

Chapter 3

Social Entrepreneurship and Social Inclusion in Peru: A Case Study

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ABSTRACT

The objective of this chapter is to explore social inclusion in Peru from a case of social entrepreneurship located in Peru. The main factor associated with social exclusion in Peru is poverty, while the factors associated with social inclusion are advances reached in education, job creation, creation of social enterprises and consolidation of an ecosystem for the creation of companies. The main characteristics of the entrepreneur are the ability to identify context and opportunities, perceived self-efficacy, not fear of achieving their visions and goals, the need to generate social change, the ability to participate in networks and a high level of training. The main characteristics of social entrepreneurship are the creation of social value and innovation, provide a quality service and the benefits granted to its clients, facilitate access to a decent job or the creation of their own company; the access to social security through an employment contract; and salary that may allow them to access the necessary resources to achieve their well-being.

INTRODUCTION

In Latin America and the Caribbean, from 25 to 30 million people are in danger of falling into poverty by income, which is equivalent to more than a third of the population that left poverty since 2003. Therefore, the main priority is to protect the population in a situation of vulnerability and to address the

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exclusions faced by millions of people who never left the poverty-income situation or multidimensional poverty (NUDP, 2016).

Peru is described as a country in a situation of consolidation of democratic governance, where more than half of the population was in poverty, highlighting the historical persistence of a marked Inequality and exclusion. Therefore, it was understood that only with a great joint effort of state, private sector, civil society and international cooperation, some of the goals of the Millennium Development Goals, drawn for 2015, could be achieved.

Thus, during the decade of 2000, Peru experienced improvements in economic and social development, with annual economic growth of 5% (becoming the second fastest growing economy in Latin America, according to the World Bank). In December 2012, the economy had grown during 40 consecutive months (an unprecedented milestone in national history that makes it the leader of the region), and even the global economic and financial crisis that began in 2008 had a relatively minor impact on Peru (NUDP, 2013).

The lack of employment opportunities in the 1990s in Peru pushed people to seek their own jobs and create their own business, motivated by necessity, without resources or public policies to support entrepreneurship. Therefore, some changes were implemented in Peruvian legislation that contributed to the consolidation of the ecosystem for entrepreneurship, giving rise to social entrepreneurs who seek to solve the problems that most afflict society, especially related to education, transportation, hygiene and health (Gestion, Economy and Business Journal of Peru, 2015).

However, this growth has not been enough to close the various social and economic gaps (infrastructure, productivity, education, health and decent employment) and benefit equally all regions and populations in the country (NUDP, 2013). And there is still a lot to progress in supporting entrepreneurship in Peru, considering that, according to the National Institute of Statistics and Informatics (INEI), an average of 853 companies are created and 469 are closed per day, without considering the informal sector (Gestion, the newspaper of economy and business of Peru, 2015).

In this context, some authors agree that social entrepreneurship has always existed, taking into account historical personalities such as San Francisco or Gandhi, who achieved important social changes through their work, which is analogous to that of entrepreneurs today. Thus, social entrepreneurship as a movement evolved in response to the major global forces that have changed living standards around the world in the 1990s, creating more opportunities for people to generate change.

Examples include Hull House, Boy Scouts and the Salvation Army. As pioneering social entrepreneurs, two successful examples stand out: the Grameen Bank, created by Muhammad Yunus, and the Bangladesh Rural Advanced Committee (BRAC), created by Fazle H. Abed (both organizations originated in a disaster in Bangladesh that devastated the country: a cyclone and the civil war), on the belief that their results would be more compelling if they broke with the patronizing aid pattern and followed a new method based on trial, error, and emphasis on outcomes. Academically, the first course in social entrepreneurship was initiated by Greg Dees in 1994 at Harvard University and research in education of social entrepreneurship by Debbi Brock and Ashokas, Global Academy for Social Entrepreneurship, documented by 350 professors in 35 countries. Other initiatives include scholarship programs at schools such as Harvard and New York University, social enterprise courses and social planning competitions at many leading business schools, and partnerships between universities and social organizations that allow students to interact with social entrepreneurs, such as the Reynolds Program in Social Entrepreneurship, at the University of New York (Bornstein and Davis, 2010).

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