

Harmonizing Social Impact: Fostering Sustainable Partnerships between Social Enterprises, NGOs, and Corporations in Nepal

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This policy brief has been prepared by Social Lab. Social Lab is a Nepalese think-tank established to address existing social and environmental issues through social entrepreneurship and innovation. Social Lab collaborates with social entrepreneurs, academia, civil societies, corporations, policy researchers, and activists to research and develop innovative solutions in bringing social and environmental reform.

I. Introduction

Social Entrepreneurship is a process aimed at creating and implementing new solutions to social problems on a large scale. It involves the adaptation of business practices positively to influence and contribute to social transformation (Dees et al., 2009) (1). There is no universally accepted fixed definition of Social Entrepreneurship. However, the current landscape of emerging need for social enterprises has created room for different explanations about the notion of Social Entrepreneurship. Some scholars define social entrepreneurship as a business model designed to meet social and environmental needs (2). The trend of the social business model now has been adopted by numerous development agencies, be they non-profit or for-profit companies. The increasing demand for social revolution has now come to the attention of various civil societies and corporations to build a greater agency between social businesses or enterprises. Be it the model of Grameen Bank adopted in the least developed and developing countries, or the model of handicrafts and women-led enterprise collaboration, there has been a huge potential for the intersection of the stakeholders.

The global cases of social innovations taking place from health care management to banking and agribusiness, the roots of social business principles have now been one to watch as a model for sustainability. The example of the Grameen Bank revolution taking place in Bangladesh has now been the model for sustainable change in countries like India and Nepal (3). Be it in terms of access to financial services or starting a local business, these models have been imperative for grassroots development. Social Entrepreneurship has been somehow driven by the principle of "Social Capital". Social Capital can be defined as the shared values and understandings in society that enable individuals and groups to trust each other and so work together (OECD, 2007, p. 102) (4). While we emphasize the importance of Social Entrepreneurship amidst the emerging unprecedented chaos and challenges, we also need to reflect on the existing loopholes that have completely obscured the scalability of the Social Entrepreneurship Model and its principles.

1. Extracted from: <https://www-tc.pbs.org/now/shows/537/Shifting-Power-Dynamics.pdf>

2. Nicholls A. (2006). Introduction. In *Social entrepreneurship: New models of sustainable change* (pp. 1–35). New York, NY: Oxford University Press.

3. Extracted from:

https://www.researchgate.net/publication/4884570_Social_Enterpreneurial_Business_Models_An_Exploratory_Study

4. Extracted from: <https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2020/10/WYR2020-Chapter1.pdf>

II. Problems

Entrepreneurship has been glamorized around for ages, but the term “social entrepreneurship” has only been used in the literature for the past few decades (5). The case is very much relevant in the context of Nepal. This justifies why many development agencies, corporations, venture capitalists, and sectoral industries in Nepal have failed to notice the importance of Social Entrepreneurship in recent times. The popularity and mainstreaming of Social Enterprise have become a long unfolded journey and will need at least a decade more to familiarize people with the notion in the context of third-world countries.

Social Lab in collaboration with Samsara Creation, a Nepal-based social enterprise recently surveyed about 100 participants in Kathmandu. As small as about 15% claimed to have heard and learned about Social Entrepreneurship while a big chunk of 85% are unaware of the term (6). The survey was done by segregating the participants from diverse backgrounds ranging from management, humanities, technical, and science-related streams.

While corporate organizations struggle to provide valuable and innovative CSR-based intervention, Development agencies on the other hand are struggling to create a chain of sustainable and self-reliant economies without looping the dependency circle among the beneficiaries. The parameter continues as the model is purely untouched and barely explored by venture capitalists in Nepal. The concerns backed by slower return on investment, least scalable solutions, and higher risks of investments are some of the primary factors that have yet discouraged venture capitalists from exploring these areas of investment (7).

The legal barriers, complications, and provisions related to Social Entrepreneurship are yet another concern in Nepal. The legal structure often ensures the working pattern and collaborative spaces between different stakeholders of the economy. The intersectional challenges that exist between the stakeholders are also the biggest downside in creating a social entrepreneurial ecosystem. Bridging the gap between the profit-oriented goals of corporations, the social impact objectives of NGOs, and the blended approach of social enterprises can be challenging and complicating issues if there is not a proper subset of the stakeholder relationships.

Finally, the data gap in Nepal regarding the existing social entrepreneurial landscape, the status of the return on investment, best practices regarding the sustainable impacts of social enterprises, and many more are the major drawbacks to sketching an understanding of stakeholder relationships in the context.



5. Extracted from: <https://www.scirp.org/journal/paperinformation?paperid=87719>

6. Based on a field study conducted by Social Lab (as of Dec 2023)

7. As of a field note and an interview done with a Social Entrepreneur inside Kathmandu (Nov, 2023)

III. Policy Options and Opportunities

<i>Theme</i>	<i>Intervention</i>	<i>Description</i>
Coalition Formation	Forming a legal forum of Civil Societies, Social Enterprises, and Corporations	A union and legal forum for joint collaboration between CSOs, Social Enterprises, and Corporations can play imperative role in creating a sustainable eco-system in the local economy
Policy and Structural Revision	Drafting Social Entrepreneurial policies and acts	In a country where there is no SME policy, the Social Entrepreneurship Policy is a far cry but developing policy guidelines related to the same can have huge influence
Impact Measurement Standards	Common set of standard for the parties to assess the sustainability impact	Common guidelines and impact measurement standards can help the stakeholders to assess their position towards sustainable impact in the community
CSR Regularities	Drafting regulations and operational guidelines for Corporate Social Responsibility	CSR based operational guidelines for corporates can be imperative approach to define sustainable, creative and innovative CSR projects
Blended Financing	Merging non-profit grants and venture capitalists fund to drive social impact	Creating a joint financing mechanism for social enterprise to blend non-profit grants, venture capitalist fund in designing sustainable and resilient community projects
Incubation Centre Revival	Revival of incubation centre at all the local level in Nepal	Few local government in Nepal has started the establishment and operation of incubation centre. However, it hasn't scaled up yet. This needs a proper framework and operational mechanism

IV. Discussion

Despite the significant potential, traditional approaches to community service have underestimated the impact of the social entrepreneurship model. Thoroughly addressing the existing gaps in development sectors can be achieved by applying multi-stakeholder partnership models. Recently, there has been limited recognition of the importance of enterprise as a pathway to self-sustainability. However, relying solely on this model is insufficient for ensuring sustainable development. The collaboration among social enterprises, civil societies, corporations, and local government is crucial in today's struggling economy.

While non-profits serve as major catalysts for change, driving community persuasion, advocating for social transformation, and mobilizing communities in the transformation process, corporations play a vital role in resource investment, ESG investment, CSR intervention, and building resilient communities. Social enterprises, on the other hand, bring talent, ability, and passion to sustain change by combining non-profit approaches with social experiments, innovation, and resource mobilization. Financial institutions and local governments can play an imperative role in creating a viable ecosystem for the growth and sustainability of this model.

Key reflections from this brief include:

- Co-creation among non-profits, social enterprises, and corporations is crucial for shaping sustainable and resilient communities
- The Social Entrepreneurship Model could be a viable and suitable business model for localizing Sustainable Development Goals (SDGs) in Nepal
- Significant policy adjustments and restructuring are needed to identify common collaboration points among stakeholders
- Policy harmonization across government agencies is another requirement to create a positive space for sectoral collaborations
- Promoting innovative CSR projects among corporate industries is a primary requirement for today's society
- The growth of social enterprises can be supported by a blended financing model
- A Social Business Incubation Hub co-created by social enterprises, non-profits, and corporations can drive sustainable growth at the local level by promoting local entrepreneurship through the use of local resources, mobilizing women entrepreneurs, and enabling a self-sufficient economy

Developing a structured pathway for stakeholder partnership can be a breakthrough in harmonizing the social impact. While each stakeholder carries a unique role and identity in the social transformation process, a coherence between the intervention and impact is the prime indicator of how sustainable the impact can be. This policy brief is purely subjective and respects the unique opinion of the readers, experts, and other stakeholders.