Pakistan is currently facing a demographic youth bulge with a majority population under the age of 30 years. The rising underemployment and unemployment levels in the country portray a dreary picture of socio-economic engagement of the youth. It is imperative that the opportunity of capitalizing on the potential of a large young population is not lost and that spaces are created for young people to develop their talents and ideas into something impactful. Social enterprise and related concepts of social entrepreneurship and social innovation present an ideal opportunity for young people in Pakistan to transform innovative ideas into businesses and at the same time, contribute positively to the society by addressing some of the critical development challenges being faced by the country.

The concept of social enterprises is gaining popularity around the world, and indeed South Asia has been a pioneer in developing the social enterprise movement. In many parts of the world including the UK, the social enterprise sector is an integral part of economy. Developing a robust and vibrant social enterprise sector can contribute to addressing some of the most pressing development challenges whilst contributing to inclusive economic growth.

The role of government in developing an effective and enabling environment for social enterprises to thrive is critical in accelerating the development of the sector. Creating an enabling environment for the development of a social enterprise sector requires policy and regulatory support.

The lack of direct financing and project financing, sector-specific capacity building programs, and weak government support for social innovations is hindering the development of social enterprises (SEs) in Pakistan. The political, legal, social, and business environment in the country has been uncertain. This year Pakistan slipped downwards by 10 ranks (138 out of 189 countries) in the World Bank’s cost of doing business ranking.

The youth and gender aspects of SEs also require attention of public policy. According to the Global Entrepreneurship Monitor Report 2012, only 1% of Pakistani women are participating in entrepreneurial activities and almost half do not have any formal education. Access to capital for women is a key issue due to lack of financial literacy. Banks are also reluctant to give loans to women who do not have any male guardians.

Pakistani youth are passionate and have tremendous capacity to contribute to the progress and development of Pakistan. There is however insufficient career counseling regarding the future possibilities. Many of those who can, choose to migrate to other countries for better opportunities. While there has been an increase in low-cost education and skill providers, these initiatives have yet to take root in many parts of the country. The skill development facilities tend to be decontextualized and market-oriented skills development for the girls is almost non-existent. There is stark disparity between access to skills and capital for rural and urban populations. The latter having greater access to capital and mentoring often have a higher likelihood to generate and implement innovative ideas.

Perhaps the most significant challenge to the promotion of SEs is a fragmented set of public sector rules that govern the entry and survival of SEs in the market. There is no federal or provincial level policy for SEs. They usually end up competing with profit making entities for their working capital loan (from the banking or non-banking institutions). SEs unable to pay competitive salaries to their human resource also face a high attrition rate. In order to support the need or augmenting capital from the public or private sector.

According to The Next Generation Report 2019 by the British Council Pakistan, Pakistan will need 36 million new jobs in the next 10 years. The population will increase by 44% over the next 20 years. The current and future governments will need to come up with innovative strategies strongly grounded in evidence-based research in order to offer out-of-the-box solutions to improve investment climate. A failure to do so will imply increase in cost of doing business for social entrepreneurs.

The federal and provincial governments will need to work together for creating avenues and platforms for the
promotion and encouragement of social entrepreneurship in the country.

References:


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