

The background features several sets of concentric circles in a light teal color. A solid teal rectangle is positioned in the upper left quadrant, containing the main title and date. The circles are of varying sizes and are scattered across the page, with some overlapping the teal rectangle.

Social Economy Stories

February 2010

**Social Enterprise: The Alternative Business Model
with Karim Harji**

Created by the Canadian CED Network

The Social Economy Stories Project

The Social Economy is made up of civil society organizations that deliberately address social objectives through economic action, often aimed at creating greater social and economic equality and opportunity for people and communities most disadvantaged in our current economy. Co-operatives, credit unions and non-profit community organizations, are all part of the Social Economy. The blending of social and economic objectives is taking root across the world as the best means to replace dependency and exclusion with self-determination and self-sufficiency. Canadian CED Network is a member of the global movement (RIPESS) that has formed to promote the Social and Solidarity Economy as the vehicle to transform global poverty and inequality. In Canada, Canadian CED Network and its partner organization in Quebec (le Chantier de l'économie sociale) have advocated for investment in a major national research program to generate evidence and understanding of the impact and potential of the Social Economy. This led to the creation of the Canadian Social Economy Hub with funding from the Social Sciences and Humanities Research Council. The program is co-led by Canadian CED Network and the University of Victoria's BC Institute for Co-operative Studies, with several hundred research partners and projects throughout Canada.

The Social Economy story published here is one of ten stories that comprise the second phase of a two phase project. Complimentary to the first phase, these stories are designed to provide practitioners' perspectives on what the social economy means to them and their communities. The second phase elaborates on the diverse national nature of the movement and how the social economy creates broad-based grassroots solidarity. In particular, the stories you find here seek to highlight the voices of Aboriginal, immigrant and women practitioners.

Phase one Social Economy stories can be found on the Canadian CED Network website, www.ccednet-rcdec/en/stories. These "stories" capture the human face of the sector and demonstrate the Social Economy as a real movement that is addressing the social, economic and environmental challenges of today in integrative and innovative ways.

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Social Enterprise: The Alternative Business Model

With Karim Harji



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Karim Harji is the Manager of Partnership Development at Social Capital Partners (SCP) in Toronto. Social finance organization SCP is a national non-profit that provides growth financing and strategic advice to successful businesses that demonstrate a social mission in their human resources model and are looking to expand career opportunities for disadvantaged populations. Karim is also co-founder of the dynamic website socialfinance.ca and a member of the Canadian Community Economic Development (CED) Network's Emerging Leaders committee.

As a young professional developing a career in social enterprise, Karim Harji has developed extensive experience and expertise working in the public, private and non-profit sectors both in Canada and internationally. Outside of Canada, he has worked for a microfinance bank in Pakistan and for the Canadian International Development Agency (CIDA) in human rights. He also holds a Master's degree in public administration and international development from Carleton University.

As a graduate student, he worked for the Community Economic Development Technical Assistance Program (CED-TAP), where he conducted research on evaluating the impact of social enterprise and community loan programs. Through these experiences he developed an appreciation for community economic development and the value of building the social economy amid a sea of traditional public and private entities.

“There's the pure private sector, and then there's the pure public sector,” he notes, “and then there's everything in between, and that's what I'd define as the social economy.” He includes voluntary organizations, non-profits, and other types of community organizations within this definition. “...And hybrid

structure organizations that share elements from each of the private, public and non-profit sectors.”

Karim says these hybrid organizations are united by the shared values of equality and fairness for everyone. “These values come in when you realize there are large groups of people out there – whether it's single mothers, at-risk youth, new Canadians – people who want to work and are able to work, but just don't have the same opportunities to apply to jobs or to be successful once they acquire a job.”

He explains that SCP carries out its values by financing social enterprises so that they can develop viable and sustainable business models and provide training and support for groups that face employment barriers. Karim points to Turnaround Couriers in Toronto, a socially responsible bike courier company that hires at-risk youth; Inner City Renovations in Winnipeg, a business with a mandate to provide meaningful employment to low-income, inner-city residents by providing quality renovation services to inner-city, community organizations; and Renaissance in Montreal, a second-hand clothing store that facilitates the reintegration of people having difficulty entering the workforce.

The hybrid nature of these social enterprises, says Karim, has the potential to create stable and locally-rooted sources of opportunity and mobility in communities everywhere, but it also create its own unique challenges. One of these challenges, he says, is to overcome the mind set that non-profit and for-profit organizations have mutually exclusive goals. “There needs to be education on both sides,” he explains. “On the non-profit side: about how to engage with for-profits, but also on the other side

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“There sometimes is a sense that corporations aren’t in it for the greater good, but some of them honestly want to be,” he says. “There is some evidence that companies that invest in their communities get rewarded in terms of positive consumer perceptions and increased sales. I think we need to start embracing a model that encourages honest collaboration.” Karim acknowledges that this is a difficult transition to make, but he argues that the answer lies not only in creating partnerships with business, but in developing technical and business expertise within the social economy.

“For social enterprise, there needs to be a strong recognition of the social mission, but ultimately you’re running a business” he notes. “Non-profits need to be aware that you can’t simply start or manage a social enterprise with the same skill set used to manage a non-profit. The social enterprise is not a silver bullet by any means and, in some cases, both the non-profit and social enterprise have gone under because of the tensions between the social and financial objectives.”

Karim mentioned that when they first started Social Capital Partners, he would start a social enterprise the hard way ‘from the ground up.’ Now, after doing this for five or six years, he offers a new strategy: take a proven business model and inject a social dimension to it. The result ensures more time to maximize the social impact. One of the keys to making this work, notes Karim, is in developing criteria and methods that allow social enterprises to evaluate their performance from both financial and social dimensions.

Karim points out that measuring the social outcome of an enterprise is non-linear and more obscure than assessing

financial success, “Often, you cannot tell your funder that their \$100,000 investment will put ten at-risk youth through school with a 100 percent graduation rate and a 96 percent job placement rate. But what you can say is here’s our theory of change and here’s why we need funding to address gap one, two, and three in the system.” If more social enterprises tracked their progress based on the assumptions they are making, Karim believes, the actual impact of the social enterprise would be more obvious.

“Social enterprise is an attempt to work within the existing market-based system to balance financial and social goals – it’s not charity, but business with philanthropy built right in.” He sums up the social enterprise as an “alternative business model that can encourage investors to put their money into credible community-based initiatives, facilitate the creation of good jobs, and catalyze economic, social and cultural development in communities.”

For more information visit Social Capital Partners: www.socialcapitalpartners.ca

To learn more about:

- SocialFinance.ca visit: <http://socialfinance.ca>

- Turnaround Couriers visit: www.turnaroundcouriers.com

- Inner City Renovations visit: www.icdevelopment.ca

- Renaissance visit: www.socialcapitalpartners.ca/portfolio/list-of-investments/social-enterprise