest proportion of full-time women staff, with 63.6 per cent and 62.4 per cent respectively. While Bangladesh and Ghana have relatively lower proportions of women full time staff, around 33 per cent and 37 per cent respectively. Similar patterns were evident for part-time staff.

Other British Council research¹⁸ has demonstrated how social enterprises are providing greater opportunities in employment than the wider economy. Furthermore, women starting a social enterprise report an increased sense of self-worth, increased confidence, and other benefits.

Percentage of full time staff who are female



¹⁶ https://www.britishcouncil.org/sites/default/files/social_enterprise_and_job_creation_in_sub-saharan_africa_final_singlepages.pdf

¹⁷ https://www.britishcouncil.org/sites/default/files/social_enterprise_and_job_creation_in_sub-saharan_africa_final_singlepages.pdf

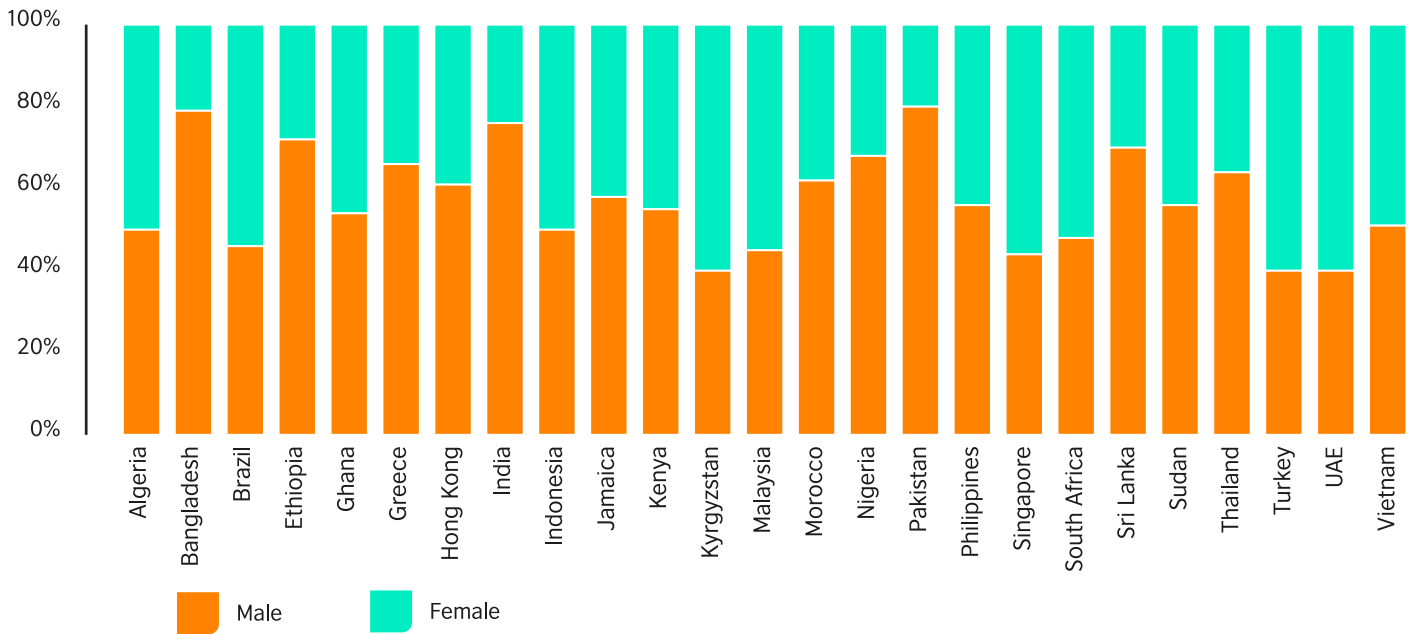
¹⁸ https://www.britishcouncil.org/sites/default/files/social_enterprise_and_womens_empowerment_july.pdf

Leadership and gender

In almost every country this research has been undertaken, social enterprises are much more likely to be led by women than business more widely. The highest female leadership was in Turkey, UAE and Kyrgyzstan, at 60.5 per cent, 59.8 per cent and 59.7 per cent respectively and at its lowest in Pakistan and Bangladesh, at around 20 per cent in both countries.

Other British Council research¹⁹ reports how social enterprises should be proud of their “record of producing women leaders, but certainly not complacent. More work needs to be done to support women leaders in the sector, and more work needs to be done with larger social enterprises to make sure they consider their board, leadership teams and pay structures with a gender lens.”

Male and female leadership of social enterprises

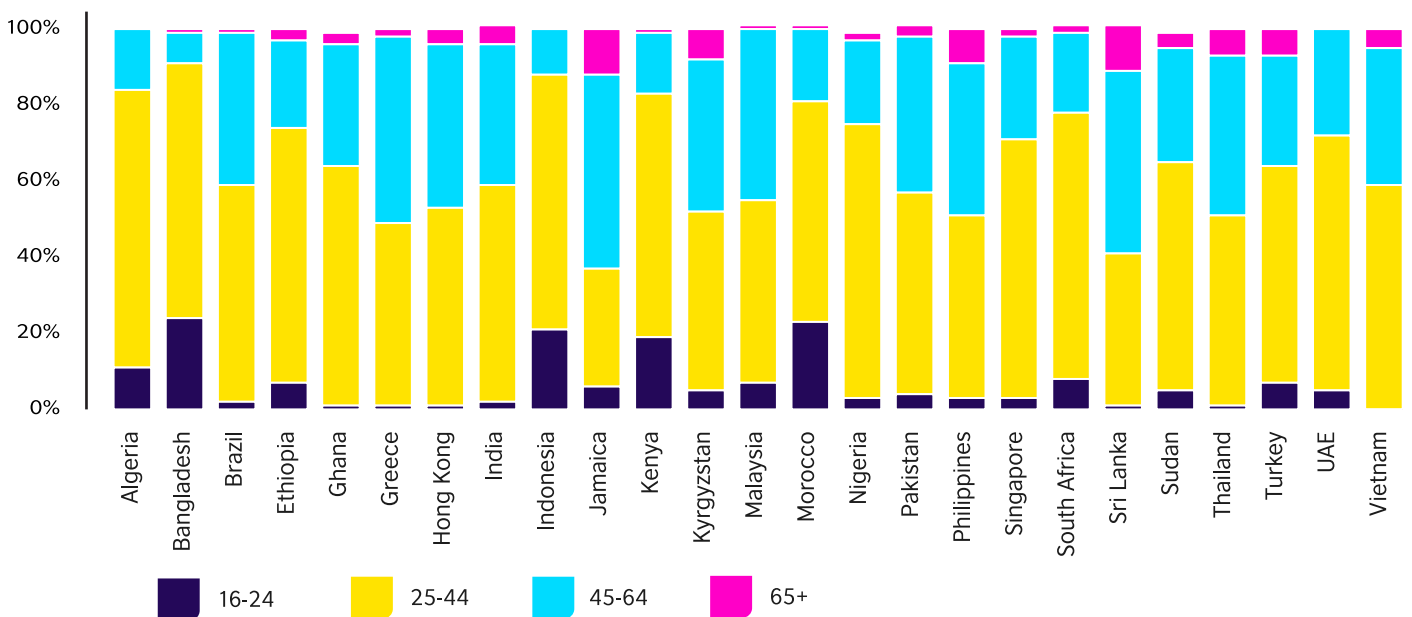


Leadership and youth empowerment

These surveys have shown that social enterprise leaders are often young. Bangladesh, Morocco and Indonesia had the highest proportion of social enterprises led by people under the age of 24, all between one in four and one in five of social enterprises in each country. Greece, Ghana, Hong Kong, Sri Lanka, Thailand and Viet Nam had very few social enterprise led by people under 24.

For most countries, leaders tended to be between 25 and 44 years old. This was lowest in Jamaica at only 30.7 per cent, followed by Sri Lanka at 39.6 per cent. These were also the two countries with the highest proportion of leaders over 65.

Age of social enterprise leaders



¹⁹ https://www.britishcouncil.org/sites/default/files/social_enterprise_and_womens_empowerment_july.pdf



Cultural centre Lá da Favelinha in Brazil offers free language, music, dance and art classes, welcoming more than 500 people a week and pays for the services of more than 70 young independent dancers, DJs, teachers and creatives. Projects have included a fashion label, Remexe, led by LGBTQ+ and non-white females, specialising in upcycling genderless fashion.

Business model

Sector

Social enterprises work across all sectors of the economy, all around the world. The most common include agriculture, fisheries and dairy; business development and entrepreneurship support; education; and health and social care. But this also varies considerably from context to context:

- Agriculture is a common sector for social enterprises in Ghana (34.8 per cent) and Viet Nam (32.3 per cent) in particular.
- Arts, culture and heritage were most common in Malaysia (10.6 per cent) and Singapore (13.6 per cent) as well as Hong Kong (8.1 per cent).
- Business consultancy, development, entrepreneurship support was a popular industry in Nigeria, for around a third of social enterprises in the country and around quarter for social enterprises in Pakistan, Ghana and Bangladesh.
- Creative industries were common sectors in Indonesia and Morocco, for around one in five social enterprises.
- Social enterprises working in education often found in Nigeria (42.7 per cent), Pakistan (49.7 per cent) and Singapore (41.4 per cent).
- Financial services and energy and clean technology was far in India way more than any other country, over one in four (both at around 27 per cent)
- Environmental/sustainability more widely was a frequent sector for social enterprises in Malaysia, Morocco and Nigeria.
- Food was a significant sector for social enterprises in Ghana (19.7 per cent), Greece (16.8 per cent) and India (16.3 per cent)
- Healthcare highest in Pakistan, for 37.8 per cent of social enterprises.
- Hospitality in Viet Nam for 10.2 per cent.
- Sri Lanka was the country with the highest proportion of social enterprises working in manufacturing, with 35.3 per cent, followed by Ghana at 22.7 per cent.

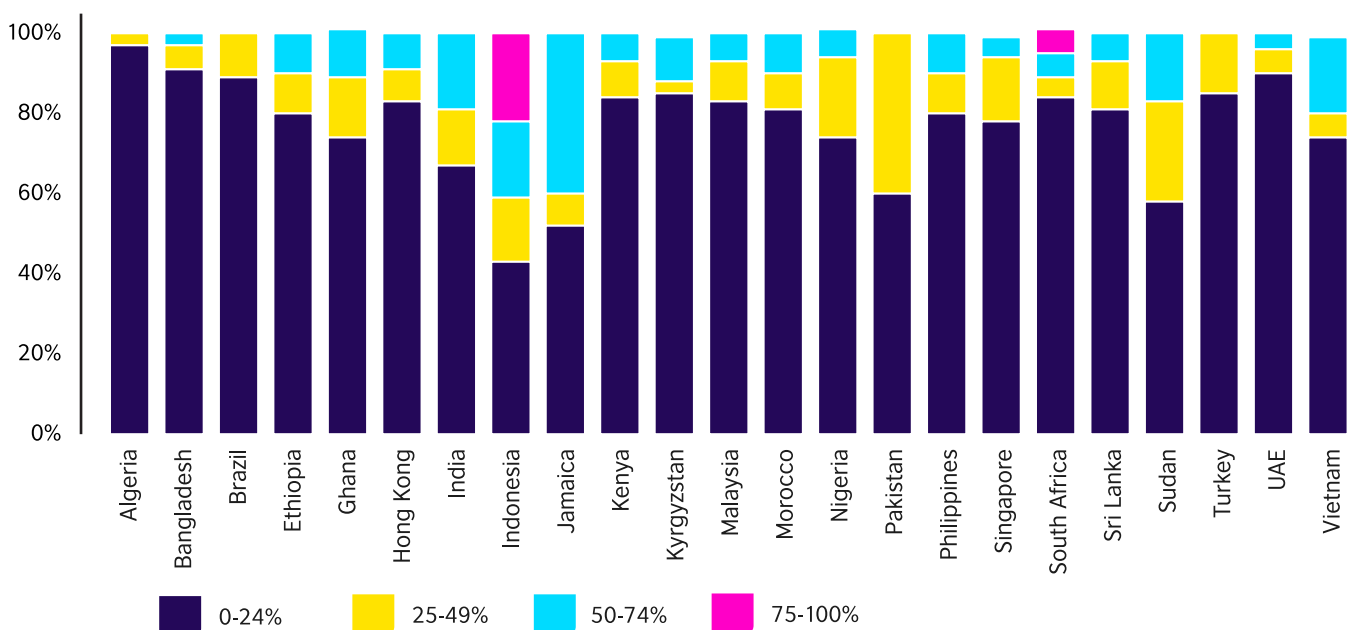
Grant income

All types of business may receive grants from government and beyond, and social enterprises are no different. But this varies considerably across contexts.

Social enterprises in Bangladesh and Algeria received a relatively low proportion of their income from grants. 91.3 per cent and 97.0 per cent respectively report that they received less than 25 per cent of their income from grants.

Indonesia and Jamaica are at the other end with social enterprises in the country with 43.0 per cent and 52.1 per cent of social enterprises respectively receiving up to 25 per cent of their income through grants.

Proportion of income earned through grants



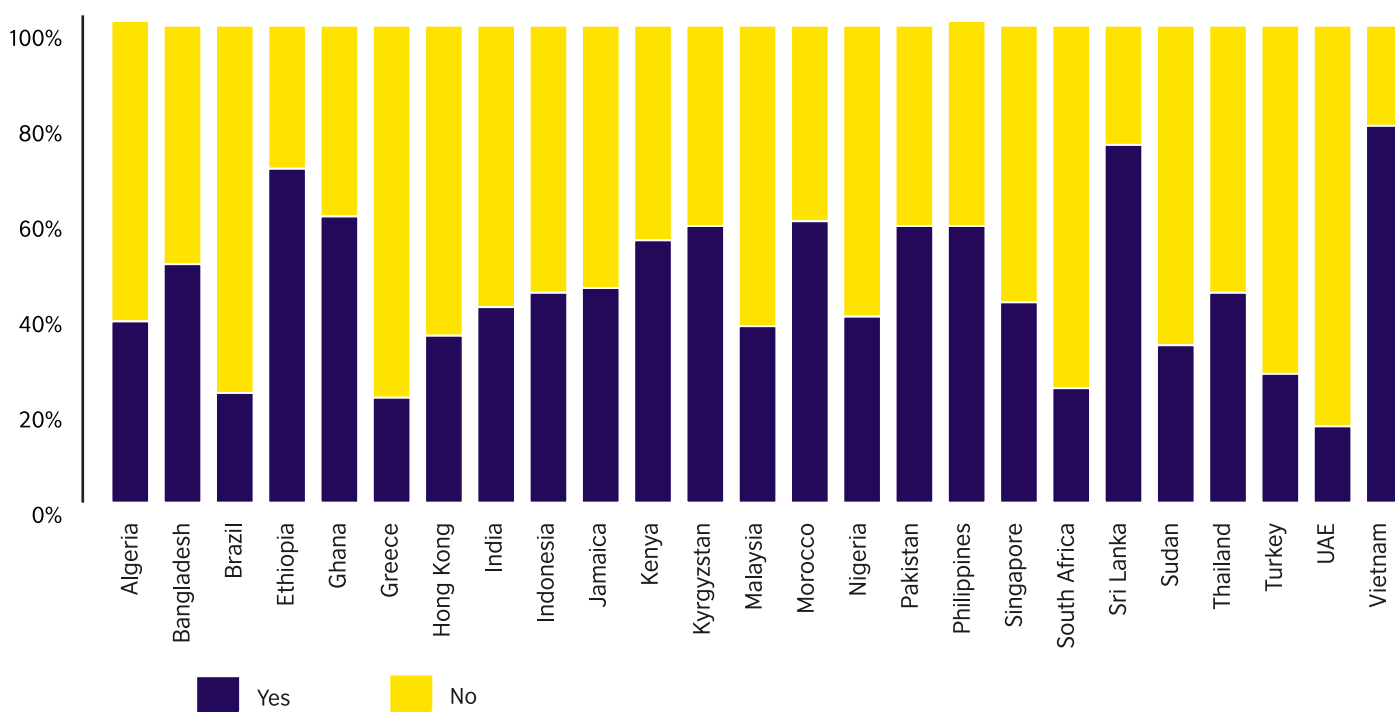
Turnover

Social enterprises are often micro and small businesses. Comparing turnovers across different economies is challenging given currency fluctuations, difference in purchasing power and living standards and so on. Nevertheless, countries in the surveys with social enterprises frequently turning over less than £5k per annum included Bangladesh, Jamaica, Morocco and Sudan. India and Thailand had highest proportion of social enterprise turning over millions of pounds, which corresponds with the staff numbers outlined above.

Profit

Social enterprises report making a profit, breaking even and making a loss around the world, just as is the case for other types of business. Social enterprises tend to more commonly make a profit in Viet Nam and Sri Lanka where over three quarters report making a profit, whereas Greece and Brazil only around a quarter do so.

Social enterprises generating a profit



Use of profits

While social enterprises direct their profits towards a cause, this can happen in a range of ways. Social enterprises in Jamaica (98.7 per cent), Ghana (86.4 per cent), India (87.2 per cent) and Nigeria (91.8 per cent) most often report investing profits in their business's growth and development activities. Social enterprises in Sudan and Hong Kong are most likely to share a significant proportion of profits with owners and shareholders. Rewards to staff and beneficiaries are most common in Thailand (56.3 per cent) and Viet Nam (49.6 per cent).

Using profits for a cross subsidy model was most common in Thailand (40.3 per cent) and India (for 35 per cent) while funding third party social/environmental activities was most frequently happening in The Philippines (47.2 per cent) and Singapore (91 per cent)



Dlala Nje in South Africa offers guided walks and inner-city experiences in some of Johannesburg's most misunderstood areas. These activities have allowed the business to build and run a community centre which provides a safe learning environment for children and young people, where they have the chance to learn, grow, be safe, and develop friendships.

© courtesy of Dlala Nje



Biji-biji Initiative in Malaysia uses creativity, tech and collaborative production to champion sustainable living and reuse waste creatively e.g. mobilising makers to design and produce face shields in Covid-19. Using discarded materials, basic electronics and passive building techniques, they have generated 27,060 kw of energy and saved over 15,000 kg of waste.

© courtesy of Biji-biji Initiative

Growth

Jobs growth

Research has found that social enterprises in many countries are creating jobs, often faster than other businesses. For those countries where social enterprises were surveyed about jobs growth, Indonesia (41.6 per cent) reported the highest proportion of social enterprises increasing staff numbers from one year to the next. Turkey and Thailand had not seen increases in job numbers, although the timing of the surveys in this country means that this is likely linked to wider economic circumstances in the countries at the times of the research. Previous British Council research suggested that while “social enterprises may only be employing a small number of people directly, yet each has the potential to create hundreds of jobs through self-employment, new business start-ups and business growth.”²⁰

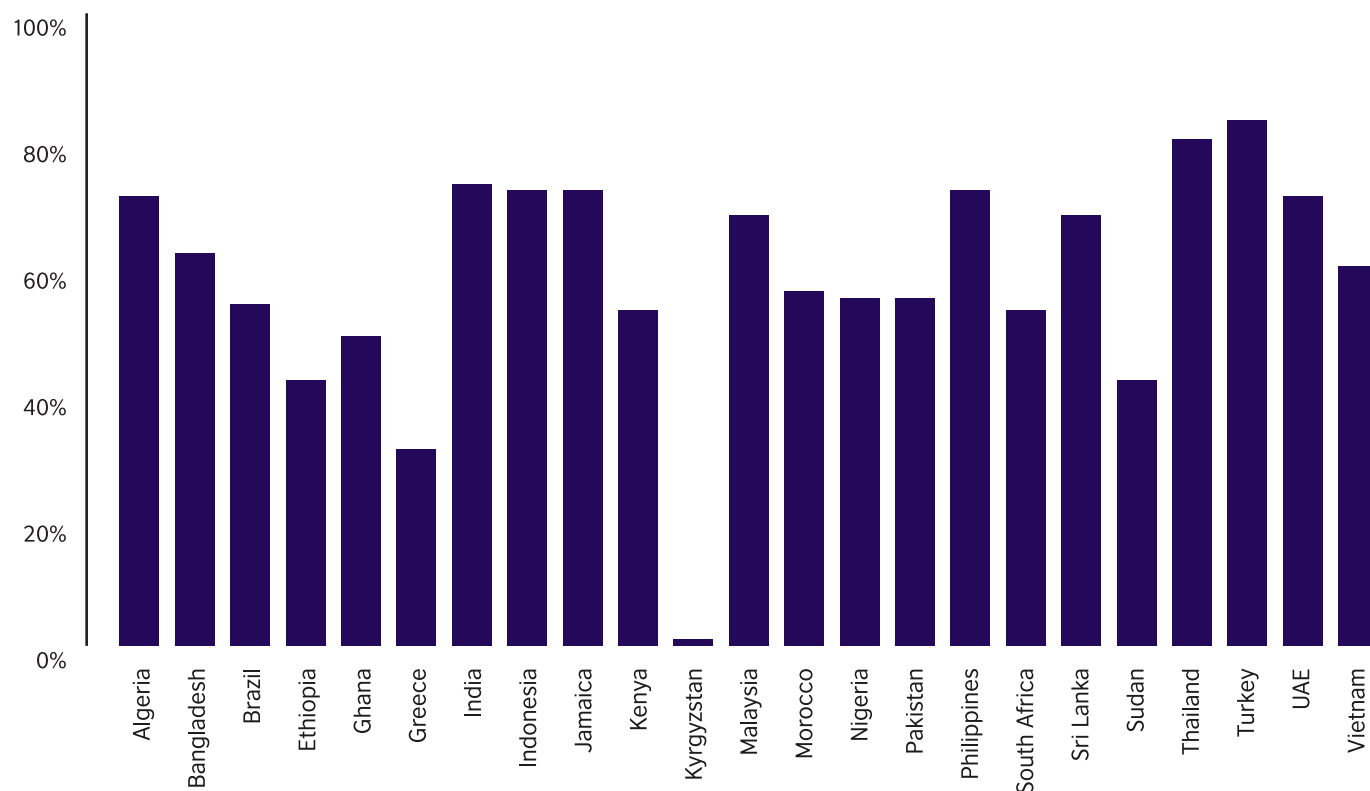
Growth expectations

Social enterprises are often optimistic and have plans to grow. The vast majority of social enterprises expected to grow at the time of the research in each country with over 95 per cent of social enterprises in Ghana, India, Indonesia, Ethiopia, Brazil, Greece, The Philippines, Sri Lanka and Kenya and Nigeria expecting to grow or to increase turnover. Even in Bangladesh, Pakistan and Thailand, where growth expectations were relatively low, still over three quarters of social enterprises expected to grow.

Growth strategies

Social enterprises expect to achieve this growth in a number of ways. Increasing sales with existing customers was a common approach in Sri Lanka, for 79.1 per cent, as well as in Jamaica (65.7 per cent). Social enterprises were often expecting to attract new customers in India (79.5 per cent), Turkey (83.2 per cent) and Bangladesh (76.9 per cent), where replicating or franchising was also a common strategy (58.5 per cent). Developing and launching new products and services was more common in Thailand for over 80 per cent of social enterprises, as well in Turkey, where winning business as part of a consortium was also a frequent expectation. Over half of all social enterprises surveyed globally were planning to achieve growth through developing new products and services, reinforcing the idea of social enterprises as engines of innovation.

Developing and launching new products and services



²⁰ https://www.britishcouncil.org/sites/default/files/social_enterprise_and_job_creation_in_sub-saharan_africa_final_singlepages.pdf

Finance and barriers

Finance received

Access to finance for social enterprises is a common theme for many interested in seeing social enterprises develop. There is also often an important distinction and sometimes confusion between funding, such as grants or donations, and finance which expects a financial return, such as loans or equity.

Over half of the social enterprises surveyed in Ghana, India, Jamaica and Malaysia and The Philippines had received grants from government or foundations. Donations were most common in Jamaica and Kenya.

Loans were accessed less frequently but highest in India and Sri Lanka, for 42.8 per cent and 36.7 per cent respectively. Loans were least common in Viet Nam, Algeria, Brazil, Malaysia, UAE and Jamaica, for fewer than 10 per cent of social enterprises in each country. Equity or equity-like investments were most common in India and also Kyrgyzstan, for over 40 per cent of social enterprises.

Investment from founders, friends and family were a common source of investment in Algeria (77.4 per cent) Indonesia (69.5 per cent), UAE (82.5 per cent) and Turkey (70.8 per cent).

Finance constraints

Social enterprises around the world face a number of barriers when seeking to access finance. Approval procedures were seen as hurdle in Viet Nam (38.6 per cent) and Nigeria (38.8 per cent), in particular. But access to investors was the most frequent barrier, especially in Hong Kong, Morocco, the Philippines and Turkey, for over 90% of social enterprises.

Barriers

Social enterprise face wider barriers to success beyond access to finance, which are often the same as other businesses but sometimes particular to their circumstances. Some are operational and some are more systemic.

Obtaining funding and finance was seen as a challenge for over half of social enterprise in many countries, although for only around a quarter in Bangladesh and Hong Kong. Cash flow was a common challenge across all territories, especially in Jamaica (79.6 per cent) and Turkey (81.9 per cent).

Recruiting staff was also a common challenge, especially in Jamaica (43.5 per cent), Turkey (73.2 per cent) and Viet Nam (40.5 per cent). Shortage of skills was also identified in many countries, especially Bangladesh, Turkey, India and Indonesia, for around 40 per cent in each.

Availability/cost of suitable premises was a common barrier in Morocco and Turkey, for 39.1 per cent and 66.7 per cent of social enterprises, respectively, where lack of access to support and advisory services was also most commonly felt.



Joon in Turkey designs sustainable and ethical products with communities, advocating for clean and fair supply chains and directing profits towards the economic empowerment of disadvantaged producer communities, helping them to support themselves. Their design support programme helps communities access markets and generate regular sources of livelihood.



Rice & Carry aims to address the ever increasing amount of plastic waste and the lack of employment opportunities for women in **Sri Lanka**. Today, this project has grown to become a social enterprise which collects and recycles more than 60,000 rice and jute bags and 120,000 plastic bottles per year, offering over 40 women stable and secure jobs with fair pay.

Conclusions

This is the first quantitative research of its kind and most comprehensive dataset gathered across the globe, based on the British Council's investment in research across over 25 countries and territories globally. While this research has significant limitations, it paints a common and consistent picture of social enterprise around the world:

- earning income through business activities, committed to social or environmental mission and directing profits to their missions
- with a global history, and roots in charity, co-operative and wider business communities
- numbering potentially around 11 million
- attracting increasing research and academic attention
- increasingly supported by emerging government policies and strategies over the last decade and more, while still suffering from gaps in the policy landscape or policy lag, or may not meet expectations, for example, when it comes to registration and recognition schemes, for example
- increasingly supported by a diverse ecosystem of policymakers, enablers and capacity builders, networks, platforms and facilitators, funders and financiers, and education institutions
- working from the local to global level
- recognising themselves and identifying as social enterprises, while taking a wide variety of legal forms
- with diverse objectives but often working to improving a particular community, and working for a wide range of beneficiaries but often serving particular groups of people, often small groups but sometimes many thousands.
- balancing social and financial imperatives and taking steps to measure their social impact
- often young businesses, founded in the last few years, and often small businesses but not always
- often creating jobs for women more than business more widely, often led by young people and much more likely to be led by women than business more widely
- working across all sectors of the economy, all around the world, from agriculture to arts, culture and heritage and from education to food, health and manufacturing
- attracting grants and investment from a diverse range of source, including government, friends and family and financial institutions
- making a profit, breaking even and making a loss around the world, like all other businesses. But when they are making a profit, directing it to the cause
- creating jobs, often faster than other businesses, often optimistic and have plans to grow.
- facing a number of barriers when seeking to access finance and more widely, including staff and talent

Looking across the diversity of countries and territories where the British Council has supported research into social enterprise, it is possible to draw a number of tentative conclusions that:

- social enterprises are often significantly influenced by external factors, such as the Covid crisis in recent times or periods of economic instability
- social enterprises sometimes share common experiences and situations with those in other countries which we might expect, based on their shared or similar history, culture or geography, such as Pakistan and Bangladesh, or Hong Kong and Singapore or Malaysia, for example.
- social enterprises may also share some similar experiences or features across wider regions or across countries that share some similarities, perhaps in size or economic context, such as between Turkey and Pakistan, India and Indonesia or Philippines for example, or across sub-Saharan Africa.
- social enterprises cannot, however, be broadly characterised by their geographic region, while there are a few patterns that can be identified, such as a greater proportion of newer social enterprises in South-East Asia than in sub-Saharan Africa.
- social enterprises indeed, share similar experiences across contexts which are perhaps less predictable, such as between Jamaica and Sri Lanka, or between Greece and Kyrgyzstan or Viet Nam, for instance, perhaps rather more based on the maturity of the social enterprise ecosystem, for example.
- social enterprises can face perhaps somewhat unpredictable barriers, such as accessing investors in Hong Kong and Turkey, for instance, despite their relatively well-developed financial sectors.
- social enterprises are indeed sometimes thriving in the most challenging conditions. There is cause for optimism among social enterprise, sometimes particularly in areas with significant numbers of economically disadvantaged people, such as India, Bangladesh and sub-Saharan Africa
- social enterprises may share very particular features in some countries, such as a focus on disability or on franchising as a growth strategy.



Virtualahan gives equal opportunities to some of the most excluded people in the **Philippines** to work in the digital economy, through digital skills training, internships and employment support. 76 per cent of those trained have gone on to gainful employment. They also provide life coaching and wellbeing sessions to help people manage their conditions.