

Panel discussion on social entrepreneurship: New avenues for job creation and social inclusion

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Your Eminence, Monsignors, Excellencies, Ladies and Gentlemen,

Thank you for inviting me to this conference and for giving me the opportunity to talk about social entrepreneurship and our Foundation. I would like to highlight the importance of this Conference and the issue of social entrepreneurship in the context of the present worldwide crisis.

What started as a financial crisis has become an economic crisis and is now turning into a social crisis. In many countries, more than 10% of the population are unemployed, among them a significant number of young people.

We are also in a deep crisis of values. During the last decade, success was primarily measured by the material value of goods and services. But entrepreneurship, creativity and innovation could and should serve society. We have to return to a values-based society where people are motivated not only by money, but also by a sense of service to the community.

Entrepreneurship is the best way to advance innovative ideas but we need those ideas not only to create material value but also to foster social progress.

In this respect we must create a true paradigm shift where social entrepreneurs become a role model. Social entrepreneurship in our definition is not philanthropy, it is not charity and it is not corporate social responsibility; it is social innovation based on the entrepreneurial courage, drive and action of individuals who are committed to improving the state of the world. Social entrepreneurs do not depend solely on grants or government subsidies; they create social and often economic value through pragmatic visionary ideas.

Their activities comprise a multitude of sectors in emerging countries, mainly catering to primary needs such as access to clean water, medication, tools for agriculture, basic education; where in developed countries the main initiatives are in job creation, care for children or the elderly.

To illustrate my point I would like to give two examples among the social entrepreneurs in the network of the Schwab Foundation, one from an emerging country and one from an industrialized country. You may be familiar with these organisations since they have existed for quite some time and are internationally recognized.

The Self-Employed Women's Association, SEWA, is the largest women's union in India, founded in 1972 by Ela Bhatt. Around 94% of the women in India are self-employed and work in terrible conditions. SEWA provides comprehensive support and a multitude of services such as financial and legal aid, healthcare, childcare, vocational and educational training. SEWA has 1 million female members representing more than 100 informal trades and has influenced similar initiatives around the globe in many countries with large informal economies.

The second example is Teach for America, founded in 1989 by Wendy Kopp. Teach for America recruits, trains, and supports top college graduates who commit to teach for two years in urban and rural public schools, and become lifelong leaders in the movement to end educational inequity. The network has 24,000 corps members and alumni, and in the last year 7,300 corps members taught in 100 school districts in 28 states throughout

America. The importance of this initiative must be emphasised, particularly in the current context – it is an effort to keep young people in school and make them employable.

The best example, and one of the first of social entrepreneurship, is Professor Mohammad Yunus who founded the Grameen Bank about 30 years ago and who is the precursor of microcredits and microfinance. It took many years for his efforts to be recognized and eventually replicated.

His initiative was one of the reasons why my husband, Klaus Schwab, and I created the Schwab Foundation for Social Entrepreneurship 10 years ago.

The aim was, and still is, to find, highlight and promote individuals around the world who help bring societal change by implementing visionary ideas to improve the lives of millions. Today the Schwab Foundation has a community of more than 170 social entrepreneurs in its network.

We have established a worldwide nomination and selection process and organise a Social Entrepreneur of the Year competition and award celebration in 15 key countries as well as additional regional selections in Africa, Latin America, Europe, and Asia. Our main selection criteria for social entrepreneurs and their organizations are the same worldwide: innovation and social transformation, direct social impact and sustainability.

It is in today's crisis environment as governments have substantially reduced capabilities to provide social welfare, where social entrepreneurship is so crucial.

Social entrepreneurs drive social innovation and transformation in various fields including education, health, environment and enterprise development. They are to society and the environment what business entrepreneurs are to the economy. They pursue poverty alleviation goals with entrepreneurial drive, business methods and the courage to innovate and overcome traditional practices. They build strong and sustainable organizations, which are either set up as not-for-profit or for-profit companies, and finally they are role models for today's youth.

What social entrepreneurs need most is recognition and access to global networks to allow them first to advance faster and therefore have more impact, and then to replicate their ideas regionally and even globally. In giving our community of social entrepreneurs access to the World Economic Forum and to the Forum of Young Global Leaders, which Klaus Schwab has also set up, all of our social entrepreneurs have mobilized substantial intangible and material support for their projects. Just imagine what it meant for our social entrepreneurs from Latin America and Africa to be honored in the presence of the presidents of the countries in their regions during the regional meetings of the World Economic Forum recently in Cartagena, Colombia and in Dar Es Salaam, Tanzania.

We also have facilitated and given practical support to social entrepreneurs who were able to replicate their ideas and experiences in different countries. Through the Schwab Foundation they receive pro bono legal advice and consultancy services and have the opportunity to participate in postgraduate leadership courses.

By exposing social entrepreneurs at the World Economic Forum, to the leaders of the world's largest companies, we have made a strong contribution to the integration of social entrepreneurship into the genes of corporate behavior, causing companies to use their capabilities, know-how and resources explicitly for social innovation, which is clearly different from social responsibility or philanthropy.

Social responsibility means that a company acts as a good citizen in society, but social entrepreneurship goes beyond. One example is that of Danone, which developed a special brand of yoghurt that contains all the vitamins and nutritional elements needed for a malnourished population in Bangladesh and India. Danone works together with Grameen Bank and uses their microcredit distribution network to bring millions of yoghurt to villages.

Governments in turn have to recognise that social entrepreneurs play an important role in social cohesion and, therefore, in many cases fiscal policy and legislation should be adapted to create special incentives for the establishment of new enterprises with a social purpose.

The most outstanding and globally active social entrepreneurs of the Schwab Foundation are engaged in the Global Redesign Initiative of the World Economic Forum. A set of proposals to rethink our values, redesign our systems and rebuild our institutions was elaborated over one-and-a-half years and presented this June by my husband in the name of the World Economic Forum and the partner governments of Qatar, Switzerland, Singapore and Tanzania to President Lee in Korea as an input to the G20 process.

The current crisis has shown that new paradigms are necessary to build the social economy of tomorrow. Public-private-partnerships, global corporate citizenship and social entrepreneurship are key pillars to create a world which is socially and environmentally more sustainable.