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AFTER THE TIGERS: BUILDING A COMPETITIVE CITIZEN SECTOR

The citizen sector is a new, yet fundamental idea that underpins the modern phenomenon of social entrepreneurship. Chris Cusano describes how the sector is taking shape and the challenges it faces.



About 10 years ago, Ashoka – the world's largest association of social entrepreneurs – was expanding its presence in Eastern Europe. As we entered new markets, we encountered a problem common to organisations working across cultures and continents – finding the right vocabulary to describe new ideas. The unfamiliar term 'social entrepreneur' was sometimes received with confusion or skepticism. 'Entrepreneur' itself did not always carry good connotations; prefixing it with 'social' seemed to muddy the meaning even further. Searching for the right phrase, one inventive staffer dispensed with direct translation altogether and came up with her own fanciful expression to describe the people who drive social change: "The creative tigers!" If that interpretation might have cost Ashoka something in terms of brand cohesion, it certainly caught people's attention and left them with a lasting image.

What a difference a decade makes. Since the late 1990s, both the term and the reality of social entrepreneurship have gained currency, acceptance and credibility worldwide. New institutions are arising to identify and support social entrepreneurs, such as those of eBay founders Pierre Omidyar and Jeff Skoll. All of the top 10 business schools in the United States teach at least one course in social entrepreneurship, and at least 80 other major business schools around the world are similarly including the subject in their curriculum.¹ Governments and politicians are taking note as well. In his latest book, former US President Bill Clinton urges societies to invest in their social entrepreneurs, and frequently reinforces this message when he speaks in public.² In 2007, both Hong Kong and Singapore sponsored international conferences on social entrepreneurship. All the evidence points to a dramatic improvement in how people – the public, businesses, students, teachers, opinion makers – receive and react to the social entrepreneurs who inhabit our world.

Growing alongside this interest are helpful debates and discussions on what is actually going on and what social entrepreneurship and its related concepts all mean.

Some are exercises in definition: what exactly is social entrepreneurship? How is it different from other forms of social service? Is there, in fact, a separate category called social enterprise – and if so, what distinguishes it from its entrepreneurial cousin? There are functional questions as well. How does business fit into this ecosystem? What skills and other personal qualities do social

entrepreneurs possess? Can one study to become a social entrepreneur? What exactly do social entrepreneurs need in order to do their work?

The rise of social entrepreneurs, and the interest and support their work now attracts, suggests that even bigger and more promising changes may be on the horizon. True to form, Ashoka is introducing another new and strange term, citizen sector, as a fundamental idea that underpins not only the phenomenon of social entrepreneurship, but a host of related changes and activities going on in the world today.

Let's return for a moment to the creative tigers. Looking back, we see that was not such a bad metaphor after all. One lesson the world has learned in conserving this endangered species

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is that only looking after individual creatures is not a sustainable way to help them. Preserve and protect the tiger's habitat, and the tiger can, for the most part, take care of itself. Even an apex predator needs the right environment in order to thrive. As the world begins to recognise social entrepreneurs, this is a lesson we should take to heart.

Fortunately, our task is not to save a threatened species, but to promote and expand the benefits that one group of people bring to society. Supporting individual entrepreneurs will certainly help, but will not necessarily create a conducive environment for the kind of social innovation the world's problems demand. Therefore, a critical challenge for anyone interested in social innovation is to understand that the social entrepreneur's (natural) habitat is the citizen sector. Strengthening this sector overall will address the needs of today's social entrepreneurs as well as those who will arise in the future; it will also enable them to achieve important social goals and forge links between them and other parts of society.

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Citizen Sector – The Concept

So what is this 'citizen sector', what are its roots, where does it come from, and where is it going?

Ashoka uses the term to describe that realm of public life in which people, guided by their own motivation, work towards improving the quality of life of others, helping their societies address some issue of fundamental human need; among them, health, work, security, education, environment, justice, housing and other basic building blocks of human well-being. Perhaps because the sector is new, it has yet to find the right label. The familiar term 'non-profit' is not always accurate, and anyway, it does not tell us much about what the organisations do or where they come from. Similarly incomplete is NGO (non-government organisation), an oblique description that has managed to gain currency although it tells us virtually nothing. At the heart of all this activity are people realising and expressing their right and responsibility to strengthen their communities and nations – in short, realising the full meaning of citizenship.

All this citizen activity indicates that a new sector is emerging – a newly-organised area of public life. As people take action, start new organisations, provide services to the public, influence public policy, and have real results, their collective efforts suggest that an important trend is underway. These changes are not taking place in one country or continent, but globally, in virtually all places all at once. The citizen sector therefore deserves attention because it is growing rapidly and expanding its influence, changing how people live, work, spend money and seek education.

In the last 50 years or so, there has been a worldwide increase in the role of private citizens organising themselves to take on social issues. India, in 1970, had 25,000 registered non-profit organisations and trusts; today, it has over one million. In 1981, Indonesia had one independent environmental organisation; by 1997, it had at least 2,000.³ Brazil had fewer than 5,000 citizen organisations in 1980; yet, by the year 2000, it had over one million.⁴ Organisations working

beyond national boundaries have also appeared and increased in number. One estimate shows a growth from 6,000 organisations to over 50,000 in the period between 1990 and 2005.⁵ Some of these – Oxfam, Human Rights Watch, Amnesty International, the Red Cross and Red Crescent Societies, Doctors Without Borders – have become household names in many parts of the world.

All this activity is having an impact. Citizen sector organisations have largely been responsible for important advances in public life in the past several decades. They have been at the forefront, instigating and leading important movements, such as consumer rights, human rights advocacy, environmental protection, fair trade, advocacy for emergency relief, the end of apartheid in South Africa as well as improvements in education and health. (And indeed, within the sector, social entrepreneurs have been the architects and leaders of many of these crucial advances.)

Despite this measurable increase in productivity, reach and impact, the citizen sector is still early in its development. It faces many fundamental questions: How will societies finance social progress? What kind of education and experience make for successful careers in the citizen sector? How can professional roles created in the business sector – finance, marketing, management – best adapt to meet organisational needs in the citizen sector? What is the relationship between an independent citizen sector and government? Business has its CEOs and entrepreneurs; what are the archetypes and who are the best role models for the citizen sector?

Opportunities

This atmosphere of intensive action and questioning presents two opportunities. First, with so much work going on, people today enjoy unprecedented opportunities to take part in helping their societies solve all kinds of social challenges. There are organisations to work with, networks to join, and like-minded people willing to get involved. Not everyone can or should become a true social entrepreneur, someone who is single-mindedly obsessed with pursuing a

unique and daring social vision. The environment of the citizen sector requires a great diversity of skill, experience and wisdom.

At the same time, and much more challenging, is the opportunity to help guide and shape the citizen sector during this sensitive stage of development, in which basic questions are being asked. These questions transcend individual fields of work – environment, health, education – to address major structural questions that will determine the scope and value of the citizen sector for generations to come.

An Ideal Sector

Drawing on the experience of thousands of social entrepreneurs who are leading citizen sector organisations around the world, Ashoka and other leading organisations are helping the sector develop so that it is effective, competitive, and globally integrated.

One defining characteristic of the citizen sector is autonomy. This means that people set up organisations of their own volition to deal with matters as they see fit, in their capacity as private citizens, not wielding authority bestowed upon them by the state. Instead, they are empowered, on one hand, by a sense of responsibility and, on the other, by a sense of entitlement to the right of participation.

Citizen sector organisations are neither initiated, nor directed, by the government. Yet, neither do they exist fundamentally to oppose or counter the government. Such groups may work closely with the government, receive some funding from the government, and indeed their entire reason for being may be to influence, reform, or support some aspect of the public sector. For example, an organisation may dedicate itself to monitoring elections, reforming the public health system, advocating people to participate in town planning, or other matters which depend heavily on the institutions and resources of the state. But the citizen sector organisation itself, as an entity, is separate and distinct.

Independence is a prerequisite for competitiveness. Competition is another concept that, at first, may seem to be misapplied to the citizen sector, and therefore requires some explanation. It draws mostly from the idea of competition in business, though there are important differences.

Essentially, the environment of the citizen sector should allow the best ideas, innovations, organisations, results, and people to succeed and attract resources to their work. Competition in the citizen sector is not a matter of promoting rivalry, but of establishing a 'level playing field' that allows quality to rise to the top.

Some Cons

However, the funding structures that dominate the citizen sector today sometimes thwart quality in favour of other idiosyncratic factors. For example, private foundations may pour their money into their patron's preferred charities, with little attention to effectiveness. Conversely, excellent organisations may have trouble attracting funds from international sources because, for example, their leaders do not speak English. Moreover, the standard funding mechanism of the sector – the short-term grant – tends to limit organisational effectiveness, giving preference to short-term (one to three-year) goals over long-term institution building.

The fractured and inadequate nature of funding for the citizen sector has two negative effects on competition. First is a tendency to compel recipient organisations to follow the donors' agenda, which may not correspond to the real needs of the society. Second is great inefficiency on both sides: leaders of receiving organisations may spend up to half their time raising money; while donors allocating capital to the sector may incur costs of up to 50 percent.⁶ In the worst case, successful organisations are those that learn to conform to the inefficiencies of the capital market, while those that fail to thrive may be those that prioritise the quality of social service. This, of course, is a description of extreme conditions, in order to illustrate a point about the obstacles towards competitiveness in the sector.



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The Business-Social Bridge

For the purpose of analogy, I have been contrasting the parallel evolutionary trajectories of the business and social sectors. This comparison exaggerates the degree to which the sectors are separate and distinct from one another. It fails to capture the dynamic interplay between them or, to put it more personally, the fact that everyone participates in the same economy and the same society. While there is no denying that citizen sector organisations and businesses sometimes clash over particular questions of public interest, there is also a promising trend towards cooperation and a search for mutual benefit. Another characteristic of the ideal citizen sector is a strong connection between these two areas of public life: a Business-Social Bridge. Across this bridge flows a two-way traffic – exchanging the skill, resources, talent and particular strengths of each sector. The sectors can share their strengths on an equal footing; it is not the case that the citizen sector is a poor relation or recipient of mere charitable largesse.

It is helpful to distinguish between cooperation founded on the idea of bridging sectors and social enterprise. In the bridging model, citizen sector organisations and businesses seek mutually enriching partnerships. In the enterprise model, a single entity pursues both profit and social impact. Both, of course, are valid and positive trends, but in terms of strategy they differ in important ways.

A social enterprise envisions new organisations with blended goals. While more such institutions are arising each day, their ability to grow large enough to address a social need comprehensively still must be proven. Bridging, on the other hand, starts with existing organisations – purely profit-seeking businesses and citizen groups that may or may not have a commercial element. Most organisations are of these types, while social enterprises only make up a few. Striking

deals between these two will set patterns and examples to be emulated by others everywhere. Without promoting one and dismissing the other, the current reality suggests that bridging sectors may be more easily replicable and scalable than social enterprise.

A two-way exchange indicates two-way benefits. Let's explore the forms these can take:

One model for combining business and social goals is a commercial partnership between businesses and citizen sector organisations. This is a new area ripe for experimentation. The basic idea is that businesses do not specialise in developing and marketing products and services to the poor, but are beginning to perceive the potential of these overlooked markets such as the urban poor living in slums and landless labourers in the farm sector – two typical and large populations whose interests are often served by citizen sector organisations.

However, there are formidable barriers to entering these markets, including costs associated with research, development, marketing, sales and pricing. Interestingly, the citizen sector specialises in working with these markets. Some have decades worth of experience in marketing social messages – about health or education, for example, to these very populations. And there are many large, well-respected and well-run institutions with a large client base among the poor, including BRAC and the Grameen Bank in Bangladesh, and Sewa and Man Deshi Mahila in India.

These complementary strengths suggest that both sides should explore partnership. Ashoka has coined the term 'Hybrid Value Chain' for its work on this kind of deal.⁷

Obviously, there are many issues to consider, notably the value of the products and services in question. Those that serve basic needs – health, housing and education – are more appropriate than those that sell mainstream consumer goods. Citizen sector organisations would see the value in partnerships that provide affordable toilets, cement, reading glasses, rather than those selling fashion clothing or electronic gadgets. And naturally, as in any business deal, there are risks to consider for both partners. But there is no denying that such collaboration is one lane on the Business-Social Bridge.

Another lane carries professional talent. Business has evolved with a variety of specialised functions that serve organisations: accountancy, management,

advertising, public relations, marketing, human resource development, strategy, finance, etc. By contrast, most citizen sector organisations develop their basic skill in-house, without much input from supporting industries. In some areas, such as strategy, there is simply no industry with the skill and experience to advise citizen sector clients on how to expand or plan their next five years of work. Yet in other technical areas, such as advertising or finance, the expertise certainly exists but may be unaffordable to most citizen sector organisations. One of the strategic challenges facing the citizen sector is removing the roadblocks that would allow organisations to access such talent.

Volunteerism is one way. Under the banner of corporate social responsibility, many corporations are helping their employees find opportunities and time to participate in the citizen sector. And some members of the most entrepreneurial citizen sector organisations look unabashedly to the private sector for top talent, not in a desperate search for volunteers but with a mutually beneficial deal in mind.

For example, the Institute for OneWorld Health⁸, a non-profit pharmaceutical company that develops new drugs to fight basic diseases in the developing world, recruits top drug researchers from big pharmaceutical companies to spend their sabbaticals completing research on its life-saving drugs. OneWorld could not afford to pay what the drug companies paid, so it appealed to every biochemist's ambition of saving lives and making a difference in the world – dreams which are rarely fulfilled in the competitive daily grind of the drug industry. Meanwhile, Global Village Engineers deploys a similar strategy in recruiting civil engineers to advise communities on the impact of infrastructure projects around the world.⁹

Engineering firms battle with the ebb and flow of contract assignments for their people: leave your best engineers waiting too long between jobs and they may get snatched up by competitors. By allotting time to use their skill to benefit society, companies create an employment perk that attracts and retains the most dedicated and creative people. In both instances, citizen organisations seek to link the relevant industries' core talent to their own mission.

Drawing from these examples, we can see that there are, in fact, mutually beneficial ways for the business and social sectors to combine their strengths. Doing so fulfils a chief criterion of the

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Business-Social Bridge, that traffic flows equally in both directions, distinguishing it sharply from conventional corporate philanthropy.

The Destination: Everyone A Changemaker

Building a dynamic global citizen sector entails more than celebrating the work of a few social entrepreneurs. True, these creative tigers are very good at what they do, and are role models of action, hope, and insight; they are bulwarks of pragmatic optimism against humanity's seemingly insurmountable problems. But we do them a disservice by simply cheering them on from the sidelines and hoping that they will solve our problems. Not everyone can be a leading social entrepreneur, but everyone can play some role in strengthening the citizen sector.

The few ideas presented in this article all have something in common. They require thoughtful action by people who are not, by strict definition, social entrepreneurs, but who play other roles in society such as bankers, teachers, consultants, businesspeople of all varieties, journalists, medical researchers and engineers. The shape and texture of the citizen sector – how it looks and how it performs – will be determined as much by the contributions of these groups as well as by those labelled as social entrepreneurs.

The best way to ensure a healthy citizen sector is to ensure that people of all kinds, in all places, with whatever skills and interests they carry, can build it and make it a reality.

There is nothing overly idealistic or starry-eyed in this aspiration. The growth of the citizen sector over the last several decades proves that the world is filled with people who want to dedicate some portion of what they have – time, money, skill – to benefit others. The basic impulse remains with us.

What has changed is the scale of the opportunity and the context in which someone can make a difference. Twenty years ago, a banker might have expressed his humanitarian impulse in his spare time, in the context of family and community. Today, it is conceivable that he can do so in the context of his job, making money for his bank while improving the quality of life for others.

Re-imagining, reforming, refining businesses to serve dual purposes – not sacrificing but enhancing the core business – is a legitimate, challenging, creative task for any professional. The next challenge of the citizen sector is to open more opportunities for people to make these changes, not by stepping out of their routine lives but by empowering them to become 'changemakers' within the lives that they already lead. □

¹ University Network for Social Entrepreneurship <www.universitynetwork.org>

² Bill Clinton, "Giving: How Each of Us Can Change the World", *CGI Speech*, 2006

³ WALHI-Friends of the Earth Indonesia <www.eng.walhi.or.id/ttgkami/prof_walhi_eng/#Our%20History>

⁴ Urban Institute, Ministry of Economics (Brazil)

⁵ "Yearbook of International Organizations", as cited in *The Economist*, 11 December 1999

⁶ Arthur Wood and Maximilian Martin, "Market Based Solutions for Financing Philanthropy", SSRN, June 2006 <<http://ssrn.com/abstract=980099>>

⁷ "Defining Social – Business Hybrid Value Cains", Full Economic Citizenship <www.ashoka.org/files/HVCdefinition_Sept2007revised_.pdf>

⁸ One World Health <www.oneworldhealth.org>

⁹ Give Engineers <www.gvengineers.org>



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