

## Social entrepreneurship: definitions, drivers and challenges

Benjamin Huybrechts, Centre for Social Economy, HEC Management School, University of Liege

Alex Nicholls, Skoll Centre for Social Entrepreneurship, Saïd Business School, University of Oxford

### Introduction

Social entrepreneurship has become a fashionable construct in recent years. Often evidenced by success stories across the world in diverse fields (health, education, finance, culture, etc.), the concept has become increasingly evident in commercial markets, academic discourses and policy making (Boschee 2006; Light 2008; Nicholls 2006b). Besides transforming extant markets, social entrepreneurship has also been instrumental in creating new markets and market niches, with initiatives such as fair trade (Huybrechts forthcoming; Nicholls 2010a) and microfinance (Armendáriz de Aghion & Morduch 2005; Battilana & Dorado 2010). The latter field has regularly been cited as a flagship of social entrepreneurship, especially since the Nobel Peace Prize was awarded to the Grameen Bank and its founder Mohammad Yunus.

Nearly absent in academic research until the end of the 1990s, social entrepreneurship and social enterprise have become an important research area since then (Dacin *et al.* 2010; Fayolle & Matlay 2010; Short *et al.* 2009), with a growing number of articles and books devoted to the issue.<sup>1</sup> Special issues of several journals have focused on social entrepreneurship and at least two journals have been created especially to deal with this and closely related issues.<sup>2</sup>

Despite widespread acknowledgement that social entrepreneurship and social enterprise remain highly contextual –and, therefore, contestable– notions which can be interpreted in various ways depending on the ideology and the goals of the institutions championing them (Dart 2004; Dey & Steyaert 2010; Nicholls 2010c), there are common features upon which most scholars and commentators can agree. This chapter aims to capture the essence of what social entrepreneurship is and also of what it is not. The chapter is structured as follows. The following section examines the concept of social entrepreneurship and reviews a number of definitions in order to highlight common features. Then, social entrepreneurship is compared with, and differentiated from, related –but distinctive– concepts. After this, the fourth section looks at the origins and drivers of social entrepreneurship in an historical perspective. Finally, this chapter concludes by suggesting a number of challenges for practice, policy and research in this field.

### Social entrepreneurship defined

Establishing an agreed definition of social entrepreneurship has not proved to be an easy task. The main difficulty is that social entrepreneurship is a contextual and contingent set of activities, subject to interpretive analysis and measurement (Bacq & Janssen 2011; Nicholls 2010c; see also Dey's chapter in this book). This is unusual in the field of entrepreneurship, but less so in areas of the social sciences more concerned with societal issues. The literature on the subject uses three different terms

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<sup>1</sup> In an Internet search through EBSCO and Google Scholar in March 2011, 75 articles and 23 books comprising the term “social entrepreneurship” were identified.

<sup>2</sup> The *Social Enterprise Journal* (Emerald) and *The Journal of Social Entrepreneurship* (Routledge)

which, at first sight, might seem linked in a very simple way: “social entrepreneurship” is the dynamic process through which specific types of individuals deserving the name of “social entrepreneurs” create and develop organizations that may be defined as “social enterprises” (Defourny & Nyssens 2008b; Mair & Marti 2006). However, the use of one term or the other is often linked to a different focus and/or understanding of the phenomenon depending on context and perspective. In this chapter, “social entrepreneurship” will be used to designate a broader range of socially innovative initiatives in a spectrum from for-profit to voluntary organizations. “Social enterprises” are a subset of such activities in which commercial models are used as the vehicle by which social objects are achieved (Nicholls 2006b; Thompson 2008).

The study of social entrepreneurship has developed quite differently in the ‘Anglo-sphere’ of the UK and US compared with continental Europe. In the former, the focus has been on the commercialization of the not-for-profit sector and on private initiatives that can deliver public welfare goods. In the latter, the focus has been much more on collective entrepreneurship and analyses at the organizational level (Defourny & Nyssens 2008a; Kerlin 2006; 2008). However, in more recent years, these regional differences seem to have been blurring as better dialogues have evolved between the two traditions facilitated by a new set of academic events such as the Social Entrepreneurship Research Colloquium (Bacq & Janssen 2011; Defourny & Nyssens 2008a; Hulgard 2008; Kerlin 2006).

In reality, the diversity of discourses that characterize the definitional debates around social entrepreneurship reflect the internal logics of a broad range of influential, resource holding actors who are actively involved in shaping the field, rather than any attempts at capturing the ‘reality’ of the field itself (Dart 2004; Dey & Steyaert 2010; Nicholls 2010c). Thus, for civil society actors, social entrepreneurship may represent a driver of systemic social change (Nicholls 2006), a space for new hybrid partnerships (Austin *et al.* 2006a), or a model of political transformation and empowerment (Alvord *et al.* 2004). For government, social entrepreneurship (particularly in the form of social enterprises) can be one of the solutions to state failures in welfare provision (Leadbeater 1996; Nyssens 2006). Finally, for business, social entrepreneurship can offer a new market opportunity (Karamchandani *et al.* 2009) or a natural development from socially responsible investment (Freireich & Fulton 2009).

In Kuhnian terms, the lack of a unified definition is characteristic of a field which is still in an early stage of development and has not yet achieved paradigmatic status (Nicholls 2010c). Dacin *et al.* (2010) counted 37 definitions of social entrepreneurship or social entrepreneurs. Bacq and Janssen (2011) noted 17 different definitions of “social entrepreneurs”, 12 definitions of “social entrepreneurship” and 18 definitions of “social enterprise”, “social entrepreneurial venture” or “social entrepreneurship organization”.

One key debate has concerned how broad or narrow the scope of social entrepreneurship might be (Light 2008), reflecting Dees’ (1998; 2001) call for an equilibrium between inclusiveness (defining social entrepreneurship very broadly) and exclusiveness (defining it very narrowly). An extreme response to this apparent confusion over definitions has been to suggest –contra empirical evidence– that there is nothing theoretically distinctive about social entrepreneurship when compared to entrepreneurship more generally (Dacin *et al.*, 2010).

Despite continued debates, one of the most commonly used definitions was provided by Dees (1998, revised 2001):

“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 a heightened sense of accountability to the constituencies served and for the outcomes created” (2001:4)

Subsequent work focussed on the processes of social entrepreneurship. According to Mort et al. (2003: 76), social entrepreneurship is “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”. Mair and Marti (2004:3) view social entrepreneurship as “a process consisting of the innovative use and combination of resources to explore and exploit opportunities, that aims at catalysing social change by catering to basic human needs in a sustainable manner”. Austin et al. (2006b: 2) define social entrepreneurship as an “innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors”. Finally, Zahra et al. (2009: 5) suggest that social entrepreneurship encompasses “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”.

Despite these ongoing disputes and debates, there remains some broad agreement about a number of key characteristics that set the boundaries of socially entrepreneurial action (Martin & Osberg 2007; Nicholls 2006a). All the definitions of social entrepreneurship agree on a central focus on social or environmental outcomes that has primacy over profit maximization or other strategic considerations. A second defining feature is innovation. Innovation can be pursued through new organizational models and processes, through new products and services, or through new thinking about, and framing of, societal challenges. Several social entrepreneurship initiatives combine these different ways of innovating. Finally, many authors emphasize how social entrepreneurs diffuse their socially innovative models via market oriented action that is performance driven, scaling up their initiatives in other contexts through alliances and partnerships, with the idea of reaching broader and more sustainable outcomes. These dimensions map onto what Nicholls and Cho (2006) identify as the main building blocks of social entrepreneurship: sociality, innovation, and market orientation.

The first dimension, “sociality”, refers to the social and environmental focus of social entrepreneurship. Such a focus may be identified through the creation of public goods and positive externalities. Six fields or domains are natural settings for social entrepreneurship initiatives: (1) welfare and health services (such as the Aravind eye hospitals in India); (2) education and training (such as the Committee to Democratize Information Technology in Brazil); (3) economic development (such as work integration social enterprises, or WISEs, in Europe); (4) disaster relief and international

aid (such as Keystone's innovative "Farmer Voice" project); (5) social justice and political change (including race and gender empowerment, such as SEWA, the Self-Employed Women's Association in Pakistan); (6) and environmental planning and management (such as the Marine Stewardship Council).

But sociality may also lie in the organizational processes themselves. Indeed, socially innovative solutions have been pioneered by social entrepreneurs in terms of employment practices (WISEs employing low-skilled workers), supply chain management (a good example is Fair Trade), energy usage and recycling (such as citizen-based renewable energy cooperatives), and access to credit and financial services (different types of microfinance). Finally, sociality may be identifiable in the outcomes of the organization which will be focussed on social and/or environmental impact rather than on financial returns. In order to capture these outcomes, the field of social entrepreneurship has pioneered a range of new performance evaluation criteria and methods that take into account these non-financial impacts (Stone & Cutcher-Gershenfeld 2001).

Regarding the second characteristic of social entrepreneurship, innovation, it is interesting to note that its approach in social entrepreneurship has much in common with models found in commercial entrepreneurship. For example, in some cases, Schumpeter's idea of "creative destruction" processes that change systems and realign markets around new economic equilibriums can also be found in social entrepreneurship initiatives, either through incremental changes at the micro-level or through disruptive interventions at the systems level (Martin & Osberg 2007).

Third, market orientation is manifest in a variety of ways in social entrepreneurship, most obviously in the for-profit social enterprise form, which operates in commercial markets and generates profits to reinvest in their social mission (Alter 2006). Defourny (2001) and other authors from the EMES network suggest that social enterprises, unlike traditional NGOs and nonprofits, have a continuous production of goods and/or services and take economic risks – bankruptcy is always a possible outcome. A minimum amount of paid work, i.e., a workforce not only composed of volunteers, is also suggested as an element differentiating social enterprise. Nicholls and Cho (2006) identify other features that extend the market orientation dimension, notably a clear focus on continual performance improvement and metrics, increased accountability, and a relentless focus on achieving their mission that permeates the entire organizational culture.

Based on how social enterprises integrate these building blocks, different typologies of social entrepreneurship have been proposed. In 2000, Fowler suggested three types of social entrepreneurship: 'integrated' (when economic activity in itself produces social outcomes); 're-interpreted' (when an existing not-for-profit increases its earned income); and 'complementary' (where commercial revenues cross-subsidize the social mission of a related not-for-profit). In a similar exercise, Alter (2006) distinguishes social enterprise models based on their mission orientation (from mission-oriented to profit-oriented), on their target group, and on how the social programs and the business activities relate to each other. Alter identifies three core models of social enterprise: embedded (when social programs are inherent in the business activities, as in Fair Trade); integrated (when social programs overlap with business activities, for instance at the Scojo Foundation in India); and external (when business activities are an external source of funding for social programs, typically in health or education not-for-profits).

## **What social entrepreneurship is not**

Having established the key definitional dimensions of social entrepreneurship, this section will explore alternative notions which differ from social entrepreneurship to a certain extent – though the latter’s boundaries are still contested (see Dey further in this book). Four notions of relevance will be discussed below: social entrepreneurship is not a discrete sector; it is not a synonym of social business; it is not a new form of corporate social responsibility; and it is not the only model of social innovation.

### *Not a discrete sector*

Much social entrepreneurship has been identified as a boundary blurring form of action between the ideal types of the private, public and civil society sectors. For example, whilst a good deal of social entrepreneurship has its roots in civil society, there has been an evolution towards a stronger market orientation in recent years (Monaci & Caselli 2005). This links to the notion of the ‘social economy’ as widely used in continental Europe, Canada and other parts of the world. The social economy encompasses organizations which are located between the public sector and the for-profit business sector. Characteristic of a social economy organization is “*to provide services to its members or to a wider community, and not serve as a tool in the service of capital investment [...]. The generation of a surplus is therefore a means to providing a service, not the main driving force behind the economic activity*” (Defourny *et al.* 2000, 16).

However, the social economy is both a broader and a narrower concept than social entrepreneurship. It is broader because it includes organizations which are not necessarily entrepreneurial and do not necessarily rely on market resources. In fact, the same remark can be made for not-for-profit organizations, which are not all entrepreneurial. On the other hand, the social economy can be seen as narrower than social entrepreneurship because it only includes organizations with specific legal forms: not-for-profits/charities, cooperatives, mutuals and foundations. It thus ignores the social enterprises which have not adopted one of these forms and which do not formally limit profit distribution. Other examples and models of social entrepreneurship incorporated as small and/or family businesses, located in the public sector and in the corporate world, and resulting from partnerships with and between these sectors also blur the association of social entrepreneurship with the civil society and social economy sectors. Moreover, the levels of analysis are clearly diverging. The social economy refers to a field or a sector (the “third sector”) in a static way. Social entrepreneurship is not a discrete sector, it is a set of hybrid organizations and processes, which may take place in different institutional spaces between and across existing sectors.

### *Not a synonym for social business*

Although the term “social business” has been used earlier than that of social entrepreneurship, its diffusion is more recent and is mainly due to Nobel Peace Prize winner Muhammad Yunus, founder of the Grameen Bank. Yet, it has not yet received much attention in the academic literature, despite Yunus’ own writings (Yunus 2006; 2007; Yunus *et al.* 2010).

At first sight, the way in which Yunus describes a social business might seem quite similar to the principles of a social enterprise: “a company that is cause-driven rather than profit-driven, with the

potential to act as a change agent for the world” (Yunus 2007: 22). However, when we look at the distinctive features of social business he sets out, it appears that this concept is much more restrictive than social entrepreneurship or social enterprise. First, while social enterprise considers mission-aligned profit distribution, Yunus suggests that such profit distribution is prohibited in a social business: “the investors who support it do not take any profits out of the company” (Yunus 2007: 22). Social businesses are thus submitted to the “nondistribution constraint” which is more typical of not-for-profit organizations (Hansmann 1980). But unlike not-for-profits, social businesses are required to raise all their incomes and recover all their costs through the market, and not through philanthropy or public funding.

Through emphasizing “full cost recovery” as a criterion which distinguishes social business from charity, Yunus ignores the possible hybridization of social and business logics which lies at the heart of many social enterprises (Billis 2010; Di Domenico *et al.* 2010; Huybrechts forthcoming). Yunus’ emphasis on market income<sup>3</sup>, while finding some echo in certain conceptions of social entrepreneurship, lies at odds with the mixed income models described by a majority of social entrepreneurship scholars (Bacq & Janssen 2011).<sup>4</sup> Finally, it should be noted that the social business examples cited by Yunus still mainly consist of partnerships between the Grameen Bank and multinational business such as Danone, Veolia and Siemens. One may thus wonder whether the concept Yunus promotes has a broader empirical basis beyond the initiatives specifically framed in this way.

#### *Not a new form of corporate social responsibility*

A third concept that might be confused with social entrepreneurship is corporate social responsibility. According to the European Union (Lisbon strategy), CSR refers to “[a] concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”<sup>5</sup>. In its integration of social aims in the business realm and in the innovative nature of some of its initiatives, CSR might be considered close or even a synonym of social entrepreneurship. Adopting this view, Baron (2007) labels initiators of CSR projects as “social entrepreneurs”. Without going as far in the association of the concepts, Austin and his colleagues suggest that social entrepreneurship “is for corporations, too” (Austin *et al.* 2006a) and labels this as “corporate social entrepreneurship” (Austin & Reficco 2005).

However, two elements differentiate social entrepreneurship from CSR. First, CSR is not necessarily entrepreneurial nor innovative. CSR may indeed consist of aligning corporate practices with practices and norms which are long established (including law), thereby lacking innovativeness. Secondly, the respective goals of CSR projects and social entrepreneurship fundamentally diverge. In social entrepreneurship, the social mission has primacy and profits are means to reach this mission; it should, thus, be at least partly reinvested in the project rather than mainly appropriated by

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<sup>3</sup> E.g.: “Once a social project has overcome the gravitational force of financial dependence, it is ready for space flight” (Yunus 2007: 23)

<sup>4</sup> Several authors criticize the myth that relying only market incomes brings independence and sustainability (Battle Anderson & Dees 2006; Dart 2004). They suggest either having a relaxed view on income sources or striving towards hybrid resource mixes (Gardin 2006).

<sup>5</sup> [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm), viewed on 16 May 2011.

shareholders. In corporations, however responsible, profit maximization remains the ultimate goal and is directed towards shareholder value appropriation. Hence, beyond the respective positions of profit and social mission, it is the issue of value appropriation that differentiates social entrepreneurship from CSR (Santos 2009). Of course, such a distinction may not be easy to establish empirically and the question of what proportion of CSR initiatives may be labelled as corporate social entrepreneurship remains open to debate.

#### *Not the only model of social innovation*

Social innovation is another concept which has gained increasing attention recently (Martin & Osberg 2007; Mulgan *et al.* 2007; Phills *et al.* 2008). Drawing on the literature on innovation and on its broad conceptualization by Schumpeter, Nicholls (2010a:247) distinguishes three types of social innovation: “*in new product and service development (institutional innovation); in the use of existing goods and services in new –more socially productive– ways (incremental innovation); in reframing normative terms of reference to redefine social problems and suggest new solutions (disruptive innovation)*”. While much of the literature has focused on innovation as inherent in entrepreneurship and market orientation, the concept of social innovation tends to consider innovation in a much broader way. Social innovation, broadly defined as new solutions to social needs, is not necessarily market-based and can be found in any sector (Mulgan *et al.* 2007; Phills *et al.* 2008): public (example of participative budgeting in Porto Alegre and elsewhere, see for instance Novy & Leubolt 2005), private for-profit (Austin *et al.* 2006), or non-profit (Gerometta *et al.* 2005). In such sense, whilst social entrepreneurship and social innovation clearly overlap, a difference lies in the fact that social innovation is not necessarily market oriented, while social entrepreneurship clearly is. Hence, some authors view social innovation as the broader umbrella term under which social entrepreneurship, as well as other novel public and third sector initiatives located outside the market, can be affiliated (Mulgan *et al.* 2007; Phills *et al.* 2008).

#### **The drivers of social entrepreneurship**

Whilst interest in social entrepreneurship is growing, it is not a new phenomenon. Examples of organizations demonstrating the three building blocks of social entrepreneurship (sociality, innovation and market orientation) can be found throughout history and across geographical settings. For example, figures as diverse as Robert Owen (one of the fathers of the co-operative movement), Vinoba Bhave (one of Ghandi’s disciples) and Jean-Baptiste André Godin (a French entrepreneur who provided extensive and innovative social welfare services to his workers) are typical figures of 19<sup>th</sup> century social entrepreneurs that conform to the definitions discussed here (Boutillier 2009; Mulgan *et al.* 2007).

Nevertheless, the specific identification of certain actors and activities with social entrepreneurship is a recent matter, with the term itself only beginning to emerge in the 1970s. During the 1980s and 1990s field building organizations emerged that focussed exclusively on social entrepreneurship (e.g., Ashoka (founded in 1981), the Schwab Foundation (1998), the Skoll Foundation(1999), UnLtd (2002), the Omidyar Network (2004), and the Young Foundation (2006): see Nicholls, 2010c). At the same time, government policy in several countries began to explore the possibilities of the field in terms of welfare provision as well (Dees 1998; Dees & Elias 1998; Leadbeater 1996). The nomination of

Muhammad Yunus and the Grameen Bank as Nobel Prize for Peace winners has been seen by many as a turning point in the global recognition of social entrepreneurship (Martin & Osberg 2007) and social innovation in general (Mulgan *et al.* 2007).

But beyond the activities of field-building organizations, some major changes in socio-economic, political and cultural contexts across the world have also acted as drivers of the recent acceleration in the growth of socially entrepreneurial discourses and in practices. First, the proliferation of global crises has driven demand for innovative social and environmental action able to respond to the new challenges posed by these so-called ‘wicked problems’ (Bornstein 2004). Major challenges include: climate change and environmental degradation; inequality and poverty; lack of access to basic healthcare, clean water and energy; mass migration; international terrorism.

Secondly, the rise of global connectedness has improved the ability of citizens to identify and respond to social and environmental needs. The rise of new social media has also accelerated and intensified the interactions among social entrepreneurs, funders and other stakeholders. The involvement of individuals as social actors can be linked to the development of a “pro-am” culture (Leadbeater 2006) and the emergence of “new localism” (Murray *et al.* 2010).

A third major driver has been the redefinition of the role of the state, starting with the rise of neo-conservative politics in the 1980s (Grenier 2009). In the context of “new public management”, these politics encouraged a more managerialist functioning of the state (Osbourne & Gaebler 1992) and the creation of internal “quasi-markets” within state welfare systems (Bode *et al.* 2011; Flynn & Williams 1997; Le Grand 1991). Not-for-profits were encouraged to compete with each other (and often with for-profit businesses) to contract with the government. Increasingly, discourses of enterprise were decoupled from business and applied not only to the activities of the public sector but also to civil society action more generally (Dart 2004). Thus, market failures in the provision of welfare services led to new opportunities for social entrepreneurs (in health, education, etc.).

Finally, the combination of the proliferation of not-for-profits and other civil society organizations (Salamon *et al.* 2003) and several economic recessions, lead to a growing mismatch between the supply and demand of resources to sustain social organizations. This has led civil society organizations to become more entrepreneurial and to diversify their funding by seeking commercial revenues and new partnerships with the state and the business sectors (Kanter & Summers 1987). As a result, successful social entrepreneurs have managed to reduce their dependence on the state and/or donors via new social enterprise models. However, the negative consequences of depending on market resources have also been pointed out (Battle Anderson & Dees 2006; Dart 2004).

### **The size and scope of the field of social entrepreneurship**

Social entrepreneurship is not characterized by a single legal form. Specific legal forms do exist for social entrepreneurship, such as the Social Purpose Company in Belgium, the Community Interest Company (CIC) form in the United Kingdom, Social Cooperatives (Types 1 and 2) in Italy, and L3C organizations in the US. The field, however, also includes a variety of other legal forms (cooperatives, nonprofits, businesses, etc.), some of which are combined in the context of hybrid structures. As a consequence, it has proved to be a significant challenge to derive consistent data on the size and scope of social entrepreneurship across countries.



Nevertheless, attempts have been made to give a snapshot of the field in different contexts, particularly in the UK where there has been a large interest in, and support for, the field. A survey for the UK government estimated the number of social enterprises as 62,000 across the country, contributing £24 billion Gross Value Added to the economy from 2005 to 2007 (Williams & Cowling 2009). At the international level, the Global Entrepreneurship Monitor (GEM) survey is a valuable source of information. The GEM 2010 survey took, for the first time, a worldwide perspective on social entrepreneurship (Bosma & Levie 2010). It estimated that an average of 1.9% of the population directly engaged with social entrepreneurship, with important differences depending on the region concerned and its level of economic development.

To build a picture of the scale of social entrepreneurship in specific contexts, it is instructive to look at some of its well-established sub-fields. For example, Dees (2010) provides some impressive figures about the Bangladesh Rural Advancement Committee (BRAC): it runs more than 37,000 schools, with 120,000 workers, 80,000 health volunteers, it offers microfinance products to over eight million poor people, reaching over 100 million people in total. Another success story is the Fair Trade movement, which now generates more than €2.4 billion of sales worldwide and reaches more than seven million people across the world (FLO-I 2010). Finally, the activities of field builders supporting social entrepreneurs also give an indication of the global outreach of the phenomenon: Ashoka's global Fellowship now exceeds 2,000 members and, since 2001, UnLtd in the UK has supported more than 3,000 people to initiate and scale socially entrepreneurial projects.

### **Conclusion and future research**

This chapter has defined social entrepreneurship as market-oriented initiatives pursuing social aims in an innovative way. Beyond these commonly agreed building blocks, social entrepreneurship remains a contested phenomenon that is understood and promoted in different ways in different contexts. This is partly a product of the inherently hybrid qualities of much social entrepreneurship that blurs the boundaries between previously well distinguished sectors and organizational forms. This chapter has also compared and differentiated social entrepreneurship from other notions with which it is often compared or associated.

Then, in the context of the profusion of initiatives and concepts aiming to reconcile business and social change, several factors have been highlighted to explain the success of social entrepreneurship in terms of its practice, discourses and support. Besides the dynamic promotion of the concept by scholars, foundations and other field building actors, four factors related to the broader environment have been noted: the social, economic and environmental crises providing new challenges and opportunities; the rise of global connectedness, enabling entrepreneurs better to identify opportunities and connect with stakeholders (such as funders) across the globe; the redefinition of the role of the state, with more indirect support for private social action; and the decreasing resources of governments and traditional philanthropy, which have led social entrepreneurs to imagine new resource-raising models. Finally, this chapter has provided some data on the scale and scope of the field of social entrepreneurship. The growth of socially entrepreneurial organizations and the increasing support they have received tends to corroborate the claim that social entrepreneurship is making a difference and holds the potential for broader systemic change.

However, there remains significant work that needs to be done to generate a reliable and consistent data set on social entrepreneurship – this represents the largest and most challenging research task at hand. Elsewhere, there are several other important critiques of social entrepreneurship as it is currently conceived and enacted. Each of these offers a further set of new research opportunities.

In particular, the emphasis on the individual, “hero” social entrepreneur has been criticized as reflecting Western cultural values and as not corresponding to the reality of the field in practice where collective action is of central importance (Lounsbury & Strang 2009; Nicholls 2010c). Moreover, it seems that local institutions and partnerships are as important for successful social impact as the dynamics of individual entrepreneurs, how motivated and charismatic they may be (Yujuico 2008). Collective social entrepreneurship developing through partnerships embedded in local institutional contexts can be found in many examples from the cooperative movement, such as the cases of Desjardins (Québec) and Mondragon (Spain). An important reason for this is that enduring social change cannot be the result of social entrepreneurship alone; it necessarily involves political action at various levels from the formal to the informal, as well as partnerships with broader social movements. A research agenda that explores the politics of social entrepreneurship in various socio-cultural contexts and at multiple societal levels from government to grass-roots represents a second major stream of potential future scholarly work.

Next, there continues to be a need for more and better work on tracking the impacts and outcomes associated with social entrepreneurship. Such a programme of work would encompass not only an investigation of the mechanisms by which social impact is measured, but also the broader context of such metrics including a consideration of their governance and accountability implications. It is also a matter of credibility for social entrepreneurs and the people who support and research them not to exaggerate their contribution and locate it in the broader societal context. Learning from socially entrepreneurial failures, including instances of negative social impacts and externalities, is also crucial to strike a balance between enthusiastic optimism and clear-sighted pragmatism.

A final important area for future research is social finance and investment (Nicholls 2010b). This stream of work would explore how flows of new resources reach socially entrepreneurial organizations and projects. Different aspects of this work would include analyses of what the investor rationales for social investment are, how the market structures of social investment are configured, and what barriers lie in the way of growing and consolidating such capital allocation.

This chapter has suggested that social entrepreneurship represents both a growing field of hybrid action and a catalyst for wider recalibrations of the roles and boundaries of the market, the state and civil society. However, the field is still in a pre-paradigmatic state where definitions remain contested and various actors are promoting self-legitimizing accounts of what social entrepreneurship is and is not (Dey & Steyaert 2010; Nicholls 2010c). In such a context, scholars can play a useful role in assessing competing claims on the field and presenting theoretically and empirically driven accounts of the reality of practice in context. This chapter has attempted to make a modest contribution to this ongoing process.

### Exercise: using case studies to discuss definitional issues

After reading this chapter, the following exercise is suggested:

1. Collect different examples of socially entrepreneurial initiatives (in your city, region, country or at a global level). Describe them (history, founders, goals, model, etc.).
2. Identify to what extent the three building blocks presented here – sociality, market orientation and innovation – are salient in these initiatives. How can they be traced in the discourses and practices?
3. Examine how these elements can be related to each other. What are the synergies between sociality, market orientation and innovation? What are the possible tensions between social and commercial goals?
4. Among the different cases, what patterns can be distinguished in terms of founders, stakeholders involved, organizational models, resource mixes, scaling up trajectories or other variables?
5. To what extent do contextual factors (culture, religion, socio-economic context, public policy, support structures, etc.) shape the emergence and configuration of the socially entrepreneurial initiatives?
6. How do these initiatives differ from others which you would locate outside the scope of social entrepreneurship?

### Learning goals

Upon completing this chapter, you should be able to accomplish the following:

- ◆ Explain the three pillars of social entrepreneurship.
- ◆ Explain how social entrepreneurship can be differentiated from other related concepts such as the third sector (or the social economy), social business, social innovation and corporate social responsibility.
- ◆ List and describe some of the drivers of social responsibility and apply/adapt them to your own context.
- ◆ Explain why measuring social entrepreneurship is difficult; provide some figures/evidence from initiatives you know of.
- ◆ Identify and characterize socially entrepreneurial initiatives in terms of definitions, drivers, size and key challenges.

### For further reading

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