

Profit and purpose: The twin engines driving social entrepreneurship

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In the last twenty years, social entrepreneurship has garnered growing attention and acknowledgement. The notion of blending profit generation with beneficial social outcomes has ignited a worldwide movement, disrupting the conventional belief that these pursuits are incompatible.



Source: [Pexels](#)

Although there is no universal definition of a social enterprise, it is generally understood as an organisation that strives to achieve specific social outcomes while also operating with a revenue-generating business model. The intentionality of delivering social impact is a fundamental aspect of a social enterprise, and it goes beyond mere philanthropy or corporate social responsibility.

The prevailing mindset has often associated doing good solely with charities, foundations, and grants. However, a more recent concept known as venture philanthropy has emerged. It recognises that addressing social needs is no different from meeting any other market demand. By delivering affordable services that fulfil social needs, social enterprises can create sustainable businesses. Impact investors, including venture capitalists, are likewise recognising the potential for financial returns when investing in businesses with a social orientation.



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Social entrepreneurship encompasses a wide range of industries and sectors. Whether it's using alternative building technologies to create environmentally friendly structures or establishing recycling businesses to combat waste, social enterprises tackle various social and environmental challenges. Additionally, emerging fields like green hydrogen, carbon

sequestration, and power storage present immense opportunities for social entrepreneurs to address significant social needs.

More important for social enterprises

While profitability is crucial for any business, it becomes even more important for social enterprises. A profitable social enterprise not only ensures its own sustainability but also amplifies its impact on society. By pairing profit with purpose, these enterprises can scale their operations, reach more beneficiaries, and bring about meaningful change.

This is a crucial point: being a social entrepreneur does require a profit-orientated mindset. Too often we've seen entrepreneurs become transfixed with saving the world and thus neglect the enterprise-building aspect of their business.

This is often a result of receiving early grant funding which allows them to defer thinking about their long-term revenue model. But grants alone are not indefinitely sustainable, and entrepreneurs need to remember that building their enterprise as they would any traditional business is the only way to become self-sufficient and allow their impact to scale.

Social enterprises often end up employing diverse revenue models to sustain their operations and support their social mission. While traditional businesses rely only on end customers for revenue, social enterprises may explore alternative avenues.

This can include corporate sponsorship, government funding, partnerships, or even cross-subsidisation, where profits from one part of the business support the social component.

By leveraging market forces and innovative business models, social enterprises are proving that financial success and social impact are not mutually exclusive. The rise of impact investing, venture philanthropy, and the increasing recognition of social entrepreneurship worldwide indicate that profit and purpose can work synergistically to create a better future for both businesses and society as a whole.

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