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South Africa's embrace of the social economy.

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South Africa's Embrace of the Social Economy

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Declaration

I hereby declare that this Research Report is my own, original, authentic and unaided work. It is being submitted for the Degree of Masters of Arts (Development Studies) at the University of Witwatersrand, Johannesburg, South Africa. It has not been submitted before for any other degree of examination at any other university

Michalya Schonwald Moss

Date

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Abstract

In this Masters Research Report I explore how South Africa, in reaction to the global economic crisis's impact on national unemployment statistics, has embraced the social economy. As this is a recent undertaking of the state, this research covers the timeline of events pertinent to what I determine to be the tipping point of the social economy in South Africa between 2009-2011. Based on documentary analysis and in-depth interviews with key actors determined to be 'experts' in the field, this research attempts to gain an understanding of how the concept of the social economy and its organizations of social entrepreneurship and social enterprise are being transposed onto the South African landscape, specifically in the Gauteng province. By examining the trend of the social economy and how it is being conceptualized in the country, this research aims to understand the implications for the future of South Africa's socioeconomic development path.

Keywords: social economy; social capital; solidarity economy; social entrepreneurship; social enterprise; new growth path; unemployment; job creation; South Africa; development.

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List of Acronyms

ANC	African National Congress
ASEN	African Social Entrepreneurs Network
BEE	Black Economic Empowerment
BDS	Business Development Services
BN	Basic Needs Approach
CA	Capability Approach
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COSATU	Congress of South African Trade Unions
CSESE	Center for Social Entrepreneurship and the Social Economy
CSI	Corporate Social Investment
DTI	Department of Trade and Industry
EDD	Economic Development Department
FEDUSA	Federation of Unions of South Africa
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Policy
GEM	Global Entrepreneurship Monitor
GIBS	Gordon Institute of Business Science
GNH	Gross National Happiness
HDI	Human Development Index
ILO	International Labor Organization
IO	International Organization
IMF	International Monetary Fund
NGP	New Growth Path
NGO	Non-Governmental Organization
NPO	Nonprofit Organization
RDP	Reconstruction and Development Program
SAP	Structural Adjustment Programs
SECP	Social Entrepreneurship Certificate Program
SETYSA	Social Entrepreneurship Development Targeting Unemployed Youth in South Africa
SSE	Social Solidarity Economy
SSEO's	Social and Solidarity Economy Organizations
UCT	University of Cape Town
UJ	University of Johannesburg
WB	World Bank
WITS	University of the Witwatersrand
WEF	World Economic Forum

Chapter One:

Introduction

In reaction to the global economic crisis of the 21st century, countries worldwide have been faced with the challenge of responding to the domino effect of social uprisings and economic upheavals that have occurred in the wake of capitalism's recent failures. The demand for a more human-centered approach to development has emerged in the global North with one such response being what has been coined the 'social economy'. While the concept of the social economy has become increasingly popular in both the global North and in some areas of the global South as a potential solution to the failures of market capitalism, South Africa has become interested in the tenants of the social economy as a means of job creation (Steinman, 2011).

One of the biggest challenges facing South Africa today is the alarming increase in unemployment. South Africa was severely impacted by the economic recession, with up to one million jobs lost in 2009[1] and in a recent poll it was reported that another 468,192 jobs will be lost in the remaining months of 2011 and in 2012.[2] In recognizing the urgency that this increase in unemployment holds for the country, especially for the youth, beginning in 2009 the South African government took action by implementing The New Growth Path (2009) and the creation of the nine billion rand Jobs Fund (2011). Most recently the National Development Plan (2011) introduced by the National Planning Commission has labeled unemployment as being South Africa's greatest challenge and sets forth an ambitious vision of reducing the current unemployment rate from the current conservative estimate of twenty-five per cent in the country to six per cent by 2030. These aforementioned measures are examples of recent attempts on behalf of the state to respond directly to the challenges of job creation and the ripple effect that unemployment has on society.

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[1] National Treasury Republic of South Africa Budget Review 2011, available

[2]http://www.apso.co.za/news/71298/Industry-News-Half-a-million-jobs-could-be-lost-in-the-next18-months-.htm

While the recent measures taken by the government have been in response to the need to combat the current domestic unemployment crisis, there has been a simultaneous effort on a national level from a number of prominent international actors, such as the International Labor Organization (ILO), who have been promoting the concept of the social economy and the trends in social entrepreneurship and social enterprise as a means of job creation. The intention of this research is to understand what this embrace of the social economy means for South Africa. By examining how the key actors are promoting the social economy and by exploring the various undertakings in incorporating social economy organizations into the South African development agenda, a more extensive understanding of this trend will be presented and analyzed.

With social economy organizations (social entrepreneurship and social enterprise) being promoted by international institutions such as the World Economic Forum (WEF) and the World Bank (WB) over the past few decades, especially targeting the African continent, it is not surprising that South Africa is at the beginning stages of embracing the concept of the social economy. What is surprising, however, is that in the past few years there has been a groundswell of activity around bringing the social economy to the forefront of the South African policy making agenda. I posit that this is a unique move for a developing nation, which is a powerhouse economy in Africa. The potential implications of South Africa moving toward becoming a key actor promoting the social economy could have dramatic implications on fellow member states of the global South. South Africa, a country which was recently invited to formally join the BRIC (Brazil, Russia, India, China) alliance of emerging economies (now BRICS) is currently poised in the strategic position of being a leader in the global South, and specifically the greater African continent, in ways never before imagined during the apartheid era.

In many ways, the groundswell of popularity surrounding the trend of the social economy could be understood to signify a desire to return to a more 'human-centered' development model and away from the traditional, economically

centered neoliberal growth model. The call for a more human-centered or people-centered economy, made even more acute by the global economic crisis, has brought the social economy and its organizations of social entrepreneurship and enterprise to the forefront of both government and civil society agendas. At the 2012 WEF in Davos, Switzerland, thirty social entrepreneurs were flown in to "promote ethically and ecologically responsible business practices" [3] to capitalists who have all agreed that an economic system that takes the needs of the social agenda into account is necessary. The ideology of the social economy does not necessitate abandoning capitalism. Rather, by encouraging a shift in focus from Gross Domestic Product (GDP)-oriented goals to human-centered needs, a momentum is gaining amongst international actors pointing to the social economy as an alternative to a system that has widened the gap between rich and poor on a global scale. As economic growth has been accompanied by inequality worldwide, the question people are asking today is what can be accomplished to reintegrate the social agenda back into the current system.

The 21st century has ushered in a new era of thinking about human and economic development, largely influenced by the failure of capitalism in the 20th century. The current global challenge is how to make the economy work for human and social development rather than for greed and individualism (Amin, 2009). It is in this context that the concept of the social economy has been gaining in popularity. Over the last three decades, buzzword trends of the social economy such as social entrepreneurship and social enterprise have been gaining traction across continents, resulting in a global increase in policy strategies which seek to build up the social economy (Evans and Syrett, 2007). In response, the 21st century has seen an ideological rethinking of economic growth in the context of human development (Lee and Williams, 2010). While development has historically come to mean economic growth measured in GDP, new indicators for measuring growth have emerged in the past few decades with the realization in the post- WB and International Monetary Fund (IMF) era that

[3] http://www.dw-world.de/dw/article/0,,15689685,00.html

economic growth does not equate to an increase in one's quality of life. The 21st century has also emphasized alternative ways to measure growth outside of the GDP. These recently introduced indicators for measuring growth include: the Human Development Index (HDI), the Gini coefficient and Gross National Happiness (GNH). New approaches to thinking about development have also come about in this century including the Basic Needs Approach (BN), and the Capability Approach (CA) championed by Amartya Sen, among others. These new voices are pushing for a human-focused approach to development that has shifted development thinking in the 21st century away from the purely growth-based models of the 20th century, as developing states have not succeeded in translating economic growth into the increase of well-being for the majority of their populations (Lee and Williams, 2010).

Today, countries such as the United Kingdom, the United States and Canada have opened serious conversations around a re-visioning of development policies influenced by a demand for a more 'people-centered' development approach in an attempt to solve their own domestic crises. In 2008, French President Nicolas Sarkozy called for the establishment of the *Commission for the Measurement of Economic Performance and Social Progress*. Largely convened around the shortcomings of GDP-growth, the commission was chaired by economist and former head of the World Bank, Joseph Stiglitz. The authors of the commission recommended that economic performance should take into account well-being rather than production. In 2009, the All-Party Parliamentary Group (APPG), a cross-sector party group of MP's and Lords in the United Kingdom parliament was formed to encourage and promote policies at a governmental level to promote well-being. In 2010 the Prime Minister of the United Kingdom David Cameron proposed to start measuring people's psychological and environmental wellbeing with a *Happiness Index*, following in the footsteps of similar initiatives in France and Canada. The idea of a *Happiness Index* emerged originally out of the small Himalayan Kingdom of Bhutan, when, in 1972, King Jigme Singye Wangchuck declared Gross National Happiness to be more important indicator than Gross Domestic Product in his country. The Gross National Happiness

(GNH) movement that has been formed out of this statement has endeavored to try to measure the happiness of the Bhutanese ever since.

While South Africa may be far from implementing a *Happiness Index* to measure people's well-being, the state has publicly embraced the concept of the social economy as a way to address poverty, and inequality and the root cause of unemployment. In 2011, Minister of Economic Development Ebrahim Patel declared the social economy to be the new growth path to lead South Africa into a new, more equitable socioeconomic future. The motivation for this research is to understand how the state and other actors are promoting the social economy and how the concepts of social entrepreneurship and social enterprise (organizations of the social economy) are being promoted as potential drivers for job creation.

Structure of Thesis

This study is divided into two main parts. In the first part, chapters two and three of this research comprise of the literature review, providing an overview of the history of the social economy and methodology section, outlining the research process. The literature review examines the underlying characteristics of the social economy and presents basic data to explore social entrepreneurship and social enterprise as vital components of the social economy. The intention of the literature review is to provide both an historical and contemporary context to social economy trends, in order to understand and analyze both implications as South Africa adopts this approach. In the methodology section the research methods and scope of the study are explained. This research study was informed by a qualitative methodology in which a variety of methods were used. The aim of this study is to explore the conceptual understanding of the social economy and to understand how the trend has been embraced on a national level.

Chapters four and five make up the second part of this study and are comprised of the empirical findings of this research. Chapter four provides a mapping of local and international key actors such as organizations and initiatives that have

been active in promoting the social economy. These include international institutions and government ministries; networks that provide educational and informational support for social enterprise development in South Africa, and individual organizations that provide opportunities to the social entrepreneur. A chart of key actors is included at the end of chapter four. Chapter five presents data findings in which the achievements of the key actors mentioned in chapter four are explored. The activities of the key actors are the focus of this research and are discussed in three classifications: state support and buy-in, reaching a common definition of the social economy for South Africa and the establishment of a supportive institutional culture. By presenting the empirical data in this way, I aim to provide an overview of what I have determined to be a groundswell of activity around the social economy in the country.

With little national data on the social economy currently available, this study was informed by a qualitative approach, where interviews and participant observation were the primary means of data collection. This approach was determined to the best method for this type of exploration.

Chapter Two:

Literature Review

This chapter engages with the literature on the subject of the social economy exploring its history and reemergence as a popular 21st century trend from both a global and local perspective. The organizations of the social economy, namely, social entrepreneurship and social enterprise, are also explored in the context of their histories and present-day implications in South Africa and in the larger global embrace of these trends. This chapter also explores the literature surrounding the development trends and challenges faced by post-apartheid South Africa and the linkages to the social economy.

The Rise of the Social Economy in the 21st Century

Scholars, policy makers, politicians and civil society activists would agree that the recent rise in popularity of the social economy and its organizations of social entrepreneurship and enterprise are a direct effect of the global economic recession contributing to a worldwide increased interest in alternative business models that seek to combine both business and social goals. While it can also be argued that economic crisis is not the only factor for the reemergence of the focus on the social economy, in the context of this research, most of the key actors promoting the social economy in South Africa have pointed to the financial crisis as being their main motivation in promoting the social economy. Hence, it is from this starting point that an exploration into the literature on the social economy begins.

A renewed interest in the idea of a social economy during times of financial and social crisis is not a new phenomenon. The literature extensively explores this historical pattern of intersection between crisis and the emergence of the need for reintegrating the social within economic spheres. For Moulaert and Ailenei (2005), there is a relationship between the re-emergence of the social economy (its practice, concepts, policy and institution) and periods of crisis with the social economy being one way of responding to "the alienation and non-satisfaction of needs by the traditional private sector or the public sector in times of

socioeconomic crisis" (p. 2041). The aforementioned authors identify the importance of understanding how the definitions of the social economy have evolved in theory and practice throughout history in order to understand the institutional contexts and epochs through which they arose. For example, they point to the U.S in the 1970's when interest in the social economy arose as a reaction to the overburdened welfare state. They refer to the high rates of unemployment in the 1980's and 1990's to explain the renewed interest in the social economy during those decades. And using the example of France, they argue that the re-emergence of the social economy in the 1980's as the 'social and solidarity economy' is linked to the "reaction against neoliberal principles and individualist ideology" (p. 2041).

The rise of the social economy in the 21st century, according to Golob, Podnar and Lah (2008) was instigated by the attacks of September 11, 2001, global climate changes and the scandals consuming multinational business corporations such as the collapse of the Wall Street giant Lehman Brothers. These catastrophic events, the authors argue, signified a turning point for the West as people were made aware of consequences of the past two decades of neoliberal globalization. The authors state that this "hegemonic model of economic development with its roots in globalization of capitalism is the cause of ever-more out of control consequences" (p.626), namely: the massive income gaps of society, increased unemployment and severe poverty combined with ineffective social security mechanisms in the United States.

While the key actors promoting the social economy today, both internationally and in South Africa point to the financial crisis as being the main contributory factor for the reemergence of the social economy, there are other notable factors as well. The popularity surrounding the organizations of the social economy, namely, social entrepreneurship and social enterprise, has never been so great. The inability of the state to meet the needs of its constituents has created a motivation for ordinary citizens to come up with entrepreneurial solutions to close social gaps. The problem of financial sustainability has the nonprofit sector

looking for alternative models going forward into the future that include a for-profit component. It has, however, been capitalism's global failure that has ushered a call to return to a "kinder, greener, less unequal and more distributive capitalism" (Amin, 2009 p.1). As a result, the need to develop alternative approaches to the economic development of nations that includes a social agenda has become a priority for governments, academic institutions and civil society organizations in the 21st century. South Africa has a unique history of socioeconomic development, which must be included in the larger discussion of the role of the social economy in the country.

Social Economy in a South African Context

During South Africa's apartheid era, growth driven development was top-down and divisive as the National Party government used the concept of separate development, or apartheid, to exploit and disempower non-white society. Following the country's first democratic election in 1994, the Reconstruction and Development Program (RDP) embraced a 'people-centered', participatory approach to development. In the White Paper on Reconstruction and Development of 1994, it states: "The RDP is well aware that the birth of a transformed nation can only succeed if the people themselves are voluntary participants in the process towards the realization of these goals they themselves have helped define" (RDP White Paper, 1994 p. 7). Although the participatory approach to development has been promoted since the demise of apartheid, some argue that the trend has not taken off. One explanation given for the failure to create a more participatory civil society is that the South African public is unfamiliar with the culture and ethos of the participatory approach to development (Davids, Theron & Maphunye, 2009).

South Africa has been led by a neoliberal growth pattern ever since the ANC government dissolved the RDP and adopted a new development policy, the Growth, Employment and Redistribution Program (GEAR). While the RDP had an extensive social emphasis, under GEAR, South Africa's development trajectory quickly shifted from a social to a predominantly economically motivated one in

1996 (Taylor, 2007). According to Ashman et al. (2011) the adoption of GEAR signaled the "crude resolution of any conflict over policy and the full embrace of neoliberalism" (p. 182). Since the adoption of GEAR, the state has remained staunchly committed to neoliberal economic growth policies, as it is primarily interested in attracting foreign investment and becoming a global player within a market that had previously been restricted to the country.

The focus of GEAR was to grow the national GDP in the hopes that the social tenets could be strengthened through the process of wealth accumulation. This, however, quickly proved not to be the case and while the rich became richer and South Africa's GDP rose, poverty levels escalated, sparking a rise in South Africa's Gini coefficient, which is currently measured at 0.68 (zero refers to total equality)[4] (Southern African Report, 2011). According to the development indicators of South Africa, in 2009 the poorest twenty per cent of South Africans received one point six per cent of total income while the richest twenty per cent benefited from seventy per cent.[5] Ashman et al (2011) notes that during the period of GEAR, the governments economic policies became the management of inflation, deregulation of markets and trade liberalization. Ironically, however, instead of attracting foreign direct investment, the actual outcome of GEAR policies was an increase in the outflow of domestic capital. As a result, since GEAR has been in place, statistics have shown that income inequalities have actually widened in society (Adam et al. 1997).

Seekings (2005) argues that the RDP's "growth through development" emphasis was replaced by GEAR's "development through growth" neoliberal agenda—and in the process, the social goals of the ANC were left behind as the state ironically embraced a similar growth path to the one inherited from the apartheid system. Seekings calls South Africa's current extreme income inequalities the "ticking time bomb" (p. 205). However, while the gap between rich and poor continues to

[4] http://web.worldbank.org/
[5] The Presidency of the Republic of South Africa, *Development Indicators 2009,* p. 23 http://www.thepresidency.gov.za

widen, South Africa has not followed the growth model of a 'typical' neoliberal country, as its welfare system expanded. While there have been successful attempts by the state to meet the needs of society through the allocation of free housing, water and electricity to those lucky enough to receive services, the government has fallen short in many other areas. For example, accompanying South Africa's social deficits, many social sector institutions and poverty alleviation programs have emerged as ineffective (Urban, 2008). Urban argues that most projects have been managed by development agencies, resulting in lack of ownership on the part of the target population. Further evidence shows that many of the current government's economic policy choices have exacerbated the challenges of high rates of unemployment and economic inequality within society (Mbeki, 2011).

South Africa has been determined to be one of the most unequal countries in the world (Ashman et al. 2011). The challenges facing the state, made even greater by the global financial crisis, have various figures today in a multitude of spheres agreeing that a solution to bridging societal gaps must be found. The International Labor Organization (ILO) is one example of a global agency that has come up with a possible solution. Fueled by the global economic crisis and its looming impact on the African continent, the ILO hosted a landmark conference in Johannesburg in October 2009 aptly named "The Social Economy: Africa's Response to the Global Crisis". The intention of the conference, according to an internal document, was to focus on "adopting the social economy route to help Africa build what could be termed as an alternative approach to the current world economic structure."[6] This particular statement recognized the role of social enterprises and social entrepreneurship as part of the social economy, and adopted a working definition of social enterprise in South Africa. A statement was produced at the end of the conference entitled: 'The Plan of Action for the Promotion of Social Economy Enterprises and Organizations in Africa'.

[6] http://www.ilo.org/public/english/region/afpro/addisababa/pdf/se_articlefatman_en.pdf

It was at this ILO conference that South African Minister of Economic Development Ebrahim Patel first acknowledged the role of the social economy in being "absolutely vital to the recovery of African economies" and further dedicated himself to the pursuit of a more socially just and equitable economic growth plan for South Africa. Subsequently, during the Social Enterprise World Forum (SEWF) held in Johannesburg in April, 2011, Minister Patel announced that "South Africa's new growth path (NGP) will be led by the social economy" and promised that specific measures would be taken to encourage and directly promote social entrepreneurs and the building of social enterprises in South Africa. The state's public embrace of the social economy begs for a greater comprehension of this trend and its implications for the future development of South Africa. South Africa's adoption of the social economy also follows in the global trend of framing the social economy as a potential solution to societies' most pressing issues.

The groundswell of popularity around the ideas of the social economy and the trends of social enterprise and entrepreneurship, as this research will show, has been taken up by various sectors of South African society. Today, evidence of the growing popularity of the trend in the academic, non-governmental, governmental and private sectors can be found across the country, particularly in the Gauteng province. During the course of my research I discovered a small but vibrant network of overlapping international and local initiatives throughout various sectors promoting the social economy. It appears that South Africa is returning to a more 'people-centered' approach to development through its embrace of the social economy.

History of the Social Economy

Evidence of a social economy can be traced back to ancient times. Defourney and Develtere (1999) point to the corporations and ritual organizations of ancient Egypt and Greece and within the Roman colleges of craftsmen as examples of the social economy. Evidence of the social economy later can be seen in the creation of guilds in Germanic and Anglo Saxon regions in the 9th and 11th centuries and

in the early Middle Ages with the creation of confraternities (Moulaert and Aileni, 2005). Modern forms of the social economy emerged powerfully in the 19th century and according to Gueslin, (1987), it was in the 19th century that the concept of the social economy was invented in reaction to the inequalities of the industrial revolution and with the proliferation of liberal ideas, philosophies and actions taken by the state against workers unions (Levesque, 2001). It was only at the end of the 19th century, that the identification and legal recognition of the three pillars of the social economy were marked: mutual support companies, co-operatives and associations (Moulaert and Ailenei, 2005).

According to Defourney et al. (1999) this move on behalf of society to come together to meet the needs of the collective is a move parallel to the gradual emergence of 'freedom of association' over the centuries. According to Emerson (1964) freedom of association is the individual's right, in order to realize their own capacities or to stand up to the institutional forces that surround them, to organize themselves with other like-minded individuals in the pursuit of common objectives. Emerson posits that this freedom of association is a modern-day mechanism of the democratic process. In its most general form, the social economy can be understood to refer to organizations and enterprises working towards a common social goal (Williams, 2011). This understanding implies that the motivation to come together as a society and organize in order to meet the socioeconomic needs of the community not met by the state explains the idea of the 'social'. The social economy then has been an attempt since ancient times to reintegrate the needs of the 'people' back into the prevailing economic structure of society.

According to Mouaert and Aileni (2005), the term *economie sociale* was first used by the French economist Charles Dunoyer in 1830 followed by the publication of *Traite d'economie sociale* by the Frenchman Auguste Ott in 1851. The literature attributes the rise of the concept in socioeconomic analysis to the French sociologist Frederic Le Play who introduced the term *economie sociale* in 1867. Le Play defined the social economy as: *the study of the situation of the working*

*class and of its relations with other classes (*ibid. p. 2040*)*. In 1912 Charles Gide defined the social economy as *the science of social justice*, as distinct from the political economy (ibid). For the French economist Leon Walras, the social economy included state action which he believed needed to play the role of regulator of market assets, what Bidet (1997, p.32) calls the "Walrasian social economy" and its contribution of the economic sphere towards social justice. Two other thinkers are also noted as playing a role in the proliferation of the social economy: John Ruskin and John A. Hobson (19th and early 20th centuries). Hobson in particular argued that social welfare was more important than economic welfare (Pressman, 2001).

While the aforementioned economists and thinkers called for the re-inclusion of the social back into the economy, other perspectives like Karl Polanyi's theory of embedded economy (1944) argue against the need for a social economy. Polanyi argues that the economic system has always been historically embedded in the social system, making the need for the social economy or the infusion of social justice into the economic system absolute, as society has been responsible for dictating market patterns. According to Polanyi the self-regulated market structure is a myth, as it demands an institutional separation between society into political and economic spheres. This institutional separation, as demanded by self-regulating markets would, according to the "Walrasian Social Economy", be contraindicative to the concept of the social economy, as according to the theory, the social economy is dependent on state regulation of the market.

Polanyi's theory of embedded economy contradicts the need for a social economy as set out by the many theorists noted above. According to Polanyi, pre-modern economies cannot be analyzed apart from their social and political contexts, as the social has always been inextricably tied to the economic system. This implies that there is no need to bring the social agenda back into economics. However, it can be argued as many contemporary 21st century development theorists do, that neoliberalism has dis-embedded the economy from society. Polanyi would agree as he later suggested that the modern economy could be

"dis-embedded" (Hart et al. 2010, p. 189). If the argument that today's economic system has become 'dis-embedded' from society were correct, then it would explain the reemergence of the social economy as a popular 21st century trend in development.

If the economy has been 'dis-embedded' from society under neoliberal global capitalism, then the concept of the social economy would imply a 're-embedding' of society into the economic system. What then would this 're-embedding' look like? In the last quarter of the 20th century, under neoliberalism, states that had been actively involved in social protection and welfare, and the regulation of markets quickly took on a development approach that included privatization and free markets, and shifted focus away from social welfare programs (Williams, 2011). Cultural critiques of today's current neoliberal economic structure have defined neoliberalism as a GDP focused trajectory in which free markets reigned without much political interference and where meeting social needs remained on the sidelines. Contemporary voices are calling for the return to a human-centered or people-centered development paradigm such as the one suggested by Nobel Prize laureate Amartya Sen.

In Sen's landmark book *Development as Freedom* (1999), he makes the distinction between GDP growth driven development and the development of expanding human freedoms. Development in this context, according to Sen, would be the process of "expanding the real freedoms that people enjoy" (p.1). According to Sen, development requires the removal of any blockages that prevent people from having freedom such as poverty, tyranny, poor economic opportunities and systematic social deprivation, as well as intolerance or over activity of repressive states. Sen's position is that purely GDP oriented growth will not ensure that those freedoms are reached.

For Sen, the promise of a social economy implies whatever blockages prevent society from truly being free are removed and that other forms of growth besides GDP, like education are emphasized. For Karsten (2005), in order for the

concept of the social economy to be successful, global economic policies need to be complemented by global social policies. Hart et al. (2010) argue that the greatest challenge facing the social economy today is that modern culture has been divided between focusing on mutual benefit and being self-interested. Golob, Podnar and Lah (2008) and O'Boyles (1999) agree with Hart that in order for the social economy to succeed, a new understanding of the role of the individual in society needs to be emphasized.

This new understanding of the individual's role in society inside of the new socioeconomic paradigm of social economy calls for a dramatic shift away from the role of the individual within the neoliberal economic framework. O'Boyles (1999) explains that while the role of the individual within neoliberalism is that of striving only for individual good, the role of the individual within the social economy is one who strives for collective interests. The social economy defines the individual as a social being and not as one who is purely motivated by his or her own interests. This reconfiguration of the role of the individual within society begs a reassessment of all aspects of the societal roles and functions: that of the state, the market and of civil society. That is why the social economy demands that new relationships are formed between all aspects of society where the social and economic interests meet. It is because of this, Fontan and Schragge (1997) argue, that the social economy must become a new economic order. The literature advocating for the social economy embraces a new relationship to the individual, and calls for a new association with relationships in general. If the social economy is to function as a new economic system, all relationships need to shift into a more symbiotic, socially conscious and ethically grounded interconnected network.

Mouleart and Aileni (2005) suggest that the social economy is a family of hybrids within market, state and civil society. In these new relationships, "hybridization of the market, non-market and non-monetary economies showing that the economy is not limited to the market, but includes principles of redistribution and reciprocity" (p. 2044). In this new form of interplay between actors or

sectors, the social economy calls for an emergence of a new form of state/ civil society leadership that can affectively ensure that socioeconomic justice, namely, redistribution and reciprocity, functions within the relationships of all actors/sectors of civil society.

Social capital, another concept that has become widespread since the demise of the Washington Consensus[7], is a term that was popularized by the WB and which has become inextricably linked to the concept of the social economy. According to Fine (2003) the concept of social capital seeks to "provide the social as opposed to the economic face of adjustment" (Fine, 2003 p. 587). While Fine acknowledges that in the post-structural adjustment era, the WB has sought to promote a more social face to development, he attacks the term in that its adoption by economists is an example of its colonization of the social sciences. From Fine's position, there is nothing social about social capital and his evidence is that WB policy has "been little transformed by the process even where social capital is explicitly incorporated" (Fine, 2003 p. 600). While Fine represents one of the more critical voices rejecting the concept of social capital, the concept has also been adopted by supporters of the term. Putnam (2002) argues that social capital is "one of the hottest concepts in social science globally" (p. xxi), and states that experts are currently converging towards a definition of social capital "focused on social networks and the associated norms of reciprocity and trust" (ibid).

Like Putnam, other supporters of the term define social capital as "features of social organizations such as networks and norms which facilitate mutually beneficial coordinated action" (Evans and Syrett, 2007 p. 55). The authors contend that there is a relationship between strengthening social capital and the development of a social economy. The case for the social economy is based on its ability to build social capital. The definitions of social capital offered by Putnam

[7] The Washington Consensus is a term codified by John Williams in 1990 to describe a set of ten economic policy reforms promoted by international institutions like the WB and the IMF. The reform agenda came to be perceived by critics as "an overtly ideological effort to impose neoliberalism and market fundamentalism on developing nations" (Rodrik, 2006).

(2002), Evans and Syrett (2007) emphasize the importance of social networks, as it is through the establishment of these networks that communities are then created to facilitate coordinated action.

In the social economy arena, this definition of social capital makes room for the contributions of social entrepreneurs and social enterprises, the driving forces behind local development efforts. While the concept of social capital has been met with staunch criticism, the importance of networks cannot be denied, especially in the 21st century where social networks have revolutionized how ideas get created, spread and implemented. The development of new networks facilitating the trends of social entrepreneurship and social enterprise, this research will show, is a vital component of how the social economy is taking shape in South Africa today.

In order for the social economy to take hold, key actors in South Africa promoting the social economy such as the ILO and the CSESE believe that an 'enabling environment' must be established to ensure that social entrepreneurship and social enterprises are supported and capacitated. Without this 'enabling environment' the social economy will have difficulty being actualized. In the empirical section of this research, the attempts of the organizations and institutions determined to be the key actors in promoting the social economy in South Africa are explored further in order to ascertain whether an enabling environment for the social economy is being established.

Modern Day Definitions of Social Economy

While definitions of the social economy have shifted throughout history, how it is being defined today sets the foundation for the reintroduction of a social agenda into the prevailing systems worldwide. Although there is no official legally defined understanding of the term social economy, the many definitions proposed in the literature imply a crossover relationship between the private and public sector. For Moulart and Ailenei (2005) social innovation in the social economy is about the "reintroduction of social justice into production and

allocation systems" (p.2037), and for Defourny and Develtere (1999), "the social economy includes all economic activities conducted by enterprises, primarily cooperatives, associations and mutual benefit societies and whose ethics convey the following principles:

1) "Placing service to its members or to the community ahead of profit;
2) Autonomous management;
3) A democratic decision making process; and
4) The primacy of people and work over capital in the distribution of revenues" (p. 16).

Another contemporary understanding of the social economy comes from Noya and Clarence (2007) states:

> " What is critical about the social economy is that it seeks to capture both the social element as well as the economic element, inherent in those organizations which inhabit the space between market and the state. It is important that not all social economy organizations may be focused on economic activity, indeed the social economy includes advocacy organizations and those, such as foundations, who redistribute resources. However the term is a useful one because of its inclusiveness, and the ability to incorporate new organizational forms, such as social enterprises which have emerged" (p.10).

According to Quarter et al. (2009) the social economy exists in the overlap between the public and private sectors where the social economy businesses or organizations with a social mission function. Quarter et al. call the relationships within this overlap an "interactive approach" (p.7). The bulk of initiatives that function within the social economy in Canada, for example, are social enterprises, cooperatives, nonprofits and civil society organizations. Amin (2009) posits that the most important question is whether the economy should be perceived as three separate systems (with the social economy unequivocally located in one of them) or as "an entity differentiated along the lines that blur the

distinction between market, state and third sector, showing each domain to be highly variegated and possibly similar in some ways to activities in other domains" (p. 8).

The above question is one South Africa is currently faced with, as the key actors promoting the social economy are trying to determine where the social economy organizations, such as social enterprises, fit into the larger system. From a legal and regulatory perspective, what are now being defined as Social and Solidarity Economy Organizations (SSEOs) i.e. NGOs, social enterprises and cooperatives, the most common SSEOs in South Africa all fall under different legal categorizations, except social enterprises which have not been ratified into any legal structure at this time (Steinman, 2011).

In Western Europe, the infrastructure that facilitates the social economy is more highly developed, and legal structures are in place to capacitate social economy organizations. In 1991, the Italian parliament adopted a law creating a specific legal form for 'social cooperatives' and in the United Kingdom, a new legal form was introduced, the 'community interest company' and approved by the British parliament in 2004. More recently, the United Kingdom launched the Coalition for Social Enterprise and created a Social Enterprise Unit in the Department of Trade and Industry (DTI). This unit is responsible for creating a supportive environment for social enterprise to thrive and manages a coordinated effort by DTI, regional development agencies, government offices and local governments (Nyssens, 2009). The unit also makes tax and administrative regulatory recommendations for social enterprises and supports educational training in the area, a model that is much akin to what South Africa is potentially in the process of creating.

The social economy is currently in its infant stages of development in South Africa. The state has publicly embraced the social economy for its potential to create more jobs and the key actors have broad visions for the social economy in the country on both macro and micro levels. The social economy is currently in

its pre-policy stage and while still lacking a legal structure the groundwork has begun to be laid towards the creation of legislative policies and for a culture of participation. As this research will show, supportive institutions and networks are forming and collaborations between key actors are being created and professionalized.

Social Economy Organizations

The trends of social entrepreneurship and social enterprise are two components of the social economy that are necessary to incorporate into the greater discussion. Social entrepreneurship and social enterprise are two of the current trends being promoted in South Africa as drivers of the social economy; both have their own unique origins and debates and methodologies.

Social Entrepreneurship

While entrepreneurial phenomenon aimed at economic development has received much scholarly attention, entrepreneurship as a process to foster social progress has only attracted the interest of researchers in the past few decades (Mair and Marti 2006). Today, a critical mass of actors promoting the trend of social entrepreneurship has emerged and social entrepreneurship has, some would argue, become a distinct discipline (Urban, 2008). Scholars agree that social entrepreneurship and the contributions of social entrepreneurs have the possibility of being transformative change agents in society (Dees, 2001; Alvord, 2004; Bornstein, 2004; Urban, 2008) and that developing nations such as South Africa could benefit from increased government and public support for the phenomenon of social entrepreneurship (Bornstein, 2004; Urban, 2008).

Recent research findings from the University of Cape Town's (UCT) Center for Innovation and Entrepreneurship at the UCT Graduate School of Business demonstrates the move towards South Africa embracing social entrepreneurship as an agency to potentially solve society's ills. The research (Urban, 2008) found that there is currently a lack of confidence in both government and civil society

to solve South Africa's problems. These research findings formed part of the United Kingdom's 2009 Global Entrepreneurship Monitor (GEM) special report on social entrepreneurship, the first global study of its kind in which South Africa participated in. In response to the research findings released by the GEM report, South African experts like Urban and Jacqui Kew, a member of the UCT Center for Innovation and entrepreneurship and GEM researcher, believe that it is possible that social entrepreneurs could hold one possible solution to combat the skepticism of existing social structures by forming new ones to meet the needs of civil society and should be encouraged to thrive.[8]

Urban (2008) believes that in South Africa social entrepreneurship has an "unequivocal application" as "traditional government initiatives are unable to satisfy the entire social deficit, where an effort to reduce dependency on social/welfare grants is currently being instituted and where the survival of many NGOs are at stake" (p. 347) suggesting that social entrepreneurs in South Africa can add value and meet the needs of groups who have been failed by previous government programs such as the RDP and GEAR to bring socioeconomic change.

While social entrepreneurship is being promoted as a potential transformative solution to many of South Africa's challenges, since the end of apartheid South African citizens have created alternatives to meet needs unmet by the state, what Pottinger (2008) calls 'the proxy state'. According to Pottinger, the proxy state is "the informal assumption of influential roles by private players in interstices of the public administration where the state has ceased to function efficiently" (p. 199). Pottinger gives three examples of the proxy state acting in South Africa: the private security firms, educational institutions and healthcare services. These are all domains that the state has retreated from in its failure to provide goods and services to its citizens.

[8] http://www.businessday.co.za/articles/Content.aspx?id=109762

Ordinary citizens, notes Pottinger, make up this proxy state. These are people who recognize that something isn't working, and create an alternative means of getting the job done, for citizens who end up being the means to pay for those alternative solutions. Some would argue that this kind of empowered citizen sector is exactly what South Africa needs. The concept of social entrepreneurship also appeals to South Africans in the same way. Both the proxy state solution and the social entrepreneur, by coming up with solutions to meet the challenges at hand have become empowered, and in many cases even benefit financially, but both approaches also take the power away from the state, allowing the state to further retreat into unaccountability to its citizens.

Mbeki (2009) argues that it is the lack of an empowered citizen sector that is holding back the development of the entire African continent. Mbeki points to the failure of the post-colonial African states to develop new institutions of cooperation among its citizens and to produce the types of leaders required to take society forward as being the main challenge to Africa's development. When looking at the of the rise of the proxy state and the trend of social entrepreneurship today in South Africa, one could argue that the financial incentives are there to create solutions to assist the state, which Mbeki and others point to as factor inhibiting Africa's development.

The proxy state phenomenon that Pottinger presents is valuable to include in a discussion about the role of social entrepreneurship in the social economy. What is the difference then, between a person who plays a role in the proxy state and that of a social entrepreneur? The Ashoka Foundation's definition of a social entrepreneur is: "individuals who combine the pragmatic and results-oriented methods of a business entrepreneur with the goals of a social reformer" (Hsu, 2005 p. 63) . Pottinger describes the role of the proxy state player as "the informal assumption of influential roles by private players in interstices of the public administration where the state has ceased to function efficiently" (p. 199). While the types of individuals both the Ashoka Foundation and Pottinger describe, the social aspect is missing in the description of the proxy state player.

The distinction between the social entrepreneur and the proxy state player is blurred because the term social is not clearly defined. The term social entrepreneur could be considered to be problematic as entrepreneurialism has its roots in capitalism, and capitalism has historically overlooked the social agenda. Theoretically, the social entrepreneur should have both the needs of society and their own needs in mind when engaged in social entrepreneurial activities. The proxy state player is someone who is motivated by a traditional business model, regardless of having a social agenda. It can furthermore be argued that without a human-centered focus, or an emphasis on the social agenda, the potential of the proxy state phenomenon could be lost to corruption and greed (Adam et al. 2007), leaving an even larger gap between the different socioeconomic sectors of society. It would therefore be difficult to discern between the social entrepreneur and the proxy state player without the 'social' element clearly defined or understood. The importance of defining the social aspect of the social entrepreneur takes center stage in the larger debate surrounding social entrepreneurship.

Dees (2007) argues that social entrepreneurship has an important role to play, "whether it is to compliment or supplant government efforts" and views the phenomenon of social entrepreneurship as representing another step in the "continuing reinvention of the third sector" (p. 27). While Dees recognizes that this step is largely experimental at this stage, he strongly believes that social entrepreneurship has "the potential to create sustainable and scalable impact in arenas where government efforts have been ineffective" (ibid p. 24). What Dees is effectively saying then is that it may be possible for social entrepreneurship to be a method of the proxy state. Like Pottinger's position on the proxy state, Bornstein (2007) proposes that the rise in popularity of social entrepreneurship in the past few decades is the direct result of the emergence of the "global citizen sector" (p. 3) consisting of conscious citizens who believe that change is urgently needed to solve the social and economic problems that the state has failed to meet with social entrepreneurs of this citizen sector "leading the push to reform the free market and political systems" (ibid p.9).

Proponents of social entrepreneurship like Bornstein (2007), Dees (2001, 2007) and Urban (2008) recognize that new models are needed for the new century and believe that social entrepreneurs are the ones to lead that change. Proponents of the proxy state like Pottinger would agree. Amidst all the discussion and debate, the phenomenon of social entrepreneurship continues to unfold as the trend of incubating and promoting social entrepreneurs is quickly gathering speed, both in the developing and developed world. As it is a still a nascent trend it is crucial to keep a critical eye on it, especially since the definition continues to evolve.

Defining Social Entrepreneurship

While many scholars and supporters view social entrepreneurs as social reformers and believe that social entrepreneurship has emerged as an "innovative approach for dealing with complex social needs" (Johnson, 2000), critics argue that social entrepreneurship is also one of the most misunderstood terms. In his book *Social Business and the Future of Capitalism,* Muhammed Yunis, the worlds 'premier' social entrepreneur, critiques the concept of social entrepreneurship as being too broadly defined:

> "Social entrepreneurship is a very broad idea. As it is generally defined, any innovating initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not- for –profit. Distributing free medicine to the sick can be an example of social entrepreneurship. So can setting up a for-profit health care center in a village where no health facility exists" (Yunis, 2007 p. 32).

Besides the broad nature of the term, experts in the field have pointed to other issues with the term that demand attention. Professor Paul C. Light of New York University states that social entrepreneurship "may be the most exciting and frustrating field in public service today" (Light, 2006 p. 49), and while social entrepreneurship offers the "excitement of breakthrough thinking, compelling life stories, and potentially dramatic progress against daunting global problems

such as hunger and disease" (ibid p. 50), there are 'frustrating' sides of the trend, like overemphasizing the social entrepreneur.

Light (2006) points to the lack of case studies and evidence-based insights in the field that leave social entrepreneurs often reinventing the wheel and increasing competition in an already fragmented social sector. Light argues that the tendency to promote an exclusive definition of social entrepreneurship has prevented the field from forging necessary partnerships. In his most recent publication, *Driving Social Change: How to Solve the World's Most Toughest Problems* (2011), Light wonders whether the world has placed too much emphasis on the individual social entrepreneur, making social entrepreneurship the primary source of social innovation today. Light concludes that the idea of social entrepreneurship is "neither the only driver in agitating the prevailing wisdom, nor always the best choice is addressing urgent threats" (p.180), and calls for an inquiry into alternative drivers of social change. Other critiques of social entrepreneurship question whether the institutions that incubate social entrepreneurs are fostering a new form of elitism (CASE, 2008) [9] and point to the association of the term "entrepreneur" with the destructive aspects of capitalism (Cheney and Roper, 2005).

While scholars and practitioners have proposed a variety of definitions for the term, there is no generally accepted definition of social entrepreneurship in the academic and research community (Brock, 2008). The lack of an official definition has become problematic. As the increase in popularity of the trend has risen, the need for and lack of a clear definition, as many critics point out, is one of the contributing factors contributing to the lack of professionalism in the field (Cheney and Roper, 2005). The most generic definition of social entrepreneurship I have found during the course of my research defines social entrepreneurship as "concerning individuals or organizations engaged in entrepreneurial activities with a social goal" (Mair and Marti, 2006). Another

[9] http://www.caseatduke.org/documents/CASE_Field-Building_Report_June08.pdf

definition posed by Light (2011) in his more critical analysis of the trend is "social entrepreneurship is an essential but not exclusive driver of innovative social breakthrough" (p. 7). The Ashoka Foundation defines social entrepreneurship as "a way to catalyze social transformations well beyond solutions to the initial problems,.[10]

While definitions of social entrepreneurship continue to be explored, the majority of scholarly literature attempting to define social entrepreneurship begins first by engaging with the definition of the term 'entrepreneur' as coined by the Austrian economist Joseph Schumpeter. Entrepreneurs played a central role in Schumpeter's theory on economic development by "carrying out new combinations" (Dees, 2007 p. 26) and by generating new markets and creative approaches to income generation.

According to Schumpeter, entrepreneurs "reform and revolutionize the pattern of production" (ibid). The central role of the entrepreneur as defined by Schumpeter is being the prime mover in carrying out these new combinations of production, thereby contributing to formation of capital for the development of the economy. Schumpeter explains: He or she carries out "new combinations we call enterprise; the individuals whose function it is to carry them out we call entrepreneurs" (Schumpeter, 1934 p. 78). Schumpeter also recognizes that the contribution of the entrepreneur is not limited to only the realm of capital formation and he asserts that in actuality, "everyone is an entrepreneur only when he carries out 'new combinations'. So this period is brief as his entrepreneurial stint has passed once he has built up that particular business" (Dees, ibid.).

Like social entrepreneurship, there is no definitional consensus for the term social entrepreneur (Shaw and Carter, 2007). Schumpeter's definition of the business entrepreneur, however, assists in an understanding towards the

[10] www.ashoka.org

concept of the social entrepreneur by emphasizing innovation as being the defining characteristic of the entrepreneur. The business entrepreneur who "carries out new combinations" is in fact what we would today call an innovator. Social entrepreneurs, based on Schumpeter's definition of business entrepreneur, can therefore be defined as individuals who further the social sector using the same innovation and creativity of a business entrepreneur. In fact, Leadbeater (1997) argues, the business entrepreneur can be successful without being innovative whereas social entrepreneurs almost always use innovative methods (Shaw and Carter, 2007).

The term 'social entrepreneur' is in itself an innovation in definition. William (Bill) Drayton, the founder of the Ashoka Foundation, coined the term in the early 1980's to describe the social innovators he was seeking to find—individuals who, in Drayton's words, "combine the pragmatic and results oriented methods of a business entrepreneur with the goals of a social reformer".[11] Drayton expands:

> "Social entrepreneurs are individuals with innovative solutions to societies most pressing problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps". [13]

In this definition of the social entrepreneur we find a strong emphasis on the social and less of the entrepreneur. According to Drayton, the social entrepreneur is the one who revolutionizes the system by coming up with new solutions to the challenges at hand in society. Leadbeater (1997) puts a similar emphasis on the organizations the social entrepreneur brings into being,

[11] http://www.ashoka.org.br/files/2009/11/U-S-News-Oct-2005-America´s-Best-Leaders.pdf
[13]ibid

defining the activities of the social entrepreneur as "social in the sense that they are not owned by shareholders and do not pursue profit as their main objective." (p.11).

The overemphasis of the individual is criticized by Light (2006), who notes that the prevalent definitions of social entrepreneurship are problematic as they emphasize the "pattern breaking individual" over the "pattern breaking change" (p. 48). Light explains, "the problem with focusing so much attention on the individual entrepreneur is that it neglects to recognize and support thousands of other individuals, groups and organizations that are crafting solutions to troubles around the globe"(ibid). In this critique, Light challenges the field to adopt a wider definition of social entrepreneurship that is more expansive and encompasses both the individual and the larger societal forces that are involved in the 'change making' process.

I agree with Light in that a hyper-focus on the individual does take away from the work of organizations and other team players that are also active in the space of social entrepreneurism. It is motivated by this that I have chosen to use the definition Light proposes as it has a wider scope and is more inclusive of the change that is occurring on the ground through a variety of channels:

> Social entrepreneurship is an individual, group, network, organization or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems (Light ibid. p. 50).

Social Enterprise

Along with social entrepreneurship, social enterprise is another organization of the social economy. While social entrepreneurship is a way of addressing social problems in an innovative and entrepreneurial way, social enterprises, according to Chell (2007), address social issues with a view to social value and wealth

creation. According to Defourney et al. (2009) the concept of social enterprise took root both in Europe and in the United States during the 1970s and 1980s, initially emerging in Italy when entrepreneurial activities began during this time within what has been coined the third sector. In the early 1990s the Italian government created the term 'social cooperative', a form of enterprise that achieved much success in the country. Other European countries such as the United Kingdom, Belgium and Ireland have also passed new laws for social enterprise, as have the United States and Canada.

The demand for entrepreneurial activity within the third sector, many argue, is fueled by the nonprofits quest for sustainability (Alter, 2004). Alter believes that social enterprise allows nonprofits to expand vital services to society while moving the organization towards being able to achieve ongoing sustainable impact. Many organizations included in the third sector are dependent on government grants, philanthropic contributions or other sources of funding to survive. The demand for market-based solutions to help nonprofits continue to provide services to their constituents is primarily the source of the increased popularity of the concept of social enterprise. Countries in the global South such as South Africa and Kenya[14] have begun to follow in the example of countries in the global North who have taken up the trends of social enterprise (and social entrepreneurship) as the solution to meet many of today's socioeconomic challenges.

The global economic crisis has sharpened the plight of the third sector even further as the demand for nonprofits has grown since the 1970s with the state's growing inability to meet the emerging demands of society. Nonprofit organizations have grown in size and demand during this time, reinforcing the valuable role they play. While typically the third sector comes in where the state ends, providing citizens with affordable or free services that otherwise would be inaccessible (such as food, clothing, housing and health care), without funding,

[14] The EASEN (Eastern African Social Entrepreneurs Network) is based in Nairobi, Kenya www.easennetwork.net

these organizations are unable to provide services. This challenge has in recent decades encouraged the nonprofit sector to look towards incorporating income-generation as a component to their long-term sustainability strategies.

While the social enterprise 'movement' took-off in both Europe and the United States over the past few decades, social enterprise had taken shape differently on the two continents. The EMES European Research Network positions European social enterprises "at the crossroads of market, public policies and civil society", while the United States has a tendency to define social enterprises as nonprofit organizations looking for market-based solutions (Defourney, 2009). This contrast between EU social enterprises and U.S based social enterprises has implications on the export side of the trend. In South Africa, for example, the Social Enterprise Coalition, based in the United Kingdom, heavily influences the International Labor Organization (ILO), a key actor in the social economy in the country. Other key actors such as the Ashoka Foundation are U.S-based. There has also been an emergence of what has been coined the 'solidarity economy movement', its emphasis being on social solidarity to lead the social economy over social enterprise.

The Solidarity Economy: An Alternative to the Social Economy?

There are critiques surrounding the social economy's potential to bring solutions to socioeconomic challenges. Some argue that the social economy is another 'green-washing' of capitalism and that any attempt to bring the 'social' back into the economic system is merely a 'Band-Aid' solution to a much larger problem (Fine, 2003) . While the state has publicly embraced the social economy as being the next development strategy to lead the nation, another movement, the solidarity economy has recently positioned itself as an alternative for South Africa and abroad.

Toward the end of 2011, the Cooperative and Policy Alternative Center (COPAC) hosted the first ever solidarity economy conference in Johannesburg on October 26-28. The conference was aptly titled 'Beyond the Social Economy- Capitalism's

Crisis and the Solidarity Economy Alternative.' Founded in 1999 as a grassroots development organization, COPAC has a bottom-up approach to assisting cooperatives and supporting their workers in contrast to the top-down approach to cooperatives dominating the arena. It is this bottom up approach to the empowerment of the people on the ground that had COPAC embrace the ideologies of the solidarity economy and the conference was envisioned around the principle of establishing a "people-centered" movement. In COPAC's guide, 'Building a Solidarity Economy Movement', the main values and principles of the solidarity economy movement are outlined: social solidarity, collective ownership, self-management, control of capital, and eco-centric practice. Transparency in financial reporting and the ethos of participatory democracy are also highlighted. According to COPAC, "the solidarity economy is a process grounded in a bottom up anti-capitalist emancipatory process"(COPAC, 2011 p. 21).

In the keynote address at the 2011 COPAC conference Minister of Finance Pravin Gordon spoke of the role of plural economic practices including the solidarity economy as a means of addressing South Africa's challenges. Like Minister Patel who has publicly embraced the social economy, Minister Gordon's choosing to address the COPAC conference signifies that there is additional interest from the state in finding an alternative solution to meet South Africa's extensive social and economic needs. As both the social and solidarity economy 'movements' are attempting to impact South African development thinking and planning processes, it is important to understand the distinction between the two 'movements'.

While the idea of the social economy emerged out of Western Europe at the turn of the century, the solidarity economy is a concept that emerged in the 1990s out of the experiences of Latin American movements seeking to create alternative forms of production, consumption and finance from the capitalist economy (Williams, 2011). Lechat (2009) explains that in Brazil for example, the term 'social economy' is not well known whereas the terms 'third sector' and

'solidarity economy' are better known. According to the 'Brazilian Forum of Solidarity Economy', the solidarity economy in Brazil "is composed of enterprises, organizations providing advocacy and support for the enterprises, and the network of public managers who establish, execute or coordinate public policies for the solidarity economy" (p. 160).

Like the social economy, which is also comprised of organizations, the enterprises of the solidarity economy have taken on various forms, including cooperatives and nonprofits. Unlike the social economy, whose organizations are working to infuse the social back into the economic system, the solidarity economy and its organizations are based on a plural economy in which the market is just one of the components alongside redistribution (Laville, 2010).

Both the solidarity and social economy movements often neglect to define the term 'social'. The term social economy poses a greater challenge to define than the term solidarity economy as it combines two terms that can be viewed as contradictory in nature: 'social' and 'economy'. While the term 'social' implies people and greater society, the term 'economy' implies an economic system based on capitalism that has only benefitted the very top of the pyramid. The combination of these terms, in an attempt to 'bring the social back into the economy' raises some red flags at the very onset of inquiry into the trend.

The term 'solidarity economy' on the other hand implies a kind of unity. Within the principles of the solidarity economy movement the people come first over the profit aspect. Although the term 'social' is assumed and not defined by both movements, what is determined is that a social enterprise, being an organization of the social economy, is an enterprising initiative within the current capitalist system with no proposed goal of establishing an alternative market something which the solidarity economy calls for.

The solidarity economy movement on the other hand, aims to create a culture that "values people over profits, solidarity over individualism, cooperation over

competition, and nurtures and empowers individuals to actively participate" (Williams, 2011 p.11). Social entrepreneurship, on the other hand, emphasizes the role of the innovative individual within society and the impact social entrepreneurs can make, rather than emphasizing the role of the empowered collective.

Advocates of social entrepreneurship with an unabashedly top-down approach such as the World Economic Forum provide recognition and award social entrepreneurs around the world with monetary amounts for their contributions to society. The concept of the social economy appeals to organizations like the Schwab Foundation for Social Entrepreneurship because the visions for social entrepreneurship and social enterprise fit into the greater strategy of the WEF, ensuring the success of neoliberal free-market capitalism to elites on a global scale.

While the WEF hosts a global conference each year, the World Social Forum (WSF) was founded in response to the WEF in 2001. Their motto, "another world is possible", advocates an alternative to neoliberal globalization and social solidarity. While the social economy is promoted at the WEF in Davos the solidarity economy meets every year at the WSF to promote solidarity. These are, undeniably, two very disparate 'movements'.

The differences between the social and solidarity economy 'movements' pose challenges to the field since the terms social economy and solidarity economy have become conflated. The term social solidarity economy' (SSE) has been adopted by one of the key actors of the social economy in South Africa, the ILO. However, the ILO appears to promote the social and not the solidarity economy. For the ILO to advocate the solidarity economy it would be taking a radical position for an international organization (IO) as IOs have been perceived historically as instruments of capitalist hegemony (Merrien and Mendy 2010 p. 40).

COPAC is an example of a local initiative attempting to make a distinction between the social and solidarity economies. While there are similarities between the two 'movements' COPAC concludes that the conflation of the 'movements' into the term SSE is ineffective. By conflating the terms, the solidarity economy loses its "transformative and radical aims and visions" (COPAC, 2011 p. 22). The COPAC conference findings recommend an analytical distinction between the terms. It will be interesting to observe how South Africa chooses to define the social economy in the future and whether it will embrace the SSE as suggested by the ILO.

The literature has explored the social economy and its organizations of social entrepreneurship and social enterprise from both a historical and contemporary perspective. Social capital, another theme pertinent to the wider discussion of the social economy was also explored. The solidarity economy was discussed as an alternative to the social economy and many of the debates around the social economy were touched upon in order to elucidate some of the issues this trend poses. This chapter illustrated that the trend of the social economy is both popular and problematic as it lacks clear definitions and parameters. If South Africa is to embrace the social economy as a way to guide national development strategy, the importance of definitions must be emphasized. In the ensuing empirical sections, this research will explore how the various key actors are promoting the social economy, and inquire into what sort of foundation those efforts are establishing in favor of an alternative socioeconomic development plan.

Chapter Three:
Research Methodology

This study is structured around an emerging trend in South Africa: that of the embrace of the social economy. The motivation for this research began with the discovery of the Ashoka Foundation's efforts in the country. As a student of international development studies I was initially interested in exploring grassroots and innovative approaches to development in the Johannesburg area. This inquiry led me to research how social entrepreneurship was making an impact in South Africa after the discovery of Ashoka's regional presence. While social entrepreneurship was well known to me from my exposure to the trend in the United States, when I first presented my research proposal to the group of academics at the University of the Witwatersrand (WITS), many sitting on the panel had not yet heard of the term.

In April 2011, a year into mapping the trend, the Center for Social Entrepreneurship and the Social Economy (CSESE) at the University of Johannesburg (UJ) hosted the Social Enterprise World Forum (SEWF). I understood that a tipping point had been reached for South Africa as the concepts of social entrepreneurship and social enterprise appealed to a largely South African audience, including South Africa's Minister of Economic Development Ebrahim Patel. I also became aware of the international bodies playing key roles in promoting social entrepreneurship and enterprise in South Africa such as the World Economic Forum (WEF) and the International Labor Organization (ILO).

After the SEWF conference I realized that the trend of social entrepreneurship was actually part of a much larger phenomenon: the embrace of the social economy. I decided that in order to fully track the groundswell of activity surrounding the trend, I had to widen my research scope to include proponents of social enterprise as well. My focus then shifted from exploring social entrepreneurship in South Africa to exploring South Africa's embrace of the social economy. My research process was both daunting and exciting as events

unfolded quickly from 2010 to the beginning months of 2012. As my research methods evolved in an inductive way, the 'Grounded Theory Approach' partly inspired my research methodology (Strauss and Corbin, 1990). This approach allowed me to effectively conceptualize the trend of the social economy as it evolved instead of going into the research process with a hypothesis already in place. I also utilized the 'Extended Case Method' (Buroway, 1998), as my initial theories were challenged by later stage empirical findings that had me reformulate my methodology accordingly.

It must be emphasized that the social economy and the organizations of social entrepreneurship and enterprise are still very much in the infant stages of development in South Africa. While there has been a groundswell of activities around the aforementioned subjects, there is currently little national data available on the social economy. Hence,, my biggest challenge was in piecing together the key actors and their activities, since prior to the SEWF conference the data on the social economy was difficult to access. The key actors were identified during the initial mapping stage and were crystalized at the SEWF conference of 2011.

Another challenge was that the data compilation process was prolonged due to two main factors: the lack of a centralized hub of information and the difficulty in securing in-depth interviews, as some key interviewees took a long time becoming receptive to the invitation to be interviewed for this study.[15]

The aim of this research was to engage with the groundswell of interest in the social economy by exploring the key actors, their initiatives and the trends of social entrepreneurship and social enterprise within a South African context in order to gain a conceptual understanding of the phenomenon. Based on formal and informal interviews, public events and document analysis this study

[15] Making contact with the state took a long time, as until there was a memorandum in process between the CSESE and the EDD, the EDD was unreceptive in wanting to discuss their position on the social economy.

provides an account of South Africa's embrace of the social economy and it examines the roles of the key actors involved and the milestones that have been accomplished.

Selection of the Focus Area

The first part of this research involved a general mapping of the key actors, organizations and institutions active in promoting the trends of social entrepreneurship and social enterprise under the umbrella of the social economy. The mapping was initially challenging as the key actors emerged slowly, especially during the first year of this research study (2010). Most of the preliminary research was completed online; a tedious process as there was no source of centralized information. Data only began to emerge during the second year of this research study in 2011.

This mapping was necessary in order to determine whether the social economy had indeed been 'embraced' by South Africa as the title of this study proposes. After an initial exploration of key actors and initiatives around the country in 2010 I was only able to deduce that there was an embrace of the social economy in 2011, with a focus on the Gauteng province.

While I discovered that the Western Cape has also been promoting the social economy and its organizations of social entrepreneurship and enterprise, I determined Gauteng to be the center of the groundswell of interest in the trend on both an international and local level, and chose to narrow my research to the Gauteng province.

While the ANC has publicly embraced the social economy and is working on its promotion, the Democratic Alliance (DA) according to experts on the ground is even more supportive of the social economy, actively supporting social entrepreneurship and social enterprises. This research leaves open the possibility of a nation-wide study of South Africa's embrace of the social economy, as there are further advancements of different key actors to explore.

Data Collection Techniques

This research study was conducted using a qualitative methodology in which a number of methods were used, including document analysis, semi-structured interviews and participant observation. The fieldwork process also involved participating in public meetings, events, formal and informal gatherings.

To research how the social economy is being embraced in South Africa, semi-structured interviews and participant observation were used as the primary means of data-collection. I conducted fifteen formal interviews[16] and numerous informal interviews with key actors in the field from various sectors on both local and international levels based primarily in the Gauteng region of South Africa and attended the majority of public events held in Gauteng pertinent to the social economy during this time frame.

While the focus of this research was aimed primarily on how the social economy has been embraced by key actors in South Africa, it was important to understand how the trend of the social economy was manifesting in the key organizations at an international and local level from academic, grassroots and community-based perspectives.

The people interviewed for this study were individuals who emerged as 'experts' in the field after the SEWF conference. They work for either local or international initiatives that promote social economy organizations based primarily in the Gauteng province in South Africa. This study determined that it was important to explore how these 'experts' understand the social economy and gain insights into their ideas about the practices and challenges of this emerging trend. This population represents a very small cluster of people representing the key international organizations, NGOs and academic institutions that have played an

[16] Due to confidentiality agreements it was not possible to include a formal list of interviewees in this research.

important role in establishing the groundwork for and shaping theoretical thinking about the social economy in South Africa.

In addition to the formal and informal interviews, I analyzed public documents produced by the international and local organizations promoting the social economy. Mission statements, histories, web-based information, published papers, papers presented at public forums, reports and booklets were also utilized in this research,[17] as well as local South African and international press and online resources.

With all my data-collection methods, I obtained written consent, in accordance with the ethics guidelines of the University of the Witwatersrand, with each and every interviewee and all persons quoted in this research.

[17] Organizations varied in the extent of documentation available. Some organizations had extensive written material while newer initiatives had very little written material available. In these cases verbal interviews were made.

Chapter Four:

Key Actors in the Social Economy Arena

In the following chapter I present empirical findings that I have acquired from the data collection process of the key actors invested in promoting the social economy in South Africa. I have provided a mapping of the key actors from the international, national and local levels, and explore their independent visions in promoting the trend. The linkages and cross-pollinations that exist between the key actors promoting the social economy are also explored.

In mapping the roles and focus areas of the key actors I have been able to deduce that the social economy is currently being disseminated at various levels in South Africa: on a micro level through the Ashoka Foundation and the World Economic Forum (WEF) and through knowledge transfer and supportive networks created by the Center for Social Entrepreneurship and the Social Economy (CSESE), and on a macro level by the African Social Entrepreneur's Network (ASEN) and the Gordon Institute of Business Science (GIBS), and through the international promotion of the International Labor Organization (ILO) and impact their efforts have had on the state as represented by the Economic Development Department of South Africa (EDD). The data that I have presented is from the organizations that I have determined to be the key actors promoting the organizations of the social economy.

The key actors have taken on promoting the social economy in an attempt to create an enabling environment for the social economy to thrive. By emphasizing different targets, the findings show that 1) there is currently an effort to promote the social economy through a centralized local initiative, the CSESE, and 2) the current promotion of the social economy by all key actors remains primarily a top-down strategy with little trickle down to civil society. In this section I will discuss the key actors promoting the social economy in South Africa and examine their relationship to the social economy, the areas they are involved in promoting, their visions and the cross overtures between different actors.

The International Labor Organization (ILO)

The International Labor Organization (ILO), a specialized agency of the United Nations, quickly emerged as a prime subject of interest for this research. The ILO initiated the social economy trend in South Africa in 2009 and their impact has been on a large scale. According to Dr. Susan Steinman of the University of Johannesburg's Center for Social Entrepreneurship and Social Enterprise (CSESE), the ILO is currently the dominant player in the national social economy arena, promoting the agenda of the social economy though its support of social entrepreneurship and enterprise (Interview Nov 1, 2011).

The ILO has historically, according to an internal document, been "involved in the promotion of social enterprise since its establishment beginning in 1920 with the creation of the Cooperative Branch, which is now the Cooperative Program (EMP/COOP)" (ILO SSEA Reader, 2010 p.6). Today, the ILO's strategy is the promotion of the social economy through social enterprise development, an approach that links two of the ILO's strategic objectives: employment creation and social protection (The Reader 2011, ILO). Since 2009 the ILO has been promoting the agenda of the social economy, and more recently the solidarity economy, in what is coined the "social and solidarity economy" (SSE). Currently, the ILO's macro strategy for Africa is focused on promoting the SSE based on the agenda and vision of its Decent Work Country Programs (DWCP).

According to the ILO's website, the Decent Work concept was founded by constituents of the ILO in order to identify the priorities of the ILO.[18] Those four strategic objectives are:

- job creation
- guaranteeing workers' rights
- extending social protection and gender equality
- promoting social dialogue in the workforce

[18] http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm

These objectives are, according to the ILO, key elements promoting fair globalization, poverty reduction and sustainable development. The ILO states that the promotion of the social economy is implicit in many of the African Decent Work Country Programs (DWCPs). The current DWCPs of Cameroon, Lesotho, South Africa and Swaziland directly make reference to the terms social economy and/or social enterprise in their reporting (unpublished ILO document on the social economy, 2011).

The ILO decided to focus its SSE efforts on the DWC of South Africa. During an interview on July 13, 2011 with Mr. Tom Fox, Chief Technical Officer at the ILO in charge of spearheading social enterprise development in South Africa, I learned that South Africa was chosen for an ILO pilot on social enterprise promotion as it was determined by the ILO's regional Africa office to already have features of an enabling environment such as an infrastructure where the government and civil society were more positioned to embrace the trend. Fox was contracted by the ILO's regional Africa office to run a pilot on social enterprise promotion in South Africa beginning in 2009. Under Fox's stewardship, the 'National Conference on the Enabling Environment for Social Enterprise Development in South Africa' was held in Johannesburg in October 2009.

Immediately following the October 2009 conference there was a 'high-level study visit' for a select group of South African policy makers. The following month, nine delegates traveled to Flanders, Belgium and London, UK for the purposes of "exposing participants to examples of policy, regulatory, legal and institutional interventions which seek to create an enabling environment for social enterprise development" (ILO: High Level Study Visit Report, 2010 p. 3). Among the attendees were two participants from the Department of Trade and Industry (DTI), two participants from the National Youth Development Agency (NYDA) and one delegate each from the Department of Labor, the Congress of South African Trade Unions (COSATU) and the Department of Social Development, the Small Enterprise Development Agency (SME) and from the Business Unity South Africa (BUSA) corporation. During the trip the delegates

were introduced to initiatives such as the Social Enterprise Coalition (SEC), the Higher Institute for Labor Studies (HIVA), the New Economics Foundation (NEF) and the Social Enterprise London (SEL) organization, and met with various government officials who explained national policies and legal structures in place supporting the social economy. This early attempt of the ILO to engage high level government officials from various institutions can be viewed as a successful endeavor, as the EDD and the DTI are currently key actors in the social economy. The NYDA remains in the conversation, although they are hesitant to fully embrace the trend.[19] This 'high-level study group' visit was the ILO's first attempt at exposing South African policy makers to the already established social economy of the global North.

Another outcome of the 2009 conference was the formation of a working group which comprised of government officials who came together in order to determine how to implement a social enterprise framework for the country and included representatives from the DTI, the NYDA and the EDD. At a subsequent working group, the EDD thanked the ILO for initiating the meeting and requested to coordinate the group as there was a recognition that the ILO and EDD needed to be aligned in relationship to the social economy and the New Growth Path (NGP) (Interview with Tom Fox, July 13, 2011).

Today the ILO is committed to supporting the social and solidarity economy organizations (SSEOs) under the SSE, as the ILO regional office is leading the development of a comprehensive program to support the social economy in Africa. In the draft document 'Social Economy and Decent Work in Africa 2012-2015: A Strategy', a framework for the ILO's development of the social economy in Africa is presented. The main guidelines and recommendations are outlined for the development of a course of action for the promotion of the social

[19] One interviewee disclosed that although the NYDA is interested in the trend of the social economy the agency is resistant to new ideas. Because of this the NYDA is hesitant to embrace a working relationship with the social economy, as the agency does not yet understand the concept. Presently, the EDD and the DTI are the only government bodies who have committed to being involved.

economy. The strategy presents the social economy as a solution for alleviating the social challenges of the high rates of unemployment that occur in the informal sector. Persons employed within this sector, according to the ILO, are vulnerable to financial exploitation.

The informal economy as defined by the ILO is "a set of activities carried out by workers and economic units who or which are not covered, or are inadequately covered, by formal arrangements" (ILO Reader 2011, p. 13). The workers in the informal sector are not covered and they themselves are not protected by legislation. In South Africa, for example, the informal economy is quite extensive, dominated by the workforce in wholesale and retail trade, followed by construction and manufacturing. The issue is that while the South African government recognizes the importance of the informal economy, there is a lack of formal policies specifically tailored to ensure protection of this sector. Statistics South Africa reported that in the fourth quarter of 2010, 46,000 jobs were lost within the informal sector due to the economic crisis, whose after effects are still being felt all across this sector.

The motivation behind the ILO's promotion of the SSE is the empowerment of this sector. The ILO's use of the term 'decent jobs' in this context is a job that will provide "financial security" and "sufficient income" to workers who comprise the informal economy. The ILO believes that belonging to an existing SSE organization will provide the above securities, and further recommends that those in the informal sector join forces with an SSE- an example of which would entail becoming a stakeholder in a social enterprise.

In the larger vision for the SSE in Africa the ILO presents a framework for intervention set forth in the 'Plan of Action for the Promotion of Social Economy Enterprises and Organizations' (2009):

- "To enhance the recognition of social economy enterprises and organizations and increase the numbers of partnerships with them;

- To enhance knowledge relating to promoting social economy enterprises and organizations and reinforcing African social economy networks;
- To establish an enabling legal, institutional and policy environment for social economy enterprises and organizations so that they become more effective and contribute to meeting peoples' needs; and
- To enhance the efficiency of social economy enterprises and organizations so that they become more effective and contribute to meeting peoples' needs."

The above objectives are the stated goals of the ILO to promote the social economy on a global, regional, and national level. Over the next four years (2012-2015), the ILO plans to expand their staff and, through coordinated effort and internal capacity building, work towards the implementation of these objectives throughout Africa. South Africa, having been the country pilot for the ILO's agenda for the social economy in Africa is considered to be a successful model, one that the ILO intends to replicate elsewhere on the continent. As part of the ILO's overarching plan, the strategy also includes partnering with governmental, social and academic sectors in the country of focus, much like their course of action in South Africa. In chapter five, the activities of the ILO in promoting the social economy through social enterprise development will further be explored. The next key actor is the World Economic Forum (WEF). It is comparable to the ILO in scope and impact in promoting the social economy through social entrepreneurship.

The World Economic Forum (WEF)

Predating South Africa's introduction to the social economy at the ILO's 2009 conference in Johannesburg was the WEF Forum on Africa held in Cape Town in 2007. Professor Boris Urban argues that it was here that the genesis of local interest in the social entrepreneurship trend spiked (Urban, 2008). During the WEF Forum on Africa, African social entrepreneurs were honored at an awards ceremony hosted by the Schwab Foundation for Social Entrepreneurship. Although the trend of social enterprise and the concept of the social economy

were not emphasized at the WEF, the event brought attention to African social entrepreneurs thereby initiating a tipping point for social entrepreneurship in South Africa and inspiring the creation of the African Social Entrepreneurs Network (ASEN).

In 2009 the WEF in Cape Town honored three more African social entrepreneurs who were presented with the "Africa Regional Social Entrepreneurs Award" and most recently at the 2011 WEF in Cape Town, four African social entrepreneurs were recipients of awards.[20] Klaus Schwab, Chief Developer of the Strategic Vision of the WEF, founded the Schwab Foundation for Social Entrepreneurship in 1998. According to the Schwab Foundation's website, its purpose is to "promote entrepreneurial solutions and social commitment with a clear impact at the grassroots level".[21] By providing social entrepreneurs with public recognition, monetary awards and access to a powerful network, the Schwab Foundation is attempting to promote the values of social entrepreneurship to the global elite.

The WEF is an example of an international institution that has embraced social entrepreneurship where overlaps and collaborations with social entrepreneurs are occurring. Other notable international institutions that have expressed interest in the social economy have been the World Bank (WB) and the International Monetary Fund (IMF). Like Ashoka, the WEF provides social entrepreneurs with seed capital and access to support networks. The approach of the WEF in awarding social entrepreneurs has critics and could be considered elitist. Ms. Abigail Noble, Head of Latin America and Africa at the Schwab Foundation for Social Entrepreneurship, agrees that the strategy of the WEF is elitist: "The WEF caters to an elite audience: the CEOs and CFOs of major international corporations, and in drawing the attention of the elites to

[20] During the 2007 awards ceremony the Schwab Foundation for Social Entrepreneurship awarded Aleke Dondo of Juhudi Kilimo, Juliana Rotich of Ushahidi, Olivia Van Rooyen of the Kuyasa Fund and Evans Wadongo of Sustainable Development for All with the title of Social Entrepreneur of the Year.

[21] http://www.schwabfound.org/sf/AboutUs/History/index.htm

individual social entrepreneurs, helps to give them the stamp of approval" (Remarks made at a public event at the HUB Johannesburg, November 16, 2011). Noble acknowledged that while the WEF does target the top, there is importance in the different roles played by various initiatives promoting social entrepreneurship, as they each make their own unique contribution in strengthening the field.

According to Noble, each of the key actors promoting the social economy in South Africa targets a different and equally important sector. Noble believes that Schwab's approach "does trickle-down from the CEO to the local level" and while statistics of that trickle-down are not available, Noble relayed that the WEF's investment in Africa will continue to award social entrepreneurs as there is a strong receptivity towards social entrepreneurship and enterprise especially today. "Crisis creates opportunity," Noble stated, "and social business usually survives crisis because it is based on societal demand."

It is symbolic to note that the Schwab Foundation for Social Entrepreneurship was founded by the same Klaus Schwab who founded the WEF three decades earlier., This points to a larger trend, that of the historically neoliberal international institution's shift in development priorities in the post Washington-Consensus era. By championing social entrepreneurship, the WEF is promoting a more socially conscious model, a stark contrast to its past development policies. According to Pigman (2006) since its founding the WEF has come under massive criticism for their activities namely in the spread of neoliberal ideas and the impact of economic liberalization on worker rights, the environment, rural livelihoods and development in the global South. Interestingly, according to Dr. Susan Steinman, the Schwab Foundation consults with the Ashoka Foundation in order to locate Africa's premier social entrepreneurs. This recognition, according to Seelos and Mair (2005) is important. The authors posit that it is only when recognition is given by organizations such as Ashoka and the Schwab Foundation that most social entrepreneurs perceive themselves to be different from business entrepreneurs.

In this way the approach of the WEF has proven to be successful in spreading awareness, bringing attention to the trend and highlighting the potential role social entrepreneurs play in society. Take for example Mr. Allon Raiz, CEO of Raizcorp who in 2008 was awarded the Young Global Leader award by the WEF and is recognized today as one of South Africa's premier social entrepreneurs. According to Mr. Saul Levin, Chief Director of the EDD, Mr. Raiz is often consulted with by the EDD in planning the social economy agenda for the country (Interview, January 26, 2012). Raiz is a local example of the influence the WEF has when recognizing social entrepreneurs. While this is very much a top-down approach, like the approach of the ILO, the strategy of the WEF is proving to have trickle-down effects. Both the ILO and the WEF are international organizations promoting the social economy in South Africa. The next key actor, the EDD, is promoting the social economy on a national level.

The Economic Development Department of South Africa (EDD)

The EDD was created following the 2009 national elections under the new government of President Jacob Zuma. The agenda of the EDD is to "strengthen government capacity to implement the electoral mandate in particular in relation to the transformation of the economy".[22] This transformation, according the EDD website, requires a pro-employment growth path that "addresses the structural constraints to absorbing large numbers of people into the economy and the creation of decent work". It is interesting to note the similar language used by both the ILO and the EDD in stating their strategies as the term 'decent work' is utilized by both organizations.

The EDD is currently the leading ministry to publicly embrace the concept of the social economy as an innovative approach to development and crucial for Africa's future and for the South African state. At the 'National Conference on the Enabling Environment for Social Enterprise Development in South Africa' (2009), Minister Patel spoke of the role of the social economy in South Africa.

[22] http://www.economic.gov.za/about-us

Patel declared Africa to be "a continent waiting for innovative approaches to development",[23] and noted the contribution of the ILO's 'Declaration on Social Justice and Fair Globalization' (2008) publication (which he played a role in creating), written at a "crucial political moment, reflecting the wide consensus on the need for a strong social dimension in achieving improved and fair outcomes for all" (ILO Declaration, p. 1).

In his address, 'The Social Economy—Africa's response to the Global Issue' (2009), Minister Patel's acknowledgement that Africa is now poised for alternative development models was followed by an endorsement of the social economy as a method of rebalancing an economic world order. Patel referred to economist Joseph Stiglitz's argument that the world needs greater balance in the economic choices being made and also recognized the social economy as being the force to bring such a balance to markets, government and other institutions. In his address, Patel expanded on the ILO's definition of the social economy to support the need to rebalance the world's socioeconomic situation:

> "By the social economy we refer of course to the economic activities by enterprises and organizations that manage their operations and direct their surpluses in pursuit of social, environmental and community goals. They place these goals, rather than profit maximization, at the core of their existence. They embrace activities in saving and lending as well as production and distribution of goods and services. They include cooperatives, mutual societies, voluntary and community organizations, community and union investment vehicles and some foundations and community trusts" (October 19, 2009).

Patel furthermore stated that the social economy is vital "to the recovery of African economies" and that by building a more balanced model of development based on the ethos of the social economy, a more equitable model of "economic

[23]http://www.ilo.org/public/english/region/afpro/addisababa/pdf/se_speechebrahimpatel.pdf

solidarity" can be established for the future. While Patel emphasized the importance of the social economy in helping to achieve a more equitable society, he also stressed the importance of the relationship between the South African government and the ILO. "Governments", Patel declared in his 2009 speech, "with ILO support, need to strengthen the institutions that nurture and support the social economy."[24]

It has been three years since Patel made his landmark statement regarding the social economy and some would argue that since its establishment the EDD has accomplished "little more than name their respective lists of advisors" (Ashman, et.al 2011 p. 189). It appears that the EDD has not been moving quickly towards its stated commitments to the social economy. In discussing the EDD's vision for the social economy with Chief Director Mr. Saul Levin, he stated that the "EDD is not looking at policy right now; rather (we) are looking at products" (Interview, January 26, 2012). Levin explained that the EDD is in the pre-policy stages of figuring out how best to empower the informal sector, and is currently reaching out to "organizations on the ground" which is where the EDD believes that social enterprise development must originate, since this relationship is crucial to have in place in order to get out of the cycle of poverty and unemployment.

Like the ILO, the EDD's position is that it is important to work towards developing a policy framework to empower the informal sector. According to Levin, the first step is to target and capacitate local organizations on the ground. Pointing to the example of the failure of South African cooperatives, Levin stated that the EDD's goal is to avoid making the same mistake with the social enterprise movement. According to Levin, even though the policy framework enabling cooperatives was in place, fiscal management was ineffectively established and the cooperative sector failed. Much like the ILO, the EDD has not given up on cooperatives; rather, they view cooperatives as organizations within

[24]http://www.ilo.org/public/english/region/afpro/addisababa/pdf/se_speechebrahimpatel.pdf

the social economy and are working to ensure, in partnership with the DTI, that cooperatives succeed.

A positive development is that the EDD recognizes the risk of social enterprises falling into the same trap as cooperatives. This also explains the EDD's investment in the CSESE being established for the purposes of being a kind of 'social enterprise policing unit'. Many of the key actors refer to the 88% failure rate of the cooperative sector in South Africa as being a main factor for wanting to ensure that the push for social enterprise development doesn't get caught in the same downward spiral of financial mismanagement. The EDD also views the lack of understanding that BDS and other financial institutions have around the social economy as a further roadblock in getting the social economy going in South Africa. Without a different institutional framework, according to Levin, the social economy will continue to have difficulties, as there is a general lack of knowledge and management skills around these concepts.

The promotion of the social economy by the ILO, the WEF and the EDD has made an undeniable impact in South Africa in raising awareness around the trends from a top-down level. However, these attempts have thus far not made an impact on the grass-roots level, except for a brief regional pilot under the ILO's 'Social Entrepreneurship Targeting Unemployed Youth in South Africa' (SETYSA) program. The next four key actors: The Ashoka Foundation, the CSESE, ASEN and GIBS are examples of initiatives that target the social economy at a local level in an attempt to reach practitioners on the ground.

The Ashoka Foundation

The U.S. based Ashoka Foundation is an international NGO that had an early interest in promoting the trend of social entrepreneurship in Southern Africa. Ashoka's Founder, William (Bill) Drayton coined the term social entrepreneur. Since 1980, Ashoka has focused on grassroots efforts to support individual social entrepreneurs financially and through skills development. Ashoka opened its South African office in 1991, and today lists over three hundred African social

entrepreneurs who have been incubated as part of the Ashoka network of 'change makers' in Southern Africa.

Ashoka functions as a social venture capital fund, helping selected 'Fellows' with start-up funding, extensive skills training and mentorship to launch their endeavors (Sen, 2007). Drayton recognized that in order to provide the social entrepreneur with the means to actualize their vision, start-up capital was needed, as a lack of funding had held social entrepreneurs back from being able to implement their ideas. Today, Ashoka reports that over half of the social entrepreneurs who have gone through the 'Fellows' program have changed national policy within five years of their launch, and ninety per cent of Ashoka social entrepreneurs have seen independent organizations replicate their innovations (Sen, 2007).

Ashoka's influence in promoting the trend of social entrepreneurship in South Africa became clear when I discovered that several of the key actors I interviewed has been either funded or directly influenced by Ashoka. One is a prior Ashoka fellow and another first heard of the term social entrepreneurship at a breakfast hosted by GIBS where Ashoka made a presentation. This was an important discovery, as it highlighted the trickle-down influence and cross-overtures of the social entrepreneurship trend.

I asked the Ashoka fellow, Dr. Susan Steinman, whether or not she would have called herself a social entrepreneur before receiving assistance by Ashoka. She replied that she would not have, because she had never even heard of the term. Today, she the leading academic advocating for the social economy and has partnered with the ILO through her research. This shows how an international trend can get started in new territory, and how different organizations can end up with cross overtures. Dr. Steinman's history as an Ashoka fellow directly influenced her current role today, as head of the Center for Social Entrepreneurship and the Social Economy (CSESE).

The Ashoka Foundation is not considered to be a key actor promoting the social economy at present. Its Johannesburg headquarters has been going through an organizational transition, yet the importance of including Ashoka in this section of this research relates to the historic role Ashoka has played in promoting social entrepreneurship in South Africa since the early 1990's. While Ashoka is currently not an active player in the social economy in South Africa, the impact on the country has remained as the next key actor, the CSESE would not be in existence today if not for Ashoka's efforts.

The Center for Social Entrepreneurship and Social Economy (CSESE)

The Center for Social Enterprise and the Social Economy (CSESE) is currently housed under the University of Johannesburg's (UJ) School of Management. In a recent memorandum (2012) between the CSESE and the EDD, funding for the center has been secured for a two-year period. As the head of the CSESE, Dr. Susan Steinman has worked for the past four years promoting the social economy and its organizations by highlighting the importance of the sector by emphasizing the importance of integrating social entrepreneurship and social enterprise into South Africa's economic development strategy.

First recognized as a social entrepreneur by the Ashoka Foundation for her innovative work about violence in the workplace, today Dr. Steinman is the leading academic driver of the social economy in South Africa. It was Ashoka's recognition of her work as a social entrepreneur that led her to pursue a Ph.D. from the University of Johannesburg's School of Management. Upon receiving her Ph.D., Dr. Steinman approached Deputy Vice Chancellor of the UJ, Professor Adam Habib, and urged him to create a center that would encourage social entrepreneurship on campus. The CSESE was born, and the ILO immediately commissioned Dr. Steinman to research on their behalf. In April 2011 the CSESE hosted the Social Enterprise World Forum (SEWF) at the UJ. This was a big milestone for the new center, as the CSESE was chosen to host the first ever-international gathering of social enterprise practitioners on the continent.

According to Dr. Steinman, the 4th Annual SEWF conference served as a catalyst and a milestone for social enterprise and the social economy. The conference brought together local, regional and international experts in the field of social enterprise to a mostly South African audience. Other South African giants such as Jay Naidoo and Dr. Mamphela Ramphele[25] joined Minister Patel in endorsing social enterprise and the social economy as being able to "close the development gap between the rich and the poor in society" (Jay Naidoo, SEWF 2011). While there was a great amount of excitement around the prospects for social enterprise in South Africa I also found that there was a need for a clear definition of the trends of social entrepreneurship and social enterprise, as these appeared to be unfamiliar terms to South African's . It didn't help ease the confusion that the terms social economy, social enterprise and social entrepreneurship were conflated at the conference, with none of the experts able or feeling inclined to provide clarity around the terminology being used.

When asked to define social enterprise, the chair of the conference, Mr. Gerry Higgens (Ireland) responded, "If you don't know what social enterprise is already, you shouldn't be here". Another member of the steering committee, Ms. Liza Nitze (U.S.), when being questioned on the issue of definition, stated with a smile and a bit of a brush off, "it is too difficult to define". Numerous other presenters, mostly international, agreed with Ms. Nitze, because there is currently no legal definition for the term. During her presentation, she stated that in the United States social enterprise is becoming another economic sector. Many sectors of society are trying to figure out how to navigate this new field where, in her opinion, NGOs are out and social enterprises are in as they offer a market-based solution platform.

Peter Holbrook, CEO of the Social Enterprise Coalition (UK) stated that the social enterprise movement is an attempt to "reinvent capitalism". He championed the impact of social enterprise in the UK, quoting statistics that today in the UK there

[25] Jay Naidoo and Dr. Mamphela Ramphele were both active in the fight against apartheid and are today influential personalities in South Africa, working for social change.

are 62,000 social enterprises worth twenty- two billion pounds, all of which follow the mandate of tackling inequality by recycling revenue back into the social aspect of the enterprise. He believed that social enterprises were " about business creating social change". Holbrook also added that he considers social enterprises akin to cooperatives (Interview, April 7, 2011).

While the SEWF conference did not provide conclusive definitions of the trends of the social economy, I would argue that the event was nonetheless successful as it created an opportunity for local social entrepreneurs to gain access to a more established network of practitioners by expanding their knowledge base.

On July 15, 2011 the ASEN network invited local SEWF participants to a post-SEWF event combined with a Jobs Fund informational session. Hosted again by the CSESE, Dr. Susan Steinman presented a summary of the SEWF conference to the audience declaring it a success, and presenting the Jobs Fund as an opportunity to build on what was gained at the SEWF. Before introducing the Jobs Fund and what it could do for social enterprises, Dr. Steinman shared an even larger vision with the audience in announcing that the CSESE and the EDD are planning to launch the 'Academy for the Social Economy'. The vision is to advance professionalism in the field of the social economy by providing higher educational opportunity programs to train future African leaders around issues of cooperatives, enterprising nonprofits, CSI and social enterprises.

The vision for the 'Academy for the Social Economy' was inspired by the Ashoka motto of "everyone a change maker" and by a recent visit to New York Universities (NYU) Catherine Reynolds program for Social Entrepreneurship. Dr. Steinman's larger vision of creating a "flagship academy for the social economy" is motivated by the aim to assist in the creation of a culture of change making.

The larger vision of the CSESE, according to Dr. Steinman, is to act as a 'ground-zero' for the trend in educating, ensuring and maintaining that the 'enabling environment' for the social economy is in place. However, there are very few

experts on the social economy in South Africa and with only three people currently employed in the CSESE office, it would appear that unless a massive investment in skills training and capacity building takes place, this larger vision of CSESE could be challenging to implement.

It was recently announced (July 16, 2011) that the CSESE and the African Social Entrepreneurs Network (ASEN), the next key actor explored in this research, have entered into a strategic partnership. In this partnership, ASEN will remain independent , and the CSESE's task will be to expand its capacity and impact. The lack of strong networks around the social economy in South Africa was one of Dr. Steinman's research findings in her ILO commissioned report and both parties believe that ASEN has the potential of becoming that network if managed effectively.

The African Social Entrepreneurs Network (ASEN)

The motivation to establish the African Social Entrepreneurs Network (ASEN) was realized after the Schwab Summit for Social Entrepreneurs and the WEF on Africa in 2007. Regional social entrepreneurs became inspired by the ideas presented at the WEF and wanted a local network to help support their initiatives. During 2009 ASEN collaborated with the ILO's SETYSA project, which led to the development of their networking platform and the Social Entrepreneur (SE) toolbox. ASEN has recently (2011) partnered with the CSESE at the University of Johannesburg in joining forces to support South African social entrepreneurs though the establishment of networking events, in the showcasing of successful South African social enterprises and skills transfer through the SEVCA project.

While ASEN is an organization that is currently in process of getting off the ground it is still necessary to point out some of the current shortcomings faced by the institution. Dr. Steinman sees ASEN being an emerging force within the field but emphasized that it must transform. According to Dr. Steinman, ASEN currently has an all white board of directors and unless ASEN can make the shift

towards increased inclusivity and embrace the social and solidarity economy ASEN will not move into the role of emerging force (Interview, November 1, 2011). Publically, however, when attending ASEN events, the emphasis was more on empowering the practitioners in the field and less on their own evolution as an organization.

According to Mr. Tom Fox of the ILO, the ASEN chapter in the Western Cape is more sophisticated and has a larger constituency and the branch also has strong ties with other initiatives in the region promoting the trend of social entrepreneurship and enterprise (Interview, July 13, 2011) Although this research is focused on how the social economy is being embraced in the Gauteng region, the impact the trend is having in the Western Cape is worth noting. According to Fox, the DA has been influential in getting the trend off the ground there by helping to promote social entrepreneurship and enterprise in the region.

The primary objectives of the organization the mission of ASEN is to support the creation of an enabling environment for social entrepreneurship in South Africa and for the rest of the continent, serve as a networking platform towards best practices in the field and work towards becoming an umbrella organization to house the entrepreneurs and the enterprises. ASEN has recently been rebranded as a "platform for development practitioners within the social economy to collaborate, share and learn from each other and find resources in the journey to create sustainable social change". [26]

While ASEN initially began as an unaffiliated network the recent merger with the CSESE has potentially widened ASEN's scope of influence. "ASEN is about networking and exploring synergies within organizations," Ms. Jeanne Rose, co-founder, announced during an ASEN event on November 16, 2011. The emphasis on networking is important, as it is a vital component of social entrepreneurship

[26] http://asenetwork.net/site/?page_id=755

and enterprise. Like mainstream entrepreneurialism, where networks can assist in acquiring market data, customer information, and identifying possible funding sources and other opportunities, networks can play an equally vital role for social enterprises and for social entrepreneurs (Shaw and Carter, 2007).

Since ASEN is about networking, it means that events bring together practitioners to learn best practices from each other, share ideas and explore potential working partnerships. The recent merger with the CSESE has brought ASEN into the periphery of more social entrepreneurs and social enterprise practitioners, and the aim is to continue to expand in scope and reach as many people on the ground as possible. The creation of this network follows in Dr. Steinman's larger vision of creating an enabling culture for the social economy to thrive.

While ASEN has made the creation of a network of social entrepreneurs a vital component for the social economy arena in South Africa, another initiative, the Social Entrepreneurship Certificate Program (SECP) housed at the Gordon Institute of Business Science (GIBS) has been actively promoting social entrepreneurship in Southern Africa through professional development.

The Gordon Institute of Business Science (GIBS)

While academic institutions in South Africa such as the UCT and the UJ have begun to include curriculum on social economy organizations in their courses, GIBS stood out in the research findings as the current academic key actor in the promotion of social entrepreneurship in South Africa today. According to Ms. Amy Tekie and Ms. Lungalo Odago who are in charge of the Social Entrepreneurship Certificate Program (SECP), GIBS offers the only certified educational training program on social entrepreneurship on the continent, attracting professionals from all over the Africa and also from the international sector. The SECP, accredited by the University of Pretoria, started out of an already existing internal initiative at GIBS, the Network for Social Entrepreneurship (NSW) founded in 2000. GIBS motto, according to Ms. Tekie, is "no sector is in a silo" (Interview, February 3, 2012), and that the goal of the

SECP is "to improve the competitiveness of South Africa within the business space and also being inclusive of the social aspects (ibid). "

Ms. Tekie shared that the student population of the SECP are the "quintessential Ashoka types" (ibid), made up of open minded, creative and innovative professionals who are coming from both a business and NGO sector background. For the students coming from the private sector, the interest in social entrepreneurship stems from a desire to revamp their current business model to be more inclusive of social elements, and for the NGO professionals, social entrepreneurship is attractive as they are wanting to cease being grant dependent.

The SECP is expensive at R 18,000, and according to Ms. Tekie and Ms. Odago, most of the students pay out of their own pockets. While some scholarships are available directly from GIBS (for example, for Zimbabwean students), the SECP is currently attracting those available to self-finance, some even from the government sector. Since the SECP was founded in 2009 over one hundred and sixty students have registered for the program although not all have completed with the certificate as the program is very demanding and there is a high drop out rate (ibid).

The SECP attracts the mid-level management executive who can afford to further their education and has a desire to create change in his/her current positions. While GIBS is a top-rated business school in the country, the SECP attracts persons from a similar elitist pool. Other social entrepreneurship programs located in South African universities are also positioned within the business schools, such as UCT's newly established Bertha Center For Social Innovation and Entrepreneurship (established late 2011) and courses planned by the CSESE housed under the UJs School of Management.

While the social economy has been incorporated into business school curriculum, it has not made headway on an undergraduate level. The social economy is presently an unfamiliar concept for undergraduates who are the future leaders of the country. That the social economy is being promoted within

the top MBA schools in the country is another example of a lack of trickle-down to the people on the ground, remaining another top-down initiative targeting another elitist pool

This being said, I would argue that the probability of the social economy being 'embraced' by the people seems very low at this stage, unless those interested can afford it and it is made available to them on a grassroots level by the various actors involved. For example, the establishment of the "Academy for the Social Economy" could be one way of disseminating the tenants of the social economy to a more diverse population. This research shows that the key actors pushing the social economy in South Africa are operating from the top-down: from the ILO targeting top members of government and civil society to the Schwab Foundation awarding select social entrepreneurs, and the SECP at GIBS catering to wealthy MBA candidates- the social economy from this vantage point appears to be inaccessible to the masses. The milestones of the key actors are explored further in chapter five to assess whether their activities have made any actual impact on the ground.

Table 1: Key Actors in the South African Social Economy Arena

Organization	Area	Target	Vision	Partners
International Labor Organization (ILO)	Promoting the SSE through social enterprise development	Macro/ micro	The social and solidarity economy: "Our common road to Decent Work ".	EDD CSESE
World Economic Forum (WEF) The Schwab Foundation for Social Entrepreneurship	Promotion of social entrepreneurship	Macro/ micro	Awarding social entrepreneurs	Refers to Ashoka for recommendations
Economic Development Department (EDD)	Promotion of the social economy/ social enterprise development	Micro	Social economy is a means of strengthening informal sector to increase employment	CSESE ILO
The Ashoka Foundation	Social entrepreneurship incubation through its "Fellows' program	Macro/ micro	To create a cadre of change makers	Prior affiliation with GIBS
The Center for Social Entrepreneurship and the Social Economy (CSESE)	Social entrepreneurship and social enterprise development	Micro	Social Economy Incubator/ mentorship program	EDD DTI ILO
African Social Entrepreneurs Network (ASEN)	Social entrepreneurship and social enterprise network	Micro	Networking platform	ILO CSESE
Gordon Institute of Business Science (GIBS)	Social entrepreneurship certificate program	Macro/ micro	Academic certificate program within Business school to encourage a social component to business practice	Prior affiliation with Ashoka

Chapter Five:

Mapping Key Milestones

While the top-down approaches of the World Economic Forum (WEF), the International Labor Organization (ILO) and the Ashoka Foundation have different strategies in promoting the social economy, all three initiatives have had an impact in South Africa. The WEF awards individual social entrepreneurs in the region, the Ashoka Foundation targets social entrepreneurs by incubating them over a long-term period and the intention of the ILO is to influence the South African government to embrace the social economy through the promotion of social entrepreneurship and social enterprise. At a local level, the Center for Social Entrepreneurship and Social Enterprise (CSESE), the African Social Entrepreneurs Network (ASEN) and the Gordon Institute of Business Science (GIBS) are all working towards the similar goal of creating an enabling environment for the social economy. By building capacity through educating leaders, creating networks and instigating a culture for social entrepreneurship and enterprise to thrive, all of the above initiatives have contributed to a tipping point of the embrace of the social economy.

In the table presented as part of this research on p. 62 the key actors are noted, their target areas are stated and their past and current partners are listed. It is interesting to note that there are both prior and current working relationships, partnerships and cross-overtures between the key actors. It can be argued that none of the key actors are working in a silo, a positive indication in support of the national embrace of the social economy.

Between 2009 and early 2012, a number of activities and milestones that have occurred around the social economy in South Africa. These milestones include strategic relationship formations, public conferences and events, the establishment of centers and the support of government for the social economy. In this chapter, I explore what I have determined to be the three key milestones of the social economy's progression: state support and buy-in, reaching a

common definition of the social economy for South Africa, and the establishment of a supportive institutional environment.

State Support and Buy-In

The New Growth Path (NGP)

While Minister Patel had made mention of the social economy in 2009 it was not until 2011 speech made at the University of Johannesburg (U.J) in April of 2011 at the 4th annual SEWF that the nature of the relationship between the goals of South Africa's new growth path (NGP) and the role of the social economy was clarified. At the SEWF conference Professor Adam Habib, Deputy Vice Chancellor at the U.J introduced Minister Patel and the NGP, endorsed by the cabinet in 2010 as "perhaps one of the biggest and most innovative attempts to try and transform the growth path of the South African economy."

In his keynote address at the SEWF, Minister Patel made the landmark statement that South Africa's "new growth path will be led by the social economy". Minister Patel acknowledged the potential of social enterprises to contribute to the government's agenda of creating five million new jobs by 2020, stating that the social economy was one of the "job-drivers" on which the new job target rests and that social enterprise has the potential of creating 260,000 jobs. As Minister Patel stated, "the NGP is a framework of economic policy to address challenges of poverty, its creation motivated by rising economic inequalities and rising rates of unemployment" (SEWF conference, April, 2011).

Quoting the Gini coefficient's findings that South Africa has one of the most unequal societies in the world, Minister Patel made a distinction between the 'old growth path' model, a consumption driven agenda without "an underpinning of a social sector", and the NGP: a shift away from the old growth path with the social economy as the new driving force. Minister Patel then defined the social economy as "the economic activities by enterprises and organizations that manage their enterprises and direct their services in pursuit of social,

environmental and community goals. They place these goals rather than profit maximization at the core of their existence" (ibid.).

While Minister Patel has declared the NGP to be an embrace of the social economy, a closer look finds only a vague reference to the concept in the actual document. With the focus of the NGP being job creation and a commitment to reduce unemployment; the document identifies job drivers in the NGP with one being identified as: "leveraging social capital in the social economy and the public services" (Government S.A, 2010). While it is evident that the social economy is a target of the job drivers listed within the NGP the document does not expand any further on the topic. The acknowledgement of the potentially important role the NGP places on the social economy as a mechanism to create jobs and reduce unemployment provides the social economy with recognition in moving forward with eventual policy implementation. At this current stage, however, the NGP accomplishes little more than motivate more questions that it is currently able to answer.

After Minister Patel delivered the NGP it came under harsh criticism from South African trade unions (COSATU and FEDUSA) for being too similar to GEAR in its continuation of neoliberalism. The failure of the NGP, I would argue, is in its inability to successfully convey a different message that of the importance of ensuring that the social goals are just as important as the economic. In this way the NGP is inherently contradictory and not transformative; in proclaiming that the NGP was replacing the "old growth model" set forward by GEAR without outlying the new foundational structure. Other recent incentives of the state in an attempt to promote a more socially equitable society have also not met their stated goals and expectations in promoting the social economy. The Jobs Fund is another example of an initiative by the state in trying to encourage the social economy falling short.

The Jobs Fund

On June 7, 2011 Finance Minister Pravin Gordhan launched a nine billion rand Jobs Fund aimed at creating one hundred and fifty thousand new jobs within a three-year period. President Jacob Zuma in his state of the nation speech first announced the Jobs Fund in February of the same year. On July 15, 2011 Mr. Reuven Matlala of the Development Bank of South Africa (DBSA) introduced the Jobs Fund and its potential for social enterprises in South Africa at a debrief of the SEWF conference held at the University of Johannesburg (UJ). Matlala stated that the Jobs Fund is aimed at job creation following in the agenda of the NGP and focuses of 4 areas:

1) Enterprise development
2) Infrastructure development
3) Support for work seekers
4) Institutional capacity building

While Matlala encouraged those with social enterprises in attendance to apply for a loan (and not a grant) from the jobs fund under the first category of enterprise development to support the creation of social enterprises, he did not mention the very tedious application process and almost impossible criteria to provide in order to even be considered for an allocation. As research has shown that limited access to financing has been a prohibitive factor for social enterprises in South Africa (Steinman, 2010), the invitation to apply to the Jobs Fund was met with much excitement by the practitioners in the room. However, even while it professes to be available for start-ups, the Jobs Fund appears to not have had the desired outcome for applicants looking to get new social enterprises off the ground.

The Jobs Fund requires that a minimum of three million rand be secured as a matching grant from an established institution to be considered for a loan. When I questioned Mr. Levin of the EDD about the success rate of the Jobs Fund for social enterprises he agreed that the matching grant criteria could have been a

prohibitive factor as only social enterprises connected to established corporations or other endowed institutions would have had a chance, and that the start-up social enterprise would not have been considered. Mr. Levin was in agreement that the Jobs Fund was not a successful initiative for social enterprises and that it failed to successfully promote the social economy (Interview, January 26, 2012).

The recent commitments of the state towards the social economy, namely the NGP and the Jobs Fund have both been examples of state buy-in of the trend. However, evidence has shown that while the state has embraced the social economy the measures taken until now have been ineffective. Social enterprise has not yet emerged as a vehicle capable of generating employment opportunities. The ambitious National Development Plan presented by the National Planning Commission at the end of 2011 also highlights the need for job-creation, with unemployment listed as the biggest challenge South Africa is currently facing. While the social economy is not explicitly mentioned in the document, it could, if implemented correctly, assist the country to reach the vision it has for itself in 2030: reducing the rate of unemployment to six per cent (National Planning Commission, 2011 p. 90). South Africa's embrace of the social economy has had more success in the next set of milestones, defining the organizations of the social economy, than it has had with the first set, state support and buy-in.

Defining the Organizations of the Social Economy for South Africa

The ILO has played a major role in helping to define the social economy and make relevant the importance of its organizations for South Africa. In 2009 the ILO's Regional Conference on 'The Social Economy: Africa's Response to the Global Crisis' took place in Johannesburg. The conference was the first local introduction to the social economy but it was also strategic in its ability to create a culture around these new ideas by including conference participants in the process of coming up with definitions of terms. It was from the outcomes of this conference that the current strategy of SSE advancement evolved as the 'Plan of

Action for the Promotion of the Social Economy and Organizations in Africa'. It also provided the main guidelines for the ILO promotion of the social economy in Africa going forward. Attending the conference were 130 South African participants from the private, public, academic and other sectors for the purpose of focusing on "measures that could be taken at the policy and practitioner levels in order to create an enabling environment for social enterprise development" (ILO, 2009 Conference Proceedings, p.1).

A statement was created following the conference in which the social economy and its organizations of social entrepreneurship and social enterprise were recognized and defined. Conference participants produced the statement in which they welcomed the role of social entrepreneurs and social enterprises as part of the social economy, agreed on a need to create a more enabling environment for social enterprise development in South Africa in the legal, policy and institutional spheres and accepted a working definition of the term 'social enterprise' that was presented by Dr. Steinman:

> "A social enterprises primary objective is to address social problems through a financially sustainable business model, where surpluses (if any) are mainly invested for that purpose" (ILO Conference 2009).

While this working definition of the term social enterprise put forward by the conference document is the same definition that came out of an ILO initiated focus group discussion on July 22, 2009 (Steinman ILO research p. 24, 2010), Dr. Steinman later amended the definition of social enterprise from 'to address social problems' to 'ameliorate social problems' (Steinman, 2010 p. 40). Thus the accepted working definition of social enterprise in South Africa today is:

> "A social enterprises primary objective is to **ameliorate** social problems through a financially sustainable business model, where surpluses (if any) are mainly invested for that purpose" (Steinman, 2010).

It is clear in this official working definition of the term social enterprise in the South African context is that the primary objective first and foremost of social enterprises are established for the purposes of 'addressing' social problems using 'market-based solutions'. According to this definition, a social enterprise is an enterprise with a social aim, embedded in the economy, where any profit is recycled back into the enterprise. This understanding of a social enterprise then would conflict radically with the vision of an alternative economy the solidarity economy is demanding, thus becoming potentially problematic.

Recently, the ILO has changed terminologies where the social economy has become the 'social and solidarity economy' (SSE). In the ILO's 'The Reader 2011 Social and Solidarity Economy: Our Common Road towards Decent Work', the SSE appears officially for the first time. As explored in the literature section, the terms 'social' and 'solidarity' differ greatly from each other and while the ILO literature fails to touch upon the discrepancies surrounding the terms a new definition is presented:

> "The SSE refers to specific forms of enterprises and organizations. Cooperatives, mutual benefit societies, associations and social enterprises are the most common types but they are not the only ones. It is a dynamic and evolving group of actors that all promote and run economic organizations that are people-centered" (ILO SSE Reader 2011 p. 1).

By conflating the terms 'social' and 'solidarity' into the SSE, the ILO has lumped two very disparate 'movements' into one category. While both the social and solidarity economies aspire to a more 'people-centered' economy the solidarity economy is calling for more: both the integration of the social back into the economy and a complete restructuring of the economic system. The question is why the ILO needed to appropriate the term solidarity onto their pro-social economic agenda, as these are indeed two distinct camps with very different histories, goals and motivations. Although the SSE has recently become popular in Quebec, Italy and throughout other parts of Europe (Williams, 2011), it seems

out of alignment with the ILO's mission to appropriate the term as the ILO has traditionally had a market-based approach. The very vague explanation provided by the ILO's 2011 SSE publication as to why the term solidarity economy is now attached to ILO's usage of the term social economy is that the operating methods of the social economy are often based on the principles of solidarity:

> "(They) aim to include rather than exclude; their goals are not limited to accumulating capitol or generating profits, but include using resources to achieve objectives that will benefit the initiators as well as the workers and users/ beneficiaries involved" (ILO SSE Reader 2011 p. 7).

The above description of the principles of the solidarity economy is elusive and excludes much of what the solidarity economy declares itself to be. While the ILO's usage of the term SSE does not do any justice to either the definition of the social or the solidarity economy 'movements', it can be argued that in using this term the ILO has conflated two distinct agendas into one that works towards promoting their agenda of Decent Work. The social economy in South Africa is thus undergoing a definitional shift in being referred to as the SSE and is currently grappling between referring to the social economy or the SSE in moving forward (Interview, Mr. Tom Fox, July 16, 2011).

In a later publication commissioned by the SETYSA project, 'The Overview of Appropriate Mechanisms for guaranteeing the social purpose and measuring the social impact of Social enterprises in South Africa" (2011), the goal was to analyze and recommend appropriate mechanisms to measure the social impact and guarantee the social purpose of social enterprises in SA. The document recommends putting into place 'instruments that measure the social impact of social enterprises' if the government of South Africa is considering developing a policy framework on the social economy and social enterprise. In moving forward SETYSA suggests that a social enterprise is one that adheres to the following principles:

- "Has a primary social purpose, clearly stated as its core objective
- Uses financially sustainable business models (as opposed to grants and donations)
- Accountable to its stakeholders, with measures in place to assure accountability and to measure and demonstrate social impact" (p. 3-4).

While these recommendations do build upon Dr. Steinman's suggested definition of a social enterprise, the emphasis is on having a clearly stated social purpose as part of its vision, thereby distinguishing it fully from a business enterprise where the social aspect is not present. The document also suggests parameters that could guarantee the social impact of a social enterprise from a policy perspective:

- Defining the parameters of a social enterprise (what it can and cannot do)
- Constant checking in of the social purpose of a social enterprise

The document acknowledges that there is no legal definition for social enterprise in South Africa. Legally social enterprises would therefore have to be registered as nonprofits, cooperatives or other for-profit enterprises, or a public benefit organization, as public benefit organizations have to legally comply with obligations relating to their social purpose. The document notes that in countries where there is a specific legal framework certain approaches have been developed to guarantee the social purpose of social enterprises and that although these approaches show limitations, they could serve to 'inspire' the South African government to "better guarantee the social purpose of social enterprises" (p. 6), especially when they are registered as for-profit establishments.

At this stage it is unclear if South Africa will begin to refer to the social economy as the SSE, but what has been accomplished is that a definition for social enterprises has been established and accepted by a South African audience. While there is still no legal definition of the term or official legislation around social enterprises in the country, I believe the groundwork has been laid for this

component of the social economy. Through the process of coming to be able to define social enterprise, the first step has been established towards future policy-making efforts. The next milestone is the establishment of a supportive institutional environment for organizations of the social economy. Without such support, the next section will show, the social economy will have further difficulty breaking ground.

The Establishment of a Supportive Institutional Environment

"Social Entrepreneurship Development Targeting Youth in South Africa (SETYSA)"

In addition to hosting conferences, organizing working groups and planning study-visits for government officials, the ILO has also invested in establishing a supportive institutional environment for the social economy in South Africa. The first step the ILO took in this direction was when they commissioned Dr. Susan Steinman in 2009 to research if the current situation for social enterprises in South Africa was 'enabling'. Among the findings presented by Dr. Steinman was a survey in which the key factors that were perceived to be the most important towards the creation of an enabling environment for social enterprise development in South Africa were explored.

Business development services (BDS) were seen as the most important factors in establishing an enabling environment, followed by access to finance then government and public support (ILO conference proceedings p. 10). Access to financing was explored in the study and determined to be a non-prohibitive factor in enabling social enterprise development as Dr. Steinman concluded that social enterprises are presented with the same challenges as normative enterprises. The issue of BDS was addressed as Dr. Steinman found that BDS providers did not understand social enterprises and that there is a lack of effective outreach and support towards social entrepreneurs as a result. At the conclusion of the study Dr. Steinman recommended that while there is a need for a greater awareness around the social enterprise initiative especially within the

BDS sector in South Africa and a need for a change in certain legislations, there currently exists an enabling environment for social enterprise.

Fueled by Dr. Steinman's findings and recommendations around creating an enabling environment for social enterprises to thrive in South Africa through the raising of awareness of BDS service providers,[27] the ILO launched a pilot program, the Social Entrepreneurship Development Targeting Youth in South Africa (SETYSA) in 2009. The purpose of the SETYSA project, according to Mr. Tom Fox, was to provide new employment opportunities for South African youth by promoting social entrepreneurship and social enterprise. According to Fox the approach of SETYSA was systematic: it targeted the policy development and legal framework of social enterprise in South Africa, implemented a regional pilot project to create awareness around social enterprise in the region and commissioned research, study groups, formal and informal e-conferences and helped the African Social Entrepreneurs Network (ASEN) organize events and create a social network.

The regional pilot of the SETYSA project promoting social enterprise development was initiated in 2009 in the Eastern and Western Cape. The purpose of the pilot was to target already existing Small Business Development Enterprises (SEDA) and to "stimulate a dialogue around social enterprise" (Interview, July 13, 2011) to move those enterprises into a more socially entrepreneurial space. The pilot was implemented in the Cape Flats and townships around Port Elizabeth with urban/peri urban profiles. The ILO's team worked to assess the needs of these communities and used information to raise awareness and build capacity of the aforementioned organizations fitting the mentioned profile. The pilot culminated with a social business plan competition that ran during the second half of 2009. The aim of the business plan competition was to expose BDS institutions to the concept of social enterprise and to raise awareness and interest in the trend amongst the target population. According to

[27] Existing business development service (BDS) service institutions include: SEDA, NYDA and the Business Place.

Fox the pilot showed that there is interest in social enterprise as a business type as well as a demand for support.

There were two key findings of the pilot, which echoed Dr. Steinman's recommendations to target BDS providers and educate them on social enterprise development:

1) That there is a need for a governing body to continue to promote social enterprise development; and
2) There is a need for more structured capacity building such as the provision of training materials.

With the pilot study findings conclude that without a 'governing body' to promote social enterprise development, the trend would not be sustainable (especially in rural areas), the question remains as to who would be responsible for maintaining and promoting the trend. While the ILO did not propose any solution to the first finding, it did respond to the second finding by producing 'training materials' (in English).

The 'Social Business Plan Competition Handbook' (2011), A Guide to Legal Forms for Social Enterprises' (2011), and 'How to Finance your Social Enterprise' (2011) and 'A Learners Guide to Generating your Social Business Idea' (2011), where publications which resulted from the SETYSA regional pilot. From the SETYSA project the ILO began to expand the agenda of promoting the social economy across the African continent. According to an internal evaluation, the SETYSA pilot was so successful that the ILO has adapted the pilot's strategic objectives as part of its overarching strategic plan for the region.

After the regional pilot, another study commissioned by the ILO was Dr. Steinman's 'An Exploratory Study into factors influencing an Enabling

Environment for Social Enterprises in South Africa' (2010).[28] This study built upon an earlier ILO commissioned publication, 'Enabling Environments for Social Enterprise Development' (2009), in which various policy measures taken by governments worldwide in order to create enabling environments for social enterprises was explored. Dr. Steinman's study found that South Africa could potentially provide an enabling environment to social enterprises. However, without commitment on a political level towards creating an enabling environment the challenges to a successful takeoff for social enterprise development in the region would be limited.

The study's findings reiterated that the challenges facing social enterprises in South Africa are similar to those facing conventional business enterprises. For example, the ability to access financing, loans and investments make the start-up process difficult. A year later, Dr. Steinman's quantitative findings (2010) showed that BDS providers are still not adequately informed about social enterprises and thus many applicants are turned away from BDS centers. Lastly, Dr. Steinman recommended that the South African Revenue Service (SARS) adjust their legislation in terms of taxation in order for social enterprise to flourish (Steinman, p. iv).

The concept of an 'enabling environment' was subsequently explored further on a macro level by the ILO the following year in a report titled 'Enabling Environments for Social Enterprise Developments' (2010). The ILO presented a selection of case studies from governments around the world and examined international best practices in creating enabling environments for social enterprise development. The report calls for specific strategies and measures the government can take in three distinct areas to support social entrepreneurs, social enterprises and the culture that houses these organizations in the creation

[28] In Dr. Steinman's acknowledgement section of her research she thanks Mr. Tom Fox of the ILO for "providing infrastructure and data, introducing the researcher to participants, arranged the focus group meetings, set up the facilities and acted as note-taker at the focus group meetings" (Steinman, p. ii 2010), acknowledging the close working relationship between the ILO and Dr. Steinman.

of this enabling environment. Three types of (general) strategies and measures are explored:

1) "Measures to strengthen the legal framework for social enterprises: These measures are specifically designed to support and control the pursuit of social aims, the performance of economic activities, and the setting up of governance structures that allow for stakeholder involvement.
2) Mechanisms of direct and indirect government intervention in the market: such as wage subsidies to support the employment of target groups, tax advantages, regulated prices, quota, preferential treatment, credits, guarantees and the like;
3) Instruments to assess the performance and impact of social enterprises: at both the organizational and sector level" (p. 5).

It is clear that the ILO has heavily invested in the social economy and in contributing to the creation of 'enabling environments' for social enterprises to thrive in South Africa and throughout the continent. The contribution of the ILO thus far has been on all three fronts: influencing the state to embrace the trend, helping to define the social economy for South Africa and investing in the research and development around best practices, thereby working towards establishing a supportive institutional environment for the social economy (or the SSE). However, while the ILO has taken on the role of 'visionary' this was most certainly a top-down process. Except for the SETYSA regional pilot, very few people have been impacted on the ground thus far. The ILO has been successful in getting the trend going at the top, but the grassroots has yet to be engaged.

"Social Economy Volunteer Coaching Association: SEVCA "

The Social Economy Volunteer Coaching Association[29] (SEVCA), launched on November 16, 2011 is a coordinated effort between the CSESE, ASEN and the EDD to further the establishment of a supportive institutional environment for

[29] Temporary website: www.social-incubator.co.za

the social economy. The launch took place at the University of Johannesburg. Over fifty representatives of corporations, banks, government agencies and social entrepreneurs were in attendance. Dr. Steinman spoke of how the idea for SEVCA began with the realization that social enterprises needed the input of business expertise. Steinman thought that a solution to this gap would be to pair social enterprise practitioners with experts through coaching, "making it attractive for business to participate in the coaching process". The vision for SEVCA is to create a "highly functional virtual incubator" to link members through a mentorship process to private corporations and other areas of expertise like legal services.

Anyone in the arena of the social economy is invited to become a member of SEVCA and request mentoring. The candidate will then be profiled to ascertain if they are entrepreneurial. This strict selection process will minimize dropout rates. The greatest challenge to SEVCA, according to one of the program coordinators, is to become recognized at an academic level and to sensitize and create awareness amongst the private and nonprofit sectors. The coordinator believes that there is a "transformation occurring in South Africa" and that the government realizes that they have failed in their responsibility to fulfill their promise: "a focus on the people before the profit," (Interview, January 6, 2011). The aim of SEVCA, therefore, is to include both the profit and nonprofit sectors by focusing on enterprise development, giving people business acumen in order to be sustainable and encouraging the social component.

At the SEVCA launch the ILO also expressed excitement over the possibilities of the initiative. South Africa Director of the ILO Mr. Vic van Vuuren recognized volunteerism as an important mechanism of the social economy and as a catalyst for Southern Africa, and recommended that SEVCA be a form of "sustainable volunteer ship" acting as an incubator to help people find employment opportunities. "Social enterprise is the new world order," Mr. van Vuuren declared, and committed the ILO to working towards replicating the SEVCA model throughout Africa (November 16, 2011).

While the CSESE's SEVCA launch in November 2011 brought together a majority of the key actors of the social economy and opened up the space to the public to become involved in the network, since its launch there has been little follow-up from SEVCA regarding progress or the next stage. This could be attributed to SEVCA being a small initiative undertaking a huge vision and currently there are only a few staff persons on the ground. In the recent memorandum signed between the CSESE and the EDD (January 2012), the EDD and the DTI will be partnering financially on the SEVCA project. According to one of the project coordinators, "SEVCA is now under a tight deadline to help the government reach their target number of job creation" (November 16, 2011).

Between 2009- 2012 key actors promoting the social economy in South Africa have emerged and important milestones in the progression of the social economy have occurred. These milestones include state support and buy-in, defining social enterprise for South Africa and establishing a supportive institutional environment for social economy organizations. While the milestone findings outlined in this chapter attest to the groundswell of the activities that have taken place over the past three years, the promotion of the social economy appears to have gotten off to a slow start in 2012. Besides one event at the beginning of 2012 hosted by ASEN (February 9, 2012), 'Accelerate your Social Business through Incubation', neither the ILO, the EDD, or SEVCA have yet (as of March 2012) made any further efforts to further dialogue through events or activities.

Further findings during the course of this research suggest that while there are partnerships between key actors and crossovers at events relating to the social economy, the actor pool is small and lacking in experts and human resources, and the financial backing of the state has been slow. While Minister Patel announced in 2009 that the NGP would be led by the social economy, it took three years for the EDD to make a financial commitment to the CSESE. At this rate, future backing for the social economy is uncertain. Its takeoff will be stalled if the EDD continues to hesitate to invest in the social economy. The agreement

between the EDD and the CSESE, focusing on SEVCA, is set to cover a two-year period. It will be crucial to see how that relationship unfolds. If the vision of the CSESE is successful, South Africa will have a have a localized hub for the social economy. If efforts fail, the trend of the social economy could stagnate, although other actors could continue to promote social economy organizations on a smaller scale.

Chapter Six:

Conclusion

This study explored the ways in which South Africa is currently in the process of 'embracing' the social economy. While the impetus for the rising popularity of the social economy was the global economic crisis of 2007, South Africa is attracted to the prospects the social economy holds for job creation and the establishment of a more equitable society. The challenges facing the country are great and the emergence of a network of key actors committed to job creation and further socioeconomic change is a positive initiative. Whether the social economy holds the solution to solve South Africa's most pressing challenges such as unemployment, however, is not clear at this time as the social economy is still in its pre-policy stages.

As this study shows, the groundswell of activity around the social economy between 2009-2011 has emerged from seven key actors the majority of them based in the Gauteng province The International Labor Organization (ILO), the World Economic Forum (WEF), The Economic Development Department of South Africa (EDD), the Ashoka Foundation, the Center for Social Entrepreneurships and the Social Economy (CSESE), the African Social Entrepreneurs Network (ASEN) and the Gordon Institute of Business Science (GIBS). These key actors have attempted to set the stage for the eventual implementation of policy measures that could further support social entrepreneurs and social enterprises. It will take a lot more effort, however, from all key actors as the findings of this research show. Many more milestones need to be reached in order for the social economy to truly take root in South Africa.

Today, neoliberalism's failures are particularly acute in the country as unemployment increases and the gap between rich and poor widens. The promise of pro-neoliberalists that the entire world would benefit from free market liberalization has gone unmet, as the increase of GDP-growth for most countries including South Africa did not result in a rise in income or wellbeing for the majority of its citizens. The neoliberal capitalist system, therefore, is

increasingly being recognized as a failure. It is perceived as a system that is unwilling and incapable of resolving issues of the environment, corruption within the state and larger financial concerns. And while the world is looking for solutions to meet these challenges, the embrace of the social economy over that of neoliberalism could be a dangerous move if the social economy is not effectively defined or incorporated. The danger is in being unable to effectively define the social agenda and bring that agenda to the people. Without effectively defining the social agenda of the social economy, this trend risks losing its potential to a green washing of capitalism.

The social economy, while being more advanced in the global North, is still a nascent trend for most of the world. The social economy has been taken up by development 'experts' in South Africa who are open and interested in learning more about it. These are indications that this trend will continue to increase in popularity. Will South Africa end up like the United Kingdom, where the social economy has become its own legislative category within the mainstream system or will it follow Brazil, where the ideology of the solidarity economy is being presented as a "new model of sustainable and inclusive development" (Lechat, 2009 p. 162)? I would argue that both the social and the solidarity economy 'movements' have a chance to succeed in the country but this is dependent on which 'movement' ends up being promoted on a large-scale by both those at the top and at grassroots levels of development.

The challenge of definitions, and the confusion surrounding the usage of terminologies to express its larger development goals might be problematic as well, if not clarified. There are already tensions around the conflation of the terms 'social' and 'solidarity'. The key actors in South Africa are currently promoting the social economy by emphasizing the creation of 'enabling' environments and less on establishing a social solidarity movement. While the ideology of the solidarity economy could appear to be a more appropriate one for a country with such a long history of unfair victimization by an unjust system,

the popularity of South Africa's historically capitalist approach to development appears to embrace the goals of the social and not the solidarity economy.

Since the introduction of GEAR, the policies of Black Economic Empowerment (BEE) have emphasized business entrepreneurship first and foremost. Since the end of apartheid, BEE has promoted getting black South Africans into positions of employment previously reserved for whites. While Corporate Social Investment (CSI) initiatives have been designated to take on the social agenda within the corporate sector, the two have historically not merged before now.

One of the larger visions of the Center for Social Entrepreneurship and Social Enterprise (CSESE) is to engage the CSI community in the social economy and get CSI programs to participate in the Social Entrepreneurs Volunteer Coaching Association (SEVCA) project. The possibility that engaging CSI networks around the country to take part in the social economy 'movement' has to create a wider net of key actors could prove to be an important step in furthering the social economy agenda for South Africa.

I believe that South Africa is following in the footsteps of a larger global trend: that of turning to a more human-centered development focus, a promising shift for the country. However, while South Africa has shown some commitment towards a more human-centered approach to development, the impact on a grassroots level has yet to be actualized. The key actors in promoting the social economy in the country are all adopting a top-down approach. As the trend of the social economy is currently in its pre-policy stages, it is difficult to gauge if efforts will have any real impact on the ground. A key issue is whether South Africa will be able to move to a more human-centered development focus if the impact of the social economy is not reaching or engaging with the people.

How South Africa will choose to further engage in promoting social economy organizations will also be an indication of the success or failure of the country's embrace of the social economy. This thesis has provided a general overview of

the social economy, introduced some of the debates surrounding it, and outlined some of the interplaying factors as they evolve in South Africa. South Africa's embrace of the social economy, its promotion of social entrepreneurship and the push for social enterprises has the potential to assist in societal transformation by becoming a force that emphasizes human-centered development.

The research findings suggest that unless the 'social' of social economy is effectively defined and policies are initiated to support the development of the social economy and the trend is embraced from the ground up, the social economy could very likely remain a top-down theoretical approach with little practical implications.

The future of the social economy is therefore tied to the next steps of the key actors and many questions have yet to be answered. Will the state take action towards getting the recommendations of the key actors to a policy level or will the trend disappear before any real change occurs? If the social economy does become incorporated at a policy level, how will the key actors be able to expand the field to ensure that enough experts are on the ground?

So far the incentives the state has provided to enable the social economy, such as the New Growth Path (NGP), and the Jobs Fund have failed to capacitate social economy organizations. Social entrepreneurs and social enterprise practitioners are left to their own resources to create the change they deem necessary with little state support. What has been made available to them, through the efforts of the CSESE, however, is both an international and local network of professionals and the hope that a new initiative, SEVCA, will provide further empowerment for their efforts.

It is worth noting, although outside of the timeline of this research, that as of late 2011, two new potential actors of the social economy emerged from the academic sector in South Africa: The Bertha Center for Innovation and Entrepreneurship housed at UCT's School of Management, and the Social

Enterprise Academy Africa (SEA Africa) operating from the Western Cape. Two other initiatives could also emerge as key actors: UnLtd South Africa, a U.K based NGO actively supporting social entrepreneurs out of the Western Cape and the HUB Johannesburg, founded in 2010 working to promote both business and social entrepreneurship and enterprise. It will be important to monitor how the above initiatives contribute to the field in the years to come.

As South Africa's embrace of the social economy continues to unfold, it is important to keep in mind that most of the challenges facing society today are similar to those around the world: the inability of governments to meet society's needs, the NGO's quest for sustainability and the demand for individuals to create solutions to the overarching challenges of poverty and unemployment. As South Africa embraces the social economy, the potential to help shape and influence a new model of development that could have worldwide impact is a possibility. This research study demonstrates that the demand for a more equitable economic system in the country is strong and is something that high level international and national actors recognize. Mr. Saul Levin of the EDD believes that the social economy is a groundswell and not a passing trend. "The name might change", Levin mused, "but the overarching concept is here to stay" (Interview, January 26, 2011).

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