

Unreasonable people power

The growing influence of social entrepreneurs

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TEN years ago, few people had heard the term “social entrepreneur”. Now, to be a social entrepreneur is to be sought after by politicians and businessmen alike for your potential to solve big social challenges in innovative ways. Governments, increasingly struggling to meet society’s demands, are desperate for help from someone more creative than the typical bureaucrat.

Businesses, as this week’s special report in *The Economist* makes clear (see [article](#)), want to engage in socially responsible but still entrepreneurial schemes that let them “do well by doing good”. Social entrepreneurs now have a reputation for being able to deliver, especially since the grand-daddy of social entrepreneurship, Muhammad Yunus, was awarded the Nobel Peace Prize a couple of years ago for founding Grameen Bank, a micro-finance powerhouse.

Schwab Foundation for Social Entrepreneurship

Ariel Zylbersztejn of Cinepop

This week, some of the world’s leading social entrepreneurs have gathered near Zurich for the final annual summit organised by the Schwab Foundation for Social Entrepreneurship. Klaus Schwab, the legendary founder of the World Economic Forum, which meets later this week in Davos, convened the first summit a few years ago, but now apparently feels that social entrepreneurs are sufficiently mainstream that the event has served its purpose. They are an extraordinarily diverse bunch—so much so that it is not at all obvious what it means to be a social entrepreneur.

One session brought together a French woman who runs a company that provides childcare to parents with unusual working hours, a Czech woman who set up a helpline for victims of domestic violence and then campaigned to change the law so that perpetrators rather than victims have to leave the family home, a Chilean founder of an organisation that provides coaching for at-risk families, and a Mexican who has built a for-profit company that provides free movies to poor people on inflatable screens, funded by advertisements from big companies.

Each of them was entrepreneurial, certainly, but quite what “social” means is less clear. The Czech organisation, Bily Kruh Bezpeci, founded by Petra Vitousova, is never going to turn a profit, nor should it try to do so. Ariel Zylbersztejn, the managing director of Mexico’s Cinepop, by contrast, boasts that his entertainment-based platform allows business and government to target otherwise inaccessible markets. He has ambitious plans to expand, not least to China. His brand of social entrepreneurship could make him rich.

Still, both he and Ms Vitousova are doing interesting things, and they seemed to find inspiration from each other. Perhaps it does not really matter exactly how “social entrepreneur” is defined if such impressive people feel good and part of a supportive community when they use the term to describe themselves.

Pamela Hartigan, who runs the Schwab Foundation, seems to think what all these social entrepreneurs have in common is that they are “unreasonable people”. She means this as a compliment. Indeed, she

has just written a fascinating book, with John Elkington, the founder of Sustainability, a consultancy, celebrating “The Power of Unreasonable People: How Social Entrepreneurs Create Markets and Change the World.” The title is inspired by playwright George Bernard Shaw, who once said, “The reasonable man adapts himself to the world, the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.”

The gist of the book is that established businesses should carefully watch—and be ready to invest in—various forms of social entrepreneurship, which tend to be good at spotting profitable opportunities in unlikely places, not least amongst poorer consumers at the so-called “bottom of the pyramid”. Mr Yunus has showed that even the poorest borrowers can be good customers, and as a result huge amounts of profit-seeking capital have flowed into the microfinance industry all over the world. Ms Hartigan and Mr Elkington reckon that social entrepreneurs will uncover other profitable new industries.

As well as courting business, social entrepreneurs are also increasingly looking to expand into partnerships with governments. Indeed, the strongest theme uniting the social entrepreneurs in Zurich (besides their unreasonableness) is the realisation that they need to work with government or business, or both, if they are to succeed on the large scale to which they aspire.

In the early days, social entrepreneurs saw themselves as an alternative to business or government. Today, they want to be partners, seeing business and government as assets to be leveraged. This is probably a good thing, provided it does not dull their creativity or cause them to be more reasonable.

In some ways, social entrepreneurship has reached a crossroads. As it has become better known, expectations have been raised; the next few years will show whether these expectations are justified and these social entrepreneurs can deliver. This will depend on them mastering the nitty-gritty of managing a growing organisation, including everything from a proper budgeting process and human-resource policies to succession planning and corporate governance.

Unreasonable people are not always gifted at such mundane tasks. Moreover, the community of social entrepreneurs gathered in Zurich is tight, built on long-standing personal connections that allow them to solve problems and find resources in unorthodox ways. To go mainstream will require adapting to a more open and perhaps more impersonal environment.

Yet, if the next phase in the evolution of the social entrepreneur goes well, both business and government will be significantly improved, not least in the poorer and less well-run parts of the world. Perhaps, eventually, it will be impossible to be regarded as an effective politician or social activist if you are not also entrepreneurial, or a successful entrepreneur if you do not address social needs. In that case, the term social entrepreneur, whatever it means, will no longer be necessary—but its disappearance from the dictionary will symbolise its triumph. Is that such an unreasonable thing to hope for?