

International Studies in Entrepreneurship

Anders Lundström
Chunyan Zhou
Yvonne von Friedrichs
Elisabeth Sundin *Editors*

Social Entrepreneurship

Leveraging Economic, Political, and
Cultural Dimensions

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and Cultural Dimensions

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Part I
Rethinking Social Entrepreneurship

Anders Lundström and Chunyan Zhou

Abstract

Social entrepreneurship has captured the increasing interest and imagination of scholars, practitioners, governments, and the general public since the early 1990s. It has extended the concept of entrepreneurship by including (and in some cases, emphasizing) the ‘social dimension’ of entrepreneurial ventures. This book defines social entrepreneurship as an entrepreneurial process initiated by social entrepreneurs with social goals/missions in pursuit of social value creation; social entrepreneurship outcomes are social enterprises, including social businesses using commercial means and non-profit organizations. This volume is truly international, with contributions from nine different countries by twenty-two different researchers. One aim has been to present papers from different contexts on the economy, politics, and cultural issues, and in national and regional contexts, combining the needs of commercial, social, and human development. For social entrepreneurship, such contexts might comprise sparsely populated areas or urban areas, social entrepreneurship education, social entrepreneurship for healthcare, social entrepreneurship finance, and so on. In all this, we seek to conceptualize the notion of social entrepreneurship, both social and societal. Therefore, this volume develops social entrepreneurship research and takes it in practical directions, synthesizing the numerous streams

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of social entrepreneurship research and theory for the benefit of educators, libraries, scholars, non-profit researchers, public policymakers, practitioners, students, and any organization or individual interested in staying abreast of advances in this area. It is also an important reference book for faculty and students interested in conducting research or teaching social entrepreneurship.

1.1 Background

Social entrepreneurship has captured the increasing interest and imagination of scholars, practitioners, governments, and the general public since the early 1990s. It is a rapidly emerging field that has extended the concept of entrepreneurship by including (and in some cases, emphasizing) the ‘social dimension’ of entrepreneurial ventures (Trivedi 2010). It highlights social missions and combines social value creation with commercial means. Social entrepreneurs tackle problems such as poverty and disparities in health and education; their work acquires social and moral value (Dees 2001).

According to Trivedi (2010), the efforts to define social entrepreneurship have conceptualized it in terms of the characteristics of a social entrepreneur (Alter 2004; Dees 2001; Thompson 2002); the processes of social entrepreneurship (Martin and Osberg 2007; Wei-Skillern et al. 2007); and the outcomes social entrepreneurship generates (that is, from purely social to purely socio-economical; see Jeffs 2006; Mair and Martí 2006). Summarizing these efforts and in the light of the definition of social entrepreneurship by Hervieux et al. (2010), this book defines social entrepreneurship as an entrepreneurial process initiated by social entrepreneurs with social goals/missions in pursuit of social value creation; social entrepreneurship outcomes are social enterprises, including social businesses using commercial means and non-profit organizations (NPOs).

This book is about the implementation and institutionalization of social entrepreneurship, and its future prospects. There were three particular reasons that prompted us to write the anthology:

- The International Council of Small Business (ICSB) International World Conference in Stockholm in 2011. At the conference, one of the sub themes was ‘Soci(et)al entrepreneurship’, and of the eighty-four papers presented there, nine, covering a variety of different aspects and contexts, are included here in somewhat revised form. One of the editors of this volume also chaired the conference (ICSB 2011).
- Following an extensive review of the literature, gaps were identified that were significant obstacles to progress in the field. For example, whether the pursuit of commercial value or social value creation, the question of value is increasingly important to organizations, which led us to think of a comprehensive value system to include commercial, humanistic, and social dimensions. In addition, a

community approach and the institutionalization of social or societal entrepreneurship should be viewed as two important perspectives in exploring how to promote social enterprises. Furthermore, there is a need for research on public policy measures taken in the field. The extensive literature review is presented in this chapter as well as in [Chaps. 3 and 11](#).

- Lundström and Zhou (2011) investigated how to promote social innovation at a social innovation park based on a non-linear innovation model. A triple-helix mode for innovation was used to establish ways of developing social innovation or social entrepreneurship. An area of increasing interest, there is a need to understand the development of a huge number of practically oriented projects in the recent years.

This volume is truly international, with contributions from nine different countries by twenty-three different researchers. One aim has been to present papers from different contexts on the economy, politics, and cultural issues, and in national and regional contexts, combining the needs of natural, social, and human development. For social entrepreneurship, such contexts might comprise sparsely populated areas or urban areas, social entrepreneurship education, social entrepreneurship for health-care, social entrepreneurship finance, and so on. In all this, we seek to conceptualize the notion of social entrepreneurship, both social and societal.

Therefore, this volume develops social entrepreneurship research and takes it in practical directions, synthesizing the numerous streams of social entrepreneurship research and theory for the benefit of educators, libraries, scholars, non-profit researchers, public policymakers, practitioners, students, and any organization or individual interested in staying abreast of advances in this area. It is also an important reference book for faculty and students interested in conducting research or teaching social entrepreneurship.

1.2 General Developments in Social Entrepreneurship

There can be no doubt that social entrepreneurship will play an increasingly important role in future social and economic development. On one hand, environmental problems and resource shortages cannot be avoided by businesses intent on the maximization of profits. Historically, this complex of problems falls in the realm of non-profit organizations (NPOs), non-governmental organizations (NGOs), or the third/voluntary/social sector that works differently in different economies. On the other hand, due to limited financial resources, governments are forced to leave gaping holes in social and interpersonal care, especially those governments that have been involved in economic growth in developing countries, although it seems that social and humanistic development goals could have been emphasized by government and the business community all along. When governments are involved in economic activities, they tend to retain all types of businesses as long as they contribute to growth. For example, in order to maximize economic profits, local government officials may neglect the monitoring of polluting enterprises that create larger revenue streams; they may also tolerate

phenomena that serve to destroy social order, stability, and security, such as polarization between haves and have-nots or unfair competition; and they may even connive in business behaviour that does down the human spirit and undermines ethical and moral standards.

With the global economic crisis has come a more insistent questioning of the nature and fundamental problems of capitalism. What is the future? Capitalism, socialism, or a third way? With its combination of social goals and commercial means, social entrepreneurship is increasingly considered a viable approach to creating new ideas for the evolution of existing social systems. This volume will present examples of social entrepreneurship to illustrate exciting developments in different contexts—developments that in the long term could change our way of seeing economic development.

1.2.1 Social Entrepreneurship in Practice

In 2006, Muhammad Yunus and the Grameen Bank of Bangladesh were awarded the Nobel Prize for their extraordinary efforts to promote economic and social development in the poorest sections of society. The Grameen Bank, which dates back to 1976 and was transformed into an independent bank by government legislation in October 1983, is a microfinance organization and community development bank that offers small loans (microcredit or ‘grameencredit’) to the very poor without requiring collateral. It is one of social entrepreneurship’s most important and typical practices—the archetypal social business. Its low-cost housing programme won a World Habitat Award in 1998.

Social entrepreneurship has emerged as a widely celebrated set of practices worldwide. In most Western European countries, social-sector organizations such as NPOs, cooperatives, and mutual societies were already playing a significant role in the provision of services well before the Second World War. In the late 1960s and 1970s, calls for greater democracy and equality in all spheres of life led to a blooming of civil society movements centred on major societal issues (Defourny and Nyssens 2010). The Nordic countries are characterized by a high level of welfare expenditure and correspond to the ‘social-democratic’ group according to Esping-Andersen’s typology (1999). In France, Portugal, Spain, and Greece, new legal forms of cooperative association have been introduced; other countries such as Belgium, the UK, and Italy have chosen more open models of social enterprise not just inspired by the cooperative tradition. Foundations play a central role in the third/social sector of the US (Defourny and Nyssens 2010).

1.2.2 Social Entrepreneurship Policy

Although not unknown as a term, the concept of ‘social enterprise’ as such seems to have its first real impact in Italy, where it was promoted through a periodical launched in 1990 entitled *Impresa sociale*. The concept was introduced to describe

the pioneering initiatives that led to the Italian Parliament creating the legal form of ‘social cooperative’ one year later (Defourny and Nyssens 2010).

The UK was the first country in the world to acknowledge the economic and societal importance of the social sector by creating a ‘Third Sector’, comprising voluntary and community groups, social enterprises, charities, cooperatives and mutual societies that share the common characteristics of being non-governmental and value-driven, and as a matter of principle reinvesting any financial surpluses in further social, environmental, or cultural objectives (Trivedi 2010). In 2006, the British government created the Office of the Third Sector (now the Office for Civil Society) that is responsible for: working across sectors to provide a supportive environment for a thriving third sector; enabling the sector to campaign for social change; delivering public services; promoting social enterprises; and strengthening communities.

In the US, President Obama has created the Office of Social Innovation and Civic Participation, armed with a Social Innovation Fund (The White House 2009), which is tasked with identifying and replicating the high impact, result-oriented social organizations that address the nation’s most challenging social problems (Trivedi 2010).

Social entrepreneurs are attracting wide institutional support. For example, there have been large investments in social entrepreneurship ventures by as ‘venture philanthropy’ foundations such as Ashoka, the Schwab Foundation and the Skoll Foundation, the Canadian Social Entrepreneurship Foundation, and the Agastya International Foundation. For example, Ashoka’s ‘Innovators for the Public’ programme focuses more on specific individuals, or ‘public entrepreneurs’, able to bring about social innovation in various fields, rather than on the forms of organization they might set up. Many traditional civil society organizational forms such as NPOs, NGOs, and charities, as well as for-profit enterprises, have begun to identify themselves as ‘social enterprises’, demonstrating not only the attractiveness of this concept but also the ambiguity surrounding its definition (Defourny and Nyssens 2010).

1.2.3 Social Entrepreneurship Theory

There is not only a need for a greater critical assessment of social entrepreneurship’s practices and effects, but also for a more detailed exploration of social entrepreneurship theory. Our literature review of the field (see Chap. 3) found that the number of publications has increased and that the topics for discussion and the impact thereof have grown substantially in recent years. Social entrepreneurship has been defined in a variety of ways, and considerable effort has gone into understanding its nature and the boundaries of the concept, while trying to distinguish it from commercial entrepreneurship. By identifying and analysing 13 areas in the social entrepreneurship debate, we open up for a further incremental exploration of social entrepreneurship, in the expectation that future research will expand upon these areas and contribute to new knowledge and new frameworks.

Moreover, there are many key words that are much used, for example, social and societal entrepreneurship, social innovation, corporate social entrepreneurship, social entrepreneur, corporate social entrepreneur, corporate social responsibility (CSR), social enterprise, social business, socially embedded initiatives, social venture capital, social sector, NPO, social value creation, social mission, social goal (or social objective), social outcome, social performance, social impact, triple bottom line (and double bottom line), shared value, blended value, and so on. A number of empirical studies have been carried out, but the majority concentrate on summarizing experiences and opinions related to this area, or addressing conceptual issues in order to establish the principle features of the academic field rather than the reality on the ground. It is clear that more solid qualitative empirical work is needed.

1.3 Existing Gaps, Problems, and Debates

One of the key elements in preparing this volume was a review of the general literature on social entrepreneurship. Quite a number of books can be identified using Amazon and Google Books, and in order to analyse the existing research and potential market, we have studied 68 of them (see Appendix 1.1). Of those, 35 have ‘social entrepreneurship’ in the title. However, most of them focus on the advent of social entrepreneurship research, definitions, frameworks, processes, and the future; social enterprises (social businesses); social entrepreneurs; and social changes, impacts, resources, opportunities, and values: similar, in other words, to the academic literature on the subject. Table 1.1 presents the popular subjects drawn from the popular literature.

Obviously, previous contributions in this emerging academic field have covered a number of different issues, as is normal in an expanding new theoretical area. Most of the literature, with several books being in effect handbooks more for practical use, dates from the past decade: none of the books were published before 2000, and roughly 75 % of them have been published in the last 5 years. Despite of this, there are of course some gaps yet to filled. Evidently, few books look at measuring performance such as corporate outcomes or the implications of philanthropic investments. Furthermore, few analyses have been done concerning the role of government or the development of public policy measures, and the same could be said of social entrepreneurship in local or regional contexts, not least in sparsely populated areas. Other overlooked issues we see as important are, for example, social entrepreneurship that grows from universities, the creation of clusters or networks, and special social innovation parks. Finally there are few books on the gender perspective or on growth-related issues.

The existing debates in the research field turn on the nature of social entrepreneurship, and whether any definition should be inclusive or exclusive. The key question is whether the term can only be used of NPOs, or whether social entrepreneurship can be found in all types of organizations; equally, whether the

Table 1.1 A summary of the contents of the popular literature on social entrepreneurship

No.	Topics covered	Book no. in Appendix 1.1	
1	Introduction to social entrepreneurship (definitions, framework, dimensions, process, future, social entrepreneurship)	3, 4, 6, 7, 8, 9, 10, 11, 15, 17, 18, 21, 23, 24, 26, 28, 29, 30, 33, 34, 35, 36, 40, 41, 42, 43, 46, 48, 49, 51, 52, 53, 54, 58, 59, 61, 62, 63, 66	
2	Social enterprise study (organizational structure, strategies, fundraising, marketing, growth and goal attainment), including NPOs	4, 5, 7, 9, 12, 15, 18, 20, 24, 26, 30, 33, 35, 36, 39, 41, 44, 45, 47, 48, 52, 53, 54, 55, 56, 59, 61, 62, 64, 66, 67, 68	
	Social business (study and practice), social entrepreneur's handbook	1, 2, 3, 7, 8, 11, 12, 13, 14, 15, 16, 24, 28, 35, 36, 38, 39, 50, 53, 54, 59, 61, 62, 65	
3	Social entrepreneurs as change makers; traits, roles, qualities	3, 4, 6, 7, 15, 17, 20, 23, 24, 33, 36, 39, 49, 52, 54, 59, 62	
4	Social resources, social capital, or social markets; social marketing	6, 7, 15, 19, 22, 27, 30, 31, 33, 35, 44, 47, 50, 54, 57, 66	
5	Social change, impact, or breakthrough; ending charity	3, 6, 10, 11, 12, 14, 15, 25, 27, 33, 41, 46, 49, 53, 62, 63 (13, 15, 20)	
6	Measuring performance of social impact	9, 12, 15, 39, 42, 44, 57, 6	
7	Social problems, challenges, opportunities, mission, or goals	15, 23, 35, 38, 39, 42, 49, 53, 54, 59, 68	
8	Third sector, citizen or social sector	7, 9, 35, 44, 46, 47	
9	Philanthropy's implications for social entrepreneurs and social entrepreneurship	7, 9, 15, 41, 48, 62	
10	Social entrepreneurship and social innovation, public policy and support; the role of government	7, 14, 30, 39, 48, 58, 13, 62, 66	
11	Cluster or network perspective	Community thinking	20, 25, 29, 33
		Social networks	6, 10, 15, 20, 21, 22, 68
		Institutionalization of social entrepreneurship promotion (incubator, city)	7, 29, 50, 57(6)
		Social innovation park (SIP) approach	None
12	Development view	Economic, environmental, and social dimensions	33, 47, 58
		Humanistic dimension	None
13	Corporate value view	CSR, business ethics	51, 56, 66
		Economic and social dimensions; blended value, shared value, double bottom line, triple bottom line	4, 7, 9, 11, 12, 13, 15, 20, 35, 42, 48, 49, 59, 60
		Humanistic dimension	None
14	Corporate outcome view	Economic and social dimensions—social return on investment or earned income; strategy, opportunities	9, 15, 20, 33, 44
		Humanistic dimension	None

adoption of commercial and business practices by social entrepreneurship organizations makes them by definition for-profit organizations, or whether they continue to be NPOs.

The problems evident in the literature are:

- An interest in the intersection of business activities and social actions, and the relationship between commercial entrepreneurship and social entrepreneurship, at the cost of the humanistic element and value creation in organizations (for example, Porter and Kramer 2011).
- Ambiguity about the directions the social entrepreneurship movement would do best to take, and the targets of social entrepreneurship policy. Despite an increasingly institutionalized social entrepreneurship domain, the various actors' interactions in developing social entrepreneurship organizations into socio-economic organizations are generally ignored.
- A limited understanding of social entrepreneurship's significance which fails to recognize the possible future ramifications of social entrepreneurship in global terms and for specific social systems.

It is the findings from the literature review that lead us to suggest fruitful avenues of future study.

1.4 Key Themes

In order to fill some of the existing gaps and resolve the problems and debates in social entrepreneurship research, this book will highlight a number of key subjects. The main purpose is to broaden our understanding of social entrepreneurship, which is here understood as the pursuit of a social mission or the creation of 'total wealth'—a concept first used by Zahra et al. (2009) to refer to various combinations of social and economic wealth generation, which involve self-sustaining revenue generation (Boschee and McClurg 2003; Emerson and Twersky 1996; Reis 1999; Thompson 2002). There is an inherent tension in these social entrepreneurship initiatives that stems from the two main types of value creation—social and economic. This move by social purpose organizations towards more commercial means represents an important shift; one that can challenge the legitimacy of social entrepreneurs' work. Moreover, it has been recognized that a social mission or social value creation can strengthen corporate business sustainability. 'The role of social mission goes hand in hand with the sustainability of the organization. Sustainability resulting from a balance of the entrepreneurial drivers of innovativeness, proactiveness, and risk management is not seen as an end in itself, but sustainability is focused on ensuring the continuation of the organization because of its social mission' (Weerawardena and Mort 2006, p. 30).

1.4.1 Rethinking Social Entrepreneurship with a Three Dimensional Perspective

Any number of studies of the work–life balance, employee health and well-being, stress and burnout attest to the highly problematic nature of contemporary forms of paid employment (Blair-Loy and Jacobs 2003; Buzzanell and Liu 2005; Kirby and Krone 2002; Medved 2004). The constitutive element in any society or organization is the human being as an individual. Previous social entrepreneurship studies have considered economic, environmental, and social dimensions, but seldom mentioned the humanistic dimension. This is a serious drawback in social entrepreneurship research. Since a depleted environment could be seen as the negative result of the pursuit of economic growth, we put humanistic perspective into an economic dimension, but rarely look at it as an independent dimension. Thus considering the actual economic, humanistic, and social aspects in a three-dimensional development view, it would seem that thinking in terms of value and outcome will nuance our understanding of social entrepreneurship. Humanistic entrepreneurship like social entrepreneurship, is challenging the scope of entrepreneurship. The economic focus of entrepreneurship research is shifting from economic to socio-economic; from a two-dimensional to a three-dimensional perspective. Such a view will provide a guide for social action, but it also speaks to the issue of creative destruction.

1.4.2 Institution versus Function in Social Entrepreneurship Policy-Making

Thus far, definitions of social entrepreneurship have either been inclusive or exclusive. The former recognizes that this concept is broad enough to include ‘more individuals, ideas, opportunities, and organizations into the tent’ (Light 2008). However, Martin and Osberg (2007) claim that an organization, to be socially entrepreneurial, must take direct action designed to cause transformational social change. In this study we identify the contradiction is the root of the confusion about two key concepts—institution and function—and thus suggest differentiating them in social entrepreneurship policy and the associated research. In an institutional perspective, we support an exclusive division between public policy and civil support for social enterprises in terms of their uniqueness, which decides the social value priority. Nonetheless, in functional perspective it should be inclusive, since all entrepreneurial actors, be they commercial, social, or humanistic, have three-dimensional outcomes, enabling collaborative social entrepreneurship.

Measuring performance in social ventures can prove exceedingly difficult because of a lack of common measures. However, foundations, governments, and other social investors have increasingly demanded more reliable monitoring of the outcomes of their grant inputs (Nicholls 2009). Future empirical work that

explores the similarities and differences in the outcomes of social and commercial ventures based on a common theoretical logic would be one possibility to further advance the field (Moss et al. 2008). Given the lack of a commonly accepted and universally applicable measurement method for evaluating social outcomes, in order to guide the future measurement and policymakers we will discuss these issues with our three-dimensional approach, looking at value and outcome in commercial, social, and humanistic terms.

1.4.3 Institutionalizing Social Entrepreneurship

Drawing on the community and support institutions' roles, we would argue that social innovation parks are one way forward, just as science and technology parks were for commercial entrepreneurship. There is little literature on the institutionalization of social entrepreneurship or social innovation parks, despite their emergence a movement in some countries; think only Social Innovation Park Ltd, an impartial and non-profit organization based in Singapore, with its Social Incubator Club in Shanghai; DenokInn, the Basque Centre for Social Innovation, Entrepreneurship and New Business Development; or the Social Innovation Park in Bilbao of Spain. Thus, this volume explores social entrepreneurship's institutionalization, or the question of how to promote social entrepreneurship through formally organizing processes. At first glance, it would seem that social innovation parks improve social entrepreneurship at the international, national, or local level for social development in a region, since science and technology parks have been built in both developed and developing economies to promote economic growth. We would argue that social innovation parks are oriented towards objectives in the social dimension.

Social innovation parks push certain social entrepreneurship initiatives to create social value. The social entrepreneurs behind these initiatives need to create 'networks in which their target groups could take responsibility for their own fate and that facilitated the development of individuals and the community' (Mair and Schoen 2005). Institutional theory tells us that legitimacy comes from conforming to norms, rituals, and symbols (DiMaggio and Powell 1991). In recent years, neo-institutionalists have pointed to the role of change agents, who have been termed institutional entrepreneurs, in reference to individuals or organizations that contribute towards structuring the norms of a new field of activities. Whereas entrepreneurship theories seek to explain how, why, and to what effect entrepreneurs act upon opportunities, institutional theory seeks to explain and predict how institutionalized norms and beliefs influence, facilitate, and restrict action (DiMaggio and Powell 1991). 'Institutionalization occurs whenever there is a reciprocal typification of habitualized actions by types of actors' (Berger and Luckmann 1967). At the social innovation parks, various actors—both individual actors, such as academic researchers and collective actors, including consulting firms and foundations—have become institutional entrepreneurs, and co-construct the social

entrepreneurship field (Hervieux et al. 2010). In other words, social capital, social networks, information exchange, platform for collaborations, and the organizing of all these activities are very important to social entrepreneurs, social enterprises, and their supporting institutions.

1.4.4 Broadening the Concept of Social Entrepreneurship

In a sense this book could also be seen as broadening the concept of social entrepreneurship. Certainly, it offers a three-dimensional approach as well as discussions of the importance of the institutionalization of social entrepreneurship. Furthermore, some of the chapters in the book look at how the concept of social entrepreneurship has influenced higher education, pointing to role of universities in the development of social entrepreneurship. Then there is the influence and importance of different contexts: we address different concepts in the research from countries such as China, France, Ireland, Italy, Mexico, the Czech Republic, the UK, and Sweden, but also look at the issue of context in different regions. Another approach would be to look more closely at the gender perspective, particularly with a view to women's role in the development of social entrepreneurship. After all, many of the best-known projects worldwide concentrate upon the creation of women entrepreneurs, for example the Graham Bank or the Hand in Hand project, and we seek to develop the gender perspective to take into account the role of women in the different types of contexts we describe, meaning that one approach is to summarize our results from a gender perspective.

1.4.5 Analysing the Future Developments of Social Entrepreneurship

An important aim of the book is to analyse and describe the future of social entrepreneurship. To what extent are we describing an area that will change future economic behaviour? We would argue that there will be a change in commercial value creation in the future. Our three-dimensional perspective leads us to believe that not only the economic dimension is of importance, but also the social and humanistic dimensions. In some sense this could be used to analyse different types of enterprises, but also to discuss the behaviour of profit-oriented business. We suggest that each of the three dimensions could turn out to have a positive or negative value, and that, viewed in the light of creative destruction, they will give us the opportunity to hypothesize on whether we are entering a paradigm shift in the economy or not. This would mean that economic systems should be analysed in a broader perspective than before, and our proposed method will give an opportunity to compare the behaviour between for-profit businesses and NPOs.

1.5 The Contents of this Volume

This volume falls into four parts. Part 1, which comprises three chapters over and above this introduction, is about the state of the art and rethinking social entrepreneurship, and covers the framework, structure, and methodology of the anthology. Following this introduction, Malin Gawell considers social entrepreneurship and different forms of social enterprises, presenting the development of field and defining different forms of social enterprise in order to flesh out the existing definitions of social entrepreneurship and societal enterprise, and provide a conceptual base for our discussions. In [Chap. 3](#), Joakim Wincent, Yvonne von Friedrichs, and Anne Pierre chart the literature on social entrepreneurship, discussing the various issues and key contributions to the area, and in particular a number of scholarly exchanges. They illustrate the importance of having a broad definition of social entrepreneurship, and illustrate the rapid increase in research in the last decade. In [Chap. 4](#), Anders Lundström and Chunyan Zhou address the meta theory of social entrepreneurship by rethinking social entrepreneurship in a three-dimensional perspective, and specifically why ‘knowledge-based economy’ and ‘innovation’ have been so popular as fashionable phrases since the mid-1990s. In order to confirm the extraordinary features of social entrepreneurship and social enterprises in creating social value and achieving social outcomes, a three-dimensional development view and value view are proposed. Correspondingly, entrepreneurship is looked as a unit of family that consists of commercial entrepreneurship, humanistic entrepreneurship, and social entrepreneurship.

In Part 2, five detailed studies of the implementation of social entrepreneurship in all its variety are presented. In [Chap. 5](#), Spinder Dhaliwal and David Deakins write about entrepreneurial discoveries and Asian entrepreneurship in the UK. Asian entrepreneurial success in the UK has been well documented, and the traditional approach has been to view this success from the perspective of resource acquisition and industrial sector, contextualized by the environment. They outline an alternative approach based on entrepreneurial discovery and opportunity recognition as providing more appropriate insights into the nature of British Asian entrepreneurship, demonstrating the importance of close social and family networks for making it possible to build upon earlier experience. They conclude that the British Asian community and environment have been a source just such superior knowledge. In [Chap. 6](#), Giovanna Campopiano, Alfredo De Massis, and Lucio Cassia examine twenty-five selected teaching cases. A literature-based research framework is developed to classify the research findings and enable a direct and easier identification of the resulting patterns emerging from the sample, looking especially at differences between family and non-family businesses. A cross-case analysis points to evidence of the behavioural practices adopted by firms, identifying four main patterns in those that invest in Corporate social responsibility (CSR). In [Chap. 7](#), Katia Richomme-Huet and Julien De Freymanis note that despite a growing interest in social, green, and sustainable entrepreneurship, education and training programmes that address the needs of sustainable-

motivated individuals are scarce. They report the findings of a study conducted among students who have attended such a course, which looked at whether their new training tallied with the students' self-perceptions as sustainable entrepreneurs. Although the different fields of entrepreneurship research—social entrepreneurship, ecopreneuring, green entrepreneurship, and the like—are still in their infancy, they still offer opportunities to rethink central concepts and assumptions, and the authors chart how the different aspects of entrepreneurship are connected, describing the approach used in practice in a university course. In [Chap. 8](#), Jess Co and Sarah Cooper set out to determine whether entrepreneurial self-efficacy is developed in students participating in a social enterprise model, and how this affects their career plans. The assessment measures focus on estimating the student's sense of personal competence in both general skills and their understanding of and ability to try their hand at entrepreneurship. In [Chap. 9](#), Jarmilla Šebestová and Thomas Cooney describe how a health-care business can achieve strategy elasticity in a crisis environment, examining the dynamic of a company working in the social sector of health-care. If the organization is small and the owner is not a competent manager, the level of risk will increase. The tendency towards static decision-making and quitting the market are two factors highlighted in the study.

Bearing in mind that the current implementation of social entrepreneurship thus far lacks organizational instruments or tools to drive it forward, as the five chapters in Part 2 show, we go on to argue that social entrepreneurship can be a feasible avenue or effective practice for development. To this end, Part 3 looks more closely at social entrepreneurship public policy and civil support. In [Chap. 10](#), René Diaz-Pichardo, Nicolas Gutierrez-Garza, and Juan Arriaga-Muzquizis look at the impact of entrepreneurial development agencies (EDAs), and more specifically the microenterprises with fewer than ten employees that are responsible for most new jobs in emerging economies such as Mexico. Unfortunately, entrepreneurs in low-income segments of markets frequently lack the entrepreneurial skills to survive and thrive; it is the impact of the EDAs on the performance of such organizations that is the issue here. In [Chap. 11](#), Anne Pierre, Yvonne von Friedrichs, and Joakim Wincent consider community-based entrepreneurship, and the projects and programmes that can be developed on a community by community basis to develop social entrepreneurship. Some countries have long experience of such development projects for increasing entrepreneurship among small and medium-sized enterprises (SMEs) on a local basis, and the literature provides a better understanding of developments in this area. In [Chap. 12](#), Chunyan Zhou and Anders Lundström discuss social innovation parks, enlarging on the discussion in Part 1. Even though there have been social entrepreneurs throughout history, public attention dates only from 1970s, and it is only recently that the institutionalization of social entrepreneurship as a movement has taken off in both developed and developing countries. In many countries, meanwhile, science parks have been created to improve the number of technological spin-offs and product development in SMEs. This chapter enlarges on the idea of social innovation parks as a home for social entrepreneurs to take social entrepreneurship forward, and to increase the number of social innovations and spin-offs in different areas in

society. It would not be so much about technological spin-offs as helping the organizations working in this area to optimize their interaction for regional economic growth and social development.

The five chapters of Part 4 consider the future of social entrepreneurship. In [Chap. 13](#), Elisabeth Sundin and Malin Gawell investigate whether there is a gender perspective associated with social entrepreneurship. Gendered dimensions of management, organizations, and traditional entrepreneurship have been identified in the literature in recent decades. The rise of social entrepreneurship raises questions about whether similar patterns are to be seen there, or whether gender is constructed differently in this field. The authors combine the results from a number of studies with a problematization of social entrepreneurship's specific context—the close links to how welfare services are organized—in both the public sector and the third sector. However, in raising questions about gender in social entrepreneurship there are several challenges to be met, as the complexity of the issues and the lack of sufficient data means that an exploration rather than an analysis is the order of the day, and thus they present a number of indications of gender systems and gender order in the emerging field of social entrepreneurship. In [Chap. 14](#), Habib Kachlami addresses the differences in determinants in developing social entrepreneurship compared to determinants for commercial entrepreneurship, concluding that policy measures to promote social entrepreneurship are different in nature and effect than is entrepreneurship policy in general. In [Chap. 15](#), Marie-Louise von Bergmann-Winberg discusses the role of social and political entrepreneurship as means for regional development in sparsely populated areas, presenting possible conceptual tools to measure and compare regional social entrepreneurship development. Political entrepreneurship, like social entrepreneurship, is a comparatively new concept, although the connotations of earlier political science terms can be notified. The meaning of the term refers to political actions in connection with governance structures in a multi-level perspective, but obviously has consequences for government in a traditional political setting, and indeed for the question of accountability. A model for social entrepreneurship and political entrepreneurship is presented for comparisons between small municipalities in the Swedish rural periphery, in order to gauge whether or not social entrepreneurship can bring changes to socio-economic regional development over time. The aim of [Chap. 16](#), written by Habib M Kachlami, is to investigate the important role played by social ventures in regional development. To provide a more comprehensive understanding of the different ways that social ventures may contribute to regional development, the author considers the research findings from an extensive range of fields such as 'social ventures', 'regional development', 'organizational studies', 'non-profits', 'community development', 'local development', and 'social entrepreneurship'. The social ventures' main contributions are here classified into two broad categories as direct and indirect. In the final chapter, [Chap. 17](#), Anders Lundström and Chunyan Zhou enlarge on the subject of entrepreneurship policy and reflect on some of the differences between policy measures promoting social entrepreneurship and those promoting commercial entrepreneurship, introducing in the process the so-called MOS model (Lundström

and Stevenson 2005) and discussing question of context and the ramifications of the three-dimensional approach.

1.6 Appendix 1.1 Relevant books found on Google Books and Amazon

1. *Building social business: the new kind of capitalism that serves humanity's most pressing needs*, by Muhammad Yunus (New York: Public Affairs, 2011).
2. *The social entrepreneur's handbook: how to start, build, and run a business that improves the world*, by Rupert Scofield (New York: McGraw-Hill, 2011).
3. *How to change the world: social entrepreneurs and the power of new ideas*, by David Bornstein (revised edn., New York: Oxford University Press, 2007).
4. *Social entrepreneurship: a modern approach to social value creation*, by Arthur C. Brooks (New Jersey: Prentice Hall, 2008).
5. *Mission, Inc.: the practitioners guide to social enterprise*, by Kevin Lynch & Julius Walls (Social Venture Network; San Francisco: Berrett-Koehler, 2009).
6. *Social entrepreneurship: theory and practice*, by Ryszard Praszkiel & Andrzej Nowak (New York: Cambridge University Press, 2011).
7. *Social entrepreneurship: new models of sustainable social change*, by Alex Nicholls (New York: OUP, 2008).
8. *Social entrepreneurship: the art of mission-based venture development*, by Peter C. Brinckerhoff (New York: Wiley, 2000).
9. *Entrepreneurship in the social sector*, by Jane C. Wei-Skillern, James E. Austin, Herman B. Leonard & Howard H. Stevenson (Thousand Oaks: SAGE, 2007).
10. *Driving social change: how to solve the world's toughest problems*, by Paul C. Light (New Jersey: Wiley, 2010).
11. *The new pioneers: sustainable business success through social innovation and social entrepreneurship*, by Tania Ellis (West Sussex: Wiley, 2010).
12. *Succeeding at social enterprise: hard-won lessons for nonprofits and social entrepreneurs*, by Social Enterprise Alliance (San Francisco: Jossey-Bass, 2010).
13. *The end of charity: time for social enterprise*, by Nic Frances & Maryrose Cuskelly [New South Wales (Sydney): Allen & Unwin, 2008].
14. *Business planning for enduring social impact: a social-entrepreneurial approach to solving social problems*, by Andrew Wolk and Kelley Kreitz (Cambridge, MA, USA: Root Cause, 2008).
15. *Understanding social entrepreneurship: the relentless pursuit of mission in an ever changing world*, by Jill Kickul & Thomas Lyons (New York: Routledge, 2012).
16. *Creating a world without poverty: social business and the future of capitalism*, by Muhammad Yunus (New York: Public Affairs, 2009).

17. *Social entrepreneurship: how to start successful corporate social responsibility and community-based initiatives for advocacy and change*, by Manuel London & Richard G. Morfopoulos (New York: Routledge, 2009).
18. *The search for social entrepreneurship*, by Paul Charles Light (Washington, D.C: Brookings Institution Press, 2008).
19. *Social Innovation, Inc.: 5 strategies for driving business growth through social change*, by Jason Saul (San Francisco: Jossey-Bass, 2010).
20. *Entrepreneurship: the social science view*, by Richard Swedberg (New York: Oxford University Press, 2000).
21. *Complexity science and social entrepreneurship: adding social value through systems thinking*, by Jeffrey A Goldstein, James K. Hazy & Joyce Silberstang (Litchfield Park, AZ: ISCE Publishing, 2009).
22. *Social capital and entrepreneurship*, by Phillip H. Kim & Howard Aldrich (Foundations and Trends™ in Entrepreneurship; Delft: Now, 2005).
23. *Case Studies in social entrepreneurship and sustainability*, ii: *The Oikos Collection*, by Jost Hamschmidt and Michael Pirson (Sheffield UK: Greenleaf, 2011).
24. *International perspectives on social entrepreneurship research*, edited by Jeffrey Robinson, Johanna Mair, Kai Hockerts (Basingstoke, UK; New York: Palgrave Macmillan, 2008).
25. *The power of social innovation: how civic entrepreneurs ignite community networks for good*, by Stephen Goldsmith, Gigi Georges, Tim Glynn Burke and Michael R. Bloomberg (San Francisco: Jossey-Bass, 2010).
26. *Social entrepreneurship: a skills approach*, by Robert Gunn and Christopher Durkin (Bristol: Policy Press, 2010).
27. *On social marketing and social change: selected readings 2005–2009*, by R. Craig Lefebvre (CreateSpace Independent Publishing Platform; <https://www.createspace.com>, 2011).
28. *Social entrepreneurship and social business*, by Christine K. Volkmann, Kim Oliver Tokarski and Kati Ernst (Wiesbaden: Gabler Verlag, 2012).
29. *Entrepreneurship as social change: a third movements in entrepreneurship book*, by Chris Steyaert and Daniel Hjorth (Cheltenham, UK; North Hampton, MA, USA: Edward Elgar, 2008).
30. *Social Enterprise: at the crossroads of market, public policies and civil society*, by Marthe Nyssens (Routledge Studies in the Management of Voluntary and Non-Profit Organizations; Landon; New York: Routledge, 2006).
31. *The creation and destruction of social capital: entrepreneurship, cooperative movements and institutions*, by Gunnar Lind, Haase Svendsen and Gert Tinggaard Svendsen (Cheltenham, UK; North Hampton, MA, USA: Edward Elgar, 2005).
32. *Knowledge-driven entrepreneurship: the key to social and economic transformation*, by Thomas Andersson, Piero Formica and Martin G. Curley (Innovation, Technology, and Knowledge Management Series. New York: Springer, 2009).

33. *Handbook of research on social entrepreneurship*, by Alain Fayolle and Harry Matlay (Elgar Original Reference; Cheltenham, UK & Northampton, MA, USA: Edward Elgar, 2011).
34. *An introduction to social entrepreneurship: voices, preconditions, contexts*, by Rafael Ziegler (Cheltenham, UK; Northampton, MA, USA: Edward Elgar, 2011).
35. *Social entrepreneurship business models: incentive strategies to catalyze public goods provision*, by Katharina Sommerrock (Hampshire; New York: Palgrave Macmillan, 2010).
36. *Creating a new civilization through social entrepreneurship*, by Patrick U. Petit and Muhammad Yunus (New Jersey: Transaction, 2010).
37. *The entrepreneur in youth: an untapped resource for economic growth, social entrepreneurship, and education*, by Marilyn L. Kourilsky, William B. Walstad and Andrew Thomas (New Horizons in Entrepreneurship; Cheltenham, UK; Northampton, MA, USA: Edward Elgar, 2007).
38. *The social innovation imperative: create winning products, services, and programs that solve society's most pressing challenges*, by Sandra M. Bates (Hampshire, UK; New York: Palgrave Macmillan, 2011).
39. *Social innovation: blurring boundaries to reconfigure markets*, by Alex Nicholls and Alex Murdock (Hampshire, UK; New York: Palgrave Macmillan, 2012).
40. *The social entrepreneurship of change*, by Leonard J. Duhl (New York: Cogent, 2003).
41. *The new social entrepreneurship: what awaits social entrepreneurship ventures?* by Francesco Perrini (Cheltenham, UK; Northampton, MA, USA: Edward Elgar, 2006).
42. *Values and opportunities in social entrepreneurship*, edited by Kai Hockerts, Johanna Mair and Jeffrey Robinson (Hampshire, UK; New York: Palgrave Macmillan, 2010).
43. *Social entrepreneurship*, by Danielle N. Sampson (Business Issues, Competition and Entrepreneurship; Hauppauge, NY: Nova Science, 2011).
44. *Understanding social enterprise: theory and practice*, by Rory Ridley-Duff and Mike Bull (London; Thousand Oaks; New Delhi; Singapore: SAGE, 2011).
45. *Paramedics and community change: a true story of non-profit development and social entrepreneurship during welfare reform*, by Odell Cleveland and Robert J. Wineberg (Lyceum Books; www.lyceumbooks.com, 2011).
46. *So you want to change the world? The emergence of social entrepreneurship and the rise of the citizen sector*, by David Bornstein and Hart House (University of Toronto: Hart House, 2005).
47. *Understanding the social economy, social capital and the third sector*, by Simon Bridge, Brendan Murtagh and Ken O'Neill (Hampshire, UK; New York: Palgrave Macmillan, 2009).
48. *Social entrepreneurship management: a new look at the people & the potential*, by Anant Verma (New Delhi: Global India, 2000).

49. *Social entrepreneurship*, by Johanna Mair, Jeffrey Robinson and Kai Hockerts (Hampshire, UK; New York: Palgrave Macmillan, 2006).
50. *The power of unreasonable people: how social entrepreneurs create markets that change the world*, by John Elkington, Pamela Hartigan (Boston: Harvard Business School, 2008).
51. *Social responsibility, entrepreneurship and the common good: international and interdisciplinary perspectives*, edited by François Lépineux, Carole Bonanni and Julia Roloff (Hampshire, UK; New York: Palgrave Macmillan, 2012).
52. *Social entrepreneurship in the modern economy: warm glow, cold feet*, by Hoogendoorn, B. (Rotterdam, Netherlands: Erasmus University Rotterdam, 2011).
53. *Social and sustainable entrepreneurship*, edited by G. Thomas Lumpkin and Jerome A. Katz (Advances in Entrepreneurship, Firm Emergence and Growth; Bingley, UK: Emerald Group, 2011).
54. *Economy, enterprising nonprofits: a toolkit for social entrepreneurs*, by J. Gregory Dees, Jed Emerson and Peter Economy (New York: Wiley, 2001).
55. *Hybrid organizations: social enterprise and social entrepreneurship*, by Jacqueline M. Edwards (Lulu.com, 2008).
56. *The economics of social responsibility: the world of social enterprises*, edited by Leonardo Becchetti and Carlo Borzaga (Routledge Advances in Social Economics. Oxford, UK: Routledge, 2010).
57. *Scaling social impact: new thinking*, by Paul N. Bloom and Edward Skloot (Social Entrepreneurship. New York: Palgrave Macmillan, 2011).
58. *21st century foundation and principles for socioeconomic development and social entrepreneurship*, by Richard Corker-Caulker (North America & International: Trafford Publishing, 2010).
59. *Social entrepreneurship: the art of mission-based venture development*, by Peter C. Brinckerhoff, Steven Garber, Susan M. Gates, Margaret E. Blume-Kohout, and James Burgdorf (New York; Chichester; Weinheim; Brisbane; Singapore; Toronto: Wiley, 2011).
60. *Challenge to value-enhancing innovation in health care delivery: commonalities and contrasts with innovation in drugs and devices*, by Steven Garber, Susan M Gates, Margret E Blume-Kohout, and James Burgdorf (Santa Monica; Arlington; Pittsburgh : RAND Corporation, 2011).
61. *Democratic governance and social entrepreneurship: civic participation and the future of democracy*, by Denise M. Horn (Oxford, UK: Routledge, 2012).
62. *Social entrepreneurship: what everyone needs to know*, by David Bornstein and Susan Davis (Oxford, UK; New York: Oxford University Press, 2010).
63. *International social entrepreneurship: pathways to personal and corporate impact*, by Joseph Mark Munoz (Addison, TX, USA: Business Express Press, 2010).
64. *The search for social entrepreneurship*, by P. C. Light (Dallas, USA: Brookings Institution Press, 2008).

65. *Handbook of social entrepreneurship*, by William D. Schulte Jr. and Ana Maria Peredo (Oxford, UK: Routledge, 2010).
66. *Management for social enterprise*, by Bob Doherty, George Foster, Chris Mason and John Meehan (London; Thousand Oaks; New Dehli; Singapore: SAGE, 2009).
67. *Social enterprise: a global comparison*, by Janelle A. Kerlin (Civil Society—Historical and Contemporary Perspectives; New Hampshire, USA: Tufts University Press/University Press of New England, 2009).
68. *The changing boundaries of social enterprises*, by Antonella Noya (Local Economic and Employment Development, LEED; Paris: OECD Publishing, 2009).

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Soci(et)al Entrepreneurship and Different Forms of Social Enterprise

2

Malin Gawell

Abstract

For many years there has been discussion about the definitions and issues at stake in entrepreneurship research. Adding a social or societal element does little to clarify matters, even in the emerging field of social or societal entrepreneurship and social enterprises. In this chapter, the use of these conceptualizations in theory as well as practice, is elaborated on primarily in a Swedish setting; however, as we will see, similar expressions are just as relevant in other countries. The aim here is to chart this emerging field with an eye to the critical discussions of tensions and priorities.

2.1 Introduction

For many years there has been an active discussion about definitions, issues, and developments in the field of entrepreneurship research (Sexton and Smilor 1986; Sexton and Landström 2000; Bird Schoonhoven and Romanelli 2001; Carter and Jones-Evans 2000; Gartner 2001; Steyart and Hjorth 2003). It has been debated

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whether it should be structured in similar ways to other academic fields, or whether the theory rather ought to be developed through communities of scholars elaborating on specific sets of problems and issues. Gartner (2001) argued that the various topics in the field of entrepreneurship do not constitute a congruous whole, but contribute to theory development on the specific topics elaborated on. As a consequence, it has been argued that there is a need to ‘try to think of how to live with the consequences of the idea that there is not one entrepreneurship but that there are many entrepreneurs’ to connect and relate to (Steyart and Hjorth 2003, p. 4).

In the past decade, we have seen a number of initiatives, both in practical terms and on the academic plane, to promote, understand, and analyse ‘social entrepreneurship’ (Dees 1998; Palmås 2003; Mair et al. 2006; Nicholls 2006; Perrini 2006), or ‘societal entrepreneurship’ (Johannisson 1990a, b; Gawell et al. 2009). We have also seen a number of similar initiatives with reference to ‘social enterprises’ (Borzaga and Defourny 2001; Borzaga et al. 2008). Even though these initiatives partly refer to different concepts, aspects, or practices, they all deal with social engagement combined with entrepreneurial action. These combined conceptualizations increase the ambiguities. The aim of this chapter is to elaborate on the theoretical implications of emerging practices to further our understanding of social entrepreneurship without evading the critical discussions of tensions, priorities, outcomes, and intentions. The point of departure is the fundamental question of what is social entrepreneurship. Is there a single definition, or are we talking about any number of different versions? The analysis in this chapter is based on emerging social entrepreneurship practices in Sweden—a specific context that the same time is highly influenced by international trends.

2.2 An Emerging Field

As in every field, there are historical roots to social entrepreneurship, different paths and detours. At times they are well-organized highways; at times much more winding; but by starting from the point where social engagement first combined with entrepreneurial action, we can chart the course taken by social entrepreneurship.

2.2.1 From an Entrepreneurship Nursery

In recent decades, the field of entrepreneurship has grown rapidly and become established both in practice and policy across the world, even though its development differs slightly from place to place. A consolidating phase in the 1980s and the 1990s constructed a relatively common frame of reference for the field (Kent et al. 1982; Sexton and Smilor 1986; Sexton and Kasarda 1992; Sexton and Landström 2000; Carter and Jones-Evans 2000; Bird Schoonhoven and Romanelli 2001). Discussions have included topics such as the recognition and exploitation of opportunities, business start-ups, funding, innovation, entrepreneurship in specific

branches or among specific groups, and entrepreneurship's role for job creation and growth, to mention just some of the most common ones. Discussions were almost exclusively embedded in a business setting, with a primary focus on new and small businesses, and framed by economic theory.

Gartner (2001) has discussed the development of the field by recognizing the retentive factor in focused definitions of entrepreneurship. However, he suggests that there was a different approach to theory, saying that it was developed through communities of scholars elaborating on specific sets of problems and issues. Further, he argues that the various topics in the field of entrepreneurship do not constitute a congruous whole, but contribute to the development of the theory of the specific topics elaborated on. As a consequence, there is a need to 'try to think of how to live with the consequences of the idea that there is not one entrepreneurship but that there are many entrepreneurships' to relate to, as suggested by Steyaert and Hjorth (2003, p. 4).

In one way, as the field has developed, specific—diverse—topics have emerged and been further elaborated on. The worldwide interest in social entrepreneurship and social enterprises can be seen as just such an emerging topic, and this chapter can therefore be seen as contributing to the development of one of those 'entrepreneurships', or as some of those 'entrepreneurships' and their relationships.

2.2.2 Entrepreneurship in all Spheres in Society

It was Joseph Schumpeter who argued that entrepreneurship relates to 'all social phenomena' (Schumpeter 1934; Swedberg 2000; 2006), even though it was not acknowledged in the field for many years (Hjorth 2001; Steyart 2005). In the past decade, the field of entrepreneurship has not only expanded, but also now addresses issues related to other sectors and other forms of development more often. This begs the question of what it is about entrepreneurship that relates to other sectors?

As things stand, the picture is rather fragmented. Entrepreneurship as the creation of new organizations has been related to the non-profit sector (Hisrich et al. 1997), in other words, ascribed other characteristics or even 'logics' than the business sector (Lundström and Wijkström 1997). The non-profit sector is generally not as well represented in statistics or other institutional structures as the commercial or public sectors, even though systematic knowledge has emerged since the 1990s. Among other initiatives, an international classification of non-profit organizations (ICNPO) was developed for the John Hopkins Study on the non-profit sector (Salamon and Anheier 1996; 1997). This and subsequent work has been adopted by the UN in its handbook on non-profit institutions in the system of national accounts and implemented in several countries. Even though a non-profit focus on established formal organizations is characterized by not-for-profit distribution, it is an alternative framework for entrepreneurship related to another context than the business sector.

The demarcations between these two sectors are at times difficult. Many NPOs have sections that specialize in fundraising. Their sector classification then depends on their legal structures and how specific criteria are set as well as implemented. Other organizations run businesses, but with limited profit distribution. There are several such examples within the cooperative movement. Cooperative organizations many times combine business logic with cooperative principles such as voluntary and open membership, democratic governance, membership financial participation, autonomy, education and training, cooperation among cooperatives, and a concern for the community (ICA 2008). In some countries there are specific legal forms for cooperatives, but more generally they are related through the movement's guiding principles. It is therefore difficult to define the cooperative sector in terms of enterprise or social entrepreneurship. They are, however, organizations that in different ways relate to specific characteristics, and, as we will see, they have featured in the emerging field of social entrepreneurship from the start.

In all this, it must be acknowledged that the division of society into sectors in this way is not a given conceptualization. A number of other concepts such as the third sector, social economy, or civil society are also common both in the general discussion and in research. These conceptualizations overlap, but also have differences in definitions, both in meanings as well as connotations. The third sector is used in relation to the public and the for-profit sectors (Evers and Laville 2004). The social economy has been an official term in the EU since 1989, and is primarily a policy related its conceptualization, with reference to cooperatives, mutual societies, associations, and nowadays also to social enterprises. Civil society includes formal organizations as well as networks, informal organizations, and social movements (Ehrenberg 1999), and has gained increased attention in the past decade in research, policy, and practice (Salamon and Sokolowski 2004; Amnå 2005; Heinrich 2005). All give not only general, but also specific contextualizations for societal discussions.

Apart from these various private sectors, there is the public sector that in democracies is governed by elected politicians and primarily funded by tax revenues. The role and size of this sector differs from country to country, not least when it comes to welfare services. Entrepreneurship has been related to the public sector in different ways. Portraits of these entrepreneurs reveal a variety of drives, practices and approaches (Sundin 2004). Entrepreneurship is also related to different dynamic aspects of the public sector (Lundström and Sundin 2008). In this way, new activities or new ways of organizing the public sector as a public sector are also seen as being entrepreneurial in approach.

One sphere remains that is not included in any of these sectors, commonly referred to as the private sphere or household sector. This is where individuals, families, and friends act without any other type of organized structure. Here too it is possible to conceptualize a broad understanding of entrepreneurship as ways to change practices, yet this is not something commonly elaborated on in the literature.

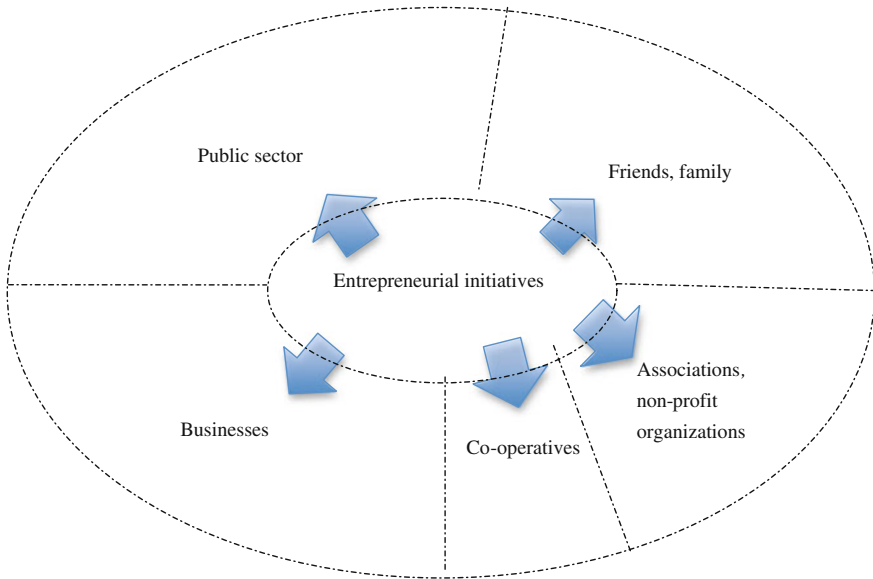


Fig. 2.1 Entrepreneurship related to different sectors and spheres in society

The different sectors provide cognitive frameworks, practices, and legal structures for entrepreneurial initiatives. These settings have to be coped with, and it is part of the entrepreneurial process to conceptualize, plan, and implement the cognitive aspects (Saravathy 2001) and practical issues such as legal restrictions and so on. The organizational form, legal structure, and/or sector characteristic is not predetermined by the entrepreneurial initiative. For this reasons, entrepreneurial initiatives are best thought of as the element that impinges on all others (see Fig. 2.1): the process develops out from the centre, and, if carried through, develops into an organization that is largely adjusted to the regulations and norms of the established structures. Since the demarcation lines between the different sectors are debatable, the lines in the figure are also broken. There are also possibilities, in spite of institutional pressure, for entrepreneurs to combine logics from the different sectors.

2.2.3 Social and Societal Entrepreneurship

Social entrepreneurship has become a concept of increased interest (Leadbeater 1997; Dees 1998; Mair et al. 2006; Nicholls 2006; Perrini 2006; Nicholls 2010), as has societal entrepreneurship at times (Gawell et al. 2009). Assumptions, theoretical, and conceptual approaches as well as different methodological and empirical grounds differ, and it remains a fragmented field.

Basically, social entrepreneurship is about social engagement and entrepreneurial action. Even where entrepreneurship can be conceptualized in all social spheres, as seen above, the development of the field has been highly influenced by resourceful key actors and their views on social entrepreneurship (Nicholls 2010). These actors have promoted a discourse with a hero entrepreneur narrative logic, a business model ideal, and, to a certain extent, community models for social change that have also influenced scholars internationally, partly because of the pre-paradigmatic state of the field (Nicholls 2010). The latter aspect is partly diverted into grass-root approaches and community development, partly into a reform approach where private entrepreneurs replace the public provision of common goods (Nicholls 2010).

There are also other, broader approaches to social entrepreneurship that focus on different aspects of the dynamic process of entrepreneurship, aiming to create social value and/or social change. True, the literature is growing, particularly in periodicals, but there is not yet any agreement on definitions or approaches, and, as will be discussed later, not even a consensus on what concepts to use. Internationally, ‘social entrepreneurship’ or ‘social enterprises’ (see 2.2.4) are used most of the time. But the closely related concept ‘societal entrepreneurship’ is also used—at least in some parts of the world (Gawell et al. 2009). The concept will be elaborated on later in this chapter; here it will suffice to say that societal entrepreneurship largely overlaps in meaning and use with social entrepreneurship, and at times is even used synonymously. However, in some contexts, the way in which society is organized and linguistic overtones give it a slightly different meaning. Apart from including social entrepreneurship, societal entrepreneurship has also been used to refer to local development ‘for the village’ or ‘for the region’ (Johannisson 1990a, b). This version of societal entrepreneurship was at the time translated to community entrepreneurship internationally. It related to the public good primarily in the sense of local small business and economic development. Other cases related to societal entrepreneurship, and not necessarily to social entrepreneurship, are cultural and/or artistic businesses as well as environmental businesses that combine economic aims with artistic or ecological aims. Even if these and many other sorts of venture can be ascribed a social impact and in a broad and general understanding are ‘social’, they have rather been associated with the concept societal entrepreneurship.

2.2.4 Social Enterprises

Yet another concept that runs partly parallel and partly integrated with question of social entrepreneurship is the concept ‘social enterprises’. Based primarily on a European tradition, influenced by cooperative ventures with social aims, a field of research has mapped out and analysed these expressions of social entrepreneurship (Borzaga and Defourny 2001; Borzaga et al. 2008; EMES 2013). Defourny (2001) suggests that a social enterprise continuously produces or sells goods and services,

and has a significant level of economic risk, and a minimum amount of paid work. It has an explicit aim of benefiting the community, and a high degree of autonomy. Further, it is an initiative launched by a group of citizens and has a decision-making power that is not based on capital ownership, but on the principle of shared ownership and one member, one vote (Defourny 2001). As can be seen, this definition differs from the definition of cooperatives, not least in the issue of its democratic, open membership structure. Still, it includes a collective foundation, which is at times, but not always, the case for social enterprises (Nyssens 2006).

There are different definitions and references to social entrepreneurship, but the term social enterprise is distinguished this approach by its focus on individuals and the frequently assumed business ideals that social entrepreneurship has been connected to. The approach is not, according to Laville and Nyssens (2001), to be seen as a conceptual break with the institutions of the social economy, but rather as a supplementary dimension, broadening possible organizational forms in the socio-economic field. And just as indicated above, this and other rather complex conceptualizations mean differences in implementation for example in different countries. In a comparative study of the emergence of social enterprises in Europe, it is shown that the meaning, status, policies, and practices of social enterprises vary considerably between countries (Borzaga and Defourny 2001). In some countries—for example, Belgium, Finland, France, Italy, Poland, Spain, and the UK—they have taken specific legal forms, while in other countries—Sweden, for instance—these ventures have to rely on other, more general regulations.

2.3 Methodology

This chapter is based on empirical research conducted in a Swedish context in the past ten years with a focus on ‘activist entrepreneurship’ (Gawell 2006), ‘social engagement and entrepreneurial action’ (Gawell 2008), ‘societal entrepreneurship’ (Gawell et al. 2009), ‘entrepreneurship and enterprises in employment integration’ (Gawell 2011), and ‘policy development in the field of social entrepreneurship and social enterprises’. These studies contain analysis of basic information of more than 150 ventures and policy processes. The sample includes both for-profit, non-profit, and public-sector initiatives. The sample is not representatively drawn, but consists to a large extent, although not exclusively, on initiatives funded by the European Social Fund. Ten cases have been studied in depth, all predominantly related to the social economy or civil society. They are included in the analysis but not presented as individual cases in this chapter for the sake of a broader-based analysis. The case-studies that this chapter draws on have all been guided by slightly different specific research questions, but they all contribute to the more general discussion about the emerging field of social entrepreneurship and social enterprises.

In this particular analysis, documents produced first and foremost by the different initiatives have been analysed. Furthermore, a number of events arranged by these actors, or in which these actors have participated, have been observed. At these events, a large number of conversations have been held with other participants. At the smaller events, participant input has increased as my role as a researcher was more conspicuous. Furthermore, between five and fifteen longer, semi-structured interviews have been conducted in each in-depth study. In these interviews there has been significant space for open responses and comments.

The analysis has been conducted using an interpretive approach with a focus on discourse and narratives related to everyday venture practices. The method has been developed along the lines of the linguistic turn in social science—a narrative approach to organizational and entrepreneurship studies (Czarniawska 1997, 1998, 2004; Steyart and Bouwen 1997; Silverman 2001).

2.4 Current Debate in a Swedish Context

There are overlapping, parallel debates relating to social- and societal entrepreneurship and social enterprise in Sweden. One of the areas where there is currently intense discussion is the provision of welfare services. During the twentieth century, an extensive public sector was developed and public welfare services dominated. In the last twenty years, more and more public services have been subject to competition. The extent of that competition, and to a certain extent the model followed, shifts between municipalities and regions. In some areas national decisions overrule local and regional authorities. Public procurement and client choice have been introduced to schools, primary care, psychiatric care, eldercare, and labour policy measures, while all these welfare services remain publicly funded. This means a gradual emergence of markets for private service providers within the current welfare system.

There are some tensions between the traditional principles of the Swedish public sector, such as on the one hand its direction by elected politicians, citizen influence, common responsibility, accessibility, and equality (Ringqvist 1996), and on the other its commercial, entrepreneurial language and practices. Views of entrepreneurship in and around the public sector vary, and the emerging practice is still fragmented (Lundström and Sundin 2008). Discussions on how these principles should be applied and controlled is the subject of much discussion at the moment. The issue of profit in publicly financed welfare services is one such topic. To date, large businesses, at time multinationals, have been successful in winning procurement tenders. In the last couple of years there have also been initiatives aimed at increasing possibilities for smaller actors and at bringing greater diversity to the emerging market, adding to the interest in what can be termed a form of social entrepreneurship even more.

Entrepreneurial initiatives with social aims not only stem from this shift. There is a long tradition dating back to the first popular mass movements in the second half of nineteenth century, in Sweden in the shape of the labour movement, the temperance movement, and the Nonconformist movement. In the twentieth century these movements were transformed into organizations characterized by a broad membership base and democratic governance. They provided social services of sorts as a complement to publicly organized services, combining that with advocacy of better working conditions, restrictive drug policies to limit drug use, and so on. There were also other expressions of social entrepreneurship throughout the century, even though the term only came into use rather recently.

This partly parallel development is a source of frustration for those who wish to have an overview or clear definitions. The different discussions, not clearly demarcated from one another, are expressed by sets of actors with slightly different assumptions, practices, and interests. Discussions are furthermore related both to organizational and policy levels, as well as a more general discourse. In what follows, the parallel but occasionally overlapping tracks will be analysed according to an overview of the current discussions, such as

- social entrepreneurship as business with a social purpose
- social entrepreneurship and social enterprises based on non-profit principles
- social-economy-based entrepreneurship and work-integrating social enterprises
- social entrepreneurship as societal entrepreneurship.

2.4.1 Social Entrepreneurship as Business with a Social Purpose

In the past decade, the interest for corporate social responsibility (CSR) and social entrepreneurship among businesses and different types of business organizations has been noticeable. Large enterprises in Sweden, as in many other countries, make much of their work to eliminate, for example, child labour in their production chains. References to the UN Global Compact are relatively common. Some have also developed different types of environmental and/or social project that go beyond their specific production or marketing requirements. Some also make it known that they give some of their profits to different charitable causes. The principal arguments highlighted by such businesses are that it behoves them to take responsibility for decent corporate behaviour. Some, however, do push the arguments further, and say that social aims are as important or even more important than the economic trade-off—at least as long as economic outcomes are ‘sound’. The actual details are generally vague. The CSR approach is at times criticized for being used to camouflage rising profits or to ‘clean up’ negative environmental or social outcomes.

Another ‘trend’ is for enterprises to invoke, and partly implement, a social entrepreneurship discourse in their presentations. Of enterprises such as social-service providers in the education sector or welfare services, for example eldercare, some set out to present themselves as entrepreneurs committed to social service and

therefore social entrepreneurs. Among those who represent these ventures or promote this development, there is also a debate on socio-economic priorities and profits related to aims and practices. Some argue that the economic priorities should include making a profit, and that the distribution of profits to owners is just a practical means to a socially beneficial end; however, according to others, profits, and the distribution of profits to owners and investors, are an important incentive, and as important an aim for social entrepreneurship ventures. There is no agreement, and there are no specific regulations or public benefits related to this discussion.

Smaller enterprises too have adopted the terminology, and at times a slight change of model, if not the shift in focus in its entirety. There are a great variety of expressions; so many that at this stage it is not possible to even estimate their number and extent. Some enterprises present themselves as social entrepreneurs with double or triple bottom lines—combining economic, ecological, and/or social aims in their business model—and a variety of arguments are presented to support these statements, at times related to social outcome but still with a basic business model, or with an adjusted business model, at times referring to their entrepreneurial intentions.

In the past few years, attention has also been directed at the occasional business leader who later in his or her career changes tack to work as a social entrepreneurs or to promote social entrepreneurship as an investor, fundraiser, or advisor. The former managing director of ABB, Percy Barnevik, is one such example. Of course, it is not new to find leading figures in industry engaging in social issues. In a Swedish context, philanthropy had a low, almost hidden, profile during the twentieth century, when it was the public welfare system that dominated; still, even then, many prominent people served on the boards of established NPOs or in other capacities, even if they did not choose to be identified as philanthropists or social entrepreneurs. Some voices have welcomed the fact that individual efforts will now be acknowledged more openly. Others are not entirely comfortable with charities' images being associated with such a patronizing role—critical voices that reflect the long tradition of equality and less hierarchical relations between people that has characterized the development of the Swedish welfare model.

These tensions are not as evident among younger people. Instead, it is more common to see examples where young people argue that it is a win-win situation if one were to combine business with environmental and social objectives. They do not hesitate to adopt the Anglo-American approach to social entrepreneurship as primarily based in business logics and in models with environmental and social ends. These individuals and other actors active in this field argue that the benefits are innovation, efficiency, and a win-win situation for individuals as well as society. There is however a lack of data to clarify relations between social entrepreneurship, or here social purpose businesses, and economic aspects as well as systematic analyses of the impact on individuals or society.

In Sweden, there are as yet no general public policies or incentives for these types of social enterprise. They are bound by the same legal structures and taxes as other businesses, or if they choose to become an NPO, there are specific regulations there too. Some voices in the debate have spoken of an interest in specific

legal forms. While this idea has not yet been taken up by politicians, it has been adopted in the international development aid policies of the Swedish International Development Cooperation Agency (Sida), which has launched a ‘Business for development’ programme that includes partnership with businesses as well as social entrepreneurship, which in this context is described as businesses that reinvest their profits in community development.

2.4.2 Social Entrepreneurship and Social Enterprises Based on Non-profit Principles

Within the Swedish non-profit sector, the interest in entrepreneurship and the enterprise discourse have also attracted greater attention. However, there is some question over how to apply the concepts in practice without compromising values such as the democratic governance structures that are deeply rooted in many NPOs. The popular mass-movement model that has ‘marinated’ the Swedish view of what an NPO is (Lars-Erik Olsson quoted in Hvenmark and Wijkström 2004) differs from the internationally more usual charitable organizations or NPOs with a more commercial executive structure (Wijkström and Zimmer 2011). But there have always been other types of organization in the Swedish non-profit landscape such as foundations, charities governed by small groups of people, or philanthropic initiatives.

The increase of private service providers in welfare services has renewed the interest in Sweden’s NPOs’ role in providing social services, and NPOs themselves have seen a gradual adjustment to public procurement and public enterprise policies in the social field, not to mention enterprise-influenced language in general. The phrase *‘företagande på ideell grund’* (‘entrepreneurship on a non-profit basis’) has been used among organizations and in policy discussions. This version of social enterprise is based on the NPOs’ traditional activities combined with a form of economic management intended to finance their activities as efficiently as possible. Some NPOs have been quick to join this development, while others hesitate for fear of increased commercialization and a weakened advocacy role, even though the combination of service and advocacy has been broadly acknowledged by government (Regeringen 2009) and a compact on social matters between the government, idea-based organizations, and the association for the local authorities and regions (Regeringen 2008).

In Sweden’s historical grand narrative on the popular mass movements, much is made of their innovative and entrepreneurial role. Initially they provided school lunches and dental care for children at a time when there was a crying need for better nourishment and health. Other organizations initiated reading groups and what later became public libraries. These services were then handed on to the public sector as it developed during the twentieth century. Nowadays, established organizations seem to be—cautiously—interested in entrepreneurship and innovations in this field, their concern being that they might risk deviating in focus away from development in existing organizational structures; newer organizations, however,

tend to adopt the conceptualization of entrepreneurship, but many times with the reservation that they do not intend to adopt a business logic in general. Among the new initiatives are those that set up social services, those that primarily engage in advocacy, and those that combine the two roles. It is difficult even to estimate the extent of these new initiatives, because statistics in this field is in an early phase of development, and also because there are no legal obligations to register unless the initiative employs people, has a financial turnover of interest to the tax authorities, or engages in activities for which specific permission is required.

Policymakers have also started to address entrepreneurship issues related to NPOs, even though there is a tendency for public grants to be designed so that only established NPOs that have already been operating for at least two years can apply (SOU 2007, p. 66). But even if entrepreneurship in civil society, together with the social economy and work-integrating social enterprises, is addressed in a governmental Bill (Regeringen 2009), there are only fragmentary references to this type of social entrepreneurship, for example in initiatives related entrepreneurship in the emerging private care sector or in initiatives on work-integrating social enterprises.

2.4.3 Social-Economy-Based Entrepreneurship and Work-Integrating Social Enterprises

There is a third line of discussions about social entrepreneurship and social enterprises, linked to actors identifying themselves and advocating the use of conceptualizations such as social economy and work-integrating social enterprises (WISEs). They rely on and promote the cooperative values, discussed earlier, that to a large extent overlap with the approach of the popular mass movements. There are, however, some differences. In this type of social entrepreneurship, a combination of economic and social aims are to the fore, and most of its proponents are generally more comfortable with business language, especially the social enterprise terminology of WISEs and what in English would be termed community-based entrepreneurship.

The existence of a large public welfare sector has meant that this field is not as developed in Sweden as in countries where social economic actors play a large role in the welfare system (Pestoff 1998; Stryjan 2001). These organizations are frequently quite small, and in that way share the difficulties of many other small businesses in responding to large public procurement tenders, financial constraints due to their size and so on. They also find themselves with an ‘alternative’ status in relation to publicly organized social services above all, but also to the growing number of private for-profit service providers and the policy–support system focused on trade, industry, entrepreneurship, innovation, and growth.

The WISEs differ in what they do and how they organize. Commonly, the emphasis is on the long-term unemployed and empowerment through enterprise-based work, offering training, employment, and later on part-ownership. The latter

is more or less realized in these enterprises. Most of the WISEs offer work rehabilitation services to the local or national authorities, with public subsidies compensating for individuals' reduced working capacity (connected to individuals and channelled through employers, no matter if it is an NPO or for-profit organization, or a private or public employer), and derive income from sales of products or services such as carpentry and artworks or cafés and hotel accommodation. There are no specific subsidies for WISEs.

The government has commissioned national agencies working with enterprise, the labour market, and social insurance to collaborate to improve the conditions for WISEs. These types of venture are also to a certain extent addressed in regional policies. The European Social Fund, which has a decentralized decision structure, for example, has funded the development of several WISEs with a focus on the long-term unemployed.

2.4.4 Social Entrepreneurship as Societal Entrepreneurship

The fourth line is related to *societal* entrepreneurship. The term was first used in Sweden in the mid-1980s when Johannisson (1985) and Alänge (1987) used it with reference to entrepreneurship with local community development in mind, translated into English as community entrepreneurship. Since then the term has been rarely used until in 2006 the Knowledge Foundation (KK-stiftelsen), a Swedish research financier, initiated a facility study focusing on societal entrepreneurs, having noted that 'something special' happened in the different projects they supported. They called for research on entrepreneurship that was not limited to any specific sector, venture, or purpose, and the resultant facility study related societal entrepreneurship to the international literature on social entrepreneurship in general, civic entrepreneurship, and business entrepreneurship, and suggested the definition of societal entrepreneurship as 'innovative initiatives with public benefits' (Holmberg et al. 2007).

In the anthology, several different examples of societal entrepreneurship, both individual businesses and civic initiatives, are highlighted as cross-sectoral collaborations in regional settings, and as creative irritations in society (Gawell et al. 2009), all with the common aim of promoting societal development combined in some form with economic aims. Societal entrepreneurship in this way is used as an umbrella term for what internationally would be referred to as social entrepreneurship, community entrepreneurship, cross-sectoral initiatives, and social enterprises, as well as businesses, especially new and small for-profit ventures that have an eye to their social contribution as well as their profits. Some of these would most likely also be viewed as social entrepreneurship ventures, while others would basically be viewed as businesses with more general 'societal' aims. Some actors that are strongly bound to the economic growth discourse tend to favour the concept societal entrepreneurship, but there is currently a relatively open debate about how this term is to be defined or related to in policy.

2.5 Concluding Discussion

The current Swedish discussion about social entrepreneurship, and the closely related concepts of societal entrepreneurship and social enterprise, is still fragmented. Some actors—entrepreneurs and those who wish to promote social entrepreneurship in some way—are proactive. In a way, one could say that everyone loves social entrepreneurship or social enterprises—the media, politicians, civil servants, and spokespersons for different private initiatives. But when it comes to actual decision-making, many are more cautious. They may say it is a good thing, but they rarely know what to do about it. Some call for an increased understanding and better-developed tools to relate to different initiatives. Some, however, are reluctant towards social entrepreneurship, because they look askance at its association with commercialization and the current shift in welfare models that accompanied social entrepreneurship's emergence.

Partly, the fragmentary nature of the emerging practice makes it difficult to grasp. The terminology is often found confusing and even misleading, since there are several differences in how it is applied, while the different frames of reference stretch from commercial to non-profit models. At times, the result is a conscious positioning on the part of organizations, but many times references are made to presumptions of efficiency and effectiveness, no matter if it is a commercial or a non-profit model, and not to problematized explanations and solid data. The arguments favouring business-based models highlight self-sufficiency over grant dependency, even though these initiatives tend to be dependent on publicly funded purchases and/or privately funded investments; the arguments favouring non-profit models highlight issues of legitimacy towards public funders, private donors, and the beneficiaries of the organizations' activities. References is made to hybridity, or to a holistic approach that does not fit with established, divided structures such as the social/economical, profit/non-profit, self-interest/solidarity dichotomies. This discussion is also related to a similar confusion about the meaning of terms such as popular mass movements, social economy, non-profit sector, and civil society, and more specifically to how these conceptualizations and practices relate to businesses, enterprise policies, and growth—to economic development, in other words, or just development in a wider sense.

The different versions described in this chapter arise in part from the different frames of references, different values and cognitive understandings, especially to how things are to be attended to and even solved. Apart from cognitive aspects applied in practice, the debate poses crucial tacit questions that challenge the legitimacy and normative aspects of relations between humans, of relations between individuals, organizations, and society in general, and, more specifically, of welfare design. At this stage, these underlying questions are hardly debated in the Swedish discussion on social entrepreneurship or social enterprises, possibly because of the confusion over definitions, but equally because of the attractions of the emerging field. Several people have expressed a wish to discuss these issues

more, but have hesitated to do so in order not to be ascribed a questioning role towards social entrepreneurship as such.

Some of the underlying issues brought up in the interviews on which this analysis is based are the relation between social purposes and commercial models; the relation between intended (social) purposes and outcomes in practice and what other aspects also influence this relation; the role of the target group for the services or change; and the impact the emergence of social entrepreneurship and social enterprises will have on the welfare system. The ones who argue for the need for critical reflection on the consequences frequently refer to client representation and client self-organization, as is almost traditional among NPOs run by and working with people with different types of impairments, disabilities, special diseases, or other types of social concern. It is furthermore related, not only users' say as customer, but the right to set one's own agenda and to represent oneself. These underlying questions are not really addressed in public debate, in which opportunities and ascribed potential are presented without much of a discussion about representation or power structures in social entrepreneurship.

These questions are fundamental in any type of welfare society, however. The Swedish contextualization is just one example of a specific social contract that comprises the paradox of collectivism and individualism (Esmer et al. 2009) in which collective social structures have facilitated individualism. The development and organization of the welfare state is one example (Berggren and Trägårdh 2006). This paradox has long been present, it is now argued (Trägårdh 2007). On the one hand, in discussions the social entrepreneurship and social enterprises are ascribed the role of alert organizers in a Kirznerian way, yet on the other hand they are ascribed innovative and challenging roles even beyond the perceived equilibrium in a Schumpeterian way. The discussions described in this chapter represent primarily initiatives that fit into the existing frames, even though there are smaller changes, and there is some debate about what models are most efficient. There have been very few comparative evaluations thus far, however. The debate about profit challenges earlier dominated the approach to welfare services, and is debated still, with opinions differing among practitioners as well as politicians. Yet entrepreneurship is also related to more radical forms, also intended to broadly change established norms (Gawell 2006).

Referring back to Fig. 2.1, in which the entrepreneurial initiative is surrounded by the different sectors, it is now possible to see that policymakers emphasize entrepreneurship as a part of the subjecting of public welfare services to competition. Procurements are claimed to be neutral for actors with different organizational forms, but in practice different procurements, and indeed client choice models, have proven to influence outcome. Some of the actors in this field represent themselves as social entrepreneurs; others just as entrepreneurs. The other area emphasized by policymakers is the WISEs and their role in providing labour market services to the long-term unemployed. Many policymakers do also speak highly of social entrepreneurship and social enterprises in more general terms, but without implementing specific initiatives.

Among practitioners there are still obvious adjustments to the more or less institutionalized fields such as businesses, cooperatives, and NPOs, even if there a number of predominately young entrepreneurs who rather present themselves as social or societal entrepreneurs. Whether they present themselves as social or societal entrepreneurs varies, and some use both concepts interchangeably. The terms social or societal entrepreneurship is not yet commonly used as expression for initiatives in the public sector or in the private/house hold sphere.

Entrepreneurship, by definition, calls for an openness and willingness to explore new ideas and new combinations of resources. It therefore challenges the established order. There is a constant stream of bold and controversial initiatives that are not easily fitted into any specific space in society. There are entrepreneurial initiatives that are undesired, and therefore are not only neglected, but also opposed, whether because they challenge the established order, or because they display normatively unwelcome behaviour. There are also initiatives that very seldom are highlighted in entrepreneurial terms, but have significant meanings for social practices. We can here speak about unnoticed, or, if one prefers, silenced, entrepreneurship.

So to conclude, the current state reached by the emerging social entrepreneurship field challenges researchers as much as practitioners and politicians to problematize arguments and to deepen our knowledge about crucial relations, causes and effects, and efficiency and effects, as well as accessibility, influence, and the target groups' right to self-determination. We have to live with different versions of social entrepreneurship and social enterprises. The issues as stake—social development and the organization of society—are too complex to fit into definitions that are not thoroughly problematized and related to well-founded theory and practice. Discussions and analyses, however, can contribute to furthering our understanding and use of the different versions of social and societal entrepreneurship as well as social enterprises.

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A Review of Social Entrepreneurship Research

3

Anne Pierre, Yvonne von Friedrichs and Joakim Wincent

Abstract

To enhance the understanding of social entrepreneurship, researchers have to reach a consensus on the construct of definitions and, in doing so, acknowledge the diversity of research interests involved in the study of social entrepreneurship. The purpose of the chapter is to present a state-of-the-art review and a bibliographical analysis of the field of social entrepreneurship. We highlight and analyse the extent to which research has devoted significant attention to social entrepreneurship, what individual researchers have published about social entrepreneurship topics, and how they have engaged in areas of discussion and made contributions. In a response to the lack of published research and incremental knowledge-building, the chapter further maps the prominent issues discussed in the social entrepreneurship literature and outlines some possible emergent research dialogues. One presumption in our study is that the discussions in the most cited articles have had a major impact on the direction of the contemporary social entrepreneurship discourse. In this vein, the study highlights key contributors and contributions to the multidisciplinary

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field of social entrepreneurship, and the relationships between individual contributions and the broader discussion in the literature.

3.1 Introduction

Social entrepreneurship can broadly be viewed as a process of creating value by combining resources in new ways that are intended primarily to explore and exploit opportunities for creating social value by stimulating social change or meeting social needs (Mair and Martí 2006). The use of entrepreneurship for social purposes rather than for profit, or how entrepreneurial profits can be used for social purposes, has been of great interest for practice and policy for quite some time (Fowler 2000; Harding 2004). The new global scenario, where marketization has gained power, has challenged the way common social functions are organized and financed. All over the world, researchers now report that innovative individuals are solving social needs that are unaddressed by private business, government, and other institutions. Practice reveals that these entrepreneurs have been able to fight social problems such as inequality and poverty using solutions that traditional entrepreneurship has failed to address. Inspired by the fact that social entrepreneurs can be highly potent social transformers by dint of adopting a mission to create and sustain social value (not just private or economic value), as well as the pursuit of new opportunities to serve that mission (Dees 1998), research has now started to devote significant attention to social entrepreneurship issues and how social entrepreneurs can revise existing solutions to be financially, organizationally, socially and environmentally sustainable.

Despite this increasing interest, the scholarly study of social entrepreneurship could be considered an area that is underexplored and is at an early stage of development. Although there has been significant recent attention, this research has been plagued by the absence of an accepted view about what it is and how it can be defined (Mair and Martí 2006). Its theoretical underpinnings have not been adequately explored, and the need for contributions to theory and practice are pressing (Austin et al. 2006). Although focusing upon other issues, previous research has often concluded that there is a need for further academic inquiry. Despite the work that has been done, scholars often complain about contributing to a highly diverse and disparate field of research, not to mention the difficulties of incremental knowledge-building through joint research dialogues and debates. Therefore, it is necessary to pinpoint the core of social entrepreneurship in order to stimulate and guide future research (Mair and Martí 2006). Until recently there have been some scattered attempts to contribute to a better understanding of the direction of the social entrepreneurship discourse. To enhance the understanding of social entrepreneurship, researchers have to reach a consensus on the construction of definitions and, in doing so, acknowledge the diversity of research interests involved in the study of social entrepreneurship (Short et al. 2009).

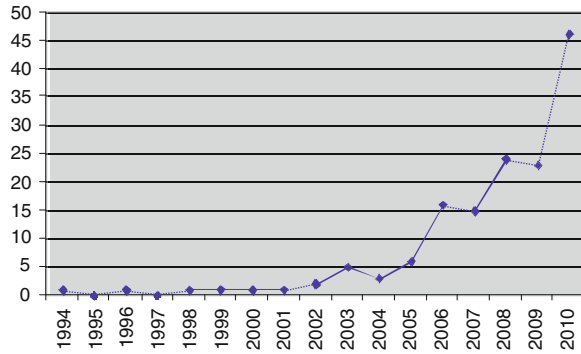
In response, the purpose of this chapter is to present a state-of-the-art review and a bibliographical analysis of the social entrepreneurship field. We aim to highlight and analyse the extent to which research has devoted significant attention to social entrepreneurship, what individual researchers have published about social entrepreneurship topics, and how they have engaged in areas of discussion and made contributions. In a response to the lack of published research and incremental knowledge-building, the chapter further maps the prominent issues discussed in the social entrepreneurship literature and outlines some possible emergent research dialogues. We note that the field is multidisciplinary in its nature, which is something that researchers should be aware of and acknowledge. One presumption in our study is that the discussions in the most cited articles have had a major impact on the direction of contemporary social entrepreneurship discourse. In this vein, the study highlights key contributors and contributions to the multidisciplinary field of social entrepreneurship, and the relationships between individual contributions and the broader discussion in the literature.

3.2 Research Approach

We conducted a bibliographical analysis in order to obtain insights into the research about social entrepreneurship. The literature search was a complete review of everything published on social entrepreneurship or social entrepreneurs in recognized academic periodicals. A SciVerse Scopus database search was used for this literature review. Scopus is considered to be the largest abstract and citation database of research literature and quality web sources, covering nearly 18,000 titles from more than 5,000 publishers, with 41 million records, from indices to acknowledged niche journals (Scopus 2013). As such, the database includes published articles from the ISI database, ABI/Inform database EBSCO, and other similar databases. The advantage of SCOPUS is that it offers comprehensive and systematic tools for tracking and analysing previous research articles. The key words used for the analysis were social entrepreneurship; social enterprise(s); and social entrepreneur(s). The manuscripts were selected via their abstracts. We categorized and analysed the years when the articles were published, the scope of the papers (qualitative, quantitative, or conceptual), the academic journals that published on social entrepreneurship, citations, and years of citations, *h*-indices of the field, top ten contributions in terms of citations and their impact on the field, the extent to which different disciplines have been engaged in publishing about social entrepreneurship, prominent themes or discussions in the literature, the productivity of those scholars publishing on social entrepreneurship, core universities involved in developing the field, the popularity of the most prominent themes of research, and emerging issues in the field of social entrepreneurship research.

The method for performing an analysis of social entrepreneurship with this approach has some limitations; in focusing on academic journals and recognized journal publications, we did not include books or book chapters in our analysis, as

Fig. 3.1 Publications about social entrepreneurship



has been in [Chap. 1](#). We have also omitted conference papers and new outlets that are not yet acknowledged in Scopus. Nevertheless, it can be assumed that the principal research dialogues would be based upon published academic articles in what could be considered to be quality publications, and that our review would thus capture single contributions in the field of social entrepreneurship.

3.3 Historical Background of Social Entrepreneurship

3.3.1 Social Entrepreneurship as a Legitimate Area of Research

One aim of the literature review was to analyse whether the publications would have reached such a magnitude that social entrepreneurship could be considered its own field of research. Figure 3.1 shows the published academic papers about social entrepreneurship. We have identified approximately 146 articles that deal with either social entrepreneurship or social entrepreneurs (please see reference list and additional references). The early studies largely focus on core issues for understanding the nature of a new but growing phenomenon in practice. In the beginning of the development of this field of research, authors such as Prochaska (1994) wrote about how non-profit organizations could profit from an entrepreneurial mindset, and how to deal with the challenges that arise when traditional altruistic values in non-profit organizations (NPOs) meet business values in a rapidly changing environment. In the same spirit, Sundar (1996) highlighted the function of social entrepreneurs and social entrepreneurship as agents of change and outlined examples for how innovation-driven voluntary-based organizations in fact create alternative power structures in a changing society. Furthermore, De Leeuw (1999) argued that such entrepreneurship-driven change processes gain force by incremental community institutionalization, and Fowler (2000) problematized the ideas of social entrepreneurship and civic innovation in non-governmental development organizations (NGDOs) in the light of commercial entrepreneurship and public welfare. Those early contributions to the field were most often case-studies from different contexts, but they were eventually followed

by an attempt to develop new frameworks for the phenomenon of social entrepreneurship. After slow development in the field during the Nineties, the concept started to appear more frequently in 2004, since when publications have gradually been increasing; indeed, since 2007 the field has exploded, with a steep increase in publications to 46 articles in 2010. The articles are found to be attracting more and more attention in problematizing the concept as an academic field of study, but also attempting to find frameworks and typologies for the concept (for example, Hamby et al. 2010; Neck et al. 2009; Trivedi 2010; Zahra et al. 2009). Against this background, we believe that social entrepreneurship is an area of academic inquiry that is currently something that attracts growing attention from a significant number of researchers, and the body of knowledge created thus far might well form the basis for a separate field of academic research that could be expected to receive significant attention in future.

Overall, most of the studies are empirical and are built on interviews; there are only a few statistical ones to be found. The studies analysed here generally focus on a descriptive method and on individuals who stand out as social entrepreneurs. However, some recent advances indicate that it can be useful for future research to approach social entrepreneurship studies with the collective in mind, focusing on the group instead of just the individual, and meeting the need for more explanatory approaches (Novkovic 2008).

Table 3.1 presents the main academic publications that have covered social entrepreneurship. In an analysis of journals that publish on this topic, it is obvious that the publications in the field of social entrepreneurship have entered prominent scientific journals. Where analysing journals in which the topic is published, it is also worth mentioning that several well-established academic journals have started to publish frequently on social entrepreneurship. For example, special issues and frequent contributions have been found in *Entrepreneurship Theory and Practice*, the *Journal of Business Ethics*, and the *Journal of World Business*. This is all evidence of a field that is establishing itself (Kuhn 1970).

As a response to this increased interest, it should be noted that social entrepreneurship now has its own academic periodical. This new scientific journal, which was founded in 2010, is the *Journal of Social Entrepreneurship*. Although it is not currently qualified for Scopus or ranked search indices such as ISI, this new journal may potentially add to incremental knowledge-building.

3.3.2 The Impact of Diverse Interests and Limited Dialogues

As is evident in Fig. 3.2, citations from published articles have gradually increased over recent years. Before 2004, the general impact of the published articles was very limited. However, in recent years, the impact of the publications has been rather significant. Although there is a large amount of citations, there is a clear bias towards some classical pieces, such as Eikenberry and Kluver (2004), Mair and Martí (2006), and Austin et al. (2006). The many citations are generally picked up

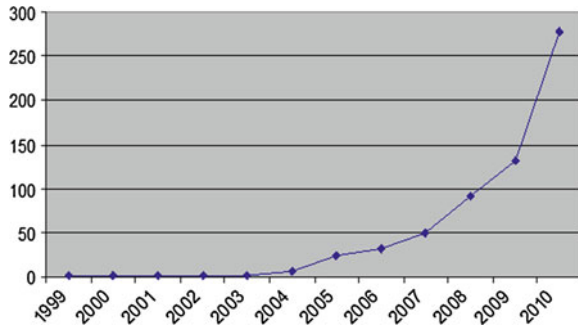
Table 3.1 Periodicals that frequently publish on social entrepreneurship (with the number of published articles in parentheses)

Entrepreneurship theory and practice (8)
Journal of Business Ethics (8)
Journal of World Business (7)
Journal of Entrepreneurship (6)
Journal of Nonprofit and Public Sector Marketing (4)
Voluntas (4)
International Journal of Entrepreneurial Behaviour and Research (3)
International Journal of Entrepreneurship and Small Business (3)
Journal of Enterprising Communities (3)
Journal of Asia Pacific Business (3)
Journal of Business Venturing (3)
Business Horizons (3)
Public Administration Review (2)
Entrepreneurship and Regional Development (2)
Corporate Governance (2)
Accounting Organizations and Society (2)
Administration in Social Work (2)
Academy of Management Perspectives (2)
Journal of Management Development (2)
Journal of Developmental Entrepreneurship (2)
Asian Pacific Journal of Social Work (2)

and worked with from researchers ‘inside the field’ (in other words, the general impact of the articles published on social entrepreneurship is felt within this field). The field has an *h*-index of 13, which indicates that the ideas in a limited number of articles seem to drive the impact of this research field. This high impact is rather impressive, considering the limited time that social entrepreneurship research has been pursued. The citations are increasing exponentially, and during 2012 there were almost 300 cross-references in social entrepreneurship.

Regarding cross-citations, our analysis indicates that the ten most cited articles have a significant impact within the dialogues pursued in the field of social entrepreneurship, as defined by our literature review. In fact, as presented in Fig. 3.3, we note that these ten articles have at least some connection to the most prominent research dialogues that we have identified in the social entrepreneurship literature. We will come back to these dialogues, but overall this indicates that they have been used for incremental knowledge-building in social entrepreneurship research. The most prominent areas these article dialogues cover are areas such as

Fig. 3.2 Citations about social entrepreneurship



social entrepreneurship's transformative impact (for example, Eikenberry and Kluver 2004; Fowler 2000), social innovation frameworks (Austin et al. 2006), clarification of the definition and boundaries of social entrepreneurship and/or the social entrepreneur (for example, Mair and Martí 2006; Peredo and McLean 2006; Thompson 2002; Weerawardena and Mort 2006), social entrepreneurship and poverty alleviation (for example, Fowler 2000; Seelos and Mair 2005), drivers and values for social entrepreneurs (for example, Hemingway and Maclagan 2004), and types of start-up processes present in social entrepreneurship organizations (for example, De Leeuw 1999).

The most influential article was written by Eikenberry and Kluver (2004) and has been cited 62 times. In an analysis of what in this article has been cited by other researchers, we notice that it has had a significant effect on the discussion of ongoing societal transformation processes and the impact of marketization on democratic processes and civil society. Among the citations that have an increased impact across the years, it is interesting to notice that the influence of Austin et al. (2006), for example, is high. In an analysis of the cross-citations, it seems to be that this article has been cited because it provides a comparative view of commercial entrepreneurship and social entrepreneurship, and thus reaches out to researchers interested in working on a comprehensive and solid ground regarding the definition and nature of social entrepreneurship. Another article with great impact on the direction of the concept of social entrepreneurship is the one written by Peredo and McLean (2006), which has been cited because the authors underscore that while an individual can stand for social entrepreneurship, such processes more often involve collective and cooperative efforts. Moreover, the article by Mair and Martí (2006) has been cited because of their suggestion of a broad definition of social entrepreneurship and the inclusion of the interaction between the actor and the context in the view of social enterprise, as well as for the way these researchers call for theoretical development in the field and how they suggest reconstructing existing theories as a means of reaching a better understanding of social entrepreneurship.

Although one may think that social entrepreneurship research is mostly influenced by entrepreneurship researchers in business, management and accounting, this field of academic inquiry is based upon a multitude of researchers from

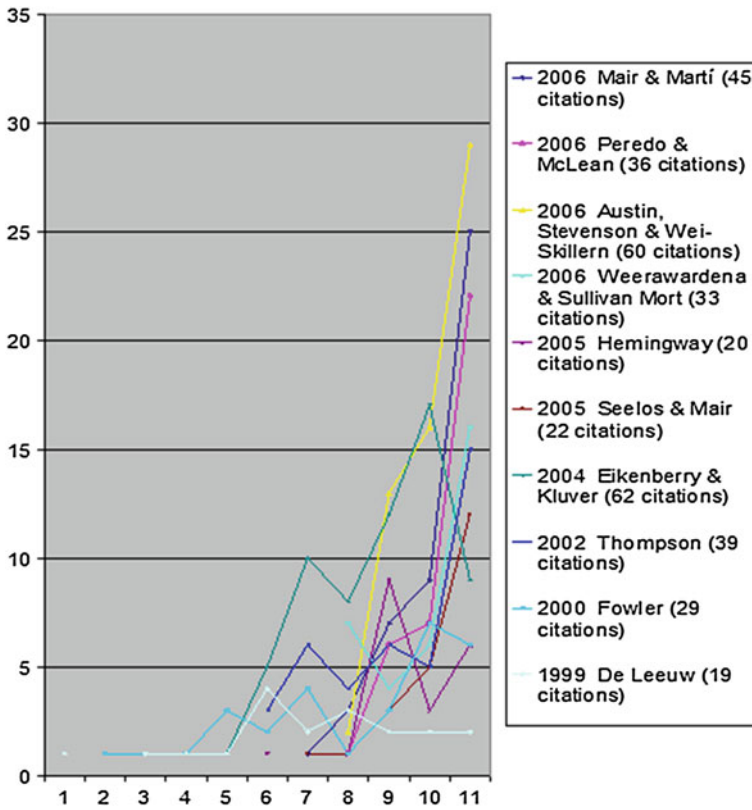


Fig. 3.3 Cited articles about social entrepreneurship (from 1999 to 2010)

various disciplines. As reported in Table 3.2, in addition to business, management and accounting, this research has also been published in sociology, social science, psychology, as well as in economics and finance, environmental science, health and engineering. Table 3.3 lists the most active contributors in social entrepreneurship.

Table 3.4 presents our review of research environments active in the field of social entrepreneurship. In an analysis of these academic institutions, there are evidently some universities that publish more on social entrepreneurship. In the lead is the University of Oxford, followed by Duke University and George Mason University: these three have three or more publications in the area. Other well-known universities that are to some extent active in social entrepreneurship research are Florida International University, Université Simon Fraser, and Babson College. However, there is no clear body of knowledge at any one university. Given that only a limited number of researchers actively make frequent contributions, and that no clear body of university knowledge has yet developed, there does not seem good reason to consider social entrepreneurship a separate field of

Table 3.2 Publication frequency of social entrepreneurship by field or discipline (with the number of published articles in parentheses)

Business, management, and accounting (97)
Social sciences (64)
Economics, econometrics, and finance (55)
Engineering (17)
Computer science (11)
Medicine (11)
Decision sciences (6)
Environmental science (6)
Psychology (6)
Health professions (3)
Nursing (3)
Arts and humanities (2)
Earth and planetary sciences (2)
Physics and astronomy (2)
Immunology and microbiology (1)

research. According to Kuhn (1970), it would be difficult to create syntheses that align potential contributing scholars without clear, frequent, and dominating carriers of knowledge; this too suggests that social entrepreneurship is as yet in the early stages of developing into a separate field of research.

3.4 Areas of Discussion in Social Entrepreneurship Research

While observing that there is not much developed institutional knowledge thus far, and the number of authors contributing to this field is relatively small, we reviewed the published articles to identify the areas of discussion, and thus the threads of academic dialogues among researchers in the field of social entrepreneurship. To that end, we analysed and counted topics and cross-citations in order to identify emerging discussions and themes in the literature, which enabled us to identify common areas of discussion, covering different problems and approaches to social entrepreneurship from different angles. Table 3.5 presents the thirteen areas of discussion so identified, the common discussions the various authors pursue, and some examples of studies that have played a part in each dialogue. The table also highlights the disciplines that thus far have made active contributions to each specific dialogue. Below, we elaborate on each area and the core discussions related to each theme.

Table 3.3 Authors that frequently (>2) publish on social entrepreneurship (with the number of published articles in parentheses)

Nicholls, A. (3)

Wang, H. (3)

Trivedi, C. (2)

Mort, G. S. (2)

Peredo, A. M. (2)

Meyskens, M. (2)

Gray, M. (2)

Mulloth, B. (2)

Haugh, H. (2)

Carsrud, A. L. (2)

Weerawardena, J. (2)

Toepler, S. (2)

Crofts, P. (2)

Martí, I. (2)

Horwitch, M. (2)

Chand, V. S. (2)

Rosengard, J.K. (2)

Li, J. (2)

Fawcett, B. (2)

Sud, M. (2)

3.4.1 A Need for Sustainable Organizations

The background to this dialogue is that due to an increasingly competitive environment within NPOs as well as traditional organizations, a need has emerged to create sustainable organizations. This is seen both on strategic and operational levels (Weerawardena et al. 2010). Thus a discussion has begun that addresses the rise in opportunities for new models of business, where NPOs and for-profit organizations are active in the same domain, and even share the same structure, or parts of it. The trigger for the dialogue is an increasingly competitive market, where organizations need to focus on aspects other than financial profit in order to ‘stay in the game’, and how such factors as being socially and environmentally attuned can be important for success in this new environment.

Examples of authors who have studied this area are Weerawardena et al. (2010), who have conducted an extensive literature review and used multiple, qualitative case-studies in order to examine how the need to build a sustainable organization has impacted on the strategy focus of NPOs. The study makes a

Table 3.4 Universities that publish frequently on social entrepreneurship (with the number of published articles in parentheses)

University of Oxford (5)
Duke University (4)
George Mason University (4)
University of Newcastle, Australia (3)
IESE Business School (3)
Indian Institute of Management, Ahmedabad (3)
Pennsylvania State University (2)
University of Calgary (2)
University of Victoria (2)
Zhejiang University (2)
John F. Kennedy School of Government (2)
La Trobe University (2)
University of Detroit Mercy (2)
University of California, Irvine (2)
The Open University (2)
Florida International University (2)
Université Simon Fraser (2)
New York University (2)
Massachusetts Institute of Technology (2)
University of California, Berkeley (2)
Babson College (2)
University of Sydney (2)
University of Illinois at Chicago (2)
University of St. Gallen (2)
Swinburne University of Technology (2)
Ryerson University (2)
University of Queensland (2)
Griffith University (2)

strong contribution to current debate in social entrepreneurship and to a broader agenda concerned with developing sustainable organizations. Meyskens et al. (2010), meanwhile, have studied the symbiosis of entities in the social engagement network and the role of social ventures. The overall conclusion of this dialogue is that the frameworks that are introduced provide a means of better understanding the context in which relevant social engagement players in a network exist, and the

Table 3.5 Areas of discussion in social entrepreneurship

Areas of discussion	Business, management, accounting	Social sciences	Economics, econometrics, finance	Health professions	Engineering	Environmental science	Psychology	Example study
Need to build sustainable organizations	X					X		De Leeuw (1999) Weerawardena et al. (2010)
Local social enterprising	X	X					X	Fowler (2000) Martin and Novicevic (2010)
Poverty alleviation through microfinancing			X	X			X	Seelos and Mair (2005) Mohan and Potnis (2010)
Social innovation frameworks					X			Austin et al. (2006) Dawson and Daniel (2010)
Start-up processes in social entrepreneurship	X							Maase and Bossink (2010)
Clarification of social entrepreneurship	X	X	X	X	X	X	X	Mair and Martí (2006) Paredo and McLean (2006) Clamp and Alhamis (2010)
Social value creation and commercialization	X	X	X					Di Domenico et al. (2010)

(continued)

Table 3.5 (continued)

Areas of discussion	Business, management, accounting	Social sciences	Economics, econometrics, finance	Health professions	Engineering	Environmental science	Psychology	Example study
Community development	X	X	X	X	X			Irani and Elliman (2008)
Social capital mobilization		X						Thompson (2002) Onyx and Leonard (2010)
Marketization of NPOs	X							Eikenberry and Kluver (2004) Dempsey and Sanders (2010)
Characteristics of social entrepreneurs		X					X	Weerawardena and Mort (2006) Hemingway (2005) London (2010)
Organizations of social enterprises	X				X			Smith et al. (2010)
How to solve social challenges	X	X	X	X	X	X	X	Tremblay et al. (2010)

synergies that they can develop. Furthermore, the dialogue points to how incremental social entrepreneurship could build strategy-focused organizations in order to create sustainability in parallel to traditional solutions.

3.4.2 Local Social Enterprise and Clashes in Communities

This dialogue focuses on increasing the standard of living and alleviating poverty in deprived parts of the world through the establishment of local social enterprises with a bottom-up strategy, meaning that the local enterprise is grounded in the community, instead of in state or regional entities. The gist of the dialogue, however, is that this can cause cultural clashes in the communities concerned, since traditions, culture, and values differ between the locals and those entering the community intent on establishing a local enterprise. The ideas of engagement in social entrepreneurship come from a global increase in poverty levels, giving rise to a need to create sustainable farming communities. This is often undertaken by local entrepreneurs who are passionate about changing a situation, and step in as a social entrepreneur with new innovative models to solve an existing problem. By studying the community where the enterprise is to be established, talking to locals, say, or visiting the local church, such cultural clashes can be avoided.

Example studies include Martin and Novicevic (2010), who have written an article discussing social entrepreneurship among Kenyan farmers in which they give an example of acculturation challenges and programme successes. They discuss issues such as the role of social entrepreneurship, servant leadership, and acculturation in reducing the problems of poverty in Kenya. In this research it can be seen that one person can make a difference by using the right methods, being passionate about making a difference, and by integrating with the local community. Another study is that of Rashid (2010), who debates the topic of development through social entrepreneurship with a focus on certain perspectives and evidence from Bangladesh. His conclusion is that, due to factors such as the need for sustainability, a number of NGOs have increasingly engaged in commercial enterprises, leading to potential trade-offs between organizational growth and a pro-poor orientation that may jeopardize the NGOs' social objectives. The general consensus in this dialogue is very supportive of approaches that include the local population and use a bottom-up strategy when establishing social enterprises at a community level, in order to avoid clashes and to achieve overall success.

3.4.3 Poverty Alleviation Through Microfinancing

The point in this area is that microfinance offers a means of reaching poor people who are excluded from the formal financial sector, and that a fundamentally new method is needed to create a scalable and sustainable business model to meet this unmet need—a catalytic innovation (Mohan and Potnis 2010). One can see

microfinancing as a phenomenon mainly in developing countries, or in economies where rapid financial growth is taking place, such as India. The background to the interest in social entrepreneurship research in researching microfinance is the need that has arisen in recent years for equal financial opportunities so that even the very poorest can affect their own situation and escape the poverty trap. This produces growth in developing economies and lessens the gap between rich and poor. One example study is by Mohan and Potnis (2010) who have studied this area by looking at catalytic innovation in microfinance for inclusive growth. In their discussion they focus on five factors: customer focus on the poor and social entrepreneurship for the social mission; operational innovation; information technology; human capital management for scaling; and financial sustainability. Another example is Epstein and Yuthas (2010), who have also studied the phenomenon of microfinancing, in this case by investigating microfinance in cultures of non-repayment. They argue that by better understanding non-repayment cultures, and developing management strategies attuned to the unique attributes of these regions, the microfinance industry can effectively and profitably support these underserved entrepreneurs. The conclusion of the discussions related to this particular dialogue outlines how microfinancing can reach deeper in society to give opportunities to social entrepreneurs who do not otherwise have the financial means to succeed with their ideas. There are many people who have an inner wish to develop and create an innovative idea, but unfortunately do not have the economic stability to do so.

3.4.4 Social Innovation Frameworks

The interest in this particular area centres on the notion that social innovations are triggered by an interest in improving the well-being of people in society, and that social rather than economic concerns drive the development and application of new ideas for solving problems and improving social conditions (Dawson and Daniel 2010). In order to categorize and better understand the meaning of, and connections between, aspects of social, business, and technical innovation, frameworks are created—social innovation frameworks.

Here, researchers such as Dawson and Daniel (2010) debate understandings of social innovation. In their study, they discuss framework dimensions such as the translation of innovations in science and technology into commercial applications. Furthermore, they also address issues of sustainability, corporate social responsibility (CSR), and change. In expanding on the fact that social innovation frameworks can be shaped in different ways, Chand and Misra (2009) discuss this topic in an article about teachers as educational–social entrepreneurs and the innovation–social entrepreneurship spiral. In conclusion, it can be argued that an entrepreneurship focus in policy that encourages diffusion processes, different to those of the innovation generation, allows for the pooling and sharing of locally effective social entrepreneurship practices and contributes to wider social impact. Although

the studies and literature related to this particular theme support the need to acknowledge social innovation frameworks, research has not yet been able to formulate specific details about how these frameworks should be designed.

3.4.5 Types of Start-up Process in Social Entrepreneurship

The background to this dialogue is that collaboration across sectors can provide innovative solutions to social problems (Maase and Bossink 2010), and that this is an influential component in understanding how social enterprises differ from traditional start-ups. As such, an interesting area of study for the group of researchers interested in social entrepreneurship is the various start-up processes in social enterprises versus traditional enterprise start-ups. There may be a conflict in the initial interest, and also the view of how value is created can differ, while studying the unique conditions for social enterprises compared to traditional start-ups, thus inviting a discussion about the opportunity-seeking behaviour of the social entrepreneur and the risk-avoiding behaviour of the organization. It is interesting to note in this dialogue that relatively little is known about the factors that inhibit the partnerships between social enterprises and organizations in the business, public, government, and non-profit sectors (Maase and Bossink 2010), which is a shortcoming, because it is proposed that such partnerships determine the success rate for social entrepreneurship processes. The appearance and influence of such partnerships is thought to be different to that of traditional enterprises.

An example of a study in this mode is Maase and Bossink (2010), who discuss factors that inhibit partnering for social enterprise start-ups, where they outline inhibiting issues, including having different perspectives on the meaning of partnership, joint ventures, societal organization, and entrepreneurialism. They also highlight the difficulty of establishing a solid partnership due to different views of the end goal of the enterprise. While outside actors value monetary rewards, social entrepreneurs are more concerned with positive social change and more intrinsic factors. A slightly different angle is offered by Hwee Nga and Shamuganathan (2010), who focus on the influence of personality traits and demographic factors on social entrepreneurship start-up plans and social entrepreneurship start-up processes. Besides outlining the specifics of social entrepreneurs and how they shape the course of social entrepreneurship start-ups, this study points to a need for facilitating social entrepreneurship through education by nurturing sustainable development values in future business graduates. In looking at this particular area as a whole, it is clear that there are some emerging thoughts on how start-up processes differ between traditional and social business companies. Furthermore, the literature indicates several alternative understandings of how social enterprises are developed, and in what manner these involve factors such as education and societal organization.

3.4.6 Clarification of Social Entrepreneurship

This discussion turns on the fact that social entrepreneurship is a relatively new concept, making it necessary to come up with a clear definition of what it is that makes it relevant to both researchers and practitioners. The literature on entrepreneurship typically identifies two types of entrepreneurship: traditional business entrepreneurship and social entrepreneurship (Clamp and Alhamis 2010). Here, there are discussions about whether dimensions such as social, societal, and business entrepreneurship are in fact one and the same, or whether they differ, and, if so, how. In order to perform solid research with clear guidelines, authors suggest there is a need to arrive at a proper definition, thus avoiding a mix-up in terms and the creation of less legitimate research material.

Researchers such as Peredo and McLean (2006) state that social entrepreneurship is exercised where a person or persons clearly aim to create social value of some kind and pursue this by exploiting opportunities, employing innovation and tolerating risk. The likes of Fowler (2000) suggest that social entrepreneurship is the creation of sustainable socio-economic structures, relationships, institutions, organizations, and practices that yield and sustain social benefits, which are thus important components to consider in any definition of social entrepreneurship, a view supported by authors such as Swanson and Zhang (2010), who discuss the importance of innovation in solving social problems and accomplishing social outcomes. Swanson and Zhang (2010) go on to highlight the importance of acknowledging work towards achieving sustainability, and how for-profit organizations and NPOs differ in their business manners. Spear (2006) discusses social entrepreneurship using a slightly different model, for he includes ideological orientations by pointing out that the practising people are not of the 'heroic individualistic' type, but rather that joint efforts or a team-based character should be emphasized. In joining this particular dialogue, Clamp and Alhamis (2010) advocate the inclusion of contextual aspects in the definition (more specifically the ones that distinguish between cooperative and individual ventures) along with social business development. The central point in this area is that there is a general agreement that any definition of social entrepreneurship needs to acknowledge the meaning of work, ethics, and the role of business in society. It is a broad dialogue, but it seems that the field has found use for several suggested definitions.

3.4.7 Definition of Social Value Creation and Commercialization

This particular dialogue, which is present in a few studies, involves the concept of social value creation and the commercialization of social enterprise. Social value creation here is the process involved in entrepreneurial action, where the value is created and remains present in the social outcome or change that occurs, instead of in monetary profit. This discussion stems from the fact that the field of entrepreneurship has evolved, and as it matures it has benefited from the injection of ideas

derived from a broad array of theoretical traditions and methodologies (Di Domenico et al. 2010), as well as from the actual practitioners who look beyond making money to making a difference in society, thus the creation of value in their actions. Hence Di Domenico et al. (2010) have performed an analysis of social bricolage, theorizing the social value creation in social enterprises, and looking at how current theorizations of bricolage in entrepreneurship studies require refinement and development in order to be used as a theoretical framework for social entrepreneurship. Munshi (2010) writes about similar issues in an article on value creation, social innovation, and entrepreneurship in global economies. Overall, this dialogue offers an overview of the current research and the definition of social entrepreneurship in order to highlight how social innovation and new social value creation underpin social entrepreneurship.

3.4.8 Community Development

This dialogue about community development addresses changes in local communities on the social and economic level, and the resulting implications for community development. When dealing with social entrepreneurship and community development, the focus is on the underlying factors that drive it, such as alleviation of poverty, increased standards of living, and the mobilization of social capital. ‘Community development’ is a broad term applied to the practices and academic disciplines of civic leaders, activists, involved citizens, and professionals in improving various aspects of local community life. Many communities have seen a decline in welfare, especially in developing countries, but also in industrialized countries. Here, authors dwell on social entrepreneurs who see an opportunity to make a difference by improving schools, working conditions, childcare and eldercare, water supplies, agricultural, and the like.

Thus Irani and Elliman (2008) discuss how the public sector is often considered synonymous with inefficiency and a lack of motivation to be innovative. The way in which community development and change can take place on site thanks to passionate individuals and entrepreneurs is one area that is discussed in their research. They also outline a model to be used as a facilitator in the conservative and risk-averse culture that bedevils the public sector. Evidently, community development can be studied in many ways. One example is Fawcett and Hanlon (2009), who look at the ‘return to community’ and challenges to human service professionals, and argue that a form of spatial analysis and social entrepreneurship can be used to facilitate meaningful participation in decision-making processes in a variety of communities, and to reforge social connections at a range of levels. In essence, this dialogue points to the importance of observing and being active at the community level in order to generate positive change through social enterprise.

3.4.9 Social Capital Mobilization

This theme focuses upon the mobilization, or proper utilization of, a community-wide vision, and the ability to bring together the diverse groups within a community in order to facilitate development in (rural) communities experiencing decline. The extent to which communities can command their diverse social, professional, and information networks to draw upon external expertise, ideas, and resources is a crucial feature of generative capacity (Onyx and Leonard 2010). In other words, communities need to develop and create growth in order not to 'die out', and that is best achieved by coming together in networking groups and governmental support groups, creating trust, and sharing their knowledge within the community at large in order to coordinate actions.

An example of such a study is Birch and Whittam (2008), who address the third sector and the regional development of social capital, looking at how social capital can develop through third-sector involvement. They conclude that a key aspect of the third sector is its role in regional development through the promotion of social capital (Birch and Whittam 2008). Further studies outline how the coordination of social mobilization is especially important in achieving change and improvements (Meyskens et al. 2010). Such research often highlights the importance of networking in areas that are experiencing a decline, most often rural areas, in order to coordinate actions that will eventually lead to a positive development.

3.4.10 The Marketization of NPOs

The core of this theme is that social entrepreneurship has not only emerged as a broad set of practices and discourses centred on the pursuit of meaningful work, but also involves the application of the tenets of capitalist entrepreneurship to NPOs, with the goal of creating meaningful alternatives to traditional corporate career paths (Dempsey and Sanders 2010). The background to the issue of the marketization of NPOs has to do with NPOs moving towards a more traditional organization while retaining their initial mission, and thus creating other variations of employment, which for many can be more meaningful. As such, NPOs are now starting to be seen in a different light due to changes in their organization.

By looking at non-profit marketization and work-life imbalances in popular autobiographies, Dempsey and Sanders (2010) discuss the issues of the marketization of NPOs and its practices and effects, including how it relates to current concerns about meaningful work. The point of their argument is that although popular portrayals of social entrepreneurship offer a compelling vision of meaningful work centred on solving pressing social problems, they also celebrate a troubling account of a work-life balance centred on self-sacrifice, underpaid or unpaid labour, and the privileging of organizational commitment at the expense of health, family, and other aspects of social reproduction. Another example of a study that discusses this is Eikenberry and Kluver (2004), who were among the

first to take a direct look at the marketization of the non-profit sector, while at the same time asking whether civil society is at risk as a result. In the literature, it is thus possible to observe a significant interest in the marketization of the non-profit sector on the part of public administration scholars and public managers in order for such organizations to flourish, reach out, and create new and innovative opportunities.

3.4.11 Characteristics of Social Entrepreneurs

The background interest of this theme is an emphasis that the character of social entrepreneurs is an inner drive to produce change in society and communities. Monetary profit is not necessarily the ultimate goal; instead it is the creation of social value and causing improvements for a community or individuals. The core question to ask here is: what motivates and drives social entrepreneurs and in what aspects do they in fact differ from traditional entrepreneurs? In order to be able to execute legitimate research in this area, researchers search for a clear definition and understanding of the motivation and character of social entrepreneurs.

Of the specific research related to this theme, London (2008) discusses how social advocacy acts to drive individual social entrepreneurs, while Litzky et al (2010) discusses social entrepreneurs and argues that they are driven by a passion for implementing ideas, which sees them apply innovative, problem-solving approaches to solve social problems and prepared to go outside traditional ideologies—all of which pushes them to take clear risks that other entrepreneurs would not. Hwee and Shamuganathan (2010) note the traits that set social entrepreneurs apart from well-intentioned individuals and organizations. Acknowledging that traits are influenced by socialization and education, they suggest that social entrepreneurs weigh the importance of social vision, sustainability, social networking, innovativeness, and financial returns differently. Ruvio et al. (2010) have also identified certain factors that describe a social entrepreneur, in an article covering entrepreneurial leadership vision in NPOs versus for-profit organizations, while highlighting significant differences in the meaning of the vision articulated by social entrepreneurs, and further showing where they differ from entrepreneurs per se, who were also found to be important in transforming different visions into venture strategies and performance. The relevancy of this dialogue is its focus on what drives a social entrepreneur, and that the true engines of change are not just passionate about making big money, but instead set out to create change in a non-traditional business manner.

3.4.12 Organizational Realities

The background to this area is that NPOs that engage in social enterprises can have difficulty reconciling the social-service and business identities of their

organization. This tension can vary depending upon the timing of conception of the social enterprise (Smith et al. 2010). A dialogue relating to social organizations is evident in this research, tracing the various structures and how they are shaped in contrast to traditional organizations, the argument being that when such an identification is clear, the field of social entrepreneurship can be further explored and legitimized.

An example study is Smith et al. (2010), who looked at the timing of the inception of social enterprises, concentrating on such issues as organizational identity, organizational impression management, and non-profit marketing, and whose findings suggest that identity tension varies according to the timing of conception of the social enterprise, and that non-profit leaders use different approaches for identity management and identity marketing for social enterprises. Another study is that of Lasprogata and Cotten (2003), who studied social enterprises by contemplating 'enterprise' and, at the same time, the business and legal challenges of social entrepreneurship. They highlighted difficulties such as how collectively NPOs have a tremendous influence on the quality of life in the US, through hospitals, churches, schools, and the like, which all have relevance for the understanding of the organization of social enterprises. The importance of this particular dialogue lies in the fact that social enterprises operate differently to traditional ones and, by doing so, push for positive change. However, it is important for social enterprises to be clear about their identity in order to be able to deliver high-quality services or products and successfully meet their goals.

3.4.13 How to Solve Social Challenges

This dialogue is rather broad and has been approached from many angles. Contemporary social challenges are legion: poverty alleviation, recycling, waste management, resource recovery, community development, local economic growth, and many more. The issue of solving social challenges has grown in recent years and is in many ways a 'hot topic'. The changes to the global climate, economic growth, and standards of living call for a fresh focus on the social, environmental, and economic realities, and thus new perspectives on public policy design that make a difference in the building of more sustainable communities.

A good example of analysing how to solve social challenges is offered by Tremblay et al. (2010), who discuss resource recovery, place, and social enterprise, along with recycling, social economy, poverty reduction, and social inclusion. The common thread in their approach is that informal resource recovery—the collection of recyclable materials from the waste stream and urban environment, known as binning—can contribute to poverty alleviation and environmental sustainability (Tremblay et al. 2010). Another example of how this issue can be researched comes from De Leeuw (1999), who discusses the topic of healthy cities and urban social entrepreneurship for health, showing that social entrepreneurship is the key to the success of health promotion and healthy city development, and,

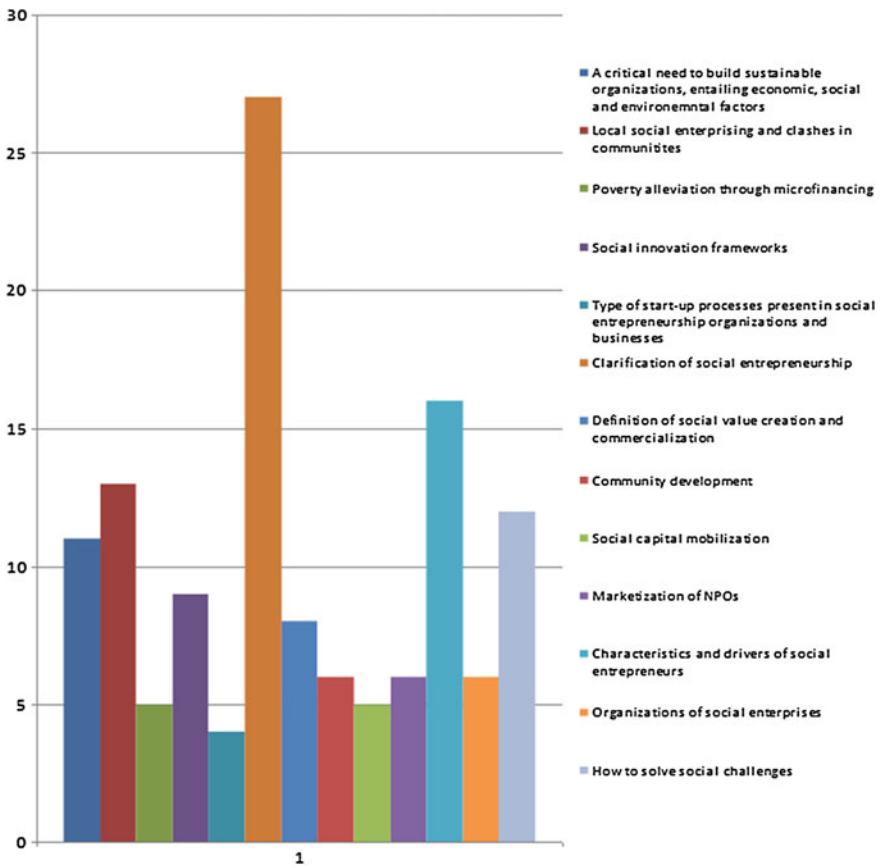


Fig. 3.4 Contributions to research dialogues in social entrepreneurship

furthermore, that recognition of a policy-change model by the entrepreneur and subsequent strategic action did indeed influence urban policy agendas. In conclusion, we see that solving social challenges at the local, regional, national, and global levels can be a huge undertaking, but when focusing on resource recovery, social enterprise, poverty reduction, and so on, in combination with passionate social entrepreneurs, there are numerous examples to suggest that social challenges can be overcome.

3.5 Prevalence of the Identified Areas of Discussion

Figure 3.4 presents a summary of the popularity of these thirteen areas of discussion. We can thus see that the clarification of social entrepreneurship is by far the most discussed area (27 contributions), followed by discussions of the

characteristics of the social entrepreneur (16 contributions), and local social enterprise and clashes in communities (13 contributions). Although limited, an interesting fact is that areas not connected to actual definitions, such as analysis of how to solve social challenges (12 contributions) and the need to build sustainable organizations reflecting economic, social and environmental factors (11 contributions) are increasingly mentioned over time. It is clear that research is no longer content merely to define social entrepreneurship, and is moving towards a focus on more specific areas. Hence the growing interest in social innovation frameworks (9 contributions) and the definition of social value creation and commercialization (8 contributions). However, we can see that there are several areas of discussion that have been paid little attention in research, such as the organization of social enterprises (6 contributions), marketization of NPOs and community development (6 contributions), social capital mobilization (5 contributions), and poverty alleviation through microfinancing (5 contributions). Another important area generally ignored in the research is the type of start-up processes evident in social entrepreneurship (4 contributions). Once more attention is paid to such areas, researchers may be able to identify both how businesses develop from being an idea to a functioning social enterprise, and how this enterprise then impacts local, regional, national, and possibly also global economic development.

3.6 Discussion and Conclusions

This chapter presents a literature review of social entrepreneurship. It highlights how the volume of research in this area has been increasing, and that the areas of discussion and impacts thereof have grown substantially in recent years. The study has analysed previous articles published about social entrepreneurship and found that a set of certain articles seem to have greatly influenced the research in this area, that only a few authors have published multiple studies, and that this is a truly multidisciplinary area of scientific inquiry which has a limited number of areas of discussion. The concept is defined in the literature in diverse ways, and a great deal of effort has gone into understanding the nature of social entrepreneurship, the social entrepreneur, and the boundaries of the social entrepreneurship concept, while trying to distinguish it from traditional, commercial entrepreneurship. Many empirical studies have been carried out, but the majority of them have been oriented towards summarizing experiences and opinions related to this area or addressing conceptual issues in order to establish the types of core ideas needed in this particular field of academic research. It is clear that more solid, qualitative empirical work is needed.

The study shows that there are certain common threads found in the subject of social entrepreneurship. By identifying and analysing thirteen areas of discussion, our study opens up for further incremental research on social entrepreneurship. We expect that future explorations of the subject will expand upon these areas, and that they could be helpful in knowledge-building and the recognition of key

contributions. Although we identified thirteen current areas of discussion, it is important to note that certain areas, such as the understanding how to organize social enterprises and the different types of start-up processes involved in social enterprise, have started to attract more attention, but are still relatively unexplored. We have mapped several issues beyond those two that show significant potential for further research. Obviously, our categorization into research dialogues should not be understood as the final say on the outline of the field—of course, there are alternative ways of understanding the literature, and dialogues will change and transform over time—and as such, we believe this effort should be looked on as something intended to help researchers interested in joining this particular field of research, and as a basis for reflection on how to go forward.

We hope our contribution will assist further research into social entrepreneurship in several ways. First, the literature review presented here should lead to a greater awareness of the status of the research field. We can see that it is a fairly new field, so it is essential to highlight major contributions and high-impact research. Second, we have been able to pinpoint certain areas of discussion that can be found in all the literature on social entrepreneurship, and we have commented upon the timing and popularity of those areas, which will enable more thorough research in future. Third, we have specifically noted and discussed the impact of the areas concerning the definition and nature of social entrepreneurship. The literature has elaborated on the differences between social entrepreneurship and traditional definitions of entrepreneurship, and we believe the field is ready to move beyond this to alternative issues not yet associated with this popular topic. Moreover, given the trends we have observed in particular areas of discussion, we believe that one contribution of this chapter is that it can assist and inspire researchers to specify the scope of social entrepreneurship and to detail how the concept can be associated with other closely related areas such as societal entrepreneurship, a topic closely linked to the concept of social entrepreneurship. Fourth, we believe that our bibliographical analysis will help academics and researchers to understand social entrepreneurship from a wider perspective, and appreciate its interest to a variety of disciplines. Our classifications and the areas of discussion we identify can assist researchers in developing multidisciplinary models and a broader frame of reference in working towards a better understanding of social entrepreneurship. Although it is likely that narrow areas of discussion targeted by one discipline will be drive the field forward in the short run, it is also likely that multidisciplinary efforts will be valuable for the future development of the field. They can integrate best practice and conceptualize the way in which effective social entrepreneurship can come about from a broad perspective. Thus, we encourage research that acknowledges contributions from across the full range of academic disciplines.

In conclusion, we have evaluated the status of this emerging field of academic research and believe there are strong indications that it could be considered a separate field of significant activity. Most certainly, the fact that publication productivity and citations are now significant indicates that this research may be considered a distinct field. A very much updated Scopus analysis from 2012

supports this, and further suggests that an extended list of knowledge bodies and researchers are contributing to social entrepreneurship research. For example, the Open University, the University of Birmingham, the University of Cambridge, Université catholique de Louvain, and Delft University of Technology among others are now to be found on the list of most productive institutions. In 2012, we can also see new authors entering the field, such as Nyssens, Tracey, Ferguson, Defourny, Mair, Smith, Spear, Trivedi, Westley, and Cooney. Although research activity is still restricted as regards the number of frequently published authors, the set of areas we identify here is starting to engage researchers, and has led to the founding of a specialized periodical. Although most scholars would agree that research must to be resolved into guiding principles that communicate potential questions and guidance for how data should be interpreted (Edmondson and McManus 2007), our review suggests that although that stage has not yet been reached, there are many factors to indicate that this field of research clearly deserves separate attention. In fact, we believe that there are also some underlying questions to be tackled. However, while there is potential for more openly pursuing interesting debates and research questions, the fact that this topic engages a wide variety of questions across the traditional disciplines can also restrict the development of mature paradigms. The current organization of academic contributions may restrict the development of a limited set of guiding principles, the publication of articles by relevant scholars, and the justification of key concepts (Kuhn 1970)—something that could be a potential challenge for this field. Thus we believe that our review may be helpful in aligning some areas of discussion and facilitating cross-disciplinary discussions among researchers who are interested in social entrepreneurship. Although the research discourses presented here rest on a historical review of existing work, we would contend that the areas highlighted are still valid. In an updated screening in 2012, we see significant research productivity, but in the same domains. In 2011, 120 articles had written; by March 2012, 30 articles had been produced, all in areas analysed in this chapter. The leading social entrepreneurship topic in 2012 was business, management and accounting, which we believe was only to be expected. We interpret this interest as largely reflecting global changes in finance, the environment, business, and community development. A shift towards a collective, sustainable development that looks to the future seems to attract research in social entrepreneurship. Against this background, we look forward to the future development of this field.

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Rethinking Social Entrepreneurship and Social Enterprises: A Three-Dimensional Perspective

4

Anders Lundström and Chunyan Zhou

Abstract

This chapter enriches the theory of social entrepreneurship by rethinking social entrepreneurship in a three-dimensional disciplinary perspective. In order to confirm the extraordinary features of social entrepreneurship and social enterprises in creating social value and achieving social outcomes, a three-dimensional development and value view of social enterprises are proposed. Entrepreneurship is held to be a family of three dimensions, consisting of commercial entrepreneurship, humanistic entrepreneurship, and social entrepreneurship. In the chapter we argue that such an approach could bring fresh development to social entrepreneurship as well as to commercial entrepreneurship, not only for a deeper understanding of different parts of social entrepreneurship, but also as a basis for understanding that the model presented could influence the future work of institutions, the policy measures to be taken, and the fact that this model will make possible a better understanding of the phenomena. In fact, the model, which integrates commercial entrepreneurship, social entrepreneurship and humanistic entrepreneurship, is a tool for describing these three different dimensions. In this chapter, the model is developed, while its policy implications will be considered later in the book.

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4.1 Introduction

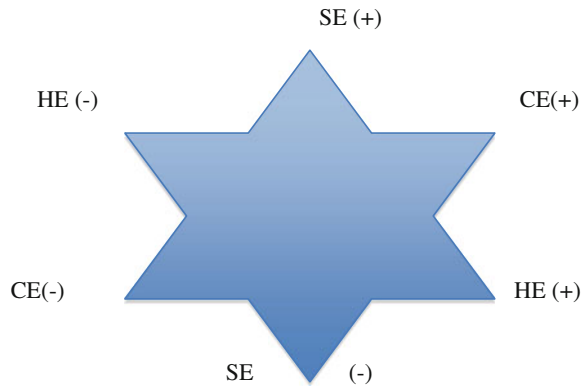
The knowledge explosion in the natural sciences and technology has hidden the influence of the social sciences and the humanities on world development since the Industrial Revolution in the mid-eighteenth century. The driving force behind development seems to be solely technological change exploiting natural resources: the role of social and humanistic sciences and technology have been marginalized. Yet entrepreneurial activities should be thought of in terms of commercial, social, and humanistic dimensions, as a dynamic, complex process drawing on a wider knowledge system. Entrepreneurial processes are relevant to ‘social technology’, as in the social relations first coined by Helmer et al. (1966), as well as to ‘humanistic technology’ such as mental tests and didactics focusing on human care, and ‘commercial technology’. Such three-dimensionally coded knowledge leads to a three-dimensional value view of the cornerstones in social entrepreneurship and social enterprise research.

Social entrepreneurship follows the pattern of commercial entrepreneurship, and is considered an entrepreneurial activity with an embedded social purpose (Dees 2001; Light 2008; Austin et al. 2006). In general, definitions are derived from the integration of these concepts. Following the tradition of entrepreneurship research, social entrepreneurship is defined as a process of social value creation, in which resources are combined in new ways to meet social needs, stimulate social change, or create new organizations (Moss et al. 2008). As ‘innovative and effective activities social entrepreneurship focuses strategically on resolving social problems and creating opportunities to add social value systematically by using a range of organizational formats to maximize social impact and bring about social change’ (Nicholls 2006).

4.2 A Three Dimension Knowledge System of Entrepreneurship

Entrepreneurship can be fruitfully investigated by disciplines as varied as economics, sociology, finance, history, psychology, and anthropology, each of which uses its own concepts and operates within its own terms of reference (Low et al. 1988). Social entrepreneurship refers to many concepts such as social entrepreneurs, not-for-profit organizations (NPOs), social enterprises, social businesses, corporate social responsibility (CSR), and social innovation. Equally, as a complex process, social entrepreneurship too can be productively investigated using the disciplinary input of economics, sociology, finance, public policy and administration, business administration and management, ethics, politics, history, education, psychology, and anthropology: again, each uses its own concepts and operates within its own terms of reference. For example, Lehner and Kansikas (2011) summarize social entrepreneurship as an emerging research field that has been well received by authors from a variety of disciplines such as sociology (Hockerts et al.

Fig. 4.1 Entrepreneurship:
A three-dimensional
knowledge base



Note: (+) positive; (-) negative

2010), entrepreneurship (Chell et al. 2010; Corner and Ho 2010), (public) management (Bagnoli and Megali 2009; Meyskens et al. 2010), ethics (Cornelius et al. 2008), finance (Austin et al. 2006), politics and institutions (Dey and Steyaert 2010), and psychology and education (Chand and Misra 2009). In fact social entrepreneurship processes rely on such disciplinary knowledge for its value creation per se. In *Chaps. 1* and *3* we develop the range of research perspectives seen in the literature in recent years.

The knowledge system covering these fields can be divided into three fields—commercial, social, and humanistic—which represent the three dimensions or directions for development on the ground. Entrepreneurship research can concern each of the primary dimensions, or all three. Here we will rethink social entrepreneurs and social enterprises using just such a three-dimensional perspective (see Fig. 4.1).

Entrepreneurship is the process of realizing the opportunities in the marketplace and mustering the resources required to exploit these opportunities for long-term gain. Usually, entrepreneurship is simply understood as starting up new business enterprises. In fact, besides resulting in new organizations, as in Schumpeter Mark I, it may play a part in revitalizing mature organizations, as in Schumpeter Mark II (Malerba and Orsenigo 1996). Entrepreneurship can serve to reduce unemployment and poverty, and it is a route to prosperity. There are any number of terms bracketed with entrepreneurship: classic, traditional, commercial, business, financial, social, societal, civil, civic, public, political, cultural, tourism, institutional, eco, and so on. To clarify the scope of entrepreneurship as a research field, we suggest viewing commercial, humanistic, and social entrepreneurship as three basic parts of entrepreneurship. Other various entrepreneurship can be addressed along with the three or at their intersections, depending on their focus on financial, humanistic, or social missions.

4.2.1 Commercial Entrepreneurship

Commercial entrepreneurship refers to the creation of economic value through new organizations or new combinations of organizations, and starting a business with profit motive, and relies on established commercial accounting and market-based measures of performance (Moss et al. 2008). In the literature it is also mentioned as traditional, classic, business, or financial entrepreneurship, in contrast with our general theme here, social entrepreneurship. Commercial entrepreneurship has a very large and ever expanding literature covering a number of different fields. Here our main concern is to describe commercial entrepreneurship briefly. We would argue that commercial entrepreneurship can have a positive or negative outcome, depending on what type we are talking about, or of course sometimes a combination of negative and positive factors, which is one reason why we have modelled like a star in which a number of alternatives could feature in combinations of positive and negative values, while the arrows represent situations where either positive or negative values dominate. In such cases, one can argue that the main interest would be the total net impact. One example could be the case of creative destruction from a Schumpeterian perspective, where a negative outcome would be the loss of employment opportunities for companies that have to shut down as a result of competition from commercial entrepreneurship, but where the total long-term perspective could be assumed to be positive. A negative net effect for commercial entrepreneurship could be that it is about producing products, which will have negative net environmental effects.

4.2.2 Humanistic Entrepreneurship

Humanistic entrepreneurship, for example, could be the targeting of humanistic missions or a focus on human happiness or quality of life. The Red Cross, Habitat for Humanity International, and community food banks are all examples of organizations behind humanistic entrepreneurship efforts. These enterprises are not normally owned and run by individuals or governments, and the resources they generate are used to sustain their own operations. It has been argued that the social world and humans are much too complex to be studied since humans and society do not have fixed rules that always have the same outcome, and they cannot be guaranteed to react the same way in a certain situation (Lundström and Zhou 2011). In this chapter, we will discuss the humanistic dimension as an internal value for existing and new organizations, creating a common value that all individuals working in the organization can relate to. Humanistic entrepreneurship is then the creation of such a value, either when the organization is started or when an existing organization creates such internal values during their existence. A positive internal humanistic value could, of course, be related to social perspectives; for example, if a company, prompted by its internal values, creates CSR projects for, say, the Red Cross or organizations working with environmental

development projects. A negative net humanistic value could be created for companies, for example, in the tobacco industry, which even if they have a positive internal value will run into difficulties if they attempt to create CSR projects. The combination of internal and external values for the humanistic dimension can give negative or positive net effects for an organization.

4.2.3 Social Entrepreneurship

Social entrepreneurship is a concept that represents a variety of initiatives, activities, processes, and approaches to create and sustain social value by using more innovative approaches. Two very different domains are combined in the dualistic aim of creating social value while at the same time achieving economic sustainability (Nicholls 2006; Hockerts and Wustenhagen 2010). Therefore, social entrepreneurship research has to cater for a dual logic—social *and* entrepreneurship. The social mission at the heart of social entrepreneurship primarily aims to create social value over and above the usual positive externalities of profit-seeking business. Social entrepreneurship ranges from macro-level interventions that fill ‘institutional voids’ in existing societal structures, and arrangements such as Grameen Bank’s and BRAC’s work in Bangladesh, to micro-level technological solutions for local market failures such as Kickstart’s development and marketing of a new, low-cost foot pump for agricultural irrigation in East Africa (Nicholls 2009).

Social entrepreneurship can lead to significant changes in the social, political, and economic contexts for poor and marginalized groups. It is also typified by creativity and bricolage—the use of available resources, practices, cultural artefacts, or institutions in new combinations to achieve change (Mair and Martí 2006; Nicholls and Cho 2006). Running a school in a society where the value of education is well recognized and subsidized by the government could be an example of social entrepreneurship, if the school uses an innovative approach to focus on a section of the population for whom schooling is not yet available (for example, marginalized people) or to address a specific area where positive externalities are still neglected, for example, technology or music education (Santos 2010). In our perspective we also see entrepreneurship education as such a specific area. A positive value for social entrepreneurship is then about innovative behaviour that will have a positive overall effect, while a negative social-entrepreneurship value would be if the outcomes measured as a social innovation were negative—for example, if an innovative school project increases the social imbalance in the system.

In Fig. 4.1 we have chosen to illustrate the relationships between commercial entrepreneurship, social entrepreneurship, and humanistic entrepreneurship by a star figure, with the positive or negative outcomes shown by the arrows, but even the rest of the diagram displays combinations of both negative and positive effects. Our assumption is that these three different dimensions and combinations of dimensions will be of increasing importance in the future, and that almost all types of organization will have to relate to each one of them. In later chapters we will

develop our thinking of what implications this type of model mean for possible policy measures to be taken.

4.2.4 Three Types of Entrepreneurship and None are Dichotomous

Humanistic entrepreneurship, social entrepreneurship, and commercial entrepreneurship occupy different positions along the same continuum. 'In fact, just as sustaining economic value in the market necessitates that for-profit firms generate some value for society, creating enduring value in the social domain (as do social entrepreneurial firms) requires value generation of the type that enables participation in the market economy' (Surie and Ashley 2008). In 2000, social entrepreneurship was defined as a form of business entrepreneurship by arguing that the traits and behaviours of successful social entrepreneurs closely mirror characteristics of successful business entrepreneurs, but required an extra dose of visionary ideas, leadership skills, and a commitment to helping others (Thompson et al. 2000). The research that explores social entrepreneurship in combinations of organizational types could include research involving commercial entrepreneurs seeking to enter the traditional non-profit marketplace.

The paradigms as well as the methodological fits in the social entrepreneurship literature have been shown to differ from commercial entrepreneurship literature. Cummings's legitimacy criteria may not be applicable in social entrepreneurship (Lehner and Kansikas 2011). What distinguishes social entrepreneurship from commercial entrepreneurship is its different focus on social value creation or financial performance, as well as on value creation or value appropriation (Santos 2010). Social entrepreneurship's emphasis is on social value creation or fulfilling a social mission; in essence, it is not about upholding particular 'values', but about the creation of value. A central difference between commercial entrepreneurship and social entrepreneurship is that social entrepreneurs are primarily driven to also create value for society, not only to appropriate value for themselves. Humanistic entrepreneurship differs from both commercial entrepreneurship and social entrepreneurship since it reflects more about the internal value formation combined with the type of products or services that a company are working with. However, as can be seen from Fig. 4.1, all three dimensions are interrelated and are not distinct subsets.

4.3 Social Entrepreneur, Social Business, and Social Enterprise

Entrepreneurship is the act of being an entrepreneur. Defourny and Nyssens (2008) provide the following comment: 'simplifying a little, one could say that social entrepreneurship was seen as the process through which social entrepreneurs

created social enterprises'. Social entrepreneurs and social enterprises are the eternal themes and central research focuses of social entrepreneurship. Social enterprises include social businesses, which combine a social purpose with a clear business proposition, and NPOs.

4.3.1 Social Entrepreneurs

Entrepreneurs are often contrasted with managers and administrators, who are said to be more methodical and less prone to risk-taking. Such person-centric models of entrepreneurship have proved to be of questionable validity, not least as many real-life entrepreneurs operate in teams rather than as single individuals. Still, a vast literature has found that certain traits seem to be associated with entrepreneurs (Swanson and Zhang 2010). Schumpeter saw entrepreneurs as innovators, and underlined their role in changing the business norms of capitalism. Today, an entrepreneur is usually defined as one who applies innovative thinking, finance, and business acumen in an effort to transform innovations into economic goods, and ultimately an enterprise.

There have been social entrepreneurs throughout history; however, the label and the public attention date from the 1970s. Typically, social entrepreneurs are defined as entrepreneurs with a social mission (Dees 2001; Martin and Osberg 2007). Social entrepreneurs are almost always defined as individuals. For instance, Ashoka defines social entrepreneurs as individuals with 'the committed vision and inexhaustible determination to persist until they have transformed an entire system who go beyond the immediate problem to fundamentally change communities, societies, and the world'. In reality, a social entrepreneur may be an individual, a group, a network, an organization, or an alliance of organizations that seek sustainable, large-scale change through pattern-breaking ideas in what governments, NPOs, and businesses do to address significant social problems (Light 2008).

Austin et al. (2006) suggests that the main difference between social and commercial entrepreneurs is the nature of the opportunities and the mission of the venture: while market failures create problems for the effective functioning of commercial entrepreneurs, for social entrepreneurs market failures represent opportunities. Thus, one of the key distinctions between social and commercial entrepreneurs is their mission: social entrepreneurs aim at creating social value for the public good, while commercial entrepreneurs aim at creating economic value for venture owners. 'For social entrepreneurs the social mission is explicit and central ... Mission-related impact becomes the central criterion, not wealth creation' (Dees 2001). Social entrepreneurs are not philanthropists, charitably caring for disadvantaged populations, but rather are focused on social problems and use business skills and knowledge to create innovative initiatives, build new social arrangements, and mobilize a variety of resources.

Though social entrepreneurs as economic agents fulfil a unique role in the economic system, and cannot be substituted by any other category of actor, they

have the same capacities as commercial entrepreneurs. According to Gopinathan (2010), the characteristics of successful business entrepreneurs include hard work, health and energy, persistence, and confidence, and that they are very active self-starters who go to the essence of the matter, and focus on business requirements and emotional issues. These are very important attributes for social entrepreneurs, too. The difference is that social entrepreneurs burn for a social mission too; they have noticed a need in their community or somewhere in the world, and have come up with a way of remedying the problem. The social entrepreneur generates the followers' commitment to the project by framing it in terms of important social values, rather than purely economic terms, which results in a sense of collective purpose on the part of the social entrepreneur and those who join the effort (Waddock and Post 1991).

4.3.2 Social Enterprises

Social enterprises increasingly play active roles in the economy, contributing to social economy, as 'The social economy is essentially a collection of social enterprises' (Smallbone et al. 2001, p. 88). As an organization that applies business strategies to achieving philanthropic goals, be they for-profit or non-profit, a social enterprise can be used to make money as well as to solve social issues, but first of all it must have a dominant social objective; by contrast, the dominant goal of a commercial enterprise is to maximize profits for the benefit of its owners. For social enterprises, their mission could be to work in the public interest or attain public service objectives. Social enterprises also provide jobs, innovation, and general wealth.

A commercial enterprise is not suited to addressing most social problems, because there is usually no profit to be made by doing so. Even it takes into account the social value and social impacts of its operations, they are essentially enterprises, not social enterprises. Social enterprises, conversely, do not always aim to offer any benefit to their investors. They also exhibit economic behaviour that seems inconsistent with social motivations. However, as a social enterprise, it must be self-sustaining through its for-profit operations as a social business, or by attracting donations from foundations, government, or private philanthropies such as NPOs.

We would agree that social enterprise does not necessarily include the entrepreneurship component. Social entrepreneurs are not always to be found in the non-profit sector. Social enterprise consists of social businesses and NPOs. In essence, commercial enterprises seek social value and social solutions to their financial performance; social enterprises exploit business approaches to solve social problems, and it is this kind of social enterprise that is termed a social business in order to distinguish it from other types of social organization. Social businesses play both an economic and a societal role. They are not NPOs—at most they can be viewed as for-moderate-profit organizations.

Another kind of social enterprise is a social NPO, defined as an organization, usually formed for social, philanthropic, or similar purposes, in which there is normally no transferable ownership interest and that does not carry on business with a view to distributing its profits for the financial gain of its members. NPOs with social missions, goals, and impact do not have any main business activities, taking the shape of foundations, associations, and government-affiliated institutions. They rely on funding in the form of grants or donations from various sources, including successful commercial activities, to work towards social objectives—not to generate any business profit, but rather to embrace sustainable financial resources to enable them to have a social impact. NPOs may create commercial subsidiaries (social businesses) and use them to generate employment or revenue that serves their social goals. For-profit organizations may donate some of their profits or organize their activities to serve social goals. In other words, NPOs attract resources to advance and sustain their social activities.

4.3.3 Social Businesses

Some social enterprises could be viewed as businesses with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profits for shareholders and owners. One such social enterprise is a social business. The term as first coined by Muhammad Yunus in his book *Creating a world without poverty: Social Business and the future of capitalism* (2007) as a non-loss, non-dividend company designed to address a social objective within the highly regulated marketplace of today. Targeting a social issue directly, it is distinct from an NPO because the business will seek to generate a modest profit to be used to expand the company's reach, improve its products or services, or in other ways subsidize its social mission—a social business is not an NPO, and uses business approaches to achieve social objectives.

A social business operates much like a profit-maximizing business, in that the company as a whole grows financially and generates a profit. The only difference is that the company's shareholders and investors only recoup their initial investment rather than receive dividends. For example, through Grameen Bank, Yunus demonstrated how social businesses can harness the entrepreneurial spirit to empower poor women and alleviate their poverty.

A social business must have financial sustainability. Investors get back their investment back, but no more, as no dividend is paid over and above the principal. When all the investments have been repaid, the company profit stays within the business to finance expansion and improvements. The purpose of a social business investment is purely to achieve one or more social objectives through the operation of the company, since no personal monetary gain is desired by the investors. The company must cover all costs and generate revenue, but at the same time it must achieve its social objectives. True, many entrepreneurs running a for-profit

enterprise will make charitable payments through the enterprise, fully expecting to make a loss in the process; however, unless the primary purpose of the company is social, it will not be considered to be social business. Therefore, a social business is driven to generate changes, not profits, to achieve certain social and humanistic goals.

4.4 From CSR to Blended Shared Values

Enterprises may pursue social responsibility goals that conflict with traditional corporate shareholder priorities, or may donate most of their profits to charity in addition to achieving financial performance. Social entrepreneurship research based on competing logics has shown how some social ventures are more 'entrepreneurial' and less 'social' (Moss et al. 2008). Our aim in the following is to highlight the three-dimensional value view that describes how human, social, and economic values are embedded in enterprise objectives.

CSR is a form of corporate self-regulation, integrated into a business model, which emphasizes 'social responsibility' for the company's operations and encourages care of the environment, consumers, employees, and communities. The term came into common use in the late 1960s and early 1970s. Proponents argue that corporations enjoy greater long-term profits if they operate with a CSR perspective, while critics argue that CSR is a distraction from the economic role of business. The presumed trade-off between economic efficiency and social progress has been institutionalized in decades of policy choices. CSR programmes have emerged largely to improve firms' reputations, and are treated as a necessary expense. The UN has developed 'Principles for Responsible Investment', launched on 27 April 2006, as guidelines for investing entities.

Nevertheless, Hockerts (2008) found that most firms conceptualize CSR primarily as a tool to reduce risks and operational costs. This is partly due to weak connections between enterprises' societal awareness and financial performance. Business has traditionally been viewed as a major cause of social, environmental, and economic problems. Put differently, a company's interest is held to be in conflict with the broader community surrounding it. Social responsibility is usually seen as an irresponsible use of shareholders' money as well.

Blended value, first coined by Jed Emerson, refers to a business model that combines financial and social outcomes generated by all organizations, considering both financial value and social value creation, for 'In truth, the core nature of investment and return is not a trade-off between social and financial interest but rather the pursuit of an embedded value proposition composed of both' (Emerson 2003, p. 35). In addition, as part of the blended value model, Emerson suggests that organizations need to develop more holistic accounting practices that reflected their full value-creation activities. The two types of value creation are intrinsically connected, rather than being in opposition in a zero sum equation. Blended value can be distinguished from CSR and corporate philanthropy because the social

impact is at the heart of the value proposition, rather than as a side effort (Nicholls 2009).

Similarly, the concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company, while simultaneously advancing the economic and social conditions in the communities in which it operates. In the old, narrow view of capitalism, business contributes to society by the profits, wages, purchases, investments, and taxes it generates. Measuring an enterprise's success, one often needs only to look to the money expended and benefits achieved. The concept of shared value resets the boundaries of capitalism. By better connecting company success with societal improvement, it opens up many ways to serve new needs, to achieve efficiency and differentiation, and to expand markets. Profits involving a social purpose represent a higher form of capitalism, resulting in creating a positive cycle of company and community prosperity (Porter and Kramer 2011). Blended value in all essentials has the same implications as shared value.

Corporate managers tend to take into account social-value creation as a parallel task to commercial value creation, rather than passively noting the social responsibility inherent in CSR. In addition, it is not only companies that should think in terms of shared value, but also government and other institutions. In this perspective, shared value could be seen as closely connected to what we would call the humanistic dimension.

4.5 From Double Bottom Line to Triple Bottom Line

Frumkin (2002) defines social entrepreneurship as a combination of supply-side orientation and instrumental rationalism, providing 'a vehicle for entrepreneurship' that 'creates social enterprises that combine commercial and charitable goals'. Lynch and Walls (2009) prefer to 'mission versus margin', or the requirements that many social entrepreneurs face to sustain their socially oriented operations by running profitable enterprises. Double bottom line is a business term used in socially responsible ventures and investment, and which concerns both financial performance and social impact; it also drops the distinction between economic and social value. It is suggested by the previous authors to adopt the total wealth standard to understand the combinations of both economic and social wealth generation. All businesses, whether public and private sector, have to measure their fiscal performance and social impact. When the ecological dimension is also emphasized in measuring an organization's performance, it is referred to as the triple bottom line (Kneiding and Tracey 2009).

Thus triple bottom line is now very much a feature of the reporting of corporate social, environmental, and economic performance in CSR. The triple bottom line argues that an organization's long-term viability is dependent on sustaining 'profitability' across all three dimensions. It calls for organizations to develop strategies that maximize on different variables (Elkington 1998), and captures a

broader range of values and criteria for measuring organizational success. Social entrepreneurship has also been called the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures (Haugh 2007).

The term quadruple bottom line has emerged relatively recently to refer to enterprises that attempt to measure their success in creating value in financial, social, environmental, and *cultural* terms (Kabir 2007). We would argue, however, that the most fundamental dimensions for value creation are commercial, humanistic, and social considerations—a three-dimensional value view to which we will now turn.

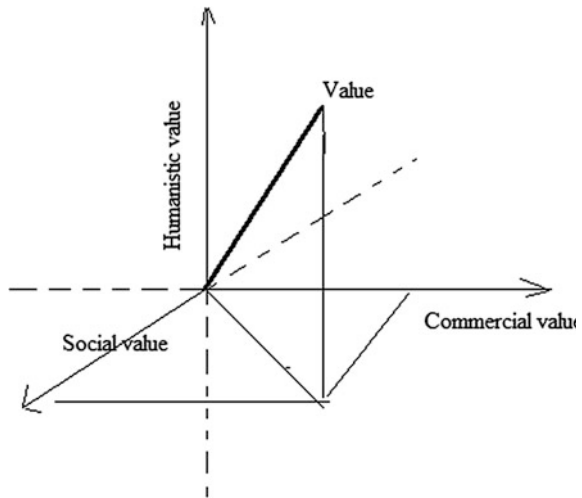
4.6 A Three-Dimensional Value View of Social Enterprises

The humanistic dimension is a critical element in business actions. Companies are expected to show a concern for employees' well-being and social relations, as well as those of the surrounding community. For instance, they find themselves held responsible for human rights abuses. Humanistic values should be involved in their value view, hence the emerging humanistic dimension to corporate values.

Companies may draw particular benefit from concentrating on humanistic values. By helping employees stop smoking and other health-care programmes, Johnson and Johnson has saved \$250 million on health-care costs, a return of \$2.71 for every dollar spent on its health-service programmes in 2002–2008. In another example, Olam International, a leading cashew producer, traditionally shipped its nuts from Africa to Asia for processing, but has since cut costs by as much as 25 % by opening local processing plants and training workers in Tanzania, Mozambique, Nigeria, and Côte d'Ivoire (Porter and Kramer 2011). Therefore, it is an inevitable trend that firms take a three dimensional value view to running their businesses. Such a value view recognizes the corporate value to be garnered from the economic, humanistic, and social dimensions, and can be understood as three dimensional shared value (see Fig. 4.2).

The behavioural motives of an organization may lead to a distinct emphasis within the three dimensional value creations, defining its organizational nature in commercial, humanistic, and social terms. There are hybrid areas among the three value spheres, although each sphere has its own emphasis. There is also a stability problem associated with a business's chosen core value, for the emphasis of the value may shift as the business grows. For example, Compartamos, a microfinance bank, operated for many years as a typical social business, maximizing on social-value creation by lending to the poor and charging interest rates that allowed it to cover costs and reinvest in growth; however, when its new shareholders demanded that it should move to a value-appropriation strategy, the bank lost its 'social' legitimacy, because of its perceived shift from value creation to value appropriation (Pache and Santos 2009). Yunus (2007) criticized Compartamos's actions, writing that it had lost its soul as a social business. Compartamos's leaders had to publish an open letter to defend their actions, arguing that a strategy of value

Fig. 4.2 One example of a three-dimensional value view of an organization



appropriation was the most effective approach to develop the microfinance industry (The Economist 2008; Santos 2010).

In Figs. 4.1 and 4.2 we can see that for each of our dimensions there is a positive and a negative part. One example is that for social values, a company could have a negative influence on, say, its immediate community; equally, as our many examples in this chapter illustrate, one can create a positive value. In a humanistic perspective, an organization could create values that would be very negative for the people working in the organization, or, of course, the opposite could be true. The same is true of the commercial value view. Ultimately, what a company chooses as for its core value is the consequence of a complex negotiation between multiple parties with competing interests (bearing in mind that the internal-value view will in many cases differ from an external-value view of the organization, of course).

In a shared value view, companies can create economic value by creating societal value; in a three-dimensional value view, companies must consider an integral value-creation strategy. Instead of reputation-driven CSR initiatives, a three-dimensional view-driven ventures create societal and humanistic benefits, rather than diminish them, as they achieve financial performance. This is good for training future manager thinking on value integration, and it will benefit the external shared value view for different types of organization.

4.7 Rethinking Social Entrepreneurship

In accordance with three-dimensional thinking, we would suggest it is time to revisit social entrepreneurship, including its nature (social innovation), its actors (social entrepreneurs), and its organizations (social enterprises). Social

entrepreneurship's entrepreneurial goals are steadily expanding along a social vector. People have become accustomed to the idea that everything an entrepreneur does is for the benefit of commerce; however, social entrepreneurs have been content to pursue their non-profit businesses without complaint right from the very beginning of their business careers. Most of them will indeed take a delight in creating social values and change—and it is this that has brought a social dimension to entrepreneurship. Not all entrepreneurs look on commercial profit as the point of entrepreneurship. As a result, social enterprises set out to have a social impact, approaching their values from the social vector. Progress here has been far more rapid than was the case when natural resources and environmental problems were first taken into consideration in sustainable development. Nevertheless, what we would posit as humanistic entrepreneurship involves a humanistic dimension, which further expands the traditional (commercial) notion of entrepreneurship. In general, commercial entrepreneurship looks to the economic benefit, while paying due attention to natural resources and environment protection, as well as CSR; social entrepreneurship looks to the social benefit, adopting entrepreneurial approaches to solve the issues of the social group; while humanistic entrepreneurship looks to internal value systems.

4.7.1 Promoting the Development of Social Groups

What then of the nature of social entrepreneurship? Any society is made up of different social elements, or groups. The powerful, the common, or the vulnerable; women, children, the elderly, white-collar workers, intellectuals, businessmen, government officials: the list is long. The nature of social entrepreneurship finds expression in caring for these social groups in various ways, promoting their development. Some concentrate on poor women, or uneducated children; others on the elderly, the poor; and so on. By comparison, humanistic entrepreneurship concerns the issues of human individuals and the creation of internal values, rather than social groups. In other words, social entrepreneurship, which emphasizes social missions and impact, plays an increasingly important role in social groups' development. Entrepreneurship is used by social entrepreneurs as a way of tackling the existing situation of social groups, especially the poor ones.

A telling example is Rodrigo Baggio and Committee for Democracy in Information Technology (CDI) which provides IT education for poor children and low-income communities (Ashoka 1996; CDI 2013). In founding the first Brazilian NGO committed to tackling the digital divide, Baggio has created a franchise model with CDI, in which communities receive donated computers to be used for job-hunting, as well as social and civic engagement. With over 700,000 CDI students having graduated, Baggio's methods for fighting what he calls 'digital apartheid' are being adopted globally. As he said himself, 'One must believe in the power of communities to transform their social reality by mastering new information and communications technologies'. With a mission to promote the social

inclusion of low-income communities using information and communication technologies as tools to build and exercise citizen's rights, CDI creates Information Technology and Citizens Rights schools (ITCRs) in partnership with community-based associations. Over the years, CDI and Braggio have accomplished much. There are CDI franchises in 763 schools in Brazil and 100 abroad. More than 600,000 people from low-income communities have been certified by CDI's ITCRs. The CDI network has 1,036 volunteers, and generates income for about 1,726 educators from communities where the ITCRs are found. *Time Magazine* named Braggio one of the '50 Latin American Leaders for the New Millennium'.

Similarly, Muhammad Yunus and his Grameen Bank use microcredit and microfinance concepts to empower poor rural women, while Vera Cordeiro, a physician in Brazil and founder of Associação Saúde Criança, began by setting up a health clinic, creating an organization that now works with destitute children and mothers on a broad front (Saúde Criança 2013).

4.7.2 Prizing Social Goals Above Commercial Goals

Radical thinking is what makes social entrepreneurs different from simply 'good people'. They make markets work for people, not the other way around, and gain strength from a wide network of alliances. They can 'boundary-ride' between the various political rhetorics and social paradigms to enthuse all sectors of society.

With radical thinking, social entrepreneurs target the issues that matter to social groups, and in so doing elevate social goals above commercial goals. They live to serve, not to make money, and are satisfied with modest incomes.

Al Etmanski and the Planned Lifetime Advocacy Network in Canada (PLAN 2011) provide a safety net for those in need that can withstand both the death of care-giving parents and unpredictable changes to government-funded support services. Its strength derives from its secure networks of family and friends, increased financial independence, and openings for social contributions and citizenship. PLAN's mission is to help families secure the future for relatives with disabilities and to provide peace of mind. It wants everyone to have access to a good life, which for people with disabilities is exactly the same as anyone else: loving friends and family, a place of one's own, financial security, participation in decision-making, and the ability to make a contribution to society.

In 1998, John Wood founded Room to Read to publish local books, fill libraries, and construct new schools in the Himalayas (Room to Read 2012). It stemmed from a promise John made to a school headmaster while he was backpacking in rural Nepal that he would return with books for the children to read. He did return a year later with 3,000 books to fill the school's empty library. In his memoirs, Wood explains, 'Did it really matter how many copies of Windows we sold in Taiwan this month when there were millions of children without access to books?' (Tactics of Hope 2008). Since founding Room to Read in 2000, Wood has applied the rigour of business to improve systems of education, implementing an

expansive growth model that it is hoped will provide ten million children with the opportunity to read and learn by the 2020.

Premal Shah and Kiva, an NPO with a mission to connect people through lending to alleviate poverty, operate by leveraging the Internet and a worldwide network of microfinancial institutions (Kiva 2005–2013). Kiva lets individuals without access to traditional banking systems borrow as little as \$25. Since its foundation in 2005, it has had 791,350 lenders, \$331 million in loans, and a 98.98 per cent repayment rate, and it works with 154 microfinancial institutions, and 450 volunteers in 62 different countries.

4.7.3 Chasing Social Values, not Economic Values

Typically, social enterprises, as social entrepreneurship organizations, achieve social-value creation by commercial means. They chase values along the social vector, not those along economic vector, as is exemplified by International Bridges to Justice, founded by Karen Tse (IBJ 2012). IBJ builds international coalitions to support public defenders in emerging democracies, and uses a replicable sequence of training, structural reform, and international support to pursue the basic right to legal representation and protection from mistreatment:

We envision a world where the basic legal rights of every man, woman and child are respected in case of an arrest or judicial accusation, in particular: the right to competent legal representation, the right to be free from torture and cruel treatment, and the right to a fair trial. It's a world where the institutionalization of fair and effective justice practices have eliminated the use of torture as the cheapest method of investigation.

A world where each and every person is knowledgeable about his/her rights and is empowered to demand that they are upheld in practice.

A world where international human rights standards and relevant local laws are brought to life in the everyday practice of justice, and through the consciousness of each and every actor of the judicial system (IBJ 2012).

Dedicated to protecting the basic legal rights of ordinary citizens in developing countries, IBJ is clearly focussed wholly on social goals, and economic benefit is left to one side in the pursuit of social values.

The PlayPump water system, created by two advertising executives, Trevor Field and Paul Risti, was a simple, low-tech solution to the problem of the lack of clean drinking water in developing countries (Water for People 2013). With Roundabout Outdoor, PlayPumps International developed a water pump technology that doubled as a merry-go-round. The idea was that children would play on the merry-go-round, pumping clean water from deep in the ground to a storage container that is used as a billboard to generate revenue from advertising.

Moreover, there are also organizations that support social entrepreneurship organizations. For example, Social Innovation Park Ltd. in Singapore and its branch in Shanghai, Social Innovation Club, were both originally focus on the disabled (SIP 2008); now it is 'an impartial, not-for-profit organization based in Singapore that incubates social entrepreneurs worldwide to bring positive

innovations to lives and societies’, and provides a ‘platform for the exchange of ideas, network and innovations to build a more inclusive, sustainable and better world’. Obviously, this organization has evolved from a quasi social charity for the disabled into an institution working to strengthen social entrepreneurship and serving a wide range of social groups. Bill Drayton and Ashoka are further example of the efforts made to encourage social entrepreneurship and support social entrepreneurs. Through Ashoka, a global non-profit, Drayton aims to find change-making leaders around the world, provide them with support and modest “social venture capital”, and watch as they transform ingrained institutions and improve lives exponentially.

4.8 Conclusions

In the words of Muhammad Yunus, referring to the current inability of modern economies to solve societal problems, ‘things are going wrong not because of *market failures*. The problem is much deeper than that. Mainstream free-market theory suffers from a *conceptualization failure*, a failure to capture the essence of what it is to be human’ (Yunus 2007, p. 18). Capitalism, too narrowly defined, sees the individual as solely focused on profit maximization to the exclusion of all else. This chapter has proposed a three-dimensional value view with which the confines of capitalist businesses can be overcome; a perspective that combines profit maximization in order to pursue humanistic and social ends.

To sum up, this exploratory study enriches the meta theory of social entrepreneurship research by suggesting a value view based on a three-dimensional disciplinary knowledge system. We would argue that enterprises should be just as concerned with the commercial dimension as with the humanistic and social dimensions. In Figs. 4.1 and 4.2 we introduced a new method in treating values, which will be used later in this book. The method is a new approach in rating both internal and external values for different types of organizations. This chapter therefore also offers a more structured framework with which to contrive a more effective social entrepreneurship policy.

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Part II
Implementing Social Entrepreneurship

Entrepreneurial Discovery and Asian Entrepreneurship in the UK

5

Spinder Dhaliwal and David Deakins

Abstract

High-growth British Asian entrepreneurial success in the UK has been a phenomenon that has been well documented. A traditional approach to this phenomenon has been to see the success from the perspectives of resource acquisition and the industrial sectors the businesses are based in, and contextualized by the environment. In this chapter we argue that the lens of entrepreneurial discovery and opportunity recognition provides more telling insights into the nature of Asia entrepreneurship. Having unique access to high-growth Asian entrepreneurs, we report on a case analysis of eleven high-growth Asian entrepreneurs through the lens of entrepreneurial discovery. We conclude that the study of high-growth Asian entrepreneurship offers a new perspective on contextualizing entrepreneurial discovery, providing a greater understanding of this phenomenon.

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5.1 Introduction

The purpose of this chapter is to investigate the process of entrepreneurial discovery in the example of British Asian high-growth entrepreneurship in the UK. Asian entrepreneurs in the UK have attracted much attention from researchers, partly because of their profile and success with fast-growth entrepreneurial companies across a range of sectors (Dhaliwal and Gray 2008), but also because that success has often been achieved within an environment marked by limited resources, necessitating innovative approaches to entrepreneurial start-ups. This chapter utilizes material from eleven UK case-studies of high-profile, fast-growth Asian entrepreneurs by adopting the lens of entrepreneurial discovery and opportunity recognition as a theoretical framework to investigate factors that influenced the nature the exploitation of entrepreneurial opportunities by Asian entrepreneurs. We compare this to a more traditional approach to Asian entrepreneurship in the UK, found in the literature, which focuses on resource acquisition, sector, and environment.

It is arguable that the literature on Asian entrepreneurs has been divorced from a developing entrepreneurship literature that argues that the field of entrepreneurship research would be more fruitful by focusing on the process of exploiting entrepreneurial opportunities rather than the qualities and type of person who perform this function. This literature has developed from questions posed by Shane and Venkataram (2000) about the direction of entrepreneurship research and the validity of the field of study. They argued for a framework based upon the existence, discovery, and exploitation of entrepreneurial opportunities. The roots of such research lie in the Austrian School of economics and the recognition of how opportunities arise from uncertainties and asymmetric information held by individuals. This provides the basis for the existence of entrepreneurial opportunities that can be exploited by entrepreneurs if they have sufficient information (Hayek 1945). Kirzner (1997) has suggested that because of dynamic informational uncertainty in the entrepreneurial discovery process, the role of knowledge is key, and people hold different information about opportunities, which permits exploitation. This can be a speculative process, subject to dynamic competition, and with elements of surprise from unexpected outcomes.

Thus, the purpose of the chapter is to use the theoretical framework provided by this interpretation of entrepreneurial opportunity as a lens to provide new insights into how Asian entrepreneurs have exploited entrepreneurial opportunities. Previous approaches to high-growth Asian entrepreneurship in the UK have focused on their motives, characteristics, sectoral and contextual influences, and access to resources (see Ram and Jones 2007 for a review), rather than how they have reacted to and exploited entrepreneurial opportunities. We would argue that greater insight into the modern phenomenon of Asian entrepreneurial high-growth firms can be achieved with a different approach, contributing to our understanding of Asian entrepreneurship.

5.2 Literature Review

We draw on two sources of literature, the first being the still developing literature on entrepreneurial-opportunity recognition that has its basis in the Austrian School or an approach to entrepreneurial opportunities that arise out of imperfect and divergent knowledge, and the second being the established literature on Asian and immigrant entrepreneurs that suggests that entrepreneurial success is driven, on the one hand, by barriers to employment, and, on the other, by access to resources via the extended networks of the Asian or immigrant communities.

An Austrian perspective on entrepreneurial opportunities sees them as arising from asymmetric information held by different individuals. It is information about opportunities, rather than attributes of individuals, which determines who is able to exploit opportunities, and hence who becomes an entrepreneur. For example, Kirzner (1997), who embodies this approach, considers that the role of knowledge is key, with people holding different information about opportunities open to exploitation, although the discovery process is risky and subject to dynamic competition, which adds uncertainty to the outcome.

In the literature on opportunity recognition, one focus has been on start-ups and incubator-based businesses, often high tech, looking at how the owners of such start-ups and early stage businesses have exploited entrepreneurial opportunities (Shane 2000; Fosh and Ishikawa 2007). Eckhardt and Shane (2003) have suggested that entrepreneurial opportunities can provide the framework to explain the entrepreneurial process, and proceed to suggest a classification or typology of opportunities based on the source of change. Hence, the way in which entrepreneurial opportunities are exploited provides a rich ground for a better understanding of Asian entrepreneurship. Shane's influential paper (2000) proposes that opportunity discovery is a function of the distribution of information in society, and that entrepreneurs discover opportunities related to the information they already possess. Shane's key finding is that the source of entrepreneurship lies in differences in information about opportunities (Shane 2000).

How entrepreneurs overcome barriers to the recognition of entrepreneurial opportunities provides a further basis for investigation. For example, Hsieh et al. (2007) focus on how entrepreneurs organize to discover opportunities by relating opportunity discovery to problem-solving, and in overcoming barriers to information assimilation 'the entrepreneur's critical task is to efficiently govern the process of discovering opportunities' (p. 1255). They identify 'moral hazard' issues in the process of entrepreneurial decision-making about opportunities, including knowledge appropriation hazards (the extraction of value without payment poses a hazard to the entrepreneur's efforts to promote knowledge transfer or exchange), and a strategic-knowledge accumulation hazard (actors need collective action to solve complex problems, but act independently rather than collectively).

Pech and Cameron (2006) have illustrated to the importance to the entrepreneur of the 'informational cues' from opportunity-seeking and investigations. They propose an entrepreneurial decision-making model based upon information-

processing associated with opportunity recognition. In the process of identifying opportunities, entrepreneurs will act upon information received about market opportunities. The information will then be processed by individual entrepreneurs. How that information is processed may lead one person to act, but others not to, for having analysed the information, they have to muster the resources to act upon it:

entrepreneurs seek and diagnose opportunities and then access required resources needed to exploit that opportunity. (Pech and Cameron 2006, p. 63)

Schwartz et al. (2005) suggest that the opportunity recognition process changes over time and differs in different industry sectors, for example manufacturing or services; for example, technology-based sectors are likely to have a different process to the service industry.

An alternative approach to opportunity recognition has been identified by Fletcher (2006) who has argued that opportunity formation is relationally and communally instituted—that is, that the opportunity recognition process needs to be understood within the context of the social environment within which entrepreneurs operate. Fletcher argues that the literature on entrepreneurial discovery has failed to take account of the social and economic contexts in which the process is framed. Put another way, we need to factor in the reality of how social relations are constructed in order to understand the opportunity discovery process. This is an important distinction to which we will return in the discussion.

A further characteristic regarding the development of the literature on entrepreneurial discovery is that much of it turns on theories and concepts. It is arguable that the emphasis has been placed on conceptual developments regarding the importance of alertness to opportunities and the ability of entrepreneurs to draw upon resources such as prior experience and knowledge of the market (Casson 2005). Although these have been important developments, there has been less attention to empirical studies that draw upon the entrepreneurial discovery process as a conceptual framework. For example, as Fletcher remarks,

Empirical studies applying process understanding of opportunity recognition are still quite rare. (2006, p. 424)

Therefore, there is a research gap regarding the lack of the application of the theoretical and conceptual framework to empirical evidence. Here we seek to address that gap by drawing on evidence from high-growth Asian entrepreneurs in the UK. First, however, it is necessary to understand the social and economic context of Asian entrepreneurship by reviewing the literature and previous research in this area.

5.2.1 Asian Entrepreneurship

The literature on the commercial and social behaviour and integration of migrant communities exists wherever large groups of people have converged through migration. Multi-ethnic communities in the US, South-East Asian migration to

Australia, and many other similar situations have prompted academic enquiry. Notwithstanding the economic and social importance of Asians in the UK, there has been little research that focuses on the nature of entrepreneurial discovery and exploitation.

Much of the academic literature that exists has been aimed at defining and explaining differences between small ethnic-minority firms and those of the general small-business community (Ram and Smallbone 2001). Three main perspectives have gradually emerged. Firstly, the *culturalist* perspective emphasizes cultural networks, dependence on family, and co-ethnic resources. This approach largely ignores the socio-economic context in which firms operate. Cultural characteristics contributing to the success of the first generation include thrift, hard work, and reliance on family labour (Waldinger et al. 1990; Werbner 1990). These gave Asian entrepreneurs a competitive edge over other businesses, but cultural factors may also restrict growth by creating excessive reliance on the local ethnic community as a market and on informal sources of finance (Ram 1994; Metcalf et al. 1996; Basu and Goswami 1999). Basu and Goswami (1999) analysed the relationship between long-term growth and four categories of variables: cultural factors, socio-economic factors, background characteristics, and expansion strategies. Working long hours, exploiting family labour, and serving co-ethnic populations are found to be simplistic explanations of a much more complex reality: undue reliance on family labour may hold back business growth. Excessive reliance on serving co-ethnic markets may stunt expansion; business growth appears to be related to the entrepreneur's educational attainment, prior business, or professional experience, and personal financial commitment in starting the business (growth is negatively related to reliance on bank finance at start-up). Ethnic businesses tend to be concentrated in low entry thresholds and low value-added activities, which often present limited opportunities for expansion.

Secondly, the *structural materialist* perspective stresses the role of external influences, structural constraints such as racial discrimination, and barriers to labour-market success in high levels of self-employment and enterprise. There has been much discussion about the use of formal and informal networks by the Asian business community in the UK (Ram and Jones 1998; Basu and Goswami 1999) and its dependence on both community and family for custom, labour, and decision-making. Many business people hope their children will to become well-educated professionals, with wider opportunities and choices and a better future (Dhaliwal 2000a). Conflict between generations arises as the decision forum, or boardroom, becomes the place of struggle between the older generation's entrepreneurial instincts and the new generation, with its aspirations and paper qualifications in management (Gidoomal 1997). The transition from one generation to the next leads to conflicts and tensions between the firm's founder and successor (Janjuha and Dickson 1998). Such businesses find it difficult to move from the growth stage to maturity. This would not be unusual in any family business, but the cultural dimensions add to the complexity of the barriers to change. Problems arise when a young entrepreneur wants to introduce a more professional approach into the family business and bring in outsiders whose suggestions often involve radical

changes in hallowed procedures. There is, however, evidence of sectoral shifts (Dhaliwal and Adcroft 2005). Asian businesses are moving away from the areas often associated with Asian entrepreneurship (for example, textiles and retailing) towards newer, more innovative activities.

First-generation Asians go first to their own networks for funding, secondly to Asian banks, and only as a last resort to British banks (Gidoomal 1997). Traditionally, the quality of service, efficiency, and specialist expertise were not important reasons for selecting Asian banks; the real hurdle was language. First-generation entrepreneurs had difficulty communicating the needs of their enterprise and were unfamiliar with the way things were done in the UK. Yet the principle that 'We're from the same village' gradually is no longer enough to run a business by. British banks found it difficult to understand or facilitate expansion. In turn, the first-generation Asians did not understand the UK as a marketplace and were impatient to achieve economic results. Recent evidence suggests that there is no significant difference between first- and second-generation minority ethnic businesses in their propensity to access external funding from formal sources at start-up. Many of the younger generation also have problems in accessing finance due to a breakdown of the 'family' business. Asian women in particular face cultural and family barriers, and do not enjoy easy access to family or community finance and support in the same way as the men (Dhaliwal 1998). In addition they tend to have fewer personal savings, and many ethnic-minority businesses are in deprived areas, thus affecting their credit rating and leaving them at a disadvantage.

Thirdly, the *mixed embeddedness* approach focuses on sector, location, markets, and institutional support as well as cultural influences (Kloosterman et al. 1999; Ram and Smallbone 2001). This approach recognizes the relative importance of the socio-economic and political environment compared to the ability of ethnic-minority entrepreneurs to access resources and markets. It is important to acknowledge the wider environment within which EMB owners operate, including the socio-economic environment and the important political institutions.

These three different approaches help to explain the complexity of Asian entrepreneurship, a multi-faceted phenomenon that requires a number of different perspectives to fully understand its heterogeneous nature. Although these approaches provide different insights into its full diversity, we would argue they do not provide a full explanation of modern *high-growth* Asian entrepreneurship.

The OECD have a standard definition of a high-growth firm: 'All enterprises with ten or more employees, with average annualized growth greater than 20 % per annum over a three year period'. This follows the definition of 'A business establishment which has achieved a minimum of 20 % sales growth each year'. So a three-to-five-year period is normal to define a high-growth firm with at least 20 % annualized growth rates.

This growth is aided by the importance of local social networks, and both formal and informal support play a role. The groups engaging most successfully with Asian entrepreneurs tended to be informal: peer groups, social/independent business support, other shopkeepers, and local established business people. Asians generally prefer to deal with informal contacts that are local and intimate. They

expect to be understood and are frustrated with bureaucracy. Family, friends, peers, places of worship, and established business people are key influences. Accountants from the same ethnic origin enjoy the trust of the businessperson and are often the first point of contact when any decisions have to be made. They tend to work outside their remit and are usually close family friends, often recommended by other more established business people. Other influences include the ethnic media, which is very powerful in terms of reach and is a major source of influence and information.

Asian entrepreneurs have received attention for their contribution to the UK economy (Dhaliwal and Amin 1995; Ram and Jones 1998). In order to fully understand this contribution, which may well be due to the relatively large numbers of high-growth Asian firms, we argue that it is necessary to include insights from an additional perspective, that of the entrepreneurial discovery literature. The contribution of Fletcher (2006) indicates a point of coherence between the different approaches. That entrepreneurial discovery needs to be understood within the social and cultural environment in which it is embedded. This gives us a platform for developing our research questions and propositions that guide the analysis and discussion.

5.3 Research Questions and Propositions

Combining the literature on entrepreneurial opportunity recognition and the recognized approaches to ethnic-minority entrepreneurship provides with a rich base to develop research questions. This combination allows us to contextualize research questions as follows:

- RQ1 How have Asian entrepreneurs been influenced by their community and environment in their exploitation of entrepreneurial opportunities?
- RQ2 What are the important factors, associated with their community or environment, that have influenced the recognition of entrepreneurial opportunities?
- RQ3 What has been the role of technology in interacting with other factors in providing superior knowledge that has led to exploitation of opportunities?
- RQ4 To what extent have Asian entrepreneurs drawn on traditional, informal sources for resources such as finance, contacts, and family labour?
- RQ5 To what extent have Asian entrepreneurs utilized traditional networks and family contacts to gain access to global markets?

The equivalent propositions are narrower, as follows:

- P1 That the Asian community and environment have been a source of superior knowledge that has driven the discovery of entrepreneurial opportunities by Asian entrepreneurs.
- P2 Technology has interacted with other sources to provide the basis for some Asian entrepreneurs' superior knowledge.

- P3 Traditional (and family) networks have been used to access markets and resources.

5.4 Research design

One of the authors has had unique access to Asian entrepreneurs over a five-year period by compiling profiles from telephone interviews for an ‘Asian Rich List’ (Dhaliwal 2003–2008). From this list, eleven of the top twenty Asian entrepreneurs in the UK (see Appendix 5.1) agreed to participate in face-to-face, qualitative, in-depth interviews. The interviews have been conducted over a period of time with several interviews conducted with each respondent. The interviews have all been conducted by one of the authors to achieve consistency utilizing her contacts and networks within the Asian community in the UK. Notes were taken at the interviews that were verified by the entrepreneurs. It is recognized in the literature on ethnic-minority entrepreneurs that a sympathetic approach needs to be taken, preferably by someone who has the trust of the ethnic communities (Ram and Jones 2007). Such a network can be closed and unreceptive to other approaches, and, in the present case, the research was undertaken by one of authors, who is well known in the Asian business community in the UK. Even within the Asian business community, the diversity of business owners is a known feature from previous research, as was highlighted the UK study. Thus, the interviews were conducted with an appropriate degree of flexibility to accommodate the full diversity of possible responses.

The interviews were recorded and summarized. The resulting case-studies—the sample case-studies considered here are described in Table 5.1—have been processed using the qualitative data analysis software package, QSR NVivo, to code data according to key themes such as advice, support, finance, social capital, motivation, networks, generational issues, and succession planning. This coding was based on known issues from the literature along with the quantitative analysis and the nature of the experiences of MEB owners themselves, allowing, in addition, the data to ‘tell its story’ about the opportunity discovery process and the roles of social and community resources, sectoral structure, family, networks, and environment and other organizational factors. The interviews provide a rich diversity of responses, distinctive to Asian entrepreneurs in the UK.

5.5 Results

In this section we use the propositions as a framework to analyse the case material.

- P1 That the Asian community and environment have been a source of superior knowledge that has driven the discovery of entrepreneurial opportunities by Asian entrepreneurs

Table 5.1 Case profiles

Case	Product/service	Established	Why started
Case A	Hotel chain	1982	Opportunity recognition of gap in market
Case B	Branded beer	1989	Knowledge that product could be superior to competition
Case D	Travel agency	1980	Family-financed, recognized Internet market, market knowledge from travel industry experience
Case K	Property and hotel	1979	Market opportunity from existing property
Case L	Pharmaceuticals	1971	Technical knowledge
Case N	Food technology	1971	Family business combined with technical knowledge
Case Pa	Metal manufacturing	1974	Superior technical knowledge and opportunity recognition
Case Pe	Design engineering	1976	Knowledge of industry opportunities
Case S	Fashion clothing manufacturer	1986	Family business with market knowledge
Case V	Pharmacy and health-care	1970	Market knowledge
Case W	Food technology	1986	Opportunity recognition for superior product

It can be seen from Table 5.1 that this was important in some role in at least ten of the eleven cases. A number of the cases illustrate the importance of superior knowledge for recognizing entrepreneurial opportunity. For example, the entrepreneur from Case K comments as follows:

I came up with the idea for XXXX when I was still a student.

He was not impressed with the existing product at the time he started:

I found them gassy, very fizzy and very bland, and thought maybe I could do better and do it differently—maybe I could change the market forever.

The entrepreneur from Case N had recognized an opportunity to market food to supermarkets, yet he needed to acquire knowledge of the food technology process, which was acquired by visiting the US:

In the US I had undertaken a lot of research and development into the Indian food industry and technology and learned the art of manufacturing Indian food in large quantities.

The entrepreneur from Case L was convinced that his product would be the best on the market, so he started his own company rather than selling it to the existing competition.

I could not sell my invention and I so strongly believed in it, there was nothing on the market that worked, I knew it was a winner.

The entrepreneur from Case K was also able to recognize opportunity, through having a resource that led to exploitation of an opportunity by renting his available, but empty, property:

I was running a business, and what businesses do is identify opportunities in a market or a set of circumstances and create something that allows them to take advantage of it.

He was able to exploit an opportunity by renting vacant properties to local authorities to house homeless people, although this inevitably led to some adverse PR; however, as he explained, there were benefits to both sides from his recognition and exploitation of the opportunity.

What was I supposed to do? Keep the rooms empty and keep the homeless on the street? Sure I made a lot of money, but I also helped a lot of people find a warm room and a roof over their heads.

The entrepreneur concerned with Case V found that an opportunity arose because of his knowledge and willingness to provide a service that could be completed quicker than the competition and from this exploit an opportunity. 'We wanted to do every job, no matter how large or small, to the best of our ability, and I used all my contacts in the industry calling in many favours', he asserts proudly, 'at that time I did not even know what to charge for the services we provided, I wanted to meet my commitment and we did. I was soon in great demand at many postgraduate teaching hospitals. I soon learnt to charge "proper" rates for the job. "Operating theatre project" fees barely covered the costs.'

The entrepreneur concerned with Case W was driven by a desire to challenge the existing standard of food products, utilizing her knowledge that she could provide a superior and high-quality product. She said that:

I wanted to challenge the food industry. I found supermarket food to be boring, tasteless, and poor value for money ... I am passionate about this.

Increasingly dissatisfied with the standard of Indian food, she decided to start her business on a small scale. From a small cottage industry, it grew into a major enterprise.

P2 Technology has interacted with other sources to provide the basis for some Asian entrepreneurs' superior knowledge

Technology is a source of superior knowledge that can drive the entrepreneurial discovery process. It has been the basis on which a number of entrepreneurs have exploited market opportunities, either with superior products or with improved processes for traditional products (as in food technology or clothing manufacturing). An example of the latter is provided by Case S, where a research and design team travel worldwide to research and buy new and innovative fabrics and trims made possible by a fully computerized order-processing system

The entrepreneurs concerned with Case V were able to develop an opportunity from a complementary product introduced as a form of diversification from their existing business; from this innovative health product they were able to take

advantage of new developments in markets and publicity for health-care products. However, as they admit they did not anticipate such growth, it arose from recognizing a need to improve existing products:

It was set up primarily to meet the needs of my own pharmacies and to supply other independents.

The entrepreneur concerned with Case L drew on technical knowledge of his product, knowing that it was technically superior to the competition's.

I contacted some large pharmaceutical companies, but they were reluctant to try anything new, they were not convinced about me or my product. They had their own in-house research and products which took priority ... I could not sell my invention and I so strongly believed in it, there was nothing on the market that worked, I knew it was a winner.

Undeterred by this lack of recognition, he was able to set up his own company to market and sell the product directly.

The entrepreneur concerned with Case N was eventually able to gain technical knowledge by undertaking additional research into the technology required for large-scale food manufacturing. He commented that after some initial setbacks:

Adversity brings opportunity

In the US he had undertaken a lot of research and development into the Indian food industry and technology and learnt the art of manufacturing Indian food in large quantities.

P3 Traditional (and family) networks have been used to access markets and resources

This proposition arises from a traditional approach to the sources of Asian entrepreneurship. It is supported by an analysis of some of the cases, although this applies to the expansion of existing businesses rather than start-ups. However, as shown in Table 5.1, in two of the eleven cases an existing family business provided a source of market knowledge that was to be the basis of the development and expansion of the business.

In Case N, the existing family business was not only important for the initial start up, but also important for providing networks into the Indian and UK markets. The entrepreneur was able to use the existing family business in the UK to export to India and was to use the community networks to a British Asian partner. Subsequently family contacts provided global networks that could be exploited to develop worldwide markets.

In Case V, the entrepreneur was able to bring his brother into the business to provide additional resources, as he comments:

I got him into the business. I needed financial discipline and I needed someone I could trust. He was my blood and my brother; trust was utmost.

His brother commented:

It was not difficult. For a time, I was a civil servant, but things did not happen quickly enough, so I took the opportunity to join my brother. As for architecture, I'm still building. Only now it's a growing business rather than libraries or shopping malls.

In some cases, family support was involved, but only in a minor role; in other cases it was less a case of family contacts than of existing networks and contacts. For example, the entrepreneur from Case Pa, was able to gain from a contact with an MP: 'I was fortunate in meeting the Labour MP Michael Foot at this time', he recalls, 'I was thinking of building a plant in his constituency in Wales'. He remembers Foot saying to him, "If treated right, the Welsh people are really wonderful". This led to his decision to build a factory in Wales with European grants, which formed the basis of a successful steel manufacturing company. This would not have been possible without political involvement.

The entrepreneur concerned with Case A was classically 'alert' to opportunities and was able to draw on the extended community and family links to spot a gap in the market for specialized hotels for aircrews—an opportunity for a successful business. As he commented:

I realized that British Airways booked several different hotels for their crew. I decided to build an airport hotel solely for crew.

5.6 Discussion

The role of superior knowledge is evidently important, as would be expected from the literature. However, that case material provides additional insights into how superior knowledge leads to exploitation of opportunities. A number of key or 'trigger' factors contributed in a range of cases, and included the role of problem-solving, individual alertness to opportunities, and the role of informational cues.

The first key trigger of problem-solving, as suggested by Hsieh et al. (2007), provided the stimulus that led to the exploitation of opportunities in a number of cases. For example, the entrepreneur from Case K needed to solve a problem concerned with his property investment and management, which led to the opportunity to provide space for local council accommodation for the homeless.

The second key trigger involved the classic Kirznerian concept of individual alertness. Case V provides one example where the alertness of the entrepreneur led to a decision to exploit an opportunity available for a limited period that required a 'first mover' approach to provide a service before the competition. Having the first mover advantage gave him the chance to secure further work. Although the opportunity would have been available to competitor firms, it was a willingness to move that bred success here, even though it meant trading at low margins for a time.

The third key trigger is provided by the role of informational cues, as suggested by Pech and Cameron (2006). For example, the entrepreneurs from Case N and Case W both identified an opportunity from their existing knowledge, but took cues from the current market products that they considered to be inferior, which provided the stimulus that they could do better with their own products.

We also need to recognize that a combination of these factors could be involved in the process of opportunity recognition. For example, Case K provides one example where a combination of key factors had to be in place before the entrepreneurial opportunity was exploited. First were informational cues similar to cases N and W, which established a belief in a superior product; second came alertness to production opportunities; and then the problem-solving, to find a means to convert the product into something that would meet traditional UK market requirements, for example for a standard bottle sizes (which were different from those manufactured abroad). We will return to the role of a combination of factors in the conclusion.

One strand of the literature on opportunity recognition identifies technical knowledge as the source of the superior knowledge (for example, Shane 2000; Fosh and Ishikawa 2007) that can provide the trigger for opportunity recognition and exploitation. This was supported by at least four of the eleven case-studies. In two of the case-studies, a research and development phase was required to generate the technical knowledge; in the other two, it arose from an existing technical knowledge base. For example, the entrepreneur concerned with Case L had been able to develop a superior product, and when this was combined with experience gained from trading in the sector, it provided the trigger to exploit the opportunity.

Where a research and development programme was involved, as in two of the cases, not surprisingly a lengthy period of time was required before technical knowledge or superiority was achieved. This may just reflect the form of the technical knowledge rather than the product. For example, the entrepreneur from Case N was concerned to acquire technical knowledge of a production process (manufacturing food). Technical knowledge was acquired from research in the US, and this was later used to set up a manufacturing facility in the UK.

The third theme discussed in our findings focuses on the traditional role of extended family networks for identifying opportunities and providing resources. This has been a traditional strand in the literature on Asian entrepreneurs. True, while the role is more complex than is sometimes portrayed, the strength, importance, and complexity of such networks have been recognized in the literature (Ram and Jones 2007), and it was still an important key factor in at least four of our case-studies. The global importance and nature of such networks were illustrated by Case N, where the entrepreneur was able to use global family contacts at different stages to exploit worldwide market opportunities. In Case A, the more traditional view of the importance of family contacts proved to be important for the business start-up and for the entrepreneur's ability to exploit an opportunity.

However, it is clear that the role of family networks and extended contacts is bound up with the other two key themes, a combination of superior knowledge providing opportunity recognition and then the use of family networks, as demonstrated by the entrepreneur from Case A, for whom the recognition of an entrepreneurial opportunity came from knowledge of working in the airline industry. The role of extended family contacts was important for resource acquisition, which then enabled the business start-up.

5.7 Summary and Conclusion

In this chapter, we have examined the role and sources of knowledge that can lead to the recognition of entrepreneurial opportunities, illustrated by case-studies of eleven Asian entrepreneurs in the UK. The chapter provides evidence of a 'research gap' in the discovery of entrepreneurial opportunities placed in economic and social context. Asian communities in the UK face a particular economic and social context that has influenced the entrepreneurial discovery process undergone by Asian entrepreneurs. The literature provides a theoretical framework for the analysis of the case evidence; however, we argue that this evidence can only be fully understood if we take account of the socio-economic reality in which the phenomenon of Asian entrepreneurship in the UK has developed.

The literature on Asian entrepreneurship in the UK draws upon a rich tradition that stresses the role of the Asian ethnic community in business development and opportunity-seeking. This tradition stresses on the one hand the role of the community in providing resources for Asian entrepreneurs, yet on the other hand it can claim that the community may restrict high-growth entrepreneurship by the limited extent of ethnic-based markets. Therefore, to understand the phenomenon of high-growth Asian entrepreneurship in the UK, it is necessary to take account of how the community has influenced the entrepreneurial discovery process. Whilst the role of the community has been important for acquiring resources, there has been less attention paid to market-seeking and opportunity discovery behaviour on the part of Asian entrepreneurs. We have argued that a better understanding of Asian entrepreneurship can be obtained when the process of entrepreneurial discovery is seen through the 'lens' of the social and community relationships that characterize Asian entrepreneurship. Although extended family contacts were important for some of the Asian entrepreneurs, we argue that the results support an Austrian School approach, in which differing and superior knowledge provide the basis for entrepreneurial discovery and the exploitation of opportunities.

However, in most, if not all, of the cases it was a mixture of the roles of superior and technical knowledge combined with family and extended contacts that provided both the identification of the opportunity and the means to solve problems and exploit such opportunities. Thus it is not possible to isolate one key driving factor, as is sometimes suggested in the literature, referring, for example, the role of technology in providing superior knowledge. Rather, what needs to be

recognized is the complexity that characterizes the nature of the opportunity recognition process, where it is embedded within the social nature of the entrepreneur's environment.

Our evidence supports Fletcher's argument (2006) that the opportunity recognition process needs to be understood as part of the social environment—that is, through the lens of social construction. It is only by taking account social and community relationships, and how they have affected opportunity discovery, that we can understand the process by which Asian entrepreneurs in the UK recognize opportunities.

Appendix 5.1 Top Asian Entrepreneurs in the UK

Case A

The first hotel was opened at Heathrow airport. It was the first hotel in the UK purpose-built for airline crew and was successful due to the owner's persistence and determination in the face of setbacks. A sister hotel opened at Gatwick in 2002 and now the portfolio is nationwide. He even boasts Cliff Richard as a partner in one of his ventures. He owns fourteen major hotels nationally, and this figure is set to rise. He is currently worth an estimated £220 million.

Case B

An unstoppable character who negotiates brewing in Bangalore and importing to the United Kingdom, who cold-calls on Indian restaurants and supermarkets with cases of the beer in his tiny Citroën, and who turns these unpropitious beginnings during a recession into a prize-winning, fast-growing company and a global brand with continuous penetration of new international markets is certainly a person who encapsulates the romance, challenge and triumphs of entrepreneurship. (Brunel University presentation of an honorary degree, July 2005)

The owner is one of the UK's best-known entrepreneurs. The company was started in 1989, when the owner was 27 years old and still had £20,000 of student debt. Since then it has gone from strength to strength. The lager is stocked in Indian restaurants across the country and is also now available in 6,000 bars, pubs, and clubs and more than 5,000 supermarkets. Headquartered in London, and with further offices in Mumbai and Cape Town, it now brews in five countries including the UK and India. The lager is now one of Britain's fastest growing beer brands, with a retail value turnover of £126 million, and exports to almost fifty countries worldwide.

Case D

Ebookers.com travel was UK's first interactive Internet company. It later became one of Europe's most successful and well-known entrepreneurial companies. The owner, the son of an Indian diplomat, came to the UK in 1968 and holds a MA in Law from the University of Cambridge. After a spell at various companies, including IBM, he started his meteoric rise in business in 1980 with a small kiosk in Earls Court station in West London, selling cheap flights to budget travellers. This was followed in 1983 by Flightbookers plc, which grew into one of the UK's largest leisure travel agencies. In 1996, while heading Flightbookers plc., the owner was instrumental in the company's setting up of a fully interactive travel website and was to become chairman and chief executive officer of Ebookers.com in 1999. The company survived the effects of the tech-bubble collapse, the 11 September attacks, the war in Iraq, and SARS, and still survives. Ebookers.com was sold to Cedant in 2005.

Case K

This is a case of adaptation and assimilation into a new country and the exploitation of a controversial niche market. The owner's journey has taken him from fish and chips to football. When he came to the UK he washed dishes, graduated to owning a takeaway, and then got into the hotel business. He could not find business customers and tourists to fill his hotels, so he put up the homeless and asylum seekers, and was paid handsomely by the government for doing so. Today, the company consists of several hotels and property, with interests in golf clubs, conference centres, restaurants, and leisure parks. The owner has a 500-acre Oxfordshire estate and a castle in Warwickshire, and is chairman of a regional football club that he brought back from the brink of bankruptcy.

Case L

The owner founded Britain's first specialist vitamin supplement company in 1971. He came to Britain from India in 1956 and, after completing a postgraduate degree in Pharmacy at King's College, went to Bonn University where he obtained a doctorate with distinction in Medicinal Chemistry. He has since become a fellow of the Royal Pharmaceutical Society. After working in pharma-medical research for several years and obtaining some valuable patents, he founded the company. It is now a leading brand with national and international distribution. His company received the Queen's Award for Enterprise in International Trade in May 2003 and a SmithKline award for innovation in medical science in 2006. He is now worth in excess of £100 million.

Case N

The owner has set the standard for entrepreneurship in the ethnic food market. With its products stocked in most of the UK's supermarket chains, his company has an annual total turnover in excess of £100 million and makes over 1.8 million ready meals every week, and is looking to internationalize with strong and growing export markets worldwide. He has created over 1,000 jobs in the UK. He is an avid follower and supporter of cricket, and his personal fortune is estimated to be in the region of £70 m.

Case Pa

This steel magnate is an active member of the House of Lords, with an interest in social and education policy. He was born in India and attended first Punjab University and later MIT, from which he graduated with a Master's in Mechanical Engineering. He then returned to India to join the family business founded by his father. He came to the UK in the Sixties to seek medical assistance for his younger daughter who was seriously ill, and, following her death, he decided to remain in the UK, where he founded his steel company. The company is best known for its ability to acquire and turn around existing businesses. Today his interests include steel, engineering, materials testing, and hotels. His sons are now responsible for the day-to-day running of the group, but he still chairs the board. The company has seen phenomenal growth and is valued at an estimated \$1.5 billion.

Case Pe

He started as a student in the UK and then joined the company that he was eventually to buy. His strength is hard work and saving the customer money. Noted as one of the Asian community's most generous philanthropists, he works hard to give back to the community. He built up the foundations of his global business from virtually nothing, and is worth an estimated £130 million.

Case S

Both as a brand and as an individual, the owner has crossed over from the Asian community to the British fashion mainstream. Starting out as market traders, the family moved into retail and then clothes production, before going into fashion and design. His business has now grown from the core brand to include designer brands. Rarely out of the news, the owner's eclectic mix of businesses, from fashion to property to finance, are worth an estimated £120 million.

Case V

Born into poverty in Kenya, the owner a teenager when he arrived in the UK with £5 in his pocket and a determination to succeed. To pay his way through university, he took any number of menial jobs before earning a place at the College of Pharmacy in Leicester. His brother, meanwhile, studied to be an architect. In the Seventies the owner opened his first pharmacy a small coastal town, and now, together with his brother, heads one of Britain's largest pharmaceutical companies, which employs over 700 people and is estimated to be worth £750 million.

Case W

The owner was born and brought up India, and from a tender age helped in the kitchen, preparing special dishes for family occasions. She later married and moved to the UK. Increasingly dissatisfied with the quality of Indian products on the market, she decided to start a business using her own family recipes. The products were soon in great demand, and the business enjoyed a meteoric rise and now employs several hundred people. The owner is one of the best-known Asian businesswomen in the UK, and worth an estimated £70 million.

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Corporate Social Responsibility in Family Versus Non-Family Enterprises: An Exploratory Study

6

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Abstract

This chapter studies the relationship between corporate social responsibility (CSR) motivations and CSR actions in 25 selected teaching cases, especially in the light of the distinction between family and non-family enterprises. A literature-based research framework is developed to classify the research findings and support a direct and easier identification of the resulting patterns emerging from our study. A cross-case analysis allows us to point out not only the evidence of the behavioural practices adopted by firms, but also of the causal link between the CSR motivations and actions, identifying four main emerging patterns in the behaviour of firms investing in CSR.

6.1 Introduction

Corporate social responsibility (CSR) is currently at the centre of a debate among scholars from all over the world. A long debate took place on the definition of what is meant by CSR. Carroll (1999) traces back the evolution of the concept and definition of CSR to the early 50s. Friedman (1970) is extremely critical with respect to the purpose of CSR. According to his view, the only social responsibility

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of business is to increase profits by legal means, since only people can have responsibilities, not businesses. Companies can face decreasing profitability, increasing prices or both, while using organizational resources for the greater good, such as in donations to charities (Snider et al. 2003).

One of the most frequent perspectives used to study CSR is stakeholder theory, whose object of analysis is the relationship between the firm and its stakeholders—any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman 1984). When a firm engages in actions that further some social good, beyond compliance and legal requirements, it can be considered to be CSR (Székely and Knirsch 2005; McWilliams and Siegel 2001). These situations lead the firm to look to sustainability, defined as the attempt to satisfy the needs of current generations without compromising the ability of future generations to meet their demands and aspirations (Brønn and Vidaver-Cohen 2009).

CSR incorporates two main elements: the relationship with firm's stakeholders, whose trust the company would gain (Lamberti and Lettieri 2011; Freeman 1984); and the contribution of the enterprise to the welfare of society, not only through economic value creation, but also concerning people (the social dimension) and our planet (the ecological dimension) (Graafland and van de Ven 2006). Economic value creation is still one of the most important goals the firm pursues, but a complementary commitment to achieve social good emerges. Fundamental here is the concept of blended/shared value, which considers simultaneously the economic and social values the firm aims to pursue. An additional interesting framework to describe the dimensions of social responsibility is the one proposed by Carroll (1979) and Wartick and Cochran (1985), who consider CSR to comprise economic, legal, ethical and discretionary responsibilities: economic responsibility is measured by the company's profitability over 5 years; a company fulfils its legal responsibility if it has no environmental or safety judicial problems; ethical responsibility is defined as the set of expectations that the society has towards business over and above legal requirements; and discretionary responsibilities are defined in terms of philanthropic activities, and the nature of the firm's involvement in the communities in which it operates (Clarkson 1995).

Yet, despite the large amount of literature on the concept of CSR, there is ultimately no agreement among researchers on the reasons that lead a firm to embrace socially responsible initiatives (Campbell 2007). The purpose of this exploratory study, therefore, is to shed some light on the corporate motivations that lead a firm to undertake a socially responsible behaviour, widening the scope of analysis presented in Campopiano et al. (2012a). Specifically, this research is embedded in the family business context. A family firm is defined as a company governed and/or managed by a family or a small group of families in order to pursue the vision of the business and to be sustainable across generations (Chua et al. 1999). In the literature, the topic of CSR among family enterprises is still poorly investigated (for example, Uhlaner et al. 2004; Vyakarnam et al. 1997). Thus, the present research regards the relationship between CSR motivations and CSR actions with a particular attention to the distinction between family and non-family firms. The objective can be framed around three main research issues: the motivations that drive firms' CSR behaviour; the CSR

actions consequent to these motivations; and the differences in CSR motivations and CSR actions between family and non-family enterprises. This research turns on the conjecture about a likely relationship between the motivations and the actions that characterize CSR choices—in fact, to fully understand a firm's adopted practices labelled as CSR, it is necessary to examine the motivations for their adoption in the first place (Baron 2001). The findings of our study help to explain this phenomenon by providing evidence of the causal relationship between the motivations driving CSR decisions and the subsequent actions undertaken by firms. The investigation of the innate motivations that lead firms to embrace CSR initiatives is crucial, because, although the ultimate goal of profit and shareholder-value maximization may apparently contrast with socially responsible behaviour (Vogel 1992), real corporate practice shows that an increasing number of firms are undertaking CSR activities, and the analysis of CSR motivations and actions deserves further attention (Campbell 2007).

The structure of the chapter is as follows. Section two reviews the relevant literature on CSR motivations and actions, and provides the research frameworks, respectively on CSR motivations and CSR actions, to support the analysis of the evidence emerged from the study. Section three illustrates the research methodology, and section four presents and discusses the results of the analysed cases. Finally, section five draws some conclusions, and section six discusses the limitations of the study and its implications for theory and practice, outlining some directions for future research.

6.2 Literature Review

6.2.1 Family Businesses and CSR

In the literature, scholars have recently studied the issue of CSR in the field of family business (De Massis et al. 2012). Articles published in the main periodicals focus on the behaviour of family firms towards CSR. Déniz Déniz and Suárez (2005) find different types of Spanish family firm, concluding that their behaviour is not homogeneous when it comes to CSR; however, the authors themselves suggest that more research is needed to find evidence of families' characteristics, values, and culture as conditioning their social behaviour. Another contribution is Niehm et al. (2008), who explore the antecedents and consequences of social responsibility in order to determine if firms' CSR orientation contributes to family business performance. They use in their study only demographics as a conditioning factor, but more variables can be included. A contribution by Uhlaner et al. (2004) focuses on the perception of the relationships of family firms with their stakeholders, and whether these relationships are more likely to occur due to the family aspect of the business.

A different approach is instead adopted when the firm's attitudes towards CSR is studied by paying particular attention to the distinction among family and non-

family enterprises. Adams et al. (1996) investigate the ethical behaviour of family versus non-family firms, but their results underline no significant differences between the two subsamples. They conclude that to ask whether family-owned firms are more, less, or equally ethical as their non-family counterparts is the wrong question; instead, they argue that future research must focus on the firm's internal dynamics that may affect their ethical behaviour. Finally, Dyer and Whetten (2006) analyse an S&P 500 sample, finding that family and non-family firms behave in a significantly similar way when it comes to positive initiatives actively implemented towards workers, society, and environment; nevertheless, family firms are found to be more careful than non-family firms at avoiding activities that might prove to be of 'social concern', which could damage their image and reputation. Finally, in a study on CSR in small- and medium-sized family versus non-family firms, family business owners are found to be especially in charge of social activities towards employees and the local community with respect to their non-family counterparts (Campopiano et al. 2012b).

6.2.2 CSR Motivations and Actions

Different motivations are acknowledged to lead to socially responsible action by firms. Buehler and Shetty (1976) investigate the motivations for social action using a questionnaire put to 144 large corporations in *Fortune's* list to survey their best preferences among five possible motivations: image creation, enlightened self-interest, legal compliance, forestall violence, and profit. Brønn and Vidaver-Cohen (2009) review the existing literature and identify both economic motivations and moral explanations behind social initiatives. They base their discussion upon the foundation findings by Davis (1973), who shows that long-term self-interest, pressure from the legal system and socio-cultural norms, and the opportunity to identify and exploit profits from problems are the key motives to engage in social responsibility. In addition, Brønn and Vidaver-Cohen (2009) find that CSR motivations can be divided into ethical versus instrumental and internally versus externally pushed, which explains the difficulty in understanding whether CSR is driven by moral values or by strategic concerns; in particular, they argue that the existing literature has not unequivocally established the motives for social initiatives. Their findings, taken from a sample of Norwegian companies, show the top three reasons for CSR to be to improve the firm image; to be recognized for moral leadership; and to serve long-term company interests. Their survey was developed to reflect a critical distinction in CSR motivations according to two different perspectives—the strategic, and the moral. According to the strategic perspective, a company perceives a strong commitment to undertake social activities, which comprises two typologies of motivations: (i) the instrumental motives, that deal with managers who believe that socially responsible initiatives can provide competitive advantage (McWilliams et al. 2006), new business opportunities, and support for the firm's satisfaction of shareholders' interests or avoidance of costly

regulation (Graafland and van de Ven 2006); and (ii) the institutional motives, that see an increase in reputation as a function of changes in the institutional environment. According to the moral perspective, meanwhile, the business has an ethical duty to put something back into society, a sort of philanthropy that overcomes the concept of personal ethics and reaches the broader one of sustainability.

Graafland and van de Ven (2006) study what managers say they are going to do about CSR and what they actually do, and in turn propose moral and strategic dimensions to CSR motivations. Here the strategic motive concerns a win-win relationship between CSR and the financial performance of the firm, while the moral motive is interpreted by firms as a moral obligation to behave in a specific way. The strategic dimension sees CSR affecting profitability by improving a firm's reputation among consumers and employees, actual and potential; conversely, the moral dimension refers to the moral duty of a business towards society. In a more recent work, Graafland et al. (2010) assume that several motivations may drive executives to act in a socially responsible way: there may be extrinsic explanations, such as financial motives, and intrinsic ones, for example, private enjoyment derived from CSR or the perception of CSR as a moral duty.

Finally, the relationship between motives and actual CSR initiatives is analysed by Baron (2001) in an empirical study that finds motivation to be a factor of extreme importance since it deeply affects the CSR decisions made by managers. The belief that increased profits, altruistic reasons, and the avoidance of external pressures are the main motivations is cited as the factor leading firms to adopt CSR policies. However, since it is hard to collect empirical evidence on CSR, the author infers motivation by studying the relationship between corporate social performance and corporate financial performance, finding different correlative signs between these variables, according to the various motivations driving CSR. In particular, Baron assumes that the motivation may be modelled in terms of the preferences of the firm, which can be profit maximization or driven by altruistic preferences; in the first case, CSR is called 'strategic CSR', in the second one, the initiative may be labelled just 'CSR'.

As regards CSR actions, we can define a social initiative as any programme, policy, or practice undertaken by a firm in order to benefit the society (Brønn and Vidaver-Cohen 2009). For instance, companies may collaborate with NPOs, sponsor social initiatives in less developed countries, or take proactive steps to protect environment (Dees 1998). Social initiatives are addressed to different players in society. According to stakeholder theory, companies have to fulfil both the shareholders' interests and the multiple stakeholders' claims and interests, since the latter affect or are affected by the firm's operations (Freeman 1984). Thus, socially responsible practices are carried out with respect to various stakeholders; in particular, five different stakeholder groups—employees, suppliers, customers, competitors, and society at large—may be addressed, focusing on the value creation in the social and ecological dimensions of CSR (Graafland and van de Ven 2006). An example is provided by Campbell (2007), who describes the different CSR actions that may be taken in the interest of the five aforementioned

categories of stakeholders—in other words, the firm's CSR initiatives in the interest of (i) its employees with respect to wages, benefits, and workplace safety; (ii) its customers by caring about product quality, pricing, and truthful and accurate advertising; (iii) its suppliers in terms of willingness to fulfil contracts and more informal commitments; (iv) the government by operating according to the law; and (v) the community, for example by making charitable contributions or protecting the environment.

The categorization of the social initiatives introduced by Graafland and van de Ven (2006) is useful to identify the key investment areas of firms that show social responsibility, but is not the most suitable to link these actions to their antecedents. In fact, for our purpose, some stakeholder groups may be included in the same cluster; for example, customers, competitors, and government may be included in a single group labelled 'society', since, although different, their interests and needs may be met by the firm's social initiatives as driven by the same purpose. In addition, we wish to consider shareholders in our analysis. The investigation of CSR actions may be pursued by adopting a framework that describes CSR as an integral part of the operational activities of a firm, voluntarily contributing to society in terms of economic, environmental, ethical, and social investments (Kanji and Chopra 2010). According to this framework, engaging in CSR means initiatives that contribute to economic development; undertake ethical practices in employment and labour by improving workplaces; aim at building local communities and social infrastructure; and contribute to a cleaner environment, and its protection and sustainability.

By investigating the interplay between the motivations and actions that characterize socially responsible behaviour, we will attempt to fill the gap in the existing literature, providing an exploratory understanding of the causal relationship between the motivations driving the initiatives in the CSR context and the CSR initiatives themselves. In order to do so, we provide a literature-based research framework, developed to classify the research findings of our study and enable direct and easier identification of the resulting patterns that emerge from our sample of analysed firms. This framework is developed starting from the findings of the literature review. CSR motivations have been classified into two main categories, namely economic and ethical motivations. A detailed classification of each category is provided in order to give a wider understanding of the studied phenomenon. As shown in Fig. 6.1, economic motivations fall into two: increased profits, related to the increase of reputation and improvement of image; and recovery of the image previously damaged. Conversely, ethical motivations disregard profit expectations, and can be divided between a contribution to community welfare and protection of the environment.

Similarly, we organized the actions implemented by a firm to behave in a socially responsible way into a framework composed of four main categories that are used to obtain a positive and appropriate impact for both the society and the organization (Kanji and Chopra 2010): enterprise, employees, society, and environment. This classification allows us to study a firm's CSR actions according to the group of recipients to which they are addressed.

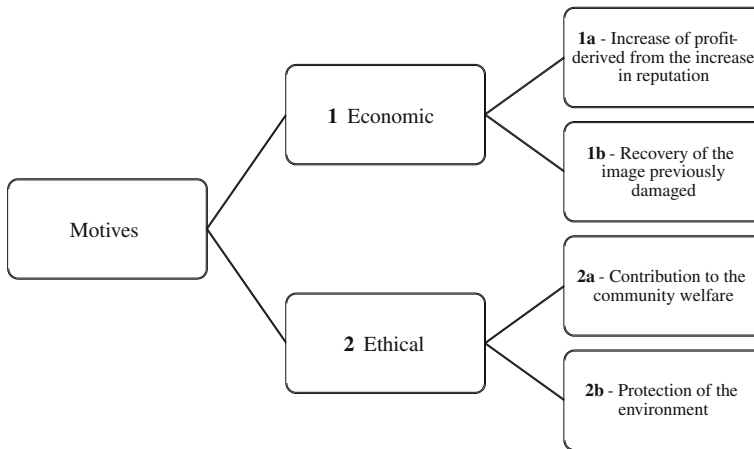


Fig. 6.1 Research framework to investigate CSR motives

6.3 Research Method

The analysis of CSR motivations (and subsequent CSR actions) has been carried out by extensively reviewing the teaching case-studies on companies dealing with CSR issues. Teaching case-studies are typically very rich in detail and provide extensive information about the CSR motivations and actions of the companies studied, thus allowing thorough understanding of the complex phenomenon of CSR. The strength of case-studies is in that they are suitable for answering ‘how’ and ‘why’ questions (Yin 2003); they provide explanations rather than statistical information; causality can be investigated; and theories can be generated and tested (Eisenhardt 1989; Wolcott 1994).

The sample of teaching case-studies has been taken from the main case databases (those maintained by Babson College, Darden School of Business, European Case Clearing House, Harvard Business School Cases, Ivey School of Business, Social Enterprise Knowledge Network, University of Hong Kong, and the *Case Research Journal*), searching for cases with the following keywords: ‘corporate social responsibility’, ‘business ethics’, and ‘social entrepreneurship’. Furthermore, for Harvard Business School Cases we completely reviewed all the cases in the area ‘Social enterprise and ethics’.

After an in-depth reading of all the collected cases, we first weeded out all those related to NPOs, since our concern was the for-profit domain. Then, we excluded the cases that did not explicitly refer to a firm’s CSR initiatives, for example cases discussing how to deal handle ethical topics, such as HIV, and cases adopting a socio-institutional perspective rather than a firm-level one.

This procedure left us with 25 teaching case-studies on the CSR initiatives undertaken by 25 companies in various countries and industries (see Appendix 6.1). We then complemented and corroborated this with secondary information

gathered from the Internet and the companies' websites, in accordance with a triangulation criterion (Yin 2003).

Data and information gathered through these case-studies were manipulated before being analysed. In particular, we applied the following techniques (Miles and Huberman 1984): (i) data categorization, which requires the decomposition and aggregation of data in order to highlight some characteristics (for example, type of CSR motivations and actions) and to facilitate comparisons; and (ii) data contextualization, which implies the analysis of contextual factors, not included in the conceptual model, may reveal unforeseen relationships between events and circumstances. Moreover, each case-study was classified as either a family or a non-family business. Family businesses are those firms where the family plays a significant ownership and management role (De Massis et al. 2013; Mahto et al. 2010). Accordingly, when the information about the family presence in ownership and/or management of the firm was detected within the case-study, the enterprise was counted as a family business.

Then, a preliminary within-case analysis was performed; the purpose was to consider each case-study separately and to systematically document the CSR motivations and actions adopted by each firm. The careful reading of the text of each case allowed us to collect reliable and comprehensive information on CSR motivations, since most clearly and explicitly explained the reasons that led the company's management to conduct social initiatives. The detailed description of the cases also allowed us to gather information on the socially responsible initiatives and activities undertaken by each firm. For each case-study, the manipulated information was aggregated according to the research frameworks presented above (Sect. 6.2) in order to obtain a systematic description of the motivations pursued by the studied firms with the CSR initiatives and the type of subsequent CSR actions undertaken. Then, explanation-building procedures were applied so that the relationships between the CSR motivation and the CSR actions were identified.

Finally, a cross-case analysis was conducted to compare the patterns that emerged in each case-study in order to reach a general explanation of the observed phenomena. The aim was to detect the existence of groups of enterprises that share similar socially responsible behaviour, and discover the recurrent patterns among enterprises that undertake CSR initiatives for the same reasons. These structured procedures for data collection and analysis helped enhance the reliability of the research (Yin 2003).

6.4 Findings and Discussion

The evidence for the motivations and actions regarding CSR found in the analysis of case-studies is synthesized in the appendices. Appendix 6.2 provides a synoptic view of this information to allow a more straightforward comparison and analysis. An in-depth discussion of this empirical evidence is presented in this section.

The case-studies are rich in detail with respect to both the motivations and the practices of the firms under investigation. All the enterprises, with the exception of Coronilla, Grupo Bimbo, and Polartec, are characterized by a socially responsible behaviour driven by an economic interest improving the image of the firm, its reputation, or even its economic performance (1a). This is consistent with the argument by Friedman (1970), who asserts that the only social responsibility of a corporation is to increase its profits, according to its legal requirements. Empirical studies confirm the importance of the economic motivation for pursuing CSR. Ditlev-Simonsen and Midttun (2011), for example, surveyed external key stakeholders for the factors motivating managers to engage in CSR, finding the factors belonging to the reputational perspective, namely branding and value maximization, to be the most important ones. CSR thus positively affects corporate image and reputation, and increases revenues from higher sales and market share (Weber 2008).

In only three cases do CSR motivations concern the restoration of a corporate image that had previously been damaged (1b). If the reputation of a firm is compromised, it is difficult for it to maintain good relationships with its customers and suppliers (Campbell 2007). Engagement in social initiatives is therefore led by the determination to be regarded as ethical once again, in order not to lose market shares among those consumers who regard corporate image as driving the supplier's choice.

A third important contribution concerns the diffusion among the sample firms of the ethical motivation related to the stakeholders' welfare (2a). The evidence shows that in most of the selected cases, firms consider social welfare to be a key aspect of socially responsible behaviour towards the whole community as well as towards each stakeholder. Thus, we found instances of improvements to living conditions or education, or of being agents of social change, but also of improving safety and working conditions for employees, fulfilling consumers' needs, and supporting the government in the case of natural disasters. With regard to the protection of the environment (2b), most of the studied firms appear to be committed to environmental issues, such as the conservation of natural resources, the solution of the problem of energy shortage, or the protection of land, water, and coastal areas.

The cross-case analysis suggests some important considerations in the behaviour of the analysed companies. It is interesting to note that in only four cases are the CSR actions that economically benefit the enterprise explicitly reported in the case: Esquel Group declares its social actions to improve the efficiency of its production process, to adopt new production techniques, and to invest in new technologies; Pantaleon states it has introduced new, socially responsible technology in order to improve the industrial productivity; Shaklee Corporation makes much of its 'social marketing' initiative in order to cut advertising costs and make the brand known by selling direct to its distributors; and Starbucks underlines its social improvements made to product quality, for example, with the inspection and certification of raw materials and the construction of company-owned roasting plant.

Clearly, even if the economic motivation leading to better reputation and profits is evident in almost all the cases, it is not translated into explicit social initiatives that respond to the stated commitment. A lack of evidence of the causal relationship between CSR motivations and CSR actions seems therefore to arise from our analysis; this is probably due to the fact that most of the social actions internal to the company are often considered commonplace, and thus it may be unnecessary for the interviewed people and the case researchers to single out this sort of initiative. However, the internal CSR actions often lead to the development of a product with embedded socially responsible attributes, thus positively affecting the economic performance of the firm even if the firm does not explicitly undertake CSR actions for this purpose. In fact, there is strong evidence that many consumers recognize value in the product's CSR attributes, so that a growing number of companies stress the social attributes of the product in their marketing campaigns (McWilliams and Siegel 2001). One example is Ben and Jerry's, which differentiates its products by promoting the use of high-quality and healthy ingredients, supporting the local community, and encouraging diversity in the workplace.

Similar results emerge regarding the CSR actions of the firm towards employees. Eleven out of twenty-five cases in the sample highlight the presence of social initiatives specifically addressed to workers, such as insurance and health assistance, microcredit, a ceiling on working hours, and minimum wages, but also a collaborative and friendly working environment and education for workers' children. Moreover, eight of these cases explicitly declare their concern for employees' needs and their willingness to increase their welfare. These findings suggest that fewer than half of the analysed companies take care of their employees' interests; this result may be interpreted as indicating that most of these actions are considered commonplace in many countries, while in others they are social achievements. Employees are an important source of stakeholder demand for CSR. For example, they tend to support progressive labour relations policies, workplace safety, financial security, and workplace amenities such as childcare (McWilliams and Siegel 2001). In addition, the social actions aimed at employees also answer to the economic motivation, since investing in social policies that improve the living and working conditions for the firm's workers can also act as a stimulus to improve the image and reputation of the company, and thus its economic development. In fact, when attention to the safety of employees is motivated by the profit motive, a company is interested in its employees just as a means of gaining higher profits (Graafland et al. 2004). Among the sampled firms, there is evidence of the simultaneous presence of both economic and ethical motivations for social actions to benefit employees. For instance, in the case of Pantaleon it is clearly stated that the protection of workers' needs leads to company growth.

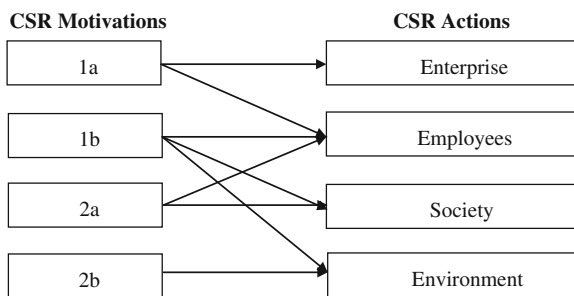
Within the category of actions addressed to society, we consider the CSR initiatives that have both an implication for the community as a whole and for single stakeholders such as consumers, competitors, or the government. 21 out of the 25 case-studies show this category of CSR action. Prominent among them are initiatives intended to impact health, nutrition, education, and culture through the creation of dedicated foundations, donations, and scholarships or support for

volunteering; while only few cases refer to specific social initiatives towards other stakeholders. In particular, Grupo Bimbo has adopted policies explicitly to support suppliers and retailers; Ben and Jerry's supports small farmers by purchasing raw materials directly from local family businesses; Body Shop supports small independent growers, creating, for example, 'The Body Shop's boys town'; Coronilla purchases raw materials from poor Andean farmers at higher prices; Groupe Danone organizes information campaigns to make consumers aware of its various social initiatives; and White Dog Café implements educational programmes for its customers. These findings, if coupled with the analysis of the corresponding CSR motivations, show that social initiatives directed at society are implemented when enterprises declare their ethical motivation to be the furthering of the well-being of the community (2a).

Finally, if we consider CSR actions addressed to the environment, almost all the studied cases appear to be characterized by strong environmental measures. Their attention is focused on CSR initiatives aimed at saving resources, energy, and water, protecting natural areas, reducing emissions, recycling and using renewable materials, and investing in reforestation. 21 out of 25 firms highlight their investments in greening measures; thirteen of them also declare their commitment to the environment, as the analysis of the motivations shows (2b). The remaining eight companies of the sample take environmental measures without actually saying as much, thus treating the environment as an additional stakeholder or as a way to improve their corporate image.

Furthermore, both the sector and geographical area in which the firm operates emerge as factors that affect the choice of the CSR actions. For example, Shell, with its presence in Nigeria, is committed to reclaiming the Niger Delta area; the Mexican Grupo Bimbo is committed to develop Mexico; and the Shaklee Corporation, which is a nutritional products company, is committed to spread the culture of good nutrition. Moreover, working in either the car or the oil industry, for example, means that a company has a serious impact on nature, with the environmental effects of its activity a significant worry, since they may affect the future of the firm by damaging the corporate image. This is the case with ExxonMobil and Shell, which focus their CSR efforts on ecological development and soil conservation, especially in the less developed countries in which they operate. Similarly, Ford Motors and Tata Group are excellent examples of adopters of this policy: the former invests significantly in new technologies and innovations, such as the use of a hydrogen combustion engine and renewable energy sources, or the adoption of a new painting technique for its cars; the latter is introducing new production processes and procedures. Kimberly-Clark is another good example, since this paper producer has invested in biosphere protection and recycling to reducing wastes and emissions, pointing out its commitment to reducing its environmental impact (1b). This motivation is considered an economic one, since the continuous and uncontrolled use of natural resources lower the company's standing, with the risk of worse performance in the long run. ExxonMobil and Nike are cases of damaged reputations that have to be repaired. The motivations labelled (1b) in our research framework are very much at work here: ExxonMobil

Fig. 6.2 Emerging patterns linking CSR motives and CSR actions



is considered directly responsible for serious damage to the environment and the community; Nike is mentioned as being responsible for a number of scandals related to awful employment and working conditions. Their consequent CSR actions are clearly intended to address the social concerns directly caused by their past activities. For example, among the social investments put in place by Nike, we find social initiatives to fight child labour exploitation, to reduce air pollution in factories, and to ensure a minimum wage and a ceiling on working hours.

Our findings permit us to identify four main patterns of CSR behaviour, as reported in Fig. 6.2: (i) explicit economic motivations leading to an increase in profits or an improved image or reputation directly linked to the actions taken to benefit the enterprise; (ii) investments in social initiatives aimed at employees prompted by the firm's commitment to improve its corporate image, restore its reputation if necessary, or even to satisfy workers' needs as key stakeholders; (iii) society is impacted by social actions either when the firm talks of caring for its stakeholders in the community or when the firm's previous activities have damaged its stakeholders; and (iv) the firm directs its CSR efforts at the environment when it explicitly asserts its intention to take care of the environment or in order to recover its image.

It is interesting to note the presence of two SMEs among the case-studies, in the shape of Coronilla and White Dog Café. It emerges that, unlike the large-sized enterprises, their managers are directly involved with CSR issues, especially as regards their relations with proximate stakeholders. In the case of Coronilla, the owner clearly states that the company is like a family, where every component is an important asset; a similar concept is found in the White Dog Café case, where employees and customers become part of the White Dog 'family', fully integrated into the company's mission and philosophy. Relationships with suppliers are just as important; a clear example of this is the chef who made a point of going out to meet a pig farmer to ensure that the animals were treated humanely. It therefore appears that in smaller firms, relations with the surrounding environment play a crucial role in defining the CSR activities of the firms themselves.

We also analysed the effect of the presence of family ownership, in order to identify any particular characteristics in the socially responsible behaviour of the firms. Twelve out of twenty-five cases can be counted family businesses according

to this. Coronilla, controlled by the Wille family for three generations, and the fourth already involved, is managed with a strong family sense of responsibility towards employees. Groupe Danone owes its name to the nickname the founder gave his son Daniel, who then ran the firm for eighty years. Esquel Group is a second-generation family-owned business, now in the hands of the founder's daughter, who promotes investment in China, and argues that, beyond real estate, plant facilities, and transportation, it is necessary to heed social, educational, and environmental concerns to sustain the enterprise. Ford in 2001 named as CEO William Clay Ford, the great-grandson of the founder Henry Ford. Grupo Bimbo, begun in 1945 by five family members, passed to the founder's son in 1997; the founder, in his 90s, is still active in its social responsibility affairs. MAS Holdings is entirely owned by the Amalean family, who are able to attract the best workers, because MAS is known for its progressive human resources policies. Miguel Torres, held by the fourth generation of Torres family, considers environmental responsibility to be a crucial part of the Torres family legacy. Pantaleon, owned by the Herrera family, is driven by ethical principles and values in its decision-making. Polartec was until 2001 managed by Aaron Feuerstein, from the third generation of family owners, who declared that his sources of inspiration in his CSR decisions were his grandfather, father, and uncles. SK Telecom is one of the major *chaebols*, family-controlled conglomerates, in South Korea. TATA Group, held by Tata family, from the beginning has pursued a number of initiatives beneficial for society. Finally, Timberland until 2011 had been owned by three generations of the Swartz family, who established its four core values—humanity, humility, integrity, and excellence—which remain central in Timberland culture and are nothing if not social attributes.

Great importance is paid by family businesses to actions that affect the reputation of their firm, which is usually almost confused with the family itself, since the company name often includes the name of family members and is run by them. This is consistent with previous research showing that family firms tend to ensure their visibility and family reputation with customers, suppliers, and the whole community (Dunn 1996). Our findings show that family firms share goals and values and tend to be characterized by higher motivation, cohesiveness, and commitment of the workforce (Dunn 1996; Fukuyama 1995). For instance, Polartec explicitly considered its employees to be valuable assets to be safeguarded, and thus the key stakeholders to be satisfied. The typical long-term orientation that characterizes family firms (Zellweger 2007; Dyer 2003) is seen here influencing firms' CSR choices. Specifically, CSR initiatives are consistent down the generations, and the values inspiring CSR motivations are passed from one generation to the next. The third-generation owner of Timberland, for instance, said that he learned the relevance of such initiatives from his father and grandfather; a family business simplifies the long-range planning and aims to perpetuate specific values decade after decade.

6.5 Conclusions

This chapter adopts a systemic perspective to investigate the antecedents of the socially responsible behaviour of corporations. In particular, it explores the interplay between the motivations, identified and categorized from a selected set of case-studies, that lead a firm to behave according to the principles of CSR, and the subsequent actions implemented in order to achieve its chosen objectives. With this aim, we first developed a research framework to analyse CSR motivations and a second one to study CSR actions; the former categorizes the CSR motivations according to their purpose, economic or ethical; the latter classifies the CSR actions according to the target of the social initiative. These frameworks have then been used for the empirical analysis that involved 25 firms actively engaged in CSR activities. A cross-case analysis enabled us to find evidence of the behavioural practices adopted by firms and of the causal link between the CSR motivations and actions. We were therefore able to identify four main emerging patterns in the behaviour of firms that invest in CSR: (i) the explicit declaration of economic motivations leading to increases in profits and an improvement of image or reputation is directly linked to the actions implemented in order to benefit the enterprise; (ii) investments in social initiatives aimed at employees are prompted by the commitment of the firm to improve its corporate image, to restore a damaged reputation, or to meet workers' needs as key stakeholders; (iii) society may be the target of social actions either when the company expresses the intention to take care of its stakeholders in the community or when the firm's previous activities have damaged its stakeholders; and (iv) the firm directs its CSR efforts towards the environment when it explicitly announces its intention to take care of the environment or to restore its image after past problems. Finally, we reconsidered the identified relationships between CSR motivations and CSR actions in light of the classification of family and non-family firms. A number of characteristics have emerged concerning family attitudes and values driving the choices of the entrepreneurs. Family firms pay particular attention to CSR issues, especially those addressed to the wider community and the employees, and this is strongly linked to the reputational effect of such behaviour.

6.6 Implications, Limitations, and Future Research

The results of our study have strong implications for both theory and practice. To our best knowledge, this is one of the first studies to systematically investigate the motivations that drive a firm to invest in social initiatives and identifies behavioural patterns in this regard. Moreover, the approach used in this chapter can encourage researchers to investigate whether and how other dimensions affect the studied relationship.

Although this is an exploratory study, we believe its results hold valuable lessons for managers and policymakers. Our findings provide a number of examples about the social initiatives that can be implemented inside and outside a firm and show the motivations leading to CSR investments. This rich body of empirical evidence can provide CSR managers with a number of useful insights in designing a CSR policy suitable for the context in which they operate. Moreover, some critical points emerge that policymakers should be aware of, in order to deal with social issues: if extrinsic motivations drive CSR, policymakers should implement institutional reforms that increase financial incentives; but if executives are motivated to CSR by intrinsic motivations, policymakers should be careful about providing financial incentives, because extrinsic motivations may crowd out intrinsic ones (Frey and Jegen 2001). This research may also be of use to policymakers in their strategic decisions, for increasing attention is being paid to CSR initiatives in the design of public policies; this is especially true in relation to family firms that, due to their ubiquity (Astrachan and Shanker 2003; Anderson and Reeb 2003), are considered critical for favouring the development of economies across the world (Villalonga and Amit 2006; La Porta et al. 1999). Furthermore, some insights can emerge regarding how industries may respond differentially to institutional pressures for engaging in social initiatives, and whether such activities can enhance organizational reputation.

However, there are a number of limitations to the generalizability of our research findings. First, results cannot be statistically generalized, because of the chosen method, based on the analysis of a limited sample of case-studies. A larger number of cases would provide more information in order to confirm the results, while a more extensive survey might further enhance the robustness of the analysis. Second, the choice of the sample of cases, which has mostly fallen on large companies operating in international markets, may introduce a bias, so that our findings are difficult to be generalized to SMEs. Further research is required to analyse the relationship existing between CSR motivations and actions in the domain of SMEs. In addition to generalizability concerns, our study suffers from other methodological limitations. The choice of the research framework, although based on the existing literature, is open to criticism, and research is called for in order to identify new directions to improve the framework of analysis, while other motives for CSR may exist, beyond those described in the literature and noted in this study, so that only further research will tell whether other motivations may affect the current results.

The ongoing research project launched at the Center for Young and Family Enterprise (CYFE) at the University of Bergamo aims to extend the generalizability of the findings of this exploratory study by conducting an extensive survey of the field.

Appendix 6.1 The sample firms

Firm	Year founded	Sector	No. of employees	Revenue	Main market
Ben and Jerry's	1977	Ice cream products and packaging	163,000 (2009)	€39.8 billion (2009)	International
The body shop	1976	Cosmetics	67,500 (2009)	€17.5 billion (2009)	International
CANTV	1930	Telecoms and ISP	9,800 (2007)	\$1.662 million (2007)	National (Venezuela)
Coronilla	1972	Food products	134 (2009)	\$1 million (2009)	International
CSU-CCA group	1960	Retail, food and agricultural operations, financial services	9,500 (2003)	\$830 million (2003)	Central America (Nicaragua and Costa Rica)
Groupe Danone	1919	Food products and beverages	80,000 (2009)	€15 billion (2009)	International
Esquel group	1978	Apparel	47,000 (2009)	\$500 million (2009)	International
ExxonMobil corporation	1999	Oil and gas	88,300 (2009)	\$425.7 billion (2009)	International
Ford	1903	Motor vehicle production	213,000 (2008)	\$118.3 billion (2009)	International
Grupo Bimbo	1945	Food products (baking)	102,000 (2009)	\$8.603 million (2009)	International
HP	1938	IT, hardware and software, consultancy	310,000 (2009)	\$126 billion (2010)	International
Kimberly-Clark	1872	Paper manufacturing	55,000 (2006)	\$16.75 billion (2006)	International
MAS holdings	1986	Apparel	40,700 (2006)	\$700 million (2006)	International

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Firm	Year founded	Sector	No. of employees	Revenue	Main market
Miguel torres	1870	Beverages	n.a.	n.a.	International
Nike	1972	Apparel	26,700 (2006)	\$19.2 billion (2009)	International
Pantaleon	1849	Sugar	12,000 (2004)	\$109.640 million (2004)	Central America (Guatemala and Nicaragua)
Polartec	1906	Wholesale textiles	3,200 (1995)	\$425 million (1995)	International
Shaklee	1956	Weight-management products, nutritional supplements, beauty products, household products	750,000	\$148.7 billion (2007)	International
Shell	1907	Oil and gas	112,000 (2009)	\$458.3 billion (2009)	International
SK telecom	1984	Wireless telecoms	30,000 (2009)	\$83.5 billion (2009)	International
Starbucks corporation	1971	Coffeehouse chain	130,000 (2009)	\$9.8 billion (2009)	International
Swire Beverages	1987	Beverage bottling and distribution	127,800 (2009)	\$753 million (2009)	Asia (Mainland China and Hong Kong)
Tata group	1868	IT, communications, engineering, materials, services, energy, consumer products, chemicals	289,600 (2007)	\$62.5 billion (2008)	National (India)
Timberland	1951	Shoes	2,900 (2002)	\$1.2 billion (2002)	International
White Dog Café	1983	Food	110 (2007)	\$5 million (2007)	National (Philadelphia and Wayne)

Appendix 6.2 General summary of the case-study evidence

Company	CSR motives	CSR actions
Ben and Jerry's	1a	Society
	2a	Employees
		Environment
The body shop	1a	Society
	2a	Employees
	2b	Environment
CANTV	1a	Society
	2a	
Coronilla	2a	Society
		Employees
		Environment
CSU-CCA group	1a	Society
	2a	Employees
	2b	Environment
Groupe Danone	1a	Society
	2a	Environment
Esquel group	1a	Enterprise
	2a	Society
	2b	Environment
ExxonMobil Corporation	1a	Society
	1b	Environment
Ford	1a	Environment
	2b	
Grupo Bimbo	2a	Society
		Employees
		Environment
HP	1a	Society
	2a	Environment
	2b	
Kimberly-Clark	1a	Society
	1b	Environment
	2a	
	2b	

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Company	CSR motives	CSR actions
MAS holdings	1a	Society
	2a	Environment
Miguel torres	1a	Society
	2b	Environment
Nike	1a	Employees
	1b	
	2a	
Pantaleon	1a	Enterprise
	2a	Society
		Employees
		Environment
Polartec	2a	Employees
Shaklee	1a	Enterprise
	2a	Society
	2b	Environment
Shell	1a	Society
	2a	Environment
	2b	
SK elecom	1a	Society
	2a	Environment
	2b	
Starbucks Corporation	1a	Enterprise
	2a	Environment
	2b	
Swire Beverages	1a	Society
	2a	Environment
	2b	
Tata group	1a	Society
	2a	Employees
	2b	Environment
Timberland	1a	Society
		Environment
White Dog Café	1a	Society
	2a	Employees
		Environment

Appendix 6.3 Summary of the evidence from the case-study analysis

Years	Case title	Authors	Source	CSR motives	CSR actions
I	1993 Ben and Jerry's Homemade Icecream Inc.: Keeping the Mission(s) Alive	J. Theroux	Harvard Business School	Selling a quality product (1a) Creating a company that has as focal point the welfare of consumers and employees (2a) Creating a company that has a great force for social change (2a)	For society: Commitment to peace (commercial alliances with US 'enemies') Support for socially useful activities Support for art and culture Support for small farmers (purchase of raw materials directly from family businesses) For employees: Financial support Work atmosphere friendly and participatory For the environment: Recovery of protected areas Waste-water treatment

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Years	Case title	Authors	Source	CSR motives	CSR actions
2	The body shop international	C. A. Bartlett, K. McQuade and M. Hart	Harvard Business School	Creation and distribution of quality products (1a) Willingness to create a honest, simple, but original and innovative enterprise (1a) Trade as an improving tool for the community (2a) Contribution to the social welfare of its customers (2a) Environmental responsibility (2b)	For society: Promotion of activities in support of the community Creation of 'community care department' Charitable donations Initiatives to support the small independent growers: creation of 'The Body Shops' boys town' Active political engagement: Petitions Protests For employees: Factories in less wealthy areas of Britain to create new jobs For the environment: Respect for the environment Alliance with Greenpeace Alliance with Friends of the Earth Ecology and recycling

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Years	Case title	Authors	Source	CSR motives	CSR actions
3	2007 Corporate social responsibility at CANTV	M. H. Jaen and P. Márquez	Social Enterprise Knowledge Network	<p>Social investment seen as key feature to the company's future (1a)</p> <p>Generating income for the company (1a)</p> <p>Improving the quality of life for children and young people at risk (2a)</p> <p>Solutions to the most significant problems of society (2a)</p>	<p>For society:</p> <p>Creating a foundation for social purposes</p> <p>Attention to education and health</p> <p>Project Super@aulas to encourage the use of IT in schools in more remote areas of the country</p> <p>Support for cultural activities, such as theatre, cinema, exhibitions, and events</p> <p>Promotion of volunteering</p>
4	2009 Coronilla: the quadruple bottom line	A. Diversé, A. Lavoie Orlick, B. Leloux and J. Schwass	IMD International	<p>Social responsibility is a reason to exist and persist (2a)</p>	<p>For society:</p> <p>Fairtrade relations with Andean farming communities</p> <p>For employees</p> <p>Hiring of women and disabled people</p> <p>For the environment:</p> <p>Zero use of pesticides</p>

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Years	Case title	Authors	Source	CSR motives	CSR actions
5	2006 CSU-CCA group	F. Leguizamón and A. Prado	Social Enterprise Knowledge Network	Increasing competitiveness (1a) Fulfilling the requirements of reliability and quality (1a) Expansion (1a) Poverty reduction (2a) Improvement of education (2a) Reduce economic and social inequalities (2a) Personal development and well-being of stakeholders (2a) Reduce the accident rate at work (2a) Support for government efforts in the event of emergencies due to natural phenomena (2a) Maintaining natural reserves (2b)	For society: Assistance programmes for the community Training and initiatives to improve living conditions Investment in human development Anti-discrimination projects Scholarships Security programmes and prevention Education, recreation, care and religious culture Medical services (dentists, psychologists, etc.) Fundraising for schools and local associations Promotion of volunteering Creating homes for abandoned children For employees Establishment of universities for the development of employees Elimination of child labour For the environment: Foundation for the saving of resource and natural reserves Recycling Assistance in the event of disasters

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Years	Case title	Authors	Source	CSR motives	CSR actions
6	The Dannon company: marketing and corporate social responsibility	C. Marquis, S. Pooja, A. Tolleson and B. Thomason	Harvard Business School	<p>Overview of CSR as an integral part of corporate mission (1a)</p> <p>Willingness to spread information on good nutrition (2a)</p>	<p>For society:</p> <p>Activities in research and education about health food</p> <p>Nutrition and health</p> <p>Research institutes</p> <p>Promoting awareness of the link between good nutrition and good health</p> <p>Development of nutrition education programmes for schools</p> <p>Access to food for children in other social contexts</p> <p>Possibility of development of human resources</p> <p>Support for consumers, suppliers, and communities where the company operates</p> <p>Notice to consumers about the various initiatives</p> <p>For the environment:</p> <p>Programmes aimed at reducing the use of coal, water, and energy</p>

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Years	Case title	Authors	Source	CSR motives	CSR actions
7	2008 Esquel group: integrating business strategy and CSR	F. W. McFarlan, W. C. Kirby and T. Y. Manty	Harvard Business School	Distinction from other companies (1a) Demonstration of high-quality products (1a) Enhance the output to increase the demand (1a) Positive example for others, proving that it combines profit goals and social commitment (1a) Improvement of living conditions (2a) Health and safety (2a) Resolution of the problem of energy shortage (2b)	For enterprise: Action to improve the efficiency of production processes Implementation of new techniques Investment in new technologies For society: Construction of dormitory accommodation, equipped with gyms, libraries, and Internet Health and safety programmes Prevention programmes and information about disease For the environment: Reduced use of pesticides and water New irrigation techniques to reduce waste Construction of a low-emission power plant Reduced contamination by removing dust from waste air

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Years	Case title	Authors	Source	CSR motives	CSR actions
8	2003 ExxonMobil and the Chad Cameroon pipeline	J. Mead	Harvard Business School	Use social initiatives as a marketing tool (1a) Greater public consensus (1a) Focus on initiatives for charitable purposes to 'hide' the serious damage to the environment and the community on previous occasions (1b)	For society: Support for the people of Chad and Cameroon: Meetings with government authorities
					Organization of information meetings for local people
					Administration of questionnaires
					Promotion of the arts
					Support for the community:
					Projects for the people most in need
					Raising funds through various initiatives
					For the environment:
					Environmental development

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Years	Case title	Authors	Source	CSR motives	CSR actions
9	Environmental Sustainability Initiatives at Ford Motor Company	B. Chakraborty and V. Gupta	ICMR Center for Management Research	Willingness to have sustainable practices (1a) Environment conservation (2b) Measurement of progress in environmental performance (2b)	For the environment: Reducing energy use Use of renewal resources Reducing water use Reducing emissions More efficient fuel consumption Use of hydrogen combustion engine Reduction of emissions of volatile organic compounds through a new painting technique Construction of a wind farm for power generation Introduction of new technologies such as photovoltaic panels Using gas as a source of energy Increased fuel efficiency Use of recyclable and renewable materials

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Years	Case title	Authors	Source	CSR motives	CSR actions
10	2009 Grupo Bimbo: growth and social responsibility	V. K Rangan and R. Garcia- Cuellar	Harvard Business School	Commitment to social issues (2a) Development of Mexico (2a) Reducing the problem of obesity (2a)	For society: Information programmes on diet Programmes aiming at improving products, health and nutrition education, promoting physical activity, and research Studies and research Promotion of the agricultural industry Help for indigenous peoples Support programmes for suppliers and retailers For employees: Opening of schools for employees' children Growth opportunities Improving living conditions Health-care assistance Support for improving housing conditions Training For the environment: Reduce emissions Conservation of water and energy Solid waste management Environmental responsibility

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Years	Case title	Authors	Source	CSR motives	CSR actions
11	2006 Corporate social responsibility at HP	K. Chary and V. Gupta	ICMR Center for Management Research	Value creation seen as profit and social commitment (1a) Ensuring respect, dignity, and safe working conditions (2a) Commitment to environment (2b)	For society: Donations to local groups Increase access to IT Extend the use of computers and Internet to areas without these opportunities, to enable distance learning For the environment: Control and prevention of pollution by reducing emissions Produces adhere to international standards Lower environmental impact Reducing waste through recycling, reduction of raw materials used Elimination of toxic materials Efficient use of energy

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Years	Case title	Authors	Source	CSR motives	CSR actions
12	Kimberly-Clark Corporation: the environmental sustainability challenge	P. Indu P and D. Purkayastha	ICMR Center for Management Research	Improvement of the company (1a) Reduction of environmental impact (1b) Development of health, hygiene, and well-being every day (2a) Commitment to environment (2b) Protection of the quality of land, water, and coastal areas (2b)	For society: Creation of the K-C Foundation Commitment not to use child labour Prohibition of corporal punishment or other forms of disciplines For the environment: Biosphere protection Efficient use of energy by encouraging conservation and use of alternative sources Reduce waste by reducing the volume and weight of materials Recycling Improvement of water use Elimination of use of chemicals Commitment to reforestation Maintenance of biological diversity Reduction of emissions

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Years	Case title	Authors	Source	CSR motives	CSR actions
13	2006 MAS Holdings: Strategic Corporate Social Responsibility in the Apparel Industry	J. Story and N. Watson	INSEAD	Do the right thing (2a) Need a way to differentiate in the tough global apparel market (1a) Meet customers' needs (2a)	For society: Build a laboratory and auditorium for the school Donation to maternity clinics; vaccinations Reduce lead times as much as possible For employees: Build factories in rural villages Every factory adheres to the UN Global Compact Educate about professional and cultural norms; English classes; leadership training Establishment of 'MAS Women Go Beyond'
14	2010 Miguel torres: ensuring the family legacies	J. Van der Kaaij and B. Leleux	IMD International	Provide a high-quality product (1a) Care about climate change (2b)	For society: Establishment of the Miguel Torres Foundation Help underprivileged children Build schools and homes For the environment: Protection of wildlife Adoption of solar panels, hybrid vehicles and investment in wind park

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Years	Case title	Authors	Source	CSR motives	CSR actions
15	2002 Hitting the wall: Nike and the international labour practices	D. L. Spar	Harvard Business School	Demonstration of a fundamental change of strategy, aimed not only at greater profits but at the well-being of the community (1a) Improve company image, already 'contaminated' by previous crises (1b) Interest for its workers (2a)	For employees: Improving the working conditions of employees Raising the minimum age of workers Clean air in factories Implementation of educational programmes Activation of microcredit Introduction of a minimum wage A ceiling on working hours Adhesion to FLA, the association for labour rights

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Years	Case title	Authors	Source	CSR motives	CSR actions
16	2005	Pantalleon N. F. Leguizamó and J. Ickis	Social Enterprise Knowledge Network	Increased competitiveness (1a) Protection of workers' needs in order to promote company growth (1a) Focus on social issues (2a)	For enterprise: Introduction of technology to improve productivity For society: Construction of schools and hospitals Programmes aimed at health, nutrition, and sport Improved infrastructure Create community centres Improve housing conditions For employees: Offer better working conditions Better wages Opportunities for education for the children of employees Ban the employment of women and children For the environment: Reduced consumption and waste of water Reduced use of chemicals Reforestation and restocking of rivers
17	2003	Polartec J. W. Altman, R. E. Weissman and M. C. De Palma	Babson College	Workers are an asset (2a)	For employees: Arrange heart bypass operations for several workers After a major fire, the family CEO kept his employees on the payroll for three months Free soft drinks during summer

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Years	Case title	Authors	Source	CSR motives	CSR actions
18	2009 Shaklee corporation: corporate social responsibility	C. Marquis, V. Rangan and A. Comings	Harvard Business School	Ability to expand their business (1a) Creation of products good both for people's health and for the planet (2a) Prevention of malnutrition (2a) Commitment to environment (2b)	For enterprise: 'Social marketing', making the company known not through advertising and promotion, but at the point of sale to distributors For society: Investment in research and development of clinical trials Creating products For nutrition: Increase vitality, immunity; improve cholesterol levels and blood pressure; protect the health of heart, brain, bones, etc. Weight reduction and the preservation of muscle mass Slow the process of cellular ageing, or anti-ageing Construction of schools and clinics Outreach to become ambassadors of health For the environment: Creation of 'green' products Biodegradability Absence of toxic substances Hypoallergenic products Recyclable packaging Planting of trees Reduction of emissions Installation of photovoltaic panels

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Years	Case title	Authors	Source	CSR motives	CSR actions
19	2004 Shell's global social responsibility initiatives	I. Hansa and N. Rajshakar	IBSCDC	Commitment to economic development (1a) Resolution of people discontent (2a) Attention to health, safety and the environment (2b) Remediation of Niger Delta (2b)	For society, Nigeria: Prevention of the spread of malaria through the distribution of insecticide-impregnated nets For society, Vietnam: Education resource management to reduce poverty Improved profitability for each family Reduced malnutrition For society, Canada: Projects aimed at increasing awareness and prevention of diseases such as HIV For the environment: Development of non-polluting methods Lower environmental impact For the environment, Nigeria: Development of areas devoted to agriculture For the environment, India: Programmes aimed at using renewable and alternative energy Reduced emissions For the environment, Canada: Projects aimed at soil conservation Development of renewable and alternative energy

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Years	Case title	Authors	Source	CSR motives	CSR actions
20	SK telecom: pursuing happiness through CSR	C. Marquis, K. Y. Ryu, P. H. Mirvis and B. Thomason	Harvard Business School	<p>Maximizing profits (1a)</p> <p>Willingness to give a new value to world, improving communication quality (2a)</p> <p>Wellness and social education (2a)</p> <p>Environment responsibility (2b)</p>	<p>For society:</p> <p>Promotion of volunteering</p> <p>Social investments</p> <p>Fundraising and donations to disadvantaged groups</p> <p>Education in social matters and the environment</p> <p>Aid the disadvantaged</p> <p>Customer protection</p> <p>For the environment:</p> <p>Green processes</p> <p>Green products</p> <p>Green culture</p>
21	Starbucks and conservation international	J. E. Austin and C. Reavis	Harvard Business School	<p>Continuous research for high standards of excellence in products (1a)</p> <p>Construction of solid moral principles that represent the company (1a)</p> <p>Protection of stakeholders' interests (2a)</p> <p>Positive contribution to community support (2a)</p> <p>Support for the environment (2b)</p>	<p>For enterprise:</p> <p>Improved control and quality of the final product</p> <p>Inspection and certification of raw materials</p> <p>Construction of company-owned roasting plants</p> <p>For the environment:</p> <p>Environment protection</p> <p>Projects for the protection of the reserve in Chiapas (Mexico)</p> <p>Supply of raw materials from growers with a strong sense of responsibility towards the environmental protection</p>

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Years	Case title	Authors	Source	CSR motives	CSR actions
22	2009 Swire Beverages: implementing CSR in China	C. Marquis, G. A. Donovan and Y. K. Chiu	Harvard Business School	Permit employees to feel proud of their company (1a) Creation of a company who cares also for his community (2a) Interest in the environment (2b)	For society, health and wellbeing: Advertising for a healthy and balanced lifestyle Encourage children's sporting activities Campaigns to prevent HIV and other infectious diseases For society, youth and education: Education and support to less able children Collaboration with 'Right to play' For the environment: Environment and water: Production of clean energy Control and recycling of waste water Recycling waste

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Years	Case title	Authors	Source	CSR motives	CSR actions
23	2006 The Tata Group: integrating social responsibility with corporate strategy	Mathew R., Gupta V.	ICMR Center for Management Research	Integration of CSR with business strategy to build its brand and increase its reputation (1a) Support for socio-economic development (1a) Improving quality of life in the communities where the company operates (2a) Instil trust in consumers, employees, shareholders and the community (2a) Environment protection (2b)	For society: Promotion of public institutions such as hospitals, educational and research centres, art and cultural events Program for the prevention of diseases such as HIV and support for people with leprosy Promotion of volunteering For employees: Eight-hour day Social insurance fund Maternity benefits Sharing skills and capabilities For the environment: Reducing environmental impact through the introduction of specific processes and procedures Management of waste, recycling plastics; better treatment of sewage Conservation of resources by reducing, reusing, and recycling

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Years	Case title	Authors	Source	CSR motives	CSR actions
24	2004 Timberland: commerce and justice	J. Austin, H. B. Leonard and J. W. Quinn	Harvard Business School	Improve its brand and growth (1a)	For society: Donation of boots and support of City Year, a regional NPO Establishment of the Earth Day event Strategic relationships with NGOs Annual long-range plan dedicated to commerce and justice goals Collaboration with the NPO Share Our Strengths For the environment: Improvements in energy and raw materials used
25	2007 Walking the walk: putting social responsibility into action at the White Dog Café	D. M. Phillips & J. K. Phillips	Harvard Business School	CSR as a 'guide' for the enterprise (1a) Greater importance attached to social and environmental issues than to profits (1a) Belief that the community well-being is the main objective (2a)	For society, customer service: Food quality Service quality Educational programmes for consumers For society, community service: Donations to charities Donations to NPOs Promotion of cultural diversity and economic justice Socially responsible projects The sister restaurant project Mentoring programme Community tours Annual multicultural events Whole world products

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Storytelling

Community service days

Take a senior to lunch

War-opposition activities

For employees:

Respectful and collaborative working environment

Above average salaries

Sunshine fund

For the environment:

Alternative energy

Organic food

Recycling and ecology

Support for 'Green Team'

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What Sustainable Entrepreneurship Looks Like: An Exploratory Study from a Student Perspective

7

Katia Richomme-Huet and Julien de Freyman

Abstract

Despite growing interest in social, green, and sustainable entrepreneurship, there are few education and training programmes that address the needs of sustainably motivated individuals. This chapter reports the results of a study of 36 students who have taken a course on ‘Entrepreneurship, the green economy, and corporate social responsibility’. The study identifies a significant gap in this new training and the perception of the students in their capacity as potential sustainable entrepreneurs.

7.1 Introduction

Entrepreneurship can make the world a better place (Wiklund et al. 2011), developing ‘social and environmental equity’ (Hopwood et al. 2005, p. 49). In line with this conviction, many scholars consider entrepreneurs as the drivers of the next industrial revolution that will bring a more sustainable future, and they coin new terms such as

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sustainable entrepreneurship (Dean and McMullen 2007), green entrepreneurship (Berle 1991), environmental entrepreneurship (Anderson and Leal 2001; Dean and McMullen 2007; Keogh and Polonsky 1998), ecopreneuring (Bennett 1991; Blue 1990; Schaper 2002), and social entrepreneurship (Dees 2001). (Pacheco et al. 2009, p. 464)

These different fields of entrepreneurship research are still in their infancy, and suffer from a lack of theory and definitions, which sometimes leads to overlapping, but they are challenging and offer the opportunity to rethink central concepts and assumptions (Mair and Martí 2006).

Indeed, according to entrepreneurship scholars, some entrepreneurs are mission-driven and respond innovatively to social problems (Drucker 1990; Leadbeater 1997; Dees 1998; Mort et al. 2003; Drayton 2002; Alvord et al. 2004; Austin et al. 2006; Mair and Martí 2006). Others are more concerned with adding green value, gained from environmental issues and imperatives (Bennett 1991; Berle 1991; Isaak 1997; Schaper 2002; de Bruin and Lewis 2005; Schaltegger 2002; Ndubisi and Nair 2009). More recently, a new type of entrepreneur emerged, in line with sustainable development and its triple bottom line (the balancing of social, economic, and environmental perspectives), called the sustainable entrepreneur (Dean and McMullen 2007; Cohen and Winn 2007; Shepherd et al. 2011).

This concept provides a new challenge for those pushing for sustainable development in the twenty-first century, whether current entrepreneurs or potential ones. As such, it deserves to be taught in educational institutions, which have to consider playing an important role in order to ‘develop the requisite attributes and skills to produce’ different entrepreneurs (Kirby 2004). Furthermore, as Brower (2011) stated, the millennial generation in business school is requesting sustainable development projects and courses, but business education on this topic is also very recent. The main concern of this chapter is to explain ongoing entrepreneurship education as a first step towards the ultimate goal of sustainable entrepreneurship. Our starting-point has been the conflict between students in a ‘classical’ entrepreneurial classroom and our own conviction as their lecturers: from the discussions, most of them would seem to be ‘activists’ (Simms and Robinson 2009) on the green economy (environmental issues) and few were passionate about social debates and their implications (social issues). We decided to create a specific societal entrepreneurial course where both social and green potential entrepreneurs could test their convictions against real case-studies from well-known global success stories (Whole Foods Market, Alter Eco, and Lush) to more local, confidential experiences and testimonials (Flandre Ateliers or Gobilab). In so doing, we heeded Chia’s call (1996, pp. 410–411) for ‘a radical change in intellectual and educational priorities’. We explained to our students that it was not relevant to set up the different types of entrepreneurs (regular, social and green) in opposition to one another, but rather to position them on a trajectory that can lead future sustainable entrepreneurs to push sustainable development.

To illustrate our point, we have structured this chapter as follows. Following a discussion of the literature used to identify the main types of entrepreneurs, we present a synthesis of the most commonly used categories. Section 7.3 provides an analysis of the different ways to become a sustainable entrepreneur. In Sect. 7.4,

we present the method and the context of the study; in Sect. 7.5, the key findings. We conclude by summarizing the main outcomes of the present chapter and highlight some interesting and challenging paths for future research.

7.2 Regular, Social, Green, and Sustainable Entrepreneurs

In the past, many pioneering researchers have worked to enhance our understanding of entrepreneurs and of the strong link between societal development and interest in entrepreneurship (Landström 2005). This is a multifaceted phenomenon that continues to be highly permeable, changing from a simplistic vision to a complex perception (Fayolle and Matlay 2010). Nevertheless, according to Carsrud and Brännback (2007), for more than three decades now researchers have failed to define to anyone's satisfaction a specific *homo entrepreneurialicus*. To approach its evolution, it seems that the concept of entrepreneur needs close attention. Since its emergence, it has been defined in several ways, becoming a semantic problem in the study of entrepreneurship (Brockhaus 1980). However, if we want to understand new emergent trends such as sustainable entrepreneurship, it is necessary to define 'entrepreneur' sufficiently clearly that it also conveys the variation of the concept. From the literature, we identify four main classes of entrepreneurs, namely regular (classical, traditional, or pure), social, green (ecopreneur or enviropreneur), and sustainable (societal or sustainopreneur), as described in Table 7.1. Of course, it should also be borne in mind that the definitions of specific types of entrepreneur have evolved since their emergence and/or the upsurge in interest they experienced in the field of entrepreneurship up to now.

The social entrepreneur responds innovatively to a social problem, is mission-driven, financially self-sufficient, and provides added social value (Drucker 1990; Leadbeater 1997; Dees 1998; Mort et al. 2003; Drayton 2002; Alvord et al. 2004; Austin et al. 2006; Mair and Martí 2006), as against the green entrepreneur (or ecopreneur), who is more concerned with adding green value, gained from environmental issues and imperatives (Bennett 1991; Berle 1991; Isaak 1997; Schaper 2002; de Bruin and Lewis 2005; Schaltegger (2002); Ndubisi and Nair 2009). Finally, a third way has received growing interest for its linking of social and environmental issues, in line with sustainable development and its triple bottom line (the balancing of social, economic and environmental perspectives)—the sustainable entrepreneur (Dean and McMullen 2007; Cohen and Winn 2007; Shepherd et al. 2011). 'The relationship between entrepreneurship and sustainable development has been addressed by various streams of thought and literature such as ecopreneurship, social entrepreneurship, sustainable entrepreneurship and, in an indirect way also, institutional entrepreneurship' (Schaltegger and Wagner 2011, p. 223). Even if the exercise is as a matter of fact quite vain, vainglorious even, and open to criticism, we would suggest taxonomy of particular entrepreneurs according to the value they want to create, from economic to societal via social or ecological (see Fig. 7.1).

Table 7.1 Four main types of entrepreneurs

Type of entrepreneur	Definition	Authors
Regular entrepreneur (pure, traditional, or classical entrepreneur)	The regular entrepreneur (profit motive/economic value) assumes both the risk and the management of a business venture. He discovers and exploits opportunities without regard to the resources currently controlled, but in order to generate enough profitability or cost-effectiveness to survive	Schumpeter (1934), Kirzner (1979), Casson (1982), Gartner (1988), Sahlman and Stevenson (1991), Shane and Venkataraman (2000),(2003)
Social entrepreneur	<p>He emerged typically from economic models of entrepreneurship that explain that 'people become entrepreneurs because there are profits to be made and they are rewarded for their entrepreneurial undertakings in terms of income and wealth' (Benz 2006, p. 2)</p> <p>The social entrepreneur (profit necessity/social value) can be distinguished thanks to 'the social commitment and the lack of interest in financial reward for its own sake' (Roper and Cheney 2005, p. 100)</p> <p>He is perceived as someone who deeply believes in the complementarity of social and profit goals, and who demonstrates these values in all of his daily choices and behaviour (value-based or issue-based opportunities)</p> <p>He is 'more concerned with caring and helping than "making money"' (Thompson 2002, p. 413), focusing on the human factor, on well-being with a social mission, and a social benefit goal, nourished by passion and commitment</p>	Drucker (1990), Leadbeater (1997), Dees (1998, 2001) Austin et al. (2006), Mair and Marti (2006), Short et al. (2009), Simms and Robinson (2009)

(continued)

Table 7.1 (continued)

Type of entrepreneur	Definition	Authors
Green entrepreneur (ecopreneur or enviropreneur)	<p>The green entrepreneur (profit necessity/ecological values), is close kin to the pure entrepreneur (de Bruin and Lewis 2005), but wants 'to create green-green business in order to radically transform the economic sector in which he/she operates' (Isaak 2005, p. 13)</p> <p>He wants to preserve natural resources and act as a pull factor that entices other firms 'to proactively go green'</p> <p>He believes in his ecological mission, in the green value added, and defends a new comprehensive business philosophy and culture, environmentally respectful. A main objective is to free the world from pollution and climate change</p>	<p>Berle (1991), Bennett (1991), Menon and Menon (1997), Isaak (1998), Schaper (2002), Schaltegger (2002), De Bruin and Lewis (2005), Walley and Taylor (2002), Linanen (2002), Ndubisi and Nair (2009)</p>
Sustainable entrepreneur (sustainopreneur)	<p>The sustainable entrepreneur (profit necessity/societal values) is a 'for-profit entrepreneur committed and effective in [his] efforts and achievements toward sustainability' (Choi and Gray 2008, p. 558). He combines both social and environmental values in a holistic dimension, namely societal values</p> <p>'Sustainable entrepreneurs destroy existing conventional production methods, products, market structures and consumption patterns, and replace them with superior environmental and social products and services. They create the market dynamics of environmental and societal progress' (Schaltegger and Wagner 2011, p. 223)</p> <p>He is an individual who discovers, evaluates, and exploits opportunities and creates value that produces economic prosperity (wealthy and efficient economic system), social justice and social cohesion (individual and community needs), and environmental protection (to maintain and enhance the state of the earth) in several degrees (Katsikis and Kyrgidou 2009). In this perspective, he is described as a combination of the three other types of entrepreneurs</p>	<p>Kyrö (2001), Gerlach (2003), Crals and Vereeck (2004), Dean and McMullen (2007), Cohen and Winn (2007), Shepherd et al. (2008), Katsikis and Kyrgidou (2009), Choi and Gray (2008), Schaltegger and Wagner (2011), Shepherd et al. (2011)</p>

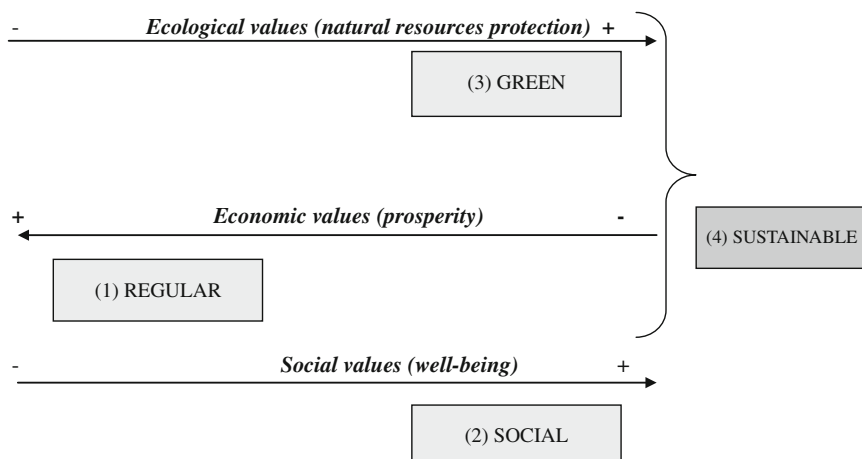


Fig. 7.1 Taxonomy of entrepreneurs defined according to their values

Our objective here is twofold: to focus on the different mentalities of potential entrepreneurs; and to seize on the similarities and differences (in an instructive manner). Each type of entrepreneur is represented according to her or his most important value, and combining the three values will result in a sustainable entrepreneur, a kind of ideal type that every entrepreneur could achieve in connection with the triple bottom line and necessity to make a profit to survive in business.

7.3 How to become a Sustainable Entrepreneur?

Until very recently, it was efficient and natural for scholars to focus on regular entrepreneurs. However, as Pacheco et al. (2009) write, a ‘New Deal’ appears for entrepreneurs: they also have to be the engine of sustainable development. In line with this view, Shepherd et al. (2011, p. 137) describe the combination of ecological, social, and economic values, arguing that ‘sustainable entrepreneurship is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society’. However, despite a growing literature (Table 7.1), little is known about how to become sustainable entrepreneurs or the mechanisms that might make it possible.

Following Abrahamsson (2007, p. 38), we believe that ‘sustainability requires “and”, as in ecological and social objectives’. To become sustainable, social or green entrepreneurs should add the missing dimension in order to complete their profile. For instance, Schaltegger and Wagner (2011, p. 229) argue that ‘this implies that ecopreneurs have to also address the social aspects of their breakthrough environmental innovations more systematically, and to the degree that this actually

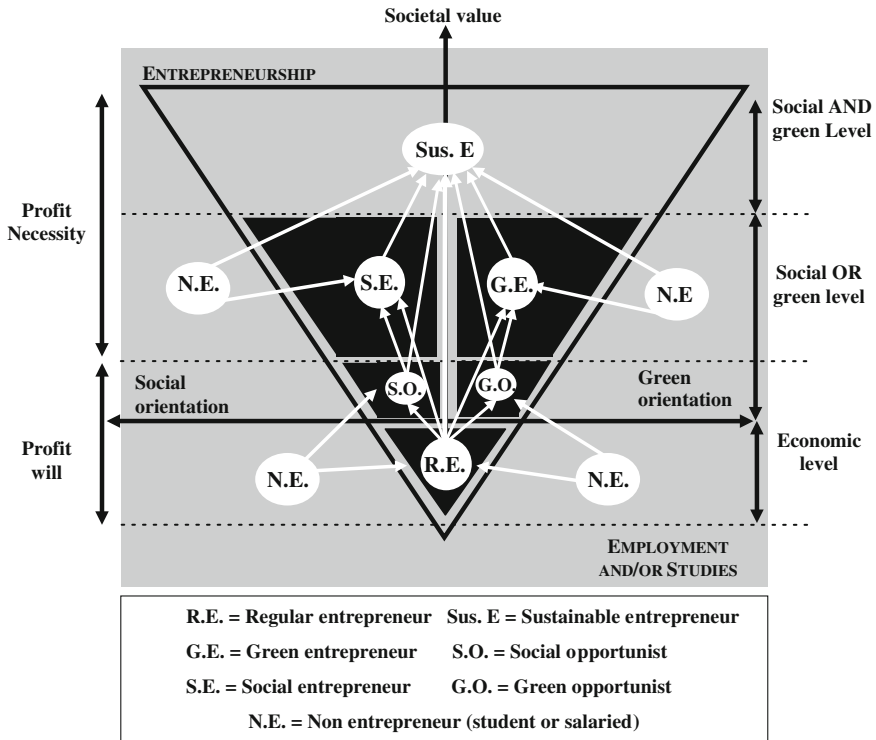


Fig. 7.2 Theoretical trajectories for potential and current entrepreneurs

happens they move forward towards sustainable entrepreneurship.’ It behoves us to explore in depth the different processes by which individuals are engaged in sustainable entrepreneurial activity (Shepherd et al. 2011; Easterly 2006).

A central feature of this discussion is the concept of trajectory (Richomme-Huet and De Freyman 2010). We construct a theoretical framework to identify the profile of an entrepreneur according to the venture created, the activities, the motivations and values they defend when they decide to create it (Fig. 7.2). Our proposition is that entrepreneurs can change their initial position from regular to sustainable, not passing by social or environmental, with a direct trajectory; or moderate the change, step by step, degree by degree, passing by social or green under specific conditions, constraints or personal values, with an indirect trajectory. Although we believe that all the entrepreneurs are important and have considerable utility, we are particularly interested in sustainable entrepreneurship as a major catalyst for societal transformation. We consider it as a goal to reach, not as an entrepreneurial strategy that amounts to just so much greenwash (environmental) or pinkwash (social), but as an opportunity to preserve both human and natural resources. Social and green opportunists are profit-oriented; they exploit opportunities linked to social or green needs without the least faith in what they are

doing. The process is called ‘greenwashing’, a term applied to empty promises (adverts and labels) about an environmental benefits or an environmentally responsible public image. We draw a parallel with the colour pink associated with social promises and the ‘pinkwashing’ process. In our framework, ‘colour-washing the development’ is not excluded, but is considered a potential first step leading a regular entrepreneur to more profound ecological or social values. After the colour-wash phase, the opportunist may be convinced of the advantage in balancing the triple bottom line and becoming a sustainable entrepreneur.

7.3.1 Are New Generations Aware of these Differences and Trajectories?

If policymakers want to develop and support sustainable entrepreneurship, it seems important to examine the factors that might positively or negatively influence the choice to become a sustainable entrepreneur (and not only a regular, green, or social one). There is a great interest in working on issues relating to the perception of sustainable entrepreneurship by different generations (students, entrepreneurs, unemployed persons, and so on). Indeed, what is currently missing is a study improving our understanding of the next generation of entrepreneurs, the Millennial Generation, born between 1982 and 2002 (Howe and Strauss 2000). Millennials, or Generation Y, are optimistic, high-achieving rule-followers, team players, civic-minded, and racially and ethnically diverse (Howe and Strauss 2000; Schreuder and Coetze 2007). They like to set goals and go for them; they seek to achieve a work–life balance; they expect political action instead of a constant focus on talk (Howe and Strauss 2000). In 2012, half of those individuals are old enough to start business school or even to graduate, making them students who live in a culture encouraging them to embrace community values and to reach consensus with their peers: ‘their problems are the nation’s problems, their future is the nation’s future’ (Howe and Strauss 2000, p. 175). In this perspective, business school students are particularly important, as they also contribute to the development of entrepreneurship culture.

Following O’Connor et al. (2007), we would further contend that education offered to potential entrepreneurs by business schools needs to cultivate their capacity to engage with high levels of complexity, ambiguity, and uncertainty. For the ones who will choose an entrepreneurial career, we know that education plays a crucial role, if we involve them in various entrepreneurial activities, if we highlight the merits, values, and advantages of entrepreneurship (Segal et al. 2005), and if we encourage them to start up their own business. For example, in order to generate more societal value in the future (in the shape of greater numbers of sustainable entrepreneurs), entrepreneurship education could potentially insist on their ethical responsibility to become fair entrepreneurs and to change the world. However, we have no certainties about student perception of entrepreneurship in general or of the different types of entrepreneurs in particular. Indeed, to find out to what extent can public institutions influence their perception of

sustainable entrepreneurship, two main questions need to be answered. Do they view green, social, and sustainable entrepreneurship with equivalent interest? And do they really perceive trajectories, and if so, which ones? In order to explore these issues, we decided to focus on students taking our business school course on ‘Entrepreneurship, the green economy, and corporate social responsibilities’, and to discuss the consequences of their beliefs in terms of entrepreneurial politics.

7.4 Method

This paper reports on the second stage of a research project which investigated the implications for theory, policy and practice that arise from asking the question of whether sustainable entrepreneurship a fourth way between regular, social, and green (Richomme-Huet and De Freyman 2010). The focus here is on the implications for educational practice.

7.4.1 Intended Effects

Previous teaching experience suggests that the concept of sustainable entrepreneurship is not always clear to students: some confusion can arise when attempts are made to differentiate sustainable entrepreneurship from social and green entrepreneurship. An important point lies in the question of assessing the level of interest among students in becoming a regular, social, green, or sustainable entrepreneur. They may develop different perceptions of what can realistically be achieved by inexperienced students, regarding their professional experiences and/or the level of resources that they can devote to each of these entrepreneurial goals. In this sense, the choice of the methodology was an important issue. Rather than using deductive reasoning to formulate hypotheses, our explicit aim was to develop insights from proximity to the students. For us, it seems therefore appropriate to adopt a qualitative methodology which enables us to start by giving students the same four definitions of the concepts used (as summarized in Table 7.1) and specific examples of each category of entrepreneurs (Table 7.2).

The course content, which duly observes differences in students’ educational levels and learning processes, is designed to provide them with core knowledge and the ability to organize it—what Shepherd and Douglas (1997) name the ‘functionally based elective’. The programme has a built-in entrepreneurship orientation and awareness, focusing on general information in order to encourage students to embrace an entrepreneurial career (Kirby 2004, p. 514). It is not just lecture-based, but relies on group discussions of various case-studies, but without providing individualized supervision. The course builds incrementally, with a concept per week, until the individual final exam. The training materials were developed using a combination of traditional techniques such as lectures, with case-studies (articles and videos), discussions, and group presentations (Table 7.3). Our main intervention is to monitor their progress, lead the discussions, and to give constructive feedback on their group work.

Table 7.2 Representative profiles of each entrepreneur

Regular entrepreneur	When he was twenty, he started Apple in his parents' garage, and within a decade the company had blossomed into a \$2 billion empire. However, at thirty, Apple's board of directors decided to take the business in a different direction, and Jobs was fired. He went on to found NeXT (a software company purchased by Apple) and Pixar (an animated movies company purchased by Disney). He later returned to Apple and oversaw its resurgence in popularity. He was not particularly known for his social management or ecological commitment
Steve Jobs	
Apple, US	
Social entrepreneur	He has two passions: computing and voluntary work. He left school and went to join the computing team of an American company working on artificial intelligence. A few years later he started his own publishing firm.
Rodrigo Baggio	
CDI, Brazil	His success gave him the opportunity to devote himself to young Brazilians through the creation of the website JovemLink (an online discussion forum). Thanks to a national campaign to salvage computer equipment, he set up the first computing school in the Dona Marta favela, in association with the local parish and a NGO. Today there are more than 900 computing schools throughout Brazil
Green entrepreneur	At the age of 23, after a diploma in electrical engineering at the Oldenburg University of Applied Sciences in Germany, he managed to convince Meinard Remmers to invest in a windpower project. There were setbacks, but within a few years he had founded Enercon, a company with just one secretary that worked out of a furniture warehouse less than 50 m ² . Over the years, orders multiplied, making Enercon the second-largest wind turbine manufacturer in the world. Today, he is still an enthusiastic inventor who continues to offer mass-produced inventions to further the development of clean energy
Aloys Wobben	
Enercon, Germany	
Sustainable entrepreneur	A graduate of HEC Paris, his first job was as a cost controller for a large multinational cosmetics company. He left to found an NGO supporting local development associations. In order to finance it, he decided to sell Fairtrade products, and within the year Alter Eco opened its first shop in Paris. In order to work with small-scale, underprivileged producers, he had to sell large quantities to be able to pay them a fair price and plan education, housing, and health programmes. The solution was to make Alter Eco the leading French brand of Fairtrade products to be sold in French supermarkets. He continues to travel the world to offer even more products, his concern being to support initiatives such as reforestation that conserve the environment
Tristan Lecomte	
Alter Eco, France	

The goal of the course is to teach different entrepreneurial states of mind, in order to open their eyes to their own creativity, imagination, and ability to change, to stimulate their entrepreneurial inclinations, and encourage them to achieve their full potential, even if that depends as much on personality as on skill. This educative perspective 'tries to bridge the gap between the individual and the society' so that students may develop 'their cognitive, emotional and social maturity ... to create their own viewpoint with regard to a field of specialization and to knowledge in general' (Bécharde and Toulouse 1991, pp. 4 and 7). With the basics of management acquired in their Master's programme, teaching individuals to engage

Table 7.3 Course content and material

Session	Title	Material
1	Entrepreneurship: definition and context	Excerpts from the film <i>The Corporation</i> <i>Question:</i> The role of entrepreneurs in society? Case-study: Set up (regular, students' team)
2	Different types of entrepreneurs, the pyramid, and trajectory in theory	The four entrepreneurs in the pyramid (Fig. 7.2) Discussion of case-studies (successful entrepreneurs) and their trajectories: Chouinard and Patagonia, Lecomte and Alter Eco, Roddick and The Body Shop, Lemarchand and Natures et Découvertes, Persenda and Sphere (businessmen and women), and Merle and Simply Food (student)
3	The regular entrepreneur	Lecture, articles, videos, and case-studies of successful regular entrepreneurs. Discussion of three group presentations of Simoncini and Meetic, Kosciusko-Morizet and PriceMinister.com, and Bonduelle and Bonduelle
4	The social non-profit entrepreneur	Ditto and case-studies of famous social non-profit entrepreneurs. Discussion of two group presentations of Azihari & Two-Hands and Maria Nowak & ADIE
5	The social for-profit entrepreneur	Ditto and case-studies of famous social for-profit entrepreneurs. Discussion of two group presentations of Knecht and Flandre Ateliers and Kassalow and Vision Spring
6	The green entrepreneur	Ditto and case-studies of famous green entrepreneurs. Discussion of two group presentations of Constantine & Lush, Dégrémont, Moisant and Baitinger & Gobilab
7	The sustainable entrepreneur	Same and case-studies of famous sustainable entrepreneurs. Discussion of two group presentations of Mackey and Whole Foods Market and Henrion and Marmite d'Eugène
8	The pyramid and trajectories in practice	Eleven working groups and presentation of the trajectories of all the case-studies chosen by the students; discussion of the next step for the entrepreneurs not yet sustainable
9	Final written exam	Individual work (case-studies and questions)

in something other than the classic entrepreneurial process might well provide the necessary push to join other profiles (green, social, or sustainable) and to develop sustainability in the longer term. Our main goal is to create a more fertile soil where these ideas will thrive (Table 7.4).

Table 7.4 Participants and data samples (students' names have been anonymized and abbreviated)

Time 1 (S1)		Time 2 (S2–S9)	
Initial sample description		Final sample description and choice	
55 students, of whom 28 men and 27 women	Regular (S3) 27.28 %	<i>Male:</i> Mén, Bl, Mon, Coh, Bi, LeM (6)	36 students, of whom 20 men and 16 women
Selection of their team and favourite type of entrepreneur		<i>Female:</i> Bal, Fuz (2)	
	Social NP (S4) 18.18 %	<i>M:</i> Az, Fof, Mor (3)	Regular 22.23 %
		<i>F:</i> Ham, Cer, Khe, Lec, Mer, Bar (6)	
	Social FP (S5) 18.18 %	<i>M:</i> Hay, Mir, Ple, Lab, Thi (5)	Social 44.45 %
		<i>F:</i> Gro, Lep (2)	
Green (S6) 18.18 %	<i>M:</i> Qui, Saa, Maz, Mee (4)		Green 13.87 %
	<i>F:</i> Bro (1)		
Sustainable (S7) 18.18 %	<i>M:</i> Au, Ser (2)		Sustainable 19.45 %
	<i>F:</i> Boe, Cas, An, Dej, Lan (5)		

7.4.2 Data Sample and Procedure

Possible participants for this study were easily identified in our entrepreneurship programme at Kedge Business School, as being enrolled to study entrepreneurship at the time of the course. Whilst initial data was gathered from all fifty-five registered participants, we selected only the students who were present at all ten sessions. Ultimately, the sample consisted of final-year Master's students ($N = 36$) from different backgrounds (management, engineering, economics, and the like), but they were all familiar with the format having taken business courses in previous terms.

During the first session (Time 1), in order to divide the group of 55 into eleven smaller groups, students were required to compose their own group of five members as they saw fit. After this first step, we started our lecture, and at the end of the session then asked them to choose their favourite theme (regular, green, social, and sustainable) for their work group so that they positioned themselves in the specific session (3, 4, 5, 6, or 7). In the second period of the course (Time 2, sessions 2–9), the conceptual framework was presented (Session 2) and students were guided through a wide range of challenging study tasks, group work, self-study (literature), and a number of presentations (PowerPoint and written reports). We wanted to demystify research and to use it 'as a form of learning that should be accessible by everyone interested in gaining a better understanding of his or her world' (Bray et al. 2000). The main objective for us was to find out more about

how students perceive and interpret entrepreneurship and its forms. Each type of entrepreneur was looked at closely in a dedicated session, beginning with an introductory lecture covering theory (definitions from the literature) and practice (case-studies illustrated with archival material, videos, and storytelling). The implications were discussed by students in order to describe and understand the concepts of regular, social, green, and sustainable entrepreneurs so that they were able to use the pyramid and the trajectories (Sessions 8 and 9). They acquired ‘a foundation for more specific skills and knowledge needed by those establishing or contributing to social or commercial activity. This should include awareness of ethical values and promote good governance’ (European Parliament and Council 2006), evaluated by a final test at the end of the second period.

Finally, some days after the examination, in Time 3 we conducted semi-structured individual interviews (Denzin and Lincoln 1994) in our office with the 36 students who had attended all sessions, excluding the 24 who had missed one or more sessions. The students who participated in the study received extra credit applicable to their course grade. We began by asking them to describe and compare their affinity with these four different entrepreneurial worlds in order to verify their understanding. Then, after a reminder of the concept of trajectories, we asked interviewees to think about how plausible the different trajectories were. The choice to focus on the student’s interpretation of entrepreneurial trajectories is part of a coherent strategy aimed at gaining an insight into the subjectivity of this class of potential entrepreneurs. This study gained in relevance thanks to the participants’ viewpoints, interpretations, and dynamics, and the properties of the interactions contextualized within their worlds (Douglas 2004).

7.5 Results, Discussion, and Implications

Do students consider regular, green, social, and sustainable entrepreneurship with equivalent interest? It does not seem to be the case, as we will see from the following results.

7.5.1 Short-Term Disaffection

Table 7.5 reports total scores for the entire sample of students throughout the course (Time 2) and after having acquired specific knowledge and skills. Indeed, after entrepreneurship education, most of interviewed students considered themselves possible social entrepreneurs in their lifetime (52.8 %), while very few were ultimately interested in becoming regular (16.7 %) or green entrepreneurs (11.1 %). By contrast, when they chose sustainable entrepreneurs (19.4 %), they judge it as evidence of the nature of the twenty-first century. ‘We have to care both about people and the environment: wealth is not only about money or profit!’ (Student Dej). From their descriptions of their preferences and perceptions of

Table 7.5 The participants' final positions (students' names have been anonymized and abbreviated)

Time 2 (S3–S9)		Time 3 (after S10)	
Final sample description and choice: 36 students (20 men and 16 women)		Final sample description and position: 36 students (20 men and 16 women)	
<i>Male</i> : Mén, Bl, Mon, Coh, Bi, LeM (6)	Regular (S3) 22.23 %	<i>Male</i> : Mén, Bl, Bi, Hay, Saa (5)	Regular 16.7 %
<i>Female</i> : Bal, Fuz (2)		<i>Female</i> : Cer (1)	
<i>M</i> : Az, Fof, Mor, Hay, Mir, Ple, Lab, Thi (8)	Social (S4) 44.45 %	<i>M</i> : Au, Fof, LeM, Maz, Mee, Mir, Mon, Mor, Ple, Qui, Ser (11)	Social 52.8 %
<i>F</i> : Ham, Cer, Khe, Lec, Mer, Bar, Gro, Lep (8)		<i>F</i> : Bal, Boe, Cas, Fuz, Gro, Khe, Lec, Mer (8)	
<i>M</i> : Qui, Saa, Maz, Mee (4)	Green (S6)	<i>M</i> : Coh, Lab, Thi (3)	Green (S6) 11.1 %
<i>F</i> : Bro (1)	13.87 %	<i>F</i> : Bro (1)	
<i>M</i> : Au, Ser (2)	Sustainable (S7) 19.45 %	<i>M</i> : Az (2)	Sustainable (S7) 19.4 %
<i>F</i> : Boe, Cas, An, Dej, Lan (5)		<i>F</i> : An, Bar, Dej, Ham, Lan, Lep (5)	

entrepreneurship, two main lines of explanation emerge and need to be explored in greater depth in order better to understand the origin of this tendency.

The first point is more related to entrepreneurship as a whole. Most of interviewed students seem to express 'a short-term disaffection' that corresponds with either a lack of enthusiasm for risk-taking principles, or with a lack of self-confidence in their own abilities as entrepreneurs compared to more experienced ones. The result is not surprising because there is a cultural gap in France that continues to inhibit entrepreneurial behaviour (Carayannis et al. 2003), reducing the likelihood of anyone starting a business as a green or a sustainable entrepreneur. Moreover, in addition to this cultural gap, many strategies for encouraging entrepreneurship in business schools focus on the performance of well-known, successful entrepreneurs, which makes for a more complex student identification process (complicated by their perception of two different worlds, for example). There is probably a lack of focus on more common and/or local entrepreneurs who could facilitate this process and lead students towards green, regular, or sustainable entrepreneurial careers. However, social entrepreneurship attractiveness seems sufficient to help students to project themselves into a business creation activity (linking responsible management and entrepreneurship). They are spontaneously focused on answers to social needs (services for disabled persons with Hand in Hand, poverty reduction in France or worldwide with several NGOs, education and environment with Unis Terre), with a positive picture of entrepreneurship. 'Social entrepreneurship is the most honest one according to my own experience in

an enterprise of social tourism and within Unis Terre: people are more involved and there is no greenwashing or bad opportunism' (Student Khe).

The second point is linked to the perceived economic viability of a green or a sustainable potential project (and is also linked to the student profiles). Most of students had a negative view of what could be done to create and develop a business with a non-profit orientation. According some of them, 'green or sustainable entrepreneurship' and 'profit-making' are two conflicting philosophies, making it especially difficult for recent graduates to imagine starting their entrepreneurial career in the green sector. Whereas entrepreneurial opportunities are easily identified by students in social sector, the process of recognition is more complex and daunting when dealing with green and sustainable contexts. Moreover, from a motivational perspective, social impact helps to boost the desirability of starting a business, which seems less obvious when talking about both green and/or sustainable issues. Naturally, the student profiles have an influence on how they perceive economic viability of a green or a sustainable project. In this sense, we have to highlight the case of the 'activist' students (Simms and Robinson 2009) who were completely committed to social and/or green values in their personal and professional lives. They preferred to persuade people rather than governments, and wanted to act directly (a combination of Generation Y and activism). They contrasted with more 'regular' students who wanted to learn more about a topic they had only recently discovered, or about a real possibility to change the world, save the Earth, and make money into the bargain (Berle 1991). The focus was more on understanding, discovering, debating, and making their own ideas in order to better choose their career and their trajectory (Table 7.6).

7.5.2 Combining Social, Green, and Sustainable Values with Economic Gain

The second objective of this exploratory study was to see whether students perceived the trajectories leading to social, green, or sustainable entrepreneurship differently. As seen in Fig. 7.2, the initial results seem to support the predominance of indirect trajectories in the students' perception of entrepreneurial evolution (Fig. 7.3)

$$\text{St.} \rightarrow \text{R.E.} \rightarrow \{\text{S.E.}; \text{G.E.}\}$$

However, when it came to their evolving preferences during the course, the reality seems more complex. For some students, at the beginning of the course, access to entrepreneurship appears to be more closely linked to profit creation

$$\text{St.} \rightarrow \text{R.E.}$$

taking more specifically an interest in the environment and social needs

$$\text{St.} \rightarrow \{\text{S.O.}; \text{G.O.}\}$$

Table 7.6 The students' perceptions of the four entrepreneur types (students' names have been anonymized and abbreviated)

Entrepreneurs	Students	Quotes
Regular entrepreneur (RE)	6 (Bi, Bl, Cer, Hay, Mén, Saa)	<p>I want to start up a business for my family, in order to develop a family business with specific values</p> <p>I admire sustainable entrepreneurs who directly start up their business in this field. Investors prefer innovative projects rather than philanthropic ideas. I won't be able to start my business like that: I will be a regular one</p> <p>Regular entrepreneurship is the cornerstone of all the others</p>
Social entrepreneur (SE)	19 (Au, Bal, Boe, Cas, Fof, Fuz, Gro, Khe, LeM, Lec, Maz, Mee, Mer, Mir, Mon, Mor, Ple, Qui, Ser)	<p>I would like to be a social intrapreneur in a big company, I'm sure we can change the world</p> <p>The best example is Muhammad Yunus and the Grameen Bank; he changed social relations</p> <p>This is the one I know best: my mum is a member of an informal cooperative in Gabon</p> <p>Golden Hook is a wonderful firm, where the most important is the social bond between the grandmothers and the customers</p> <p>Social entrepreneurship and its legal forms are very interesting: we can be shareholders and decisionmakers</p>
Green entrepreneur (GE)	4 (Bro, Coh, Lab, Thi)	<p>Lush is real success story, with natural products and without chemical dangers</p> <p>Green economy and profit can coexist; it's a new opportunity to catch</p>

(continued)

Table 7.6 (continued)

Entrepreneurs	Students	Quotes
Sustainable entrepreneur (SUS E)	7 (An, Az, Bar, Dej, Ham, Lan, Lep)	<p>It's so important that an entrepreneur can take into account economic, social, and environmental constraints: my favourite one is Tristan Leconte who created Alter Eco</p> <p>SUS E would be a professional and personal accomplishment</p> <p>Botanic is a perfect example of the change a company can lead from both human will and nature needs</p> <p>SUS E is exactly the kind of thing I want in my life: using profit as a mean to answer to social and environmental issues and to implement them into the firm's mission and strategy</p> <p>If regular entrepreneur will hand over to SUS E, it will be perfect</p>

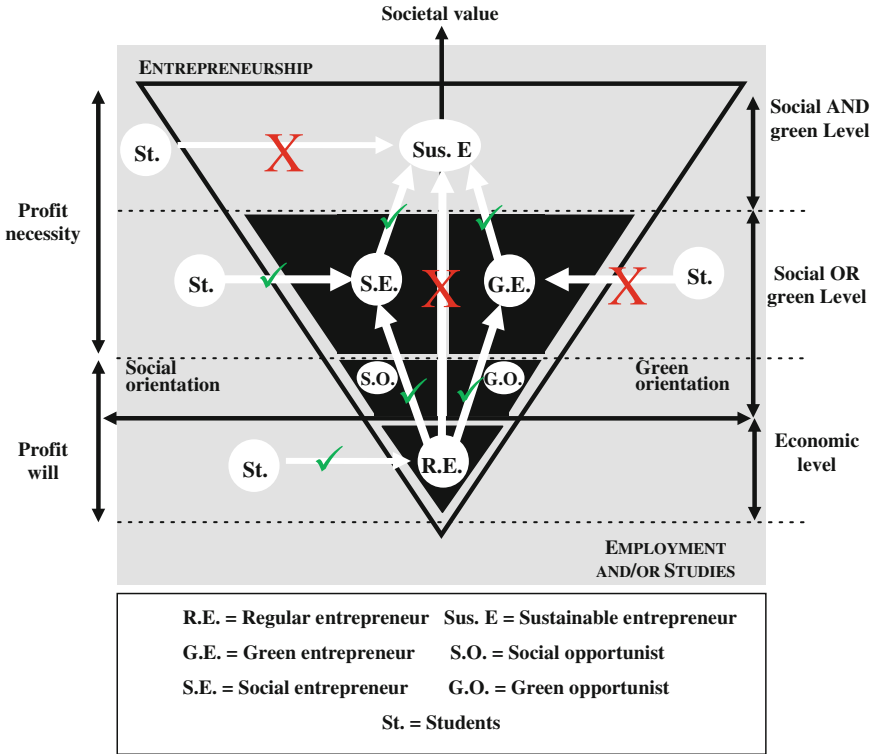


Fig. 7.3 Students' perception of their entrepreneurial evolution

As one of them said, 'I think the most interesting entrepreneurship is the sustainable one, but with an indirect trajectory; maybe the regular entrepreneurs who observe malfunctions and abuses want to change the world in a more credible and passionate way than young activists' (Student B1). Several reasons can be advanced to explain this natural preference: earning a good living, level of maturity, earlier exposure to regular entrepreneurship, more businesses opportunities, academic education, and so on.

However, the disaffection with both 'direct sustainable trajectories'

$$\{St.; R.E.\} \rightarrow Sus.E.$$

and 'green direct trajectory'

$$St. \rightarrow G.E.$$

does not mean that green and sustainable entrepreneurship were rejected by students. They just found it difficult to adopt a short-term perspective, and most of them were not closed to the idea of becoming a green or a sustainable entrepreneur

during the second part of their careers. (There are two reservations here: ours is a private business school where the fees are much higher than France's universities, and most have a large student loan to repay, so the notion of profitability is very important; and, crucially, our study is only about their perceptions, not about their intentions, or indeed what happened in reality.) In this sense, students seemed aware of the notion of entrepreneurial trajectory, even though they used others words or images to describe it. They kept in mind the complex trajectories of successful entrepreneurs who evolved towards new entrepreneurial models. 'Social or sustainable entrepreneurship can be born from regular entrepreneurship, as The Body Shop and Anita Roddick showed us' (Student Cas). Beliefs about the necessity of first constructing a solid background and convictions (experimenting with managerial and/or classic entrepreneurial activities) can probably be invoked to explain this result. Their motivations seem different, corresponding with the need to evolve professionally and personally in accordance with their main values, which was less obvious in the first stage of career development.

This result reinforces our previous findings (Richomme-Huet and De Freyman 2010) that showed that indirect trajectories are the most common and efficient way for individuals to adopt green, social, and/or sustainable entrepreneurship. An additional comment must be made about social entrepreneurship. Clearly, students' perception changed at the end of the course, with a new interest in pursuing social entrepreneurship as their first experience of entrepreneurship. Case-studies and presentations seem to have helped them to develop a more comprehensive approach to social entrepreneurship, improving the perceived feasibility of this entrepreneurial choice. This last result is important, specifically in terms of entrepreneurial education.

7.6 Conclusion

Sustainable entrepreneurship is truly a fourth way between regular, social, and green entrepreneurship (Richomme-Huet and De Freyman 2010). Therefore, in order to contribute to the growing body of research on the subject, this exploratory study offers insight into the way students perceive sustainable entrepreneurship. Our results appear to indicate that French students are not really familiar with the relevance of sustainable entrepreneurship to the economy (societal value-oriented approach and profit necessity). They seem to prefer indirect trajectories, which can be interpreted as reflecting the difficulty of cutting straight to sustainable entrepreneurship. However, this picture of what is currently perceived as feasible and desirable (in the context of student entrepreneurship) leads us to address the issue of what can be done to move the new generation of students closer to sustainable entrepreneurship.

In line with this perspective, we suggested three recommendations as a first step in a more general research programme driven by this question. First, there is a need for a more precise targeting effort in entrepreneurship promotion. Second, we

must encourage the long-term perspective of sustainable entrepreneurship development (due to the predominance of indirect trajectories) and encourage people to think in terms of becoming future sustainable entrepreneurs. And third, we need to bring together researchers, teachers, and political forces to consider sustainable entrepreneurship with reference to the contributions of other sections of the community that create industry structures, market conditions, and general resource conditions (O'Connor et al. 2007). Naturally, these recommendations are not sufficient in themselves, and more needs to be done to encourage sustainable entrepreneurship. We hope this work will encourage entrepreneurship scholars to rise to the challenge.

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Developing Entrepreneurial Self-Efficacy and Intent: A Case of Social Entrepreneurship

8

Jess Co and Sarah Cooper

Abstract

The chapter aims to determine whether entrepreneurial self-efficacy is developed in students participating in a social enterprise module and how this affects their career intentions. The assessment measures were intended to estimate the students' sense of personal competence in both general skills and their understanding of and capacity to undertake entrepreneurship; ask questions about their envisaged career path; and examine the frequency of behaviours believed to herald entrepreneurship, before and after taking the module. The results show that taking the module affected self-efficacy but not intent. Based on the findings, the implications for educational policy are discussed.

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8.1 Problem Formulation

The Ewing Marion Kauffman Foundation reports that there are more than 5,000 campuses currently offering social entrepreneurship courses or programmes (Schwartz 2009), and regarding specific programmes or courses, Brock (2008) reports that over 350 professors in more than 35 countries were involved in teaching or researching social entrepreneurship. Brock and Steiner (2008) have comprehensively reviewed the state of social entrepreneurship education, and their results indicate that US universities and schools have been first movers in the development and delivery of social enterprise programmes. In Europe, UK academics have been early adopters, while in other countries social entrepreneurship education is in what might best be regarded as the start-up phase.

Tracey and Phillips (2007) make a compelling argument that with the number of social entrepreneurial ventures are growing around the world, and because these enterprises have their own unique set of challenges to overcome, academic entrepreneurship programmes should be including the study of social entrepreneurship in their curricula. Researchers and policymakers believe that social entrepreneurship offers the potential for innovative solutions to some of world's most difficult and seemingly intractable problems (Schwartz 2009). They also indicate an obvious lack of knowledge about the most effective pedagogical approaches to use in social entrepreneurship education.

Entrepreneurship education has the potential to develop the knowledge and skills to start an enterprise. It can also encourage individuals to consider the option of entrepreneurship as a career path by dispelling negative perceptions associated with it. The individual's increased confidence that she or he has the necessary knowledge and skills to start the enterprise may enhance entrepreneurial intent.

Krueger et al. (2000) believe that, at the individual level, entrepreneurial intent is the single best predictor of subsequent entrepreneurial behaviour. Entrepreneurial intent is defined as a person's intent to start their own business or become self-employed. Drost's (2010) research on Finnish business students' entrepreneurial intent suggests that educational programmes in which students learn about entrepreneurship positively affect their confidence to the extent they are truly able to start their own businesses within five years. Entrepreneurship-oriented intentions are considered precursors of entrepreneurial action (Bird 1998; Kolvereid 1996; Krueger and Brazeal 1994; Krueger et al. 2000). Studies have shown that entrepreneurial self-efficacy appears to be an important antecedent to new venture intentions (Barbosa et al. 2007; Boyd and Vozikis 1994). According to McGee et al. (2009), entrepreneurial self-efficacy is a 'construct that measures a person's belief in their ability to successfully launch an entrepreneurial venture.'

Intention-based models are particularly suited to entrepreneurship as the entrepreneurship process is a planned one (Kuehn 2008). The literature developed around these models offers educators an opportunity to construct better learning experiences that can lead to more 'entrepreneurial events' (Shapero and Sokol 1982).

8.2 Theoretical Framework

Bandura (1997, pp. 2–3) defines self-efficacy beliefs as ‘people’s judgement of their capabilities to organize and execute courses of action required to produce given attainments’, and suggests that ‘people’s level of motivation, affective states, and actions are based more on what they believe than on what is objectively true.’ Individuals need to have an accurate sense of self-image to prevent negative outcomes.

People’s beliefs about their efficacy can be developed by various sources of influence. The most effective way of creating a strong sense of efficacy is through mastery experiences. Being successful builds a robust belief in one’s personal efficacy, whilst failure undermines it, especially if the failure occurs before a sense of efficacy is firmly established. Failure, however, is useful because it teaches individuals that sustained effort is required for success.

Another way of creating and strengthening self-efficacy beliefs is through the vicarious experiences provided by social models. Seeing people similar to oneself (or what one wants to be) succeed by sustained effort leads observers to believe that they too possess the capabilities to master the comparable activities required to succeed. By the same token, observing others fail despite immense effort lowers observers’ judgement of their own efficacy and undermines their efforts.

Social persuasion can also strengthen people’s self-efficacy beliefs. People who are persuaded that they possess the capabilities to master given activities are likely to make a greater and more sustained effort than if they harbour self-doubts and dwell on personal deficiencies when problems arise. To the extent that persuasive boosts to perceived self-efficacy lead people to try hard enough to succeed, they promote development of skills and a sense of personal efficacy.

Hence our research objective: to determine whether entrepreneurial self-efficacy is developed in students participating in a social enterprise module, and whether taking the module affects their career intentions.

8.3 Programme Curriculum and Delivery

Kolb’s learning cycle (1984) was used as a framework in developing the university module in question. Kolb takes the ‘cycle of learning’ as a central principle in his experiential learning theory, expressed as a four-stage cycle of learning, in which ‘immediate or concrete experiences’ provide a basis for ‘observations and reflections’. These ‘observations and reflections’ are then assimilated and distilled into ‘abstract concepts’ producing new implications for action which can be ‘actively tested’ in turn creating new experiences (Kolb 1984, p. 41).

Social Enterprise is an optional module taken by Year 3 and Master’s students at the University of Reading. It is an interactive and practical module aiming to inspire students to try social entrepreneurship by giving them a comprehensive introduction to the social enterprise sector. Students were engaged in consultative

project work and applied creativity and business skills to issues faced by social enterprise organizations across the county of Berkshire. The module was developed in cooperation with Social Enterprise Berkshire, a business support organization established to promote a vibrant social enterprise sector in the county.

The curriculum was delivered using a range of pedagogical techniques to allow the students to experience a diverse learning environment in line with Kolb's experiential learning theory. As there were only 40 students in total, the core curriculum was delivered in lectures. However, Tracey and Phillips (2007) believe that social entrepreneurship education requires a strong experiential component, reflecting the fact that much entrepreneurial knowledge is tacit and not easily transferred within a lecture setting. Hence, every week, presentations from a guest speaker representing a wide variety of social enterprises and social enterprise support organizations enabled the students to learn from their experiences in starting and running their own social enterprises. These speakers provided opportunities for students to learn from those with the direct experience of enterprise (Chen et al. 1998) and represent vicarious learning opportunities in the context of Bandura's characterization of sources of self-efficacy (1997). Speakers shared their experiences of problems and challenges they have encountered, their successes and failures, as well as their perseverance in overcoming adversity.

On occasion, students were grouped into small teams to engage in interactive exercises in creativity and brainstorming or to discuss relevant case-studies. Smith et al. (2008) believe that the use of experiential exercises is a key component of an entrepreneurial curriculum because of their ability to 'reflect a real-world environment. Additionally, these activities have provided opportunities for students to engage in learning in a significantly different from the typical "teacher centred classroom"' (Smith et al. 2008, p. 343). As Heinonen and Poikkijoki (2006) emphasize, concrete experience gained from active participation is a must in the art and science of teaching entrepreneurship.

Students were also grouped in teams of three and were allocated to work with a social enterprise. These students acted as consultants to these enterprises where they observed and interviewed stakeholders and identified a problem or issue facing the enterprise. The group then was required to write a report presenting their recommendations on how to solve the problem. The mini-placement offered students the opportunity to 'observe, vicariously, enterprise in action, and also develop subject mastery by undertaking authentic tasks and engaging in real activities' (Cooper et al. 2007, p. 7).

The module's various high-involvement activities 'provide the chance for heightened bodily/emotional states among learners. The higher the level of active participation and engagement the learner has, the greater the chance that he or she will develop higher levels of self-efficacy' (Cooper et al. 2007, p. 6).

8.4 Method

To gauge students' positions, the questionnaire used was based on that developed by Lucas and Cooper (2004). The assessment measures focused on estimating the students' sense of personal competence in both general skills and their understanding of and capacity to undertake entrepreneurship; asked questions about their envisaged career path; and both before and after students took the module examined the frequency of behaviours believed to be antecedents of entrepreneurship.

The Social Enterprise module was evaluated using a pre- and post-test design. The pre-test questionnaire was distributed to the 35 students (out of 40 who were registered) who attended the first session on week 1 of the spring term, before any introduction to the module was provided. The post-test questionnaire was distributed to the 32 students who attended the last session on week 10 of the spring term, just before the module ended. The result was a total of 28 pre- and post-programme 'matched' questionnaires, as some students only completed one or other of the surveys so their responses could not be compared. The pre- and post-test design was necessary to measure the change in self-perceptions and attitudes. We would argue that the nine-week difference between the distribution of the pre- and post-questionnaires ensured that the students would be exposed to sufficient knowledge and experience. The post-test was used to help determine whether there had been a proximal impact from events that might be attributed to the programme, suggesting a link with the programme content and changes in entrepreneurial self-efficacy.

8.5 Results

The respondents' ages ranged from 20 to 46 years, with three-quarters (75 %) of them in the 20–25 range. There were 13 undergraduate students and 15 postgraduates (from a total of 20 undergraduates and 20 postgraduates registered for the module). The respondents were distributed evenly between men and women. Most of the undergraduates (12 out of 13) were in their last year while most postgraduates (11 out of 15) were in the first year of their Master's. The postgraduates were taking various M.Sc. programmes, all of which ran for a year. More than 80 % of the students were taking a social science degree, and most postgraduate students held a social science undergraduate degree. The respondents were quite diverse in terms of their citizenship, with UK students comprising 39.3 % of the group, EU students 25 %, and students from other countries 35.7 %. There were no differences in the citizenship of students based on whether they were undergraduates or postgraduates. They were also ethnically diverse with Asians (including Indians, Chinese, and Pakistanis) comprising 25 %, Africans 21.1 %, British students 36.8 %, and 'others' the remaining 17.1 % (Table 8.1).

Table 8.1 Demographic data of the sample

Characteristic	Frequency	Percentage
Gender		
Male	14	50.0
Female	14	50.0
Years completed		
0	11	39.3
1	3	10.7
2	12	42.9
3	1	3.6
4	1	3.6
Current degree		
Arts, languages and humanities	1	3.6
Social sciences (including eco and bus)	10	35.7
Maths and sciences	2	7.1
Engineering and technology	1	3.6
Other	14	50.0
Nationality		
UK	11	39.3
EU	7	25.0
Other	10	35.7
Ethnic background		
Asian Indian/Oriental/Pakistan	7	25.0
African	4	14.3
English	7	25.0
Scottish	1	3.6
Other	9	32.1

As shown in Table 8.2, quite a number of students (42.9 %) had fathers who ran their own businesses. Of these, 33.3 % of their fathers talked about business often and 50 % occasionally. Only a quarter of the students had mothers who owned businesses, although more than half (57.1 %) often talked about the business compared with 42.9 % who did so occasionally.

Table 8.3 presents results regarding the respondents' exposure to enterprise courses. Interestingly, 67.9 % of respondents had previously taken at least one enterprise course, with 17.9 % taking more than one. As the Social Enterprise module is an optional course that students select for themselves, it appears that

Table 8.2 Exposure to family business

Question	Frequency	Percentage
Father owned a business	12	42.9
Mother owned a business	7	25.0
Father talked about business		
Almost never	2	16.7
Occasionally	6	50.0
Often	4	33.3
Mother talked about business		
Almost never	0	0.0
Occasionally	3	42.9
Often	4	57.1

Table 8.3 Experience of enterprise courses

Question	Frequency	Percentage
Taken previous enterprise course		
No	9	32.1
Yes, one course	14	50.0
Yes, more than one course	5	17.9
No. of weeks in most recent course		
2	2	10.5
10	16	55.3
20	1	5.2
No. of times each week		
1	2	10.5
2	11	57.9
3	5	26.3
4	1	5.3
No. of weeks, 2nd enterprise course		
2	1	20.0
10	4	80.0
No. of times each week, 2nd enterprise course		
2	5	100.0

Table 8.4 Self-rating of current skills and abilities

Item	Pre			Post			t (sig ^a)
	Mean	N ^b	%	Mean	N ^b	%	
Apply an abstract concept to real problem	3.82	19	67.9	4.36	26	92.9	-3.81 (0.001)
Persuade company managers to take idea seriously	3.31	15	53.6	4.07	20	71.4	-3.10 (0.004)
Start a successful business if you want to	3.57	14	50.0	4.07	20	71.4	-2.87 (0.008)
Start a successful social enterprise if you want to	3.21	9	32.1	3.75	18	64.3	-2.74 (0.011)
Understand what it takes to start your own business	3.82	18	64.3	4.32	23	82.1	-2.87 (0.008)
Understand the language of new venture creation	3.21	12	42.9	4.04	22	78.6	-5.04 (0.000)
Understand what it takes to start your own social enterprise	2.89	9	32.1	4.111	21	75.0	-5.23 (0.000)
Achieve objectives for a project you have agreed to do	4.25	22	78.6	4.54	26	92.9	-2.12 (0.043)

^a Significance at >0.05

^b Total frequencies for the responses good, very good and excellent

those who register for it are really very interested in learning more about enterprise. For the students who have taken at least one enterprise course previously, more than half (55.3 %) had taken a 10-week course that met twice a week. Table 8.3 provides further details regarding that second course as well.

When asked to rate their current skills and abilities on a scale of 1–6, comparing themselves to other students in their year, the mean scores for 8 items (out of 23) had changed significantly after taking the social enterprise module. Table 8.4 reports these results. Of the eight items, five are related to career self-efficacy and expectancy: start a successful business if you want to; start a social enterprise if you want to; understand what it takes to start your own business; understand the language of new venture creation; and understand what it takes to start your own social enterprise. The analysis shows that the mean for each of the eight items had significantly increased at the post-test, and the total frequencies for the responses of good, very good, and excellent had increased by an average of 20 %. This indicates that the respondents feel that their current skills and abilities were improved markedly by participating in the module.

Respondents were also asked about their confidence to perform specific tasks linked with new venture start-ups. They were asked to indicate on a scale of 0–100 % their confidence level in performing each. The results presented in Table 8.5 show that levels of confidence in 13 (out of 17) items were significantly improved at the post-test, as indicated by changes in their mean scores. There was

Table 8.5 Self-rating of specific skills

Item	Pre			Post			t (sig ^a)
	Mean	N ^b	%	Mean	N ^b	%	
Pick the right marketing approach	5.89	15	53.6	6.64	23	82.1	-2.09 (0.046)
Estimate accurately the cost of running a new venture	5.39	14	50.0	6.29	19	64.3	-3.14 (0.004)
Raise money to support a project addressing a social need	5.36	15	53.6	6.50	21	75.0	-3.06 (0.005)
Recognize when an idea is good enough to support	6.18	18	64.3	7.11	23	82.1	-2.79 (0.010)
Have the skill to design a service to meet a new market opportunity	5.54	14	50.0	6.75	24	85.7	-4.15 (0.000)
Persuade an investor to put funds into a new venture	5.68	17	60.7	6.46	22	78.6	-2.87 (0.008)
Write a clear and complete business plan	6.07	18	64.3	7.00	23	82.1	-2.79 (0.010)
Estimate accurately the number of people who are likely to buy the product	5.54	14	50.0	6.46	21	75.0	-3.95 (0.001)
Know how to place the proper financial value on a start-up	4.71	8	28.6	5.79	18	64.3	-3.18 (0.004)
Inspire confidence in a radically new business plan	5.75	14	50.0	6.57	24	85.7	-2.56 (0.017)
Analyse the strengths and weaknesses of a business plan	6.32	20	71.4	7.11	25	89.3	-3.67 (0.001)
Present a persuasive case for funding a new venture at a business meeting	5.43	14	50.0	6.64	22	78.6	-2.82 (0.009)
Deliver a short statement on a new venture to win over an intended audience	5.75	15	53.6	6.82	22	78.6	-2.95 (0.007)

^a Significance at >0.05

^b Total frequencies for the responses of 6 and above

an increase of around 20 % in the respondents' confidence ratings with respect to those estimated at 60 % and above. One postgraduate reading International Management noted 'I realized that have the potential to start a new commercial venture. This module has boosted my confidence and now being an entrepreneur is part of my long-term plan'. This comment was typical of those from other respondents, and indicates that the module had brought about enhanced self-efficacy levels in areas associated with creating new (social) ventures.

The results presented in Table 8.6 indicate that the module had substantial impact on self-efficacy related to successful entrepreneurial career outcomes. The results of the post-test indicate that there is a strong link between the programme

Table 8.6 Self-efficacy items

Item	Pre			Post			t (sig ^a)
	Mean	N ^b	%	Mean	N ^b	%	
Understand what it takes to start your own business	3.82	7	25.0	4.32	14	50.0	-2.87 (0.008)
Start a successful business if you want	3.57	8	28.6	4.07	10	35.7	-2.87 (0.008)
Start a successful social enterprise if you want to	3.21	6	21.4	3.75	6	21.4	-2.74 (0.011)
Mean scores, entrepreneur career scale (understand + start average)	3.54			4.05			4.01 (0.000)

^a Significance at >0.05

^b Total frequencies for the responses of very good and excellent

and the changes in entrepreneurial self-efficacy. After taking the module, the number of respondents who were confident that they understood what it takes to start their own business had doubled. There was also an increase in the confidence of respondents in starting a successful business if they wanted from 28.6 to 35.7 %. The entrepreneur career scale, which was the average of the two above-mentioned questions, also increased significantly from a mean of 3.5357 to a mean of 4.0476. The Cronbach's coefficient of reliability for the self-efficacy scale for the pre-test is 0.760 and for the post-test is 0.768.

These findings suggest that the module provided students with opportunities for personal development and learning with respect to general and specific knowledge and skills that affected levels of confidence and self-efficacy. The module also sought to increase the intentions of participants to be entrepreneurial. To assess the extent to which the intentions of the respondents were changed by their participation in the module, a measure of the individual level of intent to pursue entrepreneurship was adapted from Lucas and Cooper (2004). Participants were given a series of statements and asked to indicate their agreement on a seven-point scale from 'strongly disagree' to 'strongly agree'. The results from these four items, which together form an intentions scale, are summarized in Table 8.7.

The results indicate that intentions changed very little during the course of the module. Although there were some slight increases and decreases in the items, none was significant. The entrepreneurial intentions scale, created by summing and averaging the four items with results shown in the last row of Table 8.7, shows a very insignificant change. The findings suggest that the programme had little effect on the immediate entrepreneurial career intentions of the respondents. Considering these findings alongside the results presented in Table 8.8, it appears that 64.3 % of respondents are quite likely or very likely to work for an established business, while only 42.9 % are quite likely or very likely to set up their own business in the short term. It appears that for some respondents setting up their own company is a long-term goal.

Table 8.7 Entrepreneurial intent items

Item	Pre			Post			t (sig ^a)
	Mean	N ^b	%	Mean	N ^b	%	
If I see an opportunity to start a company in the next few years, I'll take it	5.29	15	53.6	5.26	11	39.3	0.21 (0.832)
The idea of a high risk, high-payoff venture appeals to me	4.75	10	35.7	5.00	9	32.1	-0.91 (0.372)
I often think about ideas and ways to start a business	5.68	18	64.3	5.71	20	71.4	-0.17 (0.865)
At least once I will have to take a chance to start my own company	5.39	14	50.0	5.54	16	57.1	-0.66 (0.515)
Mean score, Intention scale of four items	5.54			5.39			-1.32 (0.200)

^a Significance at >0.05

^b Total frequencies for the responses of agree and strongly agree

The Cronbach coefficient of reliability for the pre-test is 0.716 while for the post-test is 0.835

Table 8.8 Future career

Item	Pre			Post			t (sig ^a)
	Mean	N ^b	%	Mean	N ^b	%	
Studying for a higher degree	3.54	14	50.0	3.00	6	21.4	2.11 (0.047)
Teaching	2.54	7	25.0	2.48	4	14.3	1.00 (0.329)
Academic research	2.18	5	17.6	2.10	3	10.7	-0.33 (0.747)
Industrial research	2.43	4	14.2	2.33	4	14.3	-0.33 (0.748)
Working for an established business	3.96	20	71.4	4.41	18	64.3	-1.90 (0.071)
Setting up your own company	3.71	17	60.7	3.55	12	42.9	1.31 (0.204)
Working in an established profession	2.86	8	28.6	2.95	7	25.0	-0.72 (0.478)
Working for the civil service in local or national government	2.43	5	17.9	2.86	6	21.4	-2.00 (0.059)
Working for a charity or NPO	3.18	11	39.3	3.27	10	35.7	0.59 (0.561)

^a Significance at >0.05

^b Total frequencies for the responses of quite likely and very likely

It is interesting to note that even though the statistics showed no significant impact on intent, students' comments pointed in a different direction—'This course will definitely help me in pushing toward setting up my own social enterprise' (Management undergraduate); 'That I actually want to do good to the society and that is the way I want to go' (Development Finance postgraduate); and 'I would love to start a relief agency for families with Down's Syndrome children' (Management undergraduate)—demonstrates the wider influence of the programme on their career thinking.

8.6 Discussion

The results of the study support those who suggest that self-efficacy is a malleable concept (Gist and Mitchell 1992), as the findings indicate that for a significant number of respondents, their self-efficacy was influenced positively by their participation in the module. The findings also point to the importance and potential value of building elements of authentic experience into enterprise education programmes if one wishes them to have positive effects on the development of self-efficacy in areas that are likely to be important in shaping attitudes, intentions, and, ultimately, behaviour (Cooper et al. 2007). Experiential learning comes from providing students with opportunities for concrete, real-life experiences that provide contexts for active experimentation. The mini-placement/consultancy project that is part of the Social Enterprise module allowed students to gain knowledge of social entrepreneurship through their transformation of experience. They were able to speak to the social entrepreneurs and observe the enterprise first hand. These experiences can help improve students' perceptions of what is really involved in setting up a social enterprise. By researching the organization and writing a consultancy report, the students learned of the key issues and challenges inherent in social enterprises. It also provided the student with a different perspective on enterprise, by focusing on an existing venture rather than a start-up.

Students were also able to learn vicariously from the invited guest speakers. As the speakers were drawn from a variety of social enterprises, from cooperatives to social firms, manufacturers to service providers, small to large organizations, students emerged from the programme with a better sense of the different business models available. These guest speakers shared their experiences of the challenges in order to help students understand the realities of setting up and running a social enterprise. This in turn should help students form more realistic expectations of what is involved in the development and growth of social enterprises.

Although the study shows that taking the Social Enterprise module did not increase entrepreneurial intentions, 42.9 % indicated that they are quite likely or very likely to set up their own company. This suggests that some of these students will consider starting up a venture in the longer-term rather than in the near future. A number indicated that they would like to work for an established company before starting their own enterprise, which would enable them to gain experience

that can be applied to their own ventures in future. Drost's work (2010) suggests that educational programmes in which students learn about entrepreneurship positively affect students' confidence so that they are truly able to start their own businesses within five years. It would be interesting to conduct a follow-up survey with this small group of student to see whether the results are similar among those who have taken the Social Enterprise module.

On the personal level, the respondents have developed skills and acquired knowledge, which should not only help them as entrepreneurs, but also make them valuable employees for any organization. Being able to work in teams, persuade others of your idea and achieve objectives are important skills that employers look for in a potential employee. Acquiring these skills will make the transition from university to the workplace much easier.

8.7 Implications

The findings of the research have a number of implications for educational policy and for the development of interventions aimed at influencing young people to engage in enterprising behaviour.

8.7.1 Social Entrepreneurship Programmes Need to be Competence-Based

According to Glunk and Van Gils (2010), several entrepreneurship researchers have illustrated the usefulness of a competence-based approach for curriculum renewal in universities. By acting as facilitators in the development of social entrepreneurship competence among students, educational institutions can fulfil an important role in making a difference in society. Glunk and Van Gils classify entrepreneurial competence into seven categories: opportunity, strategic, conceptual, creative, commitment, leadership, and relationship. In order for a social entrepreneur to be able to create commercial or social value, these specific competences need to be present. When students develop these competences, they also become more confident of their ability to become entrepreneurs.

8.7.2 Social Entrepreneurship Programmes Need to be Experiential

DeTienne and Chandler (2004) find that entrepreneurship education requires a strong experiential component, reflecting the fact that much entrepreneurial knowledge is tacit and is difficult to transfer within the boundaries of the classroom or lecture theatre. Tracey and Phillips (2007) suggest the following approaches to social entrepreneurship education:

- Weave social entrepreneurship topics, cases, and reading into traditional courses
- Develop social entrepreneurship speaker series
- Get students to develop teaching cases based on real social enterprises
- Introduce social enterprise business plan assignments
- Introduce social enterprise consulting projects
- Provide opportunities for social enterprise internships.

Experiential learning is clearly the order of the day. It helps students develop problem-solving skills under real-life conditions. Lucas and Cooper (2004) believe that experiential learning fosters entrepreneurial self-efficacy. Their research indicates that self-efficacy is a key requirement for entrepreneurial action.

The challenge for educationalists at higher education institutions is to apply a varied portfolio of pedagogical approaches to delivery social enterprise programmes that build competence—and confidence in that competence. As with ‘regular’ entrepreneurship courses, where the options range from lectures and presentations by guest speakers to visits to and projects-based within organizations, arguably the external perception of what a social enterprise might be is less clear than for a traditional business. Therefore, activities that enable the learner to engage actively with founders and managers of social enterprise organizations are likely to have a marked impact on perceptions of the sector, on personal efficacy, and on attitudes towards the individual’s fit with their wider career. Skills developed and honed in the social enterprise arena are more likely to be perceived as fitting one for such a future, and heightened levels of self-efficacy are likely to contribute to enhanced intentions, even if not at a statistically significant level.

As the public and for-profit sectors come under increasing pressure from cut-backs due to the economic recession, the role of the social enterprise sector is becoming more prominent. The skills and knowledge to build innovative and effective social ventures are in greater demand than ever, and courses that help develop such knowledge and encourage more informed and positive attitudes towards the social economy and its agenda have an important role to play in shaping a diversified economy.

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How Can a Health-Care Business Achieve Strategy Elasticity in a Crisis Environment?

Jarmila Šebestová and Thomas M. Cooney

Abstract

This chapter focuses on specific area of entrepreneurship—health-care services. Insufficient commercial business knowledge by the managers of SME health-care businesses and a lack of entrepreneurial skills relative to the medical care industry could also be considered barriers to growth or barriers to survival within a crisis environment. An analysis of the strategic elasticity of small a health-care organisation could help find an answer to the question of how this specialised business segment, with its multi-faceted sources of finance, might deal with challenges from the external environment and what mixture of strategies might they use to achieve their goals. This will allow the organisations to be proactive with regard to market risk and to construct their own model of behaviour under the four pillars of crisis strategic behaviour—marketing, financial, personal and plan of supply of services. This chapter compares the original options of measurement based on modelling with ROC curves and reflects upon the possible problems of applying this option to the context. A detailed analysis of the data suggest the following results—better understanding about health-care management/business and how to strategically guide such businesses in a unique regulatory environment. And answer the question—do physicians make good managers/business-people or would it be better for them to delegate this role to an experienced business manager. From a practitioner perspective, the chapter will give feedback for entrepreneurial effectiveness in this specialized area of commercial activity.

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9.1 Introduction

Over the past decade, the study of business activities has increasingly pursued many diverse areas of exploration. One such area of research considers relationships that occur inside an organization, particularly those between managers and owners who tend to coordinate work and duties. Within this body of research, some would argue that every organization is defined simply as a system that is effective only when, one, it achieves its goals, and, two, it maximises its use of human and other resources at minimum cost (Kast and Rosenzweig 1985). Baptista and Thurik (2007) focus their work on measuring turbulence in an industry based on the birth and exit rates of nascent companies, and found that survival problems arise mostly in the period of the 2–3-year-old company. However, what is not commonly found amongst such studies are details of the influence of the strategic skills of the owner and how a business unit deals with its resources in a changing or turbulent environment. Arguably, one exception is the work of Carree and Thurik (2008), who explain the positive relationship between GDP growth and the dynamics of a company, and highlight evidence of the strong impact of stable capacities (existing companies) to economic growth (GDP) against young, new capabilities. Their study also supported the argument for business development and elasticity improvement within a changing environment. Therefore, in a crisis environment, it is critically important for owner–managers to recognize the significance of strategic flexibility, and this chapter contributes to this understanding by examining how health-care businesses in the Czech Republic can achieve strategic elasticity in a crisis environment.

9.2 Social Entrepreneurship in Context

For centuries, many individuals have committed themselves to improving their communities and to offering a better life for those considered less fortunate. Frequently this has led to the establishment of charities or NPOs whose primary purpose was the enhancement of society. The activity of these individuals has led to the development globally of a significant number of social enterprises and activities from which communities with a wide variety of human needs have benefited. However, their work has not been formally recognized as an act of entrepreneurship because the people who initiated these ventures were not motivated by profit, but by broader social objectives. However, it has been heartening to note in recent times that there is now a greater recognition by society generally of the contribution made by social entrepreneurs to the economy and to the social needs of the country. Many commentators simply view social entrepreneurship as the creation of any NPO, and thereby include the public sector. But social enterprises are significantly different to the public sector, whose organizations are larger, funding comes from government, and the taxpayer is the boss. Social enterprises need to be established in the same way as profit-orientated ventures,

since they need to generate income from a variety of sources, and the risk of bankruptcy and closure is constant. Defining a social enterprise is additionally complicated by its legal status, since the options include charity, trust, cooperative, private company, or public company. The variety of legal and operating structures utilized by social enterprises contributes to the challenge of identifying how many exist and to the deeper understanding of their characteristics.

The process of social entrepreneurship is broadly similar to the traditional concept of starting a new business: the entrepreneur gauges the commitment, develops the infrastructure, generates and screens ideas, conducts feasibility studies, and plans the venture. The social entrepreneur will also establish a new venture team, develop a business plan, and determine sources of finance for the venture. As with entrepreneurship in other contexts, unique characteristics apply, and these peculiar differences must be considered when initiating a social enterprise. For example, social enterprises frequently start from a point of having no assets and are unable to offer collateral for loans, and thus must access a range of non-traditional funds.

Social enterprises will normally operate in complex partnerships with the private and public sector that may have a strong impact upon the developmental path of the organization and issues related to funding. Indeed, income will frequently come from a combination of commercial and non-commercial sources. The principal difference between social entrepreneurship and traditional entrepreneurship is that social enterprises reinvest the surplus income or utilize it for additional social purposes. The motives behind the venture are socially or community driven. A social entrepreneur is an individual who is driven by a social vision; someone who has the leadership skills to operationalize that vision, and who will build something that will grow and endure. Social entrepreneurs build social, aesthetic, and environmental capital, as well as the financial capital required to achieve the primary objectives of the social enterprise. Many of the characteristics of successful social entrepreneurs reflect those of entrepreneurs in the profit-seeking sectors. Some commentators believe that their leadership and personal qualities are similar—that they are equally driven and ambitious, that they have a vision that they can communicate and sell to others, and that they have the capacity to manage with resources. The vision is generally based on an opportunity where current services to the community are weak. The social entrepreneur also needs to build networks and relationships that bring credibility and cooperation to the organization. While social entrepreneurship is normally financially fragile and the risk is high, it is critically important to the development of communities.

As a result of the current economic crises across the globe, many businesses (both for-profit and non-profit) are now seeking to redesign their future strategies. The challenges for some businesses can be far greater than others, dependent upon the size, nature, and industry of the business activity. In the health-care sector, for example, bureaucracy and regulative activities are particular factors that can cause significant delays to any potential strategic changes in business behaviour. Anecdotal evidence would suggest that insufficient commercial business

knowledge by the managers of social enterprises such as health-care SMEs, and a lack of entrepreneurial skills relative to the medical care industry, could also be considered barriers to growth or to survival within a crisis environment. Therefore, an analysis of the strategic elasticity of health-care SMEs could help find an answer to the question of how this specialized social enterprise sector, with its multi-faceted sources of finance, might deal with challenges from the external environment, and what type of strategies might they use to achieve their goals.

Strategic planning in health-care SMEs has a relatively unique position in the business literature. These social enterprises are under political, institutional, and professional pressure regarding how to use their resources (Light 1997; Van Zon and Kommer 1999), while simultaneously other agencies such as governmental institutions and insurance companies maintain a strong influence on their strategic behaviour. These health-care organizations are often criticized for their lack of attention to the factors and signals from the commercial market because of the institutional protection that they enjoy (Oliver 1991). According to Miller (1992), there are three main areas where each business deals with uncertainties: (i) external; (ii) within the sector; and (iii) specific to the organization. Since the health-care manager is an agent of a health-care business and not a passive observer (Stacey et al. 2000), they are required to develop a strategy that will enable the health-care business to emerge and self-organize from their uncertain state (McDaniel and Driebe 2001). This approach can be expanded with the resource-based approach of managing a firm (Barney 1991) by adding components of knowledge to provide strategic flexibility to health-care businesses in the market. This will allow the businesses to be proactive with regard to market risk and to construct their own model of behaviour around the four pillars of crisis strategy—marketing, financial, personal, and plan of supply of services.

In attempting to construct a model of strategic behaviour, a number of challenging questions immediately arise. How can one utilize the fundamental planning pillars within health-care businesses when the behaviour itself is not predictable? What interactions support the dynamics and adaptability of the business in a positive way? Can different types of stakeholders (or other factors such as business age or connections) shed light on developing a better understanding of strategy making in health-care services? The proposed model incorporates dynamic behaviour and the way in which manipulating certain items can alter outcomes in the strategic system in predictable way. As a contribution to the literature, the chapter will highlight who has the greatest influence on the flexibility of the business and which items are the most important for strategy-making when faced with uncertainty and a turbulent environment.

9.3 The Unique Features of Health-Care Services

Entrepreneurship in health-care services can be seen as a very specific area of business activity that introduces a unique set of commercial dimensions (Borovský and Dyntarová 2010). There are many distinctive barriers to entry within the medical market itself, in addition to the classical business start-up procedures for providing professional medical services. One such distinction is that there are two types of companies—state-funded medical entities and the individual small- and medium-sized enterprises. A fundamental problem of doing business and planning strategy can be seen in the perspective of medicine as science and business (Souček and Burian 2006; Arrow 1963), where such peculiarities are highlighted:

- **Conflict between medical science and available resources** It is not easy to balance the provision of services according to patient needs or expectations based on innovation, science, and transfer of research in the area of drugs and procedures, combined with the available financial resources of the health-care provider.
- **Standardization and calculation of services** The service sector by definition deals with problems such as scaling and process-measuring. Any irregularities can cause problems with the appropriate calculation of routine activities as more than 60 % of activities are based on individual care.
- **Business knowledge and management** Health-care is classified under the service sector as a knowledge-intensive service that requires lifelong learning in this field. However, there is substantive evidence that highlights a lack of basic skills regarding business knowledge and management within health facilities.
- **Strong influence of institutions** The first part of influence or lobbying in this business sector comes from pharmaceutical and biomedical companies, offering instrumentation, drug support or testing, and construction companies. The second comprises central institutions that primarily regulate the price policy and health-care business activities, review expertise, and approve processes (national institutes of drug control, national institutes of health), give licences for health insurance companies, and regulate cooperation with the various business entities. The third and last influence is exerted by the patients as recipients of care, seeking high quality at low cost, but who do not necessarily recognize the real cost of their care.

On the other hand, it could be argued that such business units behave as normal enterprises because they have fixed prices for their services, they pay standard wages to their employees, and they pay the market price for goods (medicines, equipment) (Borovský and Dyntarová 2010). When the service is done, after a patient has been through a complicated relationship, the services are then mostly paid by someone else (often a health insurance company), and the provider loses the direct link with the user. The user does not know about the price, and has little opportunity to contribute to discussions regarding the price adequacy. This information is therefore missing from the feedback loop, and it is only available

when a person chooses a service that is not covered by public insurance so they have to pay to the business owner direct.

Besides being an enormous influence on the quality of our life, it is important to note that health-care services differ from all others in three basic perspectives:

- The services must be offered by a professional, knowledgeable provider whom the customer trusts to select the most suitable type of service.
- Customers are in the position of being service recipients who often do not know what they need, and business meetings are influenced by the recommendations of the provider. Initially it is a classic business relationship where customers come for the service. But the customer only chooses the consultant services and assumes responsibility for the final decision, while the provider chooses the service.
- The service provider faces a dilemma, as their answer to the question of whether they should follow their own business interests or the interests of the customer will have an influence on strategy-making.

According to a review of literature that was carried out in advance of the primary research being undertaken, no identifiable study has yet attempted to measure strategic elasticity across economically active units in this branch of the health industry. Neither has anyone attempted to find the answer regarding which parts of strategic planning could be highlighted as key pillars of success under crisis environment within this sector and could be used as accelerators of change in organizational behaviour in trying to simulate the process.

The Czech Republic has a system of Social Health Insurance (SHI) based on compulsory membership of a health insurance fund. The Ministry of Health's chief responsibilities include setting the health-care policy agenda, supervising the health system, and preparing health legislation. The ministry also administers certain health-care institutions and bodies, such as the public health network and the State Institute for Drug Control. Patients are free to choose one of the health insurance funds to pay for their care. Insurance contributions are obligatory, and the amount depends on the individual's wages or income. The majority of expenditure is administered through the SHI system, which is financed through compulsory, wage-based SHI contributions and through state SHI contributions on behalf of certain groups of economically inactive people. Approximately 95 % of primary care services are provided by physicians working in private practice, usually as sole practitioners. Patients register with the primary care physician of their choice, but can switch to a new one every 3 months without restriction. Primary care physicians do not play a true gatekeeping role, as patients are free to obtain care directly from a specialist and do so frequently. Secondary care services in the Czech Republic are offered mainly by private practice specialists, health centres, polyclinics, hospitals, and specialized inpatient facilities (see Appendix 9.1). The health system in the Czech Republic operates with several different methods of payment, as follows:

- SHI with virtually universal membership, funded through compulsory, wage-based SHI contributions.

- Diversity of provision, with ambulatory care providers (mainly private) and hospitals (mainly public) entering into contractual arrangements with the health insurance funds.
- Joint negotiations by key actors on coverage and reimbursement issues, supervised by the Government.

These mechanisms for accessing money are highly complex, and the process can be very difficult for owner–managers of health-care businesses to follow (see Appendix 9.2). This will be dealt with further when analysing the results of the study.

This chapter will utilize measurement options based on factor analysis, and will reflect upon the possible challenges for health-care businesses that subsequently arise. From a practitioner perspective, it will give feedback regarding entrepreneurial effectiveness in this highly specialized area of social enterprise activity. The overall purpose of the research is to examine how a health-care business can achieve strategic elasticity in a crisis environment, and it is the ambition of the research that it will be possible to determine whether measuring elasticity (or its simulation of the phenomenon) in an uncertain environment can confirm or refute commonly cited arguments stating that ‘small and medium sized firms are flexible on changes’ (for example, Galbreath et al. 2004; Carmeli 2004; Krupski 2005; Collins and Porras 2004; Bateman and Crant 1993; Butler and Ewald 2000). Therefore, an analysis of the strategic elasticity of health-care SMEs could help find an answer to the question of how this specialized business sector, with its multi-faceted sources of finance, might deal with challenges from the external environment, and what type of strategies might they use to achieve their goals.

9.4 Research Methods and Results

The study is based on a survey of owners or managers of health-care businesses in the Czech Republic with fewer than 50 employees. A total of 384 valid responses were gathered through personal visits and the completion of a standardized questionnaire, collected from November 2009 to June 2010, and again from September to November 2010, with every health-care entrepreneur having to deal with changes in the market in the intervening period. The questionnaire had three parts: the main reasons for start-up and an evaluation of the current environment (access to finance, cooperation, possible, expansion); the main barriers to closing down the business; and an evaluation of strategy (resources, responsible person, activities). The respondents consisted of private practitioners and operators of small, specialized outpatient clinics such as surgeons, cardiologists, stomatologists (dentists), paediatricians, and physiotherapists. The data was analysed using SPSS and the Slávik–Romanová Model (2005) based on mixture of resources and their effective allocation (Barney 1991).

The analysis is based on data analysis using multidimensional statistical methods in the qualitative research area, using alpha factor analysis. All collected data were processed in SPSS Version 18 for Windows. To get more sophisticated

Table 9.1 Research sample

	Frequency	Valid percentage	Number of people (median)
Nursing and home care	10	2.6	5
General practitioners (GP)	86	22.4	3
Laboratory	3	0.8	4
Specialists	67	17.4	3
Pharmacy	104	27.1	7
Stomatologists	54	14.1	4
Physiotherapists	44	11.5	9
Psychologists	16	4.2	2
Total	384	100.0	

results and to identify dominant tendencies, the applicability of data was examined using Bartlett's test of sphericity with the values of the presented results being under $P < 0.05$. For all of the data, the authors used the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) with a recommended minimum value of 0.6 (Sharma 1996). The distribution of respondents is given in Table 9.1. The surveyed companies were either independents or a part of a clinical chain, so they differ in dependence on demand for service, payment per service (direct or indirect—mostly from insurance), and size. Most of them are, officially, micro-sized organizations, but they often collaborate, especially if they share one building, in which case they appear to customers as a health centre. Informants were chosen randomly, and a personal interview was preferred.

The results from questionnaire were coded using a Likert scale (1–5 for non-numerical data) in order to ensure comparability. Next, the factor analysis was used to obtain groups of elasticity factors (all data inputs had KMO and Bartlett's test value at recommended values). As a supporting analysis, cross-tabs were used to identify significant and non-significant values. The aim of these comparisons was to identify differences in adaptability factors between high- and low-strategy organizations and to explore how specialization in health-care business contexts influences the specific strategic adaptability evident in their behaviour. Finally, ROC curves (Table 9.2) were used to model the relationship between the strategy maker and the elasticity of strategy, generating equations for each sector and other supporting material. It was found that the dominant role in strategy-planning is taken by the owner (mainly a health-care service provider such as a nurse or a doctor), who has a dual position as a professional service provider and a business person.

The plans that they prepare are mainly in non-paper form or simple notes, except for the financial part of the strategy plan, and frequently they do not make a difference between a strategic plan and an operational plan (to ensure elasticity in strategy). They evaluated how often they 'implement' or 'do' changes in the various types of plans (see Table 9.3).

Table 9.2 Who draws up the strategy?

	Frequency	Percent
Owner	262	68.2
Designated manager	30	7.8
Team of specialists	51	13.3
Consultant	41	10.7
Total	384	100.0

At first glance, it would seem that the owner–managers are practically oriented, a form of strategic behaviour that each sector prefers in the market. These results support the idea that customer-relations management in the health-care services is still not common, because the most sensitive group are pharmacies, which have to offer more than drugs prescriptions, as they also sell other goods and give advice. In terms of financial planning, laboratories are the most elastic when it comes to offering support services. They have to create a wide area of work that can be offered to more than one type of medical centre, and they must also be concerned with production planning. Finally, specialists such as surgeons, cardiologists, and others care about their marketing activities, which are mostly targeted at establishing their reputation in the area of specialization. Therefore the effects of the elasticity are greater when businesses are:

- Unsupported by the diagnosis-related group payments (DRG) system.
- Dependent on direct payments and direct relationships with customers.
- Required to be more elastic in a crisis environment.

Therefore businesses offer a wide range of quality-based services to customers where satisfaction is important because of a high level of competition. Indeed, the results of the survey enable further comment to be made about each sector:

- GP units possess a low level of elastic business behaviour as they are typically supported by different funding sources (payments per capita, fixed payments, fixed-price medical fees per visit, payments as per DRG dependent on production).
- Home care services are mostly paid directly, just as with physiotherapy, psychology, and other specialist treatment. However, a high level of competition in these areas gives them the opportunity to behave as a normal business and not be dependent on insurance budgets. But still they are near to being a common–static model. They are in the middle range of elasticity.
- More elastic are dental care providers because they receive direct payments (without support payments per capita), or in other words a medical fee per visit. Their work is manual, so is quite difficult to manage, and they work with rare or new materials, and so they have to manage their time to be more productive.
- Laboratories and pharmacies top the elasticity league because they are dependent on the work of other sectors, and so they develop informal relationships with all participants on the market (GP units, home care services, dental care and others).

Table 9.3 General evaluation of plan elasticity by scale

	Home care	GPs	Laboratory	Specialists	Pharmacy	Stomatologists	Physiotherapists	Psychologists	Common model
Personnel	3.0	4.03	3.00	3.96	2.53	3.83	4.02	3.06	3.81
Finance	2.5	3.06	1.67	3.00	3.65	2.56	2.6	2.63	2.71
Production	2.6	2.63	2.00	2.76	2.9	2.28	2.51	2.31	2.61
Marketing	3.2	4.03	1.67	1.43	2.91	3.67	3.35	2.25	3.43

Time scale (average values) 1 = month, 2 = 3 months, 3 = 6 months, 4 = 12 months, 5 = never

Cooney (2009) finds that successful firms are led by entrepreneurs who are willing to share—they share responsibility, accountability, information, and rewards. The structures of the firms were flat with few managerial layers, and organizational strategy evolves by degrees. Cooney suggests that for a company to grow it must have the freedom to flourish, and in the same way as parents can be overprotective of their children, an entrepreneur must learn to cut the apron strings. The feedback from the survey did not suggest that this was happening, but instead highlighted that the strategy was influenced heavily by the market sector rather than the business philosophy of the entrepreneur.

In addition to the findings detailed above, a number of different methods have been used to obtain further relevant and useful information with which to explore the model to the full.

9.4.1 Cramér's V Coefficients

The formula for the variance of Cramér's V was given by Liebetrau (1983), whereby a coefficient is interpreted as the relationship or level of independence of nominal data in cross-tabs. The values of coefficients describe the dependence on each plan segment. According to these criteria, strong values between 0.7 and 0.9 give the opportunity to predict the evolution of each measurement of elasticity, while values between 0.25 and 0.5 have a significant position in the plan. Table 9.4 highlights where the strengths and weaknesses of the various health-care businesses lie in terms of functional activity.

Equations are often used to evaluate strategy-structure models designed to describe dependent values in strategy behaviour or successful business theories. Bourgeois (1984) utilizes research on managerial choices and strategy proponents reacting to an external environment to build one type of equation, and it has been argued that his evaluation and models were especially developed for industrial organizations (Keeley and Roure 1990). Factor analysis of all dependent variables, without control variables (such as specialization or age of organizational unit), from all data set of the primary data gathered, led to the following formula for strategic plan dynamics under turbulent environments:

$$SP \text{ health-care: } 0.35 * Ma + 0.22 * Pr + 0.11 * Fi + 0.33 * Pe$$

where SP is the strategic plan dynamics in total (how long it takes to change); Ma is the dynamics of the marketing plan (speed/time unit); Pr is the dynamics of the production plan (speed/time unit); Fi is the dynamics of the financial plan (speed/time unit); and Pe is the dynamics the personnel plan (speed/time unit). The accounted weight of each area enables the mean rate of the dynamics of the plan to be measured, as well as the total possible change in planning, and therefore can be used to describe behaviour. The value of dynamics is computed as the weighted value of Cramér's V coefficients (total weight of Ma + Pr + Fi + Pe dynamic coefficients is equal to 1) relevant to the total amount of coefficients, which

Table 9.4 Cramér's V coefficients significance in the plan

Test result variable(s)	Home care	GPs	Specialists	Pharmacy	Stomatologists	Physiotherapist	Psychologists
Personnel (Pe)	0.894	0.338	0.251	0.263	0.228	0.261	0.483
Finance (Fi)	0.856	0.221	0.231	0.281	0.437	0.312	0.542
Production (Pr)	0.721	0.237	0.278	0.157	0.258	0.255	0.428
Marketing (Ma)	0.73	0.268	0.236	0.243	0.298	0.284	0.428

Not used values in grey cells

Table 9.5 Equations for the share of the total sensitivity (1)

Business type	Equation
SP_homecare (4)	$0.28 * Pe + 0.27 * Fi + 0.23 * Pr + 0.23 * Ma$
SP_GP (2)	$0.56 * Pe + 0.44 * Ma$
SP_specialists (2)	$0.47 * Pe + 0.53 * Pr$
SP_pharmacy (2)	$0.48 * Pe + 0.52 * Fi$
SP_stomatology (3)	$0.26 * Pe + 0.44 * Fi + 0.3 * Ma$
SP_physiotherapist (4)	$0.23 * Pe + 0.28 * Fi + 0.23 * Pr + 0.26 * Ma$
SP_psychology (4)	$*Pe + 0.29 * Fi + 0.23 * V + 0.23 * Ma$

where SP is a strategic plan, and grey cells indicate significant positions in the plan

highlights its importance to the total business plan. This could be called the ‘speed of change per unit time’, as it describes the process of adaptation of an organization in the health-care services sector. However, if one uses only variables with strong values of Cramér’s V coefficients (see Table 9.5), it could suggest that some plans are not important or lack elasticity. This model supports segmentation according to a first analysis—with the dependence variable being the insurance payments and portfolio of services. Only three sectors behave like classical business units and use all the planning tools, and they prepare their plans with an equal stress on all activities.

The findings present a number of unexpected results. There is a low relationship between the marketing plan and the strategic plan, which suggests that other influences could be the reason for the slight interest in marketing activities. One interpretation could be that if the founder decides to stay in the health-care services, there is more to it than entrepreneurial motivation. The founder may want to continue in this type of service because of her or his special knowledge and the opportunity to provide public support (social enterprise). Such motivations could emphasize how direct and indirect effects influence the success of a strategy:

- 35 % of indirect effects should be seen in the area of marketing activities from the top strategy as a organizational conception (there are ethical reasons for not using marketing tools).
- 65 % of direct effects in the other activities, which provide a majority of the final effect.

Using this equation, it is possible to predict how long it might take to reorganize a health-care service unit. The dynamics of each plan represent Kaplan’s idea (Strnad 2009) of strategic thinking and continual evaluation. If the revision of each plan is made monthly, the dynamic is 1 month and the final dynamic of an organization is 1 month. If one agrees with the ethical argument of the non-use of marketing in health-care services, then the coefficient influence would be zero and the speed would be 3 weeks. The cooperative influence between these three plans therefore brings a fastest effect of change.

According to the analysis of the research, only three sectors behave as classical business units and use all planning tools (nursing and homecare, psychologists, physiotherapists), as they prepare their plans with an equal stress on all activities. Compared with a general elasticity model, only two specialisms bear much similarity to it. This is why it is so important to examine each sector separately, because a general model seems to be inappropriate, due primarily to different sources of service financing by each sector. These three health-care specialisms represent more than primary care service. All of them need patient participation and cooperation because of the long-term nature of the treatments, mainly paid for by patients. Having adopted a customer-relations management approach, these businesses have to improve their entrepreneurial skills and build strategic foundations if they are to run a sustainable business, mainly with good reputation as the best marketing tool. The second group, formed only from stomatology units (dentists), behave quite differently from others because direct payments outweigh indirect payments from insurance companies, and so they prefer to provide out-of-pocket services. They connect their financial plan with their planned services for the coming period, because their quota of service supply is not under the regulation of insurance companies as in the case of specialists or general practitioners. The third group is not so homogenous, but use only two of four planning tools. The same factor for strategic success and sustainability is the personnel plan and leadership. It means that nearly 50 % of success, or strategic hazard, they see in personnel planning failure. Pharmacies serve as sub-suppliers to general practitioners and specialists, so they prefer to plan their financial amounts (some services are directly paid, but the main drugs are still paid for by insurance companies). Specialists are paid per service, so they prefer this approach when planning. GPs receive mixed payments (per capita for registered patients and per service), so they care about their reputation and include their role as a 'family doctor'. By an approximation of these equations it could be possible to improve the general model to be more realistic (with gaps in strategy-planning tools):

$$\text{SP health-care: } 0.36 \text{ Pe} + 0.36 \text{ Fi} + 0.31 \text{ Pr} + 0.3 \text{ Ma.}$$

By accounting for every coefficient, and evaluating all plans as a whole, a modified structure can be obtained:

$$\text{SP health-care : } 0.36 \text{ Pe} + 0.26 \text{ Fi} + 0.17 \text{ Pr} + 0.21 \text{ Ma.}$$

Hamel (2009) took receiver operating characteristic (ROC) curves from medicine and biochemistry and applied them to business, finding them useful to test, classify, and identify which components of strategy are really connected with the external environment and which with the strategic behaviour of a business unit. The ROC curve is derived from cross-tabs, and so is connected to Cramér's V coefficient. ROC curves were originally used to visually explain optimal operating points for signal discriminators (Egan 1975). The ranking values are typically normalized to values between 0 and 1, the left part of the curve represents the behaviour of the

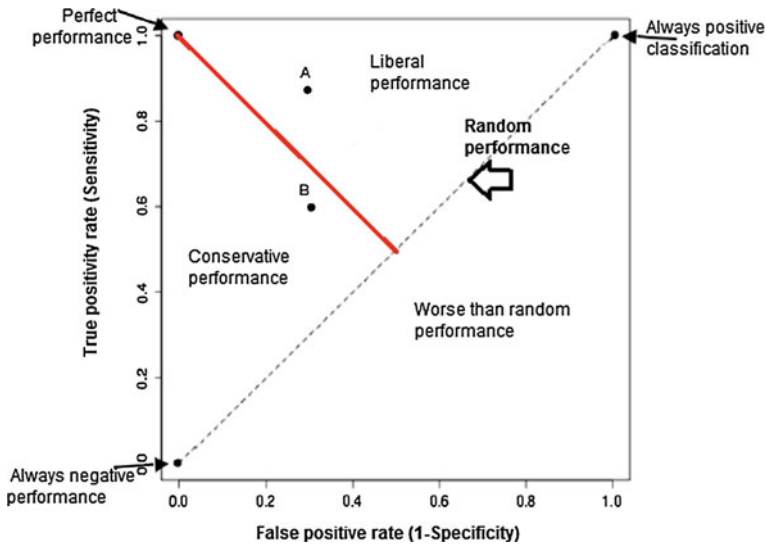


Fig. 9.1 ROC curves. Note: A = better performance, more suitable to model than B. *Source* Hamel (2009, p. 7)

Table 9.6 AUC based on strategy preparation

	Owner	Manager	Team of specialists	Consultants
Personnel	0.609	0.384	0.373	0.491
Finance	0.505	0.486	0.496	0.503
Production	0.507	0.525	0.474	0.497
Marketing	0.578	0.426	0.389	0.512

model over high decision thresholds (conservative), and the right part of the curve represents the behaviour of the model under lower decision thresholds. ROC curves (see Fig. 9.1) here were computed for each sector to describe different behaviour (see Appendix 9.1) in order to compare two stages of business behaviour—planning and implementation. The resultant area under curve (AUC—see Table 9.6) explains the significant parts of the plan that lead to success.

In testing the behaviour of each sector, it was found that the implementation stage was quite different to that expected. All planning resources are prepared as equal partners for success, but after comparison, preferences were changed (see Table 9.7).

There is a general consensus in the literature that in a business context two primary benefits arise from the application of strategy. First, it assists organizations to achieve superior performance and a competitive advantage over rival firms, an argument that has resulted in a significant volume of literature, including the work of Thompson and Strickland (1987), who state that strategic planning can significantly affect the future performance and growth of the company (see also Mintzberg and

Table 9.7 Implementation stage

	Home care	GP	Laboratory	Specialists	Pharmacy	Stomatologists	Physiotherapists	Psychologists
Personnel	0.329	0.579	0.218	0.546	0.422	0.546	0.534	0.314
Finance	0.455	0.588	0.264	0.564	0.437	0.460	0.464	0.480
Production	0.502	0.493	0.374	0.522	0.565	0.421	0.476	0.450
Marketing	0.472	0.657	0.173	0.570	0.342	0.571	0.483	0.254

Note that the deviations are in grey; only specialists are in the same position without deviations

Quinn 1991; Johnson and Scholes 1999; De Wit and Meyer 2005). Second, it helps organizations cope with change (see also Miller and Friesen 1978; Liedtka and Rosenblum 1996; Murray and O'Driscoll 1996; Porter 1996; Pettigrew 2001). However these two points should not be perceived to be mutually exclusive as there is an interactive relationship between the two functions (Barney 2002). The message here is that the application of strategy within the business paradigm is essential to the potential future success and growth of organizations and ultimately of economic growth itself. Anecdotally, this perspective on the application of strategy in a business environment is something agreed upon by health-care practitioners.

9.5 Conclusion

It has been found that all variables must be taken into account to achieve strategic goals. Each dynamics measurement must explain the internal and external validity of its results. In many cases it may bring about greater internal validity for the research sample, but another phase of the experiment is still needed to be able to generalize about this model. The internal validity is significant for the first phase and first conclusions, and provides an opportunity to develop the idea. But on the other hand, this approach brings problems with the strategic prognosis using only internal valid models in another type of company. Another dilemma could be called the 'socially desired effect' (Green 1977), where different ideas are not presented because they do not encompass normally used methods or strategy elements. This could cause future problems with strategy development and dynamics: the consequential time delay could cause more behavioural change, and might well have an impact on the final effectiveness. Learning must be customized to the circumstances of each organization and the work it conducts; it was the reason why the same approach was used to describe the effect of behaviour:

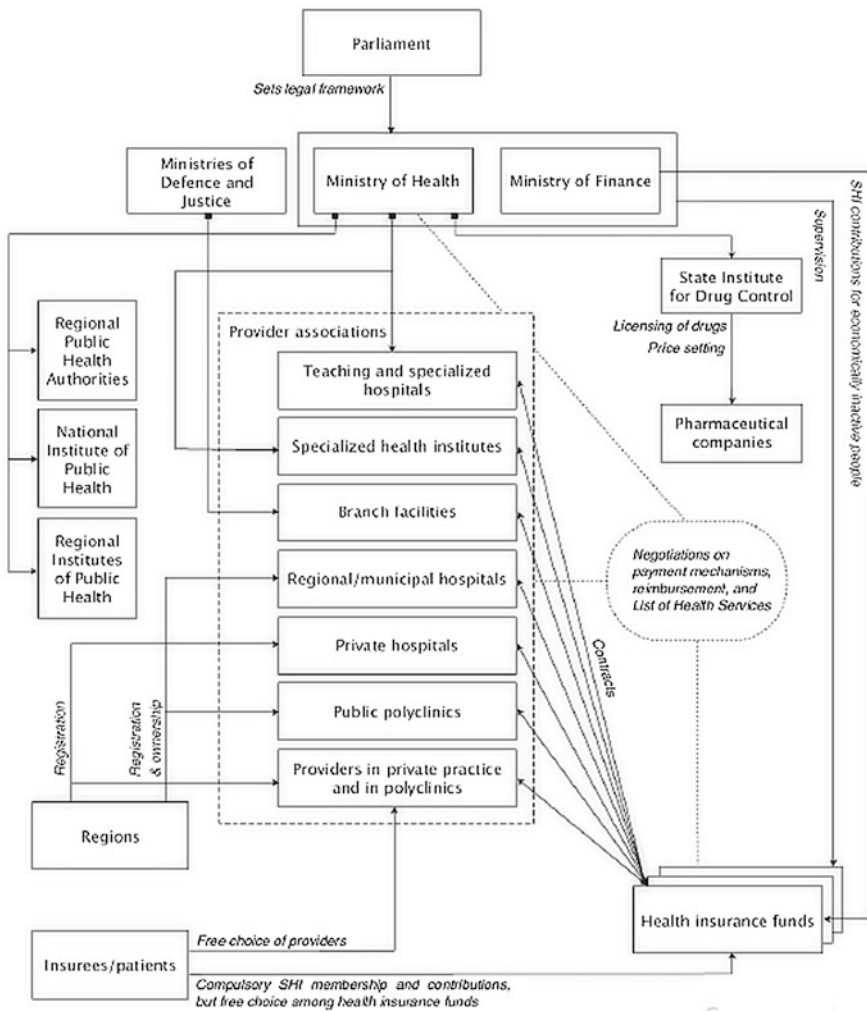
- Sleeper effect (delay of impact)—if the effect is measured only as the difference before and after the change process and the final effect could be greater because of the re-engineering of the main process, new activities, and innovations. This approach was used as a model for factors influencing strategic behaviour.
- Backsliding effect (decay of impact)—if the dynamics are measured after the project, as an ongoing process, so the different strategic behaviour within the plan and the final effect is near zero.
- Trigger effect (borrowing from the future)—businesses are prepared for some problems due to their business areas and internal and external procedures, and so they improve their leadership, strategy, and goals. It appears to be similar for business plan preparation according to market analysis, price analysis, customer analysis, and other factors.
- Historical effect (adjusting for secular trends)—for the compilation of strategy dynamic, businesses use customer segmentation and price diversification to spread the risk. It is practical to first see the partial effect of dynamic decision-

making on observed groups and after that it should be used as a strategy as a whole.

- Contrast effect (treatment effect)—the plan and the implementation do not come together in the future.

The differences in responding to the business environment and the self-interest of companies bring about constraints on being dynamic. For many companies, the main goal for their future is not innovation, but merely survival.

Appendix 9.1 Organizational Structure of the Czech Health System



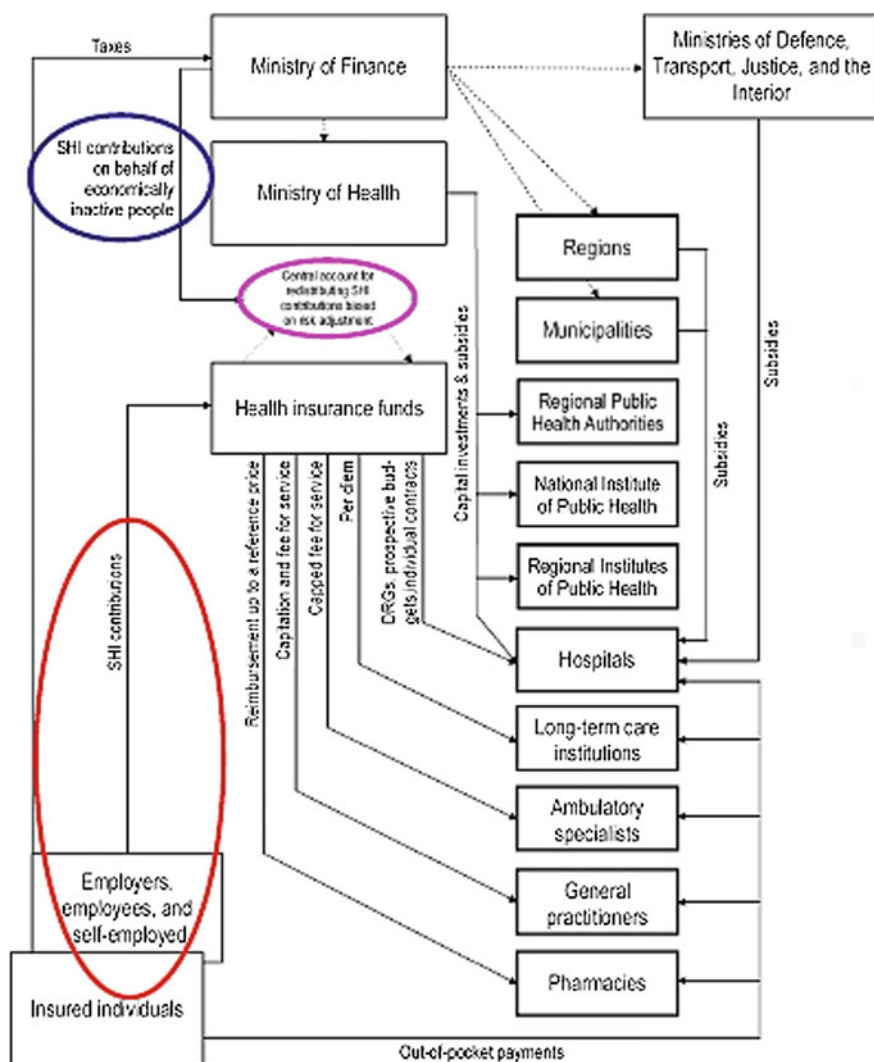
Notes: Branch facilities are health-care facilities that serve employees of the respective ministry, as well as soldiers and prisoners, but are sometimes open to other individuals as well.

SHI: Social health insurance.

An arrow with a square indicates that a health-care facility or institution is directly subordinate to the respective ministry.

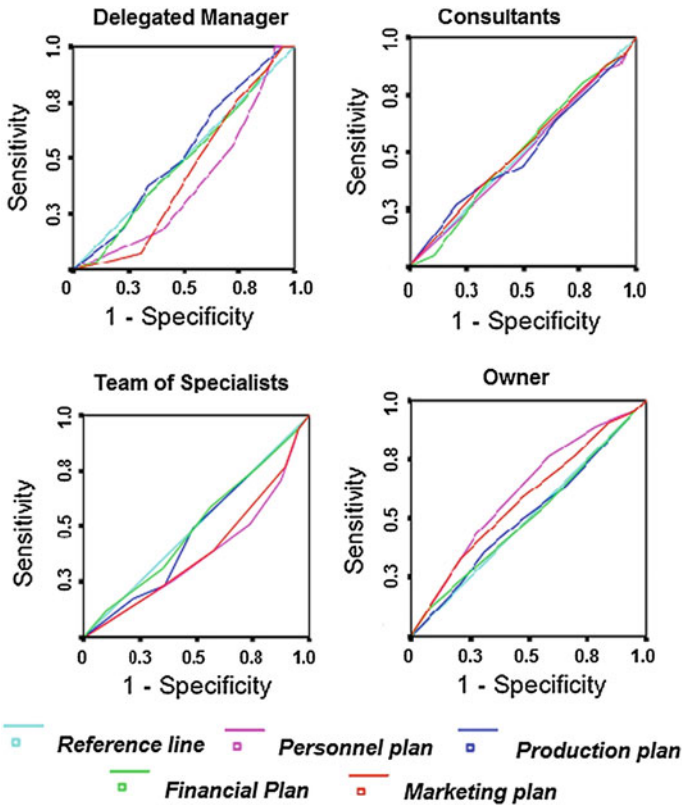
Source: Bryndová et al. (2009, p. 14).

Appendix 9.2 Overview of Financial Flows in the Czech Health System

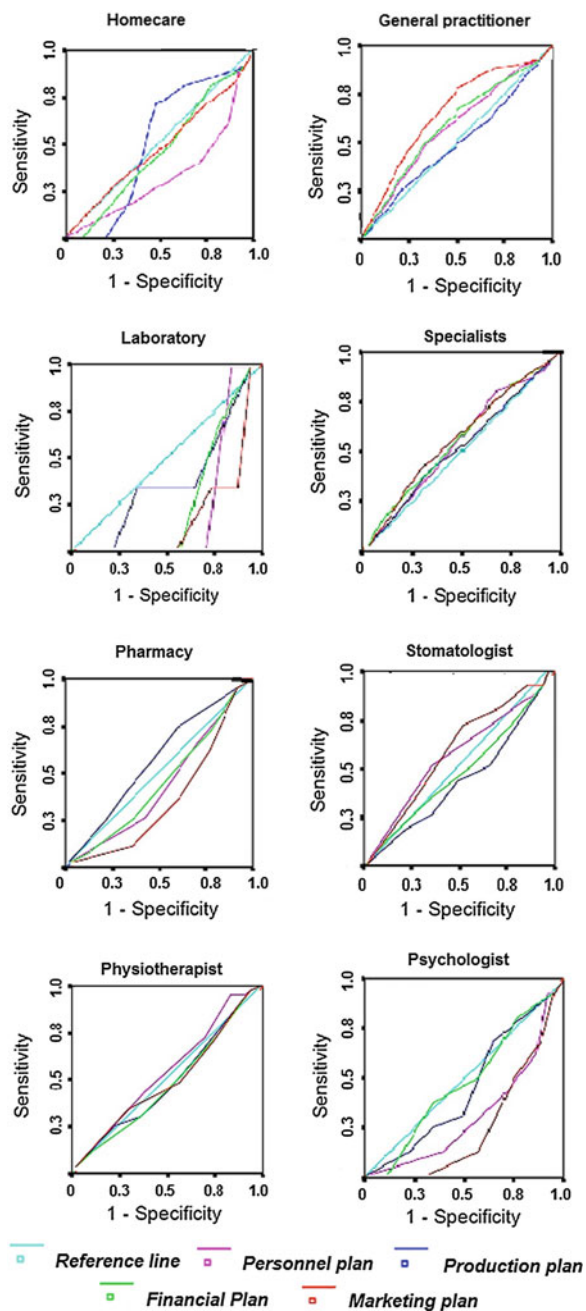


Notes: SHI: Social health insurance.
GP: General practitioner.
OOP: Out-of-pocket (payment).
DRG: Diagnosis-related group payments.
Source: Bryndová et al. (2009, p. 28).

Appendix 9.3 ROC Curves and Strategy-Planning



Appendix 9.4 ROC Curves and Specialization Remastered



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Part III
The Institutionalization of Social
Entrepreneurship

Improving Entrepreneurial Competency in Low-Income Segments: The Impact of Entrepreneurial Development Agents

René Díaz-Pichardo, Nicolás Gutiérrez and Juan Arriaga-Múzquiz

Abstract

Micro-enterprises, with fewer than ten employees, are responsible for most new jobs in emerging economies. Unfortunately, low-income entrepreneurs frequently lack enough entrepreneurial competency to survive and expand. The research presented in this chapter aims to evaluate the importance of entrepreneurial development agencies at the base of the pyramid. Structural equation modelling with survey data from enterprises participating in an entrepreneurship education process in Mexico provides evidence of the positive and significant impact of entrepreneurial development agencies on performance, with the mediating effect of market-product innovation and market orientation.

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10.1 Introduction

Entrepreneurship development has been seen as a route to economic vitality, improved quality of life, and poverty reduction in emerging economies. Micro-enterprises, with fewer than ten employees, are responsible for most new jobs in these economies. Unfortunately, entrepreneurs in low-income segments frequently lack entrepreneurial competency and face severe difficulties in expanding. However, to date, the potential impact of entrepreneurship on subsistence economies has largely been ignored. Consequently, it is very important to analyse the entrepreneurship phenomenon in these economies, bearing in mind that what is known from the world's developed economies may not apply to entrepreneurship on these environments (Bruton et al. 2008).

Outside economic support, such as direct investment or government subventions, can create unwanted dependencies in local and regional development unless this external aid boosts a process of social inclusion and build human and social capital (Bhalla and Lapeyre 2004; Espinosa 2007; Lessof and Jowell 2000; West et al. 2008). The intervention of entrepreneurial development agencies (EDAs)—individuals or institutions from either the private or the public sector, which aim to help business organizations at the base of the pyramid (BOBOPs)—can improve entrepreneurial competency in order to enhance performance, and can play an important role in entrepreneurial development in emerging economies. EDAs can spark a process of social inclusion in low-income segments by building human and social capital through entrepreneurship education.

BOBOPs are enterprises at the base of the pyramid owned by one or more entrepreneurs. They are usually small businesses, with few employees and sales; commonly transact in an informal economy; frequently rely solely on entrepreneur-family workforce; and face serious limits on expansion. The term BOBOPs is based on the concept of the bottom of the pyramid, proposed by Prahalad and Hart (2002), who saw people in low-income segments as potential consumers for multinational corporations. Our chosen term, BOBOP, meanwhile, refers to enterprises owned by people in low-income segments acting as entrepreneurs.

Among those capacities required by entrepreneurs to succeed, entrepreneurial and market orientation have been repeatedly referred to in the entrepreneurship literature: entrepreneurial orientation being the willingness of the entrepreneur to take business-related risks, to favour change and innovation in order to obtain a competitive advantage, and to compete aggressively with other firms (Covin and Slevin 1988); and market orientation, on the other hand, being the unwavering disposition of the entrepreneur to deliver higher value to customers. It entails a commitment to continuous information-gathering and the coordination of customers' needs, competitors' capabilities, and the provisions of other significant market agents and authorities (Han et al. 1998). More entrepreneurial and market-oriented enterprises are supposed to perform better than less entrepreneurial and market-oriented ones. Both entrepreneurial and market orientations are referred in this research as dimensions of entrepreneurial competency.

In this chapter, it is hypothesized that, through their intervention, the EDAs impact positively and significantly on BOBOPs' performance with the mediating effect of entrepreneurial competency. Survey data from BOBOPs participating in an entrepreneurship education process were analysed through structural equation modelling. Results give evidence of a positive and significant impact of the EDAs' intervention on BOBOPs' performance, with the mediating effect of entrepreneurial competency—particularly product-market innovation and market orientation.

Additionally, the moderating effect of contextual factors, specifically of environmental hostility and the availability of infrastructure, were identified in the relationship between entrepreneurial competency and performance. The impact of entrepreneurial competency on performance is greater when the enterprise is operating under unfavourable circumstances. Besides, the positive impact of the EDAs' intervention on entrepreneurial competency was noticeably higher for less educated entrepreneurs.

10.2 Hypotheses

The resource-based view (RBV) theory proposes that firms develop sustained competitive advantages based on heterogeneous and immobile resources. Exploiting these resources efficiently maximizes social welfare. However, entrepreneurs are limited in their ability to manipulate all the attributes and characteristics of their firms, making some firm resources imperfectly imitable and thus potentially sources of sustained competitive advantage (Barney 1991).

Elaborating on RBV theory, the resource-advantage theory of competition (RATC) explains that, in market-based economies, innovative firms and individuals are automatically rewarded because such innovation is often a source of sustainable comparative advantage, which enables them to offer products and services with value for some market segments (Hunt and Morgan 1995). By competing in the marketplace, firms learn and develop entrepreneurial competency deriving from economic dynamism when they produce proactive innovations and result in marketplace positions of competitive advantage and higher performance (Hunt and Morgan 1996).

Although, it is necessary to develop diverse entrepreneurial techniques, such as selling, producing, and accounting, these are not enough for the success of a business: entrepreneurial attitudes (such as entrepreneurial and market orientations) can be equally important in the construction of competitive advantages (Barney 1991; Hunt and Morgan 1996; Nieuwenhuis 2002; Pyysiäinen et al. 2006). Consequently, we would argue that by improving entrepreneurial competency, BOBOPs will be capable of developing sustainable competitive advantages in such a way that they can grow, generate greater incomes for their owners, create jobs, pay taxes, and deliver higher value to the market.

RATC proposes that ‘firms have the primary objective of superior financial performance’, while the specific measure and referent can widely vary (Hunt and Morgan 1996, p. 108). When assessing financial performance at the bottom of the pyramid, a subjective measure is desirable because of the inability and unwillingness of low-income entrepreneurs to provide objective and accurate financial performance figures. Previous research has found a strong correlation between subjective assessments of performance and their objective counterparts. Also, losses or low profits in small, growth-oriented firms may not be indicative of poor management, and directly comparing objective financial data obtained from small firms in different industries would be misleading (Dess and Robinson 1984; Pearce et al. 1987).

Beyond financial outcomes, a broader concept of performance at the bottom of the pyramid is necessary, since what is important is to spark a process of social inclusion, and not only to increase incomes. Other important business outcome is the well-being of the entrepreneur (Desai et al. 2008; Steffens et al. 2009). In a study carried out by Narayan et al. (2000), it was found that well-being was not only a matter of income. Other aspects, such as having access to health care and education, being free to take decisions and to act, and the possibility of helping others, were also important. Consequently, in this research, performance is conceptualized as a two-dimensional construct composed of a subjective perception of financial performance and well-being, both from the view of the entrepreneur.

Entrepreneurial and market orientations are both entrepreneurial attitudes commonly referred to in the business literature (Basso et al. 2009; Runyan et al. 2008). These orientations are related concepts that appear to complement each other, at least in small businesses, to boost profitability (Baker and Sinkula 2009). They also have been both recognized as ‘learning constructs’ (Slater and Narver 1995) and are considered key components of entrepreneurial competency in this research.

Entrepreneurial orientation is defined as the willingness of the firm to take business-related risks, to favour change and innovation in order to obtain a competitive advantage, and to compete aggressively with other firms (Covin and Slevin 1988; Miller 1983). Kreiser et al. (2002) developed an entrepreneurial orientation scale, based on the work of Covin and Slevin (1989). The scale assumes that entrepreneurial firms will exhibit high levels of three dimensions, to wit (a) product-market innovation, (b) proactiveness of decision-making, and (c) risk-taking. Of these, product-market innovation has been singled out as the most critical factor in defining corporate entrepreneurship. It refers to the capacity of the firm to develop a higher-than-average number of new products or new markets (Kreiser et al. 2002). Covin and Miles (1999) have argued that other dimensions of entrepreneurial orientation were, in fact, antecedents, consequences, or correlates of innovation. Proactiveness of decision-making, meanwhile, is related to the organizational pursuit of favourable business opportunities and an aggressive behaviour directed at rival firms (Kreiser et al. 2002). Finally, risk-taking is centred on the willingness of entrepreneurs to engage in calculated business-related risks. Entrepreneurs tend to view situations more favourably than

non-entrepreneurs do, and consequently, in their decision-making, they are more overconfident than managers are in large organizations.

Organizational research provides strong theoretical support for measuring the concept of entrepreneurial orientation with these three dimensions, even in different cultures (Kreiser et al. 2002).

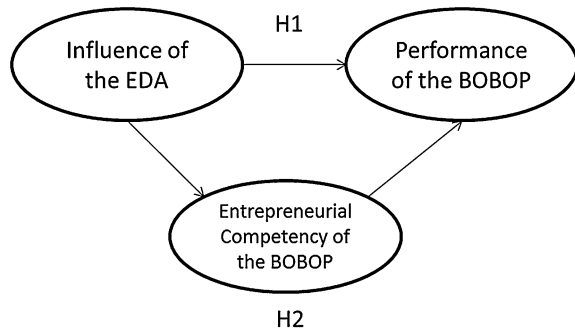
Market orientation is defined as the disposition of the firm to continuously deliver higher value to its customers (Han et al. 1998). It entails a commitment to continuous information-gathering and coordination of customers' needs, competitors' capabilities and the provisions of other significant market agents and authorities.

The effort of the EDAs, which is actually external aid in subsistence economies at the level of the firm, improves the entrepreneurial competencies of the BOBOPs through a mix of techniques that are usually participative in nature. The intervention of the EDAs aims to impact on the mentality of entrepreneurs and employees, changing their mindset and attitudes, in order to expand their vision and possibilities; building, essentially, a human and social capital (Espinosa 2007). EDAs also help BOBOPs to develop entrepreneurial techniques, as well as expand and exploit their social networks in attracting and developing other critical resources such as talent, knowledge, technology, and financing. The intervention of the EDA can be described as a learning transfer system, which is an effective and continuing application, by trainees to their jobs, of the knowledge and skills gained in training both on and off the job (Broad and Newstrom 1992). EDAs accompany BOBOPs in their task of becoming more entrepreneurial, and therefore more competitive.

At different stages of its growth, a BOBOP may interact with more than one EDA—with several at once, even. Considering that the EDA's intervention occurs at a certain moment, when assessing its impact, it is important to take into account the characteristics of the BOBOP and its context. In the end, what really matters is the adequacy of the EDA's intervention in the BOBOP, which is revealed in its learning outcomes (Holton et al. 2000). This intervention is primarily one of changing attitudes and perspectives, as well as building human competency, which is a transfer of learning (Baker and Sinkula 2009). In this research, the influence of the EDA is measured through a Likert-type scale composed of four dimensions selected from the Learning Transfer System Inventory (LTSI), which is a theoretically based, psychometrically sound instrument developed by Holton et al. (2000) as a diagnostic tool to help identify factors affecting performance from learning outcomes. This instrument was selected because it is focused on the transfer-learning situation; that is to say, here it takes into account the factors (in the individual, the training, and the organization) affecting the developing of competency in the BOBOP as a result of the intervention of the EDA.

Four factors were selected from this instrument: *learner readiness* is the extent to which individuals are prepared to enter and participate in training; *positive personal outcome* is the extent to which training on the job leads to outcomes that are positive for the individual; *negative personal outcome* is the extent to which individuals believe that not applying skills and knowledge learned in training will

Fig. 10.1 Direct and indirect effects of the influence of the EDA on performance



lead to negative personal outcomes; and *perceived content validity* is the extent to which trainees judge training content to accurately reflect job requirements.

In this research, we propose the following hypotheses (see Fig. 10.1):

Hypothesis 1 The influence of the EDA is directly and positively related to the performance of the BOBOP

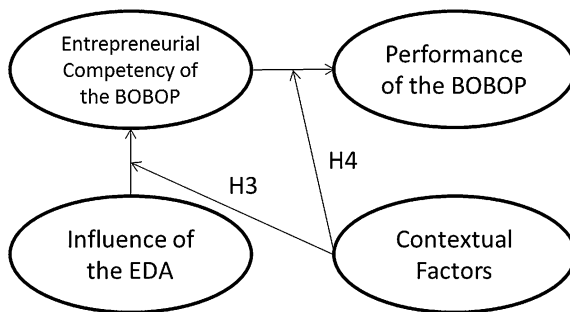
Hypothesis 2 The influence of the EDA on the performance of the BOBOP is fully mediated by the entrepreneurial competency of the BOBOP

By considering the possible moderating effects of contextual factors, as the literature review suggests (Davidsson et al. 2006; Gotteland and Boulé 2006; Kohli and Jaworski 1990; Lumpkin and Dess 2001; Slater and Narver 1994; Subramanian et al. 2009; Wiklund and Shepherd 2005), a more comprehensive approach to the phenomenon can be obtained. Contextual factors might affect the relationship between entrepreneurial competency and performance. The existence of such moderating effects would imply that different levels of environmental hostility and infrastructure availability require a different configuration of entrepreneurial competency. For instance, a minimal amount of market orientation could be needed in markets characterized by strong demand, and vice versa (Kohli and Jaworski 1990).

In the same way, the contextual factors might have a moderating effect on the relationship between the influence of the EDA and entrepreneurial competencies. Unfavourable environments might make the development of entrepreneurial competency appear more important to the entrepreneur and, consequently, the influence of the EDA can be more effective. In this research, the contextual factors construct is defined as the degree to which environmental circumstances facilitate or obstruct the operations of the BOBOP. This construct is composed of two different dimensions: (a) environmental hostility, and (b) infrastructure availability.

(a) *Environmental hostility* is the degree of risk and stress perceived by the entrepreneur in the competitive environment. This factor is measured by using the three-item scale developed by Khandwalla (1976/1977). In this scale, the respondents are invited to evaluate the extent to which they perceive the

Fig. 10.2 Moderating effects of contextual factors



entrepreneurial environment to risky, hostile, and tough, and to what extent they can influence that environment. The respondents' ratings on these three items are averaged to arrive at a single environmental hostility index for each firm. The higher the index, the more hostile the environment of the firm will be.

- (b) *Infrastructure availability* is the extent to which the entrepreneur believes the infrastructure facilitates his business operations. This factor is measured in this research by a Likert-type scale considering transportation, basic services, telecommunications, and financial services, among others elements.

The following hypotheses are proposed (see Fig. 10.2):

Hypothesis 3 The contextual factors have a moderating effect on the relationship between the influence of the EDA and the entrepreneurial competency of the BOBOP

Hypothesis 4 The contextual factors have a moderating effect on the relationship between the entrepreneurial competency of the BOBOP and its performance

Due to the hypothesized, full mediating effect of the entrepreneurial competency of the BOBOP on the relationship between the influence of the EDA and the performance of the BOBOP, no moderating effects of contextual factors in the relationship between the influence of the EDA and the performance of the BOBOP are tested.

10.3 Method

Survey data were obtained from low-income entrepreneurs participating in the entrepreneurial education process of the Social Incubator System of Tecnológico de Monterrey in Mexico. These entrepreneurs are typically own a BOBOP; face serious growth problems; and many of them operate in the informal economy. Frequently, they depend exclusively on family workforce.

It is important to mention that the social incubators in this system differ from the traditional conception of institutions incubating social projects. Tecnológico de Monterrey's social incubators offer training and business consultancy to BOBOPs in order to improve performance, and are, consequently, EDAs. These EDAs can be regarded as homogeneous since they are part of the same system and share both an entrepreneurial philosophy and educational processes. At the end of 2008, the Social Incubator System Network included 52 social incubators in 22 of the 32 Mexican states, with 435 enterprises registered in the incubation process.

In order to measure all factors considered in the hypotheses, multi-item scales were developed in a two-step process. First, a preliminary survey was prepared, based on Covin and Slevin (1989) to measure financial performance; Cummins (2006) to measure well-being; Kreiser et al. (2002) to measure entrepreneurial orientation; Han et al. (1998) to measure market orientation; Holton et al. (2000) to measure the influence of the EDA; and Covin and Slevin (1989) to measure environmental hostility and infrastructure availability. This preliminary survey was applied to six entrepreneurs participating in the social incubator El Caracol, in Monterrey City. When necessary, the researcher explained the concepts included in the survey to the interviewees. Based on the reaction of the interviewee, the researcher further asked for explanations of the answers provided in order to validate the survey content. Some items were reformulated based on this pilot application.

Secondly, an online pilot survey was applied to identify possible problems and to assess the reliability of the scales. Thirteen surveys from three different social incubators were obtained in this pilot survey. Entrepreneurs were invited to the social incubator facilities by their consultants in order to participate in the survey. A guide was prepared with the purpose of unifying the survey procedures. The link to the online survey was included in this guide. Most factors showed satisfactory reliability coefficients from this pilot survey data, although some items were reformulated due to poor reliability.

The final survey was applied between October and December 2009 using an online survey tool. One 108 useful surveys were obtained (25 % of the population). There were no significant differences between the first and last respondents. Consequently, non-response bias seems not to be a problem. All survey participants owned a micro-enterprise with a maximum of ten employees (47 % had no full-time employees at all) and had than \$20,000 in annual sales. Of respondents, 60 per were women, and 30 % had received formal entrepreneurial education. Interviewees were living in 13 different Mexican states, and were participating in 17 different social incubators; 80 % of surveys came from six different social incubators located in Mexico City, Chihuahua, Hidalgo, and Coahuila. The average age of the entrepreneurs was 42 years old, and their average education was 13 years of schooling, the equivalent of the first year of university. These characteristics are similar to those reported in other studies related to low-income entrepreneurs (Chablé and Aragón 2009). No significant differences in age or education were found between male and female interviewees. Of the respondents, 37 % were in the industrial sector, 40 % in services, and 23 % in commerce.

A great diversity of industries was represented in the sample, including restaurants, grocery stores, car maintenance, educational services, information technology, real estate, and jewellery, among others.

With the purpose of testing the hypotheses, structural equation modelling was applied to the data in two steps, as per the recommendation of Anderson and Gerbing (1988): first, the measurement model was estimated in order to assess validity and reliability; and second, the structural relations contained in the hypotheses were tested.

Model fit was evaluated by applying the following criteria suggested by Hatcher (1994): a non-significant p value for the Chi-square model ($p > 0.05$), the closer to 1.0 the better; a Chi-square/degrees of freedom relationship less than 2; comparative fit index (CFI) and non-normed fit index (NNFI) values greater than 0.9, the closer to 1.0 the better; an absolute value of the t statistic greater than 1.96 for each loading factor, and non-trivial standardized loading factors; a symmetrical distribution of normalized residuals around zero, with few or no residuals greater than 0.2 in absolute value; and composite reliability indicators for each factor greater than 0.7 (0.6 as a minimum). Unidimensionality of factors is needed. Finally, in order to determine the adequacy of the sample size, a power analysis was done.

Moderating effects of contextual factors on the relationships between the influence of the EDA and entrepreneurial competencies, and between the latter and performance, are tested. Moderation involves a third variable (or set of variables) that acts as a controlling condition for the effects of variables (or sets of variables) on other variables (or sets of variables). That is to say, the effect of a predictor (X) on an outcome (Y) varies across levels of a moderator (M) (Hopwood 2007). In this research, these moderating effects are tested through regression analysis. Beta coefficients of linear regressions between entrepreneurial competency and performance, for those entrepreneurs reporting favourable and unfavourable contextual factors, are compared; significant differences in those coefficients reveal moderating effects. A control group is not needed due to the quasi-experimental design of the study (Campbell and Stanley 1971).

10.4 Results

As expected, the measurement model had to be respecified to obtain a good fit. *Risk-taking* and *proactiveness in decision-making*, from the entrepreneurial orientation construct, could not be retained in the measurement model without violating the unidimensionality of the measures. *Market orientation* and *market innovation* are both combined in the entrepreneurial competency measure, which is expected to act as a mediating variable in the effect of the influence of the EDA on performance. Although the influence of the EDA factor did not result in a second-order factor, it worked well as a first-order factor. Besides, the performance factor worked well as a second-order factor composed by *financial performance* and *well-being*. Finally, the

contextual factors construct resulted in two independent measures: *environmental hostility* and *infrastructure availability*. The respecified measurement model showed a good fit to the data (p value of the Chi-square test = 0.23).

The robust method of estimation in EQS 6.1 was used to run the models due to evidence of non-normality in the data. No imputation methods were used in order to avoid reducing variability in data. Six cases were dropped from the sample due to missing data. EQS identifies multivariate outliers; because of this situation, cases 8 and 13 were excluded from the final estimation. Ultimately, 101 cases were used in the estimation of the measurement model.

Evidence for convergent and discriminant validity is demonstrated by the factor loadings (>0.45) and a satisfactory composite reliability coefficient ($Rho = 0.87$). No multi-collinearity problems were found.

Discriminant validity in terms of factors reveals the extent to which independent measures of different factors are correlated; these values should be negligible. In order to test for discriminant validity, a model in which factors correlate freely is compared to one in which they are perfectly correlated—that is to say, covariances between all factors are set to 1. The larger the discrepancy between the Chi-square values, the stronger the evidence for discriminant validity. This procedure is known as the multitrait-multimethod model (MTMM) approach (Byrne 2006). In this case, such a discrepancy resulted in 493, with a difference of 47 degrees of freedom, which is highly significant ($p < 0.001$). Thus, there is strong evidence for discriminant validity.

Common-method bias is the extent to which different traits or constructs are measured by using the same survey instrument. Indeed, common-method bias reveals the part of discriminant validity related to method effects, and it can be tested by comparing a model in which method factors are freely correlated with one in which method factors are specified as uncorrelated (Byrne 2006; Meade et al. 2007). In this case, when a common factor (representing the common-method effect) is included in the measurement model, the model fit is improved significantly, giving evidence of common-method bias in the sample. Consequently, Pearson correlations might be inflated.

In spite of having evidence for a good fit of the measurement model (both with maximum likelihood and robust methods), a power analysis is needed due to the relatively small sample. Although, over the years, several rules of thumb have been proposed, such as 5–10 observations per parameter, no fewer than 100, and so on, there is no rule of thumb that applies to all situations. In fact, sample size requirements depend strongly on many factors, including the size of the model, distribution of the variables, amount of missing data, reliability of the variables, and strength of the relationships among the variables (Muthén and Muthén 2002).

In order to determine power in this research, the discrepancy function is used as the non-centrality parameter in a non-central Chi-square distribution (Miles 2003). The non-central Chi-square distribution function `NCDF.CHISQ` in SPSS is used to find the power:

Table 10.1 Unstandardized estimates and significance

	Unstandardized estimate	Robust standard error	t	Significant ($p = 0.05$)
Entrepreneurial competency → performance	0.429	0.204	2.10	Yes
Influence of the EDA → performance	0.219	0.230	0.95	No
Influence of the EDA → entrepreneurial competence	0.497	0.159	3.13	Yes

$$\text{Power} = 1 - \text{NCDF.CHISQ}(cv, df, ncdf) \quad (10.1)$$

Where cv is the critical value for a Chi-square distribution; df is the degrees of freedom of the model; and $ncdf$ is discrepancy function ($n-1$).

The critical value for the Chi-square distribution is found in SPSS by using $\text{IDF.CHISQ}(1-\alpha, df)$. Using $\alpha = 0.01$, and 439 degrees of freedom, the critical value is 510.86. The discrepancy function (from the EQS output file) after 20 iterations is 4.5828, and $n = 101$ cases. Substituting these values in Eq. (10.1), the resulting power of the test is 0.999, and the probability of accepting a false model (Type II error) is almost zero ($p < 0.001$), concluding that the sample size is enough to test the goodness of fit of the measurement model. Items finally included in the statistical analysis are shown in Appendix 10.1.

When isolated, a positive and significant effect ($\beta = 0.287$; $p = 0.05$) of the influence of the EDA on performance is found. However, when modelled the three factors together (the influence of the EDA, entrepreneurial competency and performance), the former significant relationship between the influence of the EDA and performance disappears. In terms of the hypotheses proposed in this research, a full mediating effect of entrepreneurial competency (product-market innovation and market orientation) on the relationship between the influence of the EDA and performance is confirmed. Table 10.1 shows unstandardized estimates and the corresponding significance.

The moderating effects of contextual factors (environmental hostility and infrastructure availability) on the impact of the influence of the EDA on entrepreneurial competencies were significant, giving support for H3. Standardized coefficient beta when regressing entrepreneurial competency under the influence of the EDA was significantly higher with less favourable contextual factors than under more favourable conditions. Nonetheless, the impact of such influence is positive and significant in both contextual situations. A moderating effect of contextual factor on the relationship between entrepreneurial competency and performance was also identified, giving support for H4. Certainly, the less favourable the contextual conditions, the greater the effect of entrepreneurial competency on performance. The influence of the EDA seems to be more important under less favourable than under more favourable contextual factors.

Other interesting moderating effects were found for the entrepreneur's education and the kind of support the entrepreneur had received from the EDA. On the one hand, the impact of the intervention on the entrepreneurial competency of the entrepreneur is positive and significant for those entrepreneurs with high-school education or less ($\beta = 0.657$), and it is not significant for those with undergraduate and postgraduate education. On the other hand, receiving training impacts positively and significantly on the entrepreneurial competency of the entrepreneur ($\beta = 0.505$); receiving training and developing consultancy projects improves that positive impact even more ($\beta = 0.572$); but only developing consultancy projects, without receiving any training, has no impact ($\beta = 0.072$) on the entrepreneurial competency of entrepreneurs.

Finally, gender and previous entrepreneurial training had no relationship between the influence of the EDA and entrepreneurial competency, or between the latter and performance.

10.5 Discussion

Entrepreneurial perspectives postulate the possibility of enhancing entrepreneurial competencies through the intervention of EDAs as a means to alleviate poverty and inequality in emerging economies. However, developing entrepreneurial competencies at the base of the pyramid appears to be problematic. The question is whether EDAs really affect significantly on performance and entrepreneurial competencies of BOBOPs. Evidence from this research suggests that the answer is yes.

The resource-based view theory explains that differences in performance among firms derive from the development of sustained competitive advantages based on heterogeneous and immobile resources. However, entrepreneurs are limited in their ability to manipulate all the attributes and characteristics of their firms, leaving some firm's resources imperfectly imitable and thus potentially sources of sustained competitive advantage (Barney 1991). This limitation in the ability of BOBOPs to manipulate their attributes (including entrepreneurial competency) can be overcome by the intervention of EDAs.

As a complementary approach, the resource-advantage theory of competition explains that, in market-based economies, innovative firms and individuals are automatically rewarded because such innovation is often a source of sustainable comparative advantage that enables them to offer products and services with value for some market segments (Hunt and Morgan 1995). This research offers support for this statement by identifying two main dimensions of entrepreneurial attitudes that impact positively and significantly on performance: *product-market innovation*, and *market orientation*.

Product-market innovation is related to a constant and drastic change in lines of products and services, whereas market orientation is related to a quick response to the actions of competitors, a constant measurement of satisfaction of clients, and

the identification of specific clients to whom offer products and services derived from a new competitive advantage. Thus, a market-based attitude is determinant in the success of BOBOPs, and EDAs can help BOBOPs enhance that attitude.

Contextual factors show moderating effects on the relationship between the influence of the EDA and entrepreneurial competency and between the latter and performance. Apparently, when facing unfavourable contexts, entrepreneurial competency are especially important to improve performance, and consequently, entrepreneurs in the BOP appear to be more receptive to the transfer of learning from EDAs.

Finally, the model and methodology proposed in this research allow us to assess the impact of EDAs on entrepreneurial competencies and performance of BOBOPs in emerging economies. They can be used to evaluate the efficacy of specific programmes oriented to the enhancing of entrepreneurial competencies at the base of the pyramid in emerging economies. The huge resources channelled through this type of initiative justify the effort required to measure the impact of such programmes. The model and method presented in this research can be a considerable help in this purpose.

These findings suggest that low-income micro-enterprises in emerging economies can improve their performance through the intervention of EDAs. Product-market innovation and market orientation are specific dimensions of entrepreneurial competency that impact positively and significantly on performance, and that can be improved through a process of entrepreneurship education. This improvement is especially important for less educated entrepreneurs as well as under unfavourable contextual factors. Consequently, the promotion of EDAs can be a useful tool with which to drive entrepreneurial competency, economic vitality, and poverty reduction in emerging economies.

Appendix 10.1 Items Included in the Statistical Analysis

Note that this is a translation; the survey was administered in Spanish.

Using a scale between 1 and 10 where 10 means you are completely satisfied and 1 you are completely unsatisfied, select the number that corresponds to your level of satisfaction for each of the following topics:

Performance

To what extent are you satisfied with your life as a whole?

Ditto your standard of living?

Ditto being part of a community?

To what extent are you satisfied with the performance of your business in terms of sales?

Ditto profit margins?

Ditto return on investment?

Using a scale between 1 and 10 where 10 means you completely agree with the statement and 1 you completely disagree, select the number that corresponds with your personal position.

Entrepreneurial Competency

In the last 3 years, we have commercialized many new products and services.

In the last 3 years, changes in our products and services have been drastic.

In our firm, we respond quickly to the actions of competitors.

We frequently measure the satisfaction level of our customers.

When we see an opportunity to develop a competitive advantage, we think of specific customers to whom offer our products and services.

Influence of the EDA

Before the intervention of the social incubator, I had a good idea of how it would affect how my firm worked.

Before the intervention of the social incubator, I had clear expectations about its results.

If we do not apply the techniques learned with the support of the social incubator our firm will suffer negative consequences.

What I'm learning in the social incubator is what my firm needs at the moment.

Environmental Hostility

The environment in which I run my firm is very risky; a single mistake can make it disappear.

The environment in which I run my firm is very stressful, hostile, and tough, it is difficult to remain in business.

Infrastructure

The access to roads and transportation facilitates my business operations.

Health services in my community facilitate my business operations.

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Entrepreneurship in Society: A Review and Definition of Community-Based Entrepreneurship Research

11

Anne Pierre, Yvonne von Friedrichs and Joakim Wincent

Abstract

Although of undisputed importance for practice and regional policy, community-based entrepreneurship, when it comes to the literature, has only developed slowly over the course of almost forty years. In this chapter, we review the work done, comment on developments, present a definition of the concept, and outline some directions and future opportunities for enhancing the accumulation of more specialized knowledge. The chapter concludes that community-based entrepreneurship research has an important relationship with the development of social entrepreneurship research, but that it has a unique set of own characteristics. We conclude by presenting a list of themes based upon previous research that have the potential to facilitate further knowledge-building.

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11.1 Introduction

The implementation of innovative ideas or the development of possible solutions in a programme, product, or service, and individual engagement in new practices to ensure benefits to a community, are perhaps some of the most important activities to ensure sustainable undertakings in society. Therefore, community-based entrepreneurship should be considered a key factor in enabling individual entrepreneurs to pursue opportunities that create social benefits for a community, thus meeting many of the needs so many societies struggle with because of structural change, lack of innovative culture, lack of resources, or limited organization (OECD 2011). Community-based or social entrepreneurship involves cooperative and collaborative relationships and activities in which resources are combined into the co-creation of beneficial value for stakeholders. Peredo and Chrisman define the concept as ‘a community acting corporately as both entrepreneur and enterprise in pursuit of the common good’ (2006, p. 310) and say that it involves processes by which new enterprises are created and can operate within a community’s existing social structure. As such, community-based entrepreneurship is recognized by governments for its ability to transform society (Ratten and Welpe 2011). Where successfully implemented, it can reinvigorate a society, but failure can lead to such shortcomings as a failure to address the dignity, creativity, and potential of inhabitants (see, for example, Smith 2011).

Politicians and policymakers seem to agree about the significance of community-based entrepreneurship. For example, many large public programmes in the European Union, such as the Europe 2020 strategy (2011) for ‘smart, sustainable, and inclusive growth’, support joint efforts between social partners and civil society to achieve growth and prosperity in the member states. Another example is the OECD (2011), which for several decades has advised governments and communities on how to adapt to global trends and tackle complex problems in a rapidly changing world. They show that more local- and community-based entrepreneurship and collaborations between public and private bodies have helped local economies transform into entrepreneurial, innovative communities that create more and better jobs. For this reason, societal forces have put their faith in entrepreneurship at the community level as a way of deflecting economic and social crisis and of achieving sustainable positive development.

Although it would seem an obvious topic, there has been little research on community-based entrepreneurship, and such as there is tends to be very limited (Gawell et al. 2009). Different forms of community-based entrepreneurship, such as NPOs, local community development organizations, and traditional small firms linked to rural development programmes, are highlighted in the literature. These forms of entrepreneurship set out to strengthen communities and the economic attractiveness of peripheral areas, which ultimately contributes to regional competitiveness and slows rural population drain. The things characteristic of rural areas—small schools, homogeneous populations, traditional values, politically conservative climates, and limited recreational, educational, and mental health

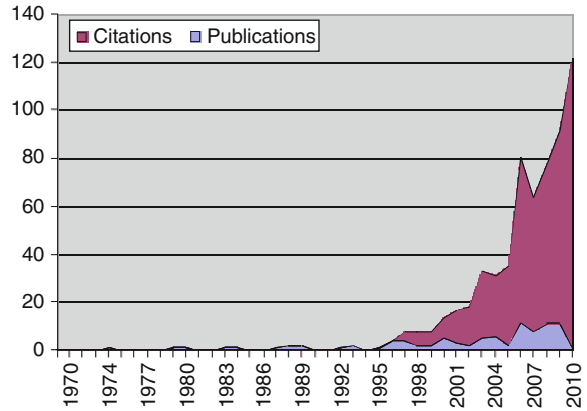
services—pose particular challenges to the implementation of rural development programmes, as well as offering particular benefits (Bierman et al. 1997). Academics studying the potential of community-based entrepreneurship have an interest in understanding how to mitigate such socioeconomic and institutional problems. The key is to develop knowledge of how smaller communities can survive and thrive in sparsely populated areas by using and learning from larger networks, both nationally and globally. Even though research on community-based entrepreneurship considers how social and environmental needs can be addressed by creative entrepreneurs, it evidently focuses on issues that are not of primary interest in related research. The established topic of social entrepreneurship—capturing processes involving the innovative use and combination of resources to catalyse social change and/or address social needs (Mair and Martí 2009)—tends to obscure what is unique about community-based entrepreneurship and its relationship with similar concepts in the entrepreneurship literature, we would argue that community-based entrepreneurship per se nevertheless deserves attention.

The purpose of this chapter is to review the literature on community-based entrepreneurship in order to provide a useful definition of the concept for future use. That this is a subject of particular concern is shown by the recent special issues of *Entrepreneurship & Regional Development* (January 2011) and the *International Journal of Innovation & Regional Development* (2010). In the past, prior studies have merely signaled the problem. However, with the rapidly growing body of literature on social entrepreneurship, it is important to reduce the ambiguity about community-based entrepreneurship, highlighting its status and where it differs from social entrepreneurship research. In this chapter, we will concentrate on the impact of the literature on today's community-based entrepreneurship research and its key contributions, the breakdown of the research in terms of conceptual and empirical articles, and the data-collection methods used. Lastly, we will look at what makes community-based entrepreneurship unique in both definition and execution.

11.2 Research Method

We have conducted a bibliographical analysis that specifically focuses upon peer-review academic periodicals, using the Scopus database for the literature search. Key words included social entrepreneurship, social entrepreneur(s), community-based entrepreneurship, and community-based entrepreneur(s) in various combinations. Scopus is one of the largest abstract and citation databases of academic literature and quality web sources, with 41 million records covering nearly 18,000 titles, including all the standard specialist journals, from more than 5,000 publishers, plus quality indices; it includes publications listed in the ISI, ABI/INFORM, and EBSCO databases and the like. Our search was completed in April 2011 and identified 58 articles for detailed review.

Fig. 11.1 Periodical publications and citations

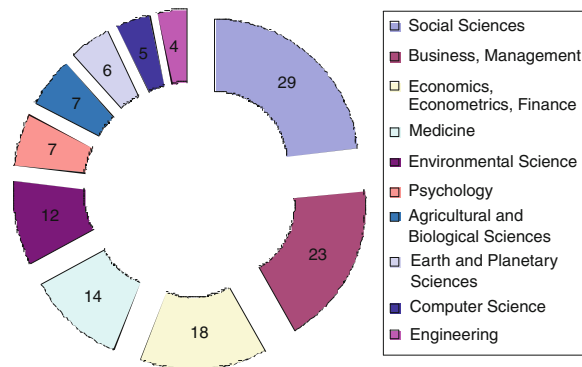


11.3 The Literature

The field started as far back as 1975, with an article by Nottingham (1975), which focused on implementation issues in community-based entrepreneurship when initiating a rural development programme. From that point, the number of journal publications and citations grew very slowly until 1998 (Fig. 11.1). Then, in mid- to late 1990s, came a number of milestones in the development of community-based research, such as Baron (1998) who discusses how certain human cognitive processes can increase entrepreneurs' susceptibility; Nechyba and Strauss (1998), talking about how to estimate the impact of local fiscal and other variables on individual community choices; Bierman et al. (1997), who focus on how local characteristics can affect rural programmes; and Tareen and Abu Omar (1997), discussing community entry and how it is a prelude to any action in a true partnership with the community. In 2001–2005 there was a much steeper increase in the number of citations and publications, with articles such as those published by Stræte (2004), who covers how local entrepreneurial capabilities are important factors for innovation and production in local communities; Gold (2004), outlining how to improve sociological work; Johnstone and Lionais (2004), discussing how conditions in depleted communities can limit possibilities for traditional development, while entrepreneurial responses are not similarly constrained; Morrison et al. (2005), focusing on the community entry process, action cycle of problem identification, community planning, and the implementation and evaluation of strategies to tackle identified problems; and Heilbrunn (2005), on how market criteria such as profitability and competition at the organizational level promote individualistic motivations and economic behaviour on the part of entrepreneurs within a community setting.

Today, both research and publications continue to increase, with work by April (2010) on the stories of 20 entrepreneurs practicing witchcraft in the southern region of Namibia and what their initial motivation was to combine witchcraft

Fig. 11.2 Main disciplines involved in the field of research



with entrepreneurial activities; Cardow and Wiltshier (2010), discussing the role that domestic tourism plays in an island's economic recovery; Bent et al. (2010), talking about the needs for businesses to provide communities with business support and advice, and different approaches to doing so; Spilling (2011), who focuses on Bengt Johannisson's early studies aiming at developing an adequate understanding of the role of small firms in local communities; and Torri (2009), who discusses how traditional concepts of entrepreneurship and economic development do not appear to capture the essential features of investing in depressed areas such as local communities in developing countries.

We have analysed the extent to which the output of the researchers in this field has contributed to the co-creation of knowledge by using the *h*-index (used to quantify an individual's scientific research output and impact by looking at how many times a certain article has been cited), which reveals that a number of contributions to the field have been well-received: of the 58 documents considered for the *h*-index, 12 have been cited at least 12 times.

Several disciplines are involved in the creation of community-based entrepreneurship research: the social sciences; business and management; economics, econometrics, and finance; medicine; environmental science; psychology; the agricultural and biological sciences; earth and planetary science; and computer science and engineering. Figure 11.2 shows how much published research is associated with each discipline in this particular literature review. The main disciplines represented are the social sciences and business and management; the least represented are computer science and engineering.

Having analysed all 58 articles and established a publication chronology, we can see that there is a wide spread in date of publication, and little logical order across the disciplines. For example, articles in the social sciences were published in Johannisson (1990), Bierman (1997), Baron (1998), and later Morrison et al. (2005), Beeton (2008), and April (2010). The same is true of business and management, with Ryan (2002), and Ivanova (2004). Take the less represented

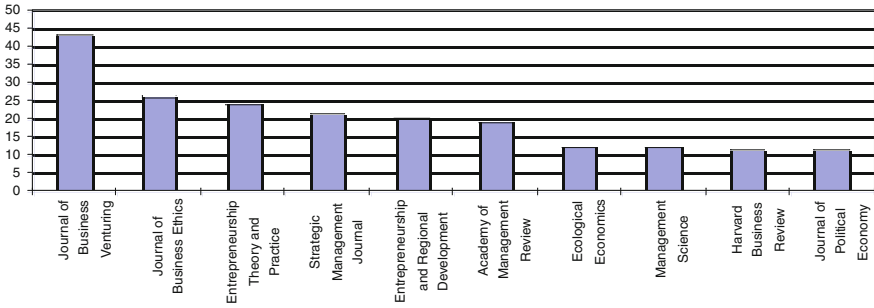


Fig. 11.3 The top ten cited journals in the development of societal entrepreneurship research

Table 11.1 Universities that frequently publish on social entrepreneurship (with number of published articles)

University of Wisconsin Madison (3)
University of Amsterdam (2)
UCL Institute of Child Health (2)
University of Virginia (2)
University of Durham (2)

disciplines and the results are much like those of, say, psychology, with Nottingham (1975), Díaz and Rodríguez (2003), and Mandiberg (2010). However, when we look at the disciplines that were least represented—computer science, earth and planetary science, engineering, and the agricultural and biological sciences—it is noticeable that they have all been published in the last decade or so, ranging from Anand and Orlóci (2000) and Kåberger and Månsson (2001) to Gordon (2006) and Hexmoor (2009).

Community-based entrepreneurship research is thus not only firmly multidisciplinary, but is also a growing field, impinging on a growing number of disciplines, and using a great variety of perspectives. The range of questions addressed in the disciplines concerned can be seen by connecting examples of research questions to each individual discipline. Thus in business and management we see issues such as private–collective innovation, entrepreneurial activities, community business entrepreneurship, and entrepreneurship capital; in the social sciences, community entry processes, decentralization and empowerment, social capital utilization, and strategies against poverty. Further, in less researched areas such as engineering and computer science, we can see areas of discussion such as entropy and economic processes. Evidently, each discipline takes community-based entrepreneurship and explores areas relevant to its own research topics. This is what makes community-based entrepreneurship so dynamic and multidisciplinary.

Table 11.2 Research orientation, conceptual and empirical papers (with number of published articles)

 Conceptual articles

1. Descriptive (3)
 2. Explanatory (11)
 3. Theory development effort (8)
-

 Empirical articles

1. Qualitative studies (21)
 2. Quantitative studies (9)
-

 Data collection

1. Surveys (9)
 2. Interviews (13)
 3. Secondary data (23)
 4. Observation (13)
-

Research on community-based entrepreneurship is mostly published in a set of well-known academic periodicals. Figure 11.3 shows the most-cited journals: topping the list is the *Journal of Business Venturing* followed by the *Journal of Business Ethics*. At the bottom, we can find the *Journal of Political Economy* preceded by the *Harvard Business Review*. Table 11.1, meanwhile, shows no clear list of active universities that frequently publish on community-based entrepreneurship, meaning that there is no clear ‘knowledge centre’ in this highly multidisciplinary field. The university that leads in the number of publications is the University of Wisconsin Madison; however, it is noticeable that even those the universities on the list that publish frequently in fact publish very few articles, and little divides the top and bottom universities in terms of quantity. Comparing university output to individual research output, our analysis reveals that it is individual researchers who drive the development of the field at each university, rather than research groups.

11.4 Research Breakdown

Table 11.2 gives a breakdown of the research orientation of the 58 articles on community-based Universities that frequently publish on social according to whether they are conceptual or empirical, and how their data was gathered. We will address both the conceptual and empirical research in more detail, and the areas of discussion that appear in the various studies. We will also discuss the different data-collection methods that have been used.

11.4.1 Conceptual Research

The conceptual research articles, which, in common with most such research, map out the topic to give coherence to empirical inquiries, fall into three groups: descriptive (3 articles), explanatory (11 articles), and theory development (8 articles). Thus the descriptive articles describe the characteristics of the different core phenomena in community-based entrepreneurship; the explanatory research gives a set of statements to describe certain facts in order to clarify context, causes, and consequences; while the theory development takes existing theories (such as institutional theory) and works them up in ways that contribute to the original theory as well as the subject in hand.

There are several examples of descriptive research that discusses key concepts without drawing on the explanatory or theory development literature: Bent et al. (2010) discusses the needs of businesses in supporting communities and how to give advice; Harris et al. (2009) talks about how the significant and growing scholarly interest in entrepreneurs and new venture creation has resulted in the shaping of entrepreneurship as a rigorous academic field of study, including the creation of several dedicated scholarly journals, the modification of business school curricula, and the rise of entrepreneurship-specific research conferences; and Lotz (1989) discusses how some ventures (such as community development corporations, worker-owned businesses, and regional development councils) arose because of a crisis, some were brought into being by the government to aid in the delivery of services, and others began when people found that the existing structures for creating employment had failed them, and decided to solve their problems collectively.

Much of the conceptual research effort is expended on how and why questions. Examples of important contributions in defining the field when it comes to such explanatory research are Uddin et al. (2010), who discuss how community institutions, such as the private sector, international agencies, foundations, and local communities have gradually shifted from dependence on external funding to a social enterprise model; Rankin (2008), who emphasizes spatio-temporal contingencies in the articulation of market-led development institutions with specific national regulatory frameworks and political cultures; Gold (2004), who talks about how images help to establish a rapport with respondents by contextualizing and lending specificity to the subject matter, and also humanize the portrayal of respondents in sociological work; Gibb (2002), who explores the challenge of a wider community in a broader context by reference to a number of issues central to the globalization debate, including culture, market liberalization, forms of governance, and democracy; Ryan (2002), who studies how host communities are far from homogenous, arguing that there will be some who see entrepreneurial opportunities in any tourism development, some who tend to inertia and/or indifference, and some who will resist change and seek to sustain the status quo; Yongming (2001), who discusses how entrepreneurs use social capital to influence state policy-making, and how forging a relationship between entrepreneurial

organizations and the state involves a dynamic process of power negotiation; and Kalantaridis (1997), who investigates how small towns and rural areas are integrated into international production networks, and the implications of external influences for the unity of productive and social structures in localized production systems.

When it comes to theory development, with its uncovering of theoretical relationships and connections, the articles outline issues such as the level of citizen trust needed to assure the risk when more commitment and action take place in community development programmes (Summers et al. 2009); or the fact that a community that links participants in a shared desire to create new knowledge for international competition will better succeed in providing a basis for learning and innovation (Lee and Williams 2007). Dew and Sarasvathy (2007) suggest that in modern societies, entrepreneurship and innovation are widely seen as key sources of economic growth and welfare increases; and Kåberger and Månsson (2001) that human industrial activities could be transformed into a sustainable system where the more abundant elements are industrially used and recycled, using solar energy as the driving resource. Balcazar et al. (2001) describe a capacity-building approach to community empowerment grounded in a contextual/behavioural model of empowerment for people with disabilities; Cremer et al. (2001), look at the countervailing trend of a growing emphasis on globalization, which has brought the analysis of global cities into sharp focus, giving new significance to 'the local; Nechyba and Strauss (1998) analyse how individual community choices vary depending on local community characteristics, including local crime rates; and Baron (1998) considers how social entrepreneurs often work in situations and under conditions that would be expected to maximize the impact of bias and error depending on the levels of uncertainty, novelty, emotion, and time pressure. All these studies land in community development and locality from various angles, and describe the research field, including several crucial topics, in a multidisciplinary manner. It is encouraging to see a significant effort in theory development, since this is often said to be important for the legitimacy and future development of the field. A variety of theoretical perspectives have been drawn upon, something that facilitates the development of this multi-disciplinary field of research.

11.4.2 Empirical Research

As can also be seen in Table 11.2, the majority of the research (23 articles) focused on qualitative methods, and thus obtained an in-depth understanding of qualities and characteristics as a means of data collection. There were few quantitative studies that relied upon statistical or mathematical techniques in their findings (9 articles), all of which used a survey design.

We found that the empirical discussion is mostly of a qualitative character. Authors have studied community-based entrepreneurship by looking at it from different angles, including entrepreneurship in indigenous communities (April 2010); domestic tourism operators and economic recovery in island tourism

destinations (Cardow and Wiltshier 2010); community-based entrepreneurship as a mechanism for renewal and experimentation (Lundqvist and Middleton 2010); the collective power of ethnic entrepreneurship (Kraybill et al. 2010); how a different entrepreneurial approach such as community-based entrepreneurship could be significant for policymakers and practitioners, given the growing interest in entrepreneurship and sustainability as tools for local development (Torri 2009); the question of whether, instead of increasing local participation, decentralization may further marginalization (Lortanavanit 2009); how formative research informed the development of a home-based neonatal care intervention in rural Ghana (Hill et al. 2008); transnationalism and the (re)creation of home among African women in the New Diaspora (Osirim 2008); stakeholder approaches to sustainable relationships between city and university (Russo et al. 2007); the social aftermath of Hurricane Katrina and how the community has come together with the assistance of government and local authorities (Boettke et al. 2007); the effective utilization of human resources in Kenya in pinpointing entrepreneurial tourism opportunities and encouraging an entrepreneurial culture by recognizing the factors that influence individuals' intentions to start a business (Okech 2007); and entrepreneurial activities in an unfriendly environment with focus on Belarus (Ivanova 2004). Overall, it should be noted that the traditional case-study approach that has been widely adopted, although obviously of limited generalizability, has generated important insights, and generally speaking points to the fact that community-based entrepreneurship is largely about contextual influences and many conclusions may only be true for certain contexts. As such, this seems to be the future route for empirical inquiries to take.

It is noticeable that there are fewer quantitative studies than qualitative ones, yet despite their small number they still cover important avenues for community-based entrepreneurship research. For example, Heilbrunn (2005) discusses a theoretical model that identifies how cultural orientations of individuals versus collectivism affect the entrepreneurial process, and whether (and if so, how) the move from organizational collectivism to organizational individualism influences the volume and type of entrepreneurship in community settings; Díaz and Rodríguez (2003) examine the prevalence of a range of psychological attributes in a sample of entrepreneurs and how this relates to the creation of social enterprise companies; Doucette and Jambulingam (1999) talk about pharmacy entrepreneurial orientation and the development of entrepreneurial factors by looking at proactiveness, innovation, risk-taking, autonomy, and competitive aggression; and Hexmoor (2009) discusses a methodology for comparing service policies using a trust model.

11.4.3 Distribution of Data-Collection Methods

We also charted the orientation of data-collection methods, again shown in Table 11.2. Of the 58 articles considered here, nine used surveys (for example, Ryzin et al. 2009; Stuermer et al. 2009; Robles 2007), 13 used interviews

Table 11.3 Key research contributions, by author (with number of published articles)

1. Johannisson, B. (21)
2. Gibb, A. A. (13)
3. Sarasvathy, S. D. (12)
4. Balcazar, F. E. (9)
5. Dew, N. (9)
6. Fawcett, S. B. (8)
7. Zahra, S. A. (8)
8. Beeton, S. (8)
9. Venkataraman, S. (8)
10. Freeman, R. E. (7)
11. Seekins, T. (7)
12. Baron, R. A. (7)
13. Orloci, L. (6)
14. Audretsch, D. B. (6)
15. Schumpeter, J. A. (6)
16. Boettke, P. J. (6)
17. Dees, J. G. (6)
18. Keys, C. B. (6)
19. Ghoshal, S. (6)
20. MacLeod, G. (6)

(for example, April 2010; Lundqvist and Middleton 2010; Torri 2009), 23 used secondary data (for example, Hexmoor 2009; Harris et al. 2009; Rankin 2008), and 13 used observations (for example, Morrison et al. 2005; Peredo 2003; Nottingham 1975). The spread of collection methods is fairly normal, although secondary data has been used more often than the others, possibly indicating that a clear definition of community-based entrepreneurship is still being sought, with a greater reliance on citations of existing literature as a result. It should also be pointed out that in most cases the use of secondary data is combined with another data-collection methods, such as observations or interviews. The fact that interviews and observations are used to much the same extent points towards a slightly higher use of qualitative methods.

It is positive that secondary data has been used a great deal, since this indicates that an attempt is being made to understand community-based entrepreneurship by looking at what has already been produced in the field. Interestingly, what is lacking is fieldwork and close-to-the-community research where actual cases are studied, which would do much to identify the factors in a community that make it function, or not function, and thereby create knowledge that could be used to help communities pursue sustainability and economic development.

11.4.4 Influential Research Contributions

By analysing the critical apparatus of all 58 articles, we identified the authors who have been most influential in the development of the research on community-based entrepreneurship. The key developments the field turn on some 20 articles, all of which have contributed to the conceptual and empirical discussion of the concept itself and the research framework. Table 11.3 illustrates the key research contributions by specific authors. Here, the work of authors such as Johannisson, Gibb, and Sarasvathy is cited in discussing the potential of local economic development as a holistic endeavour and the subsequent importance of the community entrepreneur (Johannisson 1990), and how the pervasive ideology of the ‘heroic’ entrepreneur connects with the wider notion of ‘enterprise’, and how this relates to the development of the individualism and the design of enterprising organizations (Gibb 2002). In their article, Dew and Sarasvathy (2007) discuss how entrepreneurship and innovation are widely seen as key sources of economic growth and increasing welfare, yet entrepreneurial innovation has also brought losses and hardship to some members of society. Furthermore, researchers such as Beton (2008) cite articles covering issues such as film corporations’ social responsibilities towards communities and a capacity-building approach to community empowerment. These articles all contribute to an understanding that community-based entrepreneurship is about the need for local economic and social development through various activities such as targeted projects and organizations in order to strengthen and sustain the community—and by highlighting these particular authors we want to show how they have influenced the course taken by subsequent research in the field.

11.5 The Distinctiveness of Community-based Entrepreneurship

In a closer analysis the influential articles on community-based entrepreneurship, we established their crucial properties by looking more closely at the key words as well as the general content. Although a general understanding seems to exist when it comes to potential definitional properties, no research has defined exactly what community-based entrepreneurship is, or how it is related to or distinct from traditional entrepreneurship.

As indicated, community-based entrepreneurship research is a field that has developed incrementally over some years of rather limited activity; however, the understanding is that it can be characterized by its involvement of a great many disciplines, methods, and angles of approach in a single line of research. In a complete review and analysis of the key words used by authors for their articles (the most frequently used are given in Table 11.4) we noted that concepts that capture aspects such as locality, innovation, the creation of new ventures and enterprises, collectivism, social capital, regional and economic development, and

Table 11.4 Key words used (with number of times used)

Community (9)
Humans (9)
Entropy (7)
Civil society (4)
Community care (4)
Business development (3)
Communities (3)
Community development (3)
Consumer participation (3)
Development (3)
Empowerment (3)
Entrepreneurialism (3)
Health-care planning (3)
Innovation (3)
Social capital (3)
Aged (2)
Agriculture (2)
Capitalism (2)
Child (2)
Community health planning (2)
Community structure (2)
Community tourism (2)
Community institutional relations (2)
Community-based enterprise (2)
Cultural factor (2)
Economic activity (2)
Education (2)
Employment (2)
Health services accessibility (2)
Health services needs and demand (2)
Health-care delivery (2)
Health-care organization (2)
Leadership (2)

(continued)

Table 11.4 (continued)

Maternal care (2)
Mental health service (2)
Networking (2)
Newborn care (2)
Organization and management (2)
Poverty alleviation (2)
Pregnancy (2)
Rural population (2)
Rural area (2)
Societies and institutions (2)
Sustainability (2)
Sustainable development (2)

problem identification in small towns and rural areas stand out. The studies have researched these areas by studying rural programmes; community entry processes and how to best develop trust and understanding among local people; project-planning at a local level and how this differs from standard projects in other settings; the role of small firms in local communities; local characteristics and their effect on rural programmes; and how dependence on external funding has given way to a social enterprise model. Furthermore, we can also see in the results of community-based entrepreneurship research that certain crises have driven the creation of regional development councils, worker-owned businesses, and community development corporations; how entrepreneurs can use social capital to influence state policy-making; and how this type of research can provide a basis for innovation and learning, which can aid in the creation of trust needed to enter a community with a new rural programme and develop it successfully.

Against the background of the previous research in the field, we define community-based entrepreneurship as a locally grounded phenomenon that encompasses for-profit organizations and NPOs, local businesses, individuals, and local community-oriented projects and networks that together or separately seek to create a sustainable and flourishing community by working with the community in solving problems and improving socio-economic value. Thus we stress locality, sustainability, socio-economic value, community development, networking, collectivism, and enthusiastic individual entrepreneurs as important properties of community-based entrepreneurship.

Although related, it is important to mention that the field of community-based entrepreneurship research is distinct from social entrepreneurship research, yet remains related to it. Social entrepreneurship research is defined as a process of creating value by combining resources in new ways intended primarily to explore and exploit opportunities to create social value by stimulating social change or

meeting social needs (Mair and Martí 2009), and stresses key properties such as social problems, social value, and existing solutions in order to be financially, organizationally, socially, and environmentally sustainable. As the analysis of key words and general content shows, these are not necessarily the same issues that are of interest to community-based entrepreneurship researchers. While social entrepreneurship could be understood as a broader general concept, community-based entrepreneurship captures a smaller, more focused area. This implies that community-based entrepreneurship and social entrepreneurship have similar, yet varying, research interests. Although more empirical and targeted research in the field could make it easier to differentiate between the two, creating a more dynamic legitimacy for community-based entrepreneurship research, we also see the value of tying into the issues discussed in social entrepreneurship research.

11.6 Conclusions and Implications

The review we have presented regarding community-based entrepreneurship indicates not only the potential, but also the need for further focused research. In our overview, we note an increased interest in the concept over the last few years, but that the research has historically developed very slowly. We outlined a definition and its relationship with social entrepreneurship. As such, we suggested social entrepreneurship is a more general concept than community-based entrepreneurship, which has a more specific focus directed on alternative processes. We believe that a closer definition and an understanding of the historical origins of community-based entrepreneurship will assist in the development of an academic identity and inspire further research—the suggestion that community-based entrepreneurship has its own influential factors and its own consequences means that such a clarification is needed.

Having traced a bibliographic record of almost forty years and the various academic outlets and disciplines concerned, it appears that the field has been inspired by a fragmented group of researchers from a range of different universities and disciplines. Although this foundation is ideal for answering important questions without being tied to a certain paradigm or body of knowledge, we believe this may be one reason for the lack of cumulative knowledge-building.

Most of the research in community-based entrepreneurship has pursued various types of theme. This indicates that it is a broad research field, which has the potential to grow and develop further. In order to assist researchers to draw on one another's dialogues, we have taken the opportunity to group the somewhat sprawling field of research into themes:

- The implementation of innovative ideas, the focus being entrepreneurialism, innovation of products and services, and sustainability.
- The creation of social benefits for communities, the focus being community and individuals, civil society, health planning, employment and education.

- The creation of enduring cooperative and collaborative relationships at the community level, the focus being organization and management (especially efficiency), the rural population, societies and institutions, and partnership.
- The development of the processes by which new enterprises are created within existing social structures, the focus being social capital, social enterprise, policy, networking, and sustainable development.
- The ability to create more and better jobs, the focus being small-business development, microbusiness, community tourism, community structure, and self-employment.
- The implementation of development programmes in rural areas, the focus being poverty alleviation, empowerment, cultural factors, economic activity, and capitalism.
- The collaboration of the public and private sectors, the focus being community–institutional relations, the political economy, political systems, policy formation, and consumer participation.
- The attempt to use networks, and also larger networks, in order to sustain strong communities, the focus being community enterprise, the rural population, sustainable development, policy formation, community entry processes, and leadership.

We believe that an awareness of these themes can help increase the dialogue between researchers interested in community-based entrepreneurship. We can see potential for several contributions from the separate disciplines involved, and hope these themes will assist further in the academic exchange on the subject.

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Abstract

Social innovation parks, as emerging institutional phenomena, involve government agencies, non-government organizations (NGOs), non-profit organizations (NPOs), support institutions for social businesses and social entrepreneurs, and so on. In this study, we argue that social innovation parks take different forms depending on their strategies, owners, sponsors (investors), and function mechanisms. A social innovation park can be started by universities, governmental agencies, NPOs, entrepreneurial philanthropists, and dedicated holding companies. These social innovation parks can be operated at the international, national, regional, and/or local level. Here, it is their different roles in social innovation that are highlighted.

12.1 Introduction

In this chapter, we define social innovation parks (SIPs) not as aiming at developing new technology, but instead as working with new ideas to create new structures in areas such as school or health-care systems. The business of SIPs is to

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Fig. 12.1 The concept of a social innovation park, with examples



rethink existing structures, giving suggestions for new structures that will be able to solve future demographic and societal problems. An SIP may be a non-profit or for-profit entity, wholly or partially owned by a university or a university-related entity, a government agency, or a private company. The primary mission of SIP organizers is to be committed to building different types of network.

This chapter will explore the feasible forms SIPs can take and the role of government and regional organizations in developing them. The aim of the chapter is to show the possibilities presented by SIPs in solving problems in different societal areas, including ideas for future school systems or health-care systems. There is a need to look to the future when improving social systems, especially considering the ageing population of many countries, or the vast number of sparsely populated areas with few children attending school.

There are thus a number of different possible fields of activity for an SIP (Fig. 12.1). The main focus should be in trying to create ideas that help existing structures in whatever area develop to meet future challenges. Quite clearly the four main areas—health care, education, law and order, and integration—today require huge, and increasing, resources to be invested; however, it is not obvious that increasing resources will automatically produce a better outcome in each of these systems. We know, for example, that the total costs of the health-care system in the Nordic welfare economies are very large, but at the same time only half as high per capita as the health-care system in the US (Pettersson 2012), so it is not necessarily the case that privately funded systems need fewer resources than state-funded systems. Furthermore, from a demographic point of view, we know that in the future there will be a far greater number of elderly people demanding more health-care than today. The obvious question then becomes whether the demand would be less if we took a fresh look at the allocation of costs in health services as a whole. What, say, could be done to increase the focus in the existing structures on preventative care? The idea here is that this is an activity that could decrease or

postpone the demand for health-care—an example of where an SIP could make a difference.

The basic argument in favour of SIPs is financial, of course, for given so many resources are invested in, for example, the systems shown in Fig. 12.1, one must think about the level of costs as well as the allocation of costs within each of the systems (Lundström and Zhou 2011). SIPs could also work on how to develop sparsely populated areas or how to tackle problem areas in urban societies, both of which fall under what we term social entrepreneurship. In this chapter, we will enlarge on the possibilities and make a number of suggestions as to future directions. We first describe the basic notion of SIPs, and discuss the problems experienced by existing systems, followed by an analysis of the differences between SIPs and science parks. We will then consider the importance of context when constructing SIPs, since it is obvious that possible solutions will be different for urban and sparsely populated areas. Finally, we will summarize the arguments that speak in the SIPs' favour in solving the problems that will be experienced by future welfare system and social entrepreneurship alike.

12.2 Social Innovation Parks

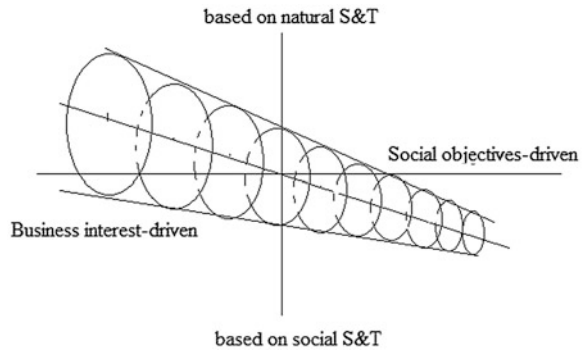
The areas illustrated in Fig. 12.1 are some of the key working areas for any SIP, and can be seen as representing just some of the fields that call for social innovation.

Social innovation was first proposed by Drucker (1986). He argued that in the past 40–50 years the dominant power in economies has been management, but social problems will be the new dominant power in the coming 20–30 years. More important, innovations should emerge in social sectors, rather than in business (Drucker 2002; Mulgan et al. 2006; Lundström and Zhou 2011, p. 12).

If this is correct, then we should expect a great deal of social innovation in these areas; and while these areas should rightly be regarded as key growth sectors in the economy, it must be borne in mind that the systems in Fig. 12.1 have more things in common than the fact that vast resources have been invested in them. After all, many of the organizations in each area are already well established, which means that they have rather rigid operating structures—the existing school system, for example, has long built upon similar ideas and similar methods. Second, one can regard many of these systems as separate from the surrounding society—the number of points of contact between the formal school system and other surrounding organizations are limited compared to other types of activities. One effect is that this will be to prompt demands for a school system that take into account the future of individual pupils entering society. The inability to do so will be an increasing problem for schools, as can already be seen in some countries.

Suppose that there was no existing school system and no formal structure, how would we create such a system given our existing experience and knowledge? This is exactly the sort of thing that an SIP could excel at. It is not so much about

Fig. 12.2 The imbalance of innovation map. *Source* Lundström and Zhou (2011), p. 5



technical innovations in the system itself, as about finding solutions that reduce that system's disjoint from society at large—which is something to work on in an idea-generation phase. Such an approach can be compared to the discussion of the degree of actual innovation in entrepreneurship: in other words, that there seem to be few really innovative entrepreneurs, and a vast number of entrepreneurs who create only marginally innovative ventures, often by copying existing innovations (for example, Aldrich 1999). We would argue that the systems described above suffer from the same problem. The existing structures seldom create radical changes, but only make marginal improvements over time. If this observation is correct for the school system then one can assume that thoroughgoing change to the system is not mainly a problem of cost, but of idea generation in the absence of structural innovations based upon really new ideas (Fig. 12.2).

The health-care system is facing increasing demands for resources since demographic changes are seeing people live longer, one effect of which is that they will need health care, and more intensive health care at that, for longer than before. This type of demand cannot be ignored in most societies, so from that perspective one can look forward to a constant need for more resources. What could an SIP do to improve such a system? First, analyse the cost process for different ages and population groups. Second, look at the possibility of changing the existing process in future. We can perhaps postpone or reduce the number of years that people need health care by changing the cost allocations, shifting from medical care to investment in preventative care—today know much more of the effect of factors such as diet and exercise, how they influence future health-care needs, and how they can postpone need for health-care by a number of years—in order to impact the demand for health care. Third, work out how to increase entrepreneurial behaviour in organizations working in this area, using the extensive knowledge about factors that can stimulate such behaviour, and analysing the extent to which such factors exist in the system today. Fourth, come up with solutions that take into consideration the specific circumstances of the region or the community.

What is true of health services and education systems can be seen as being equally valid for law and order and integration systems. It is about looking into the cost processes for each system, thinking about possible cost reallocations within

these processes and how to achieve them, and finding activities that not only change the level of costs during different phases, but also stimulate entrepreneurial behaviour. One example of this is the MOS model (Lundström and Stevenson 2005), which pinpoints different policy measures that can be taken to influence individuals' motivation (M), their opportunities to behave in an entrepreneurial way (O), and the development of their skills and competence (S). According to the MOS model, it is not enough to stimulate only one of these factors; a good combination of all three is needed. The MOS model has been applied in an analysis of the Swedish educational and health-care systems, and the main conclusion was that these systems show a lack of motivation as well as opportunities, but had a high degree of skill and competence (Lundström and Sundin 2008).

12.3 Social Innovation Park versus Technical Science Park

In traditional science parks, universities provide consultancy services to industry and operate as R&D contractors, designing products for clients. These types of park offer a means of transferring academic expertise to industry, but they provide services to firms that aim ultimately at a commercial profit, and not to enterprises that focus on social value creation. Castells and Hall (1994) list three main motivations for the establishment of technopoles and science parks: reindustrialization, regional development, and the creation of synergies. Obviously, concepts such as social value, social mission, or social impact are not included in the list.

Science parks have driven high-tech entrepreneurship ever since the first one, Stanford Research Park in Palo Alto, California, was founded in 1951. Venture capital plays an important role in promoting company start-ups and growth in these parks. In the US, science parks have historically been developed by universities, and are expected to perform as a complement to academic programmes, raising research funding and instituting university–industry relations.

In OECD nations, two policy initiatives are said to have accelerated the rate of knowledge transfer from universities to commerce: targeted legislation designed to stimulate joint research ventures between universities and companies, such as the European Union Framework Programmes; and the concomitant shift in the intellectual property regime in favour of universities, such as the enactment of the Bayh–Dole Act of 1980 in the US (Siegel et al. 2003). Westhead and Storey (1995) compared firms in 35 science parks with standard firms, and found that the probability of their surviving in a competitive environment was higher if they had links with a university, something that firms established in science parks were more likely to have.

However, all UK and Chinese science parks are located at or near universities. The university environment might be especially conducive to successful commercial R&D. Traditionally, industry–university links can take a variety of forms and include short-term consultancy to assist industry to solve a particular problem, longer research contacts, use of equipment, student placements, and projects

(Hayashi 2006). What science park management companies tend to stress is the importance of 'informal contacts'. In-depth interviews with science park management in 1986 suggested that overall the majority of their firms had no research contacts with the university. In part, the use of academic research facilities is a function of what science park firms actually do on site. Usually, there are two principal forms of science park-academic link at the level of the individual park enterprise (Quintas et al. 1992): the establishment of spin-off companies, formed by academic staff taking research out of the laboratory and starting their own company at the science park; the existence of research links facilitating technology and knowledge transfers.

The focus of science park objectives has been shifting from a university-orientation to an economy-orientation. Considerable government efforts in establishing science parks can be seen in various parts of the world since the 1980s. In North America, the greatest development has been in the US, where over 135 parks had been founded by 2000, a large majority of them created since 1982 by state and local government, which seized on science parks as a useful element in policies designed to revitalize declining economies through the promotion of high-tech industry (Zhang 2005).

It is a waste of research elites for university faculties to be involved in spin-offs. In fact, most academic researchers are not suited for a business career, and probably only few enjoy any real success. In a study of 243 high-tech firms that started up in the Palo Alto area (Silicon Valley) of Northern California in the 1960s, only eight had founders who came directly from Stanford University (Cooper 1971). Certainly, Vedovello (1997) found no evidence in her study of Surrey Research Park that geographical proximity was significant in promoting research links between university and park companies. Westhead and Storey (1995) found that a number of firms chose to be on science parks in order to be close to a university; however, the extent to which these university-industry links existed was less than had been anticipated. Oakey (1985) has also shown that research links between firms and universities are not particularly important in California. A major US National Science Foundation report on university-industry relations in 1982 noted that of fourteen universities owned or associated with industrial parks, only four parks were considered useful in stimulating technology transfer (Quintas et al. 1992). Meanwhile, Massey et al. (1992) found many science parks to be primarily a form of prestigious property development, physically isolated from their surrounding communities and thus quite unlikely to generate productive synergies to any significant extent.

In terms of their focus, some science parks have in fact taken the lead in improving green growth (Zhou 2011), social progress and human care. For example, Hsinchu Science Park (HSP) in Taiwan cultivates a high-tech quality of life culture for social progress. Its companies have been demonstrated a dynamic flexibility and an alertness to new trends that has been well recognized globally. Yet even there, as in the other science parks, commercial objectives, not social progress, is the key remit; unsurprising, perhaps, given that most resources in science parks have been invested in for-profit enterprises in the science and technology sector.

Instead, to promote social enterprise in future, one possible avenue would thus be for government and NGOs to take the lead in finding land for a regional SIP. A location close to a university campus, or somewhere where it is easier to access university resources or well-educated human resources in the region—a prestigious property development, indeed supported by public funds or private investment—would be one answer. However, in recent years, as IT technology has continued to develop, it has become possible to envisage linking companies to universities, R&D institutions, and government agencies, so obtaining the advantages of a science park without any actual property investment (Sarmiento 2000, 2001). This alternative model would lead to virtual parks, which might well be more efficient than the classic science parks (Durão et al. 2005).

In the meantime, however, an SIP could typically be a low-density park. Castells and Hall (1994) argue that the synergies are not likely to happen in low-density science parks, yet we would argue that unlike traditional science parks, where commercial interests mean there is inevitably competition, especially between companies in the same industry, synergies are far more likely in a low-density SIP, since a strong social mission and objectives will bring people together for mutual encouragement and assistance.

An SIP may be owned by a non-university entity but have a contractual or other formal relationship with a university. In terms of the work of solving social issues and creating social value, an SIP would differ from the common run of science parks in that the social sciences would perhaps be the dominant discipline, with sociologists, educators, psychologists, and even philosophers and sociologists of religion—something unlikely in a traditional science park, which gathers elite scientists, engineers, economists, and business administrators. Therefore, an SIP would be a place for research institutes concerned with social issues, as well as the methodology to solve social problems; a place where social enterprises could help one another, learn and create together, and share experiences; a place where social entrepreneurs and university faculties would take philanthropic action together to improve lives. Social enterprises, meanwhile, usually pursue economic and social value, but in doing so take a commercial approach in order to ensure their self-sustainable development.

In summary, universities could play a strong role in SIPs, whether indirectly or in ways that are more direct. Besides being a central source of new knowledge, universities provide a central resource for the well-functioning of the parks, i.e. advanced human resources in social sciences. Additionally, universities could often contribute to a wider intellectual and charitable environment that favours the establishment and growth of the parks. SIPs in proximity to campuses could use university faculty to develop forums, provide training programmes, set up information exchange platforms, and deliver knowledge of social innovation and entrepreneurship to social entrepreneurs. Whether organized by university administrations or by government or NGOs, whether for-profit or non-profit, SIPs will still benefit from the resources of the universities. Moreover, at all levels, the SIPs' concern would be social impact rather than financial profit.

The SIPs at a local level would need to focus on local social development, concentrating on challenging existing structures, social objectives, social change, and social impacts, as well as promoting local economic growth. An SIP would be an organization managed by specialized professionals, whose main aim is to increase the wealth of its community by promoting the culture of social innovation and the social contributions of knowledge-based institutions. Standard science parks, meanwhile, stimulate and manage the flow of knowledge and technology among universities, R&D institutions, companies, and markets; facilitate the creation and growth of innovation-based companies through incubation and spin-off processes; and provide other value-added services, typically property (especially the flexible leases so important for growing companies), technology, and business services. Of these services, which some science parks offer ‘in-house’, whilst other park managers have developed a network of external regional suppliers, technology support usually involves the associated university or research organization, while business services may include mundane, but still important things such as reception, telecoms, copying and printing, cleaning, security, secretarial support, and hire of conference rooms: all the services that enable a company to move in and operate from day one. More advanced services include the technology transfer, advice on intellectual property, access to loans and venture capital, student placements, marketing advice, and so on necessary for company development.

In summary, an SIP’s significant elements would be as follows:

- Government involvement.
- University involvement.
- A fixed location for the park development.
- Networks of people, information, knowledge exchange, and collaboration on different levels.
- A park management team working in a ‘regulatory space’.
- The support of financial institutions.

12.4 Social Innovation Parks in Context

SIPs can be considered in different perspectives or contexts, and here a multi-factor table will be used as the basis for an analytical model, combining analysis on the local, national, and global levels with objectives that can be contextual, social, or individual (Table 12.1).

On the global level, there are of course global actors and global agreements influencing or framing the lower levels. One example would be the agreements made by the EU Commission and various UN programmes in different parts of the world. In such a perspective, the UN and the EU Commission are global actors. This global context will frame on what type of context that can be developed on the national level, while the national level in turn influences various local contexts. At the national level you have governments and policymakers, but also other

Table 12.1 Policy analysis dimensions concerning social innovation and entrepreneurship

<u>Level of analysis</u>			
Global	Influencing-lower levels <i>Global actors</i>	Orientation <i>Social interaction</i>	Perspective <i>Global-oriented enterprises</i>
National	Influencing-influenced <i>Policymakers at national level</i>	Orientation influenced <i>National interaction</i>	Perspective <i>Domestic-oriented entrepreneurs</i>
Local	Influenced <i>Local/regional policymakers</i>	Structural change <i>Social-oriented</i> <i>Entrepreneurs & policymakers</i>	Operational <i>Entrepreneurs</i>
	Context	Social	Individual
			Objective

Source Lundström et al. (2011), p. 24

actors such as central agencies or macroeconomic institutions. On the local level are the regional policymakers. If we look at global contra context, it is obvious that globalization will influence the context at lower levels. One element in globalization will be the orientation of social aspects. For individuals, globalization is one perspective.

The national level is influenced by global and local contexts, but also itself influences not only local contexts, but also social objectives and individuals. The actual activities (which take place on the local level) and their operationalizing individuals influence the context and change the structure. One can see that if we start in the bottom right-hand corner there are arrows to all other cells at the local and national level. If we start at the upper left cell there are arrows to all the cells in Table 12.1.

Policymakers mainly focus on the national and local levels, starting from the middle cell on the left, while entrepreneurs start from the bottom right-hand cell. On the highest levels there are global actors and globally oriented entrepreneurs, both of which use supporting systems to carry out their activities.

An entrepreneur, and indeed a policymaker, can be oriented towards social activities or social entrepreneurial activities: an entrepreneur can work with a social venture, or an entrepreneurial venture, or a combination of the two, with overlapping circles of interest; a policymaker can create better or worse conditions for social ventures, or entrepreneurial ventures, or both, and can try to motivate entrepreneurs to take on social ventures by putting in place a system to support the development of competence and skills in the area of social innovation. Hence policymakers and entrepreneurs will play different roles in different contexts or societies. While support organizations are created to assist a development that

policymakers would like to see, private support organizations result from entrepreneurs' demands to be able to work with social or entrepreneurial ventures or both. Researchers are mainly passive observers in these processes.

We would emphasize the importance of creating SIPs in every type of context. We think that there are many reasons why such an approach would be of great importance for the development and growth of different regions and nations, one being the large resources that will have to be invested in social areas in the future. In this chapter, only a handful of a great many possible examples have been discussed; however, our point is that at present such an approach is wholly lacking.

12.5 Conclusions

Evidently, SIPs should be seen as being very different from traditional science parks, even if some similarities can exist. The business of SIPs is social innovation, and concerns services rather than products—ideas with which to create new types of structures for different social systems such as the educational system or the health service. One way to describe it is that SIPs are about rethinking existing structures.

The basic concept is illustrated in the Fig. 12.1. In considering such a system, the focus will fall on the process of cost allocation over time, meaning both the total level of costs as well as the allocation of costs in a dynamic process. One example discussed here is the health service, where an SIP could generate ideas for how costs could be allocated over time; another is that an SIP could come up with ideas for how an educational system could be more integrated into society.

SIPs work as much with idea generation as with structural improvements; hence one set of ideas would see real change to existing structures rather than marginal improvements. One way to create such solutions would be to analyse how to solve problems in the absence of any existing structures in the system: suppose that there was no existing school system, how would you then construct one, taking into consideration existing experience?

Then there are the contexts and perspectives illustrated in Table 12.1, a multi-factor table that shows not only the important differences between global, national, regional analyses of various actors and organizations, but also different types of structures in, say, urban or sparsely populated areas. Local, regional, and national contexts will also influence different levels of interrelated policy-making. In looking at the creation of systems, we also touch on the concept of MOS—how to motivate individuals, and how to create opportunities for social innovation and good skill systems.

To sum up, social innovation parks are a new concept that in many ways is not an extension of standard science parks, but rather are something completely new. Science parks are about reindustrialization, regional development, and the creation of synergies in commercial innovation (Castells and Halls 1994). Social progress is not their main concern. Social innovation parks, however, will look to social

benefits rather than commercial profits, and would draw on very different academic disciplines. This can be one point of departure in rethinking the existing imbalance of the innovation map.

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Part IV
The Future of Social Entrepreneurship

Malin Gawell and Elisabeth Sundin

Abstract

In recent decades, the gendered dimensions of management, organizations, and traditional entrepreneurship have been disclosed by research. The expanding practice of social entrepreneurship raises questions about whether similar patterns are reconstructed there too, or whether gender is constructed differently in this field. In this chapter, the results from a number of studies are combined with a problematization of social entrepreneurship's specific context—its close connection with how welfare services are organized, including both the public sector and the third sector—to address questions about gender. There are challenges in the shape of the complexity of the issues and a lack of sufficient data, which means it is as much an exploration as an analysis of such practices, but even so it is possible to indicate the gender systems and gender order in the emerging field of social entrepreneurship.

13.1 Introduction

Entrepreneurship, traditional commercial entrepreneurship, is gendered in many dimensions. Entrepreneurship has a male label in all contexts. It is said that, worldwide, more men than women are entrepreneurs. Our point of departure,

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meanwhile, is that entrepreneurship can be expressed in different forms in all spheres in society (see [Chap. 2](#) for further discussion). The focus in this chapter is social entrepreneurship, but in order to elaborate on gender we also relate to more traditional entrepreneurship, looking at the labour market as well as the non-profit sector in more general terms. Since social entrepreneurship often addresses welfare services of various kinds that in many countries are provided by the public sector, we will also look at the different types of welfare regime. We also want to clarify that in this discussion social entrepreneurship also refers to what some scholars name societal entrepreneurship (Gawell et al. 2009; Berglund et al. 2013).

Entrepreneurship as a rule is presented as something good and desirable for individuals, organizations, and societies alike. This positive image is, if anything, even stronger for social entrepreneurship. However, there is also a dark side to entrepreneurship, which we will acknowledge as a background to some of our illustrative examples. Indeed, we would argue that entrepreneurship in general is too often discussed without sufficient attention to its background, more specifically its economic and political context (Hjorth 2005), and social entrepreneurship calls for even greater attention to specific contexts, as well as relations within those contexts. Our specific empirical focus here is alert to relations between these (re)newed types of entrepreneurship and established Scandinavian welfare states that are under pressure from political changes heralded by new public management. And we specially look out for gender-related aspects.

Extensive and complex the context of social entrepreneurship may be, but gender is our specific focus here. What kinds of gender relations can we see in the discussions of social entrepreneurship? How is social entrepreneurship gendered? As an emerging field, the data are somewhat scattered, so one aim here is to analyse what is available and to identify needs for further research. We begin with a discussion of sex and gender, before looking at gender in relation to the spheres where social entrepreneurship operates—welfare states in transition, businesses, and the third sector. Finally, our findings are discussed and recommendations for further research are presented.

13.2 Sex and Gender

When talking about women and men as entrepreneurs of any kind, we have to talk about sex and gender, and other descriptive concepts that build on characteristics that concern biological sex. The most obvious is reproduction, but there are other consequences such as height, physical strength, and voice. These biological differences, easy to measure, vary immensely according to class, region, and time, yet they cannot explain all the differences between women and men, here and now, as they go about their lives. To do that we need the other dimensions and concepts on which there is a vast literature, the most obvious being gender.

To distinguish the biological differences between men and women from the differences in practice the concept of ‘gender’ was introduced in the scholarly as well as in the political debate. Gender could in essence be translated as ‘social sex’. ‘Male’ versus ‘female’, ‘masculinity’ versus ‘femininity’, are the key elements. By using the substantive ‘label’, the social is constructed in terms of male versus female characteristics. Change that to ‘labelling’, and the process-perspective is acknowledged, as what is male and what is female are continuously negotiated. Indeed, what was male at one time and place could be female at another time or in another place. The gendering process is constant. The instability of the characteristics, however, seems to have some eternal characteristics. In the final report of a Swedish government inquiry into the disposition of power (SOU 1990, chap. 5), Yvonne Hirdmann argued that gender was one of the powerbases in Swedish society, just as in all other societies. The element of power, as well as the options of resistance or change, were systematic, and motivated the concept of a ‘gender system’. The gender system had, and has, two dimensions; hierarchization, meaning that what is male as a rule is valued higher than what is female; and segregation, meaning that what is female is separated from what is male.

The gender system concept has both been developed and critiqued in the twenty years or so since it was presented in a Swedish version. The criticism often homes in on the system perspective as being defeatist and static—somewhat unfairly, we would say, as it allows for a process dimension and ongoing negotiations of the content of what is female and what is male. Further criticism has come from some of the ‘intersectionality advocates’ and those who emphasize multiple power systems with other bases such as race, ethnicity, sexuality, and so on. However, while we do not deny the relevance of other powerbases, and we find intersectionality perspectives relevant (Eriksson-Zetterquist and Styhre 2007), in this chapter we will concentrate on the gender dimension, as we find them of great relevance in describing and analysing social entrepreneurship and social enterprises. The methods used, like the findings themselves, could be a starting-point for introduction of other intersectional dimensions.

13.2.1 The Gender System in Action

The gender system can be illustrated in all parts of society and at all times. The situation and the processes, after all, are time and place specific. As we will be arguing from the state of affairs in Sweden in the past decade, we will look briefly at the Swedish labour market before moving on to entrepreneurship and social entrepreneurship.

Sweden rates well in international comparisons concerning equality of the sexes, yet even so there are striking differences between men and women. One need only consider some of the figures and facts presented in *Women and men in Sweden 2010*, a publication produced by Statistics Sweden (SCB 2010). Gender equality has quantitative as well as qualitative aspects: ‘The quantitative aspects

imply an equal distribution of women and men in all areas of society, such as education, work, recreation and positions of power. The qualitative aspect implies that the knowledge, experience and values of both women and men are given equal weight and are used to enrich and direct all areas of society' (SCB 2010, p. 2). The objectives of equality are power and influence, economic independence, the fair distribution of unpaid care and household work, and an end to men's violence against women—in short, all areas of society. The statistics show that equality is not imminent in any area of society, but the situation differs in both the horizontal and vertical dimensions.

Swedish women nowadays are more educated than Swedish men, which seems to be an international phenomenon. The choices made for higher education still follow traditional lines, with men dominating in technology and women in care. But there are constant changes as well. Economics and other social sciences are now more equal than before. The labour market is also sex segregated. On the sectoral level, women now work as much in the public as in the private sector, while men work mainly in the private sector. A couple of decades ago, the public sector dominated for women. The cuts following the introduction of new public management (which we will return below) have changed that. On the occupational level, the sex segregation seems to persist. Among the thirty leading occupations, only four have an equal sex distribution: administrators in the public sector, with 60 % women; chefs and cooks, with 57 % women; doctors, with 47 % women; and university lecturers, with 45 % women. The last two occupations were until recently dominated by men, and are now recognized to be occupations in a process of feminization. They are also examples of the fact that gender segregation persists lower in the hierarchy, as men and women do not teach the same disciplines and doctors have different specialties. Chefs and cooks are also a diverse group, with some working part-time and days, employed by schools or local authority elder-care units, and some working nights at fashionable restaurants. Working conditions vary between occupations, and also inside occupations as the last examples illustrate, and consequently between women and men in the labour market. In Sweden, women earn less than men. The lowest disposable income is that of a single woman with children. Men are more often managers; indeed, they are overrepresented as managers in all sectors.

Nowadays, women and men spend the same time at work—on average about 8 h a day—but while women devote the same amount of time to unpaid work, men devote half as much time to unpaid work as to paid work. In the last decade, women have reduced the amount of time spent on unpaid household work. There has been no such change for men. The changes, both absolute and relative, promise to have consequences for individuals, families, organizations, and societies.

13.2.2 Gendered Organizations

The figures published by Statistics Sweden are aggregations of the situation in organizations. The concept of ‘organizations’ includes private, public, and third-sector organizations. Organizations are constructed by and constructs of gender, as argued by scholars interested in the social construction of gender and organizations. We, like many other Scandinavian researchers, have been influenced in this by the American sociologist Joan Acker, who with her colleague Donald Van Houten read the field notes from the famous Hawthorne studies of the 1920s, and found that the conclusions drawn were odd as they did not consider that women and men were treated very differently and reacted accordingly. Acker (1992, p. 252) duly developed a model for analyses of organizational gender orders and a method for studying gender orders in organizations. She identified four processes ‘that are components of the same reality, although, for purposes of description, they can be seen as analytically distinct’.

- Production of gender division.
- Creation of symbols and images.
- Interactions between individuals.
- Internal mental work of individuals.

Many researchers have studied gender and organizations, developing a number of concepts. ‘Gender order’ is a much used term, as is ‘gender regime’. Some argue that ‘gender’ should not be used, and that the ‘sex’ is enough, because it too is socially constructed (Wahl et al. 2001). The fact that organizational structures are not at all neutral, but are rather expressions of power, is emphasized in the concept of ‘opportunity structures’, according to Rosabeth Moss Kanter’s findings (1977). Moss Kanter, just like Acker, has attracted considerable academic interest in Scandinavia.

In recent decades, the focus on women when studying gendering processes in organizations has been complemented by studies that include men and the actions and reactions taking place: take Kvande and Rasmussen (1994), who follow both the minority of women and the majority of men in male-labelled organizations; or Lena Abrahamsson (2009), who uses the expression ‘to restore the order’ to explain the reactions following a decision to change the gender order at various workplaces. A focus on men and the importance of work—proper ‘male’ work—for men’s identity is also a growing research field (see Collinson and Hearn 1996; Mellström 2003).

Some of the concepts, perspectives, and ‘figures and facts’ could be of relevance when describing and analysing organizations with social ambitions. Do they differ from other organizations when it comes to gender order and processes of change? The question, which is both empirical and theoretical, may have many answers. As is illustrated in this chapter and elsewhere in this volume, third-sector organizations, like social enterprises, are not homogenous groups. They differ in size, age, goals, locality, and so on. Their lowest common denominator may be what they are not, rather than what they are, something that we will return to anon.

13.3 Gender and a Welfare State in Transition

We have already stated our belief that context is all when it comes to entrepreneurship in general. Before we continue the discussion of gender and entrepreneurship, we will first elaborate on the types of welfare regimes and states of changes, since these most frequently form the context for social entrepreneurship.

13.3.1 Different Welfare Regimes

Sweden is a welfare state of the social-democratic type, according to a typology designed by the sociologist Gösta Esping-Andersen (1990) in his influential book, *The Three Worlds of Welfare Capitalism*. Esping-Anderson goes on to use the concept ‘welfare regime’, and to discuss the development of different forms of welfare-capitalism. A regime is a complex of institutions and understandings creating and distributing resources. In a liberal welfare regime, the market is the main distributor of resources, social benefits, and insurance. The social benefits go only to the really poor, mainly the deserving poor. Many women are employees in the large, low-wage, private service sector. These women give other women the chance to have a career in other markets by taking care of some of their care responsibilities. As will be understood from this short description, incomes are unevenly distributed. In a conservative welfare regime, the state takes an active part in the social-security system based on corporatist principles and the separation of occupations. The role and importance of family is paramount in this regime—leading to low numbers of women entering the labour market. Women, however, do not only work in their own homes, but also provide services outside the home. A social-democratic welfare regime has general social-security systems governed by the state and to a large extent financed through taxes. The individual, not the family, is the key unit for both taxes and the distribution of incomes. Women have a presence in the labour market, and the state takes responsibility for part of the traditional care responsibilities.

The Esping-Andersen taxonomy has been developed since, but also criticized for not considering the position of women and the gender system. Rianne Mahon (2002), studying and discussing differences in childcare as essential to contemporary welfare state design, distinguishes three models constructed from the possibilities for paid parental leave and publicly financed, high-quality child care. Sweden and Denmark, according to Mahon, are examples of states with equality between men and women. Generally speaking, scholars have found that although the EU strategy is to implement similar systems in all member states, there still are important differences.

These regimes furthermore facilitate, or even demand, different roles for private social service providers. Generally, these services in the liberal model tend to be provided by the market. In the conservative model, unpaid household work and voluntary associations carry out similar tasks. In the social-democratic welfare

regime, the state has the main responsibility, and to a large extent dominates the provision of social services—services that in most contexts have a female label. There has, however, been an alternative role for civil society, both for groups to mobilize advocacy and to provide niched services (Trägårdh 2007). That said, the size of the non-profit sector in Sweden is as large in relation to its population and GDP as in many other Western countries with different types of welfare regimes. It has fewer organizations providing welfare services, but more organizations and more voluntary work in sports associations, popular education, and so on (Lundström and Wijkström 1997).

The emerging discourse on social entrepreneurship has been strongly influenced by paradigm-building actors (Nicholls 2010), who are very much one with the liberal welfare regime. This discourse is now being implemented, at times with little resistance and at times with more resistance, in different contexts. And the case of Sweden, in terms of its welfare regime, is one of transition.

13.3.2 A Welfare State in Transition

Another question relating to Esping-Andersen's work on the Swedish social-democratic welfare state is whether its characteristics remain after two decades of new public management (NPM). NPM came to Sweden more than twenty years ago. As the Swedish welfare system is a matter of almost 300 municipalities and around 20 country councils, NPM came piecemeal—at different times in different municipalities and in different sectors. Nowadays the principles and practices of NPM are a matter of great political controversy, with eager proponents on the Right (who are in government at time of writing) and considerable opposition on the Left. Other actors such as business and industry associations and trade unions are also involved.

As can be understood, there are many versions of NPM in action as it is locally translated and implemented. Christensen and Laegreid (2006, p. 1) in their introduction to NPM refer to its 'transformation of ideas and practice', bringing 'increased market orientation, devolution, managerialism and the use of contracts', and leading to 'a transformation of the public sector in many countries'. As they note, most studies of NPM limit their focus to the effects on public organization, yet there are also external effects on attitudes and thinking, and directly on other actors such as third-sector organizations. That the shift to NPM lines has affected third-sector organizations is something claimed by Wijkström and Einarsson (2006), for example, who address the consequences of a shrinking public sector in terms not only of quantitative interventions and support, but also of qualitative dimensions, including withdrawal from some areas by tradition handled by the public-sector organizations. We would add that civil servants acting like private-sector managers or entrepreneurs may have a significant impact on organizations, and individuals working for and with these organizations. This may have gender implications much like the findings discussed by Wijkström and Einarsson.

13.4 Gender in Business

The key concepts of NPM are taken from private-sector business and industry. NPM relates to entrepreneurship and business in at least two ways: the public sector is meant to behave like private organizations operating in the market, and it is meant to make way for private providers, if possible. The consequence is that the public sector will have fewer responsibilities—and fewer employees. As the public sector is (still) the leading employer for Swedish women, NPM advocates hoped that a reduced public sector would make business opportunities for many women and lead to a large number of new enterprises being started and managed by women, especially former public-sector employees—something that has not proved to be the case so far.

Entrepreneurship is very much on the political as well as on the research agenda. Its popularity has a disadvantage, as its constant use means that it not just is used, but also misused and overused. In general, it has positive connotations; in research, discussions are more disciplined. We take the line that entrepreneurship demands action, that an entrepreneur is an acting individual (Hjorth et al. 2003), and that action makes a process perspective relevant, as borne out in our findings and discussion of the entrepreneurship research field, which speak to social entrepreneurship and the question of gender.

As entrepreneurship and entrepreneurs are highly valued, one frequent question is which are the driving forces behind entrepreneurship. In the Global Entrepreneurship Monitor (GEM 2013), the incentives for starting a business (we will return to the widespread practice to putting a company start-up on a par with entrepreneurship) are presented as ‘necessity’ incentives or ‘opportunity’ incentives, where ‘necessity’ can often mean an economic necessity, of having to earn money to survive and support family members, and ‘opportunity’ often means seeing favourable business opportunities on a market for a product or a service, that can be sold for money. Both necessities and opportunities are created in a spatial and temporal context. In a developed economy of the Swedish type, economic necessity is not of the same imperative character as in a poor country. Therefore ‘push’ and ‘pull’ are sometimes used as less drastic alternatives (Sundin and Holmquist 1989). Necessity is however value laden, and relevant in other dimensions than an individual’s personal circumstances. This was shown by one of the present authors in her thesis on the founding on the Swedish branch of the international Attac movement (Gawell 2006), since when she has argued that social entrepreneurship is first and foremost grounded in what entrepreneurs perceive as necessary and then is facilitated by opportunities (Gawell 2012). Gawell also illustrates that entrepreneurship is exercised in, and through, all kinds of organizations. To demonstrate this, concepts such as ‘corporate entrepreneurship’ (Zampetakis and Moustakis 2007), ‘public entrepreneurship’ (Klein et al. 2010), ‘public sector entrepreneurship’ (Kovalainen and Sundin 2012), and ‘political entrepreneurship’ (Minstrom and Norman 2009) are used. Still, entrepreneurship is most often connected to small, private enterprises managed by the owner her- or

himself. But as the Norwegian researcher Olav Spilling (2000) argues, not all small businessmen are entrepreneurs, and not all entrepreneurs are small businessmen. By the same token, we will specify several different aspects that can indicate how gender is related to social entrepreneurship.

13.4.1 Women as Entrepreneurs

Women are presented as less entrepreneurial than men all over the world (GEM 2013). The share of women as owners of enterprises varies between countries, but seem to be of the order of 25–35 %. As a rule, the proportion of women as owners of businesses or self-employed is lower than the proportion of women in the labour market, which we can describe as a deficit of entrepreneurially minded women in the market. The reasons for this the low share are much discussed internationally, and can be narrowed down to lack of capital, neglect of women, identity, family obligations, lack of adequate knowledge and experience, and the male label attached to entrepreneurship. Although the reasons are interrelated, we will comment upon them one by one.

The first, lack of capital, has been found in different countries (Gatewood et al. 2003). It is more difficult for women than for men to find the capital with which to realize their ideas. They have less capital to begin with as they earn less and therefore can accumulate less. Moreover, both banks and the public support systems rate men's ideas and business plans more highly than women's.

Neglect of women is sometimes put forward as the reason for the low number of women entrepreneurs. As an example, the arguments refer to the traditional way of presenting the husband as the entrepreneur and the wife as the helper in family firms, and self-employed men as entrepreneurs and self-employed women as absent from the labour market or with a labelled according to their occupation, such as cleaner—but not entrepreneur. This argument holds that women are entrepreneurs to the same extent as men, but are not acknowledged as such, but also that women do not value an entrepreneurial identity as highly as men do.

Family obligations refer to the fact that women have not got the time to start a firm of their own as it would be too demanding both in time and commitment—something in short supply for women, or at least women with a husband, children, or elderly parents.

Such shortcomings are also behind references to gender-segregated labour markets and experiences. In the Swedish context, the fact that the public sector is the major employer of women has been presented as a reason for a low share of women as entrepreneurs in two ways: the public sector is said to create un-entrepreneurial minds; and the care and health-care sectors in which women principally work are dominated by huge public organizations. Even when there is none, the image is of their being a formal monopoly. Men are more likely than women to be managers in organizations. A position as manager gives both

experiences and contacts that could be valuable for an individual changing organizational contexts to become an owner-manager.

All the reasons mentioned are related to the male label of entrepreneurship described and analysed for Sweden (Ahl 2002; Berglund 2007; Holmquist 2002; Sundin 2002) and for many other contexts, largely drawing on discursive analyses of texts from the fields above. The discussions of women as entrepreneurs and firm-owners are used to illustrate the position of women in society and organizations.

Women as entrepreneurs and owner-managers are nowadays part of Statistics Sweden's presentations. From studies done thirty years ago (Sundin and Holmquist 1989), we know that there seem to be stability in many respects, although there are changes in line with changes in society. Women, just like men, very often start enterprises in their occupation, even if it also happens that a change to a position as owner-manager also mean a change of sector. The choice of sector can 'roughly' be described as traditional when it comes to gender labels. Sometimes SMEs are described as even more sex-segregated than the labour market. As a consequence, the market for women-owned enterprises is more local than that for enterprises owned by men. For both men and women, a strong incentive is the feeling of freedom and independence, and consequently they opt to stay small. Enterprises owned by women are smaller than enterprises owned by men even when they are in the same sector. A women-specific reason for self-employment is family. Women start a firm of their own to get an income and avoid the demands of employers. We can find family reasons also behind men's choices—but not to the same extent.

Thus it should be remembered that there is an intermixture of incentives for changing a way of life. Like others, we have found social incentives expressly stated among small firm owners (Sundin 2009). There is also an intermixture of activities in people lives. As was mentioned above, people do both paid and unpaid work. The paid work for many individuals comes from different sources. Part-time entrepreneurship seems to be very common, but until only very recently has been ignored both in statistics and research. We mention them as activities that are also relevant for social entrepreneurship.

13.4.2 NPM and Women

One of the aims of NPM, as we have seen, is to reduce the public sector and increase the private sector by shifting responsibility for the provision of state-funded services to private providers. As women were, and are, the majority of employees in the care and health-care sectors, women were duly expected to establish themselves as private providers in these sectors. The introduction of a law on freedom of choice (SOU 2008) in some areas of social provision was expected to be a real trigger, or as the government inquiry put it, 'freedom of

choice will benefit small enterprises in general and enterprises owned by women in particular' (p. 261).

Statements like this were also formulated on the national level by the minister for industry and commerce, who also was a spokeswoman for women's entrepreneurship. The Swedish Agency for Economic and Regional Growth (Tillväxtverket), acting at the government's behest, initiated courses and conferences to give advice and support to encourage women to leave the public sector but remain in their occupations and professions as private providers. The agency also presented figures that indicated that a substantial number of women (and men) chose to do exactly that. However, on closer examination, the result is less positive from a women-as-entrepreneurs point of view. A study from one municipality shows that the number of women establishing themselves as private providers has increased, but their share of the turnover in the local market is very low (Sundin et al. 2010). By far the largest parts of the new market are taken by big national and international companies, sometimes owned by venture capitalists. The women-owned enterprises have few new customers and therefore very low incomes, so that a majority of them cannot make a living in the privatized sector. Their only possibility is to get supplementary income from private customers or complementary services that are not financed by taxpayers' money. We also see that among the new providers, managed and owned by individuals, men are overrepresented compared with their proportion as employees. Even if there are successful women, realizing expectations seems to be the exception, not the rule. The main outcome seems to be that NPM is no way to success and fortune for women. Some researchers conclude that NPM means a masculinization of the public sector, and this seem to be an ongoing process in the privatized services too (Sundin et al. 2010).

These critical standpoints raise the dark side of entrepreneurship; one sometimes expressed by researchers, although the great majority of researchers, politicians, and voices in the public debate emphasize the positive side of entrepreneurship. This positive bias, sometimes taken to the point of presenting entrepreneurs as heroes, could create problems for those less glamorous but equally entrepreneurial (Berglund and Johansson 2013). The expression, the 'dark side of entrepreneurship', was used in an article by Kets de Vries in 1985. Kets de Vries states that what is adequate for an entrepreneur may be dysfunctional in the business sector; others have applied it to difficulties in adapting and cooperating, or entrepreneurship in activities detrimental to society such as criminal creativity (Lockwood et al. 2006). For individuals, we also know that entrepreneurship may not lead to fortune and fame, but to poverty and social stigma. Some individuals who fall into the 'necessity incentive category' could be classified as a dark side of entrepreneurship. That said, we, like several other researchers, talk and write about the individual level, while the dark-side perspective has an organizational reach and perspective and operates on an aggregated societal level. This last relates to the politics and welfare regimes with which we began this section. The same conclusions can be drawn from the GEM studies, where necessity entrepreneurship is related to the economic level of nations.

We have here seen how entrepreneurship is gendered in different ways. Our main hypothesis is that the gender system also includes organizations in the social sphere in which we are likely to find many social entrepreneurship initiatives and social enterprises, even if we are alert to the exceptions and challenges. Social entrepreneurship as a conceptualization combining the feminine laden *social* with the masculine laden *entrepreneurship* can on the one hand lead us to believe that masculine-laden entrepreneurship will influence and masculinize social engagement and work, yet on the other hand it might be the opposite, since social aspects and care seem to be more feminine-influenced. It might also be the case that the focus on entrepreneurship often equated with new ways of thinking and acting might also indicate changes in gender regimes in the understanding of entrepreneurship or in the social sphere respectively.

The discussion of gender, the social economy, and social enterprises should probably be developed along a variety of lines, just as the social economy is constructed by organizations with varying characteristics in important dimensions. We will therefore continue by investigating gender in the social economy and its organizations. Does gender construct organizations and organizations construct gender in this sphere of society too? Do the processes discerned by Acker have the same meanings and importance in the social-sector organizations? Are there differences that justify dividing up social-sector organizations according to determining factor? Are the gendering processes and labelling of differing importance?

13.5 Gender and the Social Economy

Social entrepreneurship is generally thought of as relating in different ways to the business sector, the public sector, and the social economy. The social economy, non-profit sector, or civil society, depending on which conceptualization is preferred, also relate to gender in several ways. We do not take a stand here for one concept or another. There are great overlaps, even if the meanings are not synonymous. The data examined here can be related to any of these conceptualizations, as well as providing useful indications of gender related to social entrepreneurship.

Analogous with the points made above, women and men's participation in social economy organizations is relevant to how gender is expressed in other organizations. This will primarily be discussed in relation to initiatives that directly target gender constructions or gender-related issues. In this section, we will base our discussion on the available statistics and the literature. The issue of gender in the social economy seems, however, to be a fragmented and almost unexplored field. The aim of this review is therefore as much to compile results as it is to see what is available, or rather what is *not* available.

13.5.1 Gendered Social Engagement?

As described in [Chap. 2](#) this sector or sphere, depending on the conceptualization chosen, is not the easiest to grasp when it comes to the number of organizations, who is involved, or what issues they target. The statistics are still fragmentary, and primarily describe established NPOs. This means that some of the ventures that primarily identify themselves as belonging to the cooperative tradition do not use the same terminology, since some of them distribute profit at times for reinvestment in the venture itself or new ventures with the same or similar goals, or at times distribute profit to members as a way of financially empowering less privileged groups. Both these types of ventures can be seen as being the results of social entrepreneurship initiatives, however.

In some countries there are specific legal forms, tax categories, and the like that can be used to identify them in the statistics. In others, this is not the case. In Sweden, for example, there is no requirement to register a new organization unless it carries out business activities, employs people, or performs services that require registration or some type of permit. This means that you can run quite an extensive organization on voluntary basis without having to register it. The main argument for this is that it is by extension an expression of freedom of opinion, freedom of speech, and freedom to meet ([SOU 2007](#)); to require registration would amount to registering people's opinions. Moreover, the lack of specific legal forms for cooperatives, social enterprises, or similar ventures means that it is not possible to identify them in the ordinary statistics. This does not mean, however, that we would argue there is a need for specific legal forms. That question goes far beyond any interest in data about such ventures.

In 2010, Statistics Sweden was commissioned by the government to develop data on civil society, using as far as possible the International Classification of Non Profit Organizations ([Prop 2009](#)). In spite of measurement difficulties, the first report ([SCB 2011](#)) indicated that of the population aged 16 and over, more than six million people (75 %) were members of one or more associations, and 2.7 million (almost 35 %) participated actively in at least one association's activities. Most people participated in sport and leisure associations (1.1 million), housing associations (0.5 million), and cultural associations (0.4 million). Almost 80 % of the men aged 16 and over were members in one or more associations, compared to almost 78 % of the women; approximately 38 % of the men participated actively in at least one association's activities compared to approximately 32 % of the women. The greatest difference was found in sport and leisure associations (35 % of men and 24 % of women were members; 19 % of men and 11 % of women participated actively). The reverse was true of cultural associations (10 % of women and 9 % of men were members; 6 % of women and 5 % of men participated actively) and in international humanitarian and peace associations (14 % of women and 10 % of men were members; 3 % of women and 2 % of men participated actively). Membership and activities within the fields of health and social care have not yet been reported according to sex.

Another survey-based study presented in 2010, however, indicates that women are more active in socially oriented organizations than in leisure-oriented organizations, whether established or informal (Svedberg et al. 2010). It is also noted that groups, largely made up of women, provide extensive care for needy family members as well as friends, neighbours, and so on.

Both the official statistics and the literature thus indicate that engagement in voluntary services is gender segregated. Men engage more in sports and leisure activities, while women engage more in social service and humanitarian associations. Together with the differences in amount of unpaid household work, this strengthens the argument that the more general gender system also extends to voluntary engagement (although it can be questioned whether it is all perceived as voluntary, or as something that ‘has to be done’).

13.5.2 Gendered Organizations?

The initiatives to develop statistics on NPOs do not yet include a general gender specification of employees, so a labour market analysis along the lines of the more general non-profit categorizations referred to above is therefore not possible, but there are some indications from survey and case-studies. The Svedberg et al. (2010) survey analysis shows that men are more likely than women to want to contribute to the development of an NPO or to show a personal interest. Women, on the other hand, say they would like to contribute to other people’s well-being, the development of the community, and the development of society. The authors conclude that this, together with what people say they actually do, indicates a gender system in which men tend to take on leadership and steering roles, women the direct services to beneficiaries, communication or advocacy, and fund-raising (Svedberg et al. 2010). Stark and Hamrén (2000) have found something similar in a case-study of the Red Cross, with men using the Red Cross as a vehicle for their careers and the Red Cross using women for work. These findings strengthen the argument that this sphere in society follows the general hierarchical gender system. In addition, in the organizations dominating the field, that is sport and leisure associations and housing associations, a gender division of tasks along both vertical and horizontal dimensions is at hand.

Participation in organizations with a prevalent gender system seems to dominate. These types of organization attract publicity in the first instance for their main concern—sporting results for a sports club, say—even if their culture at times is scrutinized from different points of views. They are taken for granted in the Swedish society, and consequently seldom characterized as oppositional. There is a great deal of publicity for sports and sporting organizations, far less for areas such as social engagement. Other organizations such as special interest groups working to improve the environment or ‘reclaim’ the cities get far more publicity, although their active membership is tiny compared to sport clubs and housing associations; however, they are often characterized as oppositional even if

at times they present arguments that does not differ significantly from mainstream arguments of the sort found in national or international conventions. These differences in their practices and image are worth bearing in mind in both research and in public debate, especially when making international comparisons.

Organizations with a feminist agenda get a great deal of attention in the Swedish media, despite being few and having a small number of members in an international perspective. Sweden has been called a feminist country without feminists (see Gelb 1989). Speculation about the consequences of women constructing and managing organizations is a popular topic (Eduards et al. 1997). The consequences of the compact male dominance of organizations are seldom on the agenda; regardless of the gender implications, it is simply assumed that it will be 'men at the top'. In the next section, however, we will consider two organizations constructed around sex and gender.

13.5.3 Gendered Initiatives

The social entrepreneurship organizations so constructed differ considerably in size, age, aims, and so on, just as other organizations do. One hypothesis stating that social organizations are gender segregated in the same ways as other organizations derives from the assumption that organizations are similar; another holds that challenges to established organizations and institutions could be mounted because of their gender systems. These two alternatives could include diverse practices because the organizations differ, but a great many studies will be called for to establish the truth of this. Studies of organizations that directly target gendered issues give some indication of what could be expected. We will thus refer here to two illustrative examples from the Swedish context, SKR and Rikskriscentrum, both organizations that started as social initiatives and with clearly social aims.

SKR, The Swedish Association of Women's Shelters and Young Women's Empowerment Centres, is a national association of women's shelters (kvinnojour), young women's empowerment centres (tjejjour), relatives' associations and other organizations working to prevent and put a stop to men's violence against women. The association is not affiliated to any political party or religion. SKR's vision is an equal society free from violence. Men's violence against women is the ultimate expression of structural inequality. If we are to end the violence that is aimed at women purely because they are women, we must work towards greater equality in a number of areas. Notions of what is considered feminine or masculine influence and limit our behaviour and our understanding of ourselves. SKR believes we are not born into our gender roles, and that it is possible to change the way women and men are perceived (Kvinnojouren 2011).

Rikskriscentrum, The National Association of Swedish Crisis Centres for Men was formed in 1997 after five years of informal networking between small numbers of crisis centres that then existed in Sweden. ... Today there are 11 associated crisis centres. Any centre working in the field of crisis and violent behaviour with respect to men where the treatment is carried out by psychologists, social workers or similar may join the association (Rikskriscentrum 2012).

Studies of these organizations have shown a complex of economic relations, expectations, and interaction between beneficiaries, volunteers, and public administration—and gender is integrated in this complexity (Stark and Hamrén 2000). Holmberg and Bender (1997) argue based on their study of seven women's shelters and three men's crisis centres that there is not only gender segregation, but also other differences. The women's shelters primarily depended on volunteers, and formal training was not demanded. Even if they aimed to be visible so that women could contact them, anonymity and secret addresses were a significant part of their work of providing a safe shelter. Their activities were many times seen as complementary, if subordinate, to public services, and were therefore also subject to detailed public auditing. The men's crisis centres, on the other hand, were staffed by professionals, even if there were some informal activities operated on voluntary basis that aimed at supporting men in difficult situations such as divorce (voluntary activities were not open to men known to be violent, however). These centres did not need secret addresses or to provide shelters, and they did not feel that the public authorities were trying to control their activities or saw them as subordinate to the public administration.

Holmberg and Bender (1997) stress, in line with Acker's argument (1992) that gender order is integrated into structures and interaction with other parties, and that there were differences in what role the authorities were prepared to accept from these two types of organizations, a reluctance that seemed to stem from the view that women's shelters argued on behalf of women at risk—in some cases even accused of being fanatic—while the men's organization did not seem provocative.

13.6 Social Entrepreneurship, Gendered Entrepreneurship?

There are several challenges in raising questions about gender as it relates to social entrepreneurship. The first is grasping how gender is played out in practice and how it can be analysed. Here we have chosen to draw on gender theories that emphasize gender systems in societies as well as how organizations are gendered. The second is that social entrepreneurship does not exist in a vacuum, but is part of society, not least through its interaction with different types of welfare system, business culture, and the third sector or social economy. We have therefore considered welfare systems, and especially any indications of how they are gendered, and then went on to look at gender in business. Since social entrepreneurship also relates to the third sector, we have discussed the difficulties in identifying these types of organizations in the statistics, let alone the indications of how this sphere is gendered.

We have found that available statistics and studies support the assumption that gender systems and gender orders are to be found in all spheres, including the third sector. This conclusion is borne out by a study of social enterprises from the UK based on gender-specific statistics (Teasdale et al. 2011), which showed, however,

that in some respects things such as the degree of hierarchization was slightly lower, at least in smaller social enterprises. The Swedish data do not yet permit that kind of comparison.

What it does bring to mind, however, is the variety of organizational expressions in the different spheres, and perhaps especially the third sector. Except for the more obvious variations between large and small, old and new, and the like, there are also differences in types of issue addressed and how these issues are acted upon. Many organizations are supposedly gender neutral, even if Acker (1992) and others argue that organizations are not. Some organizations, however, acknowledge that they are not gender neutral, and at times even stress their intention of being anything but. The example of the women's shelters and men's crisis centres illustrates the fact that there are gender orders beyond those sought by individuals and individual organizations.

The indications are that women's efforts in what amounts to a duty of care, many times on a voluntary basis, are the result of considerable gender pressure both as regards the specific task itself and financial conditions for these tasks. This recalls the dark side to social entrepreneurship identified by Kets de Vries (1985), and calls for further analysis of women's and men's areas of interest as social entrepreneurs, how their ventures are organized, how they act and how they perform as well as how these initiatives are perceived by other actors in society.

Based on the review of the existing data on the different spheres of social entrepreneurship, our conclusion is that there are no general deviations from the common gender system and gender order. There is a need of further development of the statistical data to be better able to compare the different spheres both generally and more specifically. Furthermore, there are issues related to the specific field of social entrepreneurship. Firstly, the generally feminine-laden 'social' is combined with the generally masculine-laden 'entrepreneurship'. Does this mean a feminization of entrepreneurship or a masculinization of the social? Or will the feminine become more entrepreneurial and the masculine become more social? Secondly, there is the question of the labour market, businesses, and other organizations effects the gender construction in entrepreneurial initiatives which consists of expressions of entrepreneurial initiatives. Entrepreneurship is mostly thought of in terms of the early stages when ideas develop and are acted on. It would be interesting to know how gender is constructed during this early emergent phase, and more specifically if and how the processes that Acker identified are found to develop in different types of new venture that currently fall into the bracket of social entrepreneurship. Thirdly, following on from that, does the construction of gender alter as each new entrepreneurial venture passes through various institutionalization phases, and how does gender in these emerging organizations relate to how gender is expressed in the different sectors? Finally, how do constructs of gender in social entrepreneurship affect the people who the initiatives aim to support?

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The Likely Determinants of Social Entrepreneurship and Policy Implications

Habib M. Kachlami

Abstract

The aim of this chapter is to provide a modest insight into the determinants of social entrepreneurship. To that end, the chapter summarizes the results of the little research that has been done to date on the determinants of social entrepreneurship. Due to the limited number of determinants that have been investigated, they are simply categorized as individual and environmental determinants. The main criterion for selecting the determinants of this chapter has been the existence of at least one empirically based argument as to the effect of each determinant. This study demonstrates the inapplicability of conventional entrepreneurship policies if the aim is to stimulate social entrepreneurship, for its principal finding is that for the same determinants, the effect on social entrepreneurship might be different or even the opposite to the effect they might have on commercial entrepreneurship.

14.1 Introduction

During the last half century, the role of entrepreneurship in the economy has significantly changed. The move from managerial capitalism towards entrepreneurial capitalism has been one of the most important changes in the global economic structure in recent decades (Acs 1984), and entrepreneurship has become the engine of economic and social development throughout the world (Audretsch and Thurik 2004). According to different measures of entrepreneurship, there is

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some empirical evidence for the link between the level of entrepreneurship and economic development within societies. According to GEM, differences in the level of entrepreneurial activity can account for 30 % of difference in GDP growth (Stevenson and Lundström 2001). According to Audretsch et al. (2002), those OECD countries that have experienced higher increases in entrepreneurship have also showed higher rates of economic growth and lower level of unemployment.

This link between entrepreneurship and economic growth has had implications for governments throughout the world, and they have tried to have a constant supply of entrepreneurs to create jobs and maintain economic growth. In the UK alone each year around £8 billion is spent on entrepreneurship and SME policy—approximately the same as the amount spent on the police and more than that spent on universities (Storey 2008). Similar relative results have been estimated for Sweden, where the spend in 2009 was estimated to 46 billion Swedish kronor or roughly 5 billion Euros (Lundström et al. 2013).

These figures are examples of the large amount of money being spent on entrepreneurship and SME policy by governments around the world. This emphasis on the role of entrepreneurship in economic growth had framed entrepreneurship mainly within economic theory, presuming the rationalistic model of man, and disregarding distinctive human capabilities that lead to flexibility and the use of social freedom to design practical, innovative solutions (Baumol 1968; Loasby 2007). Economic theory also neglects the fact that human values, capabilities, and discretion differ considerably (Loasby 2007). As a consequence, most past research has been centred on commercial entrepreneurship and emphasizing financial returns over social returns.

The reliance on the ‘invisible hand’ of the free-market system means that the duty of safeguarding the public and meeting social needs is left to government. Yet the bureaucracy and inflexibility associated with government usually leads to ineffective social policies (Dees 2007). Therefore, there have always been some social needs that gone unmet by the free-market system and government alike. It is to meet these needs that the social entrepreneurs have emerged, with their emphasis on social value over financial returns (Haughton 2008).

The recent global economic crisis has rammed home the point that giving the commercial entrepreneurs complete freedom in following their short-term financial goals, while disregarding the long-term social consequences, will lead to a reduction in the wealth of nation and social livelihood. Therefore, many researchers suggest that the right time is right for entrepreneurship to address social problems, and social entrepreneurship has been in the centre of interest for many researchers and policymakers since it integrates social mission with business discipline.

Despite this growing interest in social entrepreneurship, there is not enough knowledge about the prevalence of social entrepreneurship, or its drivers (Hoogendoorn and Hartog 2011). Research on social entrepreneurship is still in its infancy, with ambiguous concepts, unclear boundaries with other fields, few empirical studies, and a limited ground for building theories and testing purposes. Most of the empirical research centres on case-studies, more particularly observations of

successful social entrepreneurs and enterprises, which leads to biased observations (Hoogendoorn et al. 2010; Dacin et al. 2010).

This gap between the growing eagerness on the part of policymakers to see flourishing social entrepreneurship, and the lack of sufficient empirical studies especially regarding the drivers of social entrepreneurship, can result in policies that, instead of relying on robust evidence, in the best case are based on assumptions or expert opinion. However, it is also impossible to ignore the other sources of interventions such as the self-interest of politicians and government officials, political lobbying, societal power structures, and ideological considerations, which all play a role in making and shaping policy. In this situation, the lack of adequate, generalized empirical evidence regarding to the drivers and determinants of social entrepreneurship also makes it difficult, if not impossible, to analyse public policies on social entrepreneurship and to question the policymakers.

To fill this gap and to provide at least some grounds for evidence-based policy-making on social entrepreneurship, this chapter provides a summary of the determinants of social entrepreneurship based on the literature available. It is important to note that this is a not a phenomenology study to explain social entrepreneurship and its component elements; it just provides a list of some of the likely determinants that may increase the likelihood of someone becoming a social entrepreneur.

In the following sections of this chapter at first an overview of the likely determinants of social entrepreneurship, their similarity to and difference from that of commercial entrepreneurship, and the related research is provided. In the second section a summary of individual determinants and in the third part a summary of environmental determinants, which are more likely to influence social entrepreneurship, will be presented. Then in the fourth part the implications of this study for social entrepreneurship policy-making will be discussed.

14.2 Determinants of Social Entrepreneurship

Although there are some common behavioural characteristics shared by social and commercial entrepreneurs, such as opportunity recognition (Dees 1998; Johnson 2004; Nicholls 2006; Peredo and McLean 2006), innovativeness (Austin et al. 2006; Dees 1998; Mair and Martí 2004), risk-taking (Peredo and McLean 2006; Zahra et al. 2009), and desire to survive, grow, and serve the market (Prabhu 1999; Weerawardena and Sullivan Mort 2006), but generally social entrepreneurs have different characteristics from for-profit entrepreneurs (Santos et al. 2011).

Mair and Martí (2009) suggest that there are substantial differences between social and commercial entrepreneurs and their associated processes and activities. This is because social mission is the centre of interest for social entrepreneurs, and any wealth generation is also a means to achieve a social mission (Dees 1998). In eighty in-depth interviews with social entrepreneurs in the UK, Shaw and Carter (2007) found that social entrepreneurs' main motivation is social aims such as making a difference in order to meet local needs or solving social problems.

Table 14.1 Empirical studies that have addressed social entrepreneurs' personal characteristics

Perceptions and attitudes	Age and gender	Employment status	Goal orientation and motivation	Innovativeness
Johnson (2004) Harding and Cowling (2006)	Harding and Cowling (2006) Shaw and Carter (2007) Bosma and Levie (2010)	Harding and Cowling (2006)	Sharier and Lerner (2006) Shaw and Carter (2007) Bosma and Levie (2010)	Weerawardena and Sullivan Mort. (2006) McDonald (2007) Mair and Schoen (2007) Bosma and Levie (2010)

Source Bacq et al. (2011)

Although the importance and priority of social mission to the social entrepreneurs' endeavours has been investigated by many researchers, the related determinants that drive individuals to choose social entrepreneurship rather than commercial entrepreneurship have not been empirically explored (Bacq et al. 2011).

As for the determinants related to individual characteristics, very few empirical studies have compared the individual characteristics of social entrepreneurs to other occupational groups (Bacq et al. 2011) (see Table 14.1). Among the studies, only those by Bosma and Levie (2010) and Harding and Cowling (2006) are based on large-scale surveys and descriptive techniques; all the others are based on qualitative analysis of case-studies. Although these studies provide valuable insights regarding the determinants of social entrepreneurship, they offer no generalizable results.

When it comes to environmental determinants, some factors have been suggested as exerting influence on the variation of social entrepreneurship between different societies, such as the prevalence of social and environmental problems; welfare states and the third sector (Borzaga and Defourny 2001; Kerlin 2009); legal and tax regimes (Borzaga and Defourny 2001); economic and social systems' development (Borzaga and Defourny 2001); and supporting culture.

In looking at the likely determinants of social entrepreneurship and the related research, it is useful to categorize them, as here, into individual attributes and environmental determinants. It is important to note that each of these two categories uses different definitions and observations as proxies with which to measure social entrepreneurship, but, as mentioned before, the common point in all of them is the priority of social value over economic value.

14.3 Individual Attributes

With respect to commercial entrepreneurship, research has shown that entrepreneurs are not determined randomly, but that they tend to have certain individual attributes that drive them to choose this occupation (Shane 2003). As the limited literature available on social entrepreneurship also shows, there are some

individual attributes associated with people involved in social entrepreneurship. Although these attributes can overlap with some attributes of commercial entrepreneurs, they are different to a great extent because the social entrepreneurs' central mission is to provide social benefits not profit. These individual attributes lead to individual differences between people, and hence differences in their occupation choices. For the purpose of this chapter, Shane's definition (2003) of individual differences has been used:

Any type of variation among people, whether in their demographic characteristics, such as age or education, or in their psychological make-up, such as motivation, personalities, core self-evaluation or cognitive processing. Individual differences thus include things that are relatively stable over time, like personality, as well as things that change greatly over time, like cognitions. They incorporate things that can be learned, such as knowledge of market, and things that cannot, like age.

This section will summarize the literature on social entrepreneurship that has identified particular individual attributes associated with the decision to become a social entrepreneur.

14.3.1 Gender

In general, research regarding the influence of gender on the likelihood of being social entrepreneur reveals that the gender gap in social entrepreneurship is less than in commercial entrepreneurship (Santos et al. 2011). According to Harding (2006), the odds of being social entrepreneur are almost the same for men and women. According to Bosma and Levie (2010), although men are more likely to be social entrepreneurs, the gender gap is not as large as for commercial entrepreneurship. A survey based on 962 telephone interviews by the Social Enterprise Coalition in the UK reveals that 41 % of board members of social enterprises in UK are women, far more than the percentage in small for-profit businesses (Hoogendoorn et al. 2011). Moreover, according to Leahy and Villeneuve-Smith (2009), 26 % of social enterprises in the UK are owned by women, while in the case of commercial entrepreneurship this is 14 %.

Some research even shows that women are more likely to be social entrepreneurs than men are. The result of a study by Van Ryzin et al. (2009), using the data from an online survey in the US, certainly bears this out. The work by Bacq et al. (2011), using the data from the GEM 2009 survey on social entrepreneurship in Belgium and the Netherlands, also shows that women are more likely than men to be social entrepreneurs. The result of an investigation of social entrepreneurship in the Cascais region in Portugal revealed that women were responsible for the majority of initiatives (Megre et al. 2012).

14.3.2 Age

When it comes to the relationship between age and social entrepreneurship, the research results are different from commercial entrepreneurship. In brief, research shows that social entrepreneurs are less likely to be middle-aged (Hoogendoorn et al. 2011). Research supports the idea of a U-shaped relationship between age and the likelihood of being social entrepreneur—young and old people are more likely to be social entrepreneurs (Parker 2008)—in an age distribution that contrasts with the inverted U-shaped relationship between age and commercial entrepreneurship, indicating that middle-aged people (aged 30–50) are more likely to be commercial entrepreneurs than individuals younger than 30 or older than 50 (Cowling 2000; Williams 2004). This different pattern of age distribution between social and commercial entrepreneurs can be explained by the fact that middle-aged people have more business experience, more access to capital, more personal funding, and more social capital compared to younger individuals, and have fewer commitments, more energy, and lower opportunity costs compared to older individuals, which encourages them to try commercial entrepreneurship. On the other hand, for young individuals social entrepreneurship is a form of civic engagement.

14.3.3 Education

It used to be thought that entrepreneurship was an innate skill, but recent studies have shown that both current behaviour and future intentions can be influenced by entrepreneurship education (Urban 2008). With respect to commercial entrepreneurship, the empirical evidence says otherwise, indicating a positive, negative or insignificant influence of education on commercial entrepreneurship (Parker 2009). Education enhances entrepreneurial skills, knowledge, and abilities (Casson 1995), but on the other hand it also increases the value of the paid employment option. Despite the different results that have been reported from developing and developed countries, research has shown a positive relationship between education and commercial entrepreneurship in high-income countries (Blanchflower 2004; Reynolds et al. 2003).

Regarding social entrepreneurship, the literature sees a positive relationship between education and the likelihood of being social entrepreneur (Harding 2006; Van Ryzin 2009). According to the GEM 2009 data on social entrepreneurship in 49 countries at different stages of economic development, education is positively related to the likelihood of being social entrepreneur, disregarding the stage of economic development (Bosma and Levie 2010). Comparing the education level of social entrepreneurs with commercial entrepreneurs, a study by Bacq et al. (2011) using GEM 2009 survey data on social entrepreneurship for Belgium and the Netherlands shows that social entrepreneurs have higher levels of education than commercial entrepreneurs do. A study by Van Ryzin et al. (2009), using the data from an online survey in the US, also confirms that college-educated individuals are more likely to be social entrepreneurs.

It is not only education per se that matters, however, as the subjects studied also influence the occupational choices of those who become social entrepreneurs (Santos et al. 2011). According to Santos et al. (2011), those who have studied humanities are more likely to be social entrepreneurs, whereas those who have taken economics in some form are more likely to be commercial entrepreneurs.

14.3.4 Networking

Many researchers believe that social entrepreneurs need even better networking skills than commercial entrepreneurs (Purdue 2001; Sharir and Lerner 2006). This is because social entrepreneurs must work with different sectors including private, public, and civil society, dealing with complex and different stakeholder relations (Nicholls 2006; Yitshaki et al. 2008). Sharir and Lerner (2006) consider networking as a necessary condition for a social venture to succeed. Networking skills also include internal networking or managerial skills, because social entrepreneurs work with a wide variety of employees (Nyssens 2006; Vidal 2005). According to Van Ryzin (2009), having connections and networks in the community to carry out the mission is the single strongest predictor of a social entrepreneur—social entrepreneurs are distinguished by the frequency with which they attend club or organizational meetings.

14.3.5 Risk-Taking

According to Knight (1921), entrepreneurship is about bringing demand and supply for goods and services together and bearing all the risks associated with this process. Risk-taking is thus a required characteristic for an entrepreneur. Parker (2009) considers risk-taking to be an important factor in the occupational choice to become an entrepreneur. This is also true for social entrepreneurs, as was reflected in the early definitions of social entrepreneurship by Leadbetter (1997) and Dees (1998), and also in recent definitions by Tan et al. (2005); Peredo and McLean (2006), and Zahra et al. (2009).

However, this similarity between social and commercial entrepreneurs does not mean that they face the same types of risk. Social entrepreneurs rarely use their personal and family resources for funding (Shaw and Carter 2007); for them, reputation and probity are of greater importance (Leadbeater 1997). The result of eighty interviews by Shaw and Carter (2007) with social entrepreneurs in the UK revealed that, compared to commercial entrepreneurs, social entrepreneurs use far fewer personal and family financial sources. Their study shows that social entrepreneurs experience far less personal financial risk, while they face much larger personal non-financial risks such as the risk of losing their network connections or their local credibility.

14.3.6 Employment Status

Although some authors hold to the idea that social entrepreneurs are completely possessed by their vision, wholly committed to their activity (Bornstein 2007; Drayton 2002; Light 2009), the empirical evidence tells a different story. Bacq et al. (2011) show that in Belgium and the Netherlands, in contrast to the majority of commercial entrepreneurs, only 16 % of social entrepreneurs are self-employed, and fully 62 % of social entrepreneurs are in paid employment, while this is true of only 24 % of commercial entrepreneurs. Harding and Cowling (2006), meanwhile, reveal that new social enterprises are likely to be run by individuals who are full-time employees, while established social enterprises are more likely to be run by those employed part-time.

The field of social entrepreneurship also includes a higher percentage of individuals inactive in the labour market—the retired, the disabled, students, home-makers, and the unemployed. According to Bacq et al. (2011), the share of such inactive individuals involved in social entrepreneurship is three times higher than for commercial entrepreneurship. Harding and Cowling (2006) suggest that for these groups of individuals, social entrepreneurship is a way of involving them in entrepreneurial activities.

14.3.7 Agreeableness

Agreeableness is the ability to boost social consensus while increasing trust and mutual understanding (Llewellyn and Wilson 2003; Yong 2007). In interpersonal relationships, agreeableness means being a good listener, patient, and empathetic, and promoting harmony in social interactions (Caliendo and Kritikos 2008). Trusting and cooperative environments lead to good relationships, facilitating the exchange of technologies and the acquisition of capital for growth (Ciavarella et al. 2004). A study by Koe Hwee Nga and Shamuganathan (2010) of college students in Malaysia shows that agreeableness is positively related to the likelihood of being social entrepreneur.

14.4 Environmental Context

People do not make decisions in a vacuum; they are influenced by the context in which they live. One aspect of contextual influence relates to the institutional environment. According to Shane (2003):

The institutional context consists of the economic, political and cultural context in which the entrepreneur finds herself. Thus the institutional environment includes both the ‘rules of the game’ that economics believe generate incentives for certain types of action, and the social setting that sociologists believe determines legitimate and acceptable behavior.

As with commercial entrepreneurship, researchers have been interested in the institutional environment because it has been shown that it can influence entrepreneurial activity, and, moreover, it is interesting for policymakers to be able to influence the amount and form of entrepreneurial activity by adjusting the institutional context (Shane 2003). This section will summarize the research results on social entrepreneurship that have identified particular environmental factors associated with the decision to become a social entrepreneur.

14.4.1 Wealth

Hoogendoorn and Hartog's study (2011) shows that social entrepreneurship is a phenomenon driven by wealth, and that the higher a society's per capita income is, the higher the level of social entrepreneurship. Importantly, the relationship between social entrepreneurship and a society's wealth and per capita income shows an opposite distribution to that of commercial entrepreneurship.

While research has shown a U-shaped relationship between economic development in terms of per capita income and commercial entrepreneurship (Carree et al. 2007; Wennekers et al. 2005), an inverted U-shaped relationship has been reported between social entrepreneurship and a society's per capita income (Hoogendoorn and Hartog 2011). This means that in wealthier countries the demand for social entrepreneurial activities might be lower, but the prevalence of social entrepreneurship is higher. An explanation for this trend might be that people in poorer countries have no other source of income other than being self-employed, so the prevalence of necessity entrepreneurship is high in low-income countries, leaving social entrepreneurship a wealth phenomenon that an individual will consider it when she or he can afford to do so. According to Bosma and Levie (2010), in wealthier countries people can afford to think of meeting the needs of others, since they have satisfied their own basic needs. This is in accordance with Baumol's argument (1990) that when institutions, rules, and norms in a society change, one form of entrepreneurship is substituted by another.

14.4.2 Government Expenditure on Welfare

Despite the prevailing notion that governments' failure to meet social needs leads to the prevalence of social entrepreneurship, studies show a partnership relationship between governments and social organizations. In the case of NPOs, studies show that they collectively provide social services on behalf of the government (Salamon et al. 2000; Young 2000). According to Hoogendoorn and Hartog (2011) there is a positive relationship between government's expenditure on welfare and the prevalence of social entrepreneurship.

While several authors have found a partnership or interdependence type of relationship between government and social organizations (Borzaga and Defourny

2001; Nyssens 2006) in Europe, Young (2008) and Kerlin (2006) found interdependence or a contractual relationship in the US as well, but with different underlying reasons. In Europe, social entrepreneurship is stimulated by governments as an alternative to traditional welfare models, while in the US, due to scarcity of resources, social organizations look for new combinations of preferred and non-preferred service offerings. In both Europe and the US, governments contract out such private initiatives in order to provide public services in more efficient or effective way (Young 2000, 2008). Therefore, it can be concluded that, to some extent, government expenditure on public services can stimulate social entrepreneurship.

14.4.3 Individualist Culture

Hofstede (1991) makes the point that most people in the world live in collectivist societies—societies in which the interest of group takes priority over the individual's interest, and individuals take care of one another and protect one another within groups that are also referred as extended family. In contrast, in individualistic societies individuals are taught from childhood that they should take care of themselves and there is a loose tie between individuals. Many researchers have investigated the relationship between the level of individualism or collectivism, matching Hofstede's index to the level of entrepreneurship in a society. An extensive review of empirical research regarding the relationship between national culture and entrepreneurship by Hayton et al. (2002) revealed that cultures that are strong on individualism are also strong on entrepreneurship.

With respect to social entrepreneurship, Borzaga and Defourny (2001) discuss the fact that in countries where largely informal sources such as families provide social services, social enterprises are not widespread, while in countries with loose ties between families there is larger demand for social services and thus social enterprises are more common. An empirical study by Hoogendoorn and Hartog (2011) also supports the notion that a culture of individualism supports entrepreneurship, and goes on to find a positive and significant relationship between individualism and social entrepreneurship.

14.4.4 Urbanization

With respect to commercial entrepreneurship, the literature shows a positive relationship between it and urbanization. Urbanization increases the prevalence of commercial entrepreneurship mainly in two ways: first, by increasing the number of role models; and second, by increasing the number of opportunities, which is the result of population density (Shane 2003).

As for social entrepreneurship, the few empirical studies that exist have established its positive relationship with urbanization (Korosec and Berman 2006;

Van Ryzin 2009). Perhaps this is because individuals in big cities are more likely to be confronted with urban social problems, while at the same time they also have better access to groups, networks, and funding.

14.5 Practical Implications

The first and the most important implication of the present study is that the policies designed to stimulate conventional types of entrepreneurship cannot be expected to stimulate social entrepreneurship. Although this study does not provide enough information on the drivers of social entrepreneurship to be certain in holistic policy-making terms, it still provides enough evidence of the inapplicability of conventional entrepreneurship policies to social entrepreneurship.

The empirical studies of the drivers and determinants of social entrepreneurship may be few in number, but nevertheless their results still show that the one and the same determinant can have different or even contrasting effects on social and commercial entrepreneurship. These differences are highlighted for the age and wealth factors that show very different U-shaped effects for social entrepreneurship and for commercial entrepreneurship. For most of the other determinants too the results show some differences. For example, regarding to the effect of education, while for both types of entrepreneurship education has a positive effect in general, different types of course and subject encourage different types of entrepreneurship. While those with an engineering or economics background are more likely to start a commercial venture; those with a humanities background, a social venture.

The second implication of this study can be using the modest insight provided by this study for policy-making. Policymakers can use its findings to better invest the limited resources available to stimulate social entrepreneurship by concentrating on those determinants that have a positive effect on social entrepreneurship.

14.6 Conclusions

This chapter provides a brief summary of the determinants of social entrepreneurship that have been investigated so far in the literature. Since the scholarly study of social entrepreneurship is in its infancy, few empirical studies have investigated its determinants and drivers as yet. Therefore, this chapter categorizes them into two categories: individual attributes and contextual determinants. Each of these categories owes much to the definitions suggested by Shane (2003). The main criterion for selecting these determinants was the existence of at least one empirically based study for each determinant.

For the individual attributes of social entrepreneurs, seven factors—gender, age, education, networking, risk-taking, agreeableness, and employment status—are considered here. The results of research into the effect of gender on the likelihood of being social entrepreneur shows that, compared to commercial entrepreneurship,

social entrepreneurship is less gendered. However, for the relationship between age and the likelihood of being social entrepreneur, a U-shape distribution has been reported for the relationship, the opposite of the inverted U-shape distribution for the relationship between commercial entrepreneurship and age. This means that in contrast to commercial entrepreneurship, which is more likely to be chosen by middle-aged individuals, social entrepreneurship is more likely to be chosen by young or old individuals.

The literature also provides evidence of a positive relationship between education and social entrepreneurship, but the effect of various types of education differs from that of commercial entrepreneurship: while an engineering or economics background sees a tendency towards commercial entrepreneurs, a social sciences and the humanities background sees people become social entrepreneurs. Risk-taking and networking are also two individual attributes that have a positive influence on the likelihood of being social entrepreneur. However, the types of risk confronted by social entrepreneurs and commercial entrepreneurs are different, for while commercial entrepreneurs face greater personal financial risks, for social entrepreneurs their reputations are of more importance.

With regards to environmental determinants, four factors have been investigated here—wealth, government expenditure on welfare, individual culture, and urbanization. The literature shows that social entrepreneurship is a phenomenon driven by wealth, for the higher a society's per capita income, the higher the level of social entrepreneurship will be. Individualism and urbanization also show positive influence on social entrepreneurship. As for governmental expenditure on welfare, the results are different from the prevailing notion that a government failure to meet social needs leads to a prevalence of social entrepreneurship, for studies show a partnership relationship between government and social organizations. In other words, government expenditure on public services to a certain extent stimulates social entrepreneurship.

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Social and Political Entrepreneurship: Ways and Means to Develop Sparsely Populated Regions?

15

Marie-Louise von Bergmann-Winberg

Abstract

Social entrepreneurship as a variant of entrepreneurship is probably only in the beginning of its conceptualization as scientific subfield, and applicable theories are yet to be defined. However, starting from the empirical findings in a global perspective, I find that the phenomenon that could be labelled social or societal entrepreneurship has existed under other synonyms for quite a while. Personally, I find the borderlines between these concepts and social economy, third-sector entrepreneurship, public–private enterprises, and so on, rather blurred. The ambition must nevertheless be to develop the necessary conceptual tools for social entrepreneurship as means for measuring and comparing regional development, for example, in sparsely populated areas. Political entrepreneurship as a concept is comparatively new too, although connotations to earlier political science terms can be noted. The meaning of the term refers to political actions in connection with governance structures in a multi-level perspective, but obviously also has consequences for government in traditional political settings, and the question of accountability. My aim in this chapter is to develop a model for social and political entrepreneurship, and, with a comparison of small municipalities in the Swedish rural peripheries, to be able to find out, whether or not this can cause changes in socio-economic regional development over time. To examine these aspects, I have chosen the number of inhabitants, firms per inhabitants, ranking of municipal entrepreneurship, and employment rate, associations and social capital networks. Tentatively, I expect to find stronger socio-economic development when social and political entrepreneurship is combined over time, as this seems to be a necessary path to combat depopulation and loss of employment and taxation.

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Five municipalities have been chosen for examination, four in the central Sweden region, and one from the southern Småland region with a strong entrepreneurial tradition, also situated in the periphery, by and large as a bench-marking unit for the comparison. The results confirm that a combination of social and political entrepreneurship is required for the shift of downward trends, as far as Swedish small-sized municipalities in the periphery are concerned.

15.1 Introduction

There is a clear ambiguity about the concepts of social and political entrepreneurship, though the use of the term entrepreneur in English dates back to at least the 15th century. According to Clark (2009), the first tentative mentions of social entrepreneurship in academic work came in the 1960s, and it slowly gained popular recognition, but even today there are very few attempts to conceptualize the phenomenon, let alone come to an consensus on the meaning of the concept, substance, and means of its operationalization (Borzaga and Santuari 1998). The same is true for the term political entrepreneurship, which was used by Elinor Ostrom in her Ph.D. thesis in the late 1960s and Robert Dahl in 1961, to be almost forgotten until two decades later, when it was suddenly picked up on by Western political systems (Ostrom 1990). A few systematic attempts to clarify the academic concepts have been made, but the variety of interpretations still persists.

In this chapter, my intention is to discuss the lines of demarcation between the social or third-sector economy and social entrepreneurship, and try to find a usable concept to combine with political entrepreneurship, including the sub-concept of entrepreneurial politicians (Nyhlén 2013) to be tested at the municipal level in sparsely populated areas. It is my conviction that both social and political entrepreneurship are needed to overcome the problems of municipalities with a diminishing or ageing population where employment rates are falling too.¹ These areas are largely to be found in northern and central Sweden, where population growth is much smaller than in the three metropolitan areas of Stockholm, Gothenburg, and Malmö and much of the country from Stockholm southwards. There is a social need for more and specialized forms of entrepreneurship, and my hypothesis is that social and political entrepreneurship of a certain kind might be the solution. To that end, four local communities in central Sweden region have

¹ Pierre, Friedrichs and Vincent in this volume (Chap. 11) use the term community-based entrepreneurship, which is an interesting contribution based on locality and collaborative work between public and private sector. This term could be useful to my own contribution, but I prefer the somewhat wider term social entrepreneurship for its connotation with the third-sector organizations and variety of potential actors in order not to limit the scientific scope of my comparison, and the theoretical coupling around the present state of social entrepreneurship.

been selected, all of them in sparsely populated regions,² and to find similarities or differences they will be compared with the so-called entrepreneurial Mecca of Sweden, Gnosjö in Småland, it too situated far away from the bigger cities, in the southern Swedish highlands, although admittedly not in a regional periphery as remote as those in Norrland.

Some of the central Sweden municipalities have areas that are clearly peripheral, with a population density a great deal lower than in other parts of the region. Perhaps they call for a special type, or even combination, of entrepreneurial milieu, entrepreneurial spirit, or social and political entrepreneurship. Even these municipalities, facing a downwards spiral of a population drain, an ageing population, unemployment, and a lack of skilled labour, might try special solutions that even over time show distinct features of sustainable and long-standing socio-economic development. Among the research group of political scientists and business economists at Mid Sweden University, the politics and local development of Sweden's municipalities have been analysed for some decades, and summarizing our results, we find that although special solutions are called for, the rumours of the slow death of those local communities are greatly exaggerated. On the other hand, special solutions are called for to overcome the depopulation of peripheral rural communities. It is of certain interest also to look for potential bench-marking or diffusion effects in the central Sweden region, and more particularly in the chosen communities of Krokomb, Ragunda, Sollefteå, and Åre, in comparison with the well-known entrepreneurial municipality of Gnosjö. It seems that the combination of social and political entrepreneurship is a necessary, but not sufficient, condition to avoid negative development trends, but also calls for special arrangements in the peripheral areas of these municipalities.

15.2 Social and Political Entrepreneurship: Revisited or Reshaped?

What is social entrepreneurship, and what distinguishes it from the social economy and third-sector entrepreneurship? And what about the term societal entrepreneurship, which is frequently used especially in the Nordic countries? The common denominator seems to be filling the gaps and needs that are not taken care of by the public or private sectors. Obviously, the theorists who dealt with classical or neo-classical entrepreneurship in the traditional sense—Schumpeter, Kirzner, Baumol—do not provide any answers for these new phenomena. The social or third-sector economy has been used as a term to characterize economic activities that are not part of the public or private sectors, which in some Western or developing countries account for considerable part of the total economy and GDP. The common characteristic is the production of welfare services, which otherwise could not be produced, at prices that differ from those in public-private sphere; in

² The average number of inhabitants per km² is 1, 2, or 4, compared to the bench-marking municipality in Småland, which has 22 inhabitants per km².

other words, filling the gaps where needs have arisen but have been left unmet. Although today the borders between social service producers with mixed ownership should be considered blurred, the question arises of what characterizes the social economy and social welfare producers in general and social entrepreneurs in particular. Some authors seem to choose the actor's perspective, as does Clark (2009, p. 18), for whom the word 'social' changes the whole rationale of the concept entrepreneur. He distinguishes between the conventional entrepreneur, whose success is measured in terms of profit, and the social entrepreneur with dual interest in social as well as in financial returns. Names such as Bill Gates, Richard Branson, David Beckman, and Elton John are mentioned, extending the scope of this continuum from charities and trading charities to social enterprise, ethical business, and on to commercial business. Martin (2007, p. 29) compares the efforts of Steve Jobs with the founder of microcredit Mohammed Yunus and several others, but chooses to refrain from a comparison between these actors and classical entrepreneurs. Johannisson (2005, pp. 82–3) likewise emphasizes the entrepreneur, especially the 'societal' entrepreneur who manages local changes with networks and local engagement through the creation of new enterprises or the revitalization of existing business. Kirzner (1973, pp. 17–18) separates the entrepreneur and the producer, but discusses the profit for both categories. Gawell et al. (2009, p. 7) define social entrepreneur as a new term for the activists, social engineers, and creators of welfare states, who take innovative action to the benefit of society, but the authors do not distinguish between the driving forces in the cultural sector, local actors in a village community, or the public versus private sectors; instead, they emphasize that these actors frequently can be found at the intersections between the traditional sectors, usually where a common service is missing and no sector is willing to develop it, or where institutions have not yet developed in a new field (2009, p. 9).

Richomme-Huet and de Freyman in this volume (7.2) distinguish between four main types of entrepreneurs: the regular or classic type; social entrepreneurs, where social commitment and a lack of financial interest dominate; the green entrepreneurs; and sustainable entrepreneurs. The distinction between the two first categories are of certain interest for the present chapter, as it seems to be in line with what other authors have suggested are the motives and actors in social entrepreneurship. Political scientists tend to focus their attention on the interest in collective action and entrepreneurial institutions, and more particularly Hall and Sobel's institutional approach (2008, p. 71) to explaining differences in the levels of entrepreneurship and economic growth between US states.

The question is whether municipalities can act as entrepreneurs, and, following on from that, what the circumstances and categories of actors might be. Lundström and Zhou in this volume (16.2) find that the emerging definitions of social entrepreneurship have been either inclusive or exclusive, and that the concept seemingly is broad enough to include a wide variety of individuals, ideas, opportunities, and organizations. This is quite in line with the Schumpeterian ideas of innovative entrepreneurship (Swedberg 2008; von Bergmann-Winberg and Wihlborg 2011) and creative destruction, and the post-Schumpeterian development with

neo-classicist-enhanced organizational efficiency and the elimination of hindrances (Landström 2005; Bjerke 2005; Kirzner 1973). As there is obviously not a clear understanding of the concept of social entrepreneurship (or indeed societal entrepreneurship for that matter), and how it is distinct from the social economy, empirical, inductive research is called for, thus enabling attempts at new theoretical modelling in connection with new studies. The indicators used in this chapter for the measurement of social entrepreneurship in Swedish municipalities are the number of associations (sporting, religious, village, and cultural) and the number of economic associations (cooperatives or third-sector organizations) in the sense of the Putnam (1992) investigation of networks and social capital (bonding and bridging) to enhance regional and local socio-economic development.

What is political entrepreneurship and who are the political entrepreneurs? According to McCaffrey and Salerno (2011, p. 552), political entrepreneurship should be considered an underdeveloped area in economics, where the starting-point is sometimes attributed to Schumpeter, although he never used this term in his writings. His theories of democracy as an elite competition between political parties and individuals for political governance are in line with later thinking on political entrepreneurship (Swedberg 2008). McCaffrey and Salerno echo the early theories of the political theorist Robert Dahl, who 40 years ago tackled political entrepreneurship in *Who governs?* (Dahl 1961; Nyhlén 2013). The competitive element is stressed by Kirzner (1973, pp. 39 ff.) who focus on discovery and innovation in entrepreneurial behaviour and organizations (Coffé and Geys 2006; Kiewicz 2007; Parker 2008). A direct combination of social and political entrepreneurship can be found in McCaffrey and Salerno's definition (2011, p. 553), where they point out that 'the function of political entrepreneurship consists in the direction of coercively obtained resources by the state toward processes of production which would not otherwise have taken place'.

Obviously, connecting the two newest directions of entrepreneurship calls for new combinatory logics, especially when implemented as institutional changes in a multi-level governance system. My aim here is to connect the term political entrepreneurship to public choice and new institutionalism, as against the new governance setting—a shift of paradigms in political theory, if you will. If societal change is due to current processes, and innovative structural changes to the economy and politics, this too corresponds to a shift of paradigms. Starting from the government concept, Dahl's question of who governs asked of the normal procedure for legislation sees a shift to multi-level governance with a multitude of actors and social service producers in a constitutional setting. The actual shift in paradigm took place in many European countries with the creation of the EU, and more specifically with the creation of the EU internal market in 1992, as its regional cohesion plans have shaped the construction of partnerships for regional governance.

In many Western countries, formal government structures have long had elements of multi-actor negotiations and networking, but, over time a new governance structure was established with cooperation between several groups of actors. In a political system, the question of groups of actors influencing or taking part in governance closely linked to formal government hierarchies—accountability, in

other words—must be dealt with. This hierarchy in a multi-level system is different to that in unitary and federal states, and different again depending on political participation on various levels as well. Ever since the idea of ‘governance’ came onto the political agenda, it is also evident that the role of politicians has to a large extent changed. This has to do with the multitude of actors and producers of welfare services, as many more tasks are carried out in a system of individual choices—one might even call the present era a choice economy in some Western countries (Bergmann-Winberg 2011). Political entrepreneurship is of special importance to the public sector, where nowadays due to the system of public procurement many suppliers of goods and services are available for the public sector to choose among, according to demand and public resources. How are the public economy and its service producers controlled, and who does the evaluation? Competition fosters actors with differing perspectives on what welfare is thought to be, while the differences between public, semi-public, private, and third-sector actors in attitudes and values probably converge over time. New combinations of actors and alliances also tend to foster the appearance of policy entrepreneurs, much in line with post-Schumpeterian thinking.

15.3 Entrepreneurship in Sparsely Populated Areas

According to Bjerke (2005), Porter (1998), Florida (2003), Pike (2007), Veggeland (2004), Lambooy (2005), and Brulin (2002), the location of business and entrepreneurial milieus has become an important factor in competition. The question is whether this is only true of the metropolitan areas and large cities, where the levels of skills and competence close to universities and high-tech businesses are to be considered high enough to generate competition. What about sparsely populated regions and small communities where people still choose to live and work? What special circumstances make them interesting as locations for new businesses or maintaining present entrepreneurial structures? Could one entertain the idea of entrepreneurial municipalities here too, even though these local communities tend to be small, and situated far from the big cities? According to Danson and de Souza (2012, pp. 4 ff.), much of the research has focused on the European heartlands, especially cities and city-regions with specific underlying features such as clusters, agglomerations, and regional innovation systems. The specific features of the peripheral regions have been relatively neglected. As the enlargement of EU continues, the integration of further peripheral regions is likely to occur. The Danson and de Souza project (2012) on the northern periphery of Europe has added to our understanding of local and regional development in this area, be it demography, distance, mobility, migration, transportation, commuting, or service. They strike a somewhat pessimistic note about regional innovation in the periphery, for ‘in a formative phase, when the links between university, company and government are still being established and where the principal organizations that generate innovations—the companies are weaker, smaller, fewer, mostly operating in traditional sectors, with little previous or current innovatory activity

and more resistant to change' (Danson and de Souza, 2012, p. 8). The authors also stress the importance of social capital (Putnam 1992; Herrschel 2012; Danson and de Souza 2012) as social capital within (bonding) and between (bridging) local communities, and especially between the centre and the peripheries, where more should be done to prevent the population drain to core regions, and to promote active links between peripheral regions in Western Europe (ibid. p. 12). Herrschel (2012, p. 31) finds that the city regions in particular have attracted interest as platforms for new forms of governance, offering greater flexibility of policy-making alliances and diversity in the composition of actors (Freitag 2006; Holcombe 2002; Schneider and Teske 1992). A corresponding flexibility—depending on the circumstances—could be expected in the peripheral regions too, as they probably have to establish more flexible forms of governance and networking than the core areas, if only so that people and companies, and indeed the public third sector, can survive.

Yet companies and people choose to live in peripheral areas, not only in Europe, but across the world, and the question is of course whether this discussion is valid for small municipalities in the peripheries, in the present case in central and southern Sweden? Investigating the living conditions for individual citizens, companies, and public structures over time and in detail can probably deliver some answers not only to the question of whether or not a future in these areas is feasible, but also if it shows signs of innovative features. Five local communities in Sweden have been chosen for study here, all of them situated in the periphery, either in central Sweden or the southern highland regions. The common denominators are a falling population, loss of businesses and economic associations or cooperatives, shrinking private and public services (including school closures), and an ageing population. The five municipalities have between 5,000 and 20,000 inhabitants, encompassing core centres and peripheral areas with a low density of population, which as an average tends to be extremely low in four of the municipalities—Åre, 1 inhabitant per km²; Krokomb, 2; Ragunda, 2; and Sollefteå, 4—the outlier being the fifth municipality, Gnosjö, chosen for its entrepreneurial past and present as a bench-marking unit, which with 22 inhabitants per km² is thus more concentrated than the others and obviously much less sparsely populated. (While Gnosjö has an area of 452 km², the four central Sweden municipalities are vast: Åre 7,263 km², Krokomb 6,218 km², Sollefteå 5,398 km², and Ragunda 2,527 km²). Yet, all five seem to have the same problems with their local economic development, innovations, and new entrepreneurship; all are at a considerable distance from airports, universities, and major cities, with the exception of parts of Krokomb; all comprise rural communities in the periphery, with Krokomb and Åre close to the Norwegian border, Ragunda and Sollefteå close to other counties and regions; and all also represent a certain marginality in sparsely populated border regions, in comparison with their regions and the national averages for many of the chosen measures.

The study focuses on the development of social and political entrepreneurship, as this is considered especially important in local communities in the periphery with special problems, or, as in Gnosjö, a notable entrepreneurial past. Social

capital and networking seem to be of importance for the survival of these municipalities, and above all their companies. According to the Confederation of Swedish Enterprise (2013), there is a strong connection between the attitudes of the politicians and the views of the entrepreneurs about the business climate. Cultural variables such as identity and affinity with place seem to be of special importance in the communities if they are to attract new inhabitants and keep the existing ones. The so-called Gnosjö spirit (Wigren 2003, pp. 16–17), centred on business and community and the tight networking between the private, public, and third sectors, can be compared to the cultural spirit in the other municipalities, measured in terms of number of associations and size of third-sector companies and cooperatives.³ The Gnosjö spirit bears some similarity to the definitions social and political entrepreneurship noted above, and could thus be considered a hybrid of both, illustrating a successful entrepreneurship policy. To find out if this is true for the most peripheral communities, one should investigate the potential reasons for the absence of negative trends. According to the Confederation of Swedish Enterprise (2013), countrywide the present trends show a drop in the rural population and a marked increase in migration to the three metropolitan areas, regional centres, and medium-sized cities.

15.4 Small Municipalities in Rural Peripheries

My aim in this chapter is to develop a model for social and political entrepreneurship, with which to compare small municipalities in the Swedish rural peripheries, to be able to establish whether or not it can affect socio-economic regional development over time. To examine these aspects, I have chosen to measure social entrepreneurship by the total number of associations (sporting, religious, or cultural), inhabitants, and companies per thousand inhabitants, ranking municipal entrepreneurship, average income and employment rates, associations, and social capital networks. I have also factored in the number of economic associations such as cooperatives or third-sector organizations, in the light of Putnam's findings (1992) that networks and social capital (bonding and bridging) enhance regional and local socio-economic development. Another important feature is local identity, and local atmosphere, measured through surveys and previous research. (Table 15.1)

As shown in Table 15.2, I have found a mixed development, where Gnosjö and Åre, much as expected, show a positive development over a 10-year period, not only for associations, but also for so-called economic associations—cooperatives and third-sector associations engaged in business. Åre has about share of sporting and cultural associations, but only four churches, whereas Gnosjö, with its many free churches, is the opposite with 23 sporting associations, 16 churches,

³ For the measurement of networks and social capital in all five municipalities, see Wigren (2003) (for Gnosjö); Brandum Granqvist (2012) (for Krokoms); Skoglund (2005) (for Ragunda); Bergmann-Winberg and Nordtug (2006) (for Sollefteå); and Nyhlén (2013) (for Åre).

Table 15.1 Conceptualization of entrepreneurs, and their function and tasks

Term/Concept	Function, arena	Task, role
Entrepreneur	Businessman, inventor	Risk-taker, capitalist, innovator
Political entrepreneur	Not specified, linked to societal sectors and system level	Facilitate, stretch, or burst limits or borders
Public entrepreneur	Public official or politician	Change the routines within the framework of the system; transfrontier actions
Entrepreneurial politician	Often a leading politician	Leads development towards new thinking and innovative solutions; political accountability
Social/societal entrepreneurs	Business, schools, local development groups, cooperatives, or individuals	Combinators, mobilizers, driving spirits

Table 15.2 Social entrepreneurship in five Swedish municipalities

Municipality	Associations	Associations per thousand inhabitants†	Economic associations	Percentage change over 10 years
Gnosjö	91	7	14	6
Krokom	171	12	39	-22
Ragunda	36	7	25	-6
Sollefteå	332	17	68	-+
Åre	106	10	71	6

† According to Lundåsen (2004) there is a certain northern Sweden phenomenon, where the number of associations is higher than average, whereas the political activity in terms of voting is lower than the Swedish average. One explanation for this could lie in the networking and social capital necessary to compensate for the absence of municipal cultural activities in peripheral villages and remote areas

9 educational associations, and 52 cultural or village associations. As for the other three municipalities, the loss of economic associations in Krokom seems considerable, whereas the corresponding loss in Ragunda was only 6 %, and has remained unchanged in Sollefteå, where the number of associations per thousand inhabitants is greater than in the other municipalities. The number of associations per thousand inhabitants is otherwise somewhat similar in the other four municipalities, showing the importance of social networks and social milieu in peripheral areas.

In Table 15.3, enterprising spirit and business climate are estimated using the Confederation of Swedish Enterprise's yearly ranking over 5 years in the first column, which confirms the Swedish bench-marking status of Gnosjö. Gnosjö is 15th out of 290 municipalities, and has a record of improving this position by 34. Åre comes next with in 97th place, in the top third of municipalities, and

Table 15.3 Political entrepreneurship in five Swedish municipalities

Municipality	Business ranking	Firms per thousand inhabitants	Share of entrepreneurs in per cent†	Political shifts	Innovation policy	Policy climate
Gnosjö	No. 15 +34	22	12	No	Medium	Medium
Krokom	No. 152 +79	56	17	No	High	High
Ragunda	No. 257 +31	46	15	No	Low	Low
Sollefteå	No. 290 –13	48	11	No	Medium	Medium
Åre	No. 97 +12	107	21	Yes	High	High

† The correlation shows the relative number of entrepreneurs, including entrepreneurs with small businesses—for example, the self-employed

improvement of 12. Krokom is in the top half, but has an improvement factor of 79, which is quite remarkable. These three municipalities can be said to have political entrepreneurship as far as business climate and enterprising spirit goes. The two last municipalities, Sollefteå and Ragunda, tell a very different story of the worsening climate in rural areas, as Sollefteå is the very last in the rankings, having fallen 13 places, whereas Ragunda has a slight improvement of 13, but still only ranks 257th. Other indicators confirm the picture: Åre comes top as far as enterprises per thousand inhabitants are concerned with 107, while its share of total employment is 21 %, which is one of the highest in Sweden. The figures for the other four are less than half this, even the ‘entrepreneurial Mecca’ of Gnosjö has a share of 12 %, or about the same as Sollefteå, but lower than Ragunda with 15 % and Krokom with 17 %. The proportion of number of enterprises per thousand inhabitants also shows a corresponding pattern: Krokom has 56, Sollefteå 48, and Ragunda 46, whereas Gnosjö only has 22. However, it is worth noting that the industrial traditions in Gnosjö, with its fewer, larger, family-owned companies, still persist, whereas the four central Sweden municipalities often have enterprises with few employees, more often than not in the service sector.

Political entrepreneurship is also closely correlated with the shift of political majority after elections, thus showing political dynamics and the focus on cooperation between elections (Nyhlén 2013; Confederation of Swedish Enterprise 2013). The next indicators are thus shifts in political majorities and entrepreneurial politicians, where only Åre show political dynamics in this sense, and the others only political stability for the last two elections. The two last indicators illustrate innovative entrepreneurship policy (gauged using municipal reports), and political climate and local spirit, which are accounted for by surveys in these local communities. Åre and Krokom report entrepreneurship policy and comprehensive changes to it over time that count as high, whereas the corresponding measures for Gnosjö and Sollefteå turn out to be medium, and only low for Ragunda.

According to my preliminary presumption, social and political entrepreneurship are appropriate variables to measure local socio-economic development over time. The indicators for socio-economic development (see Table 15.4) show that the

Table 15.4 Socio-economic development and changes over time in five Swedish municipalities

Municipality	Population	Percentage change over one decade	Employment rate (%)	Income in thousands SEK	Unemployment rate (%)	Tax collected/inhabitants	Level of education†
Gnosjö	9,400	-8	81	255	6	165,611	26, 53, 19
Krokom	9,483	-4	81	250	7	155,232	12, 57, 31
Ragunda	5,501	-11	76	235	9	149,525	16, 64, 19
Sollefteå	19,964	-8	75	237	11	154,594	15, 58, 26
Åre	10,259	+7	81	234	4	152,640	13, 54, 32

† Level of education is compared with primary, secondary and tertiary levels of education

Table 15.5 Social entrepreneurship and local socio-economic development in five Swedish municipalities

Social entrepreneurship	Changes in socio-economic development		
	Strong	Medium	Low
Strong	Åre	Gnosjö, Sollefteå	
Medium	Krokom		Ragunda
Low			

Table 15.6 Political entrepreneurship and local socio-economic development in five Swedish municipalities

Political entrepreneurship	Changes in socio-economic development		
	Strong	Medium	Low
Strong	Åre	Krokom	
Medium	Gnosjö, Sollefteå		
Low			Ragunda

size of the population and the changes over a decade correspond to the gloom about peripheral rural communities in Sweden, with the exception of Åre, both in comparison with the others studied here and with the group of municipalities to which Åre belongs (Nyhlén 2013, p. 39). The decrease in Ragunda amounts to 11 %, which is more than the others, and this for a municipality with fewest inhabitants. Gnosjö and Sollefteå both have -8 %, and Krokom the lowest negative figure with -4 %. The employment rate seems to be more equal, as three of them have 81 % (compared to the Swedish average of 76 %), whereas Ragunda and Sollefteå with 76 and 75 % are spot on the national average. As far as average income is concerned, Gnosjö and Krokom are at the top of the list, whereas the differences between the other three is marginal. Unemployment is low, with Åre having only 4 %, Gnosjö 6 %, and Krokom 7 %, whereas the prospects for Ragunda with 9 % and Sollefteå with 11 % do not look good during the present recession. Average and median incomes for all the municipalities show figures under the Swedish and regional averages, and the same is true of the average tax paid per inhabitant, where the differences between municipalities are comparatively small. As for level of education, some interesting features can be observed. The table shows compulsory school, secondary and high school or university education. The large share of only compulsory education or less in Gnosjö is explained by the fact that many migrants to Sweden, more than 100 nationalities, have found jobs there, whereas the highest education is found in Krokom and Åre, and Sollefteå in between. The figures for Ragunda show the largest proportion of secondary school education. (Tables 15.5 and 15.6)

I had expected to find a stronger socio-economic development when social and political entrepreneurship is combined over time, as this seems to be necessary to combat depopulation and loss of employment and taxation. Summing up the results in two tables confirms these expectations: Åre proves to have strong social and political entrepreneurship, which is reflected in positive population development, low unemployment, and comparatively levels of high employment and education.

The peripheral local communities illustrate the need for a special entrepreneurship with a strong focus on the third sector, but cooperation with the public–private sector too, especially for needs that would otherwise be ignored. The picture largely corresponds to the findings of the Confederation of Swedish Enterprise (2013), where the population over a decade shows a decrease in small municipalities in the peripheries. The exceptions are Åre (with an increase of more than 7 %) and Krokomb (with 4 %). Clearly, Åre's international ski resort, and a marked increase in both social and political entrepreneurship, tells here, while for Krokomb it is rather a question of being situated very close to Östersund, the only regional city of any size in the area, with more than 20 % commuting daily.

15.5 Conclusions

During a global depression, turning negative trends around in peripheral regions and small municipalities calls for extraordinary actions in the political systems on the part of actors in alliances and networks. In this study, social and political entrepreneurship have been studied by looking at socio-economic development over time in five local communities. As study objects they prove to have exactly the characteristics of marginalized and peripheral municipalities, with an average of population per km² of only 1–4, with the exception of Gnosjö. The other indicators show an even greater resemblance between the five municipalities in terms of socio-economic development, but with the exception of positive developments in Åre. Could the explanation in this case be a result of a comparatively strong social and political entrepreneurship? This study demonstrates that social entrepreneurship is necessary for peripheral local communities, but obviously not enough for local development and the maintenance of jobs, populations, and social capital networks. Combined with strong political entrepreneurship, the picture of a competitive local community emerges—one where low population density does not seem to be a hindrance.

Social entrepreneurship seems essential for the development of peripheral local communities, but political entrepreneurship must obviously be involved if it is to secure continuity and innovative new ideas. The absence of political entrepreneurship is observed for the smallest and least successful municipality of Ragunda. Partly, this is true for the largest as well, Sollefteå, where signs of a depressed business climate and low national ranking are also noted. The three areas seem to have an almost identical development of GRP, from a rather low at the turn of the century to the present situation, but in these figures the largest cities ought to be separated from the peripheral municipalities. The combination of social and

political entrepreneurship is obviously decisive for a large and increasing number of enterprises over time, and the same is true of the business climate rankings, whereas the effects on socio-economic development, as measured in terms of education, increase of income, and taxation per inhabitant are not as significant. Not unexpectedly, Åre shows not only the strongest link between social and political entrepreneurship, but also the largest number of companies per inhabitant, and the largest relative number of companies. The surprising fact is that this is a municipality with the smallest number of inhabitants—only 1 per km²—but this reflects the need for tight networking and various forms of entrepreneurship in connection with social capital and higher education. The presence of the international Åre ski resort can of course be seen as a municipal hub and a strong attraction, and in fact the outskirts of Åre are almost uninhabited. Åre also has the highest ranking in business climate in central Sweden, but even so is still far from the Gnosjö ranking of 15, and that having been 49. The shift in political majority in Åre—something not seen in the four other municipalities—could also be considered a sign of political dynamics and vitality. Åre also has Fäviken, a restaurant ranked third in the world, situated out in the middle of nowhere.

In studying business, sociologically and politically related terms such as entrepreneurial approach, strategic thinking, leadership, and team-building are frequently mentioned. Do all of these apply in sparsely populated areas? My preliminary results suggest that a marked bench-marking or diffusion effect is seen in the central Sweden region among the chosen local communities of Krokom, Ragunda, Sollefteå, and Åre, even in comparison with the well-known entrepreneurial municipality of Gnosjö. It seems that the combination of social and political entrepreneurship is a necessary, but not sufficient, condition in avoiding negative development trends, but it also calls for special arrangements in the peripheral outskirts of these municipalities.

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Social Ventures and Regional Development: Important Contributions Unappreciated

16

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Abstract

The aim of this chapter is to investigate the important role played by social ventures in regional development. To provide a more comprehensive understanding of the different ways that social ventures may contribute to regional development, I consider the research findings from an extensive range of fields such as 'social ventures', 'regional development', 'organizational studies', 'non-profits', 'community development', 'local development', and 'social entrepreneurship'. The social ventures' main contributions are here classified into two broad categories as direct and indirect. The results of this study show some major contributions of social ventures to regional development. These results lend themselves to application not only by regional practitioners and policymakers, but also by social ventures, commercial ventures, and public organizations, in order to find out the different ways all these actors can collaborate at the regional level for their mutual benefit.

16.1 Introduction

Over the last 10 years in the academic field of economic geography and regional development, the role of the region has been understood as being central to economic organization and political intervention (Mackinnon et al. 2002). The importance of regions stems from their ability in determining their own

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development while facing the increasing competition through social and institutional conditions (Amin 1999). However, this issue has historically been dominated by economic concerns like growth and income (Pike et al. 2007).

Traditional explanations of the basis and evolution of successful, highly specialized, local and regional economies based on the importance of external economies (for example, labour market pooling, reduced transaction costs and specialization, technological knowledge spillover, availability of specialist suppliers and infrastructures, and so on) do not include the more intangible economies commonly referred to as ‘untraded interdependencies’ or ‘relational assets’ (Storper 1995, 1997). These notions emphasize the significant role of socio-cultural factors like trust, shared value and norms, face-to-face contact, and innovation and learning that economic activities are embedded in and shape the vital framework for economic action (Evans and Syrett 2007). It is argued that in the globalized, post-Fordist era that many production factors are increasingly mobile, these are the territorially rooted, immobile, relational assets that guarantee the existence of networks, collaborations, and institutional capacities and provide competitive advantage (Amin and Thrift 1994; Storper 1995; Hudson 1998; Cooke and Morgan 1998; Bagnasco 1999).

Therefore instead of considering economic and social development as two distinct concepts (Shaffer et al. 2006), or, indeed, social aspects of growth as part of economic growth, there is a need to consider ‘regional development’ as a socio-economic concept. In the era of globalization, it seems that the local complex problems cannot be solved appropriately by market or public institutions alone (Squazzoni 2009a). That is why in recent decades, and especially after the recent global financial crisis, there has been an emphasis on the important role of the social economy and third sector in regional development (Ling et al. 2011). As noted by Borzaga and Tortia (2009) ‘the theory of local development has up to now exclusively considered industrial firms and public bodies and not enough weight has been given to the intermediate area between these two extremes, namely, the social economy’.

The social economy, broadly defined as ‘the impact of the third sector including non-profits and cooperatives’ (Barraket and Crozier 2008), is having an increasing impact within the overall economy of countries and regions. In Europe, the social economy is an important contributor (ECOTEC 2000; Borzaga and Santuari 2003) accounting for around 8.8 million full-time-equivalent jobs, or about 7.9 % of all paid civilian employment (EC 2002).

One of the most prominent forms of organization in the social economy is the social venture. According to Borzaga and Tortia (2009), social ventures may play an important role in endogenous local development since their resources are tied to the social objectives of these organizations and are embedded at the local level. Job creation, using resources for public benefit, and reducing the cost of welfare systems are some of the contributions that social ventures can make to regional development (Borzaga and Tortia 2009). Moreover, through generating both economic and social value, social ventures bridge between the two divided perspectives of development.

Therefore, my main concern in this chapter is to conceptualize social ventures in the regional development literature, the focus of which has mainly been on economic competitiveness. I would argue that understanding the role and function of social ventures will provide a better understanding of the socio-economic aspects of regional development. Considering that there are not enough studies regarding to these functions of social ventures (Evans and Syrett 2007), an investigation of the issue promises to facilitate knowledge progression in this area (Spear et al. 2009).

To provide a more comprehensive understanding of the different ways in which social ventures might contribute to regional development, I will go beyond the definitional debates over the terms 'social venture' and 'regional development' to include the research results from many different fields, including 'social venture', 'regional development', 'organizational studies', 'non-profits', 'social entrepreneurship', 'social enterprise', 'community development', and 'local development'.

I will begin by looking at the terms 'regional development' and 'social venture' in particular. I will then discuss the different ways that social ventures might contribute to regional development and go on to detail some of those contributions. I finish by looking at the practical implications of the study.

16.2 Regional Development

Recent studies of regional development are largely underpinned by the work of Krugman (1991), who emphasizes the important role of regions in shaping the trading performance of a nation's industries. In this respect, for regions to remain viable in markets that are increasingly targeted by national and international forces, they have to produce goods and services with comparative advantages (Terluin 2003). The belief that any given nation's ability to develop a coherent economic system and to control investment flows has been undermined by globalization has resulted in an excess of economic models intended to build financially sustainable models. Territorial innovation models (TIM) which is the generic name for these models have dominated the regional development debates (Ling et al. 2011). Among these models are the initiatives such as industrial districts, cluster and learning regions, new industrial spaces, and innovative milieu (Moulaert and Sekia 2003). These models are based on an endogenous approach to development, characterizing knowledge, learning, and innovation as the key drivers of economic development (Tödtling and Trippel 2005). This perspective on regional development has dominated the academic and practitioner discussion regarding regional development, particularly after the 1980s when the exogenous models of development characterized by external, state-driven policy failed to result in sustainable economic development (Martin and Sunley 1998).

However, despite the issues of economic efficiency, regional development is fundamentally associated with the issues of disparity and its socio-economic effects (Ling et al. 2011). Thus studying inequalities at the regional level puts

regions at the centre of policies, and results in rigorous research to understand how regional development can include not only economic efficiency, but also special equality and a more balanced distribution of social services and resources (Capello and Nijkamp 2009).

Therefore I hold the term ‘regional development’ to refer to the socio-economic phenomenon, while not adopting a specific definition of the term ‘region’. This is because terms such as ‘local’ and ‘regional’ are socially constructed spatial scales (Hudson 2007; Swyngedouw 1997). A review of American or British publications reveals that their main concern is with local economic development—a city, town or rural community trying to achieve economic growth—while a practitioner in Australia would consider that work as regional economic development (Beer and Maude 2002).

However I would like to clarify the two specifications associated with the term ‘region’ here. First, territorially a region is located under the level of the country. Therefore it does not refer to global regions such as the Pacific region, but only to definable areas within countries. Second, the administrative definition of region is of primary importance. Therefore, here, region is an administrative division of a country.

16.3 Social Venture

In recent years, as societies have become more concerned with improving the living standard of their communities and alleviating social problems and inequalities, social entrepreneurship has attracted a great deal of attention from both academics and the general public. Publications on social entrepreneurship, particularly on entrepreneurship and management outlets, have significantly increased in recent years (Short et al. 2009).

Social entrepreneurship takes place through social ventures, i.e. organizations that exploit opportunities for creating social value (Lumpkin et al. 2011; Zahra et al. 2009). Social-venture organizations are often referred to as *enterprising non-profits* or *social enterprises*, which create revenue or income through the direct exchange of a product or service (Dees 1998); *social organizations*, which generate ‘innovative solutions to society’s most pressing social problems’ (Drayton 2002); and *community-based ventures*, which operate to benefit the development of the community (Peredo and Chrisman 2006). Social ventures can also take various legal forms such as non-profit, for-profit, hybrid, joint venture, and subsidiary (Kistruck and Beamish 2010; Townsend and Hart 2008).

Like many other new academic disciplines, different definitions of social entrepreneurship are used according to the situation and research questions (Meyskens et al. 2010). However, since my aim here is to summarize the main contributions of socially entrepreneurial organizations to regional development, I will move beyond the definitional debates to look at the key contributions that can happen under different legal and structural forms. I would argue that the only

criterion to distinguish socially entrepreneurial organizations from commercial organizations is the higher priority the former give to social wealth creation versus economic wealth creation (Mair and Marti 2006). Therefore, for the purposes of this chapter, all the various forms of socially entrepreneurial organization are referred to as social ventures.

16.4 Social Ventures and Regional Development

However various analysis of the value of social ventures have been undertaken to date, but except for some studies in Canada, few have considered the role of social ventures in regional development (Borzaga and Tortia 2009). This is despite the potential of social ventures to address the service provision shortcomings of the private and public sector, they play an important role in regional development (Ling et al. 2011). Social ventures can contribute to regional development by generating both social and economic value.

The creation of social value is held by many researchers to be the unique feature of social entrepreneurship (Sullivan Mort et al. 2003; Peredo and Mclean 2006; Weerawardena and Mort 2006). In fact, for social entrepreneurs the creation of social value is the sought outcome of their entrepreneurial activity, which consequently affects their decision-making and behaviour (Dacin et al. 1999; Gnyawali and Madhavan 2001; Granovetter 1985); therefore it is different from the collateral social value that commercial ventures generate while pursuing their own ends.

The creation of social value has an important characteristic, in that it provides a positive externality (Lumpkin et al. 2011), benefiting individuals outside the organization. Social value can present itself as different benefits to society such as work, employment, community, and personal development (Southern 2001; Nicholls 2005). The social value created by social ventures can thus facilitate the development of regions or communities (Meyskens et al. 2010; Peredo and Chrisman 2006).

The contribution of social ventures to regional development is not only limited to creating social value, however. Social ventures create not only social value (Moss et al. 2008; Dees 1998; Peredo and McLean 2006; Weerawardena and Mort 2006), but also economic value (Austin et al. 2006; Chell 2007; Dees and Anderson 2003). Social ventures generate economic value at different levels of analysis—individual, firm, and dyad, and for various actors such as themselves, their partners, and their beneficiaries, particularly those who are socially embedded (Meyskens et al. 2010). This economic value is manifested in the form of job creation, earned income, wealth creation, and capital accumulation (Meyskens et al. 2010).

Figure 16.1 shows the social and economic values created by different regional actors in a region. The for-profit entity tries to generate the maximum profit or economic value for its shareholders by operating at the point where revenues minus costs provide the largest surplus; in many societies, government generates

16.5.1 Alleviating Social Problems

The population of social ventures consists of those organizations created to fulfil a social mission (Zahra et al. 2009) and the creation of social value is the main outcome of social ventures activities (Mair and Marti 2006; Weerawardena and Mort 2006; Zahra et al. 2009). Therefore, one of the immediate benefits of the existence of social ventures in a region can be attributed to their contribution to alleviating social problems, and in some situations their contribution is even necessary. For instance, Peredo and Chrisman (2006) suggested that in order to alleviate poverty in a local community, the contribution of community-based social ventures is essential. In fact, for social entrepreneurs, unlike commercial entrepreneurs, resource mobilization is not based on market criteria but in response to social problems or needs (Alvord et al. 2004). For instance, a common strategy for social ventures is hiring disadvantaged individuals like disabled, homeless, or ex-convict (Dees and Anderson 2003).

16.5.2 Job Creation

Although volunteers are one of the principal human resources for social ventures, they also hire full-time employees, especially for their core business activities or activities that require greater job commitment. According to an empirical study covering thirty-five countries by Anheier and Salamon (2006), non-profit organizations account for a cumulative total of 39.5 million full-time jobs, or 4.4 % of the economically active population on average. According to their research, almost two-thirds of this workforce provides services in sectors such as education, health, and social services, while the others work in sectors such as culture and recreation, civic engagement, professional and business representation, and environmental protection (Anheier and Salamon 2006). In Germany alone there are estimated to be a minimum of 1.9 million jobs (full-time equivalents) in social ventures, or around 6.5 % of the total workforce (Birkhölzer 2009).

16.5.3 Earned Income and Wealth Creation

While self-focused desires such as wealth accumulation or self-employment are generally the main motivations for the creation of commercial ventures, social ventures are generally prompted by collective-focused ambitions like wealth-giving or community development (Lumpkin et al. 2011). A social venture creates revenue through its services, programmes, or products, while these services and products in turn enable the clients or beneficiaries of the social venture to increase their wealth and improve their living standards (Nicholls 2005). For example, the income earned by those who are employed by a social venture, or the loans and financial services provided by a microfinance organization, not only provide revenue for the organization itself, but also help its clients to expand their businesses and therefore enhance the wealth of the members of a community.

16.6 Indirect Contribution to Regional Development

Most social ventures try to generate social values that not only serve those who are directly targeted by their social mission, but also other actors beyond (Dees and Anderson 2003). The indirect contribution that social ventures make to regional development can take many different forms; however, here I will consider the main indirect contributions that are categorized as creating social capital, re-establishing the economic recycle, building symbiotic networks, increasing the commercial start-up rate, and enhancing the regional brand.

16.6.1 Creating Social Capital

Social capital is at the heart of the debates over social economy and regional development (Ling et al. 2011). Creating social capital is one of the main contributions made by social ventures to regional development, and there are large number of studies suggesting social capital as the benefit resulting from the activities of social ventures (Evers and Schulze-Boeing 2001; Evans and Syrett 2007; Teasdale 2009). According to Evans and Syrett (2007), social ventures are the effective builder of social capital. Evers and Schulze-Boeing (2001) also argue that social ventures create social capital when they create and use the commitment and trust of volunteers and partners, and provide services based on close relationships in local cultural context.

Social capital in a region has significant positive effect both on its economic development (Onyx and Leonard 2010) and its more intangible economies or 'relational assets' (Storper 1995). The importance of social capital is most noticeable when it is absent from a region or community (Kay 2006). In a community with few social networks, little effective mutuality, a lack of trust, and no commitment to the community, the cohesiveness of the community will decline. The result of this social underdevelopment will present itself as a desire to leave the community, increasing levels of crime, mutual suspicion, and lower health standards—all the signs of a disadvantaged neighbourhood (Kay 2006).

16.6.2 Building Symbiotic Networks

Non-profit organizations and their founders are typically intent on pursuing cooperative activities, non-competitive behaviour, community responsiveness, social image, and the fulfilment of social needs (DiMaggio and Anheier 1990; Hansmann 1980; James 1989). They are also more oriented towards the cultural aspects of their immediate surroundings, and alert to the networks of consensus and meaning in order to confirm their activities (Baum and Oliver 1991; Hansmann 1987). Thus, the norm in the non-profit sector is a culture of avoiding competition (Halliday et al. 1987). Social ventures form symbiotic collaborations

with corporations, public agencies, and other social ventures in order to secure scarce resources (Meyskens et al. 2010). The symbiosis referred to is the mutual dependence between dissimilar entities, which may benefit different members of the network through the presence of others (Aldrich and Martinez 2001). All the actors in the social engagement network benefit from this collaboration by working symbiotically together to facilitate individual, community, and regional development (Meyskens et al. 2010).

According to (Meyskens et al. 2010), the primary regional actors—corporations, government, and social ventures—collaborate to facilitate the process of resource acquisition and to meet their strategic goals, and all the actors benefit from this collaboration process by working symbiotically to facilitate the growth and development of regions, individuals, and communities. Di Domenico et al. (2009) find that social ventures collaborate with commercial ventures to enhance the wellbeing of the communities where they operate. For example, Telenor, the Norwegian telecommunications company, partnered with Grameen Bank, the microfinance social venture, in order to sell telephones to the poor in Bangladesh, resulting in Telenor to become the first mover in the mobile phone market in Bangladesh (Malaviya et al. 2004; Seelos and Mair 2007).

16.6.3 Re-establishing Local Economic Cycles

Although the important role of social ventures in areas such as creating social services and work integration has been well recognized, their role in the development of local economies, particularly in re-establishing local economies in disadvantaged communities, has not been much discussed. Within Europe, re-establishing local economies has become an increasing need during the times of after economic crisis and polarization along with social segregation process, and social ventures play an increasing role in addressing these problems (Birkhölzer 2009). Several European research and development projects have found local level as the most important level, and have affirmed the principle of ‘local work for local needs’ (Birkhölzer 2006). The link between social venture activity and improved economic conditions in a region has been established by some studies, however (for example, Bahmani et al. 2012; Peredo and Chrisman 2006; Squazzoni 2009b).

The contribution of social ventures in re-establishing the local economic cycle is mainly made in one of three ways. One is through circulating and generating work and income locally. Re-establishing the local economic cycles in a region or community requires money to be circulated within the community as much as possible, and as a rule, for each euro or dollar it should circulate within the community at least three times before leaking out (Birkhölzer 2009). Social ventures facilitate the process of re-establishing local economic cycles because they are locally embedded in the region where they operate, and they generate and circulate work and income locally. This is different from commercial ventures, which might only sell products produced elsewhere and then take the generated revenue out of the region.

Social ventures can also contribute to re-establishing local economic cycles through cross-sector collaborations with other actors in a region. As noted, social ventures form symbiotic social engagement networks with other actors in a region such as commercial ventures and public sector. According to Di Domenico et al. (2009), explicit cross-sector collaborations between social ventures and commercial ventures can reconcile the efficient functioning of markets with the wellbeing of communities.

The third way is through activities that are specifically aimed at economic transformation. For some social ventures, the economic transformation of a region is actually their core social mission. In fact, these types of social venture are very common (Alvord et al. 2004). A prime example of this is the Grameen Bank. By providing financial capital to those who did not have collateral or a credit history, Grameen Bank not only enhances the wellbeing of individuals receiving the loans, but also the wellbeing of the community as a whole (Dees and Anderson 2003).

16.6.4 Stimulating the Commercial Start-up Rate

Increasingly numbers of social venture start-ups in a region may also positively influence commercial venture start-up rates there. A recent study by Estrin et al. (2011) shows that countries with greater levels of social entrepreneurship have also experienced higher levels of commercial entrepreneurial activity. At the individual level, the same study reports a positive spillover from social entrepreneurship to commercial entrepreneurship. According to Estrin et al. (2011), those who have already established a social venture not only are more likely to initiate another social venture, but also a commercial venture. Peredo and Chrisman's case-studies (2006) demonstrate that in communities where social ventures are founded to improve socio-economic conditions, the members of those communities eventually decided to establish their own commercial ventures. Several reasons can be given for this relationship between social venture start-ups and commercial venture start-ups on the regional level: a better socio-economic environment, for example, or increased social capital, better resource acquisition, and the legitimization effect.

16.6.4.1 Better Socio-Economic Environment

Economic and social conditions are of important environmental conditions which influence the creation of commercial ventures (Gnyawali and Fogel 1994; Gartner 1985). On the other hand, a harsh economic environment has been found to result in a reduction in net commercial start-up rates (Brixy and Grotz 2007). Social ventures benefit the society where they operate through creating social and economic values that commercial ventures, as an integral part of the society, also benefit from. According to Lumpkin et al. (2011), social value creation enhances the wellbeing of a society as a whole. When enough value of the type attractive to commercial entrepreneurs is created by social ventures, then commercial ventures

will respond by creating organizations to appropriate those values. For instance, if, due to the activities of social ventures in a region, more people are informed about environmental issues, then there will be more demand for environmentally friendly products; if, due to the activities of social ventures in a region, more people become homeowners, then there will be more demand for furniture; if, due to the activities of social ventures in a region, more people in the region become literate, then there will be more demand for published products.

16.6.4.2 Social Capital

One of the main contributions of social ventures to regional development is through creating social capital in the region they operate. Past researches on the country level however have found a positive relationship between social capital and commercial entrepreneurship (Estrin et al. 2011). For example, Stephan and Uhlaner (2010) show that social capital, defined as norms supporting cooperation, encourages experimentation and strengthens the legitimacy of entrepreneurship, which results in a higher rate of commercial entrepreneurship. Similarly, Kwon and Arenius (2010) find that social capital, defined as generalized trust and voluntary association membership, can be linked to higher levels of entrepreneurial opportunity recognition, which is an important determinant of entrepreneurial activity. Dakhli and De Clercq (2004) show that social capital, defined as trust and associational activity, can be related to innovation, and De Clercq et al. (2010) in a sample of emerging economies found that associational activity is linked to entrepreneurial activity.

16.6.4.3 Better Resource Acquisition

As seen, social ventures form symbiotic networks with other regional actors. For commercial ventures, one of the main advantages of partnership with social ventures in these symbiotic networks is better access to resources. The literature on cross-sector ecological dynamics suggests that the status of being non-profit acts as a competitive advantage in resource acquisition and community support (Baum and Oliver 1996).

According to Santos (2012), social ventures seek to maximize on creating value while satisfy on value appropriation—in other words, they only acquire enough value to do their social mission and sustain their activities. Commercial ventures, on the other hand, try to satisfy value creation while maximizing value appropriation. Therefore, in terms of their ultimate goals, social and commercial ventures hardly overlap at all. Indeed, there has been some discussion of the fact that social ventures try to meet those social needs that commercial ventures and the government have failed to meet (Meyskens et al. 2010). In this way, social ventures generate complementary demand for commercial ventures and free up resources, in the shape of human and financial capital, needed for their creation. When organizations complement one another and do not overlap, the degree of mutualism or symbiosis between them increases (Baum and Singh 1994).

16.6.4.4 Legitimization

According to Pfeffer and Salancik (1978), legitimacy is an important factor in understanding the relationship between organizations and their environment. They argue that since firms use society's resources, thus the legitimacy of their activities is constantly being evaluated by society. The legitimization effect has also been evident in different theories of organizations. In population dynamics, legitimacy has featured in the way external institutional support can reduce the selection pressure on organizations (Singh and Lumsden 1990). In institutional theory, however, legitimization is at the centre of this theory (Meyer and Rowan 1977; Meyer and Scott 1983) because it is the isomorphism of an organization with its institutional environment that increases legitimacy, resulting in greater access to resources and reduced mortality rates. According to organizational ecology, one of the important reasons for the liability of newness of a young organization is due to its lack of external legitimacy and institutional support (Hannan and Freeman 1984).

Increasing the number of social venture start-ups in a region can mainly increase commercial start-ups through the 'legitimization effect' in two ways. One is by increasing the legitimization of the entrepreneurial activity itself. Moreover, a legitimization effect can result from being located in a more socially accepted population of social ventures. Research on cross-sector ecological dynamics has shown that non-profit status provides a competitive advantage for an organization when acquiring resources and community support (Baum and Oliver 1996). For-profit organizations can benefit from locating within the more institutionally acceptable population of non-profits, a phenomenon referred to as the 'institutional free-rider' effect (Baum and Oliver 1992). Social ventures can provide legitimacy for their commercial partners within the communities where they reside, so that commercial ventures can develop customers and suppliers (Meyskens et al. 2010).

16.6.5 Enhancing the Regional Brand

Increasing the number of social ventures in a region enhances the image and brand of a region mainly in two ways. One is through providing a better living neighborhood. As discussed before, increasing social capital is one of the main contributions of social ventures to regional development, and enhanced social capital in a region will take the form of greater mutual trust and commitment to the community, better social networks, crime reduction, increased health standards, and so on, making it a more attractive place to live and work.

Moreover, increasing the start-up rate for social ventures in a region enhances the region's brand through the legitimization effect too. This is because, in terms of organizational density, the legitimization effect operates on a broader geographical area than the competitive effect. Hannan et al. (1995) uses different levels of analysis for the legitimacy and competition effects of organization density, particularly modelling legitimacy at a higher level (Europe) than competition

(country). The reason for using two levels of analysis is that cultural images and frames cross social boundaries much more easily than the material resources needed to build and sustain organizations, so competitive environments should be more local comparing to institutional environments. Therefore, the legitimization effect resulting from the increased start-up rate of social ventures will operate at wider area than the region itself, signalling the legitimacy of the ventures outside the region as well.

16.7 Practical Implications

The practical implications of this study can be appropriated not only by regional practitioners and policymakers, but also by social and commercial ventures. For regional practitioners and policymakers, the main two practical implications can be attributed to providing a more comprehensive understanding of the term 'regional development' and demonstrating how social ventures can contribute to regional development.

It is important that regional practitioners and policymakers have a more comprehensive understanding of regional development; one that not only includes the traditional focus on regional competitiveness, but also the regional disparities. From this perspective, the regional economy and its development not only include the production of goods or services, but also the reproduction of environmental, social, and cultural activities. In fact, according to this view, the local economy is a cyclic process of production and reproduction, and neglecting the reproduction of environmental, social, and cultural resources may lead to local or community breakdown.

However, to reach such a more balanced development, regional practitioners and policymakers should be aware of new emerging patterns of regional development in which the market and government are not the only development institutions—they need to recognize the role of the third sector in regional development, and especially social ventures as important third-sector actors. Therefore, this chapter provides an insight of the different ways that social ventures contribute to regional development by alleviating social problems, producing social capital, re-establishing economic cycles, increasing commercial venture start-up rates, and so on. Knowledge of the ways that social ventures can contribute to regional development can help regional practitioners and policymakers to facilitate these contributions.

By the same token, these findings can have practical implications for social and commercial ventures as well. For instance, if corporations know how they can get benefits from collaborating with social ventures such as enhanced legitimacy, better access to resources, and more institutional support, they will seek to form partnerships with them. If social ventures also have a better understanding of how the benefits to commercial ventures flow both ways, they will try to provide those benefits and in return get access to the financial and human resources of the

commercial ventures. In relation to government agencies, social ventures can also position themselves as providers of human capital with an extensive knowledge of communities, and so increase their probability of tapping government funding opportunities.

16.8 Conclusion

My aim in this chapter is to provide a better understanding of the role of social ventures in regional development. To that end, I have offered a more comprehensive understanding of the term 'regional development' as a socio-economic phenomenon and the important role that the social economy plays in this development. Among the different actors in the social economy, I have focussed on the role of social ventures as one of the main socio-economic actors in regional development.

I would classify the part played by social ventures in regional development as falling under the headings of direct and indirect contributions. Direct contributions refer to the immediate results of a social venture's activities in a region such as job creation or alleviating social problems, while indirect contributions are the long-term results of the operation of social ventures in a region, and include the creation of social capital, increasing the commercial start-up rate in a region, enhancing the regional brand, and so on.

Providing a list of the main direct and indirect contributions to regional development by social ventures does not only provide a better insight for regional practitioners and policymakers, but it can also be of interest to social and commercial ventures to understand the areas where they can come together and collaborate to their mutual benefit.

Ultimately, it is really only the people living in a region who have to think of that region's development. Aaronovitch et al. (1996), one of the pioneers of local economic development at the Local Economy Policy Unit in London, once put all the reasons for developing local economic policies in a nutshell as

There is no escape from self-help!

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The Policy Strategy of Supporting Social Entrepreneurship Based on a Three-Dimensional Approach

17

Anders Lundström and Chunyan Zhou

Abstract

In Part 1 of this volume, we introduced the concept of three-dimensional entrepreneurship. In this chapter, we go on to explore the policy strategy of supporting social entrepreneurship in a three-dimensional perspective to increase the sum of social entrepreneurship knowledge. We argue that institution and function must be differentiated for public policy on social entrepreneurship to succeed. In order to confirm the extraordinary features of social entrepreneurship and social enterprises in creating social value and achieving a social impact, based on the classification of entrepreneurship organizations and the three-dimensional outcome (economic–social–humanistic), an analysis map is presented to address entrepreneurship, the organizations resulting from entrepreneurship activities, and targets for commercial, humanistic, and social enterprises. The three-dimensional perspective results in new thinking on the outcome of social enterprises. In the end, strategic highlights of public policy are suggested.

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17.1 Introduction

The existing definitions of social entrepreneurship, such as they are, are either inclusive or exclusive. The former recognizes that this concept is broad enough to bring ‘more individuals, ideas, opportunities, and organizations into the tent’ (Light 2008). However, Martin and Osberg (2007) claim that an organization, to be socially entrepreneurial, must take direct actions designed to cause transformational social change—not just incremental change or modest improvements to current situations.

We would suggest that the contradiction at the root of the confusion is between the two concepts of institution and function, and thus suggest differentiating them in public policy research. An exclusive division would see institutional uniqueness decide the social priorities in public policy strategy on (social) entrepreneurship and (social) enterprises. Nonetheless, in terms of function, it should be inclusive since all entrepreneurial factors, commercial, social, and humanistic, have in some perspective the ability to create three-dimensional value.

Given the lack of a commonly accepted and universally applicable measurement of social outcomes, this chapter proposes a three-dimensional outcome view, and presents an analytical method based upon it to guide future measurements—and policymakers. Ultimately, it is suggested that public policymakers should strategically focus on targeting those enterprises with high profits and high social impact, but that the main aim should be to influence different types of entrepreneurship to move in this direction. We regard the humanistic dimension to be a mainly internal but important factor for organizations.

17.2 Differentiating Institution and Function

What begins as a social business with a strong social mission may develop into a commercial business that maximizes financial profit in the pursuit of value appropriation, or it may continue to be a social business. The functional similarities caused by the three-dimensional outcome of all enterprises leads to the blurring of institutional boundaries, which is confusing for policymakers and social entrepreneurship supporters such as investors. Policymakers and supporters can rethink both their policy and the direction of their support by differentiating between institution and function in a dual perspective—either inclusive or exclusive. We here avoid that sectors are divided into public, private and the third (or social) sectors, since the operating environment for social entrepreneurship differs according to the social system, and enterprise ownership varies from country to country: in the US, for example, health care is largely provided by the private sector, while in many other countries, such as Canada and China, it is a public-sector priority.

The existing definitions of social entrepreneurship have been either inclusive or exclusive. While some have argued for a broadening of the domain of social entrepreneurship (Light 2008), others criticize the fact that ‘social

entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit' (Martin and Osberg 2007), and contend that greater precision and conceptual clarity would allow the building up of a solid base of scholarly knowledge (Nicholls and Cho 2006). Dialectically, social entrepreneurship is either inclusive or exclusive, depending on which perspective—institutional or functional—is adopted.

Social entrepreneurship is best understood as an organizing process in which true social entrepreneurs seek to increase social value and sustainably solve problems often neglected by the market and government. Their social enterprises should be distinguished from commercial and humanistic enterprises based on their institutional and organizational arrangements. In terms of social impact, a venture's mission is held to be a critical element in attracting social investors, and is necessary to distinguish social enterprises from other forms of enterprise looking to public policy and civil support.

Organizations may be distinguished as enterprises by their commercial, humanistic, or social dimensions. However, all enterprises with three-dimensional outcome view can be regarded as social entrepreneurship to all intents and purposes. One example could be that commercial businesses can support NPOs through donations and joint projects. Commercial entrepreneurship is not all 'bad', just as much as social entrepreneurship is not always 'good'. Commercial, humanistic, and social dimensions can all have good or bad outcomes, as seen in Chap. 4. In fact, social entrepreneurs can also unintentionally cause harm, as shown by the stories of microcredit borrowers, who are unable to cope with the burden of debt, or the collapse of community social systems as a consequence of female entrepreneurship encouraged by microcredit. On the other hand, there are numerous examples of commercially oriented entrepreneurs who do not sacrifice their ethical values in order to maximize profits (Mueller et al. 2011).

Shared values blur the line between for-profit organizations and NPOs, and new types of hybrid enterprise are rapidly appearing—hybrid not in institution, but in function. Dees (2001) describes five roles of the social entrepreneur based on value creation taken from Say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson. Of these, it is only in the matter of adopting a mission to create and sustain social value that a social entrepreneur's roles differ from those of a commercial entrepreneur. Both social entrepreneurship and commercial entrepreneurship create job opportunities, increase wealth, and provide innovation. Entrepreneurs with similar features but different missions, be they commercial or social or both, bring about the overlap in function between commercial and social entrepreneurship.

We would argue that institution and function should be treated separately as different concepts. The overlap in an enterprise's function causes interactions with which to realize the institutional goals and value. In fact, social entrepreneurship is considered by some to be a hybrid form of organization that combines the economic sustainability of traditional, for-profit ventures with the ambition for social change that characterizes many NPOs, government agencies, and social service

providers (Swanson and Zhang 2010). This actually presents a shared function perspective, but an institutionally hybrid form of organization.

The overlap in enterprise function results in various forms of entrepreneurship—cultural, tourism, religious, and political, as well as ‘institutional’. Cultural entrepreneurship, in the overlap between humanistic entrepreneurship and social entrepreneurship, seeks internal change that depends on the recombination of existing elements in a culture. It can occur independently at different times and places, yet does not always lead to a change of culture. Tourism entrepreneurship, with its local specialties, is found at the intersection of commercial entrepreneurship, humanistic entrepreneurship, and social entrepreneurship, and can span everything from cultural tourism, green tourism, red tourism, and campus tourism to family fun, in addition to leisure tourism.

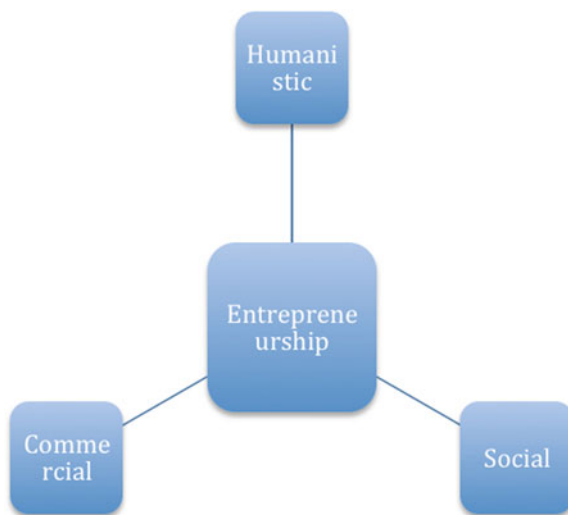
17.3 Classifying Entrepreneurship Organizations

The phenomenon of social entrepreneurship challenges our assumptions about human behaviour and economic action. It also challenges our beliefs about the role of entrepreneurship in society. Economic theory suggests that, in perfect market conditions, economic agents pursuing their own self-interest will lead the economy to a Pareto-optimal outcome in which resources are put to the best possible use and individuals consume the services that they value most (Santos 2010). If economic allocation in any system is not Pareto efficient, there is potential for a Pareto improvement (an increase in Pareto efficiency) through reallocation; improvements to at least one participant’s well-being can then be made without reducing any other participant’s well-being. Commercial entrepreneurship is thus the dynamic mechanism that keeps economies evolving towards the point where resources are allocated and organized in the best way possible to benefit society (Schumpeter 1934).

When and where government, market, and commercial entrepreneurs fail to act, social entrepreneurs can play a role. Market failures provide opportunities for social entrepreneurs. Initially a public policy phenomenon, social entrepreneurship has progressed to include the work of NPOs, traditional for-profit organizations, social businesses, and social enterprises. Corresponding to the three-dimensional value view proposed here, a three-dimensional business conception can be coined to describe an enterprise operating with three-dimensional value creation.

One might conclude that all social problems caused by market failures can be solved by social entrepreneurs. Yet such an assumption would not only overburden the concept of social entrepreneurship, but would also allow commercial businesses, governments, and other actors to abdicate responsibility. Commercial, humanistic, and social entrepreneurship are complementary approaches with different emphases in creating value, although each operates by its own rules and logic (see Fig. 17.1). Thus various organizations with uniqueness as entrepreneurship organizations can co-exist in economic system.

Fig. 17.1 The three perspectives of entrepreneurship organizations



An NPO may be defined as an organization that uses any surplus revenue to realize its objectives rather than distributing it as profit or dividends (in contrast to a for-profit organization, which sets out to generate surplus revenues that by definition must be retained or distributed by the organization to further its own ends). Yet how can an NPO accumulate ‘surplus revenues’, for if it does so, is it operating as a commercial or a non-commercial business? We argue that there is no purely non-profit NPO anywhere in the world. Strictly speaking, it makes no sense to divide organizations into for-profits and non-profits, as the above definition would have it. It is a relative concept. We instead would define an NPO as an organization that does not exist to pursue profit, no matter whether it has generated and used surplus revenues. Figure 17.1 is thus an oversimplification of the concept: entrepreneurship is something open to all types of organizations, as the figure shows, but at the same time most organizations will comprise humanistic, commercial, and social entrepreneurship in unequal measure, seen in their positive or negative total values, as discussed below (Sect. 17.5). As a social enterprise, it is impossible not to consider financial goals and not to adopt business methods. Social enterprises could instead be divided into social businesses and NPOs. The NPOs can be regarded as charitable organizations—they may take the organizational form of a corporation or a trust, a cooperative, an association or society, or a foundation, or they can simply exist informally.

In accordance with Alter’s distinction (2008) between different degrees of focus on social missions, commercial enterprises are all in some way pure businesses, even though they have different value emphasis. Social/humanistic enterprises consist of social/humanistic businesses and NPOs with social or humanistic value-creation goals. Distinguishing entrepreneurship organizations is the first step in implementing a policy on which enterprises should be given priority when being

offered support. The next step is the measurement of social impact or the performance of social enterprises.

Social enterprises can be structured as for-profit or non-profit, and may take the form of a social business or an NPO. They often do not aim to offer any tangible benefit to their investors, except where they believe that doing so will ultimately further their ability to realize their social goals. In the US, the term is associated with the idea of ‘doing charity by doing trade’, rather than ‘doing charity while doing trade’. To avoid confusing social enterprises with social businesses, we would suggest that the former comprises the latter in as much as they undertake business activities such as trading, financing, and producing and providing services, and NPOs, which achieve social objectives funded by stable financing resources such as foundations, or by individual angel investors and government-funded organizations.

Measuring the performance of social ventures can prove exceedingly difficult due a lack of common measures. However, foundations, governments, and other social investors have increasingly demanded more reliable monitoring of the outcome of their grant inputs (Nicholls 2009). Future empirical work exploring the similarities and differences in the outcome of social and commercial ventures based on a common theoretical logic would be one way to further advance the field (Moss et al. 2008).

17.4 Social Enterprises and a Three-Dimensional Outcome

The measurement of performance usually has an emphasis on outcome of enterprises. Compared to Dees’s criteria (1998) for accessing social entrepreneurship, the view from the social entrepreneurs seems to be much simpler—they primarily look into the outcome produced (Swanson and Zhang 2010). Earlier in this volume we proposed a three-dimensional view (Sect. 4.2). The significance of entrepreneurship is to develop entrepreneurial organizations or enterprises, while the significance of entrepreneurial organizations or enterprises is to create value in economic, humanistic, and social dimensions through commercial, humanistic, and social entrepreneurship. Since one of the most important elements for measuring value creation is the outcome of enterprises, social entrepreneurship research should naturally also refer to the outcome of social enterprises and the outcome view held by entrepreneurs and their enterprises.

Outcome represents direct and indirect change embodied in, for example, improved education systems, better levels of health care, longitudinal factors, new jobs, better incomes, and easier to access to capital resources, as well as better social security and human development systems. An outcome may be measured in different value dimensions or from different stakeholder perspectives. For example, the outcome of a training programme might be that many trainees find jobs or improve their personal circumstances.

So far, the literature has emphasized social value creation as the key outcome of social entrepreneurship. Financial performance is a dependent variable that is shared between commercial and social enterprises, although social entrepreneurship research is characterized by its concern with economic sustainability, while commercial entrepreneurship research is typically characterized by economic value creation. Both social businesses and NPOs, being social enterprises, maximize their social value creation, re-investing innovatively through different financing approaches. The innovative pursuit of social value is seen across many different contexts, spaces, and organizational forms. For example, social value creation can occur anywhere along a continuum of for-profit to non-profit organizations (Brooks 2008). Some researchers reject the dichotomy between economic and social outcomes, and have instead conceptualized the social entrepreneurship dynamic between mission and profits (Masseti 2008; Swanson and Zhang 2010).

Even though there are quite a few differences in the ways that value-creation organizations balance the demands of social, humanistic, and economic development, be they for-profit or non-profit, for-social/humanistic value creation or not-for-social/humanistic value creation, they all witness to the worth of the three-dimensional outcome. It is quite possible for organizations to show zero value in one or other outcome dimension. Not surprisingly, social enterprises have been seen as exhibiting ‘for-profit behaviour’, even though they pursue social goals. Self-sustainable finances must be at the forefront of the social entrepreneur’s mind. If a social enterprise (either a social business or an NPO) ignores its finances, no doubt it will fold before it achieves its mission, let alone sustainable development and significant social impact. Instead, its financial state must be its first priority, regardless of whether the money comes from a commercial business model, public funding, or donations. Therefore, any social enterprise at least has a couple of outcomes spontaneously—economic outcome and social outcome, and we believe that in future a third dimension—humanity—will be added, hence imposing a three-dimensional outcome view on enterprises and their public service. The three-dimensional outcome view concerns a range of enterprises produced by commercial, humanistic, and social entrepreneurship practices, capturing the holistic complexity of organizational outcomes and impacts. Therefore, enterprise’s performance is not measured in just the one dimension, but in all three, including social and humanistic enterprises, although each has its own highlights.

17.5 Addressing Social Entrepreneurship and Social Enterprises

Mueller et al. (2011) describe a social entrepreneurship blueprint for 2028: social entrepreneurship will have become mainstream; new ventures that do not create social value will be the exception; businesses started solely for profit will appear outdated; social impact investments will exceed financial investments. Businesses, together with governments, financial institutions, and NGOs, will be able to provide food, basic health-care services, and education for all; the ecological footprint

Table 17.1 Perspectives on social, humanistic, and commercial dimensions

Entrepreneurship dimension	Social entrepreneurship	Humanistic entrepreneurship	Commercial entrepreneurship
Alternative 1	Positive	Positive	Positive
Alternative 2	Positive	Positive	Negative
Alternative 3	Positive	Negative	Negative
Alternative 4	Positive	Negative	Positive
Alternative 5	Negative	Positive	Positive
Alternative 6	Negative	Negative	Positive
Alternative 7	Negative	Positive	Negative
Alternative 8	Negative	Negative	Negative

will match the capability of the earth to renew its resources. All very well and good, but is all of this possible? A question for another occasion, perhaps, but here it should be noted that some researchers believe that the issue of social entrepreneurship will be of the outmost importance in the future.

There is no distinct boundary between commercial enterprises and social enterprises in the outcome perspective. Furthermore, the humanistic dimension, we would argue, is more about an internal value perspective within each organization. Based on a three-dimensional value and outcome view, combined with the study of the nature of entrepreneurship enterprises, we here adopt an analytical method of entrepreneurship and enterprises to orient public policy in its support of social entrepreneurship.

Inspired by Swanson and Zhang (2010, 2011) who position social entrepreneurship on a map of organizational forms relative to the ways organizations plan to implement social change and the degree to which they apply business practices to do so, an analysis of the outcome perspective of entrepreneurship reveals the nature of its institutions for developing social entrepreneurship, and public policy as it applies to the humanistic, social and commercial dimensions. Table 17.1 illustrates a number of alternative combinations between the three dimensions. To simplify and reduce the number of alternatives, we use a positive or negative value for each net outcome, given eight possible combinations.

Alternative 1 is characterized by entrepreneurship with net positive outcomes for the humanistic internal dimension, for the social dimension concerning products or services, and for the commercial entrepreneurship dimension. We would suggest that such a combination is rather rare, since the resultant social business would be profitable and would have developed a positive, humanistic internal value system. Not only rare, but optimal, then.

Alternative 2 would be an NPO with a positive net outcome in the humanistic dimension, while Alternative 3 is an NPO without such a positive net outcome in the humanistic dimension. Alternative 4 represents social entrepreneurship with a positive net outcome for the social and entrepreneurship dimensions but a net

negative outcome for the humanistic dimension, while Alternative 5 is a commercial entrepreneur with a net positive outcome for the humanistic dimension. Alternative 6 is a purely commercial entrepreneur, while Alternative 7 is an unsuccessful commercial and social entrepreneur, but one with a net positive outcome for the humanistic dimension. Finally, Alternative 8 has negative net outcomes in all three dimensions.

We would argue that policy measures can be taken mainly for two of our three dimensions—in other words, the social and commercial dimensions. Since our interest is in policy that affects the social dimension in the first instance, but that also has some impact on the commercial dimension, we have looked for alternatives with net positive outcomes for the social dimension and positive or negative outcomes for the commercial dimension, disregarding the dimension of humanistic entrepreneurship, which we regard as an internal concern for each individual company. This means that we are interested in the first four alternatives in Table 17.1. The approach can of course be questioned, especially where issues such as working conditions, ethics, gender perspectives, and fair products and services are of importance, at which point Alternatives 5 and 7 become important too.

Public policy, with its particular focus, is very important in supporting enterprises at each stage of entrepreneurship. Entrepreneurs need venture capital, public or private funding, or donations to start and develop their businesses. Financing resources must be mobilized in order to realize social entrepreneurship. In capitalist countries, public funds have increasingly been transferred to non-profit institutions (Peredo and McLean 2006; Sen 2007). In socialist countries such as China, it seems that public institutions are to all intents and purposes NPOs. Government comprises virtually all state non-profit enterprises, such as foundations, subsets of government agencies, as well as social welfare institutions such as schools, hospitals, and cultural institutions. However, which enterprises should be supported by public investment and which should be left to private investors? What social entrepreneurship projects should foundations, governments, and individual money target?

NPOs, as true non-profit and non business-operated organizations, must rely on external aid for their self-sustaining finances with which to achieve their social goals. This leaves them the focus of public policy and tax exemptions, which in themselves undoubtedly become a mission of political entrepreneurship. In China, most charitable organizations are state-owned and affiliated to government institutions. The employees who work for the organizations are hired by the government to serve the public. In reality, China's NPOs have become the primary focus of public policy designed to improve such a huge population's survival and development. In the UK, meanwhile, many non-profit companies are incorporated as limited companies, and so do not have shares or shareholders, but still enjoy the benefits of corporate status. The NPOs are supported by the public purse and the private sector through various projects or funding, for instance, grants to promote the use of sustainable energy offered by the Low Carbon Building Programme (BRE 2013) and Community Sustainable Energy Programme (BRE 2011). In the

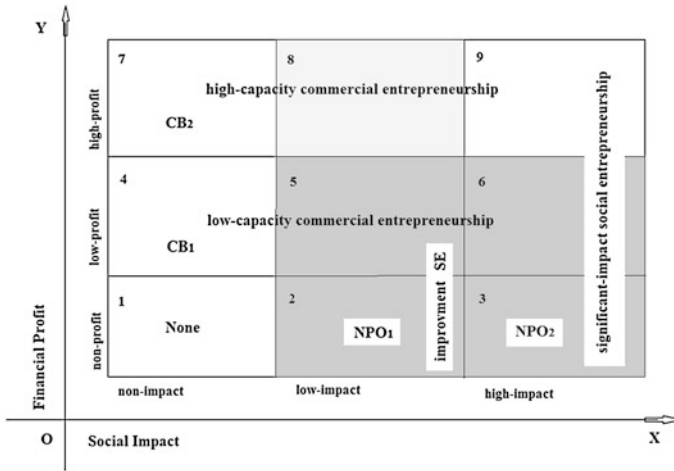


Fig. 17.2 The emphasis in public policy

US, as there are a large number of private NPOs, they can apply to the IRS for tax exemptions.

Of course, official policy on different types of entrepreneurship as illustrated in Table 17.1 is not only directed at the various types of legal issues for public organizations or at stimulating different types of entrepreneurship with public funding; it also consists of a large number of measures such as counselling, target groups, reducing administrative load, and role models just to mention a few (Lundström and Stevenson 2005). While we hold that the humanistic dimension is an internal concern for each individual organization, this stance can naturally be questioned, for governments and supporting private and public organizations can affect an organization’s internal value creation so that it is open to influence from its personnel. Also, evidently the net output of an internal humanistic dimension will affect how an individual organization would be viewed by the public, and how attractive it would be to potential employees. With sustainability a key value in a society, entrepreneurs who do not care about the environment would probably attract negative attention. The same would be true for entrepreneurs who do not care about gender equality. However, as long as organizations obey the existing laws and regulations, it is not obvious how governmental programmes can influence their behaviour. Naturally, governments could work far more with role models or entrepreneurial ambassadors, or could reward entrepreneurship regarded as good in different perspectives, or could impose specific requirements or quotas that have to be met before an entrepreneurial company could obtain public support, yet we have seen few such projects in the area of entrepreneurship policy.

Figure 17.2 therefore shows the areas of strategic emphasis in public policy (shaded grey). NPOs as social enterprises (but not as social businesses) would be one important element in any such policy. In the figure, we have omitted the

humanistic dimension for reasons given earlier, and instead construct a new figure for the two other dimensions. For the social dimension we have three alternatives—non-social impact, low social impact, and high social impact—while for the commercial dimension we define the alternatives as non-profit, low profit, and high profit. This gives us nine different cases, of which those with no social impact (Quadrants 1, 4 and 7) can be disregarded, since we are concerned here with *social* entrepreneurship. Quadrants 5, 6, 8, and 9 are comparable to the Alternatives 1 and 4 in the earlier table. From a political point of view, Quadrants 3, 6 and 9 are key, even if it could be argued that whether Quadrant 9 is a promising alternative depends on how the high profits are invested. The same is also true to some extent for Quadrant 8. Regardless of what the profits will be used for, the need of the organizations in these quadrants for public support can be questioned. Equally, for some types of organizations the political aim could be to develop them so they could end up in Quadrants 8 and 9, leaving political measures to be concentrated to Quadrants 2, 3, 5, and 6.

So, what type of measures should be taken from a political point of view? First of all, we do not think that social entrepreneurs differ from other entrepreneurs in the need for risk-taking, even if we can assume that social entrepreneurs' reputations would be even more important than commercial entrepreneurs'. Here the political system could work with a combination of motivational, opportunities and skills measures, the so called MOS-model (see Lundström and Stevenson 2005), developing an entrepreneurship and SME policy for areas such as financing, counselling, target groups, administrative burdens, networking, innovative entrepreneurship, training, education, policy-relevant research, and promotion (Lundström et al. 2013).

Most of these areas could also be of interest even if the main objective is social entrepreneurship. Much of the funding of NPOs in Quadrants 2 and 3 depends on grants from government or public organizations, while other sources of finance such as risk capital and loans would be of greater interest for the high-profit organizations in Quadrants 8 and 9, and loans for those in Quadrants 5, 6, 8, and 9. Concerning counselling, a great number of many organizations offer advice for start-ups, microcompanies, and SMEs. For Quadrants 2 and 3 there is probably a need for a special type of counselling addressed to NPOs. The number of organizations in this area is limited. Concerning target groups, there seems to be a difference between social and commercial entrepreneurs. Young people are to a higher degree than others to become social entrepreneurs. Furthermore, older people are more interested in the social impact of their business. Concerning the administrative burden, one would expect regulatory problems to be very different between NPOs, cooperatives, and limited companies, given that research tells us what regulatory burdens are correlated to different types of sectors, and a number of social business activities could be expected to be more regulated than other types of commercial business. Networking would be of importance for both types of entrepreneurs, even if the size and structure of such networks will depend of what branch the business is in. The policy measures for areas such as innovative entrepreneurship, training, education, and promotion are of importance for all the

quadrants described here, even if the exact measures differ. Finally, when it comes to policy-relevant research, there is an increasing body of literature on social entrepreneurship, even if still there is yet more research concerning commercial entrepreneurship. Summarizing, it is obvious that we will see different types of policy measures for different quadrants, that we should expect an increasing interest in developing policies for social entrepreneurship, and, above all, that we must acknowledge that such measures should differ from those applied to commercial entrepreneurship.

17.6 Conclusions

This chapter discusses the strategic emphasis of public policy. Having differentiated between institution and function, we have considered the similarities in the functions between commercial and social enterprises, independent of their formal institutions. Institutions, as we see it, are part of various contexts on the local, regional, national, and global level, each with its own ramifications. Policy measures would probably have a different impact in different contexts. Furthermore, it is not obvious how best to encourage the development of the various types of institution. To what extent do institutions learn over time to change their approaches in order to solve important problems such as developing the school or health-care systems? In that perspective, a lack of dynamic behaviour on the part of institutions will of course create markets for new types of social entrepreneurship.

The *raison d'être* of commercial entrepreneurship is profit; social entrepreneurship has a broader perspective, including, for example, social businesses and NPOs; and we have assumed here that humanistic entrepreneurship centres on internal value dimension. No matter whether social, humanistic, or commercial, an entrepreneurial organization can have a three-dimensional perspective and outcome view in its operations over time.

The complexity of contemporary entrepreneurship is plain. The far-reaching policy implications of the emphasis on strategy in the research are that it combines social entrepreneurship policy with elements of commercial entrepreneurship policy, while there will be fewer policy measures encouraging a humanistic entrepreneurship approach, in the light of public entrepreneurship policy as a whole.

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