

The state of

social enterprise

in Bangladesh, Ghana,

India and Pakistan

***The state of social
enterprise in Bangladesh***



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***Study overview
and methodology***

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Study overview and methodology

Emily Darko

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Acronyms

ANDE	Aspen Network of Development Entrepreneurs
ASSB	Annual Survey of Small Businesses
BIS	Business, Innovation and Skills
CSO	Civil society organisation
DTI	Department of Trade and Industry
EVPA	European Venture Philanthropy Association
GEM	Global Entrepreneurship Monitor
GIIN	Global Investing Impact Network
MSME	Micro, small and medium sized enterprises
NGO	Non-governmental organisation
ODI	Overseas Development Institute
SEUK	Social Enterprise UK
SME	Small and medium sized enterprises

The study was commissioned by British Council's Global Social Enterprise programme which promotes the growth of social enterprise around the world. It seeks to build capacity in the sector, forge international networks, and support policy leaders to create ecosystems in which social enterprise and social investment can thrive. Currently running in 28 countries and on four continents, the programme provides aspiring and existing social enterprises with skills training, consultancy, mentoring and access to funding; disseminates best UK and global practice to support policy leaders to create enabling ecosystems for social enterprise and investment; supports education institutions to embed social enterprise, exchange best practice, and deliver joint research on social enterprise; facilitates the use of social enterprise approaches in international development programmes; commissions research and organises high profile events that foster social enterprise and social investment, and; builds international networks linking social entrepreneurs, intermediary organisations and social investors.

This study was led by Emily Darko (initially at ODI then UnLtd) with support from Shelagh Whitley and Richard Hughes (ODI), and conducted and written up in partnership with Social Enterprise UK (SEUK – team led by Nick Temple, with Dan Gregory, Martin Cooper and Charlotte de Ruyver), Betterstories (team led by Minhaz Anwar, with Anhar Athoi, Farhana Islam and Muhaimin Khan), Social Innovation Lab at Lahore University of Management Sciences (team led by Maryam Mohiuddin Ahmed, with Saad Idress and Arslan Khalid) and Songhai Advisory (team led by Kissy Agyeman-Togobo, with Lord-Gustav Togobo, Courage Kweson and Emmanuel Amoah-Darkwah).

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All errors are the responsibility of the partners and research teams. Feedback on the research is welcome, please contact Emily Darko: emilydarko@unltd.org.uk or Tristan Ace: Tristan.Ace@britishcouncil.org.hk.

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Introduction

Social enterprise is increasingly capturing the imagination across Africa and Asia. This has been observed through anecdotal evidence around increasing activity in the form of social start-ups, incubators and accelerators and social finance. Also, non-governmental organisations (NGOs) and civil society organisations seem to be looking increasingly at social enterprise as a model to ensure the longer-term sustainability of their operations. However, there is little quantitative evidence to date of how many social enterprises there are in those regions and little detail about their operations and impact. This study seeks to present initial quantitative information from Bangladesh, Ghana, India and Pakistan¹ to serve as a baseline for measuring the growth of social enterprise activity in a subset of Asian and African countries, and to help understand the profile of current activity.

Developing a better understanding of social enterprise is important for a number of reasons. Knowing the scale of social enterprise activity can help policy makers engage, track impact and make appropriately targeted interventions (Lyon et al., 2010). Data about the sector is useful to many other actors: for social enterprises themselves to understand more about their competitors and peers and build stronger supply chains, for instance; for support providers to know where social enterprises are and what they are doing; and for investors to understand current patterns in terms of levels and types of finance and funding provision, as well as gaps. Combined with illustrative examples, data about social enterprise activity can also be useful for informing new audiences about what social enterprises are and how they operate in a given context, raising awareness among the public and across the mainstream business community.

This report presents findings of surveys of social enterprise activity, the largest such study to have taken place in the selected countries. A total of 1,026 questionnaires were completed, of which 633 (60%) were completed by entities which met the definition of social enterprise used for the study (see below). The research team acknowledges that the nascent state of social enterprise activity in most countries makes data collection challenging. It is not claimed that the surveys accurately describe the full scope of social enterprises in each country. Nonetheless, this work is a first step towards an improved understanding of social enterprise activity in these countries. We hope others can build upon it in future.

‘This report presents findings of surveys of social enterprise activity, the largest such study to have taken place in the selected countries.’

1. Country selection due to funder priorities.

Study aims

The main aim of the study was to better understand the profile of social enterprises in Bangladesh, Ghana, India and Pakistan, including through providing an estimate of the current size and scale of the social enterprise sector in each country. In addition, this research aims to support the British Council's Global Social Enterprise in evaluating impact and tracking how the sector develops in the coming years.

In support of British Council activities, the study also briefly assesses whether there are existing policies to support social enterprise in these countries, creating a baseline of potentially relevant policies. These can be mapped over time to assess if engagement with policy-makers results in explicit reference to social enterprise. Similarly, the study explores the extent to which higher education institutions in the country currently provide social-enterprise-specific educational options, as a baseline to observe how this changes over time (with interventions from the British Council).

Although we know there are limitations to our work, we hope it will allow other actors to judge progress and identify possible intervention points for growing the sector. As such, the authors welcome feedback on the results presented and information about similar studies taking place in these four countries, and across Africa and Asia.

Global social enterprise data collection

While there are some examples of social enterprise data collection from around the world, one country with significant experience of collecting this type of information over more than a decade is the UK. This section briefly provides an overview of global social enterprise data collection processes (detail on attempts to estimate total numbers of social enterprise in the UK is provided later in the chapter). The UK experience, as elsewhere, has limitations. Nonetheless, we can learn from this experience in order to improve the accuracy of research in other countries.

There are a number of social enterprise mapping studies, the most substantive being an exercise funded by the European Commission to look at social enterprise activity across the European Union.² This is one of many studies that does not survey social enterprises but rather builds on existing data. According to Hanley et al. (2015), existing studies on social enterprise often rely either on anecdotal evidence (e.g. case studies) or explore existing datasets, such as national non-profit directories, data on small and medium sized enterprises (SMEs), and impact investor portfolios (e.g. GIIN and JP Morgan, 2015).

While most social enterprise studies to date have focused on developed countries, Table 3 sets out data collected in previous surveys of social enterprise in South Asia and Sub-Saharan Africa. It demonstrates that no data exists that is equivalent to what has been collected for this study, but that there are complementary datasets to be found, particularly in Sub-Saharan Africa.

2. See <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149>

Table 1: Existing data

	GEM 2009 Social Entrepreneurship Survey (Terjesen et al 2009)	GEM 2015 Social Entrepreneurship Survey (Bosma et al 2015)	Rivera-Santos et al. (2015)	Hanley et al. (2015)	GIIN Impact Investing research in South Asia and Africa (2015)	GIIN/JP Morgan Impact Investing survey
Countries	49 countries (none in South Asia; only Uganda and South Africa in Sub-Saharan Africa)	58 countries (India is the only South Asian country; Senegal, Burkina Faso and Cameroon in West Africa)	19 countries in Sub-Saharan Africa (not Ghana)	Colombia, Kenya, Mexico and South Africa	Ghana, Bangladesh, India and Pakistan (as well as other countries)	Global, findings aggregated by region
Sample size	150,000 interviews, 49 countries	167,793 interviews	384 social enterprises (3,900 identified)	258 respondents from a 1124 sample	Ghana – 40 investors, Bangladesh - 34, India – 27, Pakistan - 19	146 surveys with impact investors
Research process	Structured interviews	Structured interviews			Interviews and surveys	Survey
Social enterprise criteria/ definition	Explicit mention of social mission and reliance on market-based revenues	Focus on social entrepreneurship rather than social enterprises	No specific definition used	Organisations receiving support from social investors, seeking to address societal problems in a market-oriented or entrepreneurial way	Core objective of generating positive social/ environmental impact and aim to grow financial sustainability and viability. The research also includes investment in SMEs	No specific definition used
Analysis of social enterprise activity	Perceptions, failure, attitudes and aspirations, finance, characteristics		Review of the influence of the environment on self-perception and choice of activities	Sector and impact focus and impact measurement, government support received, public sector partnerships, legal status, start year, funding, revenue, social entrepreneur profile	Impact investment mapping	Impact investment survey
Estimate of total number of social enterprises	Prevalence rates – estimated 4.1% of the Ugandan working population are social entrepreneurs	Prevalence rates estimate 6% of the Indian adult population is involved in post start-up social entrepreneurial activity. Data on age, gender and education level of leaders is aggregated by region – African social entrepreneurs are particularly young and less educated	NA	NA	NA	NA
Analysis of policy/higher education activity	NA	NA	NA	Policy - government support to social enterprise	Review of policy relevant to impact investing	Data on policy relevant to impact investing and investor feedback

Study methodology

Overview

The study was conducted by a consortium of partners. For the Bangladesh, Ghana and Pakistan research, the team was led by the Overseas Development Institute (ODI) with cross-country support from Social Enterprise UK (SEUK). Data collection and preliminary analysis and reporting was conducted by Betterstories in Bangladesh, Songhai Advisory in Ghana and the Social Innovation Lab in Pakistan. For India, Ennovent led the study with support from the Aspen Network of Development Entrepreneurs (ANDE) and with ODI ensuring consistency with the other three countries.

A survey of social enterprises sought the following information:

- Year of registration and legal registration form
- Turnover and profit generation and use
- Employees, by gender and in comparison to the previous year
- Number of beneficiaries reached, type of beneficiary
- Gender and age of leadership
- Social enterprise sector and focus/core objectives
- Location and sphere of operation (regional, national, international)
- Profit/impact focus
- Growth expectations and barriers faced
- Sources of finance and funding, including proportion of income from grants/donations
- Top three constraints to financing
- Whether respondent would describe their organisation as a social enterprise.

The study also sought to generate an estimate of the total number of social enterprises operating in each country and to establish what policy activity relevant to social enterprise currently exists.

In order to collect this data, the primary component of the study was a survey of social enterprises. In parallel to this, a brief sampling process was conducted to estimate the total number of social enterprises operating in each country (in Pakistan, this was done as part of the social enterprise survey). A brief review of policy activity relevant to social enterprise was also conducted.

There were five main phases to the research:

- Methodology design, validation and development
- Social enterprise database and survey sample
- Social enterprise survey data collection and analysis
- Desk-based research and interviews on policy
- Data collection to inform the total number of social enterprises.

Potential data sources for estimating social enterprise numbers

In order to build a picture of social enterprise numbers in a country, there are a range of sources that this study used as a starting point to develop a working methodology, which was then refined according to what was possible and available in the countries reviewed.

Source	Process
SME datasets	Extrapolate information about mission and use of profits, SMEs surveys with explicit questions about social enterprise criteria, or use datasets for sampling
NGO datasets	Extrapolate information about NGO income sources and business models, or use datasets for sampling
Registered social enterprises	Where there is a particular legal form, this is the most straightforward data – although not all social enterprises may be registered in this form
Counting social enterprises	Physical or online review organisation by organisation – only viable in a small geographical area
Support organisations – mainstream and social enterprise/impact focused	Such organisations may have membership data and information about the organisations they fund or support that indicates whether their memberships, portfolios and applicants are social enterprises. Most are unwilling to share such data.

Methodology design

In order to build upon existing best practice in collecting data on social enterprise, a desk-based literature review was conducted. References were identified through bibliographies of existing research conducted by the study team (e.g. Whitley et al., 2013; Darko and Koranteng, 2015; Darko and Quijano, 2015; Ali and Darko, 2015), through Google searches of key terms, and searches of websites with social enterprise resources (ANDE, GIIN, EVPA). Evidence comes predominantly from data collection in the UK (see below). We also conducted informal consultations with a small number key informants involved in social enterprise data collection to inform the methodology and to seek to complement existing work.

The initial research methodology, drafted by Emily Darko, was refined with inputs from the British Council, SEUK and ODI. Subsequently, workshops were held in each of the four countries to bring together key stakeholders and sense-check the approach from a country-specific practitioner perspective. While the overall methodology is consistent across all four countries, each country has adapted the approach in each context, reflecting the need to accommodate country specificities.

Social enterprise classification

A crucial part of the survey design was establishing how to define social enterprises. The definition of social enterprise, while relatively consistent and well established in some parts of the world, such as the UK, can still be contentious. Given the lack of a globally agreed definition, the research team sought not to impose one but to identify a clear process of identifying social enterprise, which can be replicated or revised in different countries and contexts, as deemed appropriate.

It was decided, instead, to ask survey respondents questions that could be used as inclusion or exclusion criteria without informing them of a specific definition, allowing instead for a definition to be applied afterwards based on these criteria (see Table 2).

For the purposes of this report, the research team have settled on a combination of criteria which had to be met for a respondent to be considered a social enterprise. It is not suggested that these criteria together form a watertight or universal definition of social enterprise, nor that others should adopt it. It is simply the combination of criteria that the research team found most appropriate for the purposes of this study, based on lessons from a wide range of contexts, other research around the world and feedback from key national stakeholders in the four countries. There are obvious gaps for understanding generated by the inclusion criteria – for example, it is possible that early-stage social enterprises are initially 100% reliant on grants, so will not have been captured in the survey.



Table 2: Social enterprise inclusion criteria

Criteria	Question detail	Approach Social Enterprise classification
PRIMARY CRITERIA: Impact – core mission of the organisation	Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly? Profit first Social/environmental mission first Both jointly (one answer)	Organisations reporting that their core mission put 'profit first' were eliminated ³
PRIMARY CRITERIA: Income source	What proportion of your income comes from grants? 0-24% 25-49% 50-74% 75-100% (one answer)	Organisations reporting '75-100%' from grants were eliminated ⁴
SECONDARY CRITERIA: Profit/surplus use	If you do make a profit/surplus, how is it used? Growth and development activities Rewards to staff and beneficiaries Profit sharing with owners and shareholders Cross subsidising Reserves Funding third party social/environmental activities Other (multiple answers possible)	Organisations selecting 'Profit sharing with owners and shareholders' only were eliminated IF they had also selected that they were 'profit first'. Bangladesh and Pakistan collected this data as a percentage of profit sharing (0-24%, 25-49%, 50-74%, 75-100%) – organisations sharing 75%+ with owners and shareholders were eliminated if they had also selected that they were 'profit first'

Note: In India the term 'earned income' was used, rather than grants, so the percentages were reversed (organisations reporting 25% or less of their income from 'earned income' were eliminated).

Social enterprise database and sampling

Database

A social enterprise database was created in each country using online research, existing information that the partners already had, and through support from stakeholders (such as access to their databases, networks and portfolios). Once compiled, the database was added to throughout the project using information from events and stakeholder consultations.

Sample size and selection

Identifying entities to survey was a significant challenge for the project team, mainly due to a lack of information or the absence of any directories of social enterprises. Of course, this is not a challenge specific to these countries and comprehensive directories of social enterprise do not yet exist anywhere.

Existing databases of social enterprises, micro, small and medium sized enterprises (MSMEs) and NGOs were used as one starting point, where they were available, followed by engagement with key stakeholders to access their networks and portfolios.

The survey sample was non-randomised and non-scientific. The approach taken was to reach as many organisations that were reasonably likely to meet the social enterprise criteria used for the study (see Table 2). The databases were not sufficiently large to be divided into sub-national or other sub-sets for more systematic sampling, and using stakeholder portfolios, memberships and networks for outreach also meant that a formal sampling process was not possible. As such, the surveys are an indication of social enterprise activity, not a representative sample of such activity. In the absence of social enterprise databases, however, the study provides an important first sample pool which can form an initial database to facilitate more scientific sample selection in the future.

Survey responses (using a similar but non-identical survey tool in each country – see below) were secured through three main sources:

- Outreach events – inviting a range of organisations and individuals (selected both through stakeholder recommendations and online research, plus walk-in from event advertising) to social enterprise-relevant events and asking them to complete the survey there or subsequently.

3. The study opted not to attempt more complex filters around inclusion by sector, objective or target beneficiary although this would have given more nuanced confirmation of the nature of organisations surveyed.

4. It should be noted that this is a crude means of eliminating 'pure' charities and potentially excludes early-stage social enterprises.

- Emails to organisations considered likely to be social enterprises as identified through online research for the compilation of the social enterprise database, through contacts established through outreach events, and through contacts reached through stakeholders (e.g. their networks and portfolios).
- Telephone calls to the same categories of potential respondents identified through desk-based research, event attendance and stakeholders.

Events and outreach activities were held in each country's capital city and in three other cities in each country, with the exception of Bangladesh, where events were held in five cities, and India, where events were held in a wider range of locations. They varied in their size and nature depending on location and as teams experimented with formats that attracted most participants (see Table 3). As a result of outreach work being focused on events in major cities and online research, the data is likely to be biased towards social enterprises based in larger urban centres in general, and the event cities in particular.

Table 3: Locations of stakeholder events for survey data collection

Bangladesh	Ghana	India	Pakistan
Dhaka (capital), Khulna, Sylhet, Chittagong and Rajshahi	Accra (capital), Kumasi (Ashanti region), Tamale (Northern region) and Takoradi (Western region)	New Delhi, with additional workshops in Bengaluru (South India), Mumbai (West India), and Kolkata (East India). A field visit to Guwahati (North-East India) was made to meet social enterprise leaders in the region. Nine sector-specific focus group discussions were held in the form of teleconferences	Islamabad (capital), Lahore (Punjab), Karachi (Sindh) and Peshawar (Khyber Pakhtunkhwa)

The sampling process was neither systematic nor representative as the study aimed to maximise the number of responses by including all possible contacts. Although outreach sought to be as inclusive as possible, the channels used mean a probable bias in the findings towards urban social enterprises with access to support networks and the internet, and with fluency in written English.

We acknowledge these here and hope that future research and surveys can find ways to overcome this potential bias.

Survey tool and analysis

An online survey tool was developed in each country to compile the survey data.⁵ The survey questions are detailed in Annex 1. In India, a pilot survey was conducted.⁶

Data analysis

A purposive sampling target number of responses was set in each country: 500 in India, 200 in both Bangladesh and Pakistan and 100 Ghana. The target number did not aim to generate a dataset large enough to allow for results to be representative but rather to offer a sizable initial picture of social enterprise in each country. All countries exceeded their targets. Once the target number of responses had been achieved in each country, data was downloaded from the online survey tool into Excel and analysed using descriptive statistical techniques. Primary data analysis was supplemented by secondary analysis to explore patterns across geographical areas, age of ventures, female-led social enterprises and social enterprises by size and by sector.

Confidentiality and subsequent use of data

All survey data is treated as confidential, other than where explicit permission has been given to share information (basic demographic and contact details).

Data collection on policies relevant to social enterprise

In order to establish what policies each country has put in place to support social enterprise, desk-based research was conducted, supplemented by a small number of key informant interviews in each country (see country chapters for detail). For the policy work, research teams built on existing information from previous studies (Darko and Koranteng, 2015 Darko and Sultana, (forthcoming) Darko et al, 2015; Ali and Darko, 2015) by looking for online information about relevant government policies, and speaking to government stakeholders to ascertain if further progress had been made. Where no policy made explicit reference to social enterprise, a summary of existing policies relevant to social enterprise – and which have the potential to be reformed to include specific reference to social enterprise – are provided (see country chapters for detail).

Data to estimate total number of social enterprises

Methodology

One component of the study was designed to estimate the total number of social enterprises operating in each country. This calculation was challenging and it is important to note that figures provided can only be viewed as rough estimates (see below on estimates in the UK). In order to make these estimates, the research teams used three sources of information:

- A brief survey of a small sample of MSMEs to ascertain the proportion of these organisations that meet the study's social enterprise criteria, as it was expected that a proportion of social enterprises would fall in this category (as is the case in the UK, where multiple comprehensive surveys have been conducted). The total number of MSMEs operating in each country was also collected, and the percentage of the sample meeting the social enterprise criteria was used to estimate how many MSMEs might be social enterprises.
- An identical process was conducted for NGOs, using the total number, a small sample survey of NGOs and the ensuing percentage to estimate how many NGOs might be social enterprises.

In addition to this basic data collection, the methodology and results were validated with key stakeholders, and further qualitative information was sought from key informants and through online research to verify findings. For example, this includes information on the proportion of NGOs that are trading (selling goods or services, as opposed to relying on donations and grant income). Sources of such financial information proved extremely limited. This, combined with the sampling process being small and complicated by limited data and contacts, has meant that this report gives less prominence to findings on total social enterprise numbers than was originally envisaged. It is believed that the country chapter findings offer a first attempt at this calculation for the countries, but that the methodology, resource allocation and available data needs to improve before more accurate estimates of social enterprise numbers are achievable.

5. Ghana and Bangladesh used Survey Gizmo, India and Pakistan used Typeform.

6. A pilot survey was conducted with 100 NGOs. These NGOs were contacted and surveyed separately to confirm whether or not they fit the study's definition of a social enterprise (primarily, whether they are trading) and to test out the survey tool for any language difficulties or technical glitches.

Country-specific calculation processes

Details of the data used for the calculation process in each country are provided in a table in each of the country chapters. Ghana and Bangladesh followed the above methodology.

In Pakistan, sampling was conducted through the social enterprise survey tool inclusion criteria, rather than in a separate sampling exercise to estimate the total number of social enterprises. The team used a database of NGOs from the Pakistan Centre for Philanthropy, with survey responses indicating the proportion that met the social enterprise criteria, and for MSMEs this figure was extrapolated from the survey data with MSME respondents sourced through a range of organisations.⁷

In India, the team also used the social enterprise survey tool inclusion criteria to sample NGOs, and reviewed Section 8 companies, cooperative societies, and producer companies. Further detail of these findings can be found in a more detailed report on India's study results (Natu et al., 2016).

Lessons from social enterprise data collection in the UK

The UK collects some of the most detailed official statistics on social enterprise in the world (Teasdale et al., 2013). However, estimates of the overall size of the sector are often contested. This box sets out the history of social enterprise data collection, with the aim of explaining the challenges faced and to explore what can be considered as good practice.

Estimating the size of the sector

The UK is seen to have the most developed domestic institutional support for social enterprise in the world (Nicholls, 2010). The British Government has, in the past, invested significant resources in social enterprise infrastructure, in part to increase the capacity of social enterprise to take on public service delivery (Teasdale et al., 2013). However, the way in which the total number of social enterprises is calculated in the UK has changed in recent years, leading to an increase in the figures which has been criticised by some and misinterpreted by others (Floyd, 2013).

The first government-sponsored estimate of the number of social enterprises in the UK, published in 2003, suggested that there were 5,300 social enterprises operating in the UK (ECOTEC, 2003). In 2004, the Department of Trade and Industry (DTI)⁸ commissioned a survey of social enterprises in the UK. The survey involved 8,401 telephone interviews, using similar criteria to define a social enterprise as those used in this study,⁹ estimated a total of 15,000 social enterprises (IFF Research Ltd, 2005; Teasdale et al., 2013). Then, in 2005, the Annual Survey of Small Businesses (ASSB) added a question about social enterprises to their own data collection processes and as a result estimated that there were 'at least 55,000 social enterprises in the UK (Teasdale et al., 2013). Based on the 2007 ASSB survey, the estimate increased to 62,000 (Teasdale et al., 2013).

Both of these sets of parallel statistics (2005 and 2007 ASSB) have been used to demonstrate the large number of social enterprises in the UK and also to indicate that the number is growing. However, a BIS survey was conducted in 2010, using a tighter definition of social enterprise, indicating that only 8,507 met their criteria (Teasdale et al., 2013). Teasdale et al. (2013) suggest that a major factor in the change in numbers is how social enterprises are defined and how information is collected. Others, however, take issue with Teasdale's approach.

Loosening the criteria for identifying social enterprise (such as requiring lower levels of income derived from trading, or lower proportions of surpluses used for social/environmental aims) unsurprisingly yields higher numbers. The classification process too seems to have a significant impact: the ABSS surveys used a self-classification system, which in 2006/07 included criteria on whether organisations themselves thought they were social enterprises. This question was modified in the 2008 research to ask if they thought they were a 'very good fit' with the DTI definition and sampled all registered businesses, as opposed to organisations with explicit social ownership as had been the case previously (Teasdale et al., 2013).

7. Acumen, Agha Khan Rural Support Program, Invest to Innovate, Lahore University of Management Sciences Centre for Entrepreneurship, State Bank, Securities and Exchange Commission Pakistan.

8. Later renamed Business, Innovation and Skills (BIS) and now Business, Energy and Industrial Strategy.

9. The criteria were that: Their regular, everyday activities involve providing products or services in return for payment; at least 25% of their funding is generated from trading, ie. in direct exchange of goods and services; they have a primary purpose to pursue a social or environmental goal (as opposed to being purely or mainly profit driven); they principally re-invest any profit or surplus that is made in the organisation or community to further the social or environmental goal (IFF Research Ltd, 2005).

In 2012, BMG Research conducted the BIS Annual Small Business Survey and included a section of questions specifically on social enterprise. SMEs were asked to classify themselves as social enterprises if they met the BIS definition of social enterprise: i.e. they do not pay more than 50% of profit or surplus to owners or shareholders, and they do not generate more than 75% of income from grants and donations and therefore not less 25% from trading (BMG Research, 2013). Organisations were then classified as being a 'good fit' if they met four criteria and a 'very good fit' if they met all five. The 'very good fit' figure closely reflects an estimate of social enterprise numbers; the 'good fit' figure is by nature less accurate.

The most recent estimate of social enterprise numbers in the UK puts the figure at around 67,000 with an estimated turnover of £16 billion (James et al., 2016). This figure was built from the 'ground up', rather than extrapolated from business survey data, so could be considered particularly accurate. It is also more similar to the approach used in this study.

Estimates of around 60,000 UK social enterprises have been consistently used for around a decade, with methodologies aligning to the interpretation of social enterprise used in this study. Also important to note is that the number is vastly skewed depending on whether sole traders are included: the latest UK government figures claim there are 741,000 social enterprises on this basis – a figure which seems high (Cabinet Office, 2016).

Surveys of social enterprise activity

Social Enterprise UK's State of Social Enterprise Report, supported by Santander in 2015 (Villeneuve-Smith and Temple 2015), is the largest, most rigorous and most representative survey of social enterprises in the UK. Its results are taken from 1,159 telephone and online interviews with senior figures in social enterprises. The sample frame in 2015 consisted of SEUK members and databases, and members of related social enterprise networks and organisations: specifically, Co-operatives UK, Locality, the National Housing Federation, Social Firms UK and UnLtd. The sample frame was further enhanced by other relevant organisations contacting their membership and encouraging them to participate in the survey. The most recent sample was also supplemented by contacts from the two most recent Small Business Surveys who had identified their organisation as a social enterprise.

In 2015, this data collection exercise provided a total potential dataset of 15,198 social enterprises (as compared with 9,024 in 2013, and 8,111 in 2011. The survey is biennial). The survey team then applied a three-step approach:

- telephone interviews of a random sample of potential research targets (802 completed)
- online version of the survey accessed via unique links sent to all remaining contacts with email addresses (196 completed)
- open online version of the survey, promoted and circulated by SEUK and networks (161 completed).

As the vast majority of social enterprises are small businesses, the SEUK survey has been developed over the years with a view to mirroring the government's Small Business Survey, thereby allowing comparisons to be drawn between social enterprises and businesses more widely. This is particularly helpful in supporting the usefulness of the survey as a policy or awareness-raising tool: highlighting, for example, the growth and confidence of social enterprises, the barriers they face to growth, and the prevalence of start-ups in the movement.

Structure of subsequent chapters

The report proceed as follows: present a summary of country-specific methodology alterations and an overview of the data findings and analysis, in addition to brief background information about the social enterprise operating context in each country. Chapter 6 explores cross-country (and region) comparisons from the data findings and provides an overall summary and conclusions from the research.



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Annex 1 Survey questions

Questionnaire

1. What is the name of your organisation?
2. In what year did you register your organisation, or formally begin operating?
3. Where in [country] is your organisation based?

Alternates:

Bangladesh: What is the location of your organisation?

4. Is your organisation regional, national or international? Is it a subsidiary?

Alternates:

Bangladesh: a. Is your organisation a subsidiary? b. At what scale does your organisation operate in?

5. What is the job title of the person currently in charge of your organisation (running day-to-day operations)?

Alternates:

Pakistan: What is the job title of the person currently in charge of your organisation? (running day-to-day operations). If run jointly by more than one person, please provide full details

6. Is the person currently in charge of the organisation male or female?

7. What is the age range of the person in charge of the organisation?

Alternates:

Pakistan: What is the age range of the person in charge of the organisation? (Under 18, 18-24, 25-34, 35-44, 45+64, 65+)

India: What is the age of the person currently in-charge of your organisation? (18-24, 25-34, 35-44, 45-54, 55-60, 60 and above)

8. In what legal form(s) is your organisation registered?

- Sole proprietorship
- Partnership
- Limited Liability Company
- Limited by Guarantee
- Other - Write In (Required)

Alternates:

Pakistan: a. In what legal form is your organisation registered? (Not Registered, Registered) b. In what legal form is your organisation registered? (FOR PROFIT: Sole proprietorship, Partnership/association of persons, Private limited company, Public limited company, Other; NOT FOR PROFIT: Society, trust, section 42 company, other)

Bangladesh: a. Are you a registered entity? b. Is your organisation a For - Profit or Not for Profit? c. In what legal form(s) is your organisation registered under?

India: Options for legal forms: Sole Proprietorship; Partnership; Public Limited Company; Private Limited Company; Section 8/Section 25 Company; Institution or University; NGO/Trust/Society; Public or Government Organisation; Other (please specify)

9. What are your organisation's overall objectives?

- Selling a good
- Providing a service
- Improving a particular community
- Creating employment opportunities
- Supporting vulnerable people
- Improving health and well-being
- Promoting education and literacy
- Addressing social exclusion
- Protecting the environment
- Addressing financial exclusion
- Supporting vulnerable children and young people
- Supporting other social enterprises/organisations
- Other (please specify)

Alternates:

Pakistan: also included: Providing affordable housing

Bangladesh: also included: Providing affordable housing

India: Did not include: Selling a good, providing a service; Also included: Supporting agriculture and allied activities, providing affordable housing, Empowering and uplifting women

10. Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly?

- Profit first
- Social/environmental mission first
- Both jointly

Alternates:

India: Which of the following does your organisation place the most emphasis on? (Profit First – we prioritise maximising profits and strive to make a social impact only when it enhances profitability; Social/ Environmental Mission First – we prioritise maximisation of impact over profit, we may not (always) be commercially viable; Both Jointly – we pursue both financial and social/environmental objectives equally

11. What proportion of your income comes from grants?

- 0-24%
- 25-49%
- 50-74%
- 75-100%

12. What was your organisation's annual turnover last financial year (please select ONE appropriate currency below)? Please note that your answer will be treated in strict confidence. It will only be viewed by the data analysis team, and it will be aggregated with other organisations' responses in the presentation of findings.

- Taka/Cedis/Rupee
- Dollars
- Sterling (Pounds)

Alternates:

Pakistan: What was your organisation's annual turnover last financial year? Turnover is gross income over the last financial year (income from grants, loans, equity, sales etc.)

Bangladesh: What was your organisation's annual turnover(BDT) in the last financial year?

India: What was your organisation's turnover last year? (1 April 2014 – 31 March 2015)

13. What do you expect to happen to your organisation's turnover next financial year?

- Increase substantially
- Increase a little
- Stay the same
- Decrease

Alternates:

Bangladesh: What is your expected turnover in the next financial year?

14. Do you currently make a profit or surplus?

- Yes
- No

Alternates:

India: Currently, your organisation is: making a profit, incurring a loss, breaking even

15. If you do make a profit/surplus, how is it used?

- Growth and development activities
- Rewards to staff and beneficiaries
- Profit sharing with owners and shareholders
- Cross subsidising
- Reserves
- Funding third party social/environmental activities
- Other - Please enter an 'other' value for this selection.

Alternates:

Bangladesh: Rewards to staff and beneficiaries, Profit Sharing with owners and shareholders, Cross-subsidising, Funding third party social/environmental activities

16. How many people do you currently employ (pay a salary to) who are male, in a full-time capacity? If uncertain, please provide your best estimate.

Alternates:

Pakistan: a. How many people do you currently employ (pay a salary to)? If uncertain, please provide your best estimate. Full time (35+ hours a week): (M/F), Part time (34 or fewer hours a week) (M/F) b. How many people did you employ (pay a salary to) this time last year? If uncertain, please provide your best estimate. Full time (35+ hours a week) (M/F), Part time (34 or fewer hours a week) (M/F)

India: Number of full time employees (as on 31 March 2015), Number of full-time female employees (as on 31 March 2015), Number of full-time employees in the last year (as on 31 March 2014), Number of full-time female employees in the previous year (as on 31 March 2014),

Number of part-time employees in the current year (as on 31 March 2015), Number of female part-time employees in the current year (as on 31 March 2015), Number of part-time employees in the previous year (as on 31 March 2015), Number of part-time female employees in the previous year (as on 31 March 2014)

17. How many people do you currently employ (pay a salary to) who are female, in a full-time capacity? If uncertain, please provide your best estimate.
18. How many people do you currently employ (pay a salary to) who are male, in a part-time capacity? If uncertain, please provide your best estimate.
19. How many people do you currently employ (pay a salary to) who are female, in a part-time capacity? If uncertain, please provide your best estimate.
20. How many people did you employ (pay a salary to) who are male, in a full-time capacity last year? If uncertain, please provide your best estimate.
21. How many people did you employ (pay a salary to) who are female, in a full-time capacity last year? If uncertain, please provide your best estimate.
22. How many people did you employ (pay a salary to) who are male, in a part-time capacity last year? If uncertain, please provide your best estimate.
23. How many people did you employ (pay a salary to) who are female, in a part-time capacity last year? If uncertain, please provide your best estimate.
24. Do you expect the number of people you employ to have changed by this time next year? Please provide your best estimate.
- Increase substantially
 - Increase a little
 - Stay the same
 - Decrease

25. Do you consider any of the following groups to be your beneficiaries?

- Local community
- Particular groups of people
- Organisations
- Employees
- Other (please specify) Please enter an 'other' value for this selection.
- None of the above

26. If your answer to the above was yes, how many people in each of these groups do you estimate that you have supported in the last 12 months?

- Local community
- Particular groups of people
- Organisations
- Employees
- Other

Alternates:

Pakistan: Do you consider any of the following groups to be your beneficiaries? If yes, how many of each group do you estimate have benefitted from your work in the last 12 months? (Y/N) Local community, Particular groups of people, Organisations, Employees, Other

India: a. What is the total number of beneficiaries impacted by your organisation? b. Do you consider any of the following groups to be your beneficiaries? (If yes, please indicate the approximate number of beneficiaries in each group): Children (14 years and below), Youth (15 to 30 years of age), Women, Disabled or differently abled individuals, Individuals from backward communities, Individuals from underserved regions, Organisations (NGOs, micro and small businesses, social enterprises, self-help groups, community, and religious groups), Employees (Number of people from disadvantaged backgrounds (for example, disabled employees, employees for poor socioeconomic backgrounds etc.)), Other (Please specify type of beneficiary and number)

27. Which sector(s) do you operate in?

- Agriculture and fisheries
- Business development services & entrepreneurship support (including to charities and NGOs)
- Education
- Energy & Clean Technology
- Financial services
- Food & Nutrition
- Forestry
- Health & social care
- Housing
- Infrastructure development & maintenance
- Justice & rehabilitation
- Livelihoods & employment creation
- Manufacturing
- Mobility & transport
- Retail
- Services (e.g. ICT, tourism)
- Other (please specify) Please enter an 'other' value for this selection.

Alternates:

Pakistan: Included: Water and Sanitation, Mobility & Transport was written as "Transport"

Bangladesh: Mobility & Transport was written as "Transport"

India: Agriculture and fisheries was written as "Agriculture, fisheries, dairy", housing was written as "Affordable housing", Justice & rehabilitation was written as "Justice, rehabilitation, human rights"; Also included: Skill development, Non-farm livelihood, Water and sanitation

28. How does your organisation plan on achieving growth over the next year?

- We have no growth expectations
- Increase sales with existing customers
- Expand into new geographic areas
- Develop & launch new products & services
- Attract new customers or clients
- Replicate or franchising
- Attract investment to expand
- Merge with another organisation
- Acquire another organisation
- Win business as part of a consortium
- Other (please specify)

Alternates:

Pakistan: Also included: Investing in our team and capacity

Bangladesh: Also included: Investing in our team and capacity

29. What are the major barriers which your organisation faces?

- Capital (debt/equity)
- Obtaining grant funding
- Cash flow
- Recruiting other staff
- Shortage of managerial skills
- Shortage of technical skills
- Lack of access to support and advisory services
- Understanding/awareness of social enterprise among banks and support organisations
- Understanding/awareness of social enterprise among general public/customers
- Lack of demand for product or service
- Economic climate (fiscal regulations, prohibitive commissioning, exchange rate losses)
- Access to public services (transport, energy, water and sanitation)
- Taxation, VAT, business rates
- Availability/cost of suitable premises
- Late payment
- Regulations/red tape
- Other (please specify) Please enter an 'other' value for this selection.

Alternates:

Pakistan: Included: Recruiting non-executive directors or trustees, Amended: Taxation, VAT, business rates to "Taxation"

Bangladesh: Did not include: Understanding/awareness of social enterprise among general public/ customers, included: Recruiting non-executive directors or trustees, Amended: Taxation, VAT, business rates to "Taxation"

India: Included: Recruiting non-executive directors or trustees

30. What are your organisation's top 3 constraints to financing?

- Revenue for equity investors
- Business model is not refined
- Access to investors is low due to limited network
- Limited track/performance record
- Revenue and profitability requirement for bank loans
- Limited supply of capital
- Regulatory constraints when securing capital from international sources
- Securing capital and financing is not one of our major constraints
- Other (please specify)

Alternates:

Pakistan: Amended: Revenue for equity investors to "Profitability for equity investors"

Bangladesh: Amended: Revenue for equity investors to "Profitability for equity investors"

India: Could choose as many as needed

31. What forms of finance and investment have you received (in the last year or since you started operating)?

- Grants from governments
- Grants from foundations
- Donations- cash in kind (e.g. equipment, volunteer time)
- Concessional loans (loans with below-market interest rates)
- Commercial loans (market interest rate loans)
- Equity or equity-like investments
- Other Please enter an 'other' value for this selection.
- None

Alternates:

India: a. What forms of funding has your organisation received in the past? (Choose as many as you like) (Grants from Government, Grants from foundations, Contracts from Governments, In-kind cash and donations (e.g. equipment, volunteer time), None, Other (please specify). b. What forms of finance/ investment has your organisation received in the past? (Choose as many as you like) (Capital grant, Concession loans (loans with below market interest rates), Commercial loans (market interest rate loans), Equity or equity-like investments, None, Other (please specify))

32. Would you describe your organisation as a social enterprise?

- Yes
- No

Alternates:

Pakistan: Also included "Don't know"

33. Which, if any, of the following information are you willing to be shared publicly? The following information will be shared in a public database available to investors and support organisations. Only this information will be shared, the rest of your responses will be kept confidential. However, if you do not wish for any of the following information to be public, please indicate below.

- Your organisation name
- Your country
- Your location in the country
- Your sector(s) of operation
- Your sector(s) of specialisation
- Your contact details
- None

Alternates:

Pakistan and Bangladesh: Did not include “Sector of specialisation” in list

34. Contact Details

- Name
- Email
- Phone number

Alternates:

Pakistan: Did not include this question

Bangladesh: In addition requested: Respondent’s designation, Phone number of key individual in organisation, Email address of key individual in organisation

India: Only email requested

Additional Questions in other surveys:

1. Bangladesh

- What is the purpose of your organisation?

2. India

- How does your organisation conduct operations in selected sectors?
 - Manufacturing
 - Sales
 - Business Development and Entrepreneurship Support
 - Other (please specify)
- What market does your organisation cater to?
 - Rural markets
 - Urban markets
 - Both
- Did you face issues while completing this survey? If yes, please feel free to elaborate.

Annex 2 Reporting and caveats

Questionnaire

Data from the survey was subjected to second-level analysis, by region, age of organisation, gender of leader, size (by turnover and jobs) and sector. Findings have only been presented where there are significant or interesting distinctions to be drawn through disaggregation.

For the purposes of the study, the term ‘funding’ is used to mean grants, revenue and income and the term ‘finance’ is used to mean debt, equity, investment and capital.

Survey results have been rounded off to zero decimal places, meaning some figures might not add up to 100%. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100%.

The survey responses are self-declared by social enterprises. Data was not systematically verified with respondents except in India,¹⁰ but outlying results and gaps were verified with respondents over the phone. Data on beneficiaries is self-reported and has not been verified: note that the questions asked how many of different categories of beneficiary the social enterprise supported, but no further definition of beneficiary was provided.

It is likely that the survey results contain biases due to the nature of outreach and sampling. It is expected that the results contain a higher proportion of social enterprises located in metropolitan cities with access to networks and a stable internet connection than is truly representative. It is also expected that responses from areas where events and outreach activities were conducted are far higher, so again regional spread is not representative.

In some instances, the survey tool was not set up to adequately filter responses and as such made analysis of very diverse answers challenging.¹¹ Data cleaning has attempted to address this as far as possible, but in some instances (such as location data in Pakistan,¹² or the omission of the cooperative option from legal forms in Ghana) it has limited the data available to be presented in findings. The question on financial turnover was particularly problematic, as it was frequently left blank or given a zero answer. It was unclear in most instances whether this meant turnover was zero or if the respondent was just declining to answer. Analysis interpreted a blank as declining and a zero as an answer to include in findings – however, this may be inaccurate.

In Ghana and Bangladesh, in particular, three large and well-known social enterprise organisations (Kuapa Kokoo, BRAC and Grameen) did not complete the survey. As such, it is possible that results in both countries are significantly affected by their absence.

In Bangladesh, the survey tool was translated into Bangla; the Ghana team also found it necessary to verbally translate it into local languages for respondents during outreach events. In Ghana in particular, social enterprises seemed to lack an online presence which limited not only their identification for the sample but also their capacity to complete the survey except during outreach events. Ghana also had particularly high numbers of partially completed surveys, often stopping at the question on financial turnover – indicating that they were either unwilling to respond or lacked this information (as some indicated to the team).

The estimates of total social enterprise numbers were challenging to compile – accessing SME and NGO databases did not yield comprehensive results: the absence of harmonised terminology to define SMEs was problematic, the samples were very small and neither random nor representative, and also relied on self-reporting.

10. In India, 10% of the survey responses were randomly cross-checked through phone calls.

11. In Pakistan, for the question on growth expectations (we have no growth expectations, agree/disagree), if the respondent wrote ‘no’, it was assumed that they do have growth expectations. The response ‘NA’ was changed to agree. For other categories, ‘n/a’ was changed to not applicable. Several organisations list their registration types but also list themselves as not registered – in these instances it has been assumed that they do not have a legal form yet. Some organisations list both for-profit and non-profit legal registration forms, in which case both have been reported. It was assumed that all turnover was in rupees unless the user wrote another currency, in which case it was converted into rupees. After all data was cleaned, rupees was changed to pounds sterling using exchange rate 1 PKR to 0.0068 GBP. When appropriate, ‘other’ answers were recoded into the available categories. During sub-group analysis, where dividing responses created categories with less than five responses, percentages were not reported from that category.

12. 45 social enterprises did not provide data on the province they are located in, although five of these have been identified using other information provided.

The state of

social enterprise

in Bangladesh, Ghana,

India and Pakistan

*The state of social
enterprise in Bangladesh*

British Council

The British Council is the UK's international organisation for educational opportunities and cultural relations. We are on the ground in six continents and over 100 countries, bringing international opportunity to life.

Through our **Global Social Enterprise programme**, we promote the development of social enterprise and social investment to help address entrenched social and environmental problems and deliver positive change in our communities and societies.

Our work draws on UK experience and expertise and is delivered across 28 countries with local and international partners.

Together, we provide social entrepreneurs with access to training, mentoring and funding opportunities and promote social enterprise education in schools and universities. We convene policy dialogues, organise study tours and conduct research to share knowledge and best practice in scaling social enterprise and social investment. We also deliver international development projects that promote the growth of social enterprise.

It is a systemic approach designed to help foster a more sustainable, inclusive and prosperous future and build collaboration, opportunities and trust between the UK and other countries.

Find out more at: www.britishcouncil.org/society/social-enterprise

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Acronyms

BDT	Bangladeshi taka (currency)
BEI	The Bangladesh Enterprise Institute
CEO	Chief Executive Officer
GDP	Gross Domestic Product
NGO	Non-governmental organisation
SME	Small and medium sized enterprises

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The state of social enterprise in Bangladesh

Minhaz Anwar
Muhaimin Khan
Anhar Athoi
Farhana Islam
Alainna Lynch

*Social enterprise activity in Bangladesh is growing.
We set out to quantify social enterprise activity in Bangladesh.
We surveyed 149 social enterprises and found that:*

A young social enterprise scene:

Bangladeshi social enterprises are young and so are their leaders.

Average
years in
operation

6

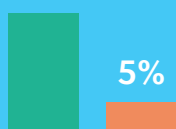
most
leaders
are aged

under
35

Women and social enterprise:

A fifth of Bangladeshi social enterprises are led by women – significantly higher than in mainstream business (5%). Women in social enterprises make up 41% of the full-time equivalent workforce, more than double than in the general workforce.

20%

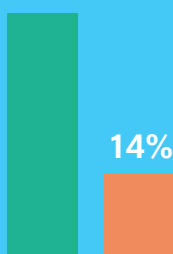


Leaders

5%



41%



Workforce

14%



Social enterprises



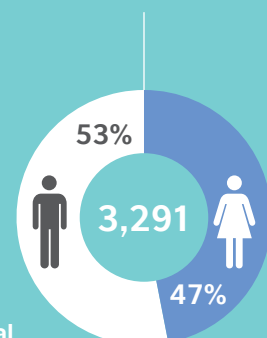
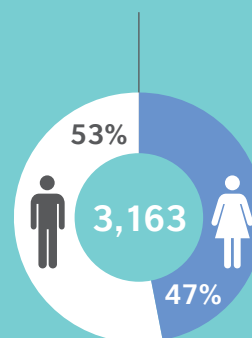
Mainstream business

Social enterprise is growing:

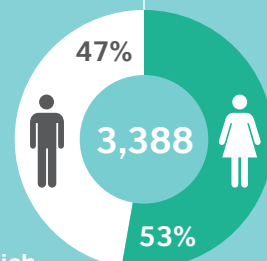
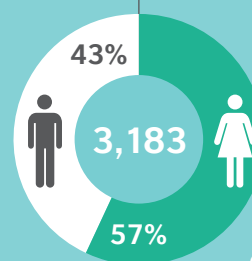
Bangladeshi social enterprises have an average of 22 full-time equivalent staff and average turnover of around £21,000 (BDT 2,134,475). Most expect staff numbers and turnover to increase in the coming year.

LAST YEAR

THIS YEAR



Total
jobs created
full-time equivalent



Of which
are part time
actual

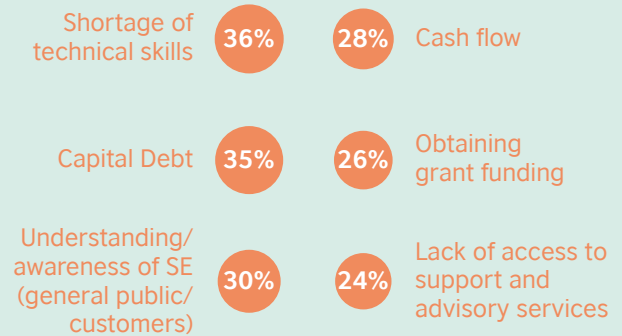
Growth is set to continue:

Growth is set to continue: Most Bangladeshi social enterprises expect their venture to grow and they have wide-ranging growth plans – particularly expanding into new geographic areas and developing new products and services, through investment in their teams and by attracting capital to expand. Two-thirds of Bangladeshi social enterprises hope to replicate or franchise their business models.

GROWTH PLANS

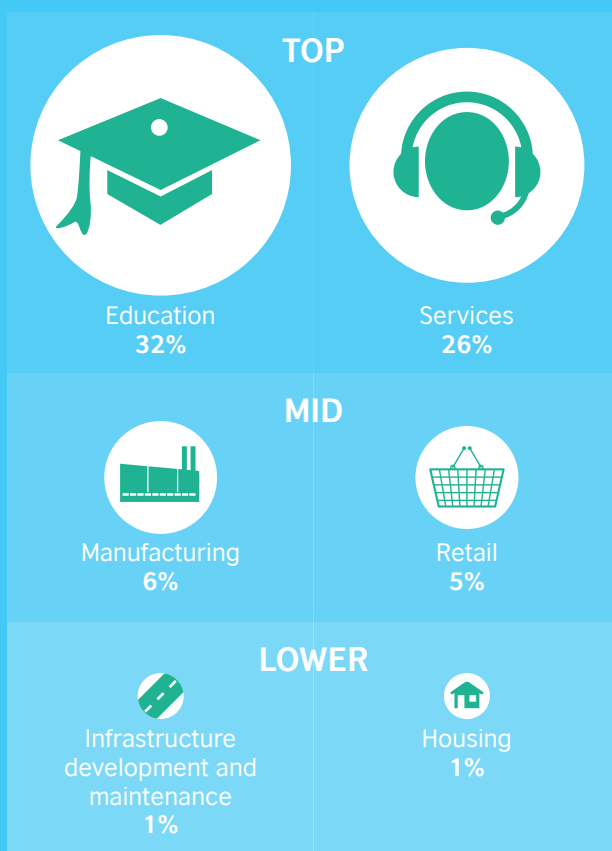


BARRIERS



Sectors

The highest proportion of social enterprises work in the education and seek to promote education and literacy as key objectives, even if they operate across other sectors. Many social enterprises focusing on employment creation as a key objective of their operations.



Based on the very small unrepresentative sampling process, there may be as many as 150,000 social enterprises currently operating in Bangladesh, with growth expected.

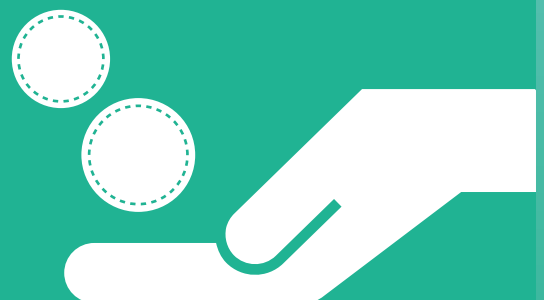
Lack of technical skills is seen as the biggest barrier to growth, followed by access to debt finance, lack of social enterprise awareness and cash flow constraints. Lack of understanding of social enterprise is seen as a significant barrier to growth, with a quarter of social enterprises feeling it is constraining them.



Lack of technical skills is the main barrier

Finance and funding

Donations and grants are the most common sources of funding, with few social enterprises securing concessional loans or equity. Limited capital supply is seen as the primary funding constraint.



Overview country context and existing research on social enterprise

This section briefly sets out the current social, political and economic landscape in Bangladesh to provide an overview of the environment within which social enterprises are operating. It then sets out existing research on social enterprise in the country, and details organisations which are supporting social enterprise, whether explicitly or as part of a wider mandate.

Bangladesh country context

Bangladesh is the world's ninth most populous country, with a population of 169 million. It is a lower-middle-income country with low literacy and more than 30% of the population living below the poverty line of \$1.25/day (World Bank, 2014a). It has, however, maintained an impressive track record on growth in recent years with gross domestic product (GDP) growth exceeding 6% 2013-2015. In spite of persistent wealth inequality, is estimated to reach middle-income status by 2021 (World Bank, 2014c).

The services sector represents the largest share of GDP, while a large proportion of the population is employed in the agriculture sector. The textiles industry, in particular the ready-made garments sector, is also a major employer – particularly of women (Ahamed, 2013).

Bangladesh faces a number of challenges with social development, including the low status of women and minority groups, vulnerability to natural disasters and climate change, food insecurity and political and religious tensions. Political and religious conflict has become increasingly frequent since the early 1990s, including labour strikes, riots, religious killings and regular public protests. Nonetheless, growing GDP mean that local and foreign investors see Bangladesh as a stable investment climate (Dalberg and GII, 2015). However, the 2013 World Bank Enterprise Survey indicates that political instability is business's number one concern (37% report this as a challenge), followed by electricity (28%), access to finance (14%), corruption (8%) and inadequately educated work force (4%) (World Bank, 2013).

Table 1: Quick facts on Bangladesh's economic and social structure

Source	Process
Population (2015 est.)	Population (2015 est.)
Labour force	Labour force
Main economic sectors (% GDP) (2014 est.)	Services: 58.3% Industry: 26.5% (jute, cotton, garments, paper, leather, fertiliser, iron and steel, cement, petroleum products, tobacco, pharmaceuticals, ceramics, tea, salt, sugar, edible oils, soap and detergent, fabricated metal products, electricity, natural gas) Agriculture: 15.1% (rice, jute, tea, wheat, sugarcane, potatoes, tobacco, pulses, oilseeds, spices, fruit, beef, milk, poultry)
Population aged under 25	50.8%
Population below poverty line	31.5% (2010 est.)
Major cities	Dhaka (16.98 million), Chittagong (4.48 million), Sylhet (2.68 million), Khulna (1.04 million)
GDP, annual real growth rates, % (2015 est.)	6.4%
Literacy rate	61.5% (female literacy – 58.5%)

Sources: CIA World Factbook, see www.cia.gov/library/publications/the-world-factbook

Social enterprise policy findings

Policy findings

Despite being home to two world-famous social enterprises – Grameen and BRAC – there are currently no policies explicitly directly governing social enterprise activities in Bangladesh. Details of policies with some degree of relevance to social enterprise are given in Table 2.

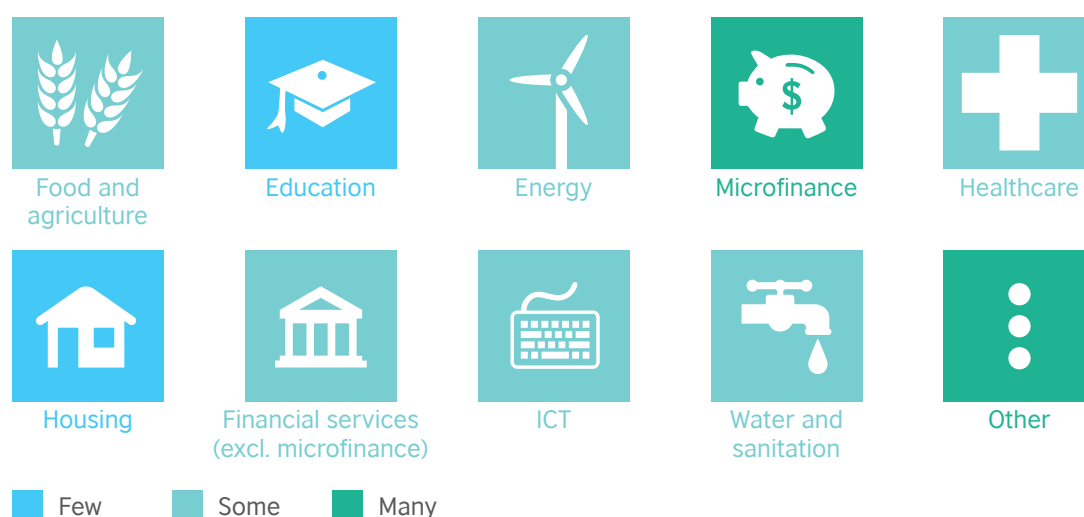
Table 2: Policies relevant to social enterprises in Bangladesh

Policy Name	Agency Responsible	Date	Detail - relevance to social enterprise
7th Five-Year National Plan (2015/16–2019/20) (currently being prepared by the Ministry of Planning)	Ministry of Planning	2015	The plan is being based in line with a series of background studies, which include access to finance, small and medium sized enterprise (SME) development, and education. Social enterprise is not mentioned explicitly.
Industrial Policy (2010, revision being completed in 2015)	Ministry of Industries	2010	The 2015 policy will have more focus on SMEs, particularly in manufacturing. No direct reference to social enterprise, but relevant to consider opportunities to influence future revisions.
Societies Registration Act, 1860	Registrar of Joint Stock Companies, Ministry of Commerce	1860	The existing legislation for non-profit organisation registration is comprehensive. It is challenging for start-up social enterprises to understand the advantages and disadvantages of different organisational forms for their specific sector and business model.
Trust Act, 1882	Registrar of Trusts	1882	
Voluntary Social Welfare Agencies Ordinance, 1961	Department of Social Welfare	1961	
Youth Organisation Act, 2015 (pending approval)	TBC	2015	
NGO Law	Registrar of Companies	N/A	
Companies Act, 1913 (amended 1994)	Ministry of Commerce	1994	The Companies Act sets out detailed criteria for unlimited and limited companies – it does not address informal businesses, nor does it make explicit provisions for SMEs.
Foreign Donations Regulation Act, 2014 (pending approval)	NGO Affairs Bureau	2014	This Act sets out criteria for receipt of foreign funding for NGOs, including permission from the NGO Affairs Bureau.
Microfinance Regulatory Law, 2006	Ministry of Finance	2006	Licensing and regulating microfinance to set standards of practice and identify malpractice – were social enterprise to be more tightly defined to be supported, such a process may be relevant.
Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015	Bangladesh Securities and Exchange Commission	2015	These rules cover private equity funds, venture capital funds and impact funds. Impact funding has been specifically provisioned in this rule which is directly applicable for Social Enterprises. ‘Impact fund’ means an alternative investment fund which invests in equity and equity linked instruments of such companies, organisations, and funds which are engaged in activities with the intention to generate a measurable and beneficial social or environmental impact in addition to financial returns, as justified with internationally recognised criteria.

Existing research on social enterprise in Bangladesh

Very limited research exists specifically on social enterprise in Bangladesh. The Bangladesh Enterprise Institute (BEI) produced a report in 2010 looking at social enterprise as a means of the private sector addressing poverty, making a number of policy and ecosystem development recommendations (BEI, 2010). The British Council has commissioned a report on social enterprise in Bangladesh (Darko and Sultana, 2016) which briefly presents the social enterprise ecosystem and existing policy support context. The British Council has also hosted three social enterprise dialogue events. Dalberg and GIIN produced a series on impact investing in South Asia, which includes a chapter on Bangladesh that estimates the number of social (impact) enterprises operating in Bangladesh by sector (see Figure 1) (Dalberg and GIIN, 2015).

Figure 1: Relative number of ‘impact’ enterprises by sector in Bangladesh



Source: Dalberg and GIIN (2015)

Overview of key actors

The distinctiveness of the social enterprise ecosystem in Bangladesh owes to the presence of longstanding support systems for social enterprise (see Tables 3-7). These include organisations focused specifically on social enterprise (such as impact investors Avishkar, BRAC Bank and Grameen Bank) as well as other organisations providing social enterprises with support (for example, Bangladesh Krishi Bank and Social Islami Bank Ltd.). As a result, Bangladesh has a wide and growing range of social enterprise actors, particularly in Dhaka.

Table 3: Incubators and accelerators in Bangladesh

Name of institution	Location	Organisation type	Social enterprise related activities
TekShoi	Dhaka	Accelerator	Bangladesh's first accelerator programme for tech-based start-ups focusing on social impact. Established by BetterStories in partnership with Bethnal Green Ventures and part of the British Council's Business and Investment Readiness programme. Offers local and international entrepreneurs a platform to pilot new social enterprises. Entrepreneurs work together with TekShoi team over six months to pilot, validate, and test product-market fit.
OPEN Accelerator	Dhaka	Accelerator	A light touch, low cost business accelerator for rural entrepreneurs in Bangladesh, working with small and growing businesses to provide them with a range of support including training, business mentoring, networking, media exposure and introductions to investors.
Spark Bangladesh	Dhaka	Incubator and grant provider	An accelerator programme that finds and supports local start-ups, with a recently launched Bangladesh chapter. After finding start-ups, Spark takes them through a one-week accelerator programme including pitching, marketing, money management, impact measurement, team building, and learning how to innovate new ideas, network and strategies. Spark also provides expert advice, funding of up to USD 5,000, and support with design and technology.
YYGoshti	Dhaka	Incubator	A hub for social business incubation, providing training, mentorship, office space, seed capital and all essential resources to social business entrepreneurs. YY Goshti is a platform for very early stage social business entrepreneurs and successful participants are considered by programmes like Spark.
Toru	Dhaka	Incubator	An innovation hub that works with driven early-stage entrepreneurs from different sectors to facilitate the innovation journey of their ideas to become scalable solutions/enterprises.

Table 4: Research and ecosystem support organisations in Bangladesh

Name of institution	Location	Organisation type	Social enterprise related activities
Bangladesh Enterprise Institute	Dhaka	Non profit Research Centre	Promotes and articulates issues of importance to the private sector and seeks to influence policy, with a particular interest in supporting the growth of SMEs
BetterStories	Dhaka	Support organisation and social enterprise	BetterStories is a future-building agency that works in the areas of Smart Technology, Strategic Consulting and StartUp Ecosystem Building. It has three verticals: better strategies, better entrepreneurs and better schools. The BetterStories vision is to create at least 1,000 leaders by 2021 through green, ethical and responsible businesses.
BRAC Social Innovation Lab	Dhaka	Unknown	A cross-disciplinary platform for BRAC staff to learn about best practices in development, generate ideas, experiment, and share knowledge about scalable innovations with the global development community. Since 2011, the Social Innovation Lab has been working as a knowledge and experimentation hub.
British Council	Dhaka (international organisation)	Charity, support organisation	The British Council's Social Enterprise programme in Bangladesh provides mutually beneficial opportunities for Bangladeshi Social Enterprise eco-system players to connect with and learn from their counterparts in Asia and the UK. It does this through a programme of policy engagement and capacity building through the Business and Investment Readiness programme and a start-up programme called Innovate, Incubate and Grow.
Grameen Social Business Design Lab	Dhaka	Unknown	A day-long programme for those interested in social business. It is structured to train, brainstorm and involve its participants in social business and to develop new ideas.
Impact Investment Exchange	International	Impact Investor	The Impact Investment Exchange provides support to address the gap between finance and development for social and environmental solutions.
Jita (Care)	Dhaka	Social Enterprise	Seeks to empower women through a network of enterprises, creating employment opportunities and improving access to markets for underprivileged consumers.

Table 5: Impact investors, NGOs and donor agencies in Bangladesh

Name of institution	Location	Organisation type	Social enterprise related activities
Aavishkaar	Mumbai, India, International	Impact investor	Founded in 2001, with a vision to catalyse development in underserved regions, it identifies capable entrepreneurs, provides them with capital, supplements it with a nurturing environment and helps build sustainable enterprises.
Small Enterprise Assistance Funds	Dhaka	Investor	In 2010, SEAF launched a new commercial finance company to invest in SMEs in Bangladesh. SEAF Bangladesh Ventures provides SMEs with structured capital and quasi-equity investments. It is the first finance company to focus exclusively on providing growth and working capital to promising small and medium sized companies in Bangladesh.
BRAC Bank	Head office: Dhaka National	Impact investor	A profitable and socially responsible financial institution focused on markets and businesses with growth potential, assisting BRAC and stakeholders.
Grameen Bank	Head office: Dhaka National	Impact investor	Provides credit to the poorest in Bangladesh, without any collateral.
BRAC	Head office: Dhaka International	NGO	BRAC operates social enterprises that are strategically connected to our development programmes and form crucial value chain linkages which increase the productivity of members' assets and labour and reduce their risks. These enterprises, ranging from agriculture to handicrafts, have pioneered social enterprise activity in Bangladesh. The UK Department for International Development has provided funding to BRAC.
Grameen Foundation	Headquarters: Washington DC	NGO	Focuses on harnessing the underappreciated strengths of the poor, based on principles of social business and microfinance developed by Muhamad Yunus.
Grameen Trust	Dhaka	NGO	Uses microcredit as a tool for fighting poverty and follows the Grameen Bank approach.



Table 6: Government of Bangladesh bodies

Name of institution	Social enterprise related activities
SME Foundation	Seeks to be the source of funding for education and outreach of SMEs and the community it serves. Members of staff have expressed interest in developing expertise on social enterprise.
Access to Information (a2i)	A programme supported by the United Nations Development Programme and USAID based in the Prime Ministers' Office. The overall objective of the project is to provide support in building a digital nation through delivering services to citizens' doorsteps. a2i launched a multi-donor Social Innovation Fund to spread a culture of innovation within the government and foster public-private partnerships. The fund tries to address risk-taking for innovation, and the acute absence of financing mechanisms to support innovation from proof of concept through to when the product or service is making a difference in the lives of the citizens. Holds innovation fairs at the national level and in each district, and offers recognition and awards to public service innovation by civil servants, the private sector, NGOs and social innovators.
Bangladesh Bank	Active in developing green banking and financial inclusion policy and an important member of the Alliance for Financial Inclusion. Bangladesh Bank was the first central bank in the world to introduce a dedicated hotline for people to complain any banking-related problem and the first to issue a Green Banking Policy.
Ministry of Social Welfare, Government of Bangladesh	Deals with human resource development, poverty eradication, welfare, development and empowerment.
Ministry of Commerce, Government of Bangladesh	Responsible for the regulation and implementation of policies applicable to domestic and foreign trade. It is working for further incorporation of women in trade by reducing the disparity between males and females in the workplace.
NGO Affairs Bureau	Established in 1990, it aims to provide a one-stop service to the NGOs operating with foreign assistance and registered under the Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978. It facilitates the activities of the NGOs in the country and ensures they are accountable.
Office of the Registrar of Joint Stock Companies and Firms	The sole authority for facilitating the formation of companies, it keeps track of all ownership-related issues as prescribed by the laws in Bangladesh. The Registrar is the authority of the Office of the Registrar of Joint Stock Companies and Firms, Bangladesh.

Table 7: Social innovation events and awards in Bangladesh

Name of institution	Social enterprise related activities
Bangladesh StartUp Cup Social	A competition open to any type of business idea. Entrepreneurs who compete are rewarded for turning their idea into a viable business, going to market quickly, testing assumptions, and modifying their business model as they learn what drives customers and revenue.
Innovate, Incubate and Grow	A capacity-building event launched by the British Council Bangladesh in partnership with ChangeMaker (a national non-profit organisation) that is designed to enhance the social and environmental problem-solving knowledge and skills of young entrepreneurs through sustainable business models.
BRACathon	A platform for participants to compete to provide useful mobile applications that will contribute to social innovation as well as BRAC's overall organisational efficiency.

Pioneering social enterprise in Bangladesh: BRAC

Started in Bangladesh in 1972, BRAC operates globally and is the world's largest NGO. Since the 1970s, it has operated a number of social enterprises to provide livelihoods for the people it supports. BRAC itself can be considered a social enterprise as it currently finances 73% of its activities through revenue from its own social enterprises and microfinancing. It runs 16 social enterprises in Bangladesh, operating in a variety of sectors, educating 11% of Bangladeshi children, employing 117,000 community health-care workers, and running a variety of businesses that both employ and support the poor, from poultry farms to handmade paper, from fisheries to an artisan trade retail chain. BRAC is legally registered as an NGO, and its overall objectives include selling goods, creating employment, promoting health, and education. By 2014, BRAC had reached 138 million people.

Social enterprises brought in £129 million in revenue in 2015, which includes revenue from Aarong Rural Craft Centre, BRAC Printers, BRAC Printing Pack, BRAC Dairy and Food Project, Agro-based and Non-agro-based Programme Support Enterprises. Of these, Aarong is the biggest. It is a handicrafts venture, retailing a range of high-quality products through nationwide shops and online sales. Aarong, which started in the mid-1970s, has 15 retail outlets in Bangladesh and a turnover of around £43 million and provides a livelihood directly to around 65,000 artisans and to about 800 independent producers.

BRAC Dairy collects milk from over 50,000 farmers, then processes, packages and sells yoghurt, milk drinks and ice-cream products, providing markets for milk from remote areas of the country where storage issues had been a problem. The dairy uses a cross-subsidising model because about 40% of the 101 chilling centres it operates are not viable on their own due to their location. Over 1,400 employees work under the BRAC dairy umbrella. There are a number of private sector actors in the sector now, but BRAC dairy pioneered access to these remote dairy farmers.

In microfinance, BRAC offered finance to 4.8 million borrowers in 2014 and dispersed USD 13.4 billion.

Sources: Dalberg and GIIN, 2015; BRAC website (www.bracusa.org), The Economist (2010), Aarong website (www.aarong.com)

Study findings

This section sets out data findings from the social enterprise survey.

Social enterprise survey sample

Survey data was collected between December 2015 and February 2016. 324 people were contacted (172 online and 152 through events) and 191 completed the survey. Using the study's social enterprise inclusion criteria (see Chapter 1), 149 were classified as social enterprises for this research (78%).

In addition to being asked to complete the criteria questions, respondents were also asked whether they consider themselves to be social enterprises. Of the 149 respondents classified as social enterprises, 124 self-identified as being a social enterprise, 11 did not identify as being a social enterprise and 14 did not know whether they classify as a social enterprise or not. Among the 42 respondents classified as non-social enterprises for the study, half considered themselves to be social enterprises.

Social enterprise leadership

Age

Bangladesh's social enterprise leaders (owners, CEOs, directors, etc.) are young. According to the survey, 69% of the social enterprises are run by someone who is under 35 years old, and 91% are led by someone aged under 45.

Female social enterprise leaders are slightly older than male leaders on average: 72% of male leaders are under 35 years old compared to 61% of female leaders.

Figure 3: Age of social enterprise leaders

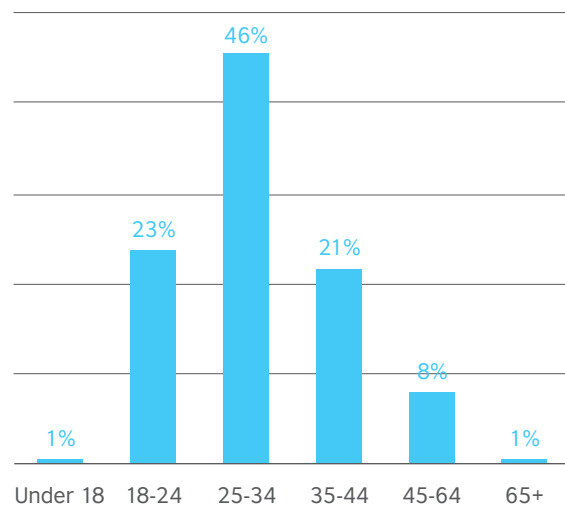
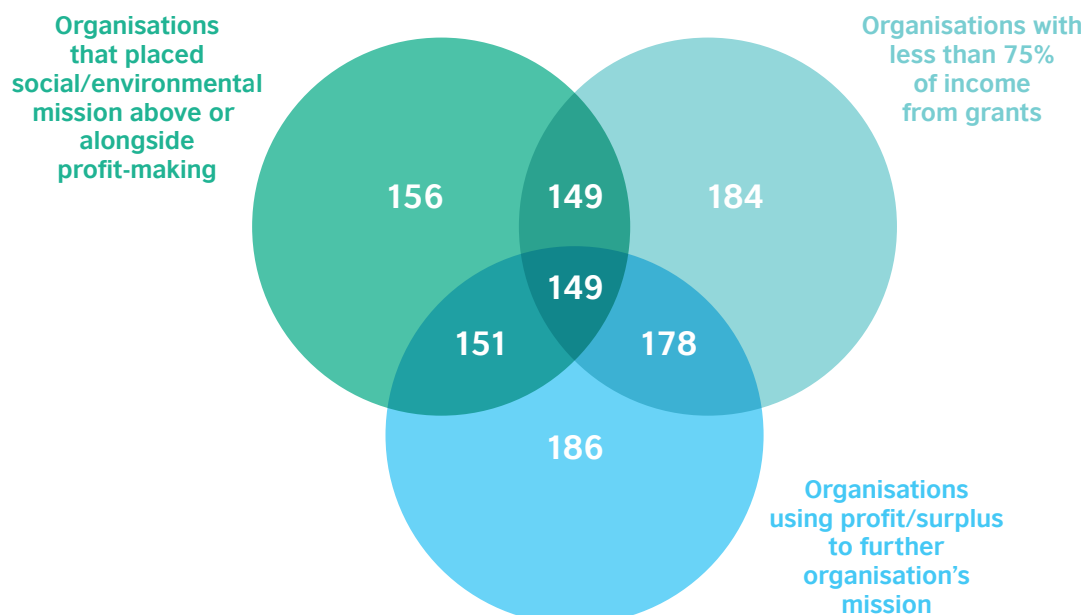


Figure 2: Number of survey respondents per social enterprise criteria



Gender

Social enterprise leadership in Bangladesh is dominated by men, who lead almost 80% of the social enterprises according to the survey. However, at 20%, female leadership of social enterprises is still significantly higher than for mainstream firms in Bangladesh, where only 4.8% of top managers are female and only 1.7% have majority female ownership, according to the World Bank's Enterprise Survey (World Bank, 2013).

There is an exceptionally high proportion of female-run social enterprises in the Sylhet region (58%), potentially linked to the high proportion of ready-made garment industries in the area, compared to a 14% average elsewhere. Women-led firms are under-represented in Dhaka, where women head only 8% of social enterprises. This might be explained by women having more opportunities to work in other sectors of mainstream business than is the case elsewhere in the country.

Years of operation

There has been a recent surge in social enterprise start-ups in Bangladesh. BRAC started in 1972 and Grameen Bank in 1976, yet the majority of the social enterprises surveyed (77%) started operating at least two decades later, with almost a quarter opening in 2015 (the year of the survey). As Figure 4 shows, there has been a particular increase in start-ups in the last three years.

Both gender and region appear to be factors determining when social enterprises were started: over 90% of the social enterprises in Dhaka, Chittagong, and Rangpur were started in 2010 or later, while the more isolated and traditional areas Sylhet and Rajshahi have longer histories of social enterprises,¹ with approximately a third having opened earlier than 2010. Moreover, 80% of men started their social enterprises in 2010 or later, while a third of women started their social enterprises before 2010.

Location: Where were respondents based?

Bangladesh is divided into eight major regions, known as divisions.² Outreach activities for the survey took place in Dhaka, Khulna, Sylhet, Chittagong and Rajshahi, so it was expected that location findings would be biased towards these locations – and not representative of social enterprise activity nationally.

The survey received its highest proportion of responses from social enterprises in Rajshahi (which has 11% of the country's population), with 34% of social enterprises surveyed operating in that area (n=53) and 45% of women-led social enterprises located in that region. A quarter of respondents were in Dhaka (26%), with just under one-fifth each in Khulna (18%) and Sylhet (17%), and a minority in Chittagong (5%) and Rangpur (<1%, n=1).

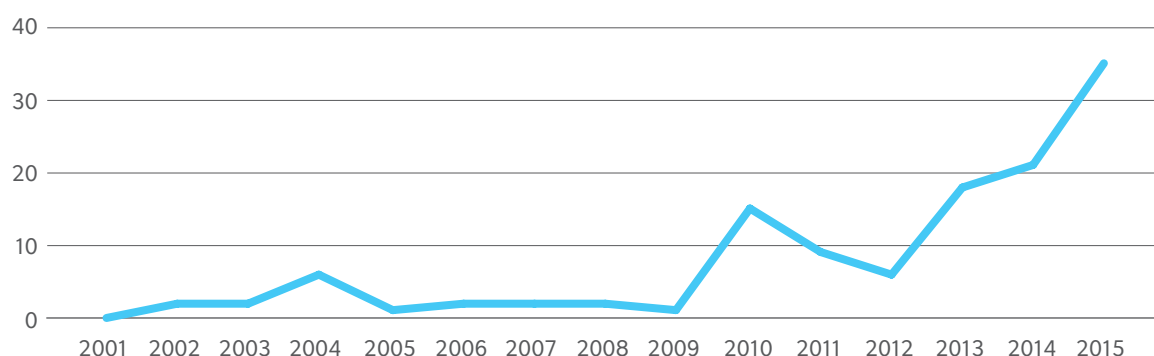
Geographical reach

Over half of social enterprise respondents operate regionally (55%), while 37% operate nationally and 8% have international operations. Women-led social enterprises were more likely to operate regionally (77% compared to 49% of male-run ventures). 11% operate as a subsidiary of another organisation, rather than as an independent organisation in their own right (see Chapter 6).

Legal status

Social enterprises in Bangladesh have no single specific legal status. The legal forms under which social enterprise can choose to register are set out in Table 8.

Figure 4: Cumulative percentage of social enterprises registered by year



1. Traditionally, those regions are very secluded and the people living there live in their own ecosystem, and women were not open to many traditional jobs so many social enterprises started developing amongst themselves, and hence there are more. A major bridge was built which connected them to the main land and main transport easier that's when they really connected with the whole of Bangladesh.
2. Barisal, Chittagong, Dhaka, Khulna, Mymensingh, Rajshahi, Rangpur and Sylhet.



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Table 8: Legal forms available to social enterprises

Legal Form	Description
Sole Proprietorship	<p>The simplest form of business structure in Bangladesh, suitable only for very small single-owner businesses that do not carry any risks. Unlike a private limited liability company, a sole proprietorship does not provide limited liability protection and personal assets are not protected from business risks.</p> <p>A sole proprietorship in Bangladesh does not constitute a separate legal entity therefore; it is not distinct from the owner/proprietor. The business owner is personally accountable for all liabilities incurred during the course of the business.</p>
Partnership	<p>A form of business organisation of between two and twenty persons created through voluntary agreements with the intention of making and sharing profits among themselves. A partnership can arise only because of an agreement or contract, expressed or implied, between the partners and formed under the provisions of the Partnership Act, 1932.</p>
Private Limited Company	<p>A Private Limited Company is one whose owners are legally responsible for its debts only to the extent of the amount of capital they invested (a separate legal entity offers limited liability, and legal protection for its shareholders). The private limited companies rules and regulations are defined in the company's bylaws. A Private Limited Company is governed by the Companies Act, 1994.</p>
Society	<p>Any seven or more persons associated for any literary, scientific or charitable purpose, or for any such purpose as is described in section 20 of The Societies Registration Act of 1860 may, by subscribing their names to a memorandum of association and filing the same with the Registrar of Joint-stock Companies form themselves into a society.</p>
Trust	<p>A Trust needs to be commissioned and is governed by the Trust Act, 1882. Profit cannot be distributed among the board members as dividends. Profits must be spent on the fulfilment of objectives and not to be used as dividends. They are commissioned by a local areas Sub – Registrar.</p>
Social Voluntary Organisation	<p>A Social Voluntary Organisation is a type of legal recognition of organisations that mainly would like to work with women and children. Governed by the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961.</p>
NGO	<p>A status that an existing legally incorporated entity can achieve by applying to the NGO Affairs Bureau, Government of Bangladesh. Sole Proprietorship, Partnerships, Private Limited companies and similar business entities are not eligible for NGO accreditation. NGO status makes the entity eligible to receive foreign funds/donations.</p>

According to the survey, the most common form of registration chosen by social enterprises in Bangladesh is sole proprietorship (26%), and markedly more so for those headed by women (52% compared to 19% for men). Sole proprietorship is the easiest and least expensive business structure to set up and social enterprises set up as sole proprietorships tend to be younger, mostly operating jointly for profit and impact, and least likely to be working in the education sector.

Partnership and society social enterprises were almost always (over 90%) led by men, and these organisation types accounted for almost half (46%) of all male-led social enterprises. Society registered social enterprises (22%) tend to be prioritise impact or mission over profit, have a mixture of ages and focus on the education and health sectors.

Social enterprises have more diverse legal statuses than mainstream business: 65% of SMEs in Bangladesh are registered as Sole Proprietorship, and 24% are Partnerships (World Bank, 2013).

Areas of focus

Objectives

The survey asked about the overall objectives of the social enterprise (see Annex 1, Chapter 1 for details). Almost half of the survey respondents chose providing a service as one of their main objectives. Other common objectives related to education and employment, supporting vulnerable people, or selling goods. 34% of those with 'other' objectives work in the education sector, meaning that education is a prominent social objective for Bangladeshi social enterprises.

Table 9: Social enterprise objectives

Objective	Respondents (%)
Providing a service	47%
Other ³	32%
Creating employment opportunities	30%
Promoting education and literacy	30%
Selling a good	21%
Supporting vulnerable people	20%
Supporting vulnerable children and young people	20%
Improving a particular community	18%
Supporting other social enterprise/ organisations	17%
Improving health and well being	16%
Protecting the environment	11%
Addressing social exclusion	6%
Providing affordable housing	3%

Broken down by gender, the top objectives for both male and female-led social enterprises are providing a service (17% and 18%, respectively) and creating employment opportunities (10% and 16%, respectively). A common objective for male-led social enterprises is promoting education and literacy (13%), while female-led social enterprises commonly name selling a good (13%) or supporting vulnerable people (10%). In Dhaka and Khulna, providing a service is the most-cited objective, while creating employment opportunities was most common choice in Sylhet (63%, double the average).

Sectors

One-third of respondents work in the education sector, although there are major differences by gender: male-led enterprises are far more likely to work in this sector (39%) than women-led enterprises (6%). Other commonly selected sectors included services, business development services and entrepreneurship support, livelihoods and employment creation, and health and social care. No respondents said that they worked in the transport sector.

3. Almost a third of respondents chose the other option, citing workforce/entrepreneurship/skill development (12%), blood donation, wedding photography, tree planting, web development, and environmental consulting, indicating some conflation between objectives and sector of operation (a later question).

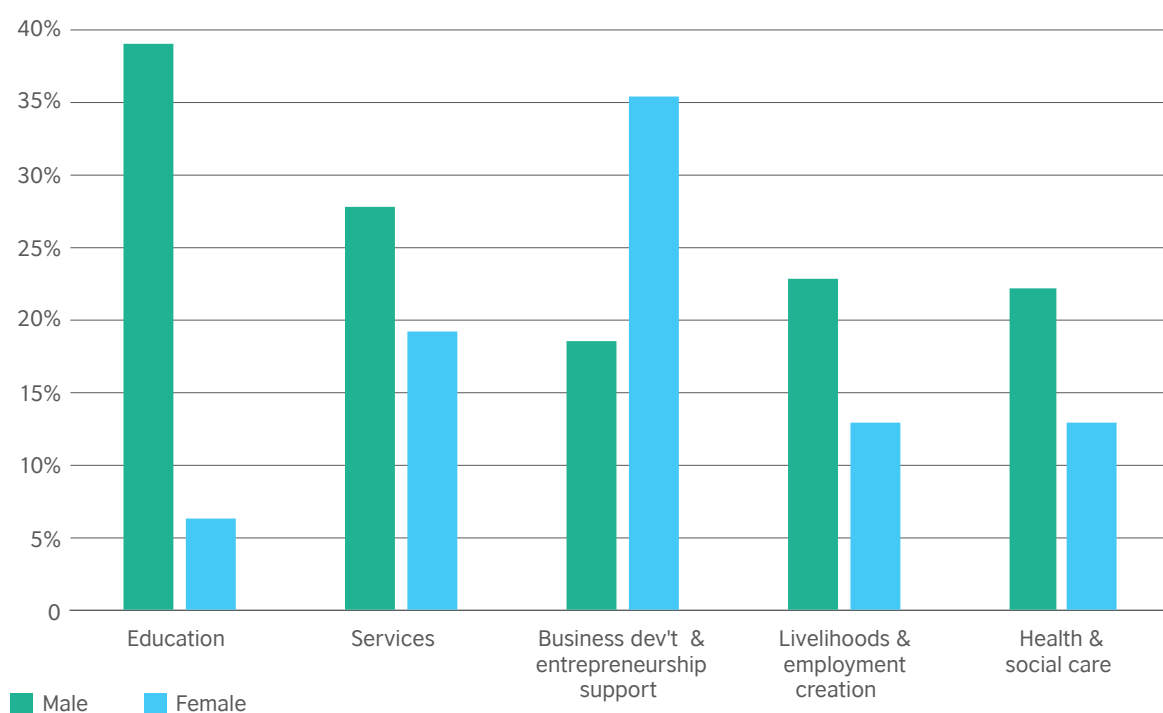
Table 10: Social enterprise sectors

Sector	Respondents (%)
Education	32%
Services	26%
Business development services and entrepreneurship support - including charities and NGOs	22%
Livelihoods and employment creation	21%
Health and social care	20%
Food and Nutrition	11%
Financial services	7%
Manufacturing	6%
Retail	5%
Water and Sanitation	5%
Justice and rehabilitation	4%
Forestry	3%
Agriculture and fisheries	3%
Energy and Clean Technology	3%
Infrastructure development and maintenance	1%
Housing	1%

The findings differ in many ways from those of Dalberg and GIIN (2015 – see Figure 1), except that housing and water are not key sectors for social enterprise in either study. Figure 1 findings show education as having few ‘impact’ enterprises, whereas this is the dominant sector according to survey findings. Energy, finance and information, communications and technology are also far more prominent in the Dalberg and GIIN findings.

Female-led companies are most likely to be in business development services (35%, compared to 19% for male-led social enterprises), followed by services and other at 19% each. Health and social care is one of the longest-established sectors for social enterprise activity, with 30% of social enterprises in that sector opening before 2010.

Regional differences also emerged. In Rajshahi and Dhaka – the areas with the most responses to the survey – education was the largest sector, with 40% or more of respondents in each region working in that sector (note that respondents could choose more than one sector). In Rajshahi, this was followed by services (26%), and in Dhaka, by livelihoods and employment (36%). In Khulna, 44% of respondents work in the services sector, almost double the national average (26%). In Sylhet, where women lead 58% of social enterprises, the most common sectors are business development services (17%), food and nutrition (12%), services (12%) and livelihood and employment creation (8%).

Figure 5: Percentage of social enterprises by sector and gender of leader

Case study: Light of Hope

Established: 2013 | Founder: Male | Sector of operation: Education | Geographical outreach: National- rural regions| Beneficiaries: 6,500

Light of Hope is a social enterprise created to make a change in the education system of Bangladesh, providing e-learning to remote rural schools where there is no electricity. The co-founders submitted a proposal to the Dell Education Challenge, 2013, and won a prize of \$2,500, which they were able to use to leverage a further \$4,500 through crowd funding, giving them the capital they needed to pilot their idea.

Today, two schools are successfully running their multimedia education, one in Chittagong and the other in Kishoregonj. The project has almost 100 active members working on it. They also have another project running called **Porua** ('the reader'), which collects books to distribute to rural primary-aged children. They have run a successful Facebook campaign for book donations and received support from BRAC and Save the Children. They have built a business model where they collect corporate social responsibility funds to develop libraries and keep a certain percentage as service charge.

average of 2,298 local community members (median of 20, due to five high outliers). 64% of all social enterprises reported benefiting a total of 50 people or less, and half reported benefiting less than 30 people in total. Ten firms did not count any beneficiaries. Low numbers of beneficiaries may indicate the level of depth of the work undertaken rather than a lack of impact, and lack of beneficiary reporting may reflect the stage of the venture's development or ability to collect data.

Male-led social enterprises have a fairly even spread of beneficiary types, but in female-led social enterprises the beneficiaries are mostly employees of the social enterprises (32%) and people from the local community (32%). According to the survey, nearly 10,000 employees benefit from social enterprise activities in Bangladesh.

Dhaka, Rajshahi and Rangpur regions have the highest number of beneficiaries, and account for 90% of all beneficiaries. Firms with 16-35 employees reported the fewest number of beneficiaries. Social enterprises with a turnover range of \$100,001 to \$500,000 have the highest number of beneficiaries.

Job creation from social enterprise

Bangladeshi social enterprises have created an increasing number of jobs over the past two years, and expect job creation to continue. Many jobs are part-time and many are occupied by women – who are particularly likely to be hired by female-led social enterprises.

Social enterprises surveyed hire an average of 22⁴ employees (median of four, due to four high outliers), although 60% employed 10 or fewer full-time equivalent employees, 16% had no staff at all and 27% no full-time staff.⁵ The social enterprise workforce is still relatively small: SMEs in Bangladesh hired a mean average of 184 permanent full-time workers per organisation (World Bank, 2013).

Staff sizes have grown in the past year, with an increase of 4% – or an average of one additional full-time equivalent worker per social enterprise. Part-time jobs have grown slightly faster.

In terms of anticipated job creation, 71% of the surveyed social enterprises anticipate hiring new staff in the coming year, although 27% anticipate that their staff levels will remain unchanged. 84% of female-led social enterprises anticipate hiring more staff, compared with 69% of male-led social enterprises.

Social impact

Primary purpose

Of the social enterprises surveyed, 38% stated that their purpose was to pursue profit and a social/environmental impact jointly, whereas 44% put a social/environmental impact before profit. Mission-first social enterprises reported slightly higher than average turnover but lower than average beneficiary numbers.

Beneficiaries

The social enterprises surveyed reported that they had supported a total of 207,397 people over the past year, an average of 1,392 per social enterprise. Respondents were asked to identify the number of people in specific categories (see Annex 1, Chapter 1 for details). More than 90% of beneficiaries belonged to the local community. Of those social enterprises with beneficiaries in the local community, each social enterprise benefits an

4. Full-time equivalent figures were calculated equating a part-time staff member to half a full-time staff member. The actual number of hours worked by part-time staff is unknown.

5. The pioneering social enterprises of the country – Grameen and BRAC – were asked to participate in the survey but did not. As such it should be noted that the survey data does not include two large actors, whose data would have significantly increased job creation, turnover and other findings.

Table 11: Job creation by social enterprises

	Last year	This year
Full-time equivalent jobs, mean average (of which, female)	21 (47%)	22 (47%)
Total jobs created, full-time equivalent	3,163	3,291
Of which part time (of which female)	3,183 (57%)	3,388 (53%)

Half of the surveyed social enterprises' workforce is part-time and women are more likely than men to have part-time roles. However, at 41% of the full-time workforce, women in social enterprises have more than double the participation rate than women in the workforce in general in Bangladesh (16%), and even exceed average female workforce participation rates globally (34%) (World Bank, 2013).

Male-led social enterprises employed, on average, double the number of full-time equivalent workers than female-led social enterprises, although some of this difference can be attributed to a few outliers. Female-led social enterprises hire 25% more female staff than male-led social enterprises.

Social enterprises with the largest turnovers have the most employees. Social enterprises in the retail sector hired the most workers on average,⁶ followed by manufacturing sector and financial service sector. A third of companies in the education sector had no employees, and an additional third had five or fewer employees. Social enterprises with the objectives of promoting education and literacy or supporting vulnerable children and youth had the fewest employees, whereas 29% of enterprises that were selling a good employed more than 10 people.

The number of employees varies significantly by organisation type. Two-thirds of societies and foundations have no employees, while 50% of private limited companies have 11 employees or more. Sole proprietorship and private limited companies have the lowest average, at 15.

Turnover and profit/surplus use

Profit and turnover

Respondents were asked whether they made a profit over the past year. Half reported that they had. Compared to the average, Dhaka-based social enterprises and those run by people under 25 years old were less likely to report making a

profit. Sylhet-based ventures were far more likely to, as were female-led social enterprises and those led by someone aged 35-44. Enterprises started in the past two years were least likely to report a profit. All firms with turnover over USD 50,000 (10%) reported a profit. A significant number of social enterprises (28%) reported their turnover as zero.⁷ Of the social enterprises registered as NGOs, more than 70% did not provide information on turnover, and neither did 40% of those registered as societies.

The mean average annual turnover of a Bangladeshi social enterprise surveyed is £21,000 (BDT 2,134,475). Among these social enterprises, 49% have a turnover less than or equal to US\$1,000 (BDT 71,251) and 77% below US\$10,000 (BDT 713,316). Just 6% of social enterprises reported a turnover of more than £70,148 (BDT 7,133,973). Of those eight, six were private limited companies. One social enterprise had a turnover of more than US\$1 million, and it was also a private limited company.

Female-led social enterprises were likely to have slightly lower turnovers on average than male-led ventures. Social enterprises whose objectives are to provide a service and create employment opportunities were most likely to have higher turnovers. No other significant turnover trends were noted.

Turnover expectations

Generally, as turnover increases, so does the expectation of improvement of future turnover. None of the social enterprises surveyed expected their turnover to decrease over the coming year, while one-fifth expected their turnover to increase by 50% and just over half expected their turnover to increase by 25%. Just under a third expected their turnover to remain unchanged.

Dhaka-based social enterprises expected far greater turnover increases than those in Rajshahi. Turnover expectations are similar across gender of leader and years of operation. Social enterprises with less than three employees had lower growth expectations.

Use of profit/surplus

Very few respondents reported on their use of profit/surplus. Trends broadly follow other countries, with prioritisation of growth and development activities and less emphasis on cross-subsidising into less commercially viable components of their business (usually for a social purpose) or funding third-party activities.

6. There are a few outliers here, with 75% of social enterprises in retail hiring fewer than 11 workers.

7. It is not known whether respondents selected zero in order not to avoid providing data, as opposed to actually having had no turnover.

Table 12: Use of profit/surplus

Use of profit/surplus	Proportion of respondents
Growth and development activities	21%
Profit sharing with owners and share holders	13%
Rewards to staff and beneficiaries	11%
Cross subsidising	9%
Funding third party social/ environmental activities	7%

Growth plans and barriers to growth

Growth plans

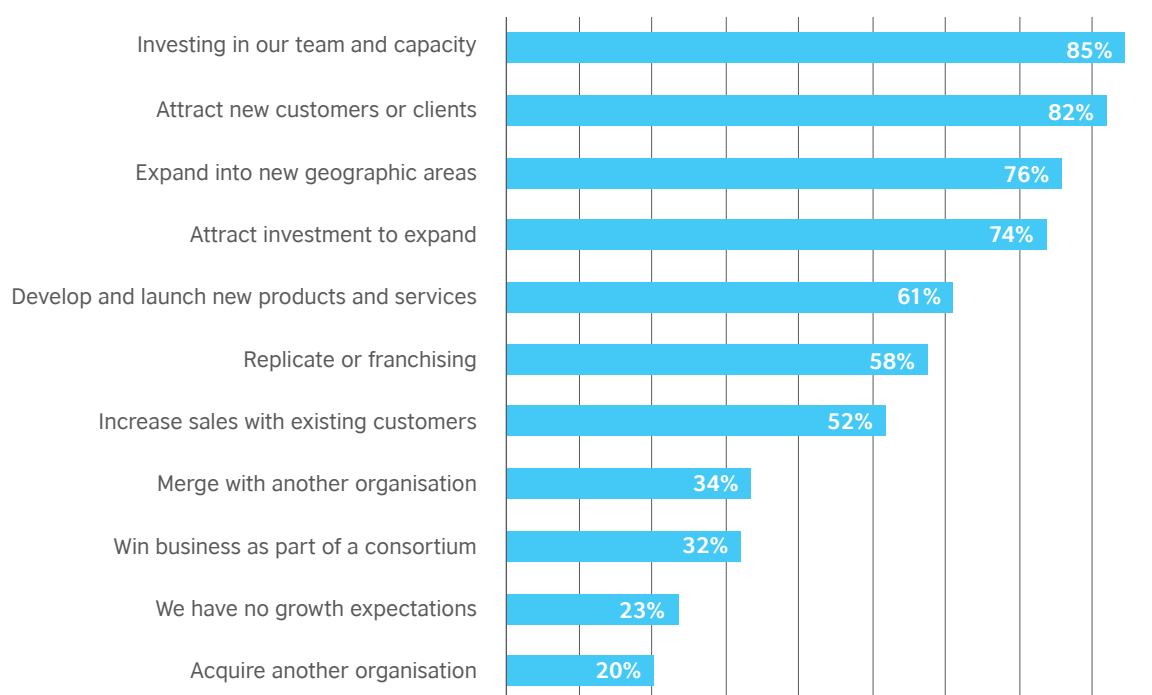
Around one-fifth of social enterprises in Bangladesh do not expect to grow over the next year. Of those that do, investing in team capacity, attracting new clients and expanding into new areas are common growth plans. Attracting investment is also seen to be important for growth. A high proportion of Bangladeshi social enterprises plan to replicate or franchise their business model compared to the other three countries in this study, and this plan is similarly represented across locations, gender of the leader, and the age and legal status of social enterprise.

The plans of the social enterprises surveyed did not vary significantly with the gender of leader, although female-led social enterprises were more likely than male-led ones to expect to grow by increasing sales with existing customers.

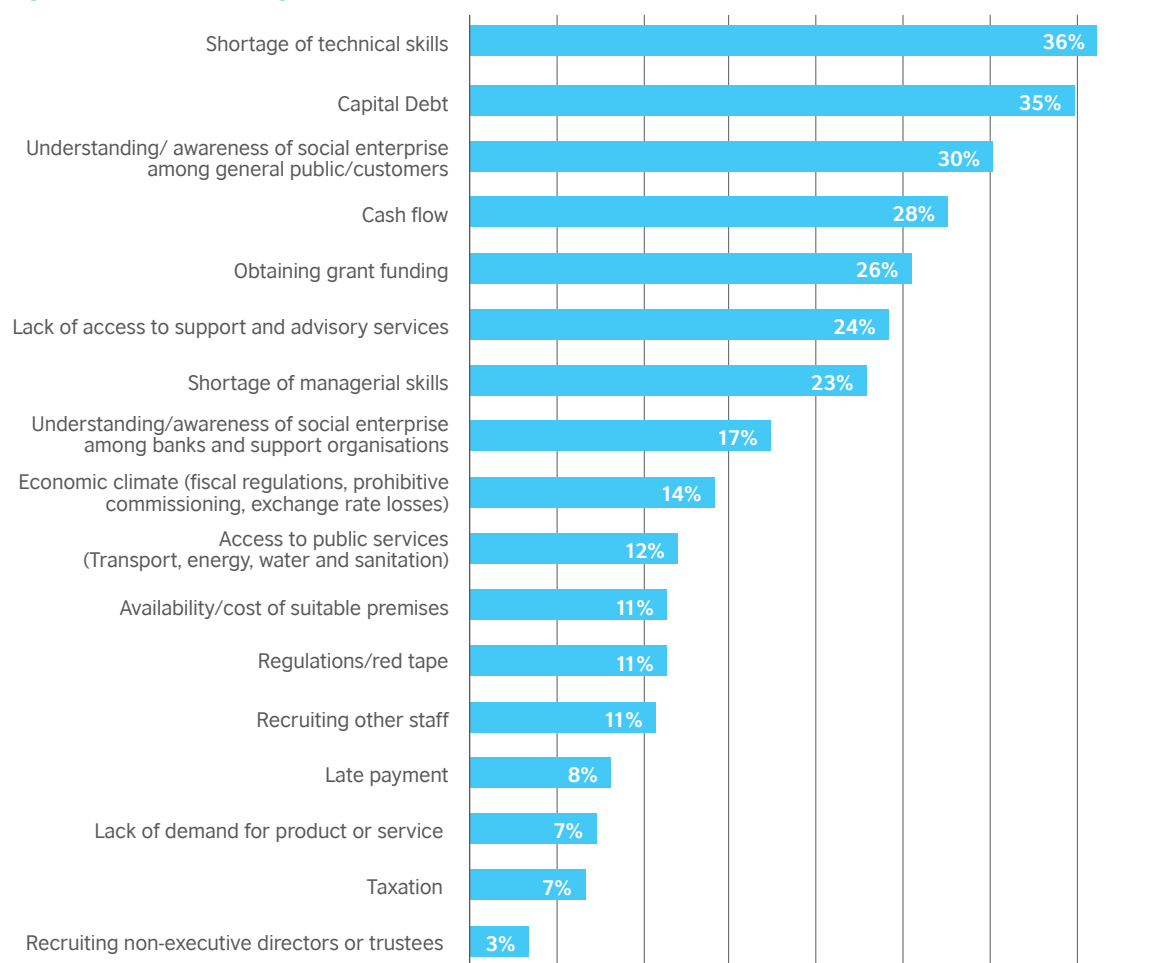
Social enterprises with less than two full-time workers were less likely to have growth plans. Those with fewer employees were also less likely to report planning to increase sales with existing customers (32% compared to 52%) or to develop and launch new products (41% compared to 61%). On the other hand, social enterprises with more workers were more likely to plan to replicate or franchise, acquire another organisation, or win business as part of a consortium. This is consistent with Social Enterprises UK survey findings (Villeneuve-Smith and Temple, 2015) findings: merger, acquisition, replication are much more likely to happen when an organisation is at scale.

Barriers to growth

Bangladeshi social enterprises are particularly concerned about a shortage of technical skills and access to debt finance as barriers to growth, as well as awareness of social enterprise among the general public (and to a lesser extent, among banks and support organisations). 18% of social enterprises also cited in issues under the 'other' category, including gender discrimination and government policy.

Figure 6: Growth plans

N.B. Respondents could select multiple options.

Figure 7: Barriers to growth

N.B. Respondents could select multiple options. Percentages have been edited to reflect responses detailed under 'other' that were similar to categories offered.

According to the 2013 World Bank Enterprise Survey, political instability and access to electricity are seen as the biggest barriers to mainstream business growth. Access to finance and an inadequately educated workforce are seen as lower ranking problems (World Bank, 2013).

Some regional differences emerged. In Sylhet, for example, barriers such as access to debt finance, cash flow and lack of access to support and advisory services were bigger issues than were reported nationally. In Dhaka, a higher percentage of social enterprises reported regulations and red tape as an issue, and in Rajshahi, shortage of technical skills was seen as the largest barrier.

In terms of gender, female-led social enterprises are more likely to perceive access to debt finance, technical skills and the economic climate and access to public services as barriers.

Compared to those started before 2010, newer social enterprises find taxation, late payment and lack of demand to be bigger barriers. Social enterprises with a smaller number of employees reported more problems overall. Recruiting, lack of awareness of social enterprise and lack of demand were more common among social enterprises with fewer than 10 staff. Those with fewer full-time employees were also more likely to face barriers of capital debt, obtaining grant funding and lack of access to support and advice. Access to debt finance and cash flow are also bigger barriers for firms with lower economic turnover.

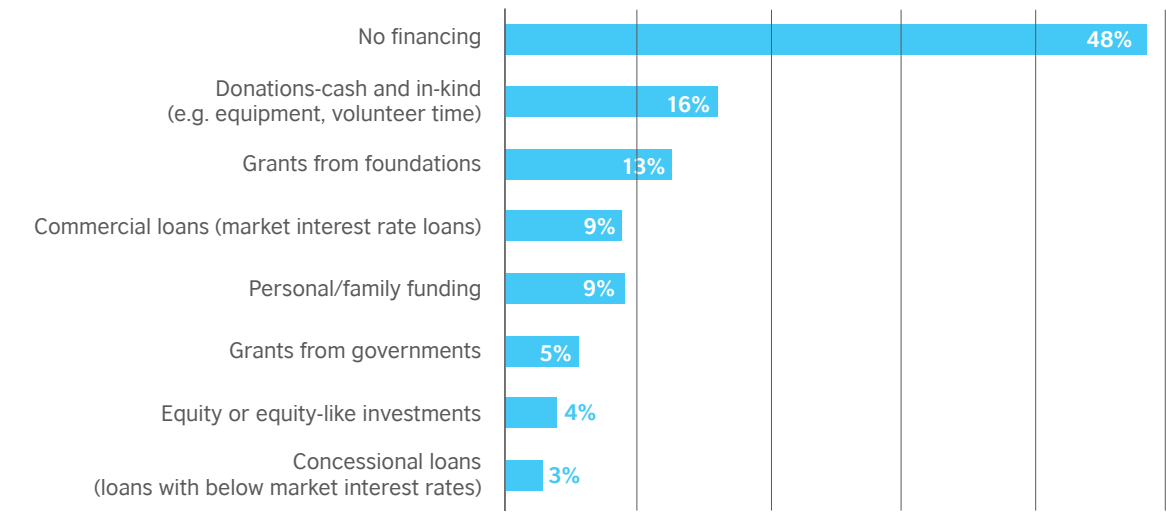
Barriers also varied by sector. Red tape was more of an issue for social enterprises working in the agriculture and fisheries, business development, health and social care, infrastructure, and manufacturing sectors than in other sectors. Lack of awareness among the public of social enterprises was of far more concern to respondents in the food and nutrition, health and social care, livelihood and employment creation, manufacturing, and services sectors.

Finance sources and constraints

Sources of funding and finance

Nearly half of social enterprises did not report any external finance or funding. Of those that did, the highest proportion came from non-returnable capital (donations and grants, as well as family and friends). Commercial loans are more common than concessional loans, but only a small proportion of social enterprises have received any form of returnable capital (loans or equity).

Figure 8: Sources of finance



N.B. Respondents could select multiple options.

Male-led and smaller and younger social enterprises were least likely to report having any funding or finance. Female-led social enterprises were more likely to have commercial loans (19% compared to 4%). This may have been caused by recent efforts by the government to offer low-interest, low-paper-work commercial loans for women (The Daily Star, 2015). Male-led social enterprises were more likely to not have any funding or finance (48% vs. 22%).

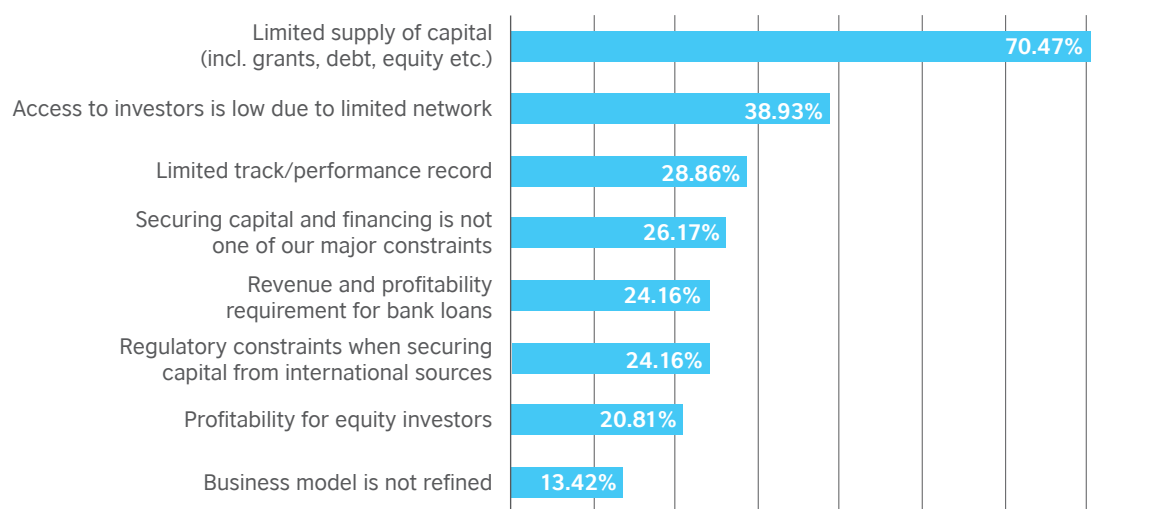
Social enterprises started before 1996 were more likely than average to have grants from foundations, and those started after 2010 were most likely to have reported not having accessed any funding or finance.

Financing constraints

The top three reported financing constraints for social enterprises are limited supply of capital (including grants, debt, equity), low access to investors owing to limited networks or a limited track record. However, for over a quarter of social enterprises, securing capital and financing was not a top-three constraint.

‘The social enterprises reported that they had supported a total of 207,397 people over the past year, an average of 1,392 per social enterprise’

Figure 9: Top three financing constraints



N.B. Respondents could select their top three options.

Regional differences among financing constraints were minor, although a higher proportion of social enterprises in Rajshahi felt that securing capital was not a constraint.

More female-led social enterprises had trouble with profitability for equity investors (32% compared to 18% for male-led ones) and limited networks preventing access to investors (58% compared to 34%), while more male-led firms felt constrained by limited supply of capital (73% compared to 61%).



Estimate of the number of social enterprises in Bangladesh

Based on the very small unrepresentative sampling process detailed in Chapter 1, it is possible to extrapolate numbers to give a rough indication of the potential size of the social enterprise sector. Using these calculations, which are far from statistically robust, this study makes an initial estimate of around 150,000 social enterprises currently operating in Bangladesh. Table 9 below shows the data on which this estimate is based.

Table 13: Sources of information for total number of social enterprises

Source	Total number	Social enterprise prevalence rate	Expected total number of social enterprises (= Total*Prevalence rate)
NGOs (NGO Affairs Bureau ²)	2,471	25% (sample size 24)	618
SMEs (SME Foundation ³)	970,431	15% (sample size 26)	149,297
Online searches	396	100%	396
Organisations that did not complete the survey, but provided data on inclusion criteria	60	78%	47
Total			150,358



Conclusions

This study has established that there is a vibrant social enterprise sector in Bangladesh, in which young people and women play a more prominent role than in mainstream enterprises. Social enterprise is creating jobs, with most social enterprises anticipating more staff and higher turnovers next year. The survey did not capture data from BRAC did not provide data for the survey, but as the box on BRAC above indicates, the job creation and turnover impact for just two BRAC ventures is considerable – and means that the survey findings under-represent the overall picture of social enterprise activity in Bangladesh.

The employment culture is mostly temporary, particularly in the regions outside Dhaka, and influenced by migration to Dhaka and more limited resources of social enterprises operating outside the capital. Each social enterprise employs, on average (mean), 22 workers, and more than half of these workers are part-time. While male-led organisations have more full-time equivalent workers on average, this is mostly influenced by outliers in the data: approximately 60% of both male-led and female-led social enterprises had fewer than 11 employees.

The survey findings indicate that Bangladeshi social enterprises want support to increase the capacity of their staff. Over 80% of social enterprises want to invest in the team and to attract new customers. Interventions such as training and workshops that support or address this goal are likely to be useful in addressing the needs of social enterprises.

Barriers to growth and financing constraints vary widely across enterprise size, location, leader characteristics and even years of operation. This variation suggests any policies and programmes intended to support social enterprise in the future will need to be targeted in order to be effective. It may also suggest that there are some existing interventions for some sub-populations that may already be working well and are supporting social

enterprise growth and which could be scaled or adapted to other groups or areas. Barriers to growth are also specific across different sub-populations. Female-led social enterprises were more likely to list access to capital as a barrier. Those in Dhaka have more problems with red tape than were reported elsewhere, while those in Rajshahi were more likely to cite access to technical skill and human capital as barriers to development. Interventions to address barriers to growth will similarly need to be well targeted and differentiated. No single barrier to growth was selected by more than 36% of the social enterprise respondents.

In particular, it seems that the education sector is not accessible to female social entrepreneurs: 30% of social enterprises worked in education, although this was almost entirely made up of male-led social enterprises. Very few female-led social enterprises worked in this sector (6%), with the largest share of female-led social enterprises focusing on business services.

Finally, in terms of financing and funding, 70% of respondents agreed that limited supply of capital was a constraint. Social enterprises did not agree, however, on other financing constraints. Once broken down by sub-populations, however, clear patterns emerged. For example, almost 60% of female-led social enterprises reported limited financing networks as a constraint, suggesting networking interventions could potentially be a powerful resource for women entrepreneurs. The research team recognises that some respondents may have thought of financing in terms of grants while others meant commercial finance. Those looking to make high-impact policy to encourage social enterprise growth should explore financing needs in more detail.

‘Social enterprise is creating jobs, with most social enterprise anticipating more staff and higher turnovers next year’

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Annex 1 Interviewees and consultation workshop participants

Outreach events and workshops

The drop-in events were held in four major cities around the country: Dhaka, Khulna, Sylhet, Chittagong and also in Rajshahi. Initially, drop-in events were planned in four regions only, but it was suggested during the consultation workshop that one drop-in session be held in Rajshahi as the region is 'buzzing' with social enterprises. The drop-in sessions were pitched as 'Social Enterprise Days'. Through the network of BetterStories and partner organisations, events were publicised through social media.⁸ The first drop-in session was held in Dhaka on 29 December 2015. The event consisted of sessions featuring key Bangladeshi social enterprise stakeholders including Dr. Ananya Raihan (Secretary and CEO, Dnet), Samira Zuberi Himika (Founder and Managing Director, Team Engine), Rubayat Khan (Dreamer and Team Builder, mDoc), and Shazeeb M. Khairul Islam (CEO, Spark* Bangladesh). The event also included a one-minute pitching session where the attendees showcased the idea, objectives and future plans of their social enterprise. This first event created a lot of buzz which paved the way for the other four drop in sessions. The other drop-in social enterprise days were held on 22nd, 24th, 26th and 29th of January 2015 consecutively in Khulna, Chittagong, Sylhet and Rajshahi. All of these events were designed in similar way of the one in Dhaka. 151 people were invited to the Social Enterprise Day in Dhaka and the event was attended by 72 people. Chittagong had 30 registrations and more attended on the day. The number of attendees in Khulna and Rajshahi were 104 and 125, respectively.

In all the sessions, the attendees were at first required to register with their basic contact information and later were required to fill out the survey that was guided by a volunteer. Those who registered for the event but did not fill out the survey were contacted later for a phone survey. Phone surveys resulted in more responses than the drop-in sessions (61 surveys were conducted by phone). Bangladesh consists of eight Divisions: Barisal, Chittagong, Dhaka, Khulna, Mymensingh, Rajshahi, Rangpur, Sylhet. The drop-in sessions were arranged in five divisional cities: Chittagong, Dhaka, Khulna, Rajshahi and Sylhet. Geographically these locations cover the four corners of Bangladesh, Dhaka being the centre.

Interviewees

Name	Organisation
Shazeeb M. Khairul Islam	Spark
Ms. Parag	Ministry of Industry, Government of the People's Republic of Bangladesh
Mohammad Muslim Chowdhry	Ministry of Finance, Government of the People's Republic of Bangladesh
Parisa Islam	Eastern University

Consultation workshop attendees

Name	Organisation
Dr Syed Ferhat Anwar	Institute of Business Administration, University of Dhaka
Giovanni Toshci	CodersTrust
Morten Lynggaard	Business Development Manager, CodersTrust
Muntasir Tahmeed	Team Alternatives
Syeed Ahamed	IID
Parvez Mohammad Asheque	CARE Bangladesh
Saif MM Islam	CARE Bangladesh
Helal Hussain	CARE Bangladesh
Martin Cooper	Social Enterprise UK
Matt Pusey	British Council
Masud Hossain	British Council
Md. Abdur Rahaman Khan	British Council
Nusrat Jahan Milki	British Council
Minhaz Anwar	BetterStories Ltd.
Moon Ahsan	BetterStories Ltd.
Anhar Athoi	BetterStories Ltd.
Tarik Hasan	Ohnish Films
Kamrul Islam	BetterStories Ltd.
Katarina Szulenyiova	Seedstars World
Karen Mok	Seedstars World

8. In order to spread news about the survey, a Facebook page was created containing link to the survey. Only 60 Social Enterprises were reached through Social Media Campaign.



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