

ECONOMICS AT THE CARNIVAL:

**FROM SOCIAL ENTREPRENEURSHIP
TO SOCIAL COHESION**

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February 2013

*ECONOMICS AT THE CARNIVAL:
FROM SOCIAL ENTREPRENEURSHIP TO SOCIAL COHESION*

Inaugural lecture delivered on 5 FEBRUARY 2013

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Editor: SU Language Centre

Printing: SUN MeDIA

ISBN: 978-0-7972-1404-0

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ABSTRACT

Social entrepreneurship, and the innovation and creation of social capital associated with the activities of social entrepreneurs, are increasingly seen as a means of bridging the gap between the 'formal' world of governments and corporations, and the 'informal' world of community-based organisations and the voluntary sector. Along this line of thinking, social entrepreneurship is now found as firm research interest in many academic disciplines, especially marketing, public administration and, to a lesser extent, economics. The lag in research attention devoted to social entrepreneurship in economics, one suspects, has to do with an old problem, namely measurement. The impact of social entrepreneurial activities is often not easily quantifiable beyond the first round of direct impacts and, when the end goal, whether stated explicitly or not, is something as important yet as elusive as social cohesion, definitional problems also complicate matters. Qualitative evaluation surveys often yield outcomes linked to the sentiments of the participants in and beneficiaries of social ventures. Sentiments have always been an important notion in economics, yet vexing to incorporate in formal analysis.

Against the backdrop of South Africa's many socio-economic challenges, this paper uses the Cape Town Carnival as a case study to systematically illustrate the measurement problems, and at the same time underscore the link between social entrepreneurship initiatives that influence the sentiments (such as hope, perspectives, etc.) of people, which in turn influence the decisions they take that eventually influence economic outcomes.

ECONOMICS AT THE CARNIVAL:

FROM SOCIAL ENTREPRENEURSHIP TO SOCIAL COHESION

"How selfish soever a man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it."

Adam Smith, Theory of Moral Sentiments (1790: Part I, Chapter I).

I. INTRODUCTION

Many sources, from official diagnostic work, for example the National Planning Commission's Diagnostic Report (2011) and the freshly published Social Cohesion Summit Report (Department of Arts and Culture, 2012), to media reports and casual observations, point to the reality that South Africa's developmental problems are beyond economic in nature. A lack of social cohesion is identified as one of the crucial challenges to address. There is a strong realisation that this is not an outcome that government and the formal sector can engineer, but rather, that a bottom-up groundswell of participation of people from all walks of life is needed. This is, incidentally, the ethos that led to the creation of the Cape Town Carnival. The idea is simple: if we have fun together in all our diversity, we will learn to work together across all manner of barriers, taking manageable steps, celebrating successes and, in the end, building social cohesion through 'learning by doing'. In earlier research (Equity Solutions, 2011; Meyer & Jafta, 2010) it was shown that the Cape Town Carnival falls broadly within the definition of social entrepreneurship. Social entrepreneurship, and the innovation and creation of social capital associated with the activities of social entrepreneurs, are increasingly seen as a means of bridging the gap between the 'formal' world of governments and corporations, and the 'informal' world of community-based organisations and the voluntary sector. Along this line of thinking, social entrepreneurship is now found as firm research interest in many academic disciplines, especially marketing, public administration and, to a lesser extent, economics (Weerawardena & Mort, 2006:22). The lag in research attention devoted to social entrepreneurship in economics, one suspects, has to do with an old problem, that is measurement. The impact of social entrepreneurial activities is often not easily

quantifiable beyond the first round of direct impacts and, when the end goal, whether stated explicitly or not, is something as important yet elusive as social cohesion, definitional problems also complicate matters. Qualitative evaluation surveys often yield outcomes linked to the sentiments of the participants in and beneficiaries of social ventures. Sentiments have always been an important notion in economics, yet vexing to incorporate in formal analysis.

The rest of the paper is structured as follows. The next section deals with the concept of social entrepreneurship, its definition and importance in economic development in the twenty-first century, as well as a brief interlude on entrepreneurship in South Africa. Section 3 introduces the Cape Town Carnival as case study and locates it in the ambit of social entrepreneurship, with strong links to the corporate sector, all three levels of government, academia and the voluntary sector.

Section 4 tackles issues of measurement. Section 5 considers the link between the improvement in sentiments generated by participation in social entrepreneurial ventures and positive economic actions. Section 6 elaborates on the future challenges of assessing the impact of the Cape Town Carnival on social outcomes such as social cohesion, and concludes the paper.

2. ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP

2.1. ENTREPRENEURSHIP¹

What is entrepreneurship and why is it important? According to Kanbur (1980, p. 289), entrepreneurship is "undoubtedly a candidate for the phenomenon most emphasised yet least understood by economists". The etymological origin of the word

¹ This section relies partially on earlier research, with appreciation to my co-author of that work, Herman Meyer.

entrepreneur is instructive. From the French verb *entreprendre*, the word splits into *entre* (between) and *prendre* (to undertake, but not in the funereal sense). In the context of the creative industries and the Carnival, it is of interest that, in general parlance, the term was used to refer to one who managed or promoted theatrical productions (Online Etymology Dictionary; www.etymonline.com). There is some dispute as to who should be credited with giving it a commercial connotation. In other languages, such as Maori for example, the equivalent indigenous term translates to 'the needle that threads', which evokes both a metaphor for the creative industries (Callaghan, 2011) and the meaning that Say assigns to the term (see below). According to some sources (see for example Roberts and Woods, 2005:46), it was Richard Cantillon who defined entrepreneurs as individuals who undertake market exchanges at their own risk in pursuit of profit. Other sources credit Frenchman Jean Baptiste Say (1803), who saw an entrepreneur as an economic agent who pulls together the means of production from various suppliers in order to produce a product; selling the product in the market enables him to pay the suppliers and keep a profit. In modern terms, the entrepreneur shifts resources from areas of under-utilisation to areas of higher efficiency and returns. Schumpeter (1934) regarded entrepreneurship as the "fundamental phenomenon of economic development", and emphasised the role of innovations emanating from entrepreneurial activity, while Israel Kirzner of the Austrian School emphasised the ability to recognise opportunity (Roberts & Woods, 2005:46).

The Global Entrepreneurship Monitor (GEM) (2005) estimated that 500 million people around the world are involved in on-going business start-ups at any one time (Minniti, et al., 2005). Unfortunately, the GEM Study of 2011 reports that this figure is down to 338 million, making it all the more imperative to pursue all avenues that lead to successful entrepreneurial activity (Herrington et al., 2011:8).

Entrepreneurship drives the market and develops the economy through the following mechanisms:

- "It provides buyers with new choices which some of them will consider better than extant alternatives
- It provides incumbent firms with an incentive to shape up their game in order to survive the new competition
- If successful, it attracts followers that further augment the two above effects" (Davidson, 2008:2).

Gartner (1988), in *Who is an entrepreneur?*, suggests that entrepreneurship research should focus on the process of entrepreneurship instead of who the entrepreneur is. He argues that entrepreneurship is a multidimensional process and that entrepreneurial traits

represent only one component of that process. The research into personality traits of successful or failing entrepreneurs has produced so many different answers that it leads to conceptual incoherence. It has become nonsensical to pursue this line of investigation, as it sheds very little light on the subject. It is more important to ask how processes of entrepreneurship produce new phenomena, what contribution these processes make to economic and social needs and what impact context has on those processes.

Traditionally, scholars considered entrepreneurship to be limited to new venture creation (e.g. Vesper, 1985). It is now recognised that entrepreneurship stretches beyond the activities that occur up to and including the launch of a new venture. It also includes the transformation of organisations through strategic renewal, i.e. the creation of new wealth through the re-allocation of resources. The ability to identify opportunities that enable a radical alignment and deployment of resources is what sets entrepreneurial activities apart from normal economic activity.

Martin and Osberg (2007:31) contend that "entrepreneurship describes the combination of a context in which an opportunity is situated, a set of personal characteristics required to identify and pursue this opportunity and the creation of a particular outcome". Of particular importance is the fact that entrepreneurs have to think creatively, have a bias for action, demonstrate the courage to persist and the drive to innovate, and bear the risk and accept the possibility of failure.

What has become clearer is that, to understand entrepreneurship, "one needs to understand the interaction between process and context, strategies and outcomes" (Fuller, Warren & Norman, 2009:4). Investigating entrepreneurial patterns of behaviour that exploit process and context to create paradigm-shifting novelty may lead to a better understanding of how entrepreneurial firms and projects emerge. As such, a wider rather than narrower definition may be more helpful. Multiple levels of analysis and multilevel theory building are central to entrepreneurship research. McKenzie, Ugbeh & Smothers (2007:5) define entrepreneurship as "economic acts of individuals within the broad context of the social, political and economic environment". It may include profit-searching as well as non-profit-seeking ventures. Entrepreneurial activities are focused on future possibilities and "can be regarded as elaborate fictions of proposed possible future states of existence, a characteristic which distinguishes it from other forms of organisational behaviour of business management" (McKenzie et al., 2007:3). As such, entrepreneurial activities also entail developing desired states and aspirational goals in those involved and affected by the entrepreneurial actions.

2.1.1 A South African perspective on entrepreneurship

It is necessary to distinguish between necessity-driven and opportunity-driven entrepreneurial activity. Much of what happens in South Africa consists of the former. Even though start-up businesses (necessity-driven) can be regarded as the outcome of entrepreneurial activity, and be effective in alleviating hardship and stimulating economic empowerment and redress, this is not enough.

Research carried out by the University of Cape Town (UCT) Centre for Innovation and Entrepreneurship (CIE) at the UCT Graduate School of Business (Newsline, 2010) indicates that South African business start-ups in general tend to fall into the imitative rather than the creative (first-mover) class of industry start-ups. It therefore is less likely that South Africans will create products or services that can scale up to compete internationally. This must cause concern about the ability of the economy to create sufficient jobs through entrepreneurial activity. The GEM Study Report 2011 (Herrington et al., 2011:8) supports this assessment.

What is required to address the employment and growth challenge is innovative, opportunity-driven entrepreneurial activities. This type of disequilibrium-causing activity may lead to greater efficiency, large-scale employment and venture creation that will drive high rates of economic growth at the micro- and macro-levels. How to increase the entrepreneurial capacity of South Africans is what occupies the minds of many a policy maker, researcher, funder and practitioner.

2.2. SOCIAL ENTREPRENEURSHIP

The entrepreneurial landscape has changed substantially over the past few decades (accelerating in the last one), and entrepreneurial activity has entered the realm of social transformation. Nowadays, social venturing and social innovation are as much landmarks of the economic sphere as are more traditional economic activities, such as manufacturing and the service industries.

Social entrepreneurship is an important extension to the field of entrepreneurship. According to Martin & Osberg (2007) there is no difference in the motivation of social and other entrepreneurs. Entrepreneurs are rarely motivated by the prospect of financial gain only, but rather by the opportunities identified and vigorously pursued. They all derive their main reward through the realisation of ideas, dreams and aspirations.

The critical distinction lies in the different value propositions. "For the entrepreneur, the value proposition anticipates and is organized to serve markets that can

comfortably afford the new product or service, and is thus designed to create financial profit" (Martin & Osberg, 2007:34). The social entrepreneur, on the other hand, "neither anticipates nor organizes to create substantial profit. ... Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. ... the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own" (2007:35). In this sense, social entrepreneurs aim to bring about social innovation, opening up possibilities to develop new social relationships or to enable society to act.

Social entrepreneurs recognise a social problem and use entrepreneurial principles to organise, create and manage an initiative to achieve social change. A social entrepreneur does not use financial performance measures such as return on investment (ROI), economic value add (EVA), etc., but rather creates social capital (sROI value) as its measure. However, it can be argued that the division is rather simplistic and does not reflect reality.

In a developing economy, it is desirable that a social intervention occur with commensurate economic impact in the community in which it takes place. In this way it creates financial capital, even if it is a by-product (sometimes ignored). At the same time, any economic activity has a social impact (sometimes negative), and may create or destroy social value or capital.

The main aim of social entrepreneurship is to further social and environmental goals. Social entrepreneurs are most commonly associated with not-for-profit sectors, but profit seeking is not precluded.

According to Howaldt & Schwartz (2010:30), "the decisive criterion in a social invention becoming a social innovation is its institutionalisation or its transformation into a social fact through the planned and coordinated actions, active dissemination or successful implementation and dissemination of a new social fact or social state of affairs". This requires the active involvement of individuals (social entrepreneurs) and organisations to bring about the necessary transformation or institutionalisation.

It is important to note that there is no consensus on the definition of social entrepreneurship and the contexts in which it occurs. Here one is tempted to use Richard Nelson's (1994) expression, used in another context: "it is a mixed bag of interesting cats and dogs".² Some practitioners aspire to a day when the prefix 'social' will no longer be needed and all entrepreneurship will be "highly social; based on ethical principles, excellence, and respect

² Nelson (1994) used this expression in reference to the various definitions of 'institutions' in the empirical literature.

for all life, sustainability and balance" (Callaghan, 2011).

The value proposition of the Cape Town Carnival, even though largely overlapping that of social entrepreneurship, was conceived distinctly differently, as will be shown later in this paper.

2.2.1 Social entrepreneurship as creative entrepreneurship: The crossroads of entrepreneurship and the creative industries

The United Nations Conference on Cooperation, Trade and Development (UNCTAD) draws attention to the role of the creative industries in development. It states that "...the creative economy generates cross-cutting linkages with the overall economy at macro and micro levels. It thus fosters a development dimension..." (UNCTAD, 2008:iii). It points out that the creative industry has the potential to make meaningful contributions to economic growth objectives, but at the same time impacts significantly on social dimensions.

The creative industries promise much in terms of economic growth, diversification and development, as well as employment and venture creation. Traditionally, however, creative artists and cultural workers depend on others to manage their talent and work. These intermediaries and/or patrons are more familiar with the demands of economic life and therefore are able to derive economic value from artistic creativity.

This separation is fast disappearing. The industry as a whole is much more attuned to the demands of the modern economy. New technologies have played no small part in this development. Even though much of the industry is still dominated by very large corporations, many of these started out as entrepreneurial ventures (e.g. Facebook), and many more new and smaller ones are emerging. Creative entrepreneurship can be described as the economic acts of individuals and groups of individuals within the context of the creative economy. Creative entrepreneurs include creators of creative products and services, and intermediaries able to exploit the opportunities created by these actions. At the core, creative entrepreneurship is about investing in the creative (artistic/cultural) talent of themselves and/or other people.

The value proposition of creative entrepreneurship sets it apart from other types of entrepreneurship. It is concerned first and foremost with the creation and exploitation of creative products and services that mostly contain intellectual property. Howkins (2005) describes it as follows: "Entrepreneurs in the creative economy (often called 'creative entrepreneurs') ... use creativity to unlock the wealth that lies within themselves (and others) [own parenthesis]. Like true capitalists, they believe that

this creative wealth, if managed right will engender more wealth".

The creative industries enrich perspectives on entrepreneurship because they "broaden the social base of enterprise culture, extending opportunities to sections of the population previously characterised by low entrepreneurial activity and various forms of social dependency" (Hartley, 2005:3). The very nature of the industry channels people into the creation of new ventures.

As Leadbeater and Oakley (2006:302) argue, "three factors – technology, values and economics – have converged to make self-employment and entrepreneurship a natural choice for young people".

However, one has to bear in mind that true entrepreneurial activity is not simply setting up a new business entity. Even though this is important, entrepreneurial activity is as much about creating novelty. Events that create novelty and successfully turn it into the norm result from the actions of entrepreneurs who are able to shift industry paradigms and economic patterns.

Thus, shaking up existing industry paradigms is a challenge facing creative entrepreneurs. One of the best examples of what is possible is the music industry, which used to be dominated by large production houses. ICT turned this on its head. Nowadays, iTunes sells some 70% of the world's digital music. Many artists no longer bother to use the big label companies, but produce and distribute their own product. They no longer produce CDs and DVDs, and only release digital online versions. This is an extreme example of how an industry can be irrevocably changed by creative entrepreneurs exploiting new technologies.

There are many examples in South Africa of different expressions of creative entrepreneurship. The National Arts Festival (Grahamstown), the KKNK (Oudtshoorn), the Cape Town International Jazz Festival (Cape Town) and Aardklop (Potchefstroom) represent festival-type creative events. They all started out as creative entrepreneurial ventures. Other festivals that have a significant impact on the creative scene include Oppikoppi, Macufe and Kultivaria. However, the first four stand out for their size, durability and impact on the economy, communities and society at large, and their importance to the creative industries.

3. THE CAPE TOWN CARNIVAL

3.1. BACKGROUND AND RATIONALE

The Rio Carnival, Brazil, is the most well-known carnival, but it is on the case of the Bahia Carnival that the UNCTAD report (2008 : 38) waxes lyrical, arguing that

carnivals are great businesses, citing the advantages that enterprises in the creative industries (recorders, publishing companies, radio stations, etc.) derive, such as benefiting from technological advances, and an aggressive marketing campaign to promote tourism through the Bahian carnival, and its products and markets.

Equity Solutions (2011:5) asserts that “increasing currency is presently also given to the value of social benefits arising from events – these social benefits have become necessary outcomes stemming from national, provincial and local government policies. ... Emphasis is placed on social cohesion, inclusion and access as necessary drivers to achievement of a more equitable society with arts, culture and sport recognized as levers”. Clark (2008:17) identifies a number of local benefits from hosting large-scale public events, including improved environment, infrastructure and amenities, global exposure, increased visitor economy and tourism, trade and investment promotion, labour market growth and social/economic inclusion, and post-event usages of improved land and amenities.

The Cape Town Carnival was initiated when the founders, upon a visit to the Rio Carnival, realised that, although Cape Town and South Africa have a multitude of cultural events, none truly spanned the spectrum of our diversity in all its facets. ³ Based on a feasibility study done by two economists, the Carnival was conceptualised to be an inclusive platform to showcase the diverse talents of the people of Cape Town and beyond in order to create a space where diverse communities can work together and play together. The first Carnival Parade was staged in March 2010. Although the idea of a Carnival may sound frivolous to some, the founders are convinced that it is in the process leading up to the event that the important social changes will happen and the economic and social benefits emerge.

By creating a space for Cape Town communities to meet their social needs, the Carnival aims to strengthen institutional and family capabilities and build an inclusive and solution-driven environment. The multifaceted processes of Carnival provide for skills transfer, entrepreneurial talent discovery and development, and many more activities, which, it is hoped, will lead to social cohesion in the long term. The Cape Town Carnival Trust defines social cohesion as a primary objective and benefit and aims to build both financial and social capital (value). It is very different from many other, similar large-scale events where social impacts are stated as secondary impacts at best.

Formally, the Cape Town Carnival's “mission is to utilise

cultural expressions to:

- Enhance social cohesion and community esteem
- Create positive inputs into the local economy (tourism and the extension of the tourist trade, design & arts)” (Cape Town Carnival Trust 2010:6).

In addition to the mission statement, the following objectives were also formulated: “The Carnival speaks directly to:

- Developing and promoting arts and culture in South Africa and mainstream its role in social development – utilizing visual and performing arts from across the board, including minstrels, African praise singers and drummers, marimba bands, belly dancers ... etc., creating an alternative for the youth to participate in.
- Develop and promote the official languages of South Africa and enhance the linguistic diversity of the country – all three main languages of the Western Cape – English, Xhosa and Afrikaans with its accompanied dialects are used.
- Improve economic and other development opportunities for South African arts and culture nationally and globally – the Carnival will grow into a world-class event, and with our media partnerships take it to the rest of the world.
- To guide, sustain and develop the archival, heraldic and information resources of the nation...” (Cape Town Carnival Trust, 2010:3).
- The Carnival Trust singles out poverty alleviation, job creation and local procurement as ways to realise a multiplier effect on the actual event.
- “The Carnival also aims to promote the objectives of Broad Based Black Economic Empowerment (BBBEE) ... with a specific focus on women
- Targeting of specific groups in a meaningful way to assist in economic empowerment ...
- The Carnival lastly deliberately aims to strengthen the knowledge, skills of individuals and the institutional capacity, structures and processes as part of its goals” (Cape Town Carnival Trust, 2010)

The creative industries and, in this case, a carnival-type event, are the vehicle for cultural expression and, as such, are important in themselves, but at the same time are used to pursue developmental goals.

Flew (2006:358) points out that the best protection for traditional and national cultures does not lie in protective measures, but in the development of an environment that builds on the existing expressions of culture. This environment has to enable the creative generation of

2 Sources for this part of the paper consist of formal Carnival documentation, reports on the three Carnivals held so far, personal interviews with a number of people involved in the Carnival, and other, related material. More detailed information about the Cape Town Carnival can be accessed on its website: www.capetowncarnival.com.

new cultural forms and expression distributed across global digital networks. The Cape Town Carnival attempts to utilise existing cultural expressions, but to augment and enhance these through the development of new and authentic South African manifestations in all participating communities.

The literature shows that creative (cultural) entrepreneurs often believe that 'small is beautiful'. In the case of the Cape Town Carnival, a different choice was made. The event was deliberately planned to be on a larger scale. Even at this early stage, it set ambitious targets for economic impact, involvement of volunteers, job creation, and collaboration between large and small enterprises.

In the complex environment of a developing country, the challenge is not only to get people from diverse backgrounds to meet socially and in a working environment, but to do so at scale. This may be one of the most significant contributions that the Cape Town Carnival specifically, and the creative industries generally, can make.

It is in its selected target audience that the value

proposition of the Carnival differs most from social entrepreneurship as generally understood. The Carnival aims to attract underserved, neglected or highly disadvantaged groups and individuals that lack the financial means or political clout to achieve the transformative benefit on their own. This mirrors the value proposition of social entrepreneurship. At the same time, it specifically targets a broader audience, inclusive of all Capetonians and visitors to the Cape.

The Carnival founders are convinced that the route to success in enhancing social cohesion lies in creating the physical and mind space to integrate (even if only for a limited period) poorer, disadvantaged communities and well-off, well-served and advantaged sectors of Cape Town, visitors from the rest of South Africa, as well as international visitors. The repeated contact around common objectives helps to break down barriers, and builds new understanding and mutual respect. The value of such an approach was demonstrated during the staging of the Soccer World Cup. The Carnival Trust sees such social capital-forming processes as a crucial part of its own activities.

3.2. CARNIVAL STRUCTURE AND OPERATIONS: A BRIEF OVERVIEW

The Carnival is governed by a board of trustees, with a lean full-time operational team. The operational year is split into quarters. In the first quarter (commencing in April of the year preceding the Carnival Parade) the staff complement is reduced drastically to three core people, with preparatory workshops including trustees and key staff. In the second quarter, the staff complement increases, with part-time input from key people like the creative director and heads of departments to deliver concepts, designs, strategies and budgets. Thereafter there is a steady increase in input until the end of the year, with large-scale production taking place in the first quarter of the year. During this time approximately 2 700 people are actively engaged in Carnival activity.

The work of the Carnival is structured into several divisions, as indicated below, each yielding opportunities for job creation, skills transfer, enterprise development, innovation, and collaboration with stakeholders.

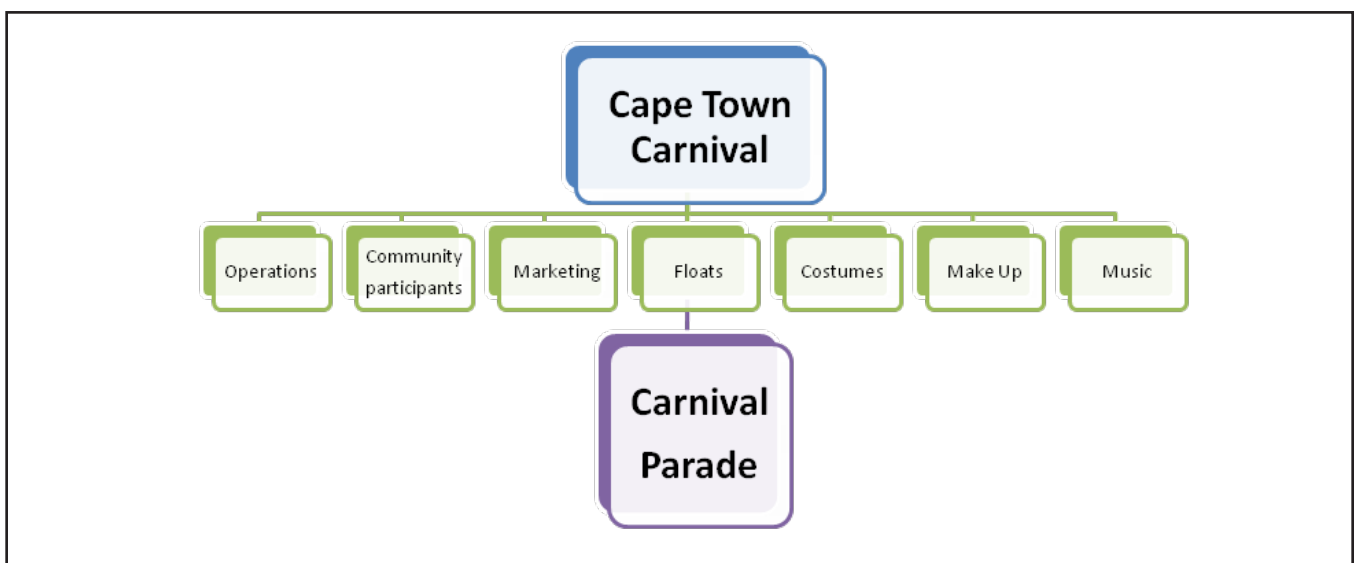


Figure 1: Cape Town Carnival Structure

4. ON IMPACT MEASUREMENT

A discussion of the Cape Town Carnival, its success and its impact on the economic and social landscape of Cape Town, has to be conceptual, provisional and tentative for now. Some of the reasons for this cautious approach include:

- a) The limited scope of the current research
- b) The magnitude of research required to substantiate claims
- c) The absence of longitudinal data
- d) The absence of a framework against which the impact can be measured
- e) The lack of appropriate impact evaluation criteria

So far, only one independent impact assessment of the Carnival has been done (Equity Solutions, 2011). The intention is that this assessment will be conducted annually, after every Carnival Parade. The figures and assessments below are from the Carnival's own data and also from the independent assessment, where indicated.

4.1. DIRECT IMPACT

Table 1: Direct impact of Cape Town Carnival 2010-2012

Year	Expenditure (R million)	Employment	Venue ⁴ business (number)	Caterers for community groups	Street traders	Service providers
2010	5.2	50 full 200 temporary	80	N/A	N/A	N/A
2011	6.8	242	97	14 ⁵	2 ⁶	240 ⁷
2012	13.08	159 full 618 temporary	30	14	2	250

Apart from the expenditure injection reported in Table 1 above, one of the most important contributions lies in creating jobs, enabling skills transfer and gaining work experience. With unemployment one of South Africa's most enduring challenges, and youth unemployment in particular of great concern, it is hoped that, as the Carnival project grows and achieves sustainability, its contribution to employment creation will grow significantly. In the context of the pursuit of social cohesion, this is an important step in the right direction, as unemployment is associated with social pathologies such as poverty, crime, violence, gangsterism, substance abuse, loss of dignity and morale, and disengagement, which stifle attempts to build social cohesion (Cape Town Carnival Trust, 2012:8). Sixty-eight per cent of the jobs created were for young people (between 18 and 35 years), while women occupied 42.8% of the jobs and a good racial mix emerged. Skills transfer opportunities were concentrated mostly in float

building, costume production, event logistics, marketing, media and PR. Collaborations with various design schools, educational institutions and other NGOs yielded further opportunities for skills transfer and innovation. In some instances the Carnival provided avenues for students from institutions such as the Cape Peninsula University of Technology to gain practical experience, and for their staff to carry out research projects. For the 2013 Carnival, the students in Film and Videography, Photography and Public Relations will do Carnival work as part of their curriculum.

The large number of people drawn to the city for the Carnival Parade – conservatively estimated at 17 000 in 2010, 60 000 in 2011 and 80 000 in 2012 – provides an extra economic stimulus. It is also envisaged that, as the Cape Town Carnival brand gains more traction, national and international tourism would be an added spin-off (Cape Town Carnival Trust, 2012:4).

⁴ In 2010 and 2011 the Carnival was held in Long Street, Cape Town, while it moved to the Fan Walk in 2012 due to growth in spectator numbers.

⁵ Previously unemployed women.

⁶ As per the limit placed on street vending by the City of Cape Town.

⁷ This figure includes a wide spectrum of service providers, from very small to very large (the latter on Parade Day).

4.2. LONGER TERM IMPACT: COMMUNITY SELF-ESTEEM, ENTREPRENEURIAL DEVELOPMENT, SOCIAL COHESION

McKenzie et al. (2007:2) argue that entrepreneurial activity is sometimes displayed not as a function of opportunity, but rather as the perception of opportunity. As such, the perception of opportunity (particularly in those communities perceived to offer little opportunity) will increase the level of entrepreneurship in that community. It has long been argued in the field of Development Economics that many a potential entrepreneur simply needs the opportunity to try his/her hand at entrepreneurial activity to develop entrepreneurial acumen. In the absence of such opportunity, the talent may remain latent. By creating the space for opportunity recognition and increasing the understanding of entrepreneurial intent, the Carnival can strengthen the benefits of entrepreneurship accruing to society at large. This is one way in which the Carnival hopes to foster entrepreneurship beyond the limited time and scope of the Carnival events. Participation, together with creating the perception of opportunity, may significantly improve the self-esteem of poor communities. This may also extend to the perception of communities of each other, and so encourage better social understanding and cohesion.

The Cape Town Carnival has set itself up as an organisation that wishes to engage its surrounding communities. Leadbeater and Oakley (2006:304) argue that “art, culture and sport create meeting places for people in an increasingly diversified, fragmented and unequal society”. As such, these spheres can play a critical role in driving social cohesion and community self-esteem. However, as the above authors point out, fostering social cohesion is an extremely difficult task even in developed economies.

Poor peer relations and violence in society run parallel to an absence of social capital and trust. The quality of social relations is poorer in more unequal societies. South Africa, as one of the most unequal societies in the world, suffers from a lack of social capital and desperately needs initiatives aimed at building social capital and cohesion. “Increased social hierarchy and inequality substantially raises the stakes and anxieties about personal worth throughout society. We all want to feel valued and appreciated, but a society which makes large numbers of people feel they are looked down on, regarded as inferior, stupid and failures, not only causes suffering and wastage, but also incurs the costs of antisocial reactions to the structures which demean them” (Pickett, 2007).

By building community self-esteem and social cohesion, the Cape Town Carnival can break down some of the social barriers and hierarchies.

4.2.1. Some early signs of social cohesion

Large groups of volunteers participated in the Carnival street parades, including the Minstrel and Klopse associations, bands, choral associations, drum majorettes, belly dancers, gumboot dancers and marimba players. Approximately 40 community groupings – from across the vast geographical area of Cape Town and from diverse backgrounds (racial, cultural, class, age, educational and language diversity) – participated. Anecdotal evidence seems to indicate more social harmony amongst the participants than before the advent of Carnival. However, whether this is because of the Carnival, or whether being involved implies higher levels of tolerance as a point of departure, cannot be determined without proper investigation. The first tentative steps to finding conclusive evidence are found in the Equity Solutions report. “In a city suffering from spatial and social dislocation, the Carnival offers even for a brief period of time, the opportunity to develop a sense of common community” (Equity Solutions, 2011:31).

At the same time, the report also points out the difficulty not only of measuring a concept such as social cohesion, but also predicting its long-term effects. “If anything, the stark divergence reveals that the difficulties of race relations cannot simply be fixed by hosting multi-cultural events such as the Cape Town Carnival. It can be argued that multi-cultural events like these are necessary, but not sufficient to long-term integration efforts” (Equity Solutions, 2011:27).

This points to the need for more detailed and intensive research to determine how more fundamental and long-term impacts on social cohesion will be possible. Much more formal and structured research on the impact of the Carnival is necessary before more definitive conclusions about this can be drawn.

The Equity Solutions study also examined the Cape Town Carnival brand as a “cultural and social bonding experience”. By comparing the Carnival and its presence in the city, as well as its performances, with the views of a representative sample of Cape Town’s residents, the study concludes that

“i) culture, history and memory can successfully be used to build cohesion, create employment and training opportunities and generate an interest in arts

ii) the organization does contribute to raising the city’s cultural profile and visibility, and that the Carnival can become a potent contributor to local tourism and the local economy

iii) the Carnival fosters economic development

vi) and possibly most importantly, the Carnival’s celebration of history through cultural displays create a resonance with people, which stimulates a sense

of belonging – for the organizers of the Carnival this contributes to a strong branding process and for locals it adds to their level of well-being” (Equity Solutions, 2011:30).

However, Equity Solutions recognises that more focused data and detailed analysis would be required to make more reliable pronouncements on the impact

that the Carnival has on social cohesion and innovation in particular. It further concludes that the Carnival has enormous potential for job creation and for facilitating social inclusion, but it is only through sustainable funding and support that the Carnival will achieve its real potential (Equity Solutions, 2011:32).

5. LINKING SOCIAL ENTREPRENEURSHIP, IMPROVED SENTIMENTS AND ECONOMIC ACTIVITY

Figure 2 illustrates the conceptual link between voluntary initiatives, such as those driven by social entrepreneurs, the improvements in sentiments such ventures facilitate, and ‘conventional’ economic activity. That economic agents act on sentiments is well recognised in Economics. Expenditure by households, for example, depends crucially on their expectations in relation to future income prospects, inflation, etc. By the same reasoning, investment spending depends on the investor’s perception of economic conditions, often translated into expected revenue streams, given trading conditions. And writings opining on the role of sentiments in investor decisions on stock and bond markets are legion.

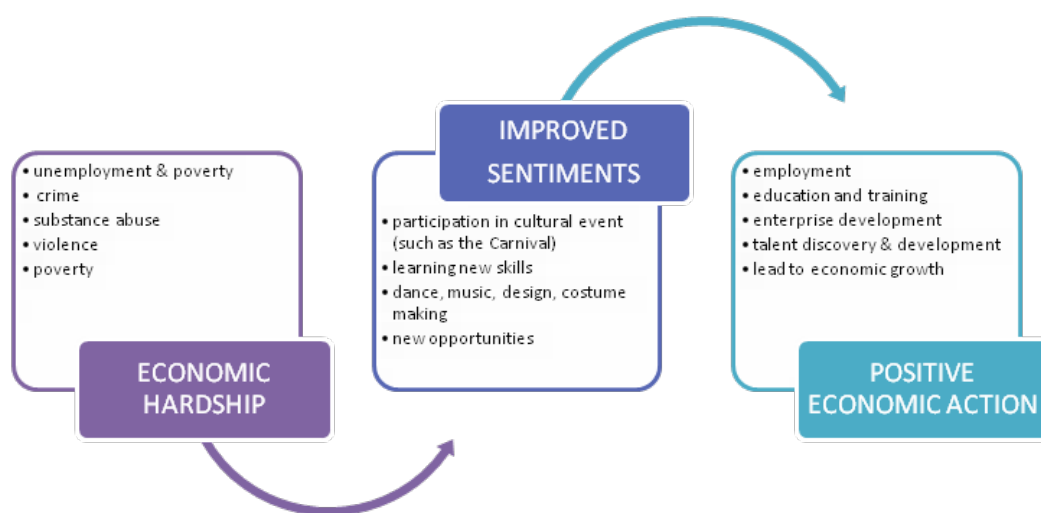


Figure 2: Improving sentiments and prospects for economic action

In the labour market, the depressing evidence of low sentiment lies in the large number of discouraged workers (excluded by the official measure of unemployment used by Statistics South Africa). In the second quarter of 2012, discourage workers totalled 2.3 million (if this figure is added to the 4.47 million of the narrowly defined unemployed, the unemployment rate reaches 36.2%). The large proportion of these discouraged workers who are young people bring us directly to the key value of social entrepreneurial initiatives such as the Cape Town Carnival. Participation, learning new skills (dance, music, organisational, etc.), and perhaps getting an opportunity to try one’s hand at being an entrepreneur, lift the spirits, opening up horizons for some and changing perspectives about the country and its potential for others, and could be a powerful spur to choose a different route. This new

route could take various forms: further education, self-employment, or pursuing newly discovered or re-affirmed music and artistic talents. The best-case outcome is that the weight of socio-economic hardship for some, and disillusionment for others, is lifted, and people may be more prepared to take charge of their lives and become active citizens in the nation-building process, as opposed to being confined to their immediate sphere of strife and hopelessness. The result over time is much needed economic development.

The challenge, of course, is to be able to measure the impact of such initiatives and to show correlation and causality in a complex scenario in which so many influences coincide, data is scarce, and much of the ‘soft’ aspects that make a crucial difference are difficult to pin down to a measurable construct.

6. A FUTURE CHALLENGE – ASSESSING THE IMPACT OF THE CAPE TOWN CARNIVAL ON ECONOMIC GROWTH, SOCIAL COHESION AND COMMUNITY SELF-ESTEEM

As Fuller et al. (2009:1) point out, “the structure of creative practices, i.e. what particular forms of interactivity produce successful novelty (i.e. which becomes ‘normal’ and which creates and captures value) is not well researched”. Unfortunately, much research focuses on normative patterns of behaviour or post-hoc empirical objects (new firms, products, services). This is also true for the patterns of interactivity that contribute significantly to wider economic and social development.

According to Matarasso (1997), the outputs and outcomes of a project are the constituent parts of its impact. He further observes that the impact of a project is dynamic, changing over time as the project evolves. In the context of the Cape Town Carnival and similar projects, measurable objectives matter, and defining concepts well, is an important prerequisite for measurement. Exactly what the desired social cohesion and community esteem are, how these can be achieved and what process will facilitate this achievement, need to be explored. A coherent social impact evaluation framework needs to be constructed to address the need for long-term creative industry impact studies. Given the complexity of measuring social cohesion and community self-esteem, this will include the identification of some proxy measures to determine success.

Matarasso (1997) constructed workable methodological frameworks for social-impact assessment and practical evaluation instruments, and this may show the way forward. A significant problem in assessing the impact of projects in general, and the creative industries in particular, is the separation of economic and other impacts. A basic model would have to determine the impact of the Cape Town Carnival on economic, social and community levels. There are, of course, other models, such as the Open Source impact assessment tools used by Ashoka, the long-standing global champion of social entrepreneurship (www.ashoka.org), but, given the aspects of the Carnival that go beyond social entrepreneurship (discussed in Section 2), it is desirable to explore the possibility of compiling an appropriate set of indicators to convert into an index incorporating the intangible, yet important, benefits of ventures such as the Carnival.

Reliable data on the creative economy is in short supply even in the developed world, and more so in developing countries. More data is needed before it can serve as a useful instrument of debate, analysis and planning. The UNCTAD model points to an integrated determination of impact. The UNCTAD Report on creative industries (2008) itself does not attempt to identify or develop

indicators linked to the other components of the model. Measuring social impacts such as social inclusion and cohesion are not discussed at all. Given the prominence placed on the developmental aspects of the creative industries, this is strange indeed. It may be indicative of the little work that has been conducted on this aspect internationally.

Similarly, the Social Cohesion Summit Report (Department of Arts and Culture, 2012) puts emphasis on the need for impact measurement, but does not venture into setting criteria, identifying indicators, or proposing a methodological framework.

The independent research group that assessed the Carnival conclude: “However little by way of scientific work has been done to show how the Carnival overall contributes to employment generation, improves social cohesion, promotes local economic activity and how the carnival overall contributes to improving the image of the city and country. These elements are presumed as necessary benefits associated with hosting large-scale public events” (Equity Solutions, 2011:4).

This is not surprising, as the Carnival is still in its infancy. It is also debatable whether it is the role of the Carnival organising committee, as social entrepreneurship practitioners, to pursue the academic aspects referred to above. Perhaps it is appropriate for socially aware researchers to identify and engage in opportunities for pursuing large-scale social research on events of this nature.

In sum, this paper has considered social entrepreneurship as a means of enhancing social cohesion from an economic perspective. The case of a fairly young initiative, the Cape Town Carnival, was used to illustrate not only the significant potential for economic development and nation building that such entrepreneurial initiatives hold, but also the difficulty of measuring the impact of such ventures beyond quantifiable indicators of success.

The conclusion is that social entrepreneurial ventures have exciting potential, and their importance is likely to increase, but much work needs to be done to design programmes with clear, measurable objectives to generate sufficient data to be able to measure and assess outcomes, and for researchers to find appropriate methodologies to do credible and comparable impact assessments.

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