

# Handbook of Research on Social Entrepreneurship

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## 3 Essay of clarifications and definitions of the related concepts of social enterprise, social entrepreneur and social entrepreneurship

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### INTRODUCTION

Entrepreneurship is a relevant and important field of research (Shane and Venkataraman, 2000). Social entrepreneurship is a particular form of entrepreneurship (Henton et al., 1997). With the ever present or growing social problems and social needs over the last hundred years, it is easy to find a number of examples of social enterprise in different parts of the world (Christie and Honig, 2006; Fulton and Dees, 2006; Mair and Marti, 2004).

However, many concepts, such as *social enterprise*, *social entrepreneur* or *social entrepreneurship* are used to describe a field of research that has only recently come into official or common use (Borzaga and Defourny, 2001; Christie and Honig, 2006). A review of the rapidly expanding literature on those topics suggests that definitions of each of these terms are still being developed and are by no means agreed upon (Certo and Miller, 2008). Martin and Osberg (2007: 30) conclude that 'social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit'. Fontan et al. (2007) and Defourny and Nyssens (2008a) underline the difference in the development of the terminology and its clarity. In the United States, it has its own identity and is influenced by large private foundations. In the United Kingdom, the state is at the forefront of its development and identity. In Europe, it is more about social economy and cooperatives.

Thus those terms are emerging, ill-defined (Barendsen and Gardner, 2004; Weerawardena and Sullivan Mort, 2006) and often used without any nuance on their specific meaning, probably because they are as yet not tidy concepts (Peredo and McLean, 2006). Even if 'a consensus over the boundaries of social entrepreneurship remains elusive' (Nicholls, 2006: 7), 'the need to draw boundaries so as to delimit scope and clarify whether it really is an independent field of research, and the need to identify the

different level of analysis, disciplines and literatures' (Mair and Marti, 2006: 42) should be pursued. Being able to outline a consensus on the definition and key elements of the construct is recognized as a valuable research exercise (Certo and Miller, 2008). Hopefully this research will contribute to the field: 'One of the biggest concerns in identifying a new field is the issue of definition' (Christie and Honig, 2006: 1); 'Establishing concrete definitions will help overcome the vagueness of the concept of social entrepreneurship, which places obstacles on research in the area' (Certo and Miller, 2008: 269).

Therefore, our main research objective is to establish a definition for each concept that encompasses the existing definitions. Based on a literature review and analysis of various existing definitions, the purpose of this chapter is to highlight characteristics of social enterprise, social entrepreneur, and social entrepreneurship, then to present a definition for each concept, and clarify their relationships. The chapter is organized as follows. The next section provides an overview of the positioning between related concepts. The next three sections provide analysis of existing definitions and characteristics of social enterprises, social entrepreneur, and social entrepreneurship. Each section will propose a definition for the concept under study. The last section gives more details about their relationships.

## POSITIONING OF THE CONCEPTS

To help set boundaries, we take, as an initial step, a wider and more global perspective on the related concepts, using sectors and types of organizations usually related to the concepts of social enterprise, entrepreneurs and entrepreneurship.

In addition to the three concepts we are interested in, social economy is another item found in the literature. The social entrepreneur occupies a privileged place in the social enterprise, which is part of the social economy. Inspired by Painter (2006), Figure 3.1 positions different types of social enterprises depending on the various sectors and organizational types. In Figure 3.1, it is possible to distinguish three main groupings (located on the left, in the centre and on the right) to understand the distinction better.

The left side of Figure 3.1 distinguishes four large sectors: public sector and private sector in the extreme, NGOs (non-governmental organizations) and social economy (Painter, 2006). The public sector refers to 'federal, provincial, territorial and local governments, government organizations, government partnerships, and school boards' (CICA, n.d., Introduction).

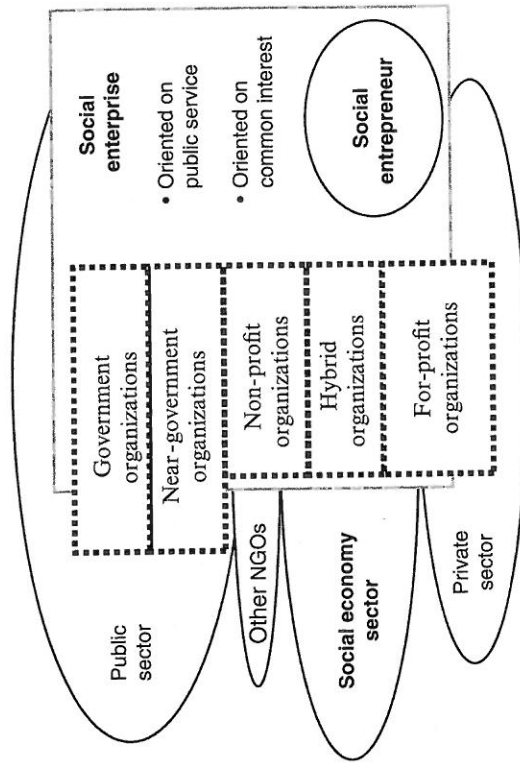


Figure 3.1 *Social economy, enterprise and entrepreneur*

From the nature of their activities, many public sector organizations have a social mission and could be considered social enterprises. The private sector includes organizations with a profit objective. Other NGOs could include, for example, organizations such as unions or churches. The social economy 'is a fairly new label for a diverse and evolving combination of non-governmental organizations (NGOs) that have been producing and delivering goods and services in communities across Canada and around the world for well over a century' (Painter, 2006: 30).

The left side of Figure 3.1 distinguishes social enterprises and social entrepreneurs. The social entrepreneur is the individual or group of individuals who act(s) as social change agent(s) using his (their) entrepreneurial skills for social value creation. In contrast with Nicholls' (2006) interpretation of the work of Dees (1998) and Alter (2006), we don't consider the social enterprises as a subset of social entrepreneurship, but social entrepreneurship as a subset of social enterprises. Our argument is that social enterprise doesn't necessarily include the entrepreneurship component. An example could be a recreational hockey club for children. In that regard, we agree with the conclusions of the EMES research network (Defourny and Nyssens, 2006). For social enterprises, their mission could be common interest or public service objectives (Painter, 2006). A soup kitchen or organizations providing training to individuals who need help securing employment are examples of public service. A local sports

association for children and a forestry workers' cooperative are examples of organizations focused on common interest.

Favreau (2006) proposes a typology of three families of social economy organizations, such as associations, cooperatives and mutuals. For a better understanding of the diversity, we could examine the various types of organizations (in the centre of Figure 3.1). We find government organizations, such as state-owned firms and agencies, near-government organizations, such as hospitals, universities and colleges. For Smallbone et al. (2001: 15) 'the social economy is essentially a collection of social enterprises'. Within the social economy, non-profit organizations are seen as an important legal structure (Valéau et al., 2004). A non-profit organization (NPO) is '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 distribution or use of any profits for the pecuniary gain of its members' (CICA, 1992: 143). A for-profit organization is the opposite of a non-profit organization. Hybrid organizations have characteristics of both non-profit and for-profit organizations. They could aim for philanthropic or commercial goals, like a cooperative selling food.

Figure 3.1 is a representation of sectors and actors, so it is difficult to position an abstract item such as social entrepreneurship on it. Nevertheless, Defourny and Nyssens (2008a: 4) 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'. Maybe it is too much simplification. Because each concept, *social enterprise*, *social entrepreneur* or *social entrepreneurship*, is often viewed in the literature as encompassing so many different sorts of organizations or individuals, it is essential to develop a definition for each concept that emphasizes the major characteristics recognized in the world today. Clarifying the relationships between the concepts would also be useful. This will help move the field of social entrepreneurship forward. The present study is a systematic attempt to map definitions with their characteristics (Mair and Martí, 2006).

Our methodology is to perform an extensive, but not exhaustive, literature review to find various definitions of the three concepts. It is similar to Bacq and Janssen's (2008a, 2008b) methodology. From the exact definitions of various authors for each concept (see Tables 3.1, 3.2, and 3.3), we examine them to be able to outline the primary and secondary characteristics of each concept and to come up with a definition for each. The difference between primary and secondary characteristics depends on the general agreement in the literature of the mandatory/non-mandatory character of a specific characteristic.

## ANALYSIS OF EXISTING DEFINITIONS AND CHARACTERISTICS OF SOCIAL ENTERPRISE

In this section, we analyse different definitions of social enterprise cited in the literature (see Table 3.1). Fontan et al. (2007) underline the presence of the social enterprise concept in Europe and America, without necessarily corresponding to the same reality but with similar aims. It is with those aims in mind that we will try to identify the main characteristics of social enterprise. From a cross-country perspective, it is possible to identify some economic and social elements that help understand some key characteristics of social enterprise (Babos et al., 2007; OECD – LEED Programme, n.d.). Social enterprises have developed over the years in response to social needs. Sometimes viewed as a compromise between the market, the state and civil society (Babos et al., 2007; Nicholls, 2006), social enterprises are associated with the social economy, the third sector, and the non-profit sector.

Even if the legal form is convenient and used in many countries to identify the social enterprise, it varies across different contexts and is arbitrary (Defourny and Nyssens, 2006). Therefore the legal form is not considered a primary characteristic for our definition.

Primary characteristics of social enterprises (SE\_PRISE) are:

- (A1) SE\_PRISE are defined as enterprises, organizations or projects
- (A2) SE\_PRISE have a social mission which is central to addressing social needs/problems
- (A3) SE\_PRISE assets and wealth are used to create community benefit
- (A4) SE\_PRISE have varying degrees of positive social transformation
- (A5) SE\_PRISE have varying degrees of innovation
- (A6) SE\_PRISE have varying degrees of financial self-sufficiency
- (A7) SE\_PRISE take a wide variety of legal forms.

Secondary characteristics of social enterprises (SE\_PRISE) are:

- (A8) SE\_PRISE may use business approaches, tools and techniques
- (A9) SE\_PRISE may rely on a diverse mix of resource streams
- (A10) SE\_PRISE may be engaged in goods and services in a marketplace (earned income strategies and economic business model)
- (A11) SE\_PRISE may be market driven and client driven
- (A12) SE\_PRISE may be a competitive business
- (A13) SE\_PRISE may have risk-taking behaviour
- (A14) SE\_PRISE may have a double or triple bottom line paradigm
- (A15) SE\_PRISE surplus is principally reinvested for the social purposes

Table 3.1 *Definitions of social enterprise*

Author(s)	Year	Definitions of social enterprise
REDF	1996	'A revenue generating venture to create economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom-line' (in Alter, 2006: 4)
OECD	1999	'Any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose purpose is not the maximisation of profit but attainment of certain economic and social goals, and which has a capacity of bringing innovative solutions to the problems of social exclusion and unemployment' (p. 10)
Bates et al.	2001	'Put simply it is about trading with a social purpose, using business tools and techniques to achieve explicitly social aims. [...] A social enterprise is not defined by its legal status but by its nature: what it does that is social, the basis on which that social mission is embedded in a form of social ownership and governance and the way that it uses the profits it generated through its trading activities.' (p. 1)
CONSCISE Project	2001	'Social enterprises are not-for-profit organisations, which seek to meet social aims by engaging in economic and trading activities. They have legal structure, which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons and/or areas who are the intended beneficiaries. They have organisational structures in which full participation of members is encouraged on a co-operative basis with equal rights accorded to all members. They also encourage mutual co-operation with other similar organisations.' (p. 34)
Smallbone et al.	2001	'Competitive businesses, owned and trading for a social purpose' (p. 13)
Social Enterprise Knowledge Network – Harvard Business School	2001	'A social enterprise is any kind of enterprise and undertaking, encompassed by nonprofit organization, for profit companies or public sector businesses engaged in activities of significant social value or in the production of goods and services with an embedded social purpose' (in Fontan et al., 2007: 23)

Table 3.1 (continued)

Author(s)	Year	Definitions of social enterprise
Bibby	2002	'Social enterprise – An organization that is equally committed to generating economic, social and environmental profit – known as “multiple bottom lines” – and is geared towards creating meaningful and lasting change within the community.' (p. 38)
DTI	2002	'A social enterprise is a business 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 maximise profit for shareholders and owners' (p. 13)
Gray et al.	2003	'Social enterprise refers to a broad set of approaches that use business acumen to address social goals.' (p. 141)
Paton	2003	'Most simply, an organisation where people have to be business-like, but are not in it for the money. Defined in this way, social enterprise is a generic term encompassing many very different sorts of organizations (just as private enterprise does).' (p. x)
Pearce	2003	'Defines social enterprises as those which are: not-for-profit organisations; seek to meet social aims by engaging in economic and trading activities; have legal structures, which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons and/or the areas that are the intended beneficiaries of the enterprise's social aims; have organisational structures in which full participation of members is encouraged on a co-operative basis with equal rights accorded to all members.' (p. 32; also in Hare, Jones and Blackledge, 2007, p. 114)
Crossan et al.	2004	'Social enterprises are organisations that are driven by a social mission, aims and objectives, that have adopted an economic business model to achieve their social aims' (p. 7)
Dart	2004	'Social enterprise is considered synonymous with organizations becoming more market driven, client driven, self-sufficient, commercial, or businesslike.' (p. 414)

Table 3.1 (continued)

Author(s)	Year	Definitions of social enterprise
Harding	2004	'Social enterprise potentially covers everything from not-for-profit organizations, through charities and foundations to cooperative and mutual societies'
Haugh and Tracey	2004	'A business that trade [sic] for a social purpose' (in Defourny and Nyssens, 2008b: 13)
Fondation Muttart - Shelley Williams	2005	'A venture/business activity within a non-profit organization providing financial and/or social benefits that further the mission' (in Fontan et al., 2007: 24)
Alter	2006	'A social enterprise is any business venture created for a social purpose - mitigating/reducing a social problem or a market failure - and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.' (p. 5)
Defourny and Nyssens - EMES Network	2006	'Organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. Social enterprises also place a high value on the autonomy and on economic risk-taking related to ongoing socio-economic activity.' (p. 5)
Desa and Kotha	2006	'TSVs [technology social ventures] ... develop and deploy technology-driven solutions to address social needs in a financially sustainable manner ... TSVs address the twin cornerstones of social entrepreneurship - ownership (financial return) and mission (social impact) using advanced technology.'
Gould	2006	'A social enterprise is a business dedicated to a social mission, or earning a profit for the financial furtherance of a social mission, although these are likely not the sole reasons for existence.' (p. 5)
Haugh	2006	'Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for

Table 3.1 (continued)

Author(s)	Year	Definitions of social enterprise
Hockerts	2006	community benefit. Their objectives focus on socially desired, non financial goals and their outcomes are the non financial measures of the implied demand for and supply of services.' 'Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and nonprofit organizations. Thus they do not fit completely in either sphere.'
Office of the Third Sector (UK)	2006	'A social enterprise is a business 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 maximise profit for shareholders and owners' (p. 10)
Thompson and Doherty	2006	'Social enterprises - defined simply - are organisations seeking business solutions to social problems. They need to be distinguished from other socially-oriented organisations and initiatives that bring (sometimes significant) benefits to communities but which are not wanting or seeking to be "businesses".' (p. 362)
Babos et al.	2007	'Social enterprises typically engage in delivery of social services and work integration services for disadvantaged groups, as well as community services, including in the educational, cultural and environmental fields, in both urban and rural areas.' (p. 5)
Cochran	2007	'Social enterprises are enterprises devoted to solving social problems. The reason for their existence is not to maximize return to shareholders, but to make a positive social impact' (p. 451)
Office of the Third Sector (UK)	2007	'Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community. Social enterprise is not just "business with a conscience". It is about actively delivering change, often tackling entrenched social and environmental challenges.' (p. 2)

Table 3.1 (continued)

Author(s)	Year	Definitions of social enterprise
Institute for Social Entrepreneurs	nd	'Social enterprise: Any organization, in any sector, that uses earned income strategies to pursue a double or triple bottom line, either alone (as a social sector business) or as part of a mixed revenue stream that includes charitable contributions and public sector subsidies.' (p. 1)
OECD - LEED Programme	nd	'Social enterprises are organizations that take different legal forms across OECD countries to pursue both social and economic goals with an entrepreneurial spirit. Social enterprises typically engage in delivery of social services and work integration services for disadvantaged groups and communities, whether in urban or rural area [ <i>sic</i> ]. In addition, social enterprises are also emerging in the provision of community services, including in the educational, cultural and environmental fields.' (p. 1)
Social Enterprise Alliance	nd	'Social enterprise: An organization or venture that advances its social mission through entrepreneurial, earned income strategies.' (p. 1)
Social Enterprise London	nd	'Social enterprises are competitive businesses that trade for a social purpose. They seek to succeed as businesses by establishing a market share and making a profit. They emphasise the long-term benefits for employees, consumers and the community. They bring people and communities together for economic development and social gain by combining excellence with action for change.' (p. 5)

- (A16) SE\_PRISE may have rules prohibiting or limiting distribution of surpluses among members
- (A17) SE\_PRISE may be the result of an initiative by a community
- (A18) SE\_PRISE may have complex and democratic governance arrangements
- (A19) SE\_PRISE may be seen as accountable to both its members and a wider community.

Building upon these definitions for the purposes of this work, the authors define

social enterprises as organizations which pursue social missions or purposes that operate to create community benefit regardless of ownership or legal structure and with varying degrees of financial self-sufficiency, innovation and social transformation.

### ANALYSIS OF EXISTING DEFINITIONS AND CHARACTERISTICS OF SOCIAL ENTREPRENEUR

In this section, we analyse different definitions of social entrepreneur cited in the literature (see Table 3.2). Social entrepreneurs could be associated with their traits (Henton et al., 1997) and with their actions. In other words, what is important is who they are and what they do.

Primary characteristics of the social entrepreneur (SE\_NEUR) are:

- (B1) SE\_NEUR is defined as an individual
- (B2) SE\_NEUR is a change agent and a leader with a vision for change
- (B3) SE\_NEUR tackles social problems
- (B4) SE\_NEUR wants to achieve social value creation and sustainability
- (B5) SE\_NEUR is more concerned with caring and helping than making money
- (B6) SE\_NEUR possesses an entrepreneurial spirit and personality (passionate, dedicated, persuasive)
- (B7) SE\_NEUR sees and recognizes new opportunities
- (B8) SE\_NEUR displays innovativeness and proactiveness.

Secondary characteristics of the social entrepreneur (SE\_NEUR) are:

- (B9) SE\_NEUR may provide a blend of business and social principles
- (B10) SE\_NEUR may gather together the necessary resources
- (B11) SE\_NEUR may want to put new ideas into concrete transformational solutions
- (B12) SE\_NEUR may connect the economy (market forces) and the community
- (B13) SE\_NEUR may weigh the social and financial return of each investment
- (B14) SE\_NEUR may display reasonable risk-taking propensity
- (B15) SE\_NEUR may be motivated by long-term interest
- (B16) SE\_NEUR may operate in all sectors.

Table 3.2 *Definitions of social entrepreneur*

Author(s)	Year	Definitions of social entrepreneur
Waddock and Post	1991	'Social entrepreneurs are private sector citizens who play critical roles in bringing about "catalytic changes" in the public sector agenda and the perception of certain social issues.' (p. 393)
Henton et al.	1997	'Civic entrepreneurs are catalysts who help communities go through the change process. They build economic community – tight, resilient linkages between community and economic interests. [...] Civic entrepreneurs have five common traits. They: see opportunity in the new economy; possess an entrepreneurial personality; provide collaborative leadership to connect the economy and the community; are motivated by broad, enlightened, long-term interests; work in teams, playing complementary roles.' (p. 14)
Leadbeater	1997	'Social entrepreneurs are creating innovative ways of tackling some of our most pressing and intractable social problems: youth, crime, drugs, dependency, chronic joblessness, illiteracy, Aids and mental illness. They take under-utilised and often discarded resources – people and buildings – and re-energise them by finding new ways to use them to satisfy unmet and often unrecognised needs.' (p. 8)
Bornstein	1998	'Ashoka's social entrepreneur is a pathbreaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is "totally possessed" by his or her vision for change.' (pp. 5–6)
Boschee	1998	'Simply put, "social entrepreneurs" are nonprofit executives who pay increasing attention to market forces without losing sight of their underlying missions, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement.' (p. 2)
Dees	1998	'Social entrepreneurs play the role of change agents in the social sector, by: adopting a mission to create and sustain social value (not just private value), recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes created.' (revised slightly in 2001: 4)

Table 3.2 (continued)

Author(s)	Year	Definitions of social entrepreneur
Prabhu	1999	'Social entrepreneurial leaders can be defined as persons who create and manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group.' (p. 140)
Brinckerhoff	2000	'Social entrepreneurs are people who take risk [sic] on behalf of the people their organization serves.' (p. 1)
Thompson et al.	2000	'Social entrepreneurs, people who realise where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to "make a difference".' (p. 328)
Brinckerhoff	2001	'Social entrepreneurs have these characteristics: they are constantly looking for new ways to serve their constituencies and add value to existing services; they understand that all resource allocations are really stewardship investments; they weigh the social and financial return of each of these investments; they always keep mission first, but they know that they also need money; without it, there is no mission output; they are willing to take reasonable risk [sic] on behalf of the people their organization serves.' (p. 12)
CCSE	2001	'Social entrepreneurs are leaders in the field of social change, and can be found in the private, public and not-for-profit sectors. These social innovators combine an entrepreneurial spirit with a concern for the "social" bottom line, as well as the economic one, recognizing that strong, vibrant communities are a critical factor in sustaining economic growth and development.' (p. 2)
Dees et al.	2001	'Social entrepreneurs create social enterprises. They are the reformers and revolutionaries of our society today. They make fundamental changes in the way that things are done in the social sector. Their visions are bold. They seek out opportunities to improve society, and they take action. They attack the underlying causes of problems rather than simply treating symptoms. And, although they may act locally, their actions have the very potential to stimulate global improvements in their chosen arena, whether that is education, health care, job training and development, the environment, the arts, or any other social endeavour.' (p. 5)

Table 3.2 (continued)

Author(s)	Year	Definitions of social entrepreneur
Institute for Social Entrepreneurs	2002	'Social entrepreneur: An individual who uses earned income strategies to pursue social objectives, simultaneously seeking both a financial and social return on investment. Said individual may or may not be in the nonprofit sector.' (p. 1)
Thompson	2002	'Many social entrepreneurs, then, are people with the qualities and behaviours we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than with "making money". [...] the main world of the social entrepreneur is the voluntary sector' (p. 413)
Sullivan Mort et al.	2003	'Social entrepreneurs are first driven by the social mission of creating better social value than their competitors which results in them exhibiting entrepreneurially virtuous behaviour. Secondly, they exhibit a balanced judgment, a coherent unity of purpose and action in the face of complexity. Thirdly, social entrepreneurs explore and recognise opportunities to create better social value for their clients. Finally, social entrepreneurs display innovativeness, proactiveness and risk-taking propensity in their key decision making.' (p. 82)
Barendsen and Gardner	2004	'Social entrepreneurs are individuals who approach a social problem with entrepreneurial spirit and business acumen.' (p. 43)
Skoll Foundation	2004	'At the Skoll Foundation we call social entrepreneurs society's change agents: the pioneers of innovation for the social sector.' (in Dearlove, 2004: 35)
Roberts and Woods	2005	'Visionary, passionately, dedicated individuals' (p. 49)
Schwab Foundation	2005	'A social entrepreneur has created and leads an organization whether for-profit or not, that is aimed at catalyzing systemic social change through new ideas, products, services, methodologies and changes in attitude. Social entrepreneurs create hybrid organizations that employ business method – but their bottom line is social value creation. The ability to turn new ideas into concrete transformational solutions is the hallmark of an entrepreneur.' (in Fontan et al., 2007: 23)
Sharir and Lerner	2005	'The definition we use to characterize the activities of the social entrepreneurs is acting as a change agent to create and sustain social value without being limited to resources currently in hand.' (p. 7)

Table 3.2 (continued)

Author(s)	Year	Definitions of social entrepreneur
Tan et al.	2005	'A legal person is a social entrepreneur from $t_1$ to $t_2$ just in case that person attempts from $t_1$ to $t_2$ , to make profits for society or a segment of it by innovation in the face of risk, in a way that involves that society or segment of it.' (p. 358) 'Social entrepreneur = Legal person engaged in the process of entrepreneurship that involves a segment of society with the altruistic objective that benefits accrue to that segment of society.' (p. 360) 'The job of a social entrepreneur is to recognize when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new steps.' (in Grenier, 2006: 120)
Ashoka	2006	'Social entrepreneurs are different because their earned income strategies are tied directly to their mission: they either start "affirmative businesses" (known as "social firms" in the UK) that employ people who are developmentally disabled, chronically mentally ill, physically challenged, poverty-stricken, or otherwise disadvantaged; or they sell products and services that have a direct impact on a specific social problem (e.g. delivering hospice care, working with potential dropouts to keep them in school, manufacturing assistive devices for people who are physically disabled, providing home care services to help elderly people stay out of nursing homes).' (p. 361) 'Social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns. Profitability is still a goal, but it is not the only goal, and profits are re-invested in the mission rather than being distributed to shareholders.' (p. 361)
Dorado	2006	'Social entrepreneurs may or may not be public sector officials; and their defining characteristic is not whether they create or change a public agency, but the blend of business and social principles they bring to it.' (p. 322) 'Social entrepreneurs as individual change makers and innovative leaders' (p. 121)
Grenier	2006	'Social entrepreneurs aim to create social value and bring about social change usually by helping people who often cannot afford market-based solutions to their needs in
Leadbeater	2006	



Table 3.2 (continued)

Author(s)	Year	Definitions of social entrepreneur
Baron	2007	health, education, and welfare.' (p. 234) 'social entrepreneurs build organizations, usually not-for-profits, which create social value by applying business-like methods to meet social needs' (p. 241) 'A social entrepreneur is willing to form a CSR [corporate social responsibility] firm at a financial loss because either doing so expands the opportunity sets of citizens in consumption-social giving space or there is an entrepreneurial warm glow from forming the firm.' (p. 683)
Brock	2007	'Social entrepreneurs share a common dream of making their ventures sustainable and contributing positively to their home communities.' (p. 1)
Martin and Osberg	2007	'The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her aspiration, direct action, creativity, courage, and fortitude; who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large.' (p. 39)
Tracey and Phillips	2007	'Social entrepreneurs, individuals who develop economically sustainable solutions to social problems.' (p. 264)
Vasakaria	2008	'The aim of the social entrepreneur is to make the society believe that his endeavor is to bring about a social change.' (p. 39)
Institute for Social Entrepreneurs	nd	'Social entrepreneur: Any person, in any sector, who runs a social enterprise.' (p. 1)
Skoll Foundation	nd	'Social entrepreneurs, like their business brethren, are similarly focused; they tap into vast reserves of ambition, creativity and resourcefulness in relentless pursuit of hard, measurable results. But social entrepreneurs seek to grow more than just profits. Motivated by altruism and a profound desire to promote the growth of equitable civil societies, social entrepreneurs pioneer innovative, effective, sustainable approaches to meet the needs of the marginalized, the disadvantaged and the disenfranchised. Social entrepreneurs are the wellspring of a better future.' (in Fontan et al., 2007: 23)

Building upon these definitions for the purposes of this work, the authors define

social entrepreneurs as any individuals who with their entrepreneurial spirit and personality will act as change agents and leaders to tackle social problems by recognizing new opportunities and finding innovative solutions, and are more concerned with creating social value than financial value.

### ANALYSIS OF EXISTING DEFINITIONS AND CHARACTERISTICS OF SOCIAL ENTREPRENEURSHIP

In this section, we analyse different definitions of social entrepreneurship cited in the literature (see Table 3.3). Austin et al. (2006) offer a Social Entrepreneurship Framework where opportunity, people and capital combine to create a social-value proposition, set against a series of contextual forces (tax, regulatory, sociocultural, macroeconomy, political and demographic). Weerawardena and Sullivan Mort (2006) have developed what they call the Bounded Multidimensional Model for Social Entrepreneurship in which risk management, proactiveness and innovativeness are the central constructs of social entrepreneurship, constrained by three factors: the external environment, the social mission of the organization, and the need for sustainability.

In the various definitions, a consensus exists on the multidimensionality of the concept and the presence of two main components: entrepreneurship and social (Mair and Marti, 2006; Nicholls, 2006; Peredo and McLean, 2006; Sullivan Mort et al., 2003). The first component is *entrepreneurship*. Entrepreneurship refers to starting (or re-starting) a business and to value creation for the entrepreneurs or society. Innovation is used to take advantage of new opportunities. Resources are mobilized to achieve the goal. The second component is the *social* dimension (Brinckerhoff, 2000; Tan et al., 2005; Ulhoi, 2005). A social mission and social value creation are characteristics that distinguish social entrepreneurship and economic entrepreneurship.

Primary characteristics of social entrepreneurship (SE\_SHIP) are:

- (C1) SE\_SHIP represents a variety of activities and processes
- (C2) SE\_SHIP wants to create and sustain social value
- (C3) SE\_SHIP encourages more entrepreneurial approaches for social use
- (C4) SE\_SHIP displays varying degrees of innovation and change
- (C5) SE\_SHIP is constrained by the external environment.

Table 3.3 *Definitions of social entrepreneurship*

Author(s)	Year	Definitions of social entrepreneurship
Fowler	2000	'Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organisations and practices that yield and sustain social benefits' (p. 649)
CCSE	2001	'Defines "social entrepreneurship" broadly to encompass a variety of initiatives which fall into two broad categories. First, in the for-profit sector, social entrepreneurship encompasses activities emphasizing the importance of a socially engaged private sector, and the benefits that accrue to those who "do well by doing good". Second, it refers to activities encouraging more entrepreneurial approaches in the not-for-profit sector in order to increase organisational effectiveness and foster long-term sustainability' (p. 1)
Dees et al.	2002	'Social entrepreneurship is not about starting a business or becoming more commercial. It is about finding new and better ways to create social value.' (p. xxx)
Hibbert et al.	2002	'Social entrepreneurship can be loosely defined as the use of entrepreneurial behaviour for social ends rather than for profits objectives, or alternatively, that profits generated are used for the benefit of a specific disadvantaged group.' (p. 288)
Institute for Social Entrepreneurs	2002	'Social entrepreneurship is the art of simultaneously pursuing both a financial and a social return on investment (The "double bottom line")' (p. 1)
Thompson	2002	'Although social entrepreneurship is in evidence in many profit-seeking businesses – sometimes in their strategies and activities, sometimes through donations of money and time' (p. 413)
Lasprogata and Cotton	2003	'Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission (i.e. the "double bottom line").' (p. 69)
Mair and Noboa	2003	'SE [Social entrepreneurship] as the innovative use of resource combinations to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits.' (p. 5)
Pomerantz	2003	'Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, non-

Table 3.3 (continued)

Author(s)	Year	Definitions of social entrepreneurship
Sullivan Mort et al.	2003	profit organizations, or nonprofits in association with for profits.' (p. 25) 'Social entrepreneurship, the entrepreneurship leading to the establishment of new social enterprise, and the continued innovation in existing ones' (p. 76) 'Conceptualises social entrepreneurship as a multidimensional construct involving the expression of entrepreneurially virtuous behaviour to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.' (p. 76)
Mair and Marti	2004	'The innovative use of resources to explore and exploit opportunities that meet to [sic] a social need in a sustainable manner.' (p. 3)
Tommasini	2004	'Social entrepreneurship – Defined as a professional, innovative, and sustainable approach to systematic change that resolves social market failures and grasps opportunities. Social entrepreneurship engage [sic] with both non and for profit organisations, and the success of their activities are [sic] measured first and foremost by their social impact.' (p. 3)
Haugh	2005	'Social entrepreneurship is the process of creating social enterprise' (p. 3)
Roberts and Woods	2005	'Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately, dedicated individuals' (p. 49)
Seelos and Mair	2005	'Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.' (pp. 243–4)
Austin et al.	2006	'Innovative, social value creating activity that occurs within or across the nonprofit, business, or government sectors' (p. 2)
GEM	2006	'Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, teams of individuals or established social enterprise, with social or community goals as its base and where the profit

Table 3.3 (continued)

Author(s)	Year	Definitions of social entrepreneurship
Leadbeater	2006	is invested in the activity or venture itself rather than returned to investors.' (p. 5) 'One way to define social entrepreneurship would be through what motivates the actors, i.e. they want to create social value and put a higher value on their social mission than a financial one. [...] Another way to define social entrepreneurship would be through outcomes: anyone who creates lasting social value through entrepreneurial activities is a social entrepreneur.' (p. 241)
Mair and Marti	2006	'First, we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations.' (p. 37)
Nicholls	2006	'Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systematically by using a range of resources and organizational formats to maximize social impacts and bring about changes' (p. 23)
Peredo and McLean	2006	'Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value ("envision"); (3) employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.' (p. 64)
Perrini	2006	'Entailing innovation designed to explicitly improve societal wellbeing, housed within entrepreneurial organizations that initiate this level of change in society' (p. 247)

Table 3.3 (continued)

Author(s)	Year	Definitions of social entrepreneurship
Weerawardena and Sullivan Mort	2006	'Social entrepreneurship strives to achieve social value creation and this requires the display of innovativeness, proactiveness and risk management behavior. This behavior is constrained by the desire to achieve the social mission and to maintain the sustainability of existing organization. In doing so they are responsive to and constrained by environmental dynamics. They continuously interact with a turbulent and dynamic environment that forces them to pursue sustainability, often within the context of the relative resource poverty of the organization.' (p. 32)
Zhara et al.	2006	'Social entrepreneurship concerns the processes related to the discovery of opportunities to create social wealth and the organizational processes developed and employed to achieve that end.' (p. 12)
Cochran	2007	'Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems' (p. 451)
Haugh	2007	'Social entrepreneurship, the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures [...] Social entrepreneurship is first and foremost a practical response to unmet individual and societal needs.' (p. 743)
Martin and Osberg	2007	'We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large' (p. 35)
Wei-Skillern et al.	2007	'We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the nonprofit, business, or government sector.' (p. 4)

Table 3.3 (continued)

Author(s)	Year	Definitions of social entrepreneurship
Brock	2008	'Innovative approaches to social change' or 'using business concepts and tools to solve social problems' (p. 3)
CASE	2008	'Innovative and resourceful approaches to addressing social problems' (p. 1)
Zhara et al.	2009	'Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.' (p. 522)

Secondary characteristics of social entrepreneurship (SE\_SHIP) are:

- (C6) SE\_SHIP may have varying degrees of positive social transformation
- (C7) SE\_SHIP may take advantage of new opportunities
- (C8) SE\_SHIP may use business concepts, principles, models and tools
- (C9) SE\_SHIP may be constrained by relative resource poverty
- (C10) SE\_SHIP may resolve social market failures
- (C11) SE\_SHIP may invest the profit in the activity of the venture itself rather than return it to investors
- (C12) SE\_SHIP may take a wide variety of legal forms
- (C13) SE\_SHIP may be achieved by creating a new business.

Building upon these definitions for the purposes of this work, the authors define

social entrepreneurship as a concept which represents a variety of activities and processes to create and sustain social value by using more entrepreneurial and innovative approaches and constrained by the external environment.

The three definitions of the three concepts being given, it is clear that there are three separate theoretical items. But the clarification would not be complete if the practical relationships between them were not explicated.

## RELATIONSHIPS BETWEEN THE CONCEPTS

As a synthesis, the authors propose a framework depicting relationships between the three concepts. There might be other ways of depicting these

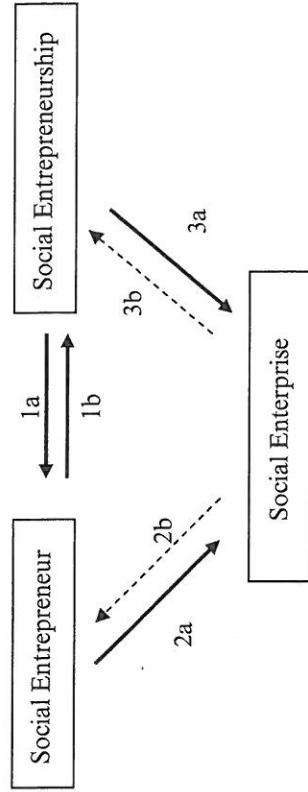


Figure 3.2 Theoretical relationships between concepts

relationships (for instance, inclusion relationship, as drawn in Figure 3.1), but a focus on intensity and causality of their links was chosen. This model enforces the clarification of the way the three concepts are related to each other.

If social entrepreneur and social entrepreneurship are two separate theoretical concepts, they are strongly linked in practice (the first one embodies the second one). On the other hand, we believe that a social enterprise can exist without them. A social enterprise might have been created by a social entrepreneur that is no longer a real entrepreneur but has become a manager, or might have left. So a social enterprise might not always be engaged in social entrepreneurship. This is why links 2b and 3b (see Figure 3.2) are weak links. However, in a process of social entrepreneurship, a social entrepreneur will always have to gather his or her resources in an organization (Verstraete and Fayolle, 2005), which might be a simple project, but will anyway be called a social enterprise.

The six links in Figure 3.2 are described as follows:

- 1a. A social entrepreneur is necessarily engaged in social entrepreneurship (strong link).
- 1b. Social entrepreneurship is necessarily embodied by (at least) one social entrepreneur (strong link).
- 2a. A social entrepreneur's project has to be crystallized in an organizational form called social enterprise (strong link).
- 2b. A social enterprise can be run by a social entrepreneur or not (weak link).
- 3a. Social entrepreneurship leads to the creation or the development of a social enterprise (strong link).
- 3b. A social enterprise is not necessarily or permanently engaged in a social entrepreneurship process (weak link).

## CONCLUSION

Based on a literature review and analysis of various definitions, the objective of this chapter is to present the main characteristics of social enterprise, social entrepreneur and social entrepreneurship concepts, to provide a definition for each concept, and to clarify their relationships. Hopefully this research will contribute to the field by establishing concrete definitions which could overcome the vagueness of many definitions. It will be useful for academics in their research and their teaching, and for practitioners and policy makers in their decisions by offering a better understanding of the different characteristics and relationships.

Even if our methodology was to perform an extensive literature review, it is not exhaustive. Our focus was only on English-language literature to avoid translation problems. Future research could look at our classification of primary and secondary characteristics of each concept and could assess our definitions. Future research could also look at the characteristics cited in the literature in addition to characteristics coming only from the definitions and to develop and revise existing typologies for each concept.

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## 4 Concepts and realities of social enterprise: a European perspective

Jacques Defourny

### INTRODUCTION

Although rarely used until the mid-1990s, the concepts of 'social enterprise', 'social entrepreneurship' and 'social entrepreneur' are now increasingly discussed in various parts of the world. The bulk of the literature is still being produced in Western Europe and the United States but those three 'SE flags' are attracting much interest in other regions, such as Central and Eastern Europe, South-Eastern Asia (especially South Korea, Japan and Taiwan) and Latin America.

In Europe, the concept of social enterprise made its first appearance in 1990, at the very heart of the third sector, following an impetus which was first an Italian one and was closely linked with the cooperative movement: a journal named *Impresa Sociale* (Social Enterprise) started to study new entrepreneurial initiatives which arose primarily in response to social needs that had been inadequately met, or not met at all, by public services (Borzaga and Santuari, 2001). In 1991, the Italian parliament adopted a law creating a specific legal form for 'social cooperatives' and the latter went on to experience an extraordinary growth. Around the same period, European researchers noticed the existence of similar initiatives, though of a lesser magnitude, in various other EU countries and in 1996, they decided to form a network to study 'the emergence of social enterprise in Europe'. This network, which was named EMES and covered all of the fifteen countries that then made up the European Union, gradually developed a common approach of social enterprise.

In the United States, the concepts of social enterprise also met with a very positive response in the early 1990s. In 1993, for instance, the Harvard Business School launched the 'Social Enterprise Initiative', one of the milestones of the period. Since then, other major universities (Columbia, Berkeley, Duke, Yale, New York and so on) and various foundations have set up training and support programmes for social enterprises as well as social entrepreneurs. As to the latter, Ashoka, an organization which has identified and supported such individuals since the beginning of the 1980s, has played a pioneering role in this line.<sup>1</sup>

## Handbook of Research on Social Entrepreneurship

This timely *Handbook* provides an empirically rigorous overview of the latest research advances on social entrepreneurship, entrepreneurs and enterprises. It incorporates seventeen original chapters on definitions, concepts, contexts and strategy, including a critical overview and an agenda for future research in social entrepreneurship.

What are the forms and manifestations of social entrepreneurship? To what extent should current developments lead to a redefinition of stakeholders' strategies and roles in the quest for better consideration of the social dimension? The highly regarded group of contributors addresses these questions in some detail. They also explore social entrepreneurship from a multicultural perspective in order to highlight the diversity of social entrepreneurship forms and practices and, from a strategic perspective, to investigate the essential role played by various actors and factors in the development of social entrepreneurship.

Postgraduate students and researchers studying social entrepreneurship will find this book of great interest. Social entrepreneurs and practitioners would also benefit considerably from this enriching resource.

**Alain Fayolle** is Professor of Entrepreneurship at EMLYON Business School, France and Visiting Professor at the Solvay Brussels School of Economics and Management, Belgium and **Harry Matlay** is Professor of Small Business and Enterprise Development in Birmingham City Business School at Birmingham City University, UK.

# Handbook of Research on Social Entrepreneurship

Edited by **Alain Fayolle** and **Harry Matlay**



## Handbook of Research on Social Entrepreneurship Alain Fayolle and Harry Matlay

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