

Assessment 2

**To evaluate and review entrepreneurial
and enterprise opportunities**

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A. ENTREPRENEUR CHOICE

In order to demonstrate how a small entrepreneur has made an impact within the local business arena and his social contribution to the local communities in South Africa, I have continued with my choice of the same entrepreneur as discussed in my Assessment 1 submission.

The entrepreneur that I have chosen is Mr. Chaba Josias Molele from Gauteng in South Africa and his business is in the IT (Information Technology) sector..

B. ECONOMIC DEVELOPMENT

In order to discuss enterprise opportunities which lead to economic and / or social change one needs to first understand the "*meaning*" of economic development.

My understanding of economic development is the increase in the wealth of a country measured both in quantitative and qualitative measures. The quantitative refers to the increase in financial wealth of a country while the qualitative measure refers to the improved quality of life of the country's citizens.

DEFINITIONS OF ECONOMIC DEVELOPMENT:

Economic development is the development of economic wealth of countries, regions or communities for the well-being of their inhabitants. From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

<http://www.svbic.com/node/24>

Progress in an economy, or the qualitative measure of this. Economic development usually refers to the adoption of new technologies, transition from agriculture-based to industry-based economy, and general improvement in living standards.

<http://www.businessdictionary.com/definition/economic-development.html>

The process in which an economy grows or changes and becomes more advanced, especially when both economic and social conditions are improved as defined in the Cambridge Business English Dictionary.

<https://dictionary.cambridge.org/dictionary/english/economic-development>

C. CREATING PARTNERSHIP : GOVERNMENT AND LOCAL BUSINESS

The South African economy has been described by economist Ruchir Sharma in his recent book Breakout Nations as “a developed market wrapped inside an emerging market”. The South African economy can lay claim to being one of the wealthiest in Africa and one with a stable functioning democracy. It is Africa's biggest economy.

Sharma describes the South African Two speed economy

- Tourism, banking and finance, some parts of mining and farming doing well
- Slower growth in many informal urban industries, traditional manufacturing and many parts of South African farming

<https://www.tutor2u.net/economics/reference/south-africa-economic-growth-and-development>

SOME SOUTH AFRICAN GOVERNMENT INITIATIVES

The EDD has completed a SDIP (Service Delivery Improvement Plan) which has been submitted to the Department of Public Service and Administration for the 2015/2016 - 2017/2018 periods. The programmes below highlight some key service delivery plans:-

PROGRAMME 1: ADMINISTRATION

Purpose: Provide strategic leadership, management and support services to the Department.

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE

Purpose: Strengthen the economic development capacity of government. Review and develop the alignment of economic development policies aimed at broadening participation in the economy to create decent work opportunities.

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE

Purpose: Provide support for the coordination of infrastructure development. Provide oversight and coordinate policy of identified development finance institutions and economic regulatory bodies.

<http://www.economic.gov.za/communications/annual-reports/678-edd-annual-report-2016--2017>

THE SOUTH AFRICAN NATIONAL DEVELOPMENT PLAN (NDP) 2030

NDP GOALS

- Quality basic education
- Health care for all
- Safety & freedom from fear
- Economy & employment
- A skilled workforce
- Economic infrastructure
- Vibrant rural communities
- Sustainable human settlements
- Accountable local government
- Natural environment
- South Africa in the world
- Efficient public service
- Inclusive social protection
- Nation building, social cohesion

<https://www.brandsouthafrica.com/governance/ndp/the-national-development-plan-a-vision-for-2030>

D. ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT

Having read, Chapter 18 of Naudé, W. A. (Ed.). (2010). Entrepreneurship and economic development. Palgrave Macmillan, I agree with, Naude 2010, in which he makes a case for entrepreneurs not only concerned with business success but also with subjective welfare and non-economic well being.

In his recent book, The Wealth and Poverty of Nations, David Landes concludes that the success of national economies is driven by cultural factors more than anything else. Thrift, hard work, tenacity, honesty and tolerance are the cultural factors that make all the difference, he suggests. In his view, Max Weber was right after all in suggesting that social attitudes and values have the decisive say on what economies will succeed and which will fail.

The "Micronesian Counselor, June 1, 2009. Issue 77, The Role of Culture in Economic Development, identifies additional cultural considerations which are:-

- Security
- Status
- Solidarity
- Belief in the importance of individual effort
- Trust
- Generalized morality
- Autonomy
- Ethic of hard work
- Thrift

Wikipedia defines 2 types of entrepreneurs:-

- Profit entrepreneurs - For-profit entrepreneurs typically measure performance using business metrics like profit, revenues and increases in stock prices
- Social Entrepreneurs - social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society" and therefore must use different metrics. Social entrepreneurship typically attempts to further broad social, cultural, and environmental goals often associated with the voluntary sector[3] in areas such as poverty alleviation, health care and community development.

In *The Power of Unreasonable People*, John Elkington and Pamela Hartigan describe social entrepreneurs' business structures as falling under three different models, applicable in different situations and economic climates:

- Leveraged non-profit
- Hybrid non-profit.
- Social business venture..

https://en.wikipedia.org/wiki/Social_entrepreneurship

http://www.micsem.org/pubs/counselor/frames/culture_economic_developmentfr.htm

<http://www.micsem.org/pubs/counselor/pdf/mc77.pdf>

E. SUSTAINABLE AND SOCIAL BUSINESS

KEY PRINCIPLES

The following are 7 key principles as per "Conscious Connection Digital Magazine":

- Cause-driven.
- Financial and economic sustainability.
- Investor returns.
- The profit generated stays in the company.
- Gender sensitive and environmentally conscious..
- Workforce will receive market wage and better working conditions.
- Joy in their work.

<https://www.consciousconnectionmagazine.com/2016/02/social-enterprise-examples-and-principles/>

The following are 5 principles of a sustainable business:-

1. Diversity.
2. Modularity.
3. Openness.
4. Slack resources.
5. Matching cycles.

<https://nbs.net/p/five-principles-of-a-sustainable-business-model-e4d05473-39e3-4e02-b7d7-436f97bc9314>

Social enterprises may or may not be profit orientated and focus their efforts into contributing toward social upliftment projects.

Sustainable businesses are generally profit and investor focused and contribute very little or nothing toward social upliftment projects.

DIFFERENCES : SOCIAL AND OTHER ENTREPRENEURS

There are certainly broad ranging differences between social entrepreneurs and other entrepreneurs.

Some of the differences are discussed below as per James Austin, Howard Stevenson and Jane Wei-Skillern in their article "Social and Commercial Entrepreneurship: Same, Different or Both? :-

- *Market Failure. One theory behind the existence of social-purpose organizations is that they emerge when there is social-market failure.*
- *Mission. The fundamental purpose of social entrepreneurship is creating social value for the public good, whereas commercial entrepreneurship aims at creating profitable operations resulting in private gain.*
- *Resource Mobilization. The non-distributive restriction on surpluses generated by nonprofit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprise limits social entrepreneurs from tapping into the same capital markets as commercial entrepreneurs..*
- *Performance Measurement. The social purpose of the social entrepreneur creates greater challenges for measuring performance than the commercial entrepreneur who can rely on relatively tangible and quantifiable measures of performance such as financial indicators, market share, customer satisfaction, and quality..*

<http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6520.2006.00107.x/full>

F. SOCIAL ENTREPRENEURSHIP

According to Jonathan Ng, general counsel of Ashoka, the world's largest association of leading social entrepreneurs, the social entrepreneurship movement boils down to applying entrepreneurial principles and innovative approaches to pursue a desired social change.

With reference to an article run in the Forbes magazine, OCT 13, 2015, " How Social Entrepreneurs Change The World", the following makes for some interesting thought provoking reading:-

Their formal definition of social entrepreneur has three components:

The identification of a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity— a group that lacks the financial means or political clout to effect transformational change on its own.

The development, testing, refining, and scaling of an equilibrium-shifting solution, deploying a social value proposition that has the potential to challenge the stable state.

The forging of a new stable equilibrium that unleashes new value for society, releases trapped potential, or alleviates suffering. In this new state, an ecosystem is created around the new equilibrium that sustains and grows it, extending the benefit across society.

The authors present a framework for thinking about social entrepreneurship as a process with four stages:

1. Understanding the world.
2. Envisioning a new future.
3. Building a model for change.
4. Scaling the solution.

<http://www.valuesandcapitalism.com/the-secret-to-success-for-social-entrepreneurs-innovative-obedience/>

<https://www.forbes.com/sites/stevedenning/2015/10/13/how-social-entrepreneurs-change-the-world/#379f39576133>

G. MOLELE : ENTERPRISE OPPORTUNITIES - ECONOMIC / SOCIAL CHANGE

When one begins to analyse Molele one can be referred back to Chapter 18 of Naudé, W. A. (Ed.). (2010). Entrepreneurship and Economic Development. Palgrave Macmillan, in which he makes a case for entrepreneurs not only concerned with business success but also with subjective welfare and non-economic well being.

As his primary business vision, profit orientated, Molele wanted to become the leading provider of Electronic Content Management (ECM) solutions in South Africa. His secondary vision was that of Social Responsibility where he wanted to nurture and grow underprivileged individuals, from the townships, who showed interest in Information Technology (IT).

Considering Molele's business vision one can relate to the "Cambridge Business English Dictionary" which states:-

The process in which an economy grows or changes and becomes more advanced, especially when both economic and social conditions are improved as defined in the Cambridge Business English Dictionary.

<https://dictionary.cambridge.org/dictionary/english/economic-development>

Molele started his business with the vision of being profit-orientated and as well as contributing back into the local communities. During the interview conducted with Molele he mentions that the growth and success of the company has a total reliance on both the local market needs as well as the social needs of the local populace and that only if these 2 conditions are met will the business succeed and flourish.

Molele considered the many South African Government initiatives to improve the lives of citizens and chose 2 areas that he felt his business should contribute toward:-

1. To employ, train and nature local under-privileged individuals who had an interest in the IT field.
2. To contribute financially toward the building of small homes for the under-privileged in the townships via the Miriam Makeba Foundation.

One can consider Molele to be a "Social Entrepreneur" according to the Wikimpedia definition:-

- Social Entrepreneurs - social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society" and therefore must use different metrics. Social entrepreneurship typically attempts to further broad social, cultural, and environmental goals often associated with the voluntary

sector[3] in areas such as poverty alleviation, health care and community development.

https://en.wikipedia.org/wiki/Social_entrepreneurship

In the first instance, as Molele's business started to win new business, he began recruiting local under-privileged individuals and started to train and mentor them in the applications of Electronic Content Management (ECM). These individuals were then placed on projects, to gain on-site and practical exposure under the supervision of more experienced and specialist individuals that were already engaged on the projects. This proved to be a quick-win for both the company as well as in line with what government wanted to achieve via the following programme:-

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE

Purpose: Strengthen the economic development capacity of government. Review and develop the alignment of economic development policies aimed at broadening participation in the economy to create decent work opportunities.

<http://www.economic.gov.za/communications/annual-reports/678-edd-annual-report-2016--2017>

In the second instance, Molele contributed financially to the Miriam Makeba Foundation and these contributions he believed led to the improvement of many under-privileged lives in the township. This again was in keeping with what government wanted to achieve via the following programme:-

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE

Purpose: Provide support for the coordination of infrastructure development. Provide oversight and coordinate policy of identified development finance institutions and economic regulatory bodies.

<http://www.economic.gov.za/communications/annual-reports/678-edd-annual-report-2016--2017>

In keeping with Molele's vision to be a profit-orientated business his company made a fair profit on the ECM solutions that were sold and his company used some of the profit for the training of new under-privileged employees as well as for the contributions his company made to social upliftment projects. This holds true as stated by SVBIC (Salmon Valley Business & Innovation Center):-

"Economic development is the development of economic wealth of countries, regions or communities for the well-being of their inhabitants. From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base".

<http://www.svbic.com/node/24>

It is quite likely that one may even consider Molele to be "Cause Driven" as per The "Conscious Connection Digital Magazine" which states:-

"Cause-driven: A social enterprise is a businesses without a profit maximization purpose where the objective and purpose is to overcome or alleviate a global or local issue such as poverty, education, health, technology access or the environment".

H. CONCLUSION

Molele feels that he is meeting his vision of making a profit in business as well as getting the satisfaction of fulfilling his obligation by contributing to the social upliftment of the under-privileged in the community. It is important to note that although he is not totally a "Social Entrepreneur", he displays much of the characteristics as eluded to in an article run in the Forbes magazine, OCT 13, 2015, " How Social Entrepreneurs Change The World", the following makes for some interesting thought provoking reading:-

"The forging of a new stable equilibrium that unleashes new value for society, releases trapped potential, or alleviates suffering. In this new state, an ecosystem is created around the new equilibrium that sustains and grows it, extending the benefit across society".

<https://www.forbes.com/sites/stevedenning/2015/10/13/how-social-entrepreneurs-change-the-world/#379f39576133>

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J. ABBREVIATIONS

1. WIPO - *Global forum for intellectual property services, policy, information and cooperation*
2. IT - Information Technology
3. ECM - Electronic Content Management