Abstract

This paper explores the new field of social entrepreneurship in the entrepreneurship domain and poses some fundamental questions to understand the positioning of the new field of research. Though it is naive to expect that fundamental questions would be answered at such an early stage in the life of a field of study, they must be reflected upon to inform our approach before the field gets too muddled. The main question the paper raises is whether ‘social entrepreneurship’ is only an extension of entrepreneurship as we know it. The paper argues it is not, that ‘social entrepreneurship’ really is an oxymoron term – a juxtaposition of fundamentally different concepts, and cautions against such confusion arising from force-fitting data to a pre-named concept.

INTRODUCTION

Social entrepreneurship is a new field of study, though not a new field of activity. It has been taken up by scholars in the field of entrepreneurship and, indeed, taken up with vigour after the world acknowledged with the Nobel Peace Prize the work of Muhammad Yunus of creating a lending bank for the poor. In the din of enthusiasm, however, it is not clear what fundamentally defines the link between social entrepreneurship and entrepreneurship as we know it.

This paper explores the concept of social entrepreneurship at a fundamental level, raising some fundamental questions. The paper does not assume naively that answers to fundamental questions would be available at such an early stage in the life of a field of study. It therefore brings to the fore questions that must be reflected upon to inform our approach before the field gets too muddled. The main question it raises is whether ‘social entrepreneurship’ is at all entrepreneurship as we know it? The paper argues it is not, and therefore proposes a need to see the difference on a theoretical plane that would remove some of the confusion the nascent field must avoid. To focus the line of argument, the paper suggests that the present research on understanding social entrepreneurship has been trying to fit meaning into the oxymoron term ‘social entrepreneurship’, and that true understanding of the
field may well come if it is divorced from entrepreneurship as we know it. It must be mentioned here that the paper assumes “entrepreneurship as we know it” to mean innovative human activity for wealth creation for self.

The paper first considers the nascent literature in the new research domain and then examines the legitimacy of the main strands of the literature.

**REVIEW OF THE LITERATURE IN THE FIELD**

Weerawardena and Mort (2006: 23, 24) present a summary the social entrepreneurship literature up to that point in time. It lists various authors chronologically mainly over the last decade, describing their paper foci, context and how they have defined social entrepreneurship. A close examination of the definitions of social entrepreneurship by the various authors brought out in the chart show social entrepreneurship:

- with social change as primary mission (Prabhu, 1998)
- as engaging in activities that cross subsidise between revenue generating and non-revenue generating activities (Campbell, 1997)
- engage in socially responsible activities, for collective good (Henton, et al, 1997)
- as public sector innovation (Borins, 2000)
- as community development, benefitting disadvantaged groups (Cornwall, 1998; Hibbert, 2001)
- as adding something new and different to build social capital (Thompson et al, 2000)
- as competitive firms for a social purpose (Smallbone et al, 2001)
- as public private partnerships for public good (Cook et al, 2002)
- bringing enterprise and imagination to social problems (Shaw et al, 2002)
- as social capital building through something new and different (Thompson, 2002)

Most scholars opine that social entrepreneurship is ill-defined (Mair and Marti, 2006; Thompson, 2002) and several scholars have attempted, reviewing present definitions, to define the field themselves and have claimed to guide future research (Mair and Marti, 2006: 37; Dees, 1994). However, despite that, much of the literature defining ‘social entrepreneurship’ has argued for it being very much like entrepreneurship as we know it, and social entrepreneurs being similar to entrepreneurs as we have known them. Mair and Marti (2006) contend that social entrepreneurship is defined by the characteristic that it catalyses social change and addresses important social needs, and gives relatively higher priority to promoting social value and development against capturing economic value. They also try to draw a parallel with entrepreneurship in general by introducing the metric of “new combinations” from Schumpeterian view of entrepreneurship. They further try to unpack the concept of social entrepreneurship by dissecting its ‘social’ and ‘entrepreneurship’ aspects separately. Finally, they draw comparative legitimacy in the juxtaposition of social entrepreneurship and entrepreneurship as we know it, by interpreting Venkataraman (1997) as positing that the latter does not preclude “other motivations” like social wealth creation through new markets/industries/technologies/jobs, etc, beyond the central engine of a profit motive (Mair and Marti, 2006: 38). They also try to explain social entrepreneurship through the lens of structuration theory (Giddens, 1979, 1984), drawn from Giddens’ vast output on the concept (Whittington, 1992), in a few short sentences on duality of structure that could apply just as well to commercial entrepreneurship. The confusion is apparent when, through a maze of metaphors and comparisons with embeddedness, institutionalism and social movements, the scholars finally don’t place social entrepreneurship very differently except to conclude that it is engaged in both social and economic wealth creation but with a relatively higher priority to social wealth creation.

One of the more prolific writers in the field of social entrepreneurship, Gregory Dees puts store by “goodwill”. To achieve what Dees (1994) calls the “social method” objective, a social enterprise relies on goodwill he describes as non-pecuniary, altruistic, affiliative or communal motivation. Dees characterises social entrepreneurship by “core dimensions” of social objectives operating through social methods, and “amplifying dimensions” that describe other aspects, ie, sacrifice of financial returns by funders, social motivation of workers, below-cost pricing to customers, and mission-
guided stewardship governance. However, it is the continuum concept between the charitable organisation and the business firm that Dees most emphasises (Dees, 1994; Dees & Elias, 1998) to locate a social enterprise on, making social entrepreneurship ethos a matter of degree on that continuum, rather than of kind.

Leadbeater (1997) as well as Thompson (2000) attribute the emergence/rise of social entrepreneurship to the failure of the welfare state in the UK. Leadbeater (1997) touches upon underutilised resources put to use to satisfy unmet social needs. However, Thompson (2000), like Mair and Marti (2006), puts store by unintended desirable outcomes of otherwise opportunistic entrepreneurship. Other scholars have brought out related aspects of social entrepreneurship. Mort, et al (2003) present a multi-dimensional construct of social entrepreneurship involving the expression of entrepreneurially virtuous behaviour to achieve a social mission. They also, however, point out the characteristics of balanced judgement capacity in terms of the social entrepreneurs’ coherent unity of purpose, social opportunity recognition and risk tolerance. These characteristics, however, do not distinguish a social entrepreneur as they are equally found in commercial entrepreneurs and are concepts through which the authors seem to show social entrepreneurship to be similar to commercial entrepreneurship. Understanding the field as differing from commercial entrepreneurship only in degree operates here again.

Like Mort, et al (2003), Peredo and McLean (2006) also emphasise the risk tolerance, innovation and opportunity recognition/exploitation, and mainly social value creating aspects of social entrepreneurship. They introduce the additional characteristic of the refusal of social entrepreneurs to accept the limitations in available resource. These aspects, however, are all found in entrepreneurship as we know it, the last being is the very essence of entrepreneurship according to Stevenson and Jarillo: the willingness to pursue opportunity regardless of the resources under control (Stevenson & Jarillo, 1990). Like most of the scholars, Peredo and McLean (2006) therefore have limited differentiation in their construct of social entrepreneurship which they suggest was “not a tidy concept”. Particularly, their attempt to explicate social entrepreneurship by drawing out what was social in social entrepreneurship and what was entrepreneurial, seems like an attempt to force-fit explanations and observations to the construct of social entrepreneurship post-facto.

THE PRESENT PROPOSITIONS

The nascent literature on social entrepreneurship is claimed by the domain of entrepreneurship research and, as seen above, is being attributed with most of the characteristics of commercial entrepreneurship, ie, innovation, refusal to heed lack of resource, opportunity seeking, high entrepreneurial motivation, etc. The main point of difference is seen in the greater importance attributed to social goals against economic goals. However, that is diluted by many scholarly writing cited above that give both social and economic purpose to both social and economic entrepreneurship, with only a difference in their emphases on social or economic goals. Once this is accepted, the common characteristics of the social and the economic entrepreneur, as drawn out by several scholars, fit the social entrepreneurship construct well. However, while that draws social entrepreneurship close to entrepreneurship as we know it, it does little for the clarity of the social entrepreneurship construct.

What Drives Social Entrepreneurship?

Some of the present literature posits a variable mission between a social and an economic purpose while others have specifically attributed social goals a more primary role in social entrepreneurship. While motivation of the actor to bring social change is the primary characteristic that could define the social entrepreneurship construct, high actor motivation per se does not. Taken at a meta level, any agent pursuing anything out of the ordinary is driven by motivation, like any entrepreneur. Unlike Mair and Marti’s (2006) contention quoting Venkataraman (1997) mentioned above, this does not prove ‘social entrepreneurs’ are the same as entrepreneurs as we know them. The latter, it is this paper’s contention, is motivated primarily by the opportunity to create wealth for themselves, and the former, value for others. Here the key question is: what is the source of the motivation? Ignoring this question would dilute or even remove the fundamental difference between the social change agent...
and the economic entrepreneur. For-profit motivation of for-profit entrepreneurs that create social good for those who can enhance the entrepreneur’s wealth, is fundamentally different from the altruistic motivation of the social change agent. Scholars like Mair and Marti (2006) miss this fundamental distinction when they say social entrepreneurship “can also include personal fulfilment”, an argument as specious as that the social worker serves primarily to fulfil his/her own desire for some kind of self attainment. In the same manner, that “entrepreneurship in the business sector also has a social impact” (Mair and Marti, 2006) also dilutes the primary motivation of profit for self of the economic entrepreneur; this entrepreneur creates value only for those who can contribute towards the enhancement of his/her wealth. The fact that such wealth creation is done by creating value for the user-buyer as a necessary condition for self wealth creation and does not ultimately detract from the self gain logic of entrepreneurship as we know it. The first proposition therefore is as follows:

Proposition 1: Social entrepreneurship is fundamentally different from economic or commercial entrepreneurship in that, unlike the latter, it is not an activity set up primarily for wealth creation for the entrepreneur/ entrepreneurial team through value creation for the user-buyer, but primarily for value creation for the user through motivation of the change-agent driving the activity for social change.

Economic entrepreneurship is based on the simple intersubjective exchange concept. Even an altruistic act of one actor towards another is explicated by a “positive reciprocity” expectation (Smith, 1759). Despite Adam Smith’s contention that the invisible hand makes self-serving actions work for the good of others in ways that the actor does not know or intend (Smith, 1759), economic entrepreneurship cannot escape from the need to be supported by “negative reciprocity” to work (Smith, 1998). The social entrepreneur is outside of such reciprocity.

Efficient Resource Allocator?

The other set of arguments calls social entrepreneurship as engaging in activities to increase the efficiency of resource utilisation for social good (for a review see: Weerawardena and Mort (2006)). This offers a finer understanding of the concept. However, taken in the vein that it is suggested, ie, that social entrepreneurship activities would pull resources to the most efficient avenues and thus, for instance, channel resources to efficient NGOs/ charities, is an argument with a flaw. That is because this field of activity does not have a common standard for performance measurement which has been acknowledged by several scholars (Dees & Elias, 1998; Mair and Marti, 2006). In the absence of a common metric for measuring performance, it is not possible to compare input-output efficiencies which, for mainstream business, is currency denominated. In a primary sense, this difference arises because the user, in social upliftment organising, does not pay. The recipient of the service is the beneficiary who bears no economic cost

Proposition 2: (a) Social entrepreneurship is fundamentally different from economic/ commercial entrepreneurship in that, unlike the latter, it does not have a standard performance or efficiency assessment metric. (b) Social entrepreneurship is fundamentally different from economic/commercial entrepreneurship in that, unlike in the latter, the user does not pay and the giver of supporting resources including money is not the user of the social service.

The above two differences make social enterprise, ie, organising for social upliftment, fundamentally different from entrepreneurship as we know it. This holds irrespective of how we define the latter, ie, whether through the entrepreneur’s traits or behaviour or as a process, as long as wealth creation for self by pursuing lucrative opportunities is accepted as the fundamental motive in the concept of entrepreneurship as we know it. The different fundamental motives behind the two activities set them apart. It may be mentioned that all not-for-profit (NFP) NGO activity is taken as social entrepreneurship and, while that is loosely acceptable, NFP is not a motivation that drives such activity, and their economic nature is better described by what Nobel Laureate Yunus has called a not-for-loss guideline for sustained activity.
The discussions so far have led to a radical conclusion: that 'social entrepreneurship' a misnomer. It is sufficiently different from commercial or economic entrepreneurship and is better described by terms like social change or social upliftment activity thus carving a niche for social entrepreneurship research. Therefore the third proposition is as follows.

**Proposition 3:** ‘Social entrepreneurship’ as a field of study is saddled with the name that does not explain the activity and is therefore a misnomer. It is better described by terms such as social upliftment organising as it is an activity primarily ‘for social upliftment’ (FSU).

**IMPLICATIONS AND CONCLUSION**

The most useful implication of this paper is to provoke thought (Eisenhardt, 2007) for a new look at a field before it gets muddled because we are trying to fit data to a concept already named. In this context, it would be good to remain cautious in drawing conclusions from scanty data, eg, contending that Grameen Bank is a venture in traditional entrepreneurship but with a social goal. As pointed out, in all these situations, the basic difference in the sponsoring individuals’ attitude towards personal wealth creation sets apart the engagement for social change catalysing. That provides the context for seeing the difference. Muhammad Yunus did not start up a micro-credit operation for individual wealth creation/enhancement. The strongest implication of the above propositions is to offer an alternative logic for looking at social upliftment organising that is extra-economic, and that is closer to the reality of such organising. Therefore, this new research field may well be leaning heavily on psychology and social theories. That, after all, is not new to management or to entrepreneurship. While this is being examined it may be useful for the research community to keep an open mind, and refer to such activity as organising ‘for social upliftment’ (FSU) rather than as ‘not-for-profit’ activity. It may also be useful not to force the field to fit a variation of the definition of traditional commercial entrepreneurship juxtaposing the contradictory terms ‘social’ and ‘entrepreneurship’, by acknowledging it as FSU activity.

**REFERENCES**


