

The power of market-based innovations

Stuart Yasgur, a leader in the field of social innovation, with Noura Ismail, argues that market forces can be harnessed to solve seemingly intractable social challenges



About the writer

Stuart Yasgur is head of social financial services at Ashoka, a global organisation that invests in social entrepreneurs by providing start-up financing and professional support services. He has more than a decade of experience working with start-up and growth stage companies

As the world changes at an ever-increasing rate, it is vital to provide individuals with the tools to contribute to society. And it is even more important to create the systems that enable them to become change-makers so they can address social challenges as they arise. Each year, Ashoka evaluates more than 10,000 entrepreneurs to identify approximately 200 who have the potential to alter systems for the benefit of all. This constant search for powerful innovators provides us with a unique vantage point to analyse the trends emerging across the globe.

One of these trends in particular has caught our attention: in recent years, we have noticed a significant increase in social entrepreneurs using market-based innovations to solve seemingly intractable social challenges. By this, we mean they are developing systems-changing new approaches that use market forces to break barriers and overcome the world's most difficult social issues.

While we traditionally think of markets as a place to pursue self-interest, they have the capacity to do much more. Markets can be a powerful force to improve the character and quality of people's lives. Mar-

kets offer people the chance to generate enough resources to provide for themselves and their loved ones; to accumulate the assets needed to weather life's inevitable storms; and to have the dignity that comes from making a meaningful contribution to society.

Ashoka Fellows across the world are constantly proving the social value of markets through their powerful innovations. For instance, some Ashoka Fellows in the Middle East are using markets creatively to tackle the region's high unemployment rates. Their efforts have brought financial independence and individual empowerment to thousands of people in the region, and I would like to share two great examples of this approach.

In Egypt, close to 44 per cent of the population lives under the poverty line and the unemployment rate is rising steadily. The country lacks effective systems of public and private employment agencies, and existing programmes cater largely to the privileged. As a result, many of the country's young people are turning to crime, drug abuse, and religious fanaticism.

Raghda El Ebraishi is targeting these millions of youths in the hope of lifting them from poverty and providing them with the tools to ensure better financial futures. Her organisation, Alashanek Ya Balady (AYB), accomplishes this by working with the private sector to provide stable, permanent

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job opportunities for young people whose job applications would otherwise have been ignored.

Raghda recognised that many companies are unwilling to devote significant resources to train youth, even if they have vacancies in entry-level positions. To fill this gap, she and her workforce of student volunteers identify companies’ needs and tailor training to fit the requirements. If a young person is able to secure a job, AYB continues to coach the new hire for up to six months after starting work, in order to boost that person’s chances of success.

As AYB relies heavily on the work of its volunteers, it is able to charge businesses a lower fee for its employment services than the market rate, ensuring a competitive advantage. AYB also offers vocational training courses, in addition to micro-loans for young people interested in establishing their own businesses.

Raghda’s innovative use of market-based principles is providing these

young people with a new perspective on life, and reshaping their futures in a way which grants them profound dignity and optimism. Access to employment will in turn enable them to realise their capabilities as change-makers, and create transformative impact for generations to come.

In Turkey, meanwhile, due to traditional gender norms and a lack of suitable employment options, only 24 per cent of women with children are employed. This leaves the majority of women heavily reliant on their family members for financial support, and removes any opportunity for them to participate as full economic citizens.

Bedriye Hülya is striving to change this aspect of Turkey’s workforce and empower women by putting an unusual tool to work: fitness. She established b-Fit, an innovative women-only sports and health centre chain, with the ultimate purpose of creating a space to enable women to realise their potential.

The first national chain to cater specifically to women, each branch offers women the traditional benefits of a gym, in addition to monthly seminars and training on a variety of important topics. Monthly membership fees are determined based on the location of each centre, with the goal of accommodating women of all economic backgrounds.

The beauty of the b-Fit model is that each centre must be founded and managed exclusively by women for women, enabling them to gain entrepreneurial skills and financial independence. Once a franchise is opened, the b-Fit company supports the franchisees with training on topics including gender roles, management, communications, entrepreneurship, and finance.

The b-Fit model has already employed hundreds of women. More than 200 centres have opened catering to almost 250,000 members in 48 cities. Each centre enables women to run and manage their own business, providing them with the chance to contribute to their country’s economy, while also earning an income and becoming economically independent. Bedriye’s innovation is providing women with a new sense of empowerment that is changing the social landscape for women in the region. And she’s doing it using the power of the market.

As the largest coordinating mechanism in our society, markets have the ability to not only stimulate growth but also create value in people’s lives. By breaking down barriers of unemployment using innovative market-based solutions and empowering thousands of women and young people, Raghda and Bedriye have proven this.

They are not alone, either: they are just two examples of thousands of social entrepreneurs who are using similar market-based methods to overcome our world’s toughest problems. In order to fully unleash the market and achieve the most social value, we must continue to encourage this type of change-making, not just for ourselves, but for the benefit of all. ■

