

# THE CONCEPT OF SOCIAL ENTREPRENEURSHIP

Have you ever wondered how the world will be able to tackle the ‘wicked’ problems that beset us all such as climate change, mass migration, global poverty or the current grotesque levels of inequality? This article will explore one set of ‘clumsy’ solutions to these problems – social entrepreneurship.

*Alex Nicholls / Tanja Collavo*

## INTRODUCTION

Social entrepreneurship represents one of the most notable innovations in global civil society in recent times. While many of the activities and approaches associated with this term are not in themselves new – for example, social enterprises’ use of business models to generate income to support social programs – the evolution of a discrete organizational field for such action does represent an important structural change in the institutions of social action [1]. Although the term “social entrepreneur” was first coined as long ago as the 1970s, it has only been in the past twenty years or so that the term has started to gain traction within a range of interrelated discourses across civil society, government, and the private sector. Such discourses have been shaped and driven forward by a range of new field-building organizations, such as foundations, fellowship programmes and networks, as well as by governments, international organizations (e.g. The European Union) and many academic institutions.

However, the institutionalization of social entrepreneurship as a new “conceptual apparatus” with which to make sense of innovation in civil society remains an ongoing, and sometimes controversial, project, not least because it is seen by some as signifying the marketization of collective action and of civil society activities previously based around participation, active citizenship, and political change. Indeed, some has conceived social entrepreneurship as simply a mechanism by which business (and the state) can co-opt and compromise the integrity and independence of civil society rather than reinvigorate and diversify its models of societal change. While such critiques represent a useful corrective to some of the hyperbole that has been associated with social entrepreneurship, they also misinterpret the particular distinctiveness of this new field of action:

namely, that it aims to generate outcomes that are superior to conventional models through innovation in, and disruption to, the status quo of public, private, and civil society approaches to the provision of social and environmental goods. In this way, social entrepreneurship is best understood in a linear – rather than disruptive – relationship with the historical norms of social and community action.

What is distinctive about social entrepreneurship are not the institutional elements it embodies, but rather the patterns in which it assembles familiar material into new, sector-blurring, organizational logics and structures. Actions of this kind are able to harness organizational hybridity to drive innovation and change that is focused on social and environmental outcomes, often by generating positive externalities and communities’ participation to their own empowerment and/or improvement. For civil society, social entrepreneurship has come to represent a new stream of activity that aligns the objectives of achieving scale in

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systemic social change with the goal of empowering individuals as “changemakers” [2][3]. For government, particularly in the United Kingdom, the for-profit social enterprise model offers an attractive approach to marketizing social welfare programs without proposing a fully-fledged

privatization of the state [4]. For the private sector, social enterprise provides a model to access otherwise inaccessible market opportunities such as the poor at the Bottom of the Pyramid movement; state welfare budgets; and a growing body of “ethical” consumers [5]. Engagement with social entrepreneurship has also provided other commercial benefits, both as a means by which flagging Corporate Social Responsibility (CSR) strategies can become a part of the core activities, and as a new arena for ‘impact’ investment that is typically uncorrelated with conventional capital markets.

## DEFINING SOCIAL ENTREPRENEURSHIP

Social entrepreneurship is intrinsically a difficult phenomenon to pin down and describe. Its very nature calls for a combination of logics and activities typical for the social and public sectors with logics and activities associated with the business sector. Because of such hybridity, social entrepreneurship as a concept usually is context- related and expressed through very different forms and combinations.

Social entrepreneurs and enterprises operate in a broad range of sectors: from arts and culture to banking, from real estate development to agriculture. Furthermore, their hybrid nature can manifest itself in different ways. For example, social enterprises and entrepreneurs can solve wicked problems through innovation or create employment opportunities for marginalized people and communities. This variety makes it difficult to circumscribe the phenomenon, since this may cause the exclusion of important projects and innovative solutions.

Dacin et al. identified 37 different definitions of social enterprises and social entrepreneurs [6]. These definitions mentioned, as core characteristics of this new phenomenon, concepts as varied as innovativeness, creation of social change, embeddedness in a specific community, adoption of virtuous entrepreneurial behaviors, diffused ownership and financial sustainability. The only common trait among these 37 different views is the description of social entrepreneurs and enterprises as able to mobilize resources primarily for the creation of a positive social and/or environmental impact and the association of social entrepreneurship with optimism and social change.

Today, social entrepreneurship is a fluid and contested phenomenon. Indeed, in some senses, it is a field of action in search of an established institutional narrative and conception. Largely, the diversity of discourses and logics that characterize social entrepreneurship reflects the internal

logics and self-legitimizing discourses of a broad range of influential, resource holding actors who are actively engaged in building the field, rather than any particular “reality” [7]. Thus, government has conceptualized social entrepreneurship as the solution to state failures in welfare provision. Civil society has conceived it instead as a space for new hybrid partnerships, a model of political transformation and empowerment, or a driver of systemic social change. Finally, for business, social entrepreneurship has represented a new market opportunity or a natural development from corporate social responsibility and socially responsible investment.

Despite evidence that social entrepreneurship is growing in influence as a field of action, significant questions remain concerning the definition of its limits and boundaries, particularly in terms of how broad or narrow its scope should be. At its simplest, social entrepreneurship is private action for public good. Nonetheless, there is now some broad agreement that a number of other dominant characteristics set the boundaries of such action.

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First, all social entrepreneurship shares a primary, strategic focus on social or environmental outcomes that will always override other managerial considerations such as profit maximization. Second, there is always evidence of innovation and novelty either in challenging normative conceptions of an issue, in the organizational models and processes that are developed, or in the products and services that are delivered (and sometimes in all three of these dimensions). Third, there is always a strong emphasis on performance measurement and improved accountability, aligned with a relentless focus on improving the effectiveness of organizational impact and scale and the durability of outcomes. Finally, much of social entrepreneurship blends logics and organizational models from across the three sectors of liberal democratic society, namely, the state, private business and civil society. These blended models – such as social enterprises or businesses for a social purpose – introduce innovation to challenge the status quo. These defining factors can be further refined under four headings: sociality, innovation, market orientation, hybridity.

Beyond these four defining elements, a detailed analysis of the discourses around social entrepreneurship globally also reveals four categories of definition. The first view of social entrepreneurship is characterized by a focus on social enterprises as businesses trading for a social purpose. This perspective has been developed by funding organizations such as Social Enterprise UK in the UK and research networks such as EMES across Europe. The second discourse around social entrepreneurship focuses instead on social entrepreneurs. It depicts them as ‘hero’ innovators and disruptors, changing the status quo of multiple sectors to create a fairer and more equal society. The main proponents of this view are international organizations like Ashoka and the Skoll Foundation. The third view describes social entrepreneurship as the realization of initiatives – either business-like or charity-like – that benefit the community where they are implemented, increasing the participation of marginalized groups and people in the local economy or society. This type of discourse was predominantly found in the U.K. at the origins of the sector but has been gradually marginalized from public discourse. Such a conceptualization is still nonetheless endorsed in the U.K. by intermediaries such as the School for Social Entrepreneurs and, to some extent, UnLtd. Finally, especially in the U.S., social entrepreneurship is seen as the undertaking of revenue-generating activities and trade from the side of non-profits that want to enhance their financial independence and sustainability.

The four contextual views of social entrepreneurship are generally included, at least to some extent, in the three main schools of thought within the research literature. The “social entrepreneurs as innovators and disruptors view” is closely related to the school of thought referred to by Defourny and Nyssens as “The Social Innovation School of Thought” [8]. The “social enterprises as businesses” view is instead connected to the “EMES approach to social enterprise” and, to a certain extent, to the scholarship looking at social

practices of businesses. The understanding of social entrepreneurship as the undertaking of income-generating activities matches instead the „Earned income“ school of thought. Finally, the view of “social entrepreneurship as community initiatives” can be seen as implicitly encompassing the definitions of social entrepreneurship as collective activity, solving failures of either the public or private sectors.

## CONCLUSION

This chapter has suggested that social entrepreneurship represents a new, important, and growing subsector of civil society. It also proposes that this new field encompasses a variety of sector-blurring discourses that are being driven by significant institutional changes in modern societies. Research suggests that social entrepreneurship is something of an umbrella term for a wide variety of organizational forms and activities, but also that boundaries can be set for the field in terms of the presence of four qualifying factors at the organizational level: sociality, innovation, market orientation, and hybridity. However, these boundary conditions are being expressed in the context of three larger sets of discourses and logics in the field globally: social entrepreneurship as business for a social purpose, social entrepreneurship as hero-lead social change, social entrepreneurship as community development and action. As a consequence, there remains some ambiguity and contestation surrounding the concept of social entrepreneurship. Yet, this very ambiguity may also be strength as it facilitates this emergent sector to be adaptable and innovative when faced with the most demanding problems of our time.

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