



ESSENTIAL SYSTEMIC CHANGE

Addressing complex societal problems should involve various levels and collaboration with other stakeholders.



“Our experience with funding so far shows that it is good to work with the same organisations in the long term. The organisations also do very meaningful and effective work. But sometimes we have the impression that many problems are so complicated that we can only do something about the symptoms but can’t get to the cause.”

“It is not enough for me if the organisations I support stagnate. I look for ways to change problematic structures in a sustainable way – in other words, to get to the root of the problems and work on them intensively until they are resolved.”



Simple solutions solve simple problems. If a well needs to be built or money is lacking for a theatre project, then this can be solved with a simple grant.

Some problems are complicated: here there are many different aspects to consider, many moving parts need to amalgamate to produce a good result. Large construction projects or the development of a new vaccine need systematic project management.

There are also complex problems, for example of a social or environmental nature. The connections between triggering factors and visible symptoms are not easy to recognise; there are many interactions. Simple interventions only lead to short-term results or potentially bring about the opposite of what was intended; plans can come to nothing. Changes are achieved in small increments or in big leaps, without one being able to predict this precisely.

In order to resolve problems in complex systems, the system itself must undergo changes. Such a system change requires various interrelated alterations on several levels that cannot be planned in a linear way.

“In some of the organisations we support, we find that they are fast-paced and always coming up with new and better ideas. Often there is a particularly enterprising founder behind it, who is always changing or broadening the focus of their organisation and constantly looking for new ways to work more effectively and impactfully.”



Approaches to System Change

There are a number of approaches to achieving change in complex systems. Many of the concepts, and therefore the terms in this field, come from Anglo-American philanthropy.

Social entrepreneurs

Social entrepreneurs are innovators who seek to address a social problem with an entrepreneurial approach. This does not necessarily involve setting up their own business (although this can be). Most important is the unconditional will to work on solutions and mobilise resources until the best possible approach is found.

According to a popular formulation, it is not enough for a social entrepreneur to teach the hungry to fish instead of giving him fish. Instead, he works tirelessly to revolutionise the whole system of fish farming or fishing until everyone can live off it sustainably.

The promotion of social entrepreneurs is strongly aimed at empowering a person perceived as particularly entrepreneurial, tenacious or innovative.



“Some of the organisations in my portfolio have started to develop sustainable business models in recent years to finance their solutions through fees or sales revenues. Sometimes the services are also paid for by third parties, for example when services for socially disadvantaged groups are provided better and cheaper than the state could do it itself.”

Social Business

Some social entrepreneurs set up their own businesses to realise their vision. The idea behind such social businesses is to become independent of subsidies and donations in the long term through their own income.

The boundaries between social business and responsible entrepreneurship are sometimes blurred. A grocery store that contributes to making healthy food affordable for many people through efficient processes and by foregoing high margins is therefore certainly not a social business.

However, if at the same time jobs are created for marginalised groups and the profits are fully reinvested, distributed to the employees or donated to social causes, the picture is different.

Setting up a social business is often only possible with subsidies or donations because the business model does not allow for repayment of loans or distributions to investors.

Social businesses are particularly suitable, though by no means exclusively, in regions where the infrastructure of public and private services is poorly developed. Here, social enterprises can provide general services efficiently and cost-effectively. Sustainable business models contribute to scaling these services quickly and spreading them across the country.

In countries with a differentiated welfare system, such business models, also referred to as “bottom of the pyramid” (BOP), are usually more difficult to realise because there are already free or low-cost public support services for essential needs. Even if these leave much to be desired in terms of effectiveness and sustainability, it becomes difficult for social business models to operate.

Social businesses have a system-changing effect when their business models are imitated and further developed and become the new standard that changes entire industries.



“In the district where my foundation is based, the number of school dropouts is significantly higher than the city average. A network of supporters and NPOs has formed here, who have jointly agreed on goals and developed indicators to measure them. A small office now helps all stakeholders to align their activities with the common goals.”

Collective Impact

The great challenges of our time – climate change, hunger, poverty, global injustice, peace – cannot be tackled by any single organisation. But even at the local or regional level, many problems have multi-layered causes and dimensions.

For example, homelessness often goes hand in hand with unemployment, mental health problems, substance addiction, a difficult housing market and urban development issues. Coordinated action is needed from civil society, politics, administration, private investors and companies to achieve truly sustainable changes for many of those affected.

One approach to complex problems is the idea of collective impact. Here, everyone who could contribute to solving the problem sits down around a table. They agree on common goals and coordinate the approach amongst themselves.

By measuring certain key figures, all those involved can see whether the joint approach is successful; without emphasis on whom the successes can be attributed.

An important element here is a shared understanding of the different dimensions of the problem that ultimately needs to be solved – causal connections, demographic data, chains of effects of different approaches and contributions. All stakeholders also depend on data being collected from different places, brought together and interpreted together so that each stakeholder can use it as a guide.

Collective impact approaches require a high willingness of the participants to cooperate and to take joint success more seriously than communicating their own contribution. In the case of complex problems, it is also necessary to react to developments and interactions and to adjust regularly.

“One of the organisations we support surprised us the other day. It wanted to stop its activities at the end of the year – not out of desperation, but because it has achieved all its goals. We have agreed that the remaining funding will be used to finance further training for all staff who are now looking for jobs.”



The challenge of sustainability

System change is particularly successful when the actors driving the change make themselves superfluous in the long run. If, for example, a new educational approach is successfully anchored in the school curriculum or a new therapeutic offer is established as a standard service in the health system, social entrepreneurs and promoters can then devote themselves to new tasks.

This initially contradicts the logic of many non-profit organisations, which, like every organisation, must first focus on their survival and securing jobs.

If funders offer the organisations, or rather the acting persons, a perspective for the time “afterwards”, this increases the incentive to not simply work on an issue or problem in the long run, but to work towards its disappearance. Exciting discussions with NPO managers are guaranteed in such a funding relationship!

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