NOTE

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Social Value Creation
as a core determinant
from the Impact of Social Entrepreneurship

September, 2006.
Submitted in fulfilment of requirements for degree of Doctor of Philosophy.

In memory of Dame Phyllis Frost::
“She was a person of power, compassion and insight...A woman who lived the life of a saint in hob-nailed boots. At times those boots have stomped over the niceties and sensitivities of polite society, policies and the carefully coiffured charity do-gooders more concerned by the social glitter of the fundraiser than getting the job done...She was a doer, an achiever.”

“Dame Phyllis had a hotline to my radio programme and when that hotline rang we knew something would be achieved!”

ABSTRACT

The purpose of this research was to find out what Social Value is, how it is created and in what way it is related to Social Entrepreneurship. The study has been done at a time when the concept of Social Entrepreneurship has come to the forefront at the outset of the 21st Century; in an advent of rapid change and worldwide turmoil; yet an academic understanding of Social Entrepreneurship has been lacking.

A Western-style capitalist economy has a highly functioning ‘for-profit’ and government regulatory system, with civil society which carries an obligation to have regard for those who ‘have not.’ The goodness-of-fit between all three sectors determines the harmony, order and satisfaction of a given population.

We now know that social Value is created when communities are impacted with outcomes from the inspiration and perspiration of Social Entrepreneurs and Support teams who are committed to alleviating human need.

Social Entrepreneurs and their teams have a different outlook on life. They live with a lack of financial security, are time-poor, persevering, and resourceful; and they manage risk even as need is being resourced.

Based upon a robust literature of Entrepreneurship and Values theories for meaning, data collection allowed for ten social ventures to be case-studied. These lead to further enquiry into seven peak bodies designed to be resourcing agencies. This research is important because a model has been developed which effectively enables social ventures to service their mission, and to stay viable. As a result of this, a way forward has been identified where the impact from social entrepreneuring becomes a core determinant of created Social Value.

The contribution of this research has been to lay a foundation in grass-roots social entrepreneurship which is supported by a Literature which others following can add to or further define. There is now something comprehensive drawn from the experiences of many in the field upon which to base further enquiry and future investigation.

Suggestions have also been made which need reinforcing at the Public Policy level; others in the Social Policy sector will want to know the way to reengineer a way out of the ‘gap’ which exists in the Capitalist System.

ACKNOWLEDGEMENT
I wish to express gratitude to the Three Professors who facilitated this work—Susan Long, Adolph Hanich, and husband Murray. Each brought her own and his own unique contribution to the task. It has been a most rewarding and enjoyable journey.

DECLARATION

This thesis contains no material that has been accepted for the award of another degree at a university or other educational institution. To the best of my knowledge and belief, it contains no material previously published or written by another person or persons, except where due reference has been made.

Loris O. GILLIN

SOCIAL VALUE CREATION
AS A CORE DETERMINANT FROM THE IMPACT OF
SOCIAL ENTREPRENEURSHIP

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- INTRODUCTION -

Setting the Scene: Transition and Change
Before the events of September 11th, 2001 changed the world overnight, the world through the 1990s was changing in subtle and dramatic ways. The Communist regime in Russia toppled after law and order in eastern bloc countries was overthrown. The Berlin Wall came down.

As if in anticipation of a new millennium, advances were made during the 1990s which have become the realities of today. These advances have transformed four major fields of knowledge and application in particular. These four fields are Science and Technology, Communications, Religious, and Political change. Each of these is commented on briefly below and serve to illustrate a period of rapid change. With change comes transformation wherein values need to be expressed differently.

The doctoral thesis to follow is about ‘social value’—value created which did not previously exist. But social value is intangible. There is no tool to measure it. It is the proposition of this thesis that much social value is created by today’s Social Entrepreneurs. Collectively, they seek to meet change at a macro level and turn this into opportunities at societal, community, household and individual levels. Such opportunities are to meet need. This puts fire in the belly of a social entrepreneur.

The very essence of social value (created value which previously did not exist), is that something becomes transformed. As a metaphor, the act of combustion generates warmth and heat when wood and oxygen are ignited.

Throughout this research into Social Value, and in an atmosphere of enquiry, the flames of curiosity are fanned to learn about the combustible processes of global change. This research is about pushing back the frontiers of what is known about this transformation. What becomes known
about the flame which ignites the fire of social transformation will be articulated in later chapters.

With globalization and instant communications, markets have changed, distribution channels do things differently. But for the populations social entrepreneurs serve, there are many people who are disempowered — everywhere.

Taking each major area of change in turn a few things which come to mind which illustrate how rapidly things have changed are:

**Science and Technology:**
Much more is known about genetic markers for the chronic diseases of ageing and many other rare conditions. The 1990s saw the completion of the genome project. In the forensic field, DNA testing is leading to the identification and sentencing of lawbreakers within the justice system. Use of this technique can establish paternity, also. Again, The Gates Foundation has Australia’s Professor Nossal overseeing the mass immunization program in seventy-four countries worldwide. Also, improved prosthetics are enabling people who have had amputations to compete as athletes. Fifteen years ago these things did not exist.

**Communication:**
As with the advent of new and faster communication between 1880 – 1910—railways linking major industrial cities, motorized vehicles, the telephone and shopping by catalogue from preferred firms like Sears—so 100 years later with the turn of the 21st century, communication has exploded. Global communication has given birth to the Information Age and a facility for doing business from a laptop computer or mobile telephone. These accentuate the fact that communication is even faster.

India is a good example of a country finding its place in the new world economic order. “Its bourgeoning information technology sector, having
made its name doing the grind of decoding the world’s millennium bugs, now provides a third of the world’s software workers” (Harley, 2004:130). The new status of these workers will have a ripple effect across the country with a potential for transitioning out of poverty.

In the late 90s new gold was being mined in the United States dot.com industry of e-commerce. Young and not so young graduates of information technology, and those with a smattering of programming flair and software ability dug for gold. In the pre-millenium rush to list as Initial Public Offerings, many have made fortunes on the share market. The downside has been the crash of these markets, which has brought temporary millionaires to their knees.

**Religious Change:**
The world is also changing in subtle ways through secularization. A shift from the sacred at the centre of one’s destiny in life had been made towards autonomy and individualism at the centre since the Enlightenment. But during the 1990s change to post-modernism, a shift is more noticeable. The determinism of scientific materialism had all but displaced religion as a participatory event in people’s lives. Yet imperceptibly, a wave of spiritual enquiry continues to prompt a searching amongst all things religious to satisfy one’s yearnings for connection.

Nightly if they choose, viewers can update on change around the world and see globally, if not instantaneously, when notable events occur. The West has not been prepared for the Jihad-inspired unrest of extremist groups, and the more moderate Islamic leaders and followers seem tentative about the moves to make. A legacy of Islamic culture under the Cailiphs and thinkers of past eras has opened up Christians to the fact that they share the world with Jews and Muslims, also.
Political Change:
Politicians are following the changes and emphasizing their importance. For example, it is no secret that Prime Minister Tony Blair’s 1997 landslide election victory in Britain brought with it support for new-wave social reform (Zadek and Thake, 1997). His government embraced the idea of social entrepreneurs as people who bring to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation.

Across the Atlantic in the United States after the Al Gore/George Bush, 2001 election results were announced, President Bush pledged “Together we will address some of society’s deepest problems one person at a time, by encouraging and empowering the good hearts and good works of the American people” (White House News Release, 2001). For him, the essence of ‘compassionate conservatism’ was to be foundational in his Administration. He sees himself at home as a builder of a more civil society.

7,000 miles across the Pacific Ocean, Prime Minister John Howard, in a 2001 address to the Australian nation said ‘Our social cohesion, flowing directly from a unique form of egalitarianism, is arguably the crowning achievement of Australia’s experience over the past century. We remain a classless society, aspirational yet egalitarian, competitive yet ultimately accommodating. In the leadup to Howard’s reelection in November, 2001 four major welfare bodies met to hone the base for ‘doing further good.’ This resulted in a legitimate interest in social entrepreneurship and in the formation of the Social Entrepreneurs Network. It has more latterly been replaced by the Social Enterprise Partnership.

Early in the new electoral term of the Howard government it appeared that the initiatives and talents of social entrepreneurs were being increasingly valued (Cham, 2002). As a class of human beings, the social entrepreneur
creates ‘social value’ where need exists, out of something which did not exist.

Social Entrepreneurs have recently come into more prominence as perhaps useful in solving problems amongst people. Charles Schwab, founder of the World Economic Forum, who thirty years later founded the Schwab Foundation for Social Entrepreneurship, defined social entrepreneurs as problem solvers. Problem solving is a facet of social entrepreneurship, but social entrepreneurs live life proactively. Schwab (2003:1) said “It’s fine to advocate for social change at the macro level. But I want to find people who have discovered practical solutions to social problems at the local level—solutions that have been shown to work to improve people’s lives, and that can have a spin-off effect elsewhere.”

Some think of social entrepreneurs as ‘do-gooders’ but they do not fit neatly anywhere. They are not human resource managers in corporations, they are not conflict resolution mediators per se. They do not ‘give to,’ or ‘do’ charity. They are people who want to make a difference. That may require solving a problem. But fundamentally, a Social Entrepreneur creates social value where need exists, out of something which did not formerly exist. Pamela Hartigan (2002) of the Schwab Foundation, summed it up this way: “Social entrepreneurs are driven by –

- An unwavering belief in the innate capacity of all people to contribute meaningfully to economic and social development.
- A driving passion to make that happen, be it through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of all three.
- A practical but innovative stance to a social problem, coupled with dogged determination, that allows them to break away from constraints imposed by ideology or field of discipline, and pushes them to take risks that others would not dare to take.
• A healthy impatience. They do not do well in bureaucracies because they do not wait for things to happen. They are social change agents that make things happen.

• Social entrepreneurs are visionaries whose exhausting and exhilarating qualities imagine, innovate, implement, improve on, scale up, diversify, defy the usual, break the patterns, or move in a new direction (Hartigan, 2002). They are unique people and attract others to participate in doing good also.”

Similar to all entrepreneurs, social entrepreneurs resource things by leveraging from others. Those who are attracted to them become human capital and provide an amazing resource through volunteering skills, time, energy, expertise. “That collective flame must be fanned and nurtured by those who understand what social entrepreneurship is about, and those who delight in its promise to achieve social transformation (Hartigan, 2002).

There are also deep personal drivers that take people along the path of social entrepreneurship: some of which may be unconscious and stem from personality and psycho-social biography. This research has been conducted by a person who found fulfillment in the sphere of psychological practice in a not-for-profit community service.

**Autobiographical Note:**
Quite a lot has changed in the composition of communities in the past 15 – 20 years, and in services to subgroups within those communities. Since social value is created to service communities of interest, it is appropriate to reflect on the impetus for such change. A trend was set in motion when the announcement was made about deinstitutionalization of mental health services (National Mental Health Policy, AGPS, 1992). As an example, it was considered prudent to reintroduce a great many people into the community to live at home or in special accommodation where external services could provide primary or secondary care.
Psychotropic drugs had been remarkably successful in our lifetime, in restoring a measure of normalcy to the lives of sufferers of a mental illness. For a while, the mission of faith groups and small independent care groups encompassed people on pensions (in particular people on the lowest in dollar value sickness benefit). As time went by, community health centres and community mental health centres were set up strategically.

As a clinician in a not-for-profit Counselling Service of Christian foundation having at its peak nine Psychologists and two Social Workers, a work ethic was “Say ‘No to noone’ seeking professional service even if that worker subsidises the client hour.” This was part of the value-adding, together with being known by follow-up reliability of the service reputation. This also was a test of each person’s commitment to the Christian ethic of loving one’s neighbour. As a participant-observer during the transitional change to health centres in the community, these observations provided the seedbed of this later research.

With restructuring, many government employees took opportunities which presented, stepped outside of their departments, and contracted their services or consultancies back to government for the Welfare $, the Justice $, the Ageing $, and other human services. Levels of sophistication have increased, and today, systems are in place for privately practicing reimbursement eg. Workcare, Veterans Counselling Services, &c.; in addition to multiple levels of servicing within health and the human services. A tendency towards psychosocial group participation has become widespread as a means of solving the problems which are endemic in modern society.

Small, independent agencies could not compete at assuaging need on the one hand; larger bodies joined the executive and staff training push to remain viable on the other; and time-honoured welfare agencies became
more corporate. One conclusion to be drawn from the above example was, initiative for ‘the needy’ was now funded by government or philanthropy, and home mission activity had been superceded. Previously benevolence was regarded as a vital part of the mix between market forces and not-for-profit.

Meanwhile, a new field opened up. Hitherto thought of as do-gooding, Social Entrepreneurship has been recognized as a valid field of enquiry and discovery. With the turn of another millennium Social Entrepreneurship was attracting interest as an academic pursuit. Questions such as “What is known and what can be learned about the person who self-selects for the field of Social Entrepreneurship” needed to be found.

It is through the impact made on recipients, on people, (called social impact) which this research sees as ‘an effect’ and will become a valuing concept. What follows is an attempt to reconfigure the heat, or amount of energy created, known as ‘social value.’
CHAPTER ONE

CHARTING THE DIRECTION

Setting the Scene has given a broad-brush treatment to the social aspects of global change. Leaders of three major Western nations—the U.K., U.S. and Australia have acknowledged the people-dimension of the nations they govern. Social Entrepreneurs have been introduced as having unique qualities and unconventional ways. As change-agents social entrepreneurs marshall the mix of elements which create social impact amongst people. How this can be evaluated (as ‘profit’ is aggregated in business) is the subject of this Thesis.

The intent of the chapter is to be definitional. It is thought, however, that before a simple definition can have relevance, it is important to stake out the territory for its application. There are three spheres on which social entrepreneuring impinges which need to be clarified. One needs a working knowledge of Philanthropy, of Government Public Policy and Taxation redistribution; and to be located within the Not-for-Profit sector. This chapter presents a working model to this end. It also presents a recognized definition by Dees (1998). Also definitions original to this research are presented for Social Entrepreneur, Social Entrepreneurship and Social Enterprise.

While there is much to learn about entrepreneurship, and this is available through the cumulative documentation of business entrepreneurs—both academic and others in the field—such learning needs to be adapted to the field of Social Entrepreneurship. As has been said already, Chapter 1 introduces the importance of gaining familiarity with the chosen field of Social Entrepreneurship. Chapter 2, gives Historical Perspectives on Social Entrepreneurship; while Chapter 3 traces the historical development of two concepts – ‘wealth’ and ‘worth.’ Chapter 4 is about Value Constructs and Social Entrepreneurship, while Chapter 5 presents a condensed Entrepreneurship Research Literature together with Unifying Theories for this research topic. A tighter research focus is given in Chapters 6, 7 and 8.
First and foremost the reader needs to be acquainted with the fact that Philanthropy is the private expression of wealth creation from Market Forces. Just as Government assists Market Forces with infrastructure and regulates the production environment, so it incentivises capitalists and employees with tax deductions. Therefore, it is desirable that one understands the role of Philanthropy, Governments, the Community, and the space which each inhabits as change happens to global markets.

1.1 Funding and Funders:
1.1.1 The presence of Philanthropy has been evident for a long time. The act of giving has been a salve to many in unconscionable circumstances from time past. Money has flowed from the inheritances and estates of wealthy families across Europe in a heady brew, for the sake of ‘worthy causes.’ In America, people like Rockefeller and Carnegie-Mellon stand out in the public mind as benefactors from the Industrial Age. In Australia there have been some wealthy benefactors also, through endowments; and through Foundations, much more has been given than meets the public eye.

Broadly speaking, there are four categories of Foundations in Australia.

1. Private or Family Foundations
2. Community Foundations
3. Corporate Foundations or Corporate donations and Community Partnerships

For a fuller account see exhibit in APENDIX ‘I’ (Gillin, 2002).

One Australian Social Entrepreneur invited 10,000 people to Christmas dinner in 1932, although—11,500 people turned up. But the Exhibition Building in Melbourne was large enough. The host’s family waited at tables; his store was emptied for gifts. That was Sidney Myer, the Russian immigrant. Through the generosity of this one man the Myer Foundation is now a collective endeavour. In addition, individual family members are expected (by other family members) to donate out of personal income, as well.
The old forms of philanthropy have undergone a shift, also. Sidney Myer himself determined the manner in which he shared largesse from his success. Nor can large amounts of money be transacted through a cheque-book any more. Today, Philanthropy Australia Inc. exists as a peak body/industry association for disseminating resources which come from Trusts and Foundations. This would accord with the way Timmons (1999) saw Strategic Philanthropy—that of purposeful and planned grantmaking activity with emphasis on outcomes that generate change.

The philanthropy sector thinks of social entrepreneurship as existing in the space between Markets and the State. Currently, the key aims are:

- a) to have resources redistributed – rich to poor
- b) to see innovation promoted – hence social venture capitalists
- c) to promote social change
- d) to preserve traditions and cultures
- e) to promote pluralism and to promote policy and practice change.

In terms of G.D.P. the size of the Australian philanthropic sector totals $5100 million (Cham, 2002):

- Individuals give approximately $3000 million annually
- Australian businesses (35%) $1800 million
- Philanthropic trusts and foundations provide $300 million (6% sector)
- Direct business sponsorship - to sport $282 million
- - to education $37 million
- - to arts and cultural activities 29 million

Regardless of who the benefactors are, people at the coal-face are the social entrepreneurs. They are the ones who leverage the resources. They are likely to apply for grants to further facilitate the venture they are working in. In a very legitimate sense Philanthropy Australia Inc. increasingly is being thought of as a Social Venture Capitalist, in the way business entrepreneurs have access to the Venture Capital markets. Giving support to this notion, Letts, Ryan and Grossman (1997) asked crucial questions to find answers which would enable Foundations to apply the venture capital model to help non-profits build strong organizations. These questions were thought necessary because “Non-profit programs begun with high hopes often end up with limited impact” (Letts, Ryan
and Grossman, 1997:37). It is to uncover the sticking points with which social entrepreneurs are associated in creating Social Value which has prompted this research.

Through techniques of fundraising, an industry has also arisen where individual practitioners, and companies, unashamedly ask for donations. A variant on this theme is to offer a privilege/reward in return for set amounts given eg. badging, cause-related marketing, &c. Porter and Kramer, (2002:57) refer to haziness surrounding Corporate Philanthropy. Whatever the method of fundraising, further large amounts have been legitimately given to ‘worthy causes.’

1.1.2 Government Participation Government incentivises capitalists and employees with tax deductions. Therefore, to complement the idea of money given from private sources, some reference to Government funding seems appropriate. This is of two main kinds: -

i) Discretionary giving. Giving indirectly through tax exemption and leisure-spending of a household allows for an individual’s discretion as to where the money goes. People who like to donate to appeals, or give to a ‘worthy cause’ are free to declare this in order to enjoy tax exempt status for such items. Hence, at a personal level individual taxpayers are encouraged by a tax deductible stimulus to use their own discretion as to who they also donate to.

ii) Through submissions and tenders leading to contracts (see below).

1.2 On the Supply and Demand Chain
1.2.1 The State Leat and Lethlean (2000) argued ‘Despite the language of partnership in Australia and the U.K., the voluntary sector is increasingly seen as an agent of the State, working on contract to governments to supply services in line with government priorities. Instead of receiving general-purpose grants for broadly-defined ‘good works,’ voluntary organization funding is increasingly based on carefully specified contracts for service. Contracts for
service not only involve controlled and costed inputs, but also specified and monitored measurable outputs, again set by the purchaser of the service – Government (p.7).

In his comments in 1999, Ryan claimed “The State will destroy the voluntary sector by turning it into an agent of government, binding it to detailed contracts for provision of government priorities.” “The market threatens to destroy the community sector by moving into areas which the community sector has traditionally dominated” (p.13) This prophecy gives a Doomsday account of what appeared to be happening around the turn of the new millennium.

Presented in summary form this researcher sees the facts around the supply and demand chain muddied. The reality was not all to be desired.

i) Larger successful welfare bodies were awarded major contracts.

ii) During restructuring in the 1990s, personnel working for the bureaucracy took severance packages, set up e-businesses and won contracts, knowing what work to make submissions for and how to dispense those services according to Government guidelines.

iii) Government services have encroached into the private sector through education and community health.

iv) Private servicing exists to service recipients who have medical insurance.

It is not the purpose of the Thesis to pursue these avenues except to note that this has occurred. Rather, with the passage of time, things appear to have settled in Australia since the introduction of GST, and all sectors are seeing a record number of robust budgets reported on by Treasury. There would appear to be a less hostile mood in the community sector, knowing that, given appropriate access to ministers of Cabinet, and therefore the Prime Minister, matters will receive genuine attention.
The initiative of ‘Our Community’ is a case in point where a local start-up has been taken nationally through the mechanism of Local Government (Galbally, 2003:5).

The Not-for-Profit experience in the United States has been somewhat different. Drawing from his experience across all of forty years Drucker (1990) wrote: “We then believed that government could and should discharge all major social tasks, and that the role of the non-profits, if there was a role, was to supplement governmental programs or to add special flourishes to them. Today, we know better. We know that the non-profit institutions are central to American society and are indeed its most distinguishing feature” (Drucker, p.xiii).

“We now know that the ability of government to perform social tasks is very limited indeed. But we also know that the non-profits discharge a much bigger job than taking care of specific needs. With every second American adult serving as a volunteer in the non-profit sector it has become a commitment to responsible citizenship in the community. Business supplies either goods or services. A business has discharged its task when the customer buys the product, pays for it, and is satisfied with it. Government controls (and regulates). It has discharged its function when its policies are effective. The ‘non-profit’ neither supplies goods or services, nor controls. Its ‘product’ is neither a pair of shoes nor an effective regulation. Its product (social value) is ‘a changed human being.’ Social Value is created when a patient is cured, a child learns, a young man or woman grows into a self-respecting adult; a changed human life altogether. The non-profit institution has been America’s resounding success in the last forty years. This sector has become America’s Civil Society” (Drucker, p.xiv).

Continuing his piece…“People in communities see value in non-profits. Many give freely of their time each week to work as volunteers. People learn and their organizations constantly need to learn to value this spirit in Civil Society.” Drucker (1990) asked “Why are you willing to give all this time when you are already working hard in your paid job?” “Again and
again I get the same answer, “Because here I know what I am doing. Here I contribute. Here I am a member of a community.” Drucker says “The non-profits are the American community. They increasingly give the individual the ability to perform and to achieve. Precisely because volunteers do not have the satisfaction of a paycheck, they have to get more satisfaction out of their contribution. They have to be ‘managed’ as unpaid staff” (Drucker, p.xviii).

There is an irony that from within America a shrewd, learned professor applauds the American people as the ‘Civil Society.’ But Drucker is not alone in this. In 1996, Heritage Foundation asked a collection of American scholars and policymakers for their views on revitalizing American culture. The comment which introduced some twenty visionary thinkers said “1870-1920 saw the creation of Red Cross, the Scouts, Carnegie libraries, thousands of tertiary learning academies and other private organizations. The community is once again applying Yankee ingenuity by building private institutions to address great cultural crises” (p.2)

1.2.2 – Corporates and Partnerships In his Corporate Public Affairs Oration, March 1999, John Howard said ‘The state, business, voluntary organizations, communities and individuals have a shared responsibility for shaping and maintaining a workable and just society. No longer is it a sole responsibility of the state.’

To stimulate the sector, Federal government initiated a Philanthropy Round Table in 1998. This was for the purpose of developing strategies and programs that encouraged best practice; and to raise awareness about the value of ‘partnerships.’ An amount of $13.4 million over four years was pledged by government. Four aims were set out as guidelines (2000:1): A view was being expressed that just ‘doing business’ and ‘giving to charity’ was not enough anymore in 2000. It is significant in Victoria, that the Institute for Social Research was set up at Swinburne University, and a Centre for Citizenship and
Human Rights was set up at Deakin University with a research emphasis on Corporate Citizenship.

An initiative of Philanthropy Australia Inc. was the introduction of the International Speakers Program in 1998 which further complemented the Round Table. This has enabled notable contributions to be made in Philanthropy monographs, and essential contact with overseas.

The Business Council of Australia, the Australian Institute of Company Directors, and the Prime Minister’s Business Community Partnership have all become involved in one way or another with some of the issues. In the role of Director of Corporate Citizenship Research Unit at Deakin University, Professor Birch gave an Alfred Deakin lecture (2001) and said “What is also clearly needed is a much more defined understanding of the level of strategic thinking in the business sector in Australia about Corporate Citizenship and its place in the pro-active development of long-term core business, and not simply as a reactive short-term ‘feel good’ add-on, or marketing/branding device.” Further research has been done since then with the aim of shifting the response in business from aspirational to multi-functional expressions of support. “While there is general commitment to Corporate Citizenship as expressed in short-term Corporate community investment and involvement, this was not generally managed in a disciplined, transparent and accountable way” (Birch, 2001).

1.2.3 iii) The Community/Non-Profits Australians have a heritage in Benevolent Societies and Temperance Societies to name just two. Far from being an indomitable bluestone edifice the Christian Church in Australia, also, has shown the practical face of kindness across the land since the early days of settlement. Just three years after settlement Richard Johnson, Chaplain of the settlement began to examine the possibilities for providing education. He wrote home to a friend in England asking him to recruit someone prepared to establish schools for illiterate convicts in NSW (Stringer, 1999:110). Today, the
initiatives which are present in the community are legion. Present in the community also are the healthy special interest club activities. These account for memberships and people are drawn together as participants around their common interests.

At the beginning of the chapter it was said that territory needed to be staked out. The world seems full of voices expressing need, and others clamouring to be heard. To bring some order into the societal chaos of ideas and opportunities, and because social entrepreneurs are leaders who have vision, and a purpose, it is necessary to draw from the contribution of Frumkin (2002:129). He saw non-profits in the Community sector as (a) Driven by ‘demand’ or ‘supply;’ and (b) “valuable because the not-for-profit allows individuals to express values and commitment through work, volunteering and donations which answers to a powerful expressive urge” (Frumkin).

Social Entrepreneurs practice in the instrumental, supply-side orientation of (4), accomplishing tasks which a community sees as important. Its value is measured in outcomes; and also in the expressive quality, supply-side orientation of (3) derived from friendship and self-actualization.

Figure 1.1: Frumkin (2002) Model

2. Mobilizes courts for politics; advocates for causes; builds Social Capital
3. Volunteers, staff, donors express values. Commitments & faith thru work.
4. Provides a vehicle for Social Entrepreneurship.
The above Frumkin (2002) model (Figure 1.1) is designed to position the reader. In his monograph on Social Entrepreneurship (2002:129) Frumkin expands upon the Community sector which exists between the Market and the State. He does this to good effect. By taking note on the Demand Side that Welfare (1) and Activism (2) are not being addressed in this project—only the Supply Side Orientation of Values and Faith Communities and Social Enterprise, the picture becomes clearer.

There are three distinguishing features of Not-for-Profit and Voluntary Organization activity (Frumkin, 2002:129).

(a) They do not coerce participation;
(b) They operate without distributing profits to stakeholders;
(c) They exist without simple and clear lines of ownership.

To further assist with a universal familiarity with ‘the field’ it is important to recognize another two functions as follows:

- Non-Profits and Voluntary Organizations are driven by ‘demand’ or ‘supply’
- the sector is an alternative to profit-maximizing and
- allows individuals to express values and commitment through work, volunteering, and/or donating discretionary income.
- Such helping-in-kind has an expressive quality.

This research has a ‘supply side’ orientation and uses instrumental means to accomplish tasks which a community of interest sees as important; its powerful instrumental value will be expressed in largely intangible outcomes, but outcomes nevertheless. Its ‘expressive’ means enfold people with love and acceptance.
1.3 Having staked out the territory (4 and 3), some Definitions about them: The proposal leading to this research said “There is something contagious about being socially entrepreneurial. Only certain individuals can tolerate the flux and uncertainty which the development of new ideas or different ways of doing things produces ie. with negligible capital resourcing and structure. For some, a state of anxiety arises when the way ahead is not process and bureaucratic. But amongst those attracted to social entrepreneurial activity, a contagion envelops them into inspired leadership and a loyal team, bent on achieving seemingly impossible outcomes” (Gillin, 2002).

Originally, it was thought that an equivalence for social value could be measured, and it appears that it can. The economic and monetary value of doing socially entrepreneurial things is being measured in different parts of the world. The New Economics Foundation, London, is one such organization (see APPENDIX ‘2’). However, this research is not consumed by a need for numeric detail and will be commented on in the Discussion. Providing awareness of intangible value is the important focus here.

The framework and focus of the research proposal has been followed closely by the later outworked research program. Theory has been tested and real people have contributed to the data. Based on the combined notions of value creation taken from Say (1845); innovation and change agents from Schumpeter (1934); pursuit of opportunity from Drucker (1985); and resourcefulness from Stevenson (1985), Dees (1998) definition and framework has guided the research into Social Entrepreneurship as:

- 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.
A working definition for this Research is also included here: -

That Social value accrues when outcomes affect human lives in a constructive, purpose-driven way. Such Social Value, which is mostly intangible, is difficult to quantify.

The reader shall find support in later findings where entrepreneurs think only in terms of positives. The concept of Social Value and negativity is an oxymoron. Therefore ‘social value’ in this definition refers to **Social Value with a positive valence.** The alternative to value creation is value destruction, and zero-sum/or neutral value parity (Vozikis, 2003).

Social Entrepreneurship arises from an unconscious spirit of generosity within various people who produce a facility to envision, resource and enable activity which otherwise exists as unmet need. Need is lessened by a Social Entrepreneur who possesses unique qualities to match the need.

Social Enterprise is a small-business model for financing an underresourced venture so that any income-stream is redistributed across its mission. Focus on profit-making is eliminated and stakeholders are a necessary support mechanism.

In an address at the launch of Swinburne Social Entrepreneurship academic stream Hollingworth (2001:7 of 8) said “We need to establish enabling structures—to use the jargon—structures that will ensure that energies become synergies. We should support the notion that many disadvantaged people are well-placed themselves to provide the best solutions to their problems. But we still need to make sure that those who presently don’t have their own solutions are not left behind. We need to try and avoid relying on ideology driving these forces to the point of unreality so that we might keep a good idea on track, to ensure its implementation.”
Social Entrepreneurship as a legitimate field of endeavour has evolved within a complex framework of political, economic and social change occurring at the global, national and local levels. Previously, social ventures were known as not-for-profit, and before that there was benevolence, and further back, reform eg. freedom from slavery, advocacy for prison populations, and feeding the orphan.

1.4 The Context for requiring entrepreneurship whether global, national or local is as a result of rapid change
At home, in Britain and the U.S. a time of relative political stability, together with favourable economic returns and functioning regulatory practices is enabling attention to be paid to improving community. The ideological pendulum swing of Republican/Democratic or Conservative-Liberal/Labour viewpoints determines whether policy directions give the individual more or less responsibility for their own life (Clinton, 2003). It also means that current support is being given to initiatives in the community which have potential for improved quality of life for individuals without the independent means of ensuring this.

As referred to already, a Western-style capitalist economy has a highly functioning ‘for-profit’ and government regulatory system, with civil society which carries an obligation to have regard for those who ‘have not.’ The goodness-of-fit between all three sectors determines the harmony, order and satisfaction of a given population.

The concept map to follow is to assist the reader’s comprehension of the scoping of social entrepreneurship.
The remainder of this chapter introduces and outlines a Concept Map of the entire thesis to follow. The context for this project (Figure 1.2) is the Community (a). Figure 1.2 introduces life in Western democracies as a wedge in which the community sits between Market Forces and Government. Going deeper, the wedge is informed by parent disciplines which congeal into ‘the known.’ A Literature Survey (c) reveals what is known about Entrepreneurship research, and different ways of thinking and doing. However, the Literature Survey did not take shape until a journey into History (c) brought recognition of the fact that the ‘worth’ of a human life is part of a twin theme in human endeavour. ‘Wealth’ alone is of limited recognition. Also an excursion into valuing and economics since industrialization (c) influences the consequent argument about Social Value creation.

The Parent Disciplines (Figure 2(b) of Social Entrepreneurship (d) are:

Business (for-profit) Entrepreneurship
Venture Capital/Angels
These disciplines inform private (for-profit) business, investment towards further wealth creation, taxation dollar distribution including Health, Education and Welfare, and funding for charitable institutions. Corporate Partnerships of the A.M.P. kind (since 1992) have also added a further dimension to social responsibility in the business section. Critical attention is drawn to the absence of any forerunner to the inclusion of Social Entrepreneurship as distinct from Philanthropic or Government support. In inspiration alone the work of Dr. Barnardo’s, Benevolent Societies and compassionate Church initiatives never fail to impress. Now with admission to the field of academic research, Social Entrepreneurship as a sub-discipline of Entrepreneurship adds both to ontology and epistemology, and points the way forward in managing constant change.

Since the advent of the new millennium a momentum has gathered. Governments at all levels are grappling with multiple demands on funds. Decade-long restructuring has occurred in the workplace (from a production-based economy to a knowledge-based economy), global trade and agreements have been rejigged, and international problems of human rights and environmental sustainability now require global solutions. Reiss (1999:iii) confirms what others have suspected that “The prevalence of a global market model leaves governments in a difficult position with regard to social spending.”

Dees (1998:1) had this in mind when he wrote “The phenomenon of Social Entrepreneurship includes the passion of a social mission combined with an image of business-like discipline, innovation and determination.” This brings about change in the society—change resulting in the creation of social value.
1.5 Within the Field of Entrepreneurship a class has emerged (Fig. 1.2(d)). (Figure 1.3 carries forward Figure 1.2(d) and expands it further). This is a class of people with drive to bring about change in the Society—change for the better, resulting in the creation of social value. These (people) are ‘Social Entrepreneurs’ who have a flair for doing things differently (Dees, 1998).

![Figure 1.3: Concept Map of Social Entrepreneurship Field](image)

At almost precisely fifty years after the introduction of the Welfare State in Britain the 1996 Commission on the Future of the Voluntary Sector was launched on its way to becoming the force it is in England, today.

In the United States a shift is occurring from a social welfare state approach of political economy, towards a neoliberal approach with an emphasis upon market forces as primary mechanisms for distribution (and redistribution) of resources (Reiss, 1999). It should be noted that an enlightened approach to
voluntarism allows workers to contribute as human capital while not losing paid time at work.

In Canada a Centre for Social Entrepreneurship now exists. Prior to the literature review of Johnson in November, 2000 a complete absence of examples of documented social entrepreneurship in the popular and academic literature was conspicuous.

Formal existence of Social Entrepreneurship in Australia occurring within Academe commenced in November, 2001 with the launch of the Foundation for Social Entrepreneurship at Swinburne, Melbourne.

In the current mood, those with a social conscience and emerging young innovators are challenging the traditional sectoral boundaries between private, public and non-profit sectors. Henton et al (1997) state “the signs are everywhere that the old model…simply does not work for the current environment. Globalization processes, according to Reich (1991:i), have also created an increasingly powerful market sector—one in which governments at all levels are finding they have less overt power to regulate or even influence. Never has wealth creation in the private sector soared so high while the growing gaps between rich and poor keep festering. The presence of a global market model leaves governments in a difficult position vis-à-vis social spending in an era of increasing calls for tax relief (Reich, 1991).

A ‘quickening’ from the private sector has lead to a heightened awareness that new approaches are needed for social problem-solving that incorporate intersectoral collaboration. Again Reiss (1999:4) argued that “all sectors need to work together by changing and sharing traditionally-accepted roles.” There is a growing recognition that entrenched competition between sectors may, in fact, be counterproductive (Johnson, 2000). Can the Private sector and Government give the respect which is due to the sector which creates
A generation of Social Entrepreneurs is emerging out of this context, driven by innovators increasingly committed to using market-based approaches to solve social problems.

The Field which the Social Entrepreneur inhabits (d) is one of meeting need (not wants)—meeting human need. The need for shelter and security, basic physical and emotional needs, the need for acceptance and to be treated with dignity; to connect with others and to be loved. The Social Entrepreneur is a person who meets a need or makes a difference to the lives of others. At a highly individual level, this person is called ‘a good neighbour,’ or ‘a friend,’ but social entrepreneurship usually happens again and again in a collective or community setting. A Social Entrepreneur acts in an inspired way, using resources which are difficult to quantify, and tailoring the delivery of need-meeting in a precise manner.

In contrast to profit-making and sharing of the business sector, there will be no profit in social entrepreneurial activity except in goodwill. Closely allied with goodwill-sharing is the notion of sustainability. It is also incumbent for leaders in the field to find agreement about impact and sustainability. The work of social entrepreneurship is about paying attention to the gap created between fallout from market forces and the inability of governments to provide compassionate relief to improving quality of life for those most disadvantaged by wealth creation. With this present era there has come a significantly higher level of relief in Western countries but more is yet to be accomplished. Social Entrepreneurs are to be encouraged and supported as they ‘drive’ the goodwill venture with vision and a sense of personal mission.

1.6 Summary:
A workable balance needs to be found between the Market Sector, Government and the Voluntary Sector: generous Philanthropy, a renewed spirit in Government to adjust for its contractual arrangements which need to insist on a
meaner bureaucracy; and coming to better terms with those described here as Social Entrepreneurs—the creators of social value through social capital. These men and women embody a different set of assumptions that challenge old notions of the distribution between for-profit and not-for-profit sectors—perceived value differences need to be acknowledged. Liffman (2003:116) alluded to the perceived differences in motivation and dynamics which drive these two sectors—for profit and not-for-profit. It is thought, that instead of estrangement between the two there could be a genuine partnership of learning, to the ongoing enhancement of each. As an example of this, the Pratt Foundation, Heloise Waislitz Orator 2004, Dr. Marcos Kisel, MD., from IDSI, Brazil, is himself a Social Entrepreneur who is leading the emphasis of socially responsible investment for individuals, families, companies and communities.

Huggins (2001) referred to the passion it takes to be a social entrepreneur—getting up every morning wanting to do the entrepreneurial thing more than anything else. A serious commitment has been made that places a substantial strain on health, family, friendships and finances. Passion must be understood and be able to be articulated as what a person is attempting to accomplish as mission

Social entrepreneurship straddles the fields of community development, social planning, social service, management and business, public administration and philanthropy. The Social Entrepreneur brings vision, passion and focus to bear on a felt need and drives those who become attracted to the ideal, vision or project (whether as staff or team of volunteers) to make a social impact. The task of this research is to recognize social impact wherever it occurs, and to scale it into a tool called Social Value.

The traditional model for Philanthropy has stood the test of time. The well-endowed have set a good example for one another. It is the corporate marketing sector which has developed a slick way of increasing gross donations while at the same time sending back to the company a benefit of public consciousness-
raising and potential product sales. Now a cluster model is proposed as ‘context-focused enablement enhancement’ (see Discussion). It is known that a region developed in harness with other corporate-donors has the potential for doing greater good both socially and economically.

Dissatisfaction is expressed about current government policy, and funding has been made which exposes the squeeze between sectors—the state and the non-profit/community sectors. Whichever way the balance-beam is tilted—there are never enough dollars to satisfy both sector responsibilities.

Whether volunteering in Australia becomes the serious business Professor Drucker describes remains to be seen. It would appear that we as a nation can go our own way and learn in the long run—40, 50 years, what others have concluded already; or we can take steps to channel the Australian national pride into more areas than sport and tolerance for all. The spirit of Australia is more than the symbol of the flying kangaroo. The loss and grief of a Tsunami and the heroism of the bushfires presses in upon us. “Who is my neighbour?” we ask. “Watch me on the team for volunteering, doing my 3, 6, 12 hours/week.” “All the time?” you ask. “Week after week—that’s the Spirit!”
CHAPTER TWO

A SOCIAL HISTORY OF ENTREPRENEURSHIP

It might be thought indulgent to discover from the records, heroes who are remembered for the good they did their fellow-man. This chapter identifies 19th and 20th century heroes who practised goodwill and common sense to good effect which became social reform. Attention is also paid to the entrepreneurial spirit as portrayed through musical theatre, particularly in America. And more latterly a section on Australian Social History identifies her heroes, too.

Although each of three major sections has its own characteristics, some balance has been struck between contributions from Britain, USA and Australia. Britain, the USA and Australia have been chosen because of their common heritage. This thesis will not examine social entrepreneuring in other countries. It is hoped that the reader will be inspired by the subject before the serious work of arguing that social value creation is at the core of social entrepreneurial impact.

2.1 19th and 20th Century Social Entrepreneurs:

Most of the time when there is severe illness, people become thankful for nurses and nursing. All the rest of the time, as a profession, nursing is taken for granted. And yet, if there had not been a Florence Nightingale, those who tended the sick would have remained untrained, and frequently under the influence of alcohol (Pollard, 1995:9).

Having learned all she could in only three months at a German school for nurses, Florence set up a School of Nursing at St. Thomas’ Hospital in London. She also used her influence to improve the way hospitals were run. Her early exposure to the poor and sick was with her mother; but neither parent saw nursing as respectable for their daughter. Florence read all she could about hospitals and public health.
Florence was a young woman of 33 when the Crimea War broke out in 1853. Her entrepreneurial spirit gathered a group of nurses together, and they sailed across to the battlefront. Florence and her nurses endured the dislike of the male doctors and orderlies. They also reversed the death rate amongst soldiers through hygiene, and what has come to be known as ‘the placebo effect.’ If the records are correct, Florence lived to be 90—a wonderful agent of change!

Another mid 19th century development in medicine came about from the experimental work of Joseph Lister (1827-1912), conducted at the University Medical School in Glasgow (Pollard, 1995:87). Joseph steeped dressings with antiseptic solutions and introduced the sterilization of operating theatres, instruments, gowns and human skin-covering to minimize infection. Maybe the reader will ponder for a moment how much advertising into the community has alerted one to using antiseptic as the first line of defense against infection. A dramatic decline in the death rate occurred from early in the 20th century.

Elizabeth Fry (Pollard, 1995:8) grew up at a time when the Justice system was seriously overcrowded. The crimes for which people were tried sent them as far afield as Botany Bay, for stealing a postage stamp or a bakers bun. In the year Elizabeth was born--1780, there was a riot at Newgate Prison (London); buildings and furniture were torched and 300 prisoners were released.

As for Florence Nightingale, Elizabeth was a woman of 33, when she visited in Newgate. Elizabeth witnessed women and children crowded together. Their wits lead them to gamble, drink and steal from one another. Firstly Elizabeth organized a school ‘inside’ so that children could learn there. On her frequent visits she brought sewing for the women to do, and she paid them for it.
Following the formation of a prisoners’ aid society, legislation in the Parliament lead to prison reform in Europe as well as in Britain.

It is hoped that already the reader has glimpsed being present with Florence in the middle 1800s, and approved of Lister’s impress on Public Health across a similar period of time. Elizabeth Fry not only organized school, but paid for the labour she gainfully occupied on her prison visits. From this beginning, prison reform crept across Europe at the turn of the 20th century.

You could say Clara Barton was an incurable battlefront addict. In 1861, at the height of the American Civil War Clara took food, water and medical supplies to wounded soldiers; then while recuperating in Europe in 1869 she volunteered to help out in the war between France and Prussia (Pollard, 1995:10). It was while there that Clara first glimpsed the new Red Cross in action.

Between the years 1874 – 1881 Clara’s version of American Red Cross included victims of other disasters, as well as war—floods, famine and hurricanes. Clara Barton pioneered the force for good which Red Cross is seen as, even to the present day.

Clara Barton could never have known how far-reaching her foundling organization would become. The presence of Red Cross today is a reliable presence in whatever disaster.

The Balkans have thrown up centuries of conflict, but through the entrepreneurship of Eglantyne Jebb (Pollard, 1995:11), the world has the Charter of Human Rights for the Child. Born in 1876, Eglantyne Jebb was a first-wave female student to study at Oxford. Eglantyne became a teacher, then worked for the ‘Charity Organization Society,’ United Kingdom.
In 1913, Eglantyne Jebb was sent to Macedonia to distribute money to refugees who had lost their homes in the Balkan wars. After the 1914 – 1918 war she initiated a Fight the Famine council out of which came the ‘Save the Children Fund.’ Eglantyne believed passionately in the need to look after children—mankind’s opportunity to rebuild a heartbreak of a world. With honour, it is noted that she penned the Charter of Human Rights for the Child adopted by the United Nations, and used today.

How little is known of the wartime Sugihara, yet with heroism and entrepreneurship he signalled freedom to Hitler’s downtrodden (Pollard, 1995:9). One sector of Polish Jews who have made home in America are there because of Chiune Sugihara, Chief Diplomat for Japan in Lithuania, early 1940s. Jews in Poland who fled the pogroms and wrath of the Nazis could escape through Lithuania, across the Soviet Union to Japan, and possibly to the free world. But senior officials in Foreign Affairs in Tokyo refused the Polish Jews to enter Japan. At risk of his own life, Sugihara issued handwritten permits for the Jewish families to travel to Japan—about 6,000 of them, spared almost certain death in the concentration camps of World War II.

His heroism was time bounded when orders came for him to move to a new post in Berlin—a fate worse than death for him! Sugihara returned to Japan after the War, was dismissed, and lived the remainder of his life in disgrace…1900-1985. But for his courage and entrepreneurial issuing of the permits, groups of Jews would have met certain death.

By today’s criteria the Schweitzers’ haven for the suffering was entrepreneurial in the extreme. Albert Schweitzer, 1875 – 1965, was a brilliant organist and J. S. Bach exponent, recitalist par excellence (Pollard, 1995:8). By age 30 he was well-known as a preacher.
He later trained in Medicine, and specialized in Tropical Diseases. What Schweitzer is most associated with is something in Africa…His passion was to alleviate pain and suffering in French Equatorial Africa.

Albert and his wife, Helene, sailed from Germany in 1913. They personally sponsored a small hospital deep in the jungle, and later went on to build village accommodation for 300 leprosarians, on the proceeds he raised giving organ recitals on visits to Europe. By today’s criteria this was entrepreneurial in the extreme!

An unplanned-for backdrop scenario which returns again and again throughout this Thesis is the presence of entrepreneurship in the U.K., U.S. and in Australia. Having identified the contributions of seven 19th and 20th century social entrepreneurs above, it can be seen that they are the British/European contingent. When attention was focussed upon America the author searched for a vehicle by which to faithfully represent the nation which has hegemony in entrepreneurship—the United States of America. There have been the Henry Fords, Dale Carnegies, and Mayor Guilianis of the American scene and a strong culture of opportunity-based entrepreneurship (Global Entrepreneurship Monitor, 2004). It is impossible to go there and not be impinged upon by the culture of entrepreneurship. Just what is this culture? And how are people imbued with it? The idea of music appealed both as a bearer of this culture, and as a means of encompassing much lived experience in condensed form in the development of ‘the Musical.’

2.2 Musical Theatre, the lifeblood of Social Entrepreneurship:
“Since 1735 the American musical has been alive and growing, assimilating and rejecting, evolving and achieving” wrote Richard Kislan (1980:vii) who graduated from New York University and is today a Professor of Musicology. "Forms appear, disappear and reappear. Distinguished
veterans established certain rules; talented newcomers break them. Critics submit periodical obituaries, but the Musical refuses to die” (Kislan, 1980:vii). (While it is not ideal to quote heavily from one reference, this reference is considered to be an academic viewpoint borrowed from the shelves of Swinburne University School of Dramatic Art).

This section proposes that the entrepreneurial spirit has been alive in the United States for a very long time—who amongst us has not heard about the fence revenue-raising, painting pastime of Samuel Clemens alias Mark Twain’s Tom Sawyer and Huckleberry Finn? And it is the belief of this research that the rich tradition of the Musical has been a medium through which the culture of Entrepreneurship has been transmitted.

In Kislan’s view (1980:6), through theatre arts man can aspire to be more than him or herself. One can quest and adventure, risk and achieve in a kingdom of values and dreams, bravery and sacrifice. Is this not the perfect parallel to the Entrepreneur? In the theatre medium one can temporarily ‘try on’ the dimensions of social advocacy or success, and reform or retain one’s values which are situationally tested in the social milieu of the theatre. Yet grander illusions cannot be had in any other way than trying and succeeding, or failing in real life—the proving ground for the Entrepreneur.

Because Musical Theater is moral art, the sublime, core message of a Musical radiates as: Life is worth it. Even when things do not turn out all right in the end. The very existence of the artifact (which is the production), inspires hope, promotes growth and reaffirms life (Kislan, 1980:5).

Since great art not only mirrors but shapes a culture, the impact of the Musical as a popular and subtle force can not be underestimated. It is conceded that not all who become Social Entrepreneurs in America have been avid musical theatre goers. Rather, a case is made that through the medium of her musicals, the culture of America has been transformed.
Youth and adults alike have learned to take what is not tangible—the opportunity, and they attempt to create something of value—social value, to meet human need. An entrepreneurial spirit pervades much of the U.S. and it justifies the Musical as a vehicle for looking at the culture.

Although 1735 has been given as the commencement of musical form in America, early offerings were of an interaction between drama and music of a European kind. The musical of the 20th Century was preceded a hundred years earlier by minstrelsy, and inspired the later development of vaudeville, burlesque, and review. ‘Minstrelsy planted American seeds in American soil,’ wrote Kislan, (1980:20).

As an example, taken from the French, the American Revue consisted of a variety of elements (music and drama) coalesced by a single unifying force, and then built into a cumulative sequence of ascending theatrical peaks designed to service the concept of the Show. The range of the force could be a person, an idea eg unionism, or an organization – something of a commentary. The music, drama, songs and dance mounted within an evening’s context would accrue layers of meaning and feeling unavailable elsewhere in life

The Intimate Review further refined what was brash and showy, and presented a cohesive story in a charming way. This form placed imagination over budget, intellect over the senses, and originality over box-office formulae. The difference between Spectacular Revue and Intimate Review could be observed and felt as one of tone and attitude.

Throughout the early 1930s the Intimate Review survived the Depression, especially as an effective forum on serious subjects. A famous intimate and thematic revue was of the current Labour Movement – Pins and Needles (1937) It was filled with left-wing propaganda and thought to be ‘shocking’ material produced by members of the International Ladies Garment Workers
Union. Some of the songs banned on radio had the terms ‘lockout’ and ‘arbitrate’ in them. Intimate Review asserted the value of subtle, satirical humour of character and situation (Kislan), and provided countless audiences the opportunity of evaluating their responses.

Someone who came to prominence through the Intimate Review was Jerome Kern. He launched a theatrical revolution. Kern had talent, integrity, risked his reputation, and was entrepreneurial. Of himself he said “I am just a musical clothier. I can only write music to fit a given situation, character, or lyric within a play or motion picture, the way a good tailor fits a garment to a mannequin” (Kislan, 1980:135).

Jerome Kern fashioned the song and the theme into a seamless partnership. He immersed his musical talent in the characters being portrayed. He believed the composer’s mission was to reveal character, thought, or feeling to an audience in suggestive musical images. He defended his position to the critics, over and over again. Examples of Kern’s creative talent were in ‘Make Believe’ (1927), ‘Smoke Gets in Your Eyes’ (1933) and a host of numbers of freshness and light. A new lyricism emerged and ignited the imaginative fires of future composers ie. Richard Roger’s ‘Younger than Springtime’ (1949), and others.

One of the reasons for giving a large amount of exposure to the American Musical is an ongoing belief that the prolific life of Musical Theatre permeates across America, and is representative of serial entrepreneurship. Its continued activity gives a rationale for and record of Social Entrepreneurship where consciousness is raised and social issues inform.

When stage shows bridged the chasm between stage life and real life, they moved closer to the American Musical public than ever before. These were a natural treatment of everyday people and situations in popular Art. This
rich art form pulled audiences back into themselves and their emotions at a time when the majority of promoters launched spectacular escapist assaults.

Jerome Kern, together with Oscar Hammerstein II gifted the world with ‘Show Boat’ in 1927, the foremost musical theatre achievement of the 1920s. With consistently melodic refrains, the strength of the score drew forth a maturity of form and style in Kern’s repertoire: the aural suggestion of the deep-flowing Mississippi can be heard in ‘Ol Man River.’ Not only did he compose the score, but Kern functioned on all levels of theatrical collaboration (Kislan).

Oscar Hammerstein II’s lyrics borne on Jerome Kern’s compositions brought before the public for the first time, human and moral concerns. Plot, character and situation dared to direct attention and uncompromising treatment of social issues. ‘Show Boat’ was a vehicle through which Hammerstein and Kern asserted the dignity and misery, hard work and suffering of the African American race, yet ignobled their indomitable spirit. Such social value was unmeasureable. The impact of the Musical on white Americans kept the pulse alive until the freedom marches of Martin Luther King, Jnr. and since.

When in 1934 Kern moved to Hollywood to pursue a career in screenplay his contemporaries George Gershwin and Cole Porter took the public limelight. The royal line of succession for the American Musical passed to Rogers and Hammerstein, then to Stephen Sondheim.

Today, the African American music of soul or gospel has a profoundly stirring effect. Viewed through the lens of entrepreneurship it, too, resounds with testimony of survival. Today’s musician has descended from those earlier survivors reflected in the work of Hammerstein and Kern.
Also today, small town dinner-theaters and large town theater shows continue to serve fare like Meredith Wilson’s ‘The Music Man’—a re-creation of life in Idaho, or Jansen and Mohr’s ‘How to talk Minnesotan.’ As a writer for public radio, Howard Mohr’s study-guide for visitors from out of state became the celebrated How to Talk Minnesotan,’ winning a regional emmy in Chicago, and an award at a foreign film festival. Although the U.S. today is ethnically diverse, many of her people show a similar entrepreneurial pulse. And of course, like so many other local productions, the Music Man himself may have been a villain but his entrepreneurship worked his actions through to being alright in the end—a success.

Prior to forging that acclaimed link with Richard Rogers, Oscar Hammerstein conferred with two others and wrote lyrics for ‘The Desert Song’ On this occasion the music was composed by Sigmund Romberg—another serious musician par excellence. He was the Hungarian-born visitor who came to America at age 22, and stayed. It was his parents’ expectation that Sigmund would pursue an engineering career, but, being also thoroughly trained in Vienna in a variety of orchestral instruments and composition, the musical side won out. Further, once the ambition to compose seriously began to stir in Romberg, the experimental days of earning a living by freelancing in restaurants were over. Romberg composed 67 musicals—‘The Student Prince’ being the one which struck musical gold and made him a household name.

Again, ‘Desert Song (1927) is referred to because of its social implications. Perhaps the reason it has not been produced or invited back recently is because ‘The Red Shadow’ character central to the plot could be Colonel Gaddafi himself. These days, it may be politically insensitive to stir up more trouble about Muslim fundamentalism, or the Middle East.
When Oscar Hammerstein II began to develop the potential he saw in Stephen Sondheim, Stephen was towards the end of his, or at least, during his College years. Eventually the gauntlet which Hammerstein threw down was: ‘Write four musicals in the following sequence—

i) Take a much admired play and turn it into a musical;

ii) Take a bad play, or one needing improvement and turn it into a musical;

iii) Take a non-dramatic work eg. a novel or short story and adapt it into a musical;

iv) Create an entirely original musical’ (Kislan, 1980:49).

Perhaps Hammerstein knew that those less gifted than Sondheim would give up ‘writing and creating for the bad play.’ But Sondheim completed the ‘apprentice’ musicals and this prepared him early for future professional creative work.

With the maturing of the American Musical, repeat seasons of time-honoured favourites enable an audience to suspend personal experience for 2 – 3 hours, to experience and respond to opportunity presented in the plot, and to experience layers of meaning and feeling unavailable in that configuration elsewhere in life. In so doing, individuals in an audience may experience the accrued talent, integrity and risk-taking portrayed by Kern, or the social commentary of Romberg, and others.

It is little wonder that Australians, too, are enchanted by the refrains and lyrics of the American Musical; but is there anything Australian which bespeaks Entrepreneurship and Social Entrepreneurship, in particular? When looking to see whether anything inspirational could be drawn from Australia it was a delight to find real Social Entrepreneurs within the annals of her history, also.

Founded as we were on the grim reality of a penal colony, in an unforgiving land of narrow coastal plains, life has fanned out into a society with
glimmers of resourcefulness. It is axiomatic that every country has its icons. Australia, the continent in the antipodes—these days granted a place on the world map as sharing the Pacific rim, is no exception.

2.3 Icons of Australian Social Entrepreneurship:
The icons this Australian Social History commemorates are introduced by several 19th century women who were undisputed in their enactment of a crucial plank of Entrepreneurship—that of ‘leveraging resources which they did not currently control.’ They used their circumstances to promote a better, albeit healthier life for hundreds who settled these shores.

Caroline Chisholm was born in Northampton, England in 1808. Before meeting and marrying Archibald Chisholm at age 22, Caroline was already active in benevolent work. She secured the continuance of ‘doing good’ by making it a condition of her marriage and accompanied Captain Archibald Chisholm to Madras in 1832 where he worked with the East India Company.

Six years later in 1838, Caroline and Archibald arrived in Sydney. They arrived at a pivotal time when not only convicts were arriving to make room in Newgate and other prisons, but immigrants, too, were arriving to try their fortunes in a land which offered hope. Caroline witnessed ‘single girls being dumped on the wharves with nowhere to go’ (Female Firebrands and Reformers). She found a group of sixty-four girls sheltering in The Rocks area with 14 shillings 3 pence between them.

Caroline made numerous approaches and pleas to the Governor of New South Wales along these lines: ”I would like a building to house these girls. I’m willing to work hard, assist in any way, give my time freely, provided such a home for young girls becomes a reality” (The Argus, 1854). Although resistant at first the then governor, Gipps, acceded to the pleas for a building with “You can have Immigration Barracks.” The governor’s wife and clergy supported Caroline by setting up the Female Immigrants Home.
From here Caroline sheltered hundreds, and found employment as far afield as the Hunter Valley and country areas. This lead to marriage for many, but Caroline’s eyes were quick to notice the plight of immigrant families who came with hope and found themselves destitute.

Perhaps her successes gave her the confidence. Back in the U.K. in 1846, Caroline became a publicist for the land ‘down under.’ In many ways the Social Entrepreneur in her ran ahead of bureaucratic administering and immigration planning. Her moves lead to the formation of social policy. To her credit, Caroline:

- Formed a society to send family groups to Australia (3000 persons were dispatched in five years—wives and children were given free passages);
- (Later on, Caroline convinced the government to resettle the families of former convicts by granting free passage from the U.K.);
- Achieved better conditions on the vessels carrying emigrants, and she personally supervised the embarkation of the ship ‘Stains Castle.’ She also appointed a reliable surgeon to control the rations;
- Established the Family Colonization Loan Society.

Not surprisingly,

- Established farmers and squatters already in Australia felt threatened by the successes in farming (organic) achieved by the new arrivals.

In a concluding sentence to a letter to the Editor of The Argus newspaper, December, 1854, Caroline wrote: ”We must alter our system, if we wish to recover character; and if Sir Charles Hotham is a wise man, he will at once call to his assistance that first minister of finance, the Plough!” (see APPENDIX ‘3’ exhibit).

- N.S.W. Governor John Dunmore Lang and many Scottish Presbyterians registered alarm at the possibility of Irish Catholics bolstering the faith.
But the assisted immigrants came—11,000 in six years. As single young women and as family groups came they altered the mix in the polarized society of convicts and red coats, officials and free settlers. The Johnny-come-latelys were the miners who came in the 1850s in quest of gold.

Caroline’s partner in Social Entrepreneurship and husband, Archibald, was staunchly the other parent to their nine children. Archibald came alone to Australia in 1851 to be Caroline’s colonial agent. Together they achieved so much good in a lifetime.

Responding in an interview, Caroline’s great, great grandson Don Chisholm said (A.B.C.) “Bureaucrats and Government officials were always amazed (a) at how practical Caroline was, and
(b) what she had already done before she got her foot in the door.”

In their sixties the Chisholms lived in Liverpool and in London—on a pension.

“Noone in England could fully appreciate the benefits their unwearied exertions conferred upon the colonies” wrote Clacy (1963).

Another governor’s wife who showed concern for the working girls of Melbourne was Lady Hopetoun. One can sit in the Hopetoun Tearoom Block Court, preserved to this day, and ponder the conditions which youth of the 1890s faced. 1892-95 were Depression years and a way to care was to feed people (www.visitvictoria.com).

Across in Tasmania the Dobsons were doing it, too. Henry Dobson entered politics as an M.H.R. in 1891, and Emily Dobson (who was born at Port Arthur and educated by her public-servant father) threw herself into many charitable endeavours. During the 1890s Depression, Emily provided
tangible assistance with heart, by organizing and running a soup kitchen supplying up to a thousand meals per day. In 1930, Emily was appointed to the League of Nations Assembly for work in local, national and international councils.

Together the Dobsons were a well-known couple. They are said to have dominated the social scene and were nicknamed ‘Dobsonia’ by the ‘Clipper’ socialist newspaper. The ‘Clipper’ was highly critical of Emily’s ‘upper middle-class and “do-goodish” approach to social problems.’ Yet she ‘had no radical aims or desire to change the social structure, but to relieve the worst of society’s inequalities’ (Rimon, Significant Australian Women web address).

Also in Hobart-town, Emma Constance Stone was born in 1856 to William and Betsy Stone who emigrated from London in 1854. Constance became the first woman in Australia to be registered with the Medical Board of Victoria, and the first woman registered as a medical practitioner—(fourteen years before women were admitted to legal practice). She also was instrumental in founding the Victoria Hospital, later known as the Queen Victoria Hospital for Women on the occasion of Queen Victoria’s Diamond Jubilee (60th anniversary as a monarch)(Fact sheets – Queen Victoria Women’s Centre Trust).

Constance was home-schooled by her mother, a former governess, and enriched in natural science by father William, who was a keen student of botany, zoology and astronomy. When the Stone family moved to Melbourne in 1872 the population was approaching 300,000. With the lace-work of the finer homes beaten out during a post gold-rush boom, Melbourne had expanded rapidly into a trade and manufacturing centre, located as it was close to harbour and rail services. The export trade in wheat and wool seemed to be a never-ending source of wealth by the 1880s.
But a decade later the banks had failed. This was the basis for the Depression of the 1890s.

Both Constance and sister Clara studied painting at the National Gallery School in Melbourne during the years of McCubbin, Roberts, Streeton, Withers and Davies. But Constance was inspired by David Egryn Jones, the young Welshman whom she met as a result of the family attending the Independent Church. While serving temporarily as pastor Jones decided that he could help people more wholistically if he was also qualified in medicine. David became a shining example for Constance. It set the course for her future direction in life. While David enrolled and attended Melbourne University, the same opportunity was not open to Constance. Neither Sydney nor Melbourne Universities admitted women to the professions.

Undeterred, Constance traveled to Philadelphia early in 1884 and studied Medicine at The Women’s Medical College of Pennsylvania (the first medical school for women in the English-speaking world). By the time Constance returned to Melbourne in 1889 she had studied in Philadelphia and Toronto, was qualified in America and Britain, and had worked in hospitals in New York and London.

David Egryn Jones also traveled to Toronto. He was drawn like a magnet to Constance, and together they traveled to London—he to gain experience at St. Bartholomew’s Hospital and Constance, likewise, extended her experience at the London School of Medicine for Women.

Perhaps Constance was also the piece de resistance for Melbourne University Medical School. Her sister Clara, together with six other women were admitted in 1887.
Late in 1891, David Jones returned to Melbourne with membership of the Royal College of Surgeons, England. He was both registered by the Medical Board of Victoria, and appointed pastor of St. David’s Welsh Church in LaTrobe Street. Wedding bells chimed on 4th July, 1893 when Constance was 36 and David 42. Their first home was at 179 Gipps Street, East Melbourne, and they shared consulting rooms at 109 Collins Street.

Constance had already joined the staff of the Free Medical Mission in Collingwood, also known as Dr. Singleton’s Homes. After Clara’s graduation, Constance and Clara conducted a clinic there for women and children one day per week. Her work at Dr. Singleton’s, across five years, convinced Constance that the time had come to open a hospital for women (Women did not have the vote, and were dependent upon their husbands for a decent place in society. He had the power at law to decide whether his wife could access treatment); hence the pressing need for an entrepreneur. But the males of the medical establishment would not appoint a woman medico to the honourary staff, and females were prevented from holding office in the Victorian Branch of the British Medical Association, and the Medical Society of Victoria (Fact sheet – Q.V.W.C.Trust).

The now ten female doctors formed the Victorian Medical Womens Society in March, 1895. This was the forerunner to the inaugural meeting in September, 1896, when the same ten women doctors met to formalize the setting up of their hospital. Their grander visions of purchasing The Governess Institute in Little Lonsdale Street, and establishing the premises called the Queen Victoria Memorial Hospital in Lonsdale Street (which opened fifty years after the fledgling hospital in 1946), were in the future.

More immediately, the free clinic was transferred from Singleton’s to St. David’s Hall at the Welsh Church for three days/week. In the first three months of the Victoria Hospital, close to 2000 patients were seen. Not only did they come from Melbourne and suburbs, but from the country as well.
The venture was an entrepreneurial wonder. Spurned by the establishment, and qualified with the best available training, Constance and her female team did just about everything themselves. Water was carried from a tap outside into the hall by jug (no wonders of plastic containers, then). The doctors dispensed medicines in a room scarcely bigger than a cupboard. They wrote labels by hand, and scrounged bottles and other utensils from friends, then hygenized these themselves.

The response justified their faith in their belief that society left a gaping hole—that of attending to women’s health and alleviating suffering. Dr. Constance Stone and her committed team filled it. They had so little means for the size of the need. They gave of their time, their energy and vision, and themselves. Cut off from life prematurely, Constance contracted tuberculosis and died leaving David with a much loved daughter — Constance Bronwen. In the grand tradition of her parents Bronwen graduated from the Melbourne University School of Medicine in 1923 and five years later was appointed to the honorary medical staff.

Scrolled in the roll of Social Entrepreneur are Dr. Emma Constance Stone 1856 – 1902
Dr. Grace Clara Stone 1860 – 1957
Dr. Hannah Mary Helen Sexton 1863 – 1950
Dr. Lilian Helen Alexander 1862 – 1934
Dr. Emily Mary Page Stone 1865 – 1910
Dr. Marie Elizabegth Amy Castilla 1868 - 1899
Dr. Bertha Main (Lady Leitch) 1873 – 1957
Dr. Alfreda Hilda Gamble 1871 – 1947
Dr. Janet Lindsay Grieg 1874 – 1950
Dr. Jane Stocks Greig 1872 – 1939

Marigold was one year old when she moved with her family from San Francisco in 1929. Together with her three brothers, Marigold is imbued with the generous ethic lived out by their father, Sidney Myer. Perhaps, she says, ”He was so family minded that he saw deeds of generosity as a way of keeping us together” (A.B.C. Four Corners, 2002).
And to this day, Marigold Southey, who took the title ‘Lady’ when she married Sir Robert Southey in 1982 (Australian Womens Archives Project), presides over three generations of Myer offspring who sit on the Board of the Myer Foundation. One hundred million dollars have been given in grants since the death of Sidney Myer at age 56.

But it is her untold gift of hours clocked up as a regular driver for a Red Cross ambulance over the past twenty plus years which is noted here. Not unlike many community-minded women of the WWII years, Marigold formed unbreakable links with the internationally famous Red Cross in her home town, Melbourne.

The scourge of poliomyelitis has rendered sufferers dependent upon others to lend a helping hand to improve the quality of life. Not only is Lady Southey a Red Cross driver. She has also formed a special friendship to a sufferer with whom she shares her home and garden on regular visits (ABC Four Corners, 2002).

Two more outstanding women and a man are featured before concluding this chapter with present day Social Entrepreneurs who are successful.

Mary Kehoes’ Meals on Wheels, and Zoe Caldwell were celebrating golden anniversaries in 2003. Mary served and delivered a nutritious meal to a neighbour or two which preceded setting up the embryonic Meals on Wheels service in June, 1953.

As a student member of the Melbourne University Repertory Group Zoe, at 19 made her debut which has spanned fifty years of acting and communicating in live theatre.

Who would expect that news of hot food deliveries to bombed-out families in the Blitz would act as the catalyst for the mobile delivery service? A
forerunner to delivering the meals was a hot food service which started in a canteen in 1947. War veterans were charged one shilling for a meal. Needy women around Emerald Hill (South Melbourne) were there to be nourished, also, but the Vets put up stiff opposition to servicing civilians. Apparently the volunteer cooks who gathered around Mary Kehoe were as formidable as any military challengers. The women stood their ground and said ‘They would not cook unless women were included, also.

Then came the advent of the ‘butchers bike’—half bike, half box. It had three gears, chrome handlebars and room for some twenty hot meals. That happened in 1953. But the bike was hard to pedal. No man replied to the advertisement for paid work. Instead, the Red Cross again stepped in with a car for deliveries.

Now in the 21st century the service is efficient and far-reaching. It occupies an army of volunteers—Jockeys or Runners from a variety of centralized locations (The Age – Reported interview, 24-06-03).

Of Joe Caldwell, Simon Philipps, Artistic Director of Melbourne Theatre Company has summed up “She’s both an icon and, apart from kind of having a legendary status about her she is deeply, deeply loved. That’s been the kind of marvellous thing about this. Really she is a woman who engenders so much affection. Zoe is an extraordinarily generous spirit, humble and yet kind of inspiring and disciplined and strong” (The Age, Reported interview, 04-07-03).

Also in Melbourne in 1953, Zoe was an original cast member of repertory theatre, but her talents were soon in demand in London and New York. She could have remained homegrown, and closed off the options of travel at a time when ships plied the oceans. The Entrepreneur in Zoe enabled her to become a citizen of the world. In her own words she said “I was able to go wherever the work was and I never thought ‘Is it enough money? Is it the
right part? Is it the right director? As soon as I was offered another job, I took it. And I went where the job was so I have traveled an enormous amount, just simply like some sort of sheep shearer—I had to go where the work was” (Roberts).

The four-time Tony Award winner will never forget her Australian roots. “I will always and forever be Australian,” she said. “I will never be forever and for always American. I have reactions to things that I know are very Australian” (Roberts).

Through her ability to project onto the stage a variety of authentic roles, Zoe has facilitated her own mandate: “There’s the playwright first and then there are actors, and we must rush the news out of the temple to the audience. We are not there to create. We are a passage through.”

She has communicated with the world!

Dr. Fred Hollows was an immediate past icon. He died a national hero in February, 1993. His burning mission was ‘no one should be needlessly blind’ (Lynsky, 2002:vii).

Writing as Foundation Director, The Fred Hollows Foundation, Fred’s widow, Gabe, wrote: “It was a life-changing experience to go bush with Fred Hollows and the National Trachoma and Eye Health Program back in 1976. At the time I was a young orthoptist. It was a tremendous honour and privilege as a middle-class Australian woman to work on this program. I knew nothing about indigenous Australia until I did this work with Fred. It was a shocking, long and hard two years on the road as we visited hundreds of indigenous communities. My passion to walk alongside Indigenous Australians as they tackle health problems is as strong today as it was then” (Lynskey, 2002:vii).
While Fred was alive, discussion at home was usually passionate, lively, but never dull. The Foundation established in his name has evolved from passionate gatherings around the kitchen table to become a highly professional, multidisciplinary, caring organization. The Foundation now has partners in Nepal, Eritrea and Vietnam, and works in a raft of other countries—about fifty. The intra-ocular lens laboratories commissioned in Eritrea and Nepal export high-quality, low-cost intra-ocular lenses to about fifty countries.

As The Fred Hollows Foundation C.E.O., Mike Lynskey had a uniquely entrepreneurial idea to invite a panel of young journalists to visit the Foundation projects and then to contribute print material. Places were found for nineteen journalists with high expectations, that they could play a part in helping to make the world a better place.

Lynskey commented “On first reading, I found the book (produced) very confronting.” But upon reflection, he wrote “We must be there long enough to make a difference and help initiate change. It is for others to provide permanent ongoing service delivery. The Foundation cannot forever do the job of local people or the job of the government in Australia.” “Each journalist has reinforced our belief that the Foundation urgently needs to move faster to devolve decision-making from Sydney to those working closer to the action” (Lynskey, 2002:xi, xii).

From live interviews granted for the purposes of this Research the following five icons are featured as continuing successful Social Entrepreneurs:

Dame Elizabeth Murdoch
Sir Gustav Nossal
Elizabeth Cham
Sara Fonda
Ron Clarke.
They have each run long distances and contribute unstintingly as Social Entrepreneurs!

This has been a people-centred chapter—people who have done amazing things even without the twenty-first century title of ‘Social Entrepreneur.’ It is hoped the reader has been engaged with heart as well as mind. To follow is a search through relevant literature to find the place of ‘wealth’ in cultures as far back as ancient Greece.
CHAPTER THREE

HISTORICAL MARKERS

3.0 Introduction, Part ‘A:’
For most Westerners their Capitalist mindset is inextricably bound-up with being a consumer or a producer who ipso facto thinks about profit. Consequently, to appreciate the implications of research into Social Value creation, a profound and subtle reorientation is required. In reality, the topic is much broader than searching a literature on research into Entrepreneurship. It is hoped that inclusion of the people-centred Chapter 2 has allowed the reader to identify with real-life experiences. The longitudinal approach of Chapter 3, drawn from a vast literature, has been to enhance the reader’s realization that human worth is transformational, and that ‘wealth’ is not all there is.

PART ‘A’ Pre-Industrialization view on Wealth:
In this chapter we come to a central aspect of human activity—that of wealth and wealth creation. Wealth and wealth creation is a topic which has occupied the minds of philosophers and sages from antiquity past, and continues into the present. The historic hanging gardens bespoke the wealth of ancient Babylon. On a world register they are one of the world wonders. The glory of King Solomon of Israel was renowned, as well as his wisdom. Wealth formation has become the science of economics. The language of the stock market is, to a certain degree, about amassing wealth. The subject of wealth is one of the great meta-themes which exists because of civilization.

† This historical account has been submitted to an academic historian. In March, 2005 he wrote “I wish you well in making your case about the need for Social Entrepreneurs.”

I’ve read the chapter carefully and can see what you’re doing in your search for historical markers to chart the tension between wealth and worth, especially as that relates to a Third Way inspired notion of social entrepreneurship. As a professional historian, I don’t know that I can offer you a great deal of advice on how to write this kind of chapter, since it is not really historical writing as a selective search through recorded human history, and Christian theology, for ‘markers’ of a thesis you want to expound.
For-profit entrepreneurship occurs in the market sector and is a driver, together with government, in resourcing a nation. But a gap occurs whenever accumulated corporate profit and consolidated revenue (i.e., wealth) is insufficient to fully address the needs of the non-profit sector.

As reference was made above, because the market and government sectors cannot provide adequately (perforce having to satisfy shareholders and distribute insufficient taxation dollars) that a gap exists. Any gap in needs being met leads to a chipping away of human dignity, which the generic social entrepreneur seeks to alleviate. Through leveraging resources which do not currently exist, a social entrepreneur creates a program or meets a deficit or need which one or many human beings can be succoured by. The idea of nurturance permeates the giving of succourance because human beings are worthy of dignity and respect. Worth is not about equivalence or just desert. Morally, a human being is worthy because that person belongs to the human family. There is nothing conditional to that membership. Human worthiness, or *worth*, is another great meta-theme of this chapter.

Commencing with a sweep through history from Babylon, Greece 800 – 200 BCE, and the Roman Empire with its outlying province, Palestine, the reader progresses down the Dark and Middle Ages to the Renaissance and Reformation in Europe to comment upon that defining moment in history—the Mercantile era. And also, from 1600 onwards the philosophers gave the pendulum of thought full sway.

Part ‘A’ concludes with two historical sketches from the literature of Victor Hugo and Sir Walter Scott. This provides two case studies—one on the virtue of worth, the other exposes lust after wealth.

The purpose of this chapter is to uncover the initial moments in time where:

- History has recorded the growth and decline of civilizations which amassed wealth;
• The development of consciousness lead to tribal rivalries giving way to a consensus of rule by law and orderliness;
• The flowering of the Renaissance, closely followed by the Mercantile era from which discourses by philosophers and attitudes were expressed about wealth.

The rise of Industrialization leading to commodification of products, growth of markets and wealth creation is observed in Part ‘B.’

At intervals comment is made about the apprehension of the notion of human worth. Ultimately this is done with a view to embedding the behaviour of the social entrepreneur in the realization that worth has always been pitted against wealth amassment—more recently, wealth creation through Capitalist growth.

The research questions being asked are:
• “Can it be sustained today that social entrepreneurship is necessary, that it is a valid human activity?”
• “Could it be thought to be essential? ie that there does exist an unfillable gap between Market Forces and Government.”
• “Does this exist in the minds of the few or the many?”

3.2 Introducing the Worth of a Human Life: In the ancient world of Mesopotamia through which flows the Tigris and the Euphrates rivers, people known as Sumerians populated the land around five millennia ago. Artifacts have shown that theirs was a great culture and civilization. Their form of writing, known as cuneiform has been recovered on tablets from archaeological digs. Scholarship claims that they had evolved an impressive law, literature and mythology (Armstrong, 1999). Mesopotamia was progressively overtaken and became Babylon, the Iraq of today. More than a millennia later according to Armstrong, around 2348 B.C.E., a story which became part of the lore of Mesopotamia and Middle Eastern countries round about was that someone, Noah by name, knocked together a credible barque
miles inland from any water. In a widespread flood such a boat came to rest on Mount Ararat – presently 180 miles inland from the Black Sea in present day Turkey. Ancient Mosul of the Iraq War is just over 200 miles from the site where the ark came to settle (Wilson, 2001). It is consistent with the way today’s tribespeople communicate, that The Flood has gone down in history—first orally, and then written on sandstone tablets, and later on parchment (Armstrong, 1993). Caanan, too, was linked with the culture of Babylon. The Hebrew experience of Yahweh started being recorded in writing around 8th century B.C.E., and The Flood story appears, both in Hebrew writing and Mesopotamia (Bowker, 1964). Not only does the Bible attest to the scientific fact that The Flood occurred, but it is an account of the human journey in relation to The Creator (Genesis 6, The Bible). The reason given for The Flood (both the Priestly written account, and that of the Judaic text) is that Noah and family, alone amongst their contemporaries, were seen as upright.

It may sound contradictory when previously asserting that worth is unconditional, that a case is made for a population to be wiped out. But The Flood is one of those great eschatological moments in history when the Creator saw fit to reinhabit the earth with one upright couple and their descendants. The emphasis of this event is: The worth of a human life is important and the Almighty is sovereign.

3.1.1 How the Greeks saw a Life: In Greek civilization between 800 and 400 B.C.E. a shift occurred, from individuals exercising mechanical conformity to family, tribe and social class, towards exercising reflective consent. Transition from the preceding Archaic period to the Classical era became associated with publication of laws and statutes. This arose because an awareness of human uniqueness and worth were realized. Across time, the personality emerged as a basic unit of value in life (Barber, 1969). Although self awareness was arrived at introspectively, the culture required that a Greek citizen become aware of himself as the bearer of social values.
Together, these two processes—the process of Individuation and the process of Rationalization were developed as structures in the Greek mind. They graced the Greek of the Golden Age (400 – 300 B.C.E.) with harmony and balance as a person of worth. As a consequence, the individual’s mental organization expressed a new personality structure. Its profile portrayed a citizen-centred mental organization, together with a finely-balanced inner/outer directedness.

Commercial predominance over the agrarian community occurred around 600 B.C.E. Glotz (1965) has even suggested that there may have been an ancient version of Capitalism. However, rigid social order which existed previously upon the right of birth gave way to a more flexible order based on right of worth.

The poets, lyricists and philosophers of Greece dealt with wealth as a factor in the life of men and societies. Together with the Bible and historians, they raised questions of justice about the distribution of wealth, rights of property and fairness in exchange (cited in Adler & Gorman, 1952:1038). Yet at that early period much which concerned Plato and Aristotle and other philosophers was dealt with through ascribed identity. Through family lineage or gender one had an ascribed place, and knew without question one’s place. As part of her husband’s household a wife was still a chattel, a slave was beholden to his master, sons had a role to fulfil as did a soldier or an athlete. A prescriptive attitude was articulated as to how individual men and societies should regard wealth and poverty. Democratization has outgrown ascription in Western society.

The sophistication of Greece was such that a citizen realized when wealth became transmuted to an end for good or ill. For Plato, Glaucon and Socrates, simple things such as food, clothing and shelter were conceived of as wealth, hedging against poverty. Necessities and luxuries were not distinguished between, nor natural wealth identified with natural resources.
“It is thought all consumable goods were included as wealth, whether products of hunting, agriculture or manufacture, and all the means of producing them.”

Money was regarded to be not wealth at all, not even artificial wealth. Money was denounced as subversive by Antigone—Creon said “There is nothing so evil as money” (Sophocles, cited in Adler & Gorman 1952:1043).

Plato condemned the oligarchical state “It is impossible to be good in a high degree and rich in a high degree at the same time” (Adler and Gorman, 1952:1044).

Aristotle differentiated between the two acts of wealth-getting—“On the one hand are necessities which have social usefulness either within the family or state; on the other are the elements of true riches (what today is considered wealth).” (Politics, viii, x).

Plato also condemned the tendency of retail traders to make gains without limit eg. In The Republic “Men of business insert their sting (ie. money) into someone not on guard. They recover the parent sum many times over, making money out of money.” This moral aspect was despised by Plato as ‘the birth of money from money’ (cited in Adler & Gorman, 1954:1045).

The ‘healthy, wealthy and wise’ of the rhyme about bedtime was also held in perspective by Herodotus, Plato and Aristotle eg. “Riches are for the sake of the body as the body is for the sake of the soul—good.” Wealth ie. food, clothing and shelter, was seen as inferior to both the body and the soul. Nature intended it to be that way—subordinate to virtues or ‘goods’ of the soul (cited in Adler and Gorman, 1952:1044).

The ideals of the Golden Age (5th and 4th centuries B.C.) were held in harmony and balance where the individual had a well-formed sense of other as well as the self (Barbu, 1960). Beginning with the rise of self-consciousness around the 6th century B.C. and stimulated by frustration and
inner conflict, the genesis of a Self became connected to a negatively-toned emotional experience. Snell (1953) made the point that a Self as manifested by the lyricists was an expression of blocked feelings. It is thought that self-awareness brought about tensions between an individual and the environment. This then resulted in a more or less stable structure as blocked impulses and frustrating experiences accepted a ‘Self’ and an ‘Other’ (Snell, 1953).

Greek civilization began to crumble when this emphasis disequilibrated, and she was overthrown. Since Solon’s time (Plutarch, Lycurgus), a foundation for constitutional morality was laid whereby citizens had profound respect for and obedience for the Law. Individuals had a capacity to see common ends in relation to each other, and to achieve by methods and means generally agreed upon through having a paramount reverence for law and order in the society.

Looking through the lens of historical research, an argument appears to form about wealth and worth. “When wealth prevails, human worth becomes overlooked or eroded?”

Hellenistic Greece (200 B.C.E.) fell victim to both cultural pluralism, with ambiguous values, and then to the conquests of Rome. The Roman Empire overtook the democratic refinements of Greek civilization. 150 years after the ascension of the Golden Age, individualization eroded the values and balance which citizens of that Golden Age enjoyed.

3.1.2 When the Time was Ripe: History has recorded for us that the Roman Republic was established in 509 B.C.E. To the east was the consolidation of Greek civilization and expansion into Alexander’s Empire (336 – 323)(at the height of the Golden Age). Further east, Mesopotamia and Syria were under Persian control. To the south, the Egypt of the Ptolemy’s was an even greater kingdom. But even as Alexander’s empire
expanded and decreased, the ancient Mesopotamian kingdom mirrored this decrease, with expansion into what then became called – the Selucid kingdom (312 – 64 B.C.).

However, after its initial expansion, the Selucid kingdom also seceded into decline alongside the rapid growth of the mighty Roman empire. Palestine was under Selucid control around 200 B.C., but the warrior class of the Jewish race revolted under Judas Maccabees (167 B.C.), and restored political control of Palestine to the Jews. Roman penetration into Asia actually aided the Jews in their war with the Seleucids; but the legions of Pompey drove down into Jerusalem in 63 B.C. (Fant, 1962:3; Haywood with Catchpole, Hall and Barrett, 1997:2.10).

In contrast to Greece, the Roman Empire was built upon power and force. Not at all intentionally, but as it happened, the whole of Europe later benefited from the infrastructure developed by the Romans for their colonizing footprints. “The dramatic story of Christ’s life and the subsequent establishment of a new faith for Jew and Gentile based upon His teaching, unfolded against a backdrop dyed in imperial purple” (Fant, 1962:3).

The land was seething with discontent; the death of King Herod in 4 B.C. was the signal for myriads of uprisings in both Judea and Galilee. Josephus wrote “These were ruthlessly quelled by the Romans (Antiquities XVII, 10:4). Quintilius Varus, governor of Syria, put down a revolt in Judea in 4 B.C., and in doing so, crucified 2000 people (Josephus, Antiquities XVII,10:10).

The chief priests at Jerusalem did their best to maintain relationships of mutual toleration with the Roman power. According to Bruce (1958:36), they were able to do this in large measure as a result of their wealth. The high priest Caiaphus, figurehead at the trial of Jesus, was in office the latter
ten of his 18 year reign alongside Pontius Pilate—a strategic alliance. The Sanhedrin, the supreme Jewish court, was dominated by the party of the chief priests—the Sadducees. But the minor party of the Pharisees was influential with the people, so that their views could not be ignored (Bruce, p.37). When Jesus emerged from the obscurity of His earlier years He, too, became known as a rabbi; but could not be accounted for in terms of any known school of His day—neither the House of Shammai, nor House of Hillel.

Jesus shared his family – from age 12,

- food to feed multitudes,
- friendship with publicans and tax collectors,
- fellowship with disciples and followers
- offered forgiveness to the human race, and
- called God His Father.

He was outside the Establishment in a semitic race which had a long history of law and proscription of how to live. He exercised an itinerant ministry in a country where its inhabitants coped with the terrain of the countryside, in a similar manner to which Australians have adapted to the uniqueness of their land.

It is clear from what has been written and is known that Jesus was preoccupied with relationships and the primacy of human worth. His was not a political, religious or administrative agenda. But He did strike a note of reality by saying “The poor you will always have with you” (John 12:8). This suggests the existence of a tiered system—that of poor and rich.

Striking in its clarity, is a prediction of the Jewish prophet Isaiah. He served under four kings between 740 and 686 B.C.E. It was in the synagogue in Nazareth that Jesus read publicly from the scroll of Isaiah (Luke 4:6). Jesus claimed that the written scripture was being fulfilled in Him—that the Spirit
of the Lord was upon Him; as well as bringing good news to the poor, His mission was to release captives and to free the oppressed, to heal even to the extent of blindness being restored. As well as that, He was a marker in history—that of the year of God’s intervention upon the human scene. Further, the prediction Isaiah wrote about was of suffering and death: “They made his grave with the wicked and with a rich man in his death, although He had done no violence and there was no deceit in his mouth” (Isaiah 53:9). At the crucifixion of Jesus He was on a cross between two criminals; but what of the rich man?

A Joseph from a village called Arimathea was a member of the Jewish council. He had not agreed to the crucifixion plan and action (Luke 23:50). He had a new tomb chiselled out in a garden. Boldly Joseph had asked Pilate to let him take the body down from the cross (John 19:38). Alongside Joseph was Nicodemus, a Pharisee, also a leader of the Jews. Joseph bought a linen cloth, Nicodemus brought a mixture of expensive spices. Together they embalmed the body of Jesus and fulfilled the prediction of Isaiah that the one whom God anointed was with the rich in His death (BBC, 2002).

There are three other glimpses of riches associated with Jesus. In Luke 18 and 19 a young ruler is portrayed alongside an incident with a taxation officer. The young ruler concerned himself with whether there was more he should ‘do’ to qualify for eternal life. He thought he kept the ten commandments. The chink in his armour which Jesus pointed to was to do with the distribution of his riches. Treasure in heaven was made contingent upon selling his acquisitions, and distributing the money to the poor. His extreme wealth immobilized him—he became extremely sad (clinically depressed). Zacchaeus, Chief tax collector was rich, also. In a life-changing moment he confessed “If I have defrauded anyone of anything I will pay it back fourfold” (Luke 19:8). He was willing to liquidate half of his possessions, at least.
As a rule of thumb in Jesus reckoning, just as a camel must kneel down and maneuver the goods in the saddle to get through the small door in a closed, city gate (called the ‘eye of a needle’), so riches can be a major obstacle to finding God (Luke 19:25).

Thirdly, (another glimpse of riches associated with Jesus), it is claimed that a person who has a great ability to influence others has another kind of wealth. Gamaliel (Acts 5:34) was such a man. He was a Pharisee in the Sanhedrin council—a teacher of the law, and respected by all the people. On the occasion in question, discord had broken out due to the activity of the early church. But in his wisdom Gamaliel said “If it is of God you will not be able to overthrow them—in that case you may even be found fighting against God.”

Summarizing, from the Flood narrative, the worth of human uprightness is paramount. Greek culture was directed at a citizen being aware of himself as the bearer of social values. Greek mental organization implied a finely-balanced inner/outer directedness. Alongside this ignoblement, ascription of rank or prominence preoccupied philosophers and raised questions about justice. All consumable goods were regarded as wealth, whether trophies from hunting, agricultural produce or manufacture. The means of producing them were included likewise. Consumables were seen as inferior to both body and soul. In contrast, the female had a lesser place in Greek society.

With the imperialism of Rome came not only military might but under Constantine, the fledgling movement of Christianity was formed into a monolithic religion of pontificate power. From Istanbul (Turkey) to La Rochelle (France) and the orange groves of Spain, civilization expanded according to ruler and ruled; power amassed wealth, but human worth was found wanting.

3.1.3 The Dark Ages—after Constantine; the Popes of Italy and France;
Copernicus and Galilei: It is difficult to imagine how dark the Dark Ages really were. Huizinga (1924:37) writing about the Middle Ages said “The Middle Ages were still the Age of the traditional religious authority of a personal ruler with all the quirks and irrational character of tradition.” The popes of Italy and France ruled the day. Transition to the formal, impersonal and rational character of the Law was some Ages away. “People reacted emotionally to what happened to them. A perpetual oscillation occurred between despair and distracted joy, between cruelty and pious tenderness.”

In the 12th, 13th and 14th Centuries books were expensive, the country was unsafe, art was rare; the individual lacked the means of distraction. All literacy, music and artistic enjoyment was more or less closely connected with festivals. Huizinga wrote: “The cruel excitement and coarse compassion raised by an execution formed an important item in the spiritual food of the common people. They were spectacular plays with a moral” (p.53). On every hand collective life and communal spirit mitigated against self-awareness and individuation.

3.1.4 Renaissance and Reformation: While it took a Martin Luther to shake the foundations of the French and Roman Catholic Church in 1521, it was Copernicus in Poland who introduced the challenge to incredulity from a birthing physical science—astronomy. Copernicus, (1473 - 1543), promulgated his ideas about a sun-centred universe wherein planet earth moved around the sun instead of an earth which was motionless in space. Around 1600, Galileo (1564 – 1649) had the evidence which Copernicus did not have (Sobel, 1999). Privately, in his garden at Padua, Galelio made and observed through his own invention, the telescope. Across thirty years of mature scientific experimentation, Galelio was reprimanded, and stifled in 1616 by pope and cardinals. He was later tried and held under house arrest for the remainder of his life, while politics, resentment, jealousy, hatred and vicious attack smouldered or flared throughout Italy (Sobel, 1999).
Galelio’s father was a hard-working musician, but it was his mother’s line—the Ammannati cloth merchants—which links into the themes of wealth and worth. The Mercantile era, of which the Medicis of Florence (Italy) were famous, is notably tied to a particular economic theory. It is not surprising that a wealth-centric city-state became synonymous with mercantilism. The merchants had a policy wherein they believed:

i) Wealth consisted in gold and silver. Such alloys could be brought into a country without mines by balance of trade, or through exports being greater than imports.

ii) A favourable balance of trade was the sole bottom-line. The engines of restraint upon imports, and encouragement to export, provided incentives for everything Florentine (cited in Adler & Gorman, 1952:1043). The fortunes and excesses of the rich and wealthy overshadowed those stuck in peasantry or penury.

Across in Britain, Shakespeare (1564 onwards) said “The root of the evil in the love of money is the boundlessness of the lust.” There could be no mistaking where he stood on the matter! There is nothing so evil as the acquisitiveness and the addiction for riches (cited in Adler & Gorman 1952:1044).

Also in Britain, Hobbes (1588 – 1679) put life and limb, and conjugal affection before riches and means of living (Hobbes, 1968:101).

3.1.5 The Modern World System: Capitalist Agriculture and Origins of European World Economy in 16th Century: Although law and order in the society dates back to Solon’s time (early Greece), wealth was subjugated to human worth in Greek civilization. It was not until the flowering of the liberal arts with the Renaissance and the challenge which Luther gave the Church about payment of indulgences which rocked the religious edifice built by the Popes of Italy and France which lead to the mercantile era being a defining moment in history. Houses of trade became wealthy through
trading, through retailing. Then production lines became streamlined and industrialists invested heavily into plant and equipment to produce more. Elsewhere in Part ‘B’ this has been pursued in finer detail.

3.2 The Philosophers:
A legacy of this development was that from the 1600s onwards philosophers added their reasoning to the accumulated wisdom of past times. The meta-theme of wealth was given wide exposure, particularly since the science of Economics from Adam Smith’s (1723 – 1790) Wealth of Nations. His views about cheapness and plenty were further expounded upon by Ricardo (1772 - 1823) and J. S. Mill (1806 – 1873)(cited in Adler & Gorman, (1952:1040). Wallerstein (1974) called this The Modern World System—Mercantilism and the Consolidation of the European World-economy. Marx (1818 – 1883) followed Smith’s era, but his chief focus was on inequity. His was a criticism of capitalist economy and of the economics which accepts and defends that system (Marx, Capital 1976). In tandem with this, ideas of Political Economy were borrowed from Aristotle and extended in Rousseau’s (1712 – 1778) Social Contract emphasizing relevant principles of good government (Rousseau, 1947:19).

Smith opposed the protection of monopolies of the mercantilists and advocated free trade and free competition based on consumption as the sole end and purpose of all production. The mercantilist view sacrificed the interest of a consumer to that of the producer. Smith adjured that heavy consuming increased the ‘real’ not artificial wealth of a nation.

Marx also criticized the mercantilist error but since surplus value is the chief end of capitalist production, he believed, a person/national wealth should be measured by the relative magnitude of surplus value (Marx, Capital, 1976).

J. S. Mill wrote “Yet given that profit arises not from the incident of exchange but from productive power of labour, the profit of a nation is
always what productive power of labour makes it, whether exchanged or not” (cited in Adler & Gorman, 1952:1047).

John Locke (Civil Government) said of the early colony, America, the rule of property “that every man should have as much as he could make use of without prejudice/injury to others worked well early on” (cited in Adler & Gorman, 1952:1047).

The two sides of the picture were brought together by Marx wherein he regarded the treatment of labour itself as a commodity ie. the buying and selling of labour power in the open market. This is instructive for today’s approach to Human Capital. A satisfactory emphasis of human worth will show in having a right valuing of what the worker has to offer.

What Plato said of the oligarch Marx said of the capitalist: “He shares with the miser the passion for wealth;” and “Involved as he (the capitalist) is with the system in a restless, never-ending process of profit making…he exhibits boundless greed after riches—this passionate chase after exchange value” (Marx, Capital, p.254). “Because money is converted into every sort of commodity, it is the ideal object of hoarding” (cited in Adler & Gorman, 1952).

Rousseau (1712 – 1778), saw property to be the origin of inequality and the inequitable distribution of wealth. “Once established as a right, property tends to expand.” And further, “Men conceive the profoundest plan to secure,’ they institute civil government, ostensibly for the security of all, but indirectly it secures for themselves their property and power.” “Such,” wrote Rousseau, (p.59) “may well have been the origin of society and law which bound new fetters on the poor and gave new powers to the rich.” He attacked opulence (Rousseau’s Social Contract).
Rousseau proposed one of the most important functions of government to prevent extreme inequalities of fortunes; not by taking away wealth from its possessors, but by depriving all men of the means to accumulate it;—“not by building asylums for the poor, but by securing citizens from becoming poor.” Rousseau maintained “The right of property is the most sacred of all the rights of citizenship (p.21) and even more important in some respects than liberty itself.” “Yet” he conceded, “it is difficult to secure property on one side without attacking it on another” (Rousseau, 1947).

Hegel (1770 – 1831) wrote “Poverty seems to be an inevitable consequence of property as war is an inevitable consequence of sovereignty, and in neither case can the abuse be abolished. When the masses begin to decline into poverty they can be supported from public funds and private charities, thus receiving subsistence directly, not by means of their work.” “In this event the volume of production would increase, but the evil consists precisely in an excess of production.” “Hence, it becomes apparent that despite an excess of wealth, civil society is not rich enough…..to check excessive poverty and the creation of a penurious rabble” (cited in Adler & Gorman, 1952: 1048).

In considering poverty Marx wrote “Only the possession by each individual of an adequate supply of consumer goods can poverty be abolished” (Marx Capital, 197:880).

Both Marx and Plato proposed a broader socialism for rectifying the dichotomy between rich and poor, to free them from private interests, to work for the ‘common good.’ This is not so different from the practice of the early Church as read in Acts (The Bible, Acts 2:43-47).

Aristotle (Politics) thought property should be private but its ‘use’ common. He reasoned “It is not the possessions but the desires of mankind which need to be equalized.” He looked to education to provide a moral
framework. But the reality is that human nature cannot be so transformed by this means.

Both Smith and Marx regarded extravagance as squandering wealth. “Spendthrift extravagance squanders wealth which might have been capitalized for productive purposes” (Smith, Wealth of Nations)(Marx, Capital) wrote about the multiplication of luxury products which divert labour power that is socially necessary for producing the means of subsistence into what Veblen later called ‘forms of conscious waste.’ “As it was thought the needs of individuals set a natural limit to acquisition of wealth, so the needs of society as a whole are thought to establish a criterion of justice in the distribution of wealth” Veblen, 1904:35).

3.2.1 Post-Modern accretion of wealth and valuing of worth: It has been the role of governments to progressively adjust the balance between a market sector, the administration, and charity sectors. Every government in office makes approximations here and adjustments there to its fiscal policy. But nowhere has there been a government in office, not even the government of our day, which has abolished poverty, while at the same time created ‘real’ wealth. A gnawing gap remains.

Since the 17th century, tension between producers and consumers of the mercantilists, free trade and free competition based on consumption of Smith; the relative magnitude of surplus value of Marx, Rousseau’s attack on opulence riches, and Shakespeare’s moral judgment about lust, each give an inkling about the unsatisfactoriness of the monetary system. The seemingly unresolvable imbalances of trade and imbalance between wealth and worth are notable. On the basis of experience, it is a presumption to even think that poverty can be abolished.
In this our own era there has been the privatization of every commodity so that even the poor can own one—the difference being—theirs breaks down more often, or breaks because it is plastic. Compensatory urges drive the poor to acquire what others have and which they want also. A recent example of this was a newspaper article which stated that youth from poorer households were not entering universities ie. at Monash University, Melbourne. Full-time enrolments of 19 year olds dropped by one third between 1998 and 2001. As their allowances depended upon the family being means tested, it emerged that some of these students opted to find what work they could get and then were entering university on different financial terms—giving a supplementary, independent support payment (The Australian, Matchett, May 2003).

Plastic money is another way that banks and retailing have racked up millions of dollars in debt. The Reserve Bank does the worrying about millions of consumers who are overcommitted. A way out seems unremitting.

There just has to be another way of doing welfare, and being serviced in the non-profit voluntary sector. Bodies like Australian Council of Social Services and Victorian Council of Social Services advocate on behalf of the lower socio-economic sector, but if the ‘gap’ is admitted to by all parties, a different paradigm is needed to emerge.

3.3 In Conclusion: This part concludes with two case studies about worth and wealth in modern times. Using the language of literature, it provides a metaphor to express the reality of living in 19th and 20th century society. Two stories—one from Victor Hugo (1880) and the other from Sir Walter Scott (1771-1832) have been selected. Each one goes to the heart of worth first, and then wealth.
The period, 1828 – 30 was crucial in Hugo’s life. A dispute over Napoleonic titles sparked a change in his ideas, although he was considered more of an emotional than political radical, as yet. In 1848 after the fall of Louis Philippe, Hugo became a deputy in the National Assembly of the new Republic of France. He campaigned for Louis Napoleon, but became more and more outspoken on social and political issues like education, human rights and injustice. When in 1851 Louis Napoleon declared himself Emperor Napoleon III, Hugo first took to the barricades, then exiled to Brussels, Jersey, and then Guernsey, where he continued to write in defiance of Napoleon.

Hugo lived in turbulent times as France oscillated between republic, empire and monarchy for seventy-five years after the first coup in 1789. He completed Les Miserables in 1861 which he had commenced writing in 1845. His historical novel was set between 1815 and 1832. It portrayed the change in a man, Jean Valjean, when he was treated as a person of worth. The Bishop of Digne treated him kindly after Valjean was released on parole after nineteen years a prisoner. For the Bishop’s trouble, Valjean stole some of the Bishop’s silver. The police apprehended him and brought Valjean back to be accused by the Bishop who both covered for him, and gave Valjean two precious candlesticks, in return.

Moralists would condemn the Bishop for lying and justice not being served; but the Bishop evidently took the risk over a life being transformed. As a man of God, he did what he felt lead to do, and left it to Valjean’s conscience before God for the rest.

In contrast to Les Miserables, The Bride of Lammermoor, written by Sir Walter Scott (1771 – 1832) is a monumental commentary on the wealth of nobility and the passion to discredit a rival estate called Ravenswood. The nobleman, Lord Henry Ashton of Lammermoor had murdered the
Ravenswood kinsmen and usurped the estate. But a secret betrothal in the form of gold ring and written agreement had already been exchanged between young Edgar of Ravenswood and Lucy, daughter of the Ashtons. Being unaware of this, ambitious Lady Ashton, mother of Lucy, put pressure upon her daughter to marry another—Lord Arthur Bucklaw.

While the wedding celebrations were in full swing in the dramatic setting of a Scottish castle, Edgar of Ravenswood, previously presumed dead, burst in upon them. The reality of Lucy’s marriage to Arthur Bucklaw left him feeling aggrieved and betrayed, and Lucy blanched with the shock of it all—yet she seemed partly to understand the implications—she was not in love with the man she married at her mother’s behest.

From upstairs in the bridal suite, fearful cries interrupted the wedding reception late into the night. Lord Ashton knocked on the bridal door. To no avail he found, upon seeking to open the door but against the door, the body of Arthur Bucklaw, still breathing but having been wounded beyond recovery. Lady Ashton and assistants searched the suite and found Lucy crouched in a great old-fashioned chimney, her eyes glazed and features convulsed. She had retreated into insanity. A tide of recollections seemed to rush upon her as she felt for the blue ribbon around her neck which previously carried the ring of Edgar, her betrothed. She never recovered from convulsions which lead to her death.

Scott’s story proved to be a perfect metaphor to convey lust after wealth and status, which has daunted the wealthy throughout the centuries. Although wealth through inheritance has lead to the downfall of many, the accumulation of wealth through riches has also corrupted. For in seeking to achieve dominance and status through power, history teaches that it corrupts. Human emotions and passion become warped under these circumstances; and the extremes of the human heart become destructive.
Whether an increase in wealth is corporate or private, or both, it requires that the human heart stays attuned to the worth and hardship of mankind to keep a balanced perspective. Wealth has all the potential in the world towards massive corruption; but rightly possessed and disposed of, it can make the world a better place. The notion of some who are successful, and who legally set up a Foundation for the divestment of funds for scholarships and needs-alleviation do something which is excellent. For others who do not have means, but who can contribute talent and time, it is slowly becoming recognized as an option in which all may participate as volunteers. There is a reinforcing quality to this sharing—it becomes a common wealth.

Both worth and wealth are necessary to honour and uplift those who are of the human condition.

3.4 PART ‘B’ – Economic advancement and Modernization:
In order to understand wealth and wealth-creation in relation to social value it is helpful to set it in a context—one that traverses the ebb and flow of historical development in Europe.

The Europe of 1000 A.D. was surrounded on every side by invaders and marauders. The Norsemen, or Vikings from the north, scoured the seas by way of access to promising settlements as places to plunder. Even a rumour of their arrival sent local inhabitants scurrying. Leaders including spiritual guides fled to hideaways carrying moveable wealth with them. It is a fact that in Ireland, bluestone towers which stand to this day as refuges from the Celts housed revered manuscripts and parchments. One could also assume that similar movable wealth in Europe would have preserved manuscripts, vestments and ornaments, amongst other things (Haywood with Catchpole, Hall and Barratt 1997:3.07).
From across the Mediterranean came Saracens, or Moors. They set up base-camps in the mountainous parts of southern Europe from which they raided the trade routes. From the east overland rode the Magyars, or Hungarians, sweeping in year after year. Coming from around the Danube, they raided eastern France or to the foot of Italy in a swoop. They then went back hauling booty and slaves in wagons, or on pack animals (Haywood with Catchpole, Hall and Barratt 1997, 3.07).

Eventually the invaders settled down and became domesticated. A mix of threat and reward (Landes 1998:31) succeeded in persuading rogues and pirates that more was to be gained by being landlords and shearing sheep at home than by being warlords and killing sheep abroad. Landes, here, regarded the view of acquired stability as leading:
(a) to the classical economist’s view wherein increase is natural and will occur wherever opportunity and security exist; or
(b) not a sufficient precondition but a necessary first step toward growth and development which also requires enterprise.

It helps, also to see the period called the Middle Ages (1100 – late 1400) as the bridge between an Ancient World set in the Mediterranean—Greece and Rome—and a modern Europe north of the Alps and Pyrenees (Landes 1998:31). During those middle years a new society was born—very different from what had gone before—and took a path that set it (Europe) decisively apart from other civilizations. This medieval world was inhabited by a transitional society which was an amalgam of classical legacy, Germanic tribal laws and customs, and what today is called the Judaic-Christian tradition (Landes 1998:33).

Many urban nodes came to acquire great importance as markets, but nothing like the European semi-autonomous cities arose outside of western Europe. The essence of the commune lay firstly in its economic function: governments of the merchants by the merchants, and for the merchants.
Secondly, exceptional civil power prevailed: ability resided within the commune to confer social status and political rights upon residents. These rights were crucial to the conduct of business and to freedom from outside interference (Landes 1998:36). The emergence of the guild system and freedmen came from below.

After rulers and lords attracted craftsmen and others by granting franchises, freedoms and privileges—by making deals—the guildsmen exercised a sense of rights and contract i.e. the right to negotiate as well as petition—all with gains to the freedom and security of economic activity.

3.4.1 Expansion in Europe Landes (1998:44) summarized it this way:

The economic expansion of medieval Europe was thus promoted by a succession of organizational innovations and adaptations, most of them initiated from below and diffused by example. The rulers, even local seigneurs, scrambled to keep pace, to show themselves hospitable, to make labour available, to attract enterprise and the revenues it generated. At the same time, the business community invented new forms of association, contract, and exchange designed to secure investment and facilitate payment. In these centuries a whole new array of commercial instruments came into use; commercial codes were elaborated and enforced; and partnership arrangements were devised to encourage alliances between lenders and doers, between the men who supplied the funds and merchandise and those who went to distant lands to sell and to buy. Almost all of this ‘commercial revolution’ came from the mercantile community, bypassing where necessary the rules of this or that city or state, inventing and improvising new venues for encounter and exchange (ports and outports, local markets, international fairs), creating in short a world of its own like an overlay on the convoluted, inconvenient mosaic of political units.
They got thereby substantially enhanced security, a sharp reduction in the cost of doing business (what the economist calls ‘transaction costs’), a widening of the market that promoted specialization and division of labour. It was the world of Adam Smith, already taking shape five hundred years before his time (Landes 1998:44). When Adam Smith came to write about these things in the eighteenth century, he pointed out that division of labour and widening of the market encourage technological innovation, and the Middle Ages were no strangers to invention.

At this point a brief reference to China is appropriate. Quite independently of Europe, China had made inventions of her own: the wheelbarrow, the compass, paper and printing (9th century), gunpowder and porcelain amongst them. They had a waterdriven machine for spinning hemp in the 12th century, five hundred years before the Industrial Revolution in England; and were smelting iron in blast furnaces (11th century). But China failed to realize on its potential. Her history offers examples of technological oblivion and regression (Landes 1998:55). Coal smelting and the iron industry fell into disuse, and using the machine to spin hemp was never adapted to the manufacture of cotton.

According to Landes (1998:56) sinologists have put forward several persuasive explanations for the stagnation of China:

1. The absence of a free market and institutionalized property rights. The State was always interfering with private enterprise.
2. Disuse of a meta-value of Chinese society wherein the quasi-confinement of women to the home made it impossible to exploit textile machinery profitably in a factory setting.

During these centuries Europeans, instead, entered into an exciting world of innovation and emulation that challenged vested interests and rattled the forces of conservatism. Changes were cumulative; novelty spread fast. “A new sense of progress replaced an older, effete reverence for authority. This
intoxicating sense of freedom touched (infected) all domains” (Landes, 1998:57).

Once the world was ‘opened up’ to discovery and trade, the homegrown became forever changed eg. the usefulness of corn (introduced from the New World) as a staple to Italy, the Balkans and Spain; and potatoes to Europe north of the Alps and Pyrenees. Ironically the nations which vied with each other to start exploration—Spain and Portugal—underwent a soul-destroying cringe (Landes, pp.88,89).

Landes (1998:171) upheld a great theme of economic history and theory to make a case study of Spain. “All models of growth” he wrote, “stress the necessity and power of Capital—capital as substitute for labour, easer of credit, balm of hurt projects, redeemer of mistakes, great enterprise’s second chance, chief nourisher of economic development. Given capital, the rest should follow: and thanks to empire, Spain and Portugal had the capital.” But Spain “wasted much of its wealth on the fields of Italy and Flanders. It went to pay for soldiers and arms.”

“The Spanish did not have to make things any more; they could buy them” (Landes 1998:172). In 1545, Spanish manufacturers had a six-year backlog of orders from the New World. “At that time, in principle, the overseas empire was required to buy from Spanish producers only. But customers and profits were waiting, and Spanish merchants turned to foreign suppliers while using their own names to cover the transactions.” So much for rules. “Spain became (or stayed) poor because it had too much money. The nations that did the work learned and kept good habits, while seeking new ways to do the job faster and better. The Spanish, on the other hand, indulged their penchant for status, leisure and enjoyment” (Landes, p.173). Also, “everywhere in Europe genteel living was honoured and manual labour scorned; in Spain, however, more so, partly because a frontier, combative society is a poor school for patience and hard work, partly
because the crafts and tasks of industry and agriculture were especially associated with despised minorities such as Jews and Muslims” (Landes, 1998).

A shift to the north in European economic gravity tolled the inglorious Spanish fiasco of a nation bankrupted three times—1557, 1575 and 1597. “The great old mercantile and industrial city-states of Italy—Venice, Florence, Genoa—also lost out. Italy had been at the forefront of the medieval commercial revolution,” and the cultural renaissance. “She had lead the way into international trade and division of labour” (Landes, 1998:174). “As late as the 16th century, Italy was a major player, splendid in its manufactures, preeminent in the commercial and banking services rendered to Spain and northern Europe. Yet Italy never really seized the opportunities offered by the Great Opening: one does not find Italian ships in the Indian Ocean or crossing the Atlantic. Italy was centered in, caught in, the great Inland Sea. Caught also by old structures: guild controls fettered industry, made it hard to adapt to changing tastes. Labour costs stayed high because manufacture was largely confined to urban, corporate workshops employing adult male craftsmen who had done their years of apprenticeship” (Landes 1998:174). A psychological divide was observed between northerners and southerners.

To be sure, transition from nation-statehood overlaid by the monolithic secular Holy Roman Empire needed a unifying figurehead to manoeuvre into the next era. At the turn of the 16th Century Charles VIII of France became such a one. Through dent of royal connection and desire for aggrandizement, France, Spain and German armies invaded Italy, then through Austrian-Habsbourg alignment, the Netherlands, Franche-Comte, and much of Italy succumbed. New overseas possessions were also unified—all to create a power bloc that dominated Europe until the late 17th Century. Economic activity grew and was sustained from about 1510 (Haywood with Catchpole, Hall and Barratt 1997:4.07).
During the Middle Ages in Europe, the invention of the water-wheel, spectacles, the mechanical clock, and printing became practical extensions to human productivity. Although printing was first invented by the Chinese in the 9th Century, it was never exploited by them. Instead, it took off as a new technique in Europe, amongst people who had developed a hunger for the written word. The combination of economic growth and print ability was the perfect combination to rapidly infiltrate the hearts and minds of a sizable population. Whether they read about it or heard by word of mouth the fact was broadcast that a youthful monk had challenged the Roman Catholic see. In 1517, Martin Luther nailed his ninety-five theses against abuse within Catholicism, to the door of a local church. What began as a protest against corrupt practices in the church became an earlier expression of German nationalism--and from there, to the world (Landes 1998:139).

The Reformation was driven by a shift in religious sensibilities, as the spread of printing gave the new demands for a more personal spirituality an unprecedented mobility and resilience (Haywood, Catchpole, Hall and Barratt 1997:4.07, p.2). Again the principle of opening up versus not opening up gave rise to a church which wanted control of the minds of the masses, from adherents to clerics. But the Reformation ignited Europe and spread from this cradle of economic prosperity, and became the most remarkable happening of the 16th Century.

Landes (1998) wrote “The Protestant Reformation changed the rules. It gave a big boost to literacy, spawned dissents and heresies, and promoted the skepticism and refusal of authority that is at the heart of the scientific endeavour. The Catholic countries, instead of meeting the challenge, responded by closure and censure” (p.179).

The Reformation, Calvin and the Industrial Revolution in Britain are significant because coming to understand wealth, wealth creation and the
importance of social value embedded in it, make it necessary to draw on the arguments of Adam Smith (1723 – 1790), Karl Marx (1818 – 1883) and Max Weber. Weber’s publication of The Protestant Ethic and the Spirit of Capitalism in 1904 – 05, was a macro case-study/commentary on northern Europe, 16th – 18th Centuries. In it he claimed that religion encouraged the appearance in numbers of a personality type that had been exceptional and adventitious before; and that this ‘type’ created a new economy (a new mode of production) now known as (industrial) Capitalism.

By 1600, almost forty percent of the European population had renounced Catholicism (Haywood with Catchpole, Hall and Barratt 1997:4.08). Around 1541, 34 years after Luther, John Calvin introduced a Puritan society to Geneva. At the centre of his preaching was a complex belief about ‘predestination.’ This became a doctrine, and was woven into personal life and morality. Instead of it leading to a fatalism amongst adherents, this doctrine espoused that ‘Goodness was a plausible sign of ‘election.’ (Landes 1998:175). Those ‘chosen’ by God would show by their character and lifestyle that they were ‘the called.’ Interestingly, this was converted into a secular code of behaviour: hard work, honesty, seriousness, the thrifty use of money and time. It therefore becomes clear why the Protestant Work Ethic and the rise of Capitalism became synonymous with such desirable characteristics.

Weber made the point that Protestantism produced a new kind of businessperson—one who aimed to live and work a certain way. It was the way that mattered—riches were, at best, a by-product. Later on, this new persona went with people who settled ‘the New World’ (Parsons, 1949). Since the early twentieth century many believed that education would produce an evolutionory trend towards better people; therefore many today would look upon the Weber thesis as implausible and unacceptable, Landes would not agree (1988:177). Referencing France and western Germany, Switzerland, and England at the end of the 16th Century, Puritans
(Calvinists) were disproportionately active and influential in the factories and forges of the nascent Industrial Revolution. Converts to the Reformation were considered rational, ordered, diligent, and productive. These virtues, which were present but not commonplace, became generalized and absorbed as a standard manner of behaving in communities. Calvinists in France, it was said “Worked better and harder dressed in dark woollen cloth, without silk, lace and wig” (Landes p.179).

Two special characteristics marked the ongoing embrace of Protestantism across northern Europe. They were:

1. Greater literacy amongst both sexes and a larger pool of candidates for advanced schooling; also greater assurance of continuity of literacy from generation to generation.
2. The importance of time—both the making of clocks and watches and of owning them. Time-pieces were advanced in both Britain and Holland, and connote a sophistication about how one lived each day.

By the early 1700s Britain was well ahead in cottage manufacture (a seedbed of growth); in having recourse to fossil fuel and in the technology to produce electricity, energy, iron and textiles. Simply put, the Landes account of this stresses the buildup or accumulation of knowledge and knowhow, with breakthrough occurring when thresholds were reached and passed. There was:

(a) growing autonomy of intellectual enquiry;
(b) development of a common adversarial method in the creation of a language of proof used and understood across national and cultural boundaries; and
(c) the routinization of research and its diffusion. (For a fuller account of this see Landes 1998:201 – 206).

In a world where much of it was ‘closed’ new ideas came as an insolence and potential subversion. Europe, however, developed a liking for that
which had practical usefulness. A vogue for what was new and a sense of what was progressive helped the wheels of production to move.

For the great confluence which happened in Britain both industrially and socially, credit is accorded to Thomas Lombe who, in 1716 built a large water-powered mill. This was a factory employing hundreds of people—the forerunner to the cotton mills.

Cotton goods industry grew fast, “recruiting new hands to those of woollen goods production. Being new, it was easier to impose new ways” (Landes 1998: 207). This is a constant of technological innovation as a process. Such factories lead to a permanent division of labour.

In summary, England was an advanced nation compared with nations elsewhere (Landes 1998:221): “Visitors exclaimed about the high standard of living of the English countryman: Brick cottages, tile rooves, woollen clothing, leather shoes, white bread. They saw women in cotton prints and wearing hats; servant girls who so resembled their mistresses that the foreign caller wondered how to address the person answering the door. They saw poor people, they tell us, but no miserable; no starved, pinched faces; beggars, but no beggar ‘without both a shirt, and shoes and stockings’” Landes, p.221).

By fiat of deviousness committed by cottage industry spinners and weavers working under contract, the factory developed as a place where work could be done between set hours and the workers supervised instead. Again the old adage about ‘necessity being the mother of invention’ lead industrialists to be ever streamlining the means of production. The French and others saw as paradoxical the observation that: “The English have grown rich by consuming.” Another Frenchman – Charles marquis de Biencourt remarked “the English have the wit to make things for the people, rather than for the
rich” (Landes 1998:222). Perhaps production and consumption droplets may have been in the ale which the English drank!

Landes (1998:223) summarized the way in which he saw England profited from the self-inflicted wounds of other nations as follows: -

Britain was largely free of the irrational constraints on entry that dogged most continental societies. In the 16th Century, weavers from the southern Netherlands sought refuge and brought with them the secrets of the ‘new draperies,’ and Dutch peasants imported arts of drainage and a more intensive agriculture. In the 17th Century, Jews and crypto-Jews, many of them third and fourth-stage Marrano victims of Spanish and other persecutions, brought to England an experience of public and private finance; and Huguenots, merchants and craftsmen, old hands of trade and finance, came with their network of religious and family connection (Landes).

3.4.2 Adam Smith and Capital i) ii) iii)

Driven by the Calvinistic belief that the possession of talents was a sign of worthiness before God, and that they had best generate wealth for themselves and value for others, the Britain of Adam Smith was one of energy and dynamism (Hansen and Neath, 1990). Smith was the first academic philosopher and apologist for Capitalism, and called the ‘father’ of Economics. He underpinned his justification for the way things were in the following ways:

i) That a capitalist, by seeking to make a profit from the sale of goods and services, will provide value to the consumer.

ii) That the purpose of production was to create goods and services which would be consumed by consumers.

iii) That price acts as the coordinating mechanism.

i) Value to the consumer. Not only is the intention of the capitalist met ie. to increase profit, but he actually believed that in doing so, capitalists
served the interest of that society. This is a major prong of much economic activity to the present day—that the interests of both the owner/producer and the consumer, is actually the same. Adam Smith persisted with the belief that extra goods and services raises the standard of living of the general society (Adam Smith, Wealth of Nations).

This thinking provided the rationale for the accumulation of wealth and power. “It further allowed an economic system to develop in which ‘the haves’ (the Capitalists) and the successful in society would not need to express any concern or responsibility for ‘the have-nots’—merely coexisting side by side” (Hansen and Neath 1990:10). Smith apparently shamelessly promoted the notion of production being led by an invisible hand eg. “The rich…divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life which would have been made, had the earth been divided into equal proportions among all its inhabitants” (Theory of Moral Sentiments, Part IV, ch. 1).

And further, the innocence by which this happens – “Every individual…generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention” (The Wealth of Nations, Book IV, ch. 2).

ii) Consumer Goods and Services   Adam Smith had a totally consumer-centric orientation to economies which, of course, gave permission to the gears of production to work quantitatively harder. Smith had the kind of view “Give them (consumers) what they want.” Succintly put, Hansen and Neath (1990:11) concur “The purpose of production was to create goods
and services which will be consumed by consumers. Consumers’ welfare will be determined and measured by the quantity of goods and services accumulated and consumed. The quantity of consumption reflects the extent of ownership of resources, goods and services by the individual. This ownership and the income that it produces determine the status and wealth of the individual in capitalist societies.” “Members of the economic system are hedonists. The purpose of the actions of members of society is the achievement of pleasure through accumulation and consumption. Members of the economic system are believed to be successful only by striving for more pleasure, achieving this through materialistic acquisition. Society measures success by the extent of ownership. It judges the relative status of individuals by both the ownership of possessions and associated consumption levels” (Hansen and Neath, p.11).

Adam Smith said “Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer” (The Wealth of Nations, Book IV, ch. 8).

iii) Price acts as the Coordinating Mechanism  Adam Smith and Jean Baptiste Say (1767 – 1832) after him, supported the idea that operation of the free market system would result in the economy adjusting naturally to the imbalances that occur in individual markets. The historical function of ‘price’ of an item was regarded as the signaling mechanism to producers and consumers of resources, goods and services (Hansen and Neath (1990:12). In what is an enigmatic manner of ‘striking’ a price, the open market was the forum for finding the true value of the commodities sold. Prices resulted from the interaction of the demand for and supply of particular commodities. “Consumers will demand less of a good at a higher price and more at a lower price.” Therefore, “suppliers will provide less for sale at a lower price and more for sale at a higher price.”
Understandably, ‘suppliers will only continue to supply if the price of a resource, good or service is equal to or greater than the cost of production. The interaction between suppliers seeking profit through high prices and consumers seeking maximum satisfaction at low prices results in achievement of a price compromise” (Hansen and Neath, pp.12,13).

The price mechanism acts as a rationing mechanism, where the goods and services will only be allocated to those prepared to pay the highest prices. The people with the money get the goods. Eventually, the price established in the market will enable the market to be cleared. All that is supplied at that price will be purchased. Consumers will continue to purchase as long as the price reflects their valuation of the good. Suppliers will continue to supply as long as the price covers the costs of provision and enables a profit to be made. Those consumers who acquire the available goods must have the capacity, that is, the wealth, to purchase those goods. Price, in monetary terms, allocates only to those who have the capacity to pay. This is the guiding force of the capitalist system.

The market ensures efficient production and exchange and, since it allocates goods, services and resources to consumers who gain maximum satisfaction and welfare from their consumption, the welfare of a society is maximized (Hansen and Neath (1990:12,13).

Adam Smith thought about it this way: “Value is adjusted, not by any accurate measure, but by the haggling and bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life” (The Wealth of Nations, Book I, ch. 5).

The approach of the economist to wealth deals not with ‘wealth’ as a ‘means’ but rather ‘the means to wealth.’ Both Smith’s Wealth of Nations and Marx’ Capital were in this category. Smith was concerned with
(a) providing a plentiful revenue or subsistence for people, and
(b) attending to supplying the state or central administration a revenue for
the public services as an end in itself (cited in Adler and Gorman, 1952:1043).

Aristotle in the Ethics had this to say about economists—that “Just as the end of the medical art is health, that of economics is wealth. Yet the moralist and statesman are also concerned with health and wealth, as constituents of the ‘good life and the good society.’ Ethics and politics subordinate economics; so that at a philosophical level the creation of wealth is much broader than making a profit, producers creating consumers, or markets and free trade” (The Ethics) (cited in Adler and Gorman, 1952:1044, 1045).

When Karl Marx entered the debate joining Adam Smith and others of classical economic persuasion, he gave a critique on many aspects of ‘value.’ He referred to ‘use-value’ – the material context of ‘wealth,’ and ‘exchange value’—an abstraction from the use value, such exchange value being purely accidental and relative. Use values differ in quality; whereas exchange values having no use value, differ in quantity (Marx (1976:129). Use values may be measured by means of the quantity of the value forming substance—the labour contained in the article measured in days and hours as ‘labour-time ie. the expenditure of identical human labour-power. As exchange values, all commodities are definite quantities of congealed labour-time.

By introducing the alternative concept of production here, it will enable Marx’ argument, which follows, to be understood more readily: “In general,” wrote Marx, “the greater the productivity of labour, the less the labour-time required to produce an article, the less the mass of labour crystallized in that article, and the less its value.” These latter articles are instead, commodities.
Secondly, Marx critiqued the capitalist form of production and hence the mere acquisition of wealth through replicating commodities to enhance profit. He was concerned that the social form of labour is misappropriated on the process line. (In certain respects, some of Adam Smith’s assumptions apply more to a mercantile era of wholesale and retail trade, when cottage industries supplied goods for market. On the other hand, Marx’ argument enhanced the skilled craftsman form of labour, and values less commodities which are manufactured/mass produced. “As soon as it emerges as a commodity it changes into a ‘thing’ which transcends sensuousness” (Marx 1976:163). “Whatever may be its nature or its form, it is essentially the expenditure of human brain, nerves, muscles and sense organs”….hence it has more value (Marx, p.164).

Also, when “men work for each other in any way their labour assumes a social form.” Referring to a commodity for example, Marx, p.165, stated:

The impression made by a thing on the optic nerve is perceived not as a subjective excitation of that nerve but as the objective form of a thing outside the eye. In the act of seeing, light is really transmitted from one thing (the external object), to another thing, the eye. It is a physical form, and the value-relation of the products of labour within which it appears, have absolutely no connection with the physical nature of the commodity and the material relations between men themselves which assumes here, for them, the fantastic form of a relation between things.

Objects of utility become commodities only because they are the products of the labour of private individuals who work independently of each other. The sum total of the labour of all these private individuals forms the ‘aggregate’ labour of society. Since the producers do not come into social contact until they exchange the products of their labour, the specific social characteristics of their private labours appear only ‘within this exchange.’ In other words, the labour of the private individual manifests itself as an element of the total labour of society only through the relations which the act of exchange establishes between the products, and, through their mediation, between the producers. To the producers, the social relations
between their private labours appear as what they are i.e. they do not appear as direct social relations between persons in their work, but rather as material relations between persons and social relations between things (Marx, 1976:165,166).

The labour of an individual producer acquires a two-fold character: Therefore, “equality in the full sense between different kinds of labour can be arrived at only if we abstract from their real inequality, if we reduce them to characteristic they have in common, that of being the expenditure of human labour-power, of human labour in the abstract” (p.166).

“Value does not have its description branded on its forehead; it rather transforms every product of labour into a social hieroglyphic. Later on, men try to decipher the hieroglyphic, to get behind the secret of their own social product: for the characteristics which objects of utility have of being values is as much men’s social product as is their language’ Marx, p.167. But with the production of commodities, “all the different kinds of private labour are continually being reduced to the quantative proportions in which society requires them” p.168.

Marx called the determination of ‘value’ by labour-time – ”a secret hidden under the apparent movements in the relative values of commodities.”

But without the acquisition of ‘living labour’ the capitalist would be unable to maintain plant and equipment and to reproduce goods during the production process. When the capitalist ‘consumes’ labour-power in the process of production the worker produces value Marx (1976:51). He transfers into the finished product the value of raw material plus a fraction of the machinery used in the process, and he creates new value. To be hired, the worker must produce value in excess of the value of their own labour-power and attendant wages. The existence of ‘surplus value’ highlights that in a capitalist economy—no value can be distributed which has not been
previously produced. “Surplus Value is nothing but the age-old social surplus product in money form” (Marx, p.52). Marx identified that the very nature of generalized commodity production ie. Capitalism—implies a compulsion to compete for shares of ‘the market.’ It follows that “the need to accumulate capital (wealth), the need to increase the extraction of surplus value, the unquenchable thirst for surplus value which characterizes capitalism, is equal to the transformation of surplus value into additional capital” (p.52). Capitalism, therefore, exploits the fruits of an increase in productivity derived from more and more advanced forms of the division of labour.

3.5 In Conclusion: Adler and Gorman (1952:1035) alluded to two ways of considering wealth. They are:

1. Contributions from classical economics which has already been commented on through the works of Smith and Marx—the means to wealth.
2. Another perspective on considering wealth is presented through poets, historians, philosophers and The Bible. These each deal with wealth as a factor in the life of men and societies.

In consideration of a further group of human beings who are neither Puritans who strive to merit God’s approval, Capitalists concerned with making profits or Economists concerned with overseeing the wealth of nations, the following theory is offered. There is a class of human beings who have next to no interest in money or its derivatives. They are not miserable nor unintelligent. They live by ‘kingdom values.’ These are the countless men and women in charitable Orders. They were there in the past, and continue in the present—women and men who care for the dying, the homeless and those in need. Many people in the community live by kingdom values to ease pain, comfort, befriend and to rehabilitate those who have stumbled.

Such people live by principles enshrined in the teaching of Jesus. Their perspectives are of Self and Other—not directed by the profit motive,
religiosity or politics. Such is the psychology of much that is accomplished through Social Entrepreneurship, also Volunteerism. The golden ‘doing unto others as they would be done to’ rule is either latent or dynamic in social entrepreneurs. All matters of infrastructure are merely the ‘means;’ the ‘ends’ are living by kingdom values.

How insignificant is a mustard seed—the smallest of all seeds yet when planted, it becomes a tree so that the birds come and nest in it (The Bible, Matthew 13:31,32). Or, the analogy about the effect of yeast in flour which, when it rises, becomes a loaf of bread (Matthew 13:33). The Kingdom of Heaven is like that. Kingdom lives were charged with healing the sick, raising the dead, cleansing lepers, casting out demons (Matthew 10:7), and today, rescue efforts, fighting heart disease and cancers, giving aid to sufferers of aids, and challenging the phantoms of much mental anguish, are following the charge.

This can often be done best by those who themselves are poor in spirit—they have a good perspective on serving the other (Matthew 5:3). Those who uphold the law, and teach by example and instruction others to do the same (with kingdom consciousness), shall be called ‘great,’ also (Matthew 5:19).

These people are not consumed by eating and drinking, nor do they have existential anxiety which is afflicting people from all the nations. The Father (who feeds the sparrows) knows what their needs are. Rather, in seeking kingdom values, these temporal things are theirs as well (Luke 12:32).

In a world of multimedia output one would expect a dramatic, on-the-hour news announcement that the Kingdom was being ushered in (similar to the dawn of Millenium, 2000). But the secret to end all surplus-value secrets is that ‘the Kingdom is in the middle of us (Luke 17:20,21). Since marketing has its appeal, the logo to be aware of is ‘somebody presenting with
childlikeness' (Luke 18:16,17). They will not be childish in human relations, or other aspects of living, but they will be trusting and trustworthy, unspoiled by the dilemmas of living.

Finally, a parable of the entrepreneurial businessman and his managers. He took a risk over the initiatives of three managers so that prior to traveling, he allocated amounts of money in the ratio 5:2:1. Two of the managers—that of the 5 and the 2 talents, traded with them and doubled the capital. The manager who ‘played it safe’ with 1 talent was concerned with security and ownership—he buried it for the C.E.Os. return. But the C.E.O. was concerned with outcomes and had the non-growth talent taken from the manager (Matthew 25:14-30). So it is with those who spread love and joy and compassion—these Kingdom Values accumulate.

The following figures depict the truism “even when wealth leaves off, worth continues to exist.

![Figure 3.1 depicting Life-as-it-is.](image)

While the production of Market Forces ebb and flow, and the regulatory practises of Government persist, Civil Society has an obligation to have regard for those who have not. Today, along with the Market and Government sectors, Social Ventures in the community go part way towards filling the gap. But a Social Entrepreneurship sector would cover for the gap left in between. At all times it is important to know that the need for a Social Entrepreneurship sector is an outgrowth of a Capitalist economy (see
Discussion, Ch.8). Human worthiness, or worth, cannot be divorced from wealth creation.

3.6 Emergence of the Social Entrepreneurship Sector:
Social Entrepreneurship is a necessary human activity and if grown into a sector, can be sustained in contemporary society. The gap between Market Forces, Government and Social needs can be met and it is thought to be essential that support be given to growing the Social Entrepreneurship sector. At an earlier time, certainly the nineteenth century, there was an awakening which lead certain members of the society to extend help to fellow citizens as ‘noblesse oblige.’ Today the Voluntary Sector carries forward this fine ideal. But in order to remove the ad hoc nature of the way things are done, and to respond to the awakening in Social Entrepreneurship, this research investigation goes forward.

Returning to earlier summations, these quotes give a clear idea of the direction society needs steering in.
- “Faithfulness in the use of riches brings spiritual reward, for true riches and true wealth are the spiritual blessings given by the Almighty” (Knox 1962).
- “The needs of society are thought to establish a criterion of justice in the distribution of wealth” (Veblen, 1904)

It is argued that a different paradigm of distribution is needed.
It has further been argued that humans need to consistently stay attuned to the ‘worth’ and life circumstances of those who are less fortunate to avoid a tendency towards greed.

The French word ‘entrepreneur’ meaning ‘undertaker’ is better understood today as ‘underwriter.’ In Chapter 4 the concepts of ‘enablement’ and ‘empowerment’ are paired with the term ‘Social Entrepreneur.’ Social Entrepreneurs drive change for the better, and will breach the gap in needs
being met in the direction of restoring human dignity. Social Entrepreneurs create Social Value.
CHAPTER FOUR
SOCIAL VALUE and its CREATION

4.0 Introduction:
Having reasoned through the twin concepts of ‘wealth’ and ‘worth’ in Chapter 3, the focus for this chapter is on ‘value creation.’ According to Chambers Twentieth Century Dictionary (1972) the noun ‘value’ means ‘worth.’ As a verb “value” can be a standard one holds, or something with a price on it, but the thrust for this section is ‘value’ – ‘something which is esteemed or prized.’ Another Chambers descriptor calls value ‘something of intrinsic worth or goodness’ which suits social value admirably. Social value is created whenever something of goodness is created for humans by humans; therefore it will be argued that social value needs to be prized more highly.

After a brief introduction to refresh the reader about the positioning of this research, a comparative section (Part I) develops the foundations on which classical economic theory is based, in contrast to Austrian economics and Schumpeterian theory. Then, proceeding by way of the Intellectual Capital movement of the 1990s current Australian examples of appropriate involvement are commented on. Part II of this chapter highlights the greatest barrier to social value creation ie. the profit motive and motive is of obsessive proportions. It is the lingua franca of growth measurement, stock market rises and falls, Fortune and BRW ranking, and viewing economics as ‘a science.’ This, in turn, gives Government leads in prioritizing fiscal policy.

Well-known for his influence, Friedman (1970:58) nailed home his ideas by arguing that “the only social responsibility of business is to increase its profits.” Two assumptions dictated Friedman’s position: That social and economic objectives are separate and distinct; and as a corollary, Corporations provide no greater benefit than is provided by individual (private) donors. This has permeated the mindset of many.
Drawing from developments in London which give perspective, this section also provides a commentary on U.S.A. and Australia as well.

4.1 Background:
It is not enough to know that there is a gap between market forces and the regulatory work of government. Not until the good work done by non-profits and voluntary agencies is highly prized, and therefore valued, will the true wealth of a country be reflected through the wellbeing of her peoples. Where government is concerned, the push-pull effect of politics is the way in which decisions in parliamentary democracies are made. However, where a view that successive governments ‘should’ provide incrementally for costs associated with living, and that view becomes an ideology, this leads to a socialistic way of thinking about entitlements by sectors in a community. Latham (2001), speaking with the electorate of Werriwa in mind said “While the state is skilled in the redistribution of financial resources, its community development projects are rarely successful.” Communities rely on a diffuse set of social relationships. Assumptions about entitlements have created a culture of dependence which is stubborn or resistant to new breath. The thrust for this chapter therefore, is how do community ventures have their own vitality for making a difference; and how can that be valued as something of intrinsic worth or goodness.

Historically, regardless of the party in office, when sectors of entitlement occur in an electorate eg. Attlee’s Welfare State (Britain), the Kirner government in Victoria, even the reforms of the Whitlam government to finance all the social reforms in 1970s, they have shown an incapacity to meet budget. Conversely, progress stagnates, or services let people down. It behoves all levels and sectors of government to recognize that value is created and driven by social entrepreneurs who reconfigure resources to meet need in the gap between government and the private sector.
Equally, the work lead by social entrepreneurs needs to be valued more highly by the private sector. High regard needs to be paid to the reality that non-profits move into the gaps in infrastructure ie. health, education and welfare, which are additional costs of production, trade and free enterprise. Most certainly the community benefits from the infrastructure also; but then this, too, is a function of replenishing the workforce. The reality is that in a capitalistic economy, government provides the infrastructure so that the private sector can be profitable.

Always underresourced, the social entrepreneur creates an impact which has as its core-determinant the creation of social value; meeting need in whatever form is the work of regeneration, or even reengineering within civil society. The social entrepreneur, possessed with unique skills and characteristics, is the perfect complement, while in Western nations free enterprise is the preferred system.

In some ways it could be thought that creating value out of social need is an oxymoron or, some opportunistic conjuring trick. But for the community at large, this study into the feat of creating social value is to place on record the need to raise the consciousness of community members, corporate members, and all tiers of government. Entrepreneur-lead non-profits need to be highly prized by all.

4.2 PART I Classical Economics does not account for the presence of social entrepreneurs in the culture:
A traditional tendency has been to apply the laws of economics to the supply/demand ledger entries of welfare agencies through to GDP. Since the Quality Movement, an industry has spawned which looks at inputs/outputs with documentation for ‘keeping track.’ A contentious issue amongst grantees is the cost in staff hours of keeping records for accreditation and future funding purposes. This is most visible where recipients of funding expand their administrative functions ahead of service
to recipients eg. organizations such as Brotherhood, Relationships Australia, Aged Care facilities, &c.

Quoting from Swedberg (2000:11) “Most people who are not economists would probably expect the Economics Literature to be full of analyses of entrepreneurship, since economics after all is the social science that deals most directly with contemporary economic reality. This, however, is not the case, and the Economics Literature has relatively little to say about entrepreneurship.” Swedberg’s view is that mainstream economics has had great difficulty in theorizing entrepreneurship and, as a result, has tended to ignore the entrepreneur. Further, “the various attempts that have been made to theoretically integrate entrepreneurship into mainstream economic theory, mainly raise theoretical questions” (Swedberg, 2000:12). Adam Smith’s ‘Wealth of Nations’ raises a profound dissonance; viz, that ‘making money’ could be such a blind preoccupation in the presence of human need. It can then be concluded that some of us will never settle for a purely economic theory of business management.

It is axiomatic that becoming Chancellor of the Exchequer or Federal Treasurer requires the bearer of the title to take good advice comparable to a crash course in economics. It is also here asserted that the social entrepreneur cannot be divorced from free enterprise in the private sector and that government’s should be cognisant of this. An enlightened way forward will be proposed later in this thesis.

4.2.1 Von Mises and von Hayek; also McKee on Schumpeter’s theory of development: In accounting for a departure from standard economic theory, two historical figureheads emerged. Late 19th century economic theory was pervaded by equilibrium theory, applied to a stationary economy. Highly regarded mathematical economist Walras popularized the view that the economy as a system, reacted to impulses outside itself, thus leading to adaptive internal responses which eventually reached a new
equilibrium. Schumpeter was keen to regard the human contribution as mission. He spoke of a source of energy within the economic system which would of itself disrupt equilibrium. Schumpeter went on to develop a totally new economic theory which claimed that important changes in an economy are set off by the entrepreneur. Such changes slowly work themselves through the economic system in the form of a business cycle (Swedberg, 2000:15). Swedberg claims that Schumpeter’s theory of entrepreneurship was part of an attempt to construct a whole new type of economic theory intended to complement Walras’ theory of a static (and stationary) economy (p.12). This helps to elucidate upon reasons why prevailing economic models have ignored the entrepreneur and have proved resistant to the phenomenon of entrepreneurship.

A contemporary student of economics who draws from the work of Knight (1921) and Kirzner (1973) but is a leading educator in entrepreneurship is Bygrave. He continues to model for microfoundations of Entrepreneurship and Social Dynamics (1999, 2000)...but outside of economics.

In highlighting this diversion it is also helpful to pay attention to the nature of knowledge. Von Hayek in his now famous 1940s article ‘The Use of Knowledge in Society’ criticized the tendency in economic theory to underestimate the importance of concrete, practical knowledge for economic activities (Swedberg, 2000). Von Hayek argued “The type of knowledge that has come to be known as ‘scientific knowledge’ in economics has distanced itself far too much from ‘practical knowledge’ ie knowledge of the practical circumstances of time and place” (Swedberg, 2000:10). Another variant on this view is the work of Campbell (2003) who rejected the linear view of entrepreneurial science as applied to the case study findings of non-linear research.

Two other towering figures who bring a practical perspective into the present are named by Baumol (1993) as neo-Austrian economics founders.
Von Mises is linked with von Hayek in this way. They stood tall on the writing and work of Menger and von Boehm-Bawerk and in particular, von Mises who presented the broad outline of the Austrian theory of the business cycle. Together von Mises and von Hayek founded and ran the Austrian Institute for Business Cycle research.

Concepts of scarcity and choice lie at the heart of Austrian Economics. Man(kind) is constantly faced with a wide array of choices. It is therefore not possible to collapse tastes or time schedules and call it consumer preference—economic value is subjective to the individual. For adherents of the Austrian School, economic regulation is always destructive of small business and entrepreneurship (von Mises Institute, 2003).

Writing about the Political Economy of Change, McKee (1991) stated that Schumpeter regarded the very nature of Capitalism to be about economic change and that it should never be regarded as ‘stationary.’ Referring to change and development, Schumpeter (1961:64) described development as “Spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing,” adding that his “theory of development is nothing but a treatment of this phenomenon and the processes incident to it.” Already Schumpeter was anticipating Complexity Theory (Chapter 5:176).

McKee (1991:9) also claimed that “Economics as a discipline has not always been distinguished by its insightful treatment of temporal and spatial considerations.”

- Criticism has been mounted over failure to incorporate the dimension of time.
- Space has fared somewhat better, but suffers from semantic debate.
- Structural and/or sectoral considerations are often encumbered by polemics.
Stage theories are also seen to be confounding.

Writing as an exponent of current day economics, McKee embeds his argument in international and deindustrialized contexts. He drew attention to Schumpeter’s analysis as being of merit in the current milieu. This research also asserts the view that because Schumpeter explicated the role of the entrepreneur in change and development, and aligned it with an adjusted economic theory, it is worthy of serious consideration in this change-prone market economy. The meta-assertion of the current research of this thesis is this inclusive view of time, space, change, development, entrepreneurship which provides an acceptable place for a balanced positioning of social entrepreneurship—within a national economy.

It is here argued that current social entrepreneurship ventures, together with much of charity, are an echo response created within today’s volatile, change-prone market economy and served by the State—somewhat ‘reactively.’ Modernization on the wheels of capitalism has spawned not merely poverty, but the addictive consequences of crime, drugs, homelessness, corruption in corporate towers as well as on the streets. The marvels of medical research and technology enable people to live longer because synthetic pharmaceuticals are keeping them alive, or because the marvels of implants or transplants are extending life. Yet there is widespread disgruntlement, also depression—a poverty of spirit. And the environment is dying. This is confronting for those who resource and deliver services.

A seismic shift is needed so that the economics of a profit making private sector, supported by the budgetry spending of government, does not ignore value created in the non-profit sector, in and of itself. On the one hand an economy needs to evolve into an adjusted economic position which includes time, space, change, development and entrepreneurship. It is possible on the other hand, for agents of social change who emerge in civil society to revive
individuals and revitalize ‘civic spirit,’ all the while experiencing approving support from the two other parties in production—government and the private sector.

4.2.2 Mutual Approaches that Enlist People: According to Mayo and Moore (2001), approaches that enlist people as ‘partners’ rather than ‘users’ is the bedrock of mutuality. Leadbeater (1997) called this ‘Civic spirit.’ Mutuality which focuses on participation and social entrepreneurship, rather than monopolistic privatized public services and conventional shareholding ownership, delivers for the good of a community. “Such institutions in civil society” said Leadbeater, (1997:7) “are neither part of the state nor run by business, but they are vital if we are to build the trust and social capital which underpins economic success and social solidarity” (p.7). New work in Britain is exploring the theoretical underpinnings of economics and anthropology—that of trust and cooperation as the basis for economic growth (Mayo and Moore, 2001).

“Mutuality is an ancient way of getting things ‘done’” say Mayo and Moore (2001), “predating the modern public, private and charitable sectors—by almost two hundred years” (in Britain). “It involves running organizations with the close co-operation or control of key stakeholders. Involving users in the delivery of public services makes them (the services) more efficient and responsive. It also offers, at a time of political disengagement, the prospect of a wide-ranging and participatory civic renewal” (House of Commons Bill, 2001-2002:7).

It is postulated that Britain, as a nation, has a collective psyche which has allowed her to absorb the shift alluded to—because mutuality worked in the 19th century. The era of the Mutuals and Providents is remembered as a societal response to Industrialization. Now in the 21st century, social ventures lead by social entrepreneurs have emerged as a less commercial
way of getting things done thus leading the community forward post-electronic booms and busts and pre-globalization.

Australia, whose community psyche goes back to the days of white settlement (when settlers introduced the ‘Friendly Society’ from the old country in 1826) is in danger of ignoring the model of 19th century Britain. Instead, riveted in the Australian collective psyche are the days of the Gold Rush. However, current trends eg. placing a value on social capital and acknowledging social enterprise, suggest an openness to learning again. The research reported here shows that learning to value civil society and social entrepreneurship is the most vital learning for community wellbeing. Civil institutions are community institutions which stand between an individual and the state. “The ingredients of mutuality—collective self organization, a sense of membership, reciprocity of rights and obligations, shared risks and rewards underpin a theoretical understanding of trust and cooperation as a basis for economic growth” (Leadbeater, 1997:7). While public resources have been spent on health and education and recreation to offset the effects of disorders, and to offer prevention, an equally important need is for grassroots neighbourhood expressions of collective interests of the ‘mutual’ kind.

Ideally, the intersecting ideas of justice, decency, community and choice contribute to the principle of mutuality. According to Leadbeater (1997), one on its own is insufficient upon which to organize society. “Each makes a contribution. A mutual society will develop institutions capable of generating a sense of belonging and attachment by being open and accountable, chosen and negotiated” (p.7). “We can draw together a diverse and self-constituting society” (p.37) he says. Some will challenge this, claiming that community groups are fine but today’s people are not ‘joiners.’ Somewhere there is a law of critical mass which, when good is being done and people are contributors, not merely being ‘done for’ or ‘done to,’ then the tone of the community sector revitalizes.
It is of significance that the Mutuals are represented in an enlarged Europe. An International Association is peak body to 44 national federations of autonomous health insurance and protection bodies in 31 countries—all operating according to the principles of solidarity and non-profit organization (AIM, 2004). Members share access to health care as a fund right, solidarity and non-exclusion. Autonomous management and non-profit orientation are guiding principles for health insurance based upon the needs of citizens. This underlines the rich tradition of the mutual form, its great diversity, and its current importance; also its added value potential towards social needs across Europe.

4.2.3 After 400 year passage—the Charity Law Act, 2004  Not content with 19th century Mutualism, two hundred years earlier in Elizabeth I’s reign, the first unique laws for the poor in society were passed. The ancient Poor Law Reforms of 1530 were the forerunner to Elizabethan Law of 1601. By the end of her reign these were considered the permanent law of England—the test of a civilized society. A compulsory levy, enforced by the Privy Council was payable by all ratepayers in proportion to means.

Implied in this pioneering social policy was provision for the unemployed (rather, those willing and able to work but unable to obtain it); the aged and disabled—and ‘idle rogues and vagabonds.’ (These were whipped and sent back to the parish of their origin). Historian Arthur Bryant wrote in 1987 “Elizabeth and her ministers pursued the same protective, fostering and socially cohesive policy. The crying problems of unemployment and vagrancy—so menacing since the dissolution of the monasteries—were met in the introduction of these Elizabethan laws. No other country in Europe had such a socially stabilizing institution by the 1600s”(Bryant, p.87).

The axis upon which this social system operated made ‘the parish’ the unit of relief. Work, tools and materials were to be found by the parish. Relief
for the aged or disabled was to be brought in to their own homes. Existing constables and churchwardens of the parish were added to with overseers of the poor who were responsible to Justices of the Peace who appointed them. This pragmatic yet responsible experiment was based upon the knowledge, judgment and responsibility of the neighbourhood (Bryant p.87).

A jewel in the English Channel—the Isle of Guernsey—embraced Calvinism from Geneva before Queen Elizabeth’s reformation in England. An account in Ogier (1996:11) states “In England and Guernsey alike, attempts were made to limit the impotent poor to begging” in the districts where they were known. “Able-bodied unemployed who were regarded as work-shy were disciplined.” From 16th century onwards this was regulated by parish constables who were duty-bound to see that strangers were lodged. Further, “much of the day to day administration of the law, enforcement of the Royal Court’s orders, and practice of the customary regulation of island life rested with several parish officers” (Ogier, 1996:15). Each parish church maintained a striking semblance of order within its borders which proved to be a regulating mechanism for the life of the community. A text of the 1601 Act, believed to be complete and accurate may be accessed (see references, The Poor Law, 2003). It survived as the basis of the welfare and rating system until the 20th century—for more than 400 years.

In line with such societal forces from 400 years ago, it seems now, in the 21st century that a pressing need to restore faith in institutions, and to foster a more active and engaged form of citizenship (Thomas, 2002) will lead to an increase of opportunities for community-based systems that not only produce efficient and cost-effective services, but also engage people directly in decision-making processes. This, also, is an attractive alternative to mere spectatorship.

In answer to the presumed question “How will change on this scale enter mainstream economic thinking” McKee (1991) insists “The understanding
of change engendered by the judicious use of Schumpeterian analyses may have far-reaching public policy implications.” McKee showed how governments aid or otherwise impede change.

It would be simple to join the scientific rationalistic way by which we compute everything in frequency counts and units of measurement. In one automatic step a string of evaluative words present themselves to gauge, measure, quantify, all the activity which subsumes the creation of social value. Data gathering makes a science of entries which show up in the data banks of GDP. But there is a level of dissatisfaction with that approach; and it is argued that this currently places a notional and disconnected value on intangible acts of doing good. At the coal face nothing changes in economic value. Alternatively, the collective mind of the statistical mindset remains numb to the existence of creating social value. The imperative of adjusted economic change is upon the leaders of a nation.

A transformation seems necessary so that a proper valuing of entrepreneurial social ventures may be highly prized by all sectors.

4.3 The Intellectual Capital Movement:
Percolating up from J. K. Galbraith who first coined the term Intellectual Capital in 1969, developments in the corporate sector prior to the new millennium 2000, lead a new valuing movement. This movement was a clarion call to develop a language and a methodology for describing intangible resources. Ostensibly a more inclusive valuing of human as well as monetary resources was the desired aim, so that a corporate might more faithfully represent its aggregate value to the shareholder. For the purposes of this thesis it is believed there are parallels here with the non-profit sector, and published material may be instructional (see Roos and Jacobsen, 1999).

The case study is of a complex stakeholder organization, and the reader might attempt a guess at which sector/industry the case is in:
• Created value was generated through people.
• No tangible products were for sale on the open market.
• Therefore there was no plant or production equipment.
• The value delivered to the public was through the interactive processes of human and structural capital.
• It was considered that measurement of financial performance alone would seem a poor management tool.

Consultants were called upon to deliver an Intellectual Capital process to identify, prioritize and better manage the drivers of future value creation within the studied organization. (On the basis of what has been said so far, this could be a progressive, well-founded social venture. A give-away clue that it is not a social sector venture is that a consultant would be too costly). The complex stakeholder organization of this study was, in fact, a Branch of a Commonwealth Government Department—part of the Australian Public Service.

It was desired that a tool for achieving more efficient value creation for all stakeholders be sought. Closer alignment between performance measurement, organizational strategy and value creation was the goal.

Aware of its impotence as a profit-generating organization and, therefore, being unable to maximize shareholder wealth, the Branch wanted to focus on issues of stakeholders, and values. Thus, initial identification of main stakeholders was necessary. They were:
1. The Minister (who required the highest possible perceived value).
2. The Department Executive.
Six other stakeholders were identified and accordingly, the value created for them was defined. These values were as follows:
   a) Provide a broad perspective.
   b) Provide concise, timely and accurate information.
   c) Provide timely and correct advice.
   d) Articulate stakeholders’ views to others.
e) Provide stakeholder with access – domestic/international/academic/industrial.
f) Achieve behavioural and attitudinal change.
g) Provide funding to support private and public sector research.
h) Minimize cost.

Of major importance was the articulation of a value-creation path. This required classification of all intangible resources and their interactions which made up the organization’s global intellectual capital.

Any factors that the organization influences or conveys an attitude about is a distinctive, intangible part of Intellectual Capital. (This could still be defining a non-profit social venture). The above case study is featured here as a tacit example of what government has been prepared to do (Roos and Jacobsen, 1999).

Human Capital, a sub-category of Intellectual Capital consists of the personal resources of competencies, attitude (motivation, behaviour and traits), intellectual agility (the ability to be intellectually sharp and possessing an ability to problem solve), and possessing good networking ability. This was also categorized.

The entire process allowed the identification and visualization of the Branch’s Value-creation path that both satisfied a senior manager’s goal and elaborated on value as perceived for each stakeholder. The consultant’s report stated that the unassumed value of ‘the broad perspective of the Branch’s usefulness and value’ was the most important to stakeholders. As a consequence, the importance of

i) communicating and maintaining close relations with stakeholders was seen as essential, ie keeping consciousness raised.

ii) optimization of resource-use was seen as essential.

iii)a) language for creating value generation helped align behaviour throughout the organization, and
b) understanding how the Branch transforms its Intellectual Capital improved the value delivered across time.

It is likely that what worked in this government department can work in others, and, perhaps already does so. In particular, this is transferable to the non-profit sector which cannot afford the cost of consultancies. Assuming Ministers of the Government have confidence in the value generated by departments on their payroll through this process, confidence could rise to inspirational heights whenever social ventures lead by a truly effective social entrepreneur are identified, seeking to generate value within a non-profit itself. The escalating current arrangements for government to tender funding for winning submissions is competitive. In some instances it leads to bad-blood amongst those who miss out. Australia needs to value highly all sustainable non-profits and venerate, as a government and private sector this third partner in productivity. This third partner creates social value.

4.3.1 **Intangible Value-creation**: “Managing intellectual capital, like many worthwhile business activities, is a commitment.” Commenting upon value-driven intellectual capital, Sullivan (2000:163) expressed this. “Installing an intellectual capital management capability involves philosophy, vision and precise values of the company, decision-making processes involving senior management and many more elements” which the Public Service Branch case-study identifies. A venture’s vision and strategy needs to be comprehended by all involved so that the role for intellectual capital can be clearly defined. Unlike technology-based companies whose role for technical human capital is fundamentally defensive (Sullivan), the roles for service ventures tend to be offensive.

In an inclusive summing up, Sullivan stated (p.214) “Whether the role of intellectual capital is determined to be tactical or strategic, immediate or long term, or internally or externally oriented, it should be clear that there are many more roles for intellectual capital in firms that have carefully set a
goal for the future. Such decisions make it easier to determine how intellectual capital, as well as other strategic assets of the firm, may be used to achieve the desired results.”

In rejecting the argument ‘economics for equilibrium,’ the intention of the current research is not to ignore a valuation process which uses notional dollar valuing for costing purposes, but to assert that it not be the major overriding determinant by which funding is awarded and valuing made. There is room for altruism and selflessness and volunteering in the Third Sector which relates to the ‘worth’ or worthiness of human beings. These intangibles can be given a respectful place with intellectual capital management. This is supported by Sullivan (p.217) who said to “Create an organizational capability for developing both qualitative and dollar-based estimates of the value of the firm’s intellectual assets” is desirable. “The capability should include valuation methods that provide dollar values ranging from coarse valuation to fine.” Classical economics is not enough. Rather a national (perhaps international) system of adjusted economics is timely.

In further managing intellectual assets for the wellbeing of the venture, a critical assessment of competitors may involve gathering information about them; also having an ability to know when and how (according to Sullivan) ‘a Will to Making it Happen’ will bring a qualitative shift. Creating a Litigation Avoidance Analytical Capability is also desirable, especially in human services. This would need to be of the highest, most ethical professional conduct between those serving and those being served (Sullivan, p.219).

4.3.2 Can what has been done for Intellectual Capital now be done for Social Capital?
Responsiveness by the ABS to the thrust of the argument in this section was documented in “Theoretical and Economic Perspectives,” Discussion Paper issued October 2002” (ABS. AusStats.Ch.2). It was heartening to see the
acceptance of changes being observed in national economics which have lead to an increasing emphasis on the formulation of the Knowledge-based Economy and Society. Two types of models and theories were alluded to: (a) New growth theories; (b) Evolutionary economic theories.

While (a) is the incorporation of the role of knowledge and technology into classical economics, the essentially Schumpeterian theory has been rewritten by Bryant and Wells (1998) to form (b). Such contributions to theory do not attempt, therefore, to incorporate knowledge into a classical equilibrium framework through a production function.

This research applauds the introduction of ‘society’ into the ABS framework. The framework is a simplification of The OECD Growth Project which commenced in 1999 and was intended to analyse the causes underlying differing economic growth of member nations during the 1990s. (ABS AusStats.Ch.2:2of6). At a fundamental level, the Growth Project was designed to report on the importance and effects of information and communication technology (ICT) and its relation to enterprises and markets being restructured. It was, therefore, concerned about productivity, human capital, innovation and knowledge flows. The conclusions noted were:

1. ICT is an enabling technology.
2. By increasing use of ICT an innovative environment can be further fostered through basic research, increasing government funding of innovation, greater support of public research and remove barriers and regulations that limit effective interaction between universities, firms and laboratories.
3. Prioritize policies to enhance human capital.
4. Foster an entrepreneurial climate…by promoting access to financing, firm entry and exit, and relevance of government support, and to encourage an entrepreneurial spirit in society.

Clause 5. Assure that economic and social fundamentals are in place: preserve macro-economic stability;
Encourage openness; make financial systems more supportive of innovation; mobilize labour resources; and address the redistributive implications of structural change.

Clause 5 argues against itself as one qualifier after another causes the fine ideals of each previous suggestion to become less achievable.

The author of these conclusions thought from the perspective of a heavy technological outlook on society. Although perhaps not intended, human capital is seen only insofar as people optimise research, development and productivity.

It is highly creditable that the ABS authors recognize the importance of social factors to economic change and that there are positive and negative impacts of that change on members in the society. The social perspectives of ABS give an indication that they could be cognizant of social value creation and its importance in meeting the needs of people transitioning to a knowledge and information-based society.

4.3.3 To summarize: Instead of the needy being the problem and government thought to be the only solution, answers to meeting needs lie within a community itself. From the private sector the notion of partnerships has been slowly taking hold. There is a greater need for companies of all sizes to look beyond themselves in order to be known as a company in a particular community. Once this is fully recognized by all, visionary social entrepreneurs will step into the gap between government and the private sector. There could be an astonishing array of non-profit activity to alleviate known need.

Latham’s comment (2001a) that “Poor communities have little time for abstract politics—even as individuals have little faith in the role of government” was insightful. Government “needs to act as a junior partner to communities, intervening with special programs and resources only once the foundations of social capital have been laid. In the past, government
expected civil society to fit the bureaucratic mould of the welfare state. Its new role is to identify and nurture successful community projects. We call this the ‘enabling state’” (Latham, 2001b).

The needy respond to common-sense approaches to life. Swedberg (2001) has supported the view that the active meeting of need by a social entrepreneur places such a one in an invidious position—outside of mainstream economics, outside of social systems accountability and withal the quality movement—a poor relation to one’s corporate equivalent. Yet the social entrepreneur is someone who provides a common-sense, hands-on approach to life—needy people respond favourably to this.

The names Cantillon, Turgot and von Mises stand in the line of an alternative to classical economics. Cantillon (1680-1734) understood the market as an entrepreneurial process. Turgot, in his paper ‘value and money,’ spelled out the origins of money wherein nature of economic choice reflects the subjective rankings of individual preferences. And von Mises who made a profound contribution to the formation of Austrian Economics, is also remembered by the axiom “the first job of an economist is to tell governments what they cannot do.”

The concurrence of Austrian Economics with the views of McKee (1991) are also notable. In addition, McKee invoked the contribution from Schumpeter (1961) to emphasize the need for adjusted economic theory.

A natural corollary to shifting economic priorities is to focus on a capacity in civic society towards ‘mutuality.’ Mutuality engages people in participation and allows social entrepreneurs to find creative solutions to entrenched issues; then deliver these for the good of a community. Openness, accountability, choice and negotiation are ideals which are attainable with mutuality.
With time comes change. Revision of the Elizabethan Charity Law was before Federal Parliament in 2004. The 1960s high priest of economics, J. K. Galbraith, has given us the term ‘intellectual capital.’ More latterly it has developed into a new valuing movement, giving recognition to the fact that created value is generated through people. The case example provided above is a significant comparison between a branch of the Public Service and a social venture (a) because it was not a profit-generating department; and (b) the Branch wanted to focus on issues of stakeholders and values (to them). The commercial notion of producing a product was nonexistent. At the same time, the Branch provided an important function to eight VIPs. Personal resources of competencies, attitude, intellectual ability and having good networking ability were also notable in relation to the qualities considered to enhance the value-adding contribution of the particular branch of Public Service.

The way is now open for intangibles to be identified and valued within the sub-category of ‘human capital.’ The mechanism of a navigator used increasingly by consultants to the corporate sector is a means for doing this. A community will judge the value of the non-profit for itself!

4.4 PART II – Profit Optimization:
Social Entrepreneurs cobble resources together. They are often meeting need in a community before their vision solidifies. At this point, they transition from being hands-on only to come to a position of needing to appropriate resources of which they are not currently in possession (Jarillo and Stevenson, 1990:23). The issue of financing has always been problematic. Faith groups and non-membership groups in communities have generally been underresourced. Many have a limited life-span because of this.

The logical procedure in for-profit business is to approach a bank or venture capitalist for a loan/investment. Social ventures have always been seen as poor risks—not risk of the professional indemnity kind but financial risk—
unable to repay and incapable of generating income. It is true that many large-scale welfare projects have become a bottomless pit—to some, ‘a black hole.’ The aspect of RISK is a crucial focal point of this research. Not until this is properly understood can the constructive element of value creation be optimized. As an example, there is often a lot of support at startup phase but when the donated furniture and office machines need to be replaced, there is no asset base to draw down on. It is not a matter of under-capitalization. The venture was never capitalized in the first place—the action was in terms of meeting the need!

4.5 Impact of Social Entrepreneurship in U.K.:

In the United Kingdom, arising out of the 1996 Commission on the Future of the Voluntary Sector, a report was formulated by then Chair of the Commission—Professor Nicholas Deakin. This was seminal, and to date many of the recommendations have been implemented (National Council of Voluntary Organizations, 2004). Across London at the Charities Aid Foundation they had been seeking to push risk boundaries out for some time. Malcolm Hayday, before he retired, finally succeeded in overcoming all the regulatory and legal obstacles which now allows money to be loaned at low interest, some at no interest, and other money called ‘patient capital’ to be repaid after the due date has been extended. Thus, the inception of Charity Bank was a milestone of financial lending importance.

To succeed at this, clusters of enabling investors have been willing to collectively invest some millions of pounds sterling at a current 90 per cent recovery. Other schemes such as Citylife bonds amass sufficient return on investment for a provincial city-wide reemployment of up to 400 people at a time.

A significant realization of John Kingston from Charity Bank was that raising the money was not the problem. Rather the problem was “Would the social venture for which the money was collected actually happen?” There was a healthy scepticism amongst those approached for an investment.
People willing to invest changed their minds dramatically when projects were finally underwritten.

From another quarter—Development Trusts Association, which is supporting regeneration to build sustainable communities in areas of entrenched poverty or poverty and wealth cheek-by-jowl, another view emerges:

Our efforts are about getting to a point where you describe a community not in terms of all its problems eg. crime, dereliction, &c. but to look at it in terms of the assets it has or it potentially has (Wyler, 2004 Personal Interview). When an organization gets to the point where it is rent collecting effectively, its relationships with others start changing quite dramatically, especially with local government. It is about bringing ‘something to the table.’ In quite subtle ways it changes the quality of relationships. Traditionally groups have either been charities unable to grow or pressure groups mounting campaigns getting very frustrated about somebody else not doing something! (Wyler, 2004).

4.5.1 Much is being trialled in London, or has a head office presence there, and has spread out regionally. Instead of showing pessimistic responses to health, education and welfare delivery being under fierce attack through demands from mass migration or where there are pockets of chronic unemployment, lead people within a number of peak bodies contacted were optimistic. Their organizations have been constituted around bridging chasms between organizations through networking, collaborating at conferences, and delivering services which complement one another. A listing of the organizations which informed this research, together with a thumbnail sketch of each may be found in Appendix ‘4’.

4.6 Not-for-Profit in U.S.:
That other great nation with the hegemony of free enterprise was formed along different lines. The United States of America became a crucible for not-for-profit human activity.
“I am of the opinion that absolute excellence is rarely to be found in any legislation.” So wrote de Tocqueville at the outset of his commentary on America. But in his view the New World settlers of 1620 extricated the democratic principle from all others, and there “it has been allowed to spread in perfect freedom; to put forth its consequences in the laws of their social organization.” “In America I looked for the image of democracy itself—with its inclinations, its character, its prejudices and its passions, in order to learn what we have to fear or to hope from its progress” (de Tocqueville, 1830s).

As if a voice from that distant past, but speaking in 1993, Hillary Clinton said “We need a new politics of meaning. We need a new ethos of individual responsibility and caring. We need a new definition of civil society which answers the unanswerable questions posed by both the market forces and the government ones, as to how we can have a society that fills us up again and makes us feel that we are part of something bigger than ourselves. Who will lead us out of this spiritual vacuum?” (p.161). Her answer then, as now is “All of us.”

It is a fact that those who left on the Mayflower and the early colonists of Jamestown, were a civilized people—educated, moral and spiritual. Through their philosophical writings and political views they have committed to posterity a faithful picture of their opinions, their manners, and their laws. Despite their personal differences, they were united by a common language, and formed by the Elizabethan parish system. Not drawing too fine a point, de Tocqueville (p.12) claimed that the parish system, the fruitful germ of free institutions, was deeply rooted in the habits of the English, and with it the doctrine of the sovereignty of the people which had been introduced into the bosom of the monarchy of the House of Tudor. These characteristics accounted for in the early colonists, are also national characteristics in America.
The land of the wild turkey was also hostile towards a territorial aristocracy eg. New England. This helps to explain why the leavening processes in U.S. society go into congressional overdrive to flush out corrupt corporate nobleman and feudal farmer at the same time; although when slavery was introduced to the South, it took a Luther King revolution to overcome the tendency human beings have to give in to the worst temptations of the role of landed gentry. In de Tocqueville’s view “A nation may present immense fortunes and extreme wretchedness, but unless those fortunes are territorial, there is no aristocracy, but simply the class of the rich and that of the poor” (p.13). All of the colonies seemed destined to witness the growth of that freedom of the middle and lower orders not to be found elsewhere.

Attributable to the quaintness of the parish system but godly, nevertheless, the constitute states of New England were based on general principles the like of which were “imperfectly known in Europe and not completely satisfying even in 17th century Britain” as follows:

“Intervention of the people in public affairs, the free voting of taxes, the responsibility of authorities, personal liberty, and trial by jury” de Tocqueville said. “The towns named their own magistrates of every kind, rated themselves, and levied their own taxes.” “In the states of New England, from the first, the condition of the poor was provided for” (de Tocqueville, pp.24,25).

4.6.1 Education, Religion and Liberty: Generations of American children who have pledged allegiance to the flag of the United States of America have reiterated the line “One nation under God.” Education for all was the capstone of what was ushered in at the formation of the Constitution. In this couplet, two further concepts have been introduced – that of the spirit of religion and the spirit of liberty. Civic life has been redolent with each of these throughout American history. In the view of de Tocqueville (p.28) “These apparently discrepant tendencies are far from conflicting: “They
advance together, and mutually support each other.” And yet herein lies a confusion which has lead to an approach-avoidance conflict in modern nation-states. With one swing of a political pendulum the dominance of a totalitarian state can threaten the lives of citizens who want to worship God—the reverse pendulum swing can see the results of religious fanaticism in the Crusades and present-day extremist Islam.

The Founding Fathers had been deliberate in not setting up a state church. Anglicanism under English rule was found wanting, Lutheranism became associated with the Scandinavian peoples of the mid-west and Catholicism wherever the Irish migrated to. But there was nothing in the Constitution to prohibit encouragement of religion in general. “With federal funds, the very men who ratified the Constitution appointed chaplains, printed Bibles and funded missionary endeavour to the Indians” (Mansfield, 2003:129). The Founding Fathers saw religion and liberty in a holistic manner with no uncomfortable standoff between the two. Rather, each contributed to making the other possible.

Such were the elements of true democracy, then, and democracy has not changed, nor have expressions of social concern, leading to social entrepreneurship. One who understands this most clearly is President George Bush who said “I believe that our government should support works of charity . . . but our government should never fund the teaching of faith itself” (Mansfield, 2003:130).

4.6.2 Party Politics and Social Value arrest: Much of the time research material highlights a thriving, seemingly successful non-profit sector in the United States. In reality, the health of the not-for-profit sector has been cyclic, as a wheel of opposing tensions causes the sector to be underresourced, and somewhat unstable. A major finding of recent research in two states is the role party politics plays in the human services sector. Democrats towards the left are quite liberal and want to see everyone
partake of federal largesse (Clinton, 2003). Republicans to the far right may be ultra-conservative eg. Common knowledge links the names Reagan and Thatcher with news about struggle and persistence. Giving unsparingly to everyone creates a pathological dependence as can be seen with welfare. Giving a ‘hand out’ when what someone needs is a ‘hand up’ can cause subjects of conservatism to become demotivated and resigned. The U.S. provision of services receives Federal money, but each State takes the political flavour of elected members; therefore, there can be great variability from state to state as to the deployment of funding and interpreting how it is done. Since the year 2000 it is not so much the consumers of services which go unattended but the providers who are under stress and are in a state of crisis.

The Hillary Clinton autobiographical record (2003) illustrates the instability of modern politics on poverty, ageing and health. What follows is a review of progress since President Johnson’s (Democrat) Great Society initiative in 1965.

Medicare was introduced for Seniors (over 65). The Medicaid program pays for care for the poorest Americans and those with disabilities. As referred to above, the states and federal government are joint funders; but the money is state administered, according to federal rules.

President Nixon (Republican) regarded health care costs as draining on the economy, and proposed a system of universal health care based on mandated employer contributions for basic health care of employees.

Presidents Ford and Carter (Republican and Democrat) pursued reform in the 1970s but “ran into the same political obstacles that had blocked change for most of the twentieth century” (Clinton, 2003:46).
The Reagan years (Republican) produced “a wounded but vigorous liberalism with faith in government as the answer to almost every question. Conversely, the free market was triumphant—even after the technical bubble burst—so that the electorate looked first to ‘growth,’ not to government to solve most problems” (Time, June 2004:51).

President Clinton (Democrat) felt he had to show the public and the Congress that he had the political will to move forward and make good on his campaign promise to take immediate action on health care. He dared to appoint an eminently experienced advocate to push the reform forward—his wife Hillary. But the Clinton Administration inherited a staggering deficit from the Bush senior years. It still chose to push on despite political opposition.

Hillary paid tribute to Republican Senator Chafee who worked with Republican colleagues to develop his own proposal in the hope that by melding his plan with the Clinton plan he would garner enough bi-partisan support to pass a bill. His efforts were to bridge the gap between Democrat and Republican parties. Then, as the lone Republican he, too, abandoned the cause. “Without a single Republican supporter health care reform was like a patient on life support being given last rites” wrote Hillary Clinton (2003:247). Bowing to a defensive viewpoint amongst the Democrats the more cautious strategy won out, and health care faded with barely a whimper. “After twenty months we conceded defeat” (Clinton, 2003:247). “Ultimately, we could never convince the vast majority of Americans who have health insurance that they would not have to give up benefits and medical choices to help the minority of Americans without coverage; nor could we persuade them that reform would protect them from losing insurance and would make their medical care more affordable in the future.”

4.6.3 Challenges to the Not-for-Profit Sector: Cast in the context of ‘Challenges’ to the non-profit sector Salamon (2003:15-34) detailed six
critical assaults on the sector in recent years. These, it is added, are in addition to the tugging and warring of each Administration which is subject to the politics of each President and Congress. Salamon saw the fiscal challenge as fundamental to a sector which has always known fiscal distress. But things eased to a degree after WWII, and again in the 1960s when government stimulated science, and tried to overcome poverty and poor health. “By the late 1970s, as a consequence, federal support to American non-profit organizations outdistanced private charitable support by a factor 2:1” (Salamon, 2003:16).

Yet widespread dependence upon benign support reaps hardship if it is withdrawn. This happened during the Reagan years of fiscal restraint. Although the budget cuts that occurred during the 1980s were not as severe as was anticipated, they created discomfort nevertheless. Increases by some state governments were also not sufficient to offset federal reductions. The booming economy of the 1990s and a series of policy shifts during the Clinton years, eased the situation. But come the new millennium, sizeable deficits have created new pressures. Federal and state cutbacks breed an atmosphere of squeeze and leanness in a sector which cannot make a profit and which tries to create a patch to fit the size of the hole.

Two shifts in forms of government support occurred in the 90s—

a) non-profits had to bid alongside others for grants and contracts, but

b) a shift of consideration—previously shown to ‘providers’ of services—was made towards the ‘consumers’ of those services. Dollars from the distribution of taxation for aid to the charitable sector became channelled as vouchers and tax expenditures. For example, the new Child care and Development Block Grant expanded as part of welfare reform legislation in 1996, specifically gave states the option to use money provided for day-care to finance voucher payments to eligible families; rather than as provider grants and contracts (Haveman and Wolfe, 1996). As most states have exercised this option, distribution by the states ignores
the provider-side dilemma of under-capital resourcing. This is a serious issue.

The setting of an interview for this research (Chapter 7, 6.4) was at a health-care facility in Mesa, Arizona (Interviewee 7). Built on a tract of land bordering the highway at 202 one could assume that it was close enough to an Indian reservation to service the indigenous community. But other Medicaid consumers filled the waiting room, too. People who through life circumstances were not as well as potentially they could be were responded to by staff committed to the mission of the place. But the site manager of this interview graphically depicted the stessors and tensions which they are victim of: -

• Politicians want to see infrastructure which is visible like a well-surfaced road to travel the 4-wheel drive on.
• Other donors say “I have to work for a living, why don’t they?”
• Those we serve are part of the eg. $7 billion consumer-side subsidies while producer-side Social Services Block Grant received $2.8 billion nationwide.
• ‘Squeeze’ by the state through the county is painful and stressful.
• Political orientation puts us at the disposal of the ‘work harder’ Republican ethic or the liberality-leading-to-dependence Democrat edict.

Private giving/philanthropy has altered, also. Salamon (2003:20) states “When we focus on the private gifts available to support nonprofit human service, arts, education, health, and advocacy organizations in a given year, private giving declined from 1.89 percent of personal income in early 1970s to 1.64 percent in early to mid 1990s, and rose again to 1.89 1998-2000; then to 1.85 percent in 2001 (cited in U.S. Survey of Current Business, 2002:139).

Together with the fiscal challenge, Salamon identified:
The Competition Challenge,
The Effectiveness Challenge,
The Technology Challenge,
The Legitimacy Challenge, and
The Human Resource Challenge.
His prediction is that many of these challenges are likely to persist, or to intensify in the immediate future.

A metaphor for the current advanced form of democracy is now the oak tree grown from the acorn planted by the Founding Fathers. While not wishing to exchange our experience for theirs with the threats to town and country, and threat from wild boar, bear and buffalo, a plea is made by this researcher that members of Western society return to the Value Guardian Role regarded as a corner-stone of earlier democracy.

As Salamon (2003:14) sees it:
Non-profits give institutional expression to two seemingly contradictory principles that are both important parts of American national character. The principle of individualism, the notion that people should have the freedom to act on matters that concern them; and the principle of solidarity, the notion that people have responsibilities not only to themselves, but to their fellow human beings and to the communities of which they are part. By fusing these two principles, nonprofit organizations reinforce both, establishing an arena of action through which individuals can take the initiative not simply to promote their own well-being but also to advance the wellbeing of others. This is not simply an abstract function, moreover. It takes tangible form in the more than $200 billion in private charitable gifts that nonprofit organizations help to generate from the American public annually and in the 15.8 billion hours of volunteer time they stimulate for a diverse array of purposes.
4.7 Australian Roots:
Settlement of Australia with convict arrivals has bequeathed a conflict of identity. With some difficulty, we have shaken off the shackles of - jailor/convict, Governor/subjects, Captain/Red-coat infantry, Gentry-indentured, Pastoralist/labour.
We outlived the era of orphanages where some children—both white and black whose circumstances suggested neediness—were cared for collectively. Many of these children made a good adjustment to adult life. We, in Australia, never adopted the common British practice of calling all Australian hospitals ‘asylums;’ only Mental Hospitals.

Australia inherited the Westminster system of parliamentary government. It is unthinkable that those who govern in Australia would allow a system such as the U.K. Welfare State to run for 40+ years without a corrective. Vast pockets of neglect, poverty, need and inertia had grown. The Thatcher government earned a reputation for harshness, and was not seen to be sympathetic towards the dependences which had grown amongst people. However, it withstood the industrial challenges of the labour movement. Current reforms under Blair and Brown, having as the mandate ‘regeneration’ are a balancing out in the society of the twin principles of individualism and solidarity.

The case study above of America’s two-party politics is instructive. Coming from the highest ideals of an infant democracy in the 17th and 18th centuries, the pendulum swing of the political machine, as it has become, is worrying. Instead of valuing the capacity non-profits have for mobilizing private initiative for the common good, and placing its capacity up there with U.S. Defense and Homeland Security, those with energy and commitment to provide the services, are languishing eg. Tasks Unlimited, Value Options. The situation in Australia is similar, if we discount the many who have won government contracts to work privately, and those who write submissions for government funding eg. Social Enterprise Partnerships
LTD. The capacity which non-profits lead by social entrepreneurs have, to meet need, has never been fully realized. But the same concept in use in America—that of ‘reengineering’ applies to Australia, also. It is argued here that the economy needs reengineering so that the non-profit sector becomes highly valued.

4.8 Summary Conclusion:
In Part II of this chapter on social value creation, U.K. and U.S. country case studies have been sketched. Effort and energy has gone into researching live organizations and archival material to depict a bird’s eye view of both regeneration and reengineering. In Australia, reengineering seems the preferred option as the way forward. Politicians could work together to convince private enterprise, Treasury and Finance, ATO., ASIC. and any other responsible person to embrace the Schumpeterian theory of development, then integrate it as needs must require into existing economics! Creating social value hangs in the balance.

The nub of reengineering lies with policymakers, advisors, economists, corporate owners, and management. The fact is a subtle shift has occurred in language and meaning for all affected by economic rationalism. It takes time for a giant redwood to grow to its full potential. Many complex systems have become entropic or adapted during the lifetime of the tree. Could the giant redwood become a metaphor for economic rationalism? The tree is finite, albeit across 2-300 years. Long (1999) expresses it this way “The discourse surrounding ‘consumerism’ and ‘economic rationalism’ as expressed widely in Western culture is deeply embedded in the current state-of-mind apparent in organizational life (p.723). “Now aware of the need to drag themselves away from closed and insular forms of organizational life, organizations have discovered the ‘customer’ and instituted a producer/customer pair” (p.724).
In ameliorating grief over loss of familiar forms and ways “the consumer discourse poses a belief in the sovereignty of individualism and a sense that even if one feels exploited as a worker by an institution that no longer cares, one can be free as a consumer” (Long, p.724).

DuGay and Salaman (1992) interpret work enterprise impetus as follows: “A new discourse of the enterprise (has arisen) where the customer becomes ‘sovereign’ because of an enterprise reframing in response to a market economy” (p.617). “Their analyses is largely at the level of describing a shifting enterprise ideology, imposed through strategy, albeit with a complex mixture of social determinism” (Long, 1999:725).

It is self evident that the squeeze for the bottom line affects public institutions, corporates, and small business alike. This contemporary cycle, “The placing of an economic imperative above all else in all forms of work organizations can only devalue the development of economics as subordinate to other social values—a means to an end, rather than an end in itself. This is the topography of the cultural landscape such reengineering needs to occur in.

Taking on global change while defending economics for equilibrium is doomed to fail future generations. Responding to global change, while denying the disabling void of values and goodwill amongst individuals will not assuage grief and loss, anger and high anxiety.

The earlier reference to managing a nation’s health cover and needs failed, even although Republican Senator Chafee’s influence for bi-partisan support amongst his colleagues promised to join with Democrats for the good of all (Clinton, 2003). “Health care reform was like a patient on life-support being given the last rites” (p.247).
In the realm of politics on poverty, ageing, health and even education, improvement is highly unstable. The Howard Government Medicare ‘blowout’ as it has become known points to an influx of claimants seeking reimbursement not only for services consumed, but hospital and specialist levies for controversial use of 21st century technology; also for professional indemnity. Who could have estimated for the unconscionable passing along of costs by specialized private practitioners?

From all approaches where there are producers or customers—it is a highly unstable affair. Doing business ‘for the bottom line’ is dehumanizing. Salamon (2003) listed six challenges to the Non-Profit—each of which is a critical assault. The genie is now out of the bottle! While the focus for this chapter is ‘community ventures in a climate of intrinsic worth or goodness,’ the findings have lead to a Western dilemma, requiring a reengineering solution. For most employable people the suggestion of working in a social venture where resources are low does not appeal. But those who do contribute to this sector would not trade places, even though the going is difficult. The intrinsic worth of bolstering human dignity and the goodwill which permeates, is the equivalence of masses of energy aggregated into masses of energy having inestimable value.

In which decade shall we see the kilter in the economy between the Private sector, the Government sector and Community sector corrected for? May it not take as long as 400 years, the time taken to review Charity Law (25th June, 2004), but in this lifetime to get behind the work and initiatives of social entrepreneurs.

We the People of the seven States of Australia need an open, democratic valuing system free of party-politics to ratchet up the value of the work social entrepreneurs do in creating social value.
CHAPTER FIVE
A CONTEMPORARY REVIEW OF RESEARCH LITERATURE IN ENTREPRENEURSHIP, and UNIFYING THEORIES

Introduction: Literature Grounding the Research overall:
When considering the nature of Social Entrepreneurship and the creation of Social Value, the field is as broad as it is long—the challenges as deep as they are high. We, in Australia, are at a strategic point in a historical transition towards a new kind of state and a new process of governmentality (Botsman 2001:1). This transition, in the 21st century, is occurring at a paradoxical time of the human journey.

In 2001 the dot.com bubble had not yet burst. On the surface it looked as if commerce was powering along with the advent of e-commerce. Yet ‘watchers’ of the social system in Australia observed the way in which peak charitable bodies became embedded in their views of ‘how bad things were’ in the social sector. They would ask Government for more funding, knowing that social spending would never create the solution.

“It is impossible to go back—we have to move forward to create the kinds of organizations and social enterprises which enable us to avoid living in a world of compounding inequality” (Botsman 2001:1). “It is a time when great institutions are going to have to change on the social side, to adapt to the national and global changes that have occurred in the economies of enterprise, work and commerce.”

Social Entrepreneurship, as a new concept, has emerged at a time of seismic change. “Good policies toward new business creation worldwide vary tremendously. Business is moving more and more to a geocentric view of the world” (Sexton and Landstrom, 2000, Preface). While providing detail about the structural and political aspects of ‘for-profit/non-profit’ enterprise, it seems prudent that a Literature Survey for Social Entrepreneurship examines the field of Business Entrepreneurship with which Social
Entrepreneurship is closely aligned. As a bourgeoning field of academic interest Entrepreneurship emerged during the 1980s, with generic contributions from Halliday, Vesper, Timmons (1994), McMillan (1988) and Stevenson (1985).

This chapter reviews the literature on Entrepreneurship and other theories which give support to where Social Entrepreneurship is located as a sibling discipline of Entrepreneurship. The following Introduction identifies key issues which lead also to an understanding of a comprehensive Literature on the subject of Social Value Creation. In addition, the process of the Literature search is spoken about prior to the review of Entrepreneurship Research which commences on page 128

The style I am writing in is both academic and personal. On occasions, comment in the first person is employed. This departure from an otherwise business-related style is for good reason. When we consider a thesis about ‘meeting need in an optimal, socially entrepreneurial way,’ it is humanized and it is intended the subjective quality of research into experience be recognized. Therefore, this work goes forward with the hope that this Thesis gives clarity to the personal cost and attributes of those engaged in meeting community need; and at the same time exposing the experience of precariousness of work in a social venture environment.

Adjusting to global change is but the background to this research, the perennial construct of created Social Value is at the forefront of the researcher and reader’s attention. Together, embracing change and meeting need by social entrepreneurs is the gestalt of the thesis. Everywhere in the world—developed and developing countries, there are people who are disempowered. Social Entrepreneurs seek to serve all such by creating social value.
Matters which become manifest in disempowerment are issues of health, neglect and education. Of recent times, actions to ameliorate need have become electoral pledges. But the work of benevolence has its roots in the community. It is more personal than bureaucratic. This opportunity to research and study social entrepreneurs is an opportunity to elucidate how social value is created, and therefore, become better valued. In a climate of profit and growth, social value all too readily gets ignored and devalued.

At the outset of acquaintance with the Literature, a study of ‘wealth’ back through history was meaningless until the twin theme of ‘worth’ was introduced (Chapter 3). The inestimable worth of a human life reconceptualized the ‘wealth material’ which was limited in its explanatory power. It thus became a focus on ‘human experience and worth’.

Similarly, a more recent development called the Human Capital movement needed investigation. This ultimately has come to be seen as a respectful component of Intellectual Capital still within the profit-generating arm of corporate business. In contrast, a parallel form of economics (which allows for ‘adjustments’) also favours social valuing in the adjusted form of Social Return on Investment (Chapter 4).

Parallel to the study which constitutes Chapter 3 on History and Chapter 4 on Valuing and Social Entrepreneurship, a study of the Entrepreneurship Research Literature was undertaken. This lead to the following review of the core subject under headings A to F:

5.1.1 Section A Development of the Field of Entrepreneurship, per se.
5.1.2 B Theoretical Contributions.
5.1.3 C Contributions from Other Disciplines.
5.1.4 D Summary of Cross National Culture research.
5.1.5 E Research in Corporate Entrepreneurship.
5.1.6 F Social Entrepreneurship: a younger sibling.

It is intended that a grounding in the Literature on Entrepreneurship will basically demonstrate: -
1. A working knowledge about the field of Entrepreneurship per se. Although selective, its concepts will locate Social Entrepreneurship both within and without the world of commerce.

2. That a philosophy of values will speak back to the gap which exists between markets and government which gives meaning for human life. With this will develop a thesis about the creation of Social Value.

At the completion of reviewing the Entrepreneurship Literature and noting a renewed acceptance that entrepreneurship which is social has an abiding place as Section ‘F,’ it then seemed necessary to seek out other theories which add support to operationalizing research into non-profits. A more detailed review of the Literature commences on page 131.

The integration work of Wilber (2000a; 2000b) was being published around the same time as this project got underway. (See pages 167–174 and Figure 5 p.170). His major contribution of the four quadrants gave good support to a values position in the Upper Left quadrant, yet all the while acknowledging the atomistic, systems and cultural view of the whole of life. However, where spiritual values are concerned, Wilber is prepared to forego the supernatural elements in life’s experience in order to satisfy the rationalism of Science. On this point the theory of Ward (pp.167-174) is invoked as a more than satisfactory reply to a sincere attempt by Wilber to have ‘goodness’ in its outworking made acceptable within the scientific community.

This journey to admit support for the spiritual, was found in the Zohar and Marshall scale of Motivations which (on the positive side) unfold from the familiar motivations of Exploration, Gregariousness and Cooperation, and Power-within (physical or mental best). According to Zohar and Marshall (2004) (pages 175-177), there is ‘normal’ behaviour and that which exceeds normality is ‘above normal’ behaviour. They regard each motivation as a whole paradigm embracing assumptions, values, aspirations, strategies, relationships, emotions, and behaviour. When advanced motivations have a
positive valence they span Generativity, Higher Service, World Soul and Enlightenment. Their scale offers ‘a new way of systematically diagnosing the motivational and emotional foundations of where a culture or an individual is at,’ and then suggests ways to shift the present state to a more desired future one. This seemed entirely satisfactory when seeking to explain the drive of Social Entrepreneurs and Support People. Interlocking with spirituality is the way in which a person’s motives may be regarded as attractors in a specific field of meaning (also see page 176).

Social Entrepreneurship functions at a point between order and disorder, and requires the transformative principles of Advanced Motivations (also named by Zohar and Marshall as Spiritual Intelligence) which have a uniquely conscious expression (p.175). The expression of specifically creative and transformative activity is a Complex Adaptive System. With this discovery a reading into the new science of Complexity Theory (Capra (1988), Stacey (1996), Henderson (1996)(pp.177-179) galvanizes a connection with Zohar and Marshall’s application of Spirituality.

Next, there has to be an alternative in the social field to ‘Shareholders’ and ‘Profit.’ A search into Stakeholder Theory uncovered the oppositional positions of Professors Berle and Dodds, and the subsequent position of Applied Ethics embedded in the Strategic Management texts on Strategic Analysis (pages 180-185). A later version in 2001 of Dodd’s position in the 1980s saw Stakeholder Theory being adopted by companies whose stakeholders consciously seek long-term value as a firm’s objective.

Mindfulness of the sphere of social venturing was also a key parameter for Literature on the subject of Stakeholder Theory. Social Venturing takes place within a geographic community setting and is neither private nor public enterprise. For this, Feminist Literature highlights the emphasis of Stakeholder Theory on notions of ‘caring’ needing to be practised in a firms community, as well as in the firm (Wicks, Gilbert and Freeman (1994);
Dobson and White (1995). There is overlap here with the Entrepreneurial Ecologists’ viewpoint (Bygrave and Minnitti (2000), Aldrich (2000), and others). By extension, Feminist theory (pp.185-187) leads to a firm belief that a community is symbiotic with a company in its neighbourhood and that individual selves and the firm need to be understood in relation to each other. This is a much less exploitative and respectful of humanity way of proceeding (Burton and Dunn, 1996:135).

At this stage, annual reports of some major companies and smaller ones, too, show they have adopted a ‘green’ emphasis for the environments they operate in. A social concern applies, also.

This, then, lead to a less hard-nosed contribution than the usual assumptions of economics and profitability. Contributors to Stakeholder Theory were drawing from Feminist theory (particularly the work of Gilligan (1982)). It was a surprise to find this overlap. It is possible to apply humane and respectful thinking to the meaning-making of Social Entrepreneurship.

Finally, the developmental theory of Piaget establishes the theoretical basis for mental and psychological development of a Self—in this case—a Social Entrepreneur (Piaget, 1970:46). Through his concept of ‘egocentrism’ and later neo-Piagetian writing in ‘sociocentrism,’ there is an alignment with the entire project (pages 187-190).

5.1 Entrepreneurship Research Literature:
Across the decade of the 90s Low (2001) claimed that Entrepreneurship Research was then in its Adolescence. That being so, this research asserts that Social Entrepreneurship is in the same family but a younger sibling of Entrepreneurship activity. Entrepreneurs are of a kind/genus; putting one’s talents, energy and skill into ‘for profit’ or ‘not-for-profits’ is the unique expression of one’s entrepreneurial orientation.
5.1.1  SECTION A: Development of the Field of Entrepreneurship per se

Workshops held in Sweden in 1998 reviewed developments in Research on Entrepreneurship since 1988 by nineteen scholars from nine countries. This then lead to a collection of papers in 2001 (Davidsson, Low and Wright). The same organizing framework was used in 1998 as for the original Low and MacMillan (1988) paper. This Literature Review follows the same six themes by which Low and MacMillan articulated the field initially, namely:

- The purpose of Entrepreneurship Research.
- Choice of theoretical perspective.
- Focus of the phenomenon to be investigated.
- The level/levels of analysis.
- The time-frame of analysis.
- The methodologies used.

While searching for a balance which will maintain the integrative, inclusive and practical characteristics of the field all the while making substantive and lasting intellectual contributions, Low (2001:17) argues “The field has not come far enough, fast enough (since 1988).”

Although concerned with taxonomical issues, Gartner (1990) found that Entrepreneurship scholars had a range of beliefs about the nature and phenomena of Entrepreneurship. Using the allegory of Six Blind Men and the Elephant, Gartner invites all to make explicit what each believes, in the hope of understanding how all the different viewpoints make up the whole. He felt uncertain whether some sense of theoretical clarity had emerged across the 90s. “Each discipline (within Entrepreneurship) has its own unique way of viewing Entrepreneurship, and may be relatively unaffected by the perspectives of other disciplines.” This was echoed in Herron, Sapienze, Smith-Cook (1991:7) and Bull and Willard (1993:184) citing Wortman, (1992).

Constructively, Gartner (2001) took up the Shane and Venkataraman (2000) ideal of a community of scholars and recommended a clustering of scholarly communities focusing on tightly-defined subject areas.
As a defining article Shane and Venkataraman lay out the purpose of Entrepreneurial research as:

- the field which involves the study of sources of opportunities;
- the processes of discovery;
- evaluation by exploitation of opportunities;
- the individuals who discover, evaluate and exploit.

This is distinct from scholars of organizations whose three fundamental research questions are:

- why, when and how opportunities for the creation of goods and services come into existence;
- why, when and how some people and not others discover and exploit these opportunities; and
- why, when and how are different modes of action used to exploit entrepreneurial opportunities.

**The Purpose of Entrepreneurship Research:**

Entrepreneurial Research should not focus on the relative performance of individuals or firms in the context of small or new business—rather this belongs to strategic Management (Shane and Venkataraman, 2000). Instead, Shane and Venkataraman look at Entrepreneurship through a focus on ‘individuals and opportunities,’ and as such, it is complementary to the study of firm creation.

Gartner (2001:27) brings to bear his approach from a social psychological perspective. He is open to studies of firm creation from other disciplinary perspectives (c/f the Blind Men). His is an ordering, taxonomic approach.

Both Low and MacMillan (1988), and Shane and Venkatamaran (2000) have the stated purpose for Entrepreneurship of having a clear interest in societal-level outcomes. In concert with Gartner’s view on Entrepreneurship as the creation of new organizations, Aldrich and Martinez
(2000) assume the more aggregate level interest of Sociology which also includes societal-level outcomes.

Although it continues to be difficult to reach agreement about the scope of Entrepreneurship Research, the call is to create a community of scholars that bring insights from multiple disciplines to research phenomena which, although diverse, can be consensual and while narrow, may be inclusive enough.

Choice of Theoretical Perspective:
Aldrich and Martinez (2000) bring a contrasting view in demonstrating that good scholarship does not have to mean academic silos. Their ecological approach, or evolutionary perspective implies the importance of the environment—both as a trigger to entrepreneurial activity, and as a mechanism for starting new initiatives. They show the advantages of applying a strong conceptual framework with a limited number of well-defined concepts.

Shane and Venkatamaran (2001) point out that the field of Entrepreneurship, to be considered as its own unique field, must have a conceptual framework that explains and predicts a set of empirical phenomena that are not explained or predicted by the conceptual frameworks already in existence in other fields.

In 1988, Low and MacMillan asked two fundamental questions: -
What exactly should we be studying about entrepreneurship, and
How should we be doing it?
In doing so they highlighted a basic evolutionary principle: that Entrepreneurs are socially important, not because they exist, but because they succeed in creating organizations. How do these individuals manage to create and sustain successful organizations, despite severe obstacles?
Low and MacMillan (1988) point to two indispensable elements of entrepreneurial Theory and Research:
Any theoretical model or research design should integrate the outcomes of entrepreneurial efforts and the processes that lead to those outcomes;
Understanding entrepreneurial success requires that we consider the social context in which entrepreneurs develop their efforts.

This was the harbinger of an Evolutionary Approach. Evolutionary Theory unites in a single, coherent framework, a concern for entrepreneurial outcomes and the processes and contexts making them possible, using the basic concepts of variation, adaptation, selection and retention (Aldrich, 1999).

Low and MacMillan (1988) criticize the concentration of all attention on Entrepreneurs as objects of study in and of themselves—they exist in a ‘context.’ Evolutionary Theory explicates the view of a complex and chaotic world, which aids in the demystification of Entrepreneurs, per se.

Aldrich and Martinez (2001) develop the concept of the ‘nascent Entrepreneur.’ They identify the entrepreneurial cycle as having four phases—conception, gestation, infancy and adolescence.

Aldrich and Kenworthy (1999) distinguish between ‘innovators’ and ‘reproducers.’ Not all entrepreneurs and their firms qualify as innovators. Innovator organizations started by Entrepreneurs have routines and competencies which vary significantly from those of existing organizations. Some such organizations may fall away from the defining criteria and, therefore, cease to exist as innovators.

In an Evolutionary Approach, those who are true innovators are defined by outcomes, not intentions (Aldrich and Kenworthy 1999). Competence-destroying innovations give Entrepreneurs very clear competitive and
survival advantages against others who adopt competence-enhancing strategies of their competitors into their organizations. Competence-destroying innovations require new knowledge, routines and competencies in the further development of products or services. They fundamentally alter the set of relevant competence required; therefore, they put existing organizations at a disadvantage. This confirms what Gartner (1988) says “Innovation is not a characteristic of individual Entrepreneurs but of their actions.”

The field of entrepreneurship still needs to become more theory-driven, in order to take advantage of progress made in other disciplines and to be taken seriously by other fields of scholarship. Swedberg (2000) gives a competent and succinct assessment of the stance Classical Economics has taken and the competing claims of the Business Schools to ‘own’ Entrepreneurship. In his view “the Social Sciences have a very important contribution to make” to Entrepreneurship (p.7). Fundamentally, “Scientific knowledge improves by drawing it closer to ‘practical knowledge’” (von Hayek 1945, 1972:80).

The Focus of Entrepreneurship Research:
Writing in 2001, Ucbasaran, Westhead and Wright derive six themes by which to categorize research into contextual and process issues. They conclude that narrowly-defined studies provide more useful insights.

Levels of Analysis:
The majority of studies reported in 2001 were at the ‘firm’ level. While the use of the individual as a unit of analysis had remained stable to 1998, the rise in studies at the firm level had risen. A considerable degree of dissatisfaction is expressed by Davidsson and Wiklund (2001) and Low and MacMillan (2001). A more ideal study starts with an opportunity, and an individual who sees an opportunity, and follows its development over time into an organization/new economic activity. What distinguishes an entrepreneur from other people is their being especially alert to opportunity.
Categories of Research into Levels of Analysis based around ‘contextual’ and ‘process’ issues are as follows:

- Individual and Team/Firm levels;
- Industry/Population Level;
- Regional Level;
- National/International Levels.

The Entrepreneurial Research Consortium of the National Panel Study of Business Startups (1995) and, more latterly the Global Entrepreneurship Monitor since 1997 are seen prospectively as mines of information for multi-level approaches. These elucidate institutional, demographic and cultural factors of entrepreneurial activity (Davidsson and Wiklund, 2001).

Behind the suggestion of increased research interest on different levels is a belief that Entrepreneurship takes place and has effects on different societal levels simultaneously. Its effect is far-reaching, ranging from the individual to the economy-at-large. Entrepreneurship has to do with wealth creation/social value and will have important effects on the health or unhealth of a particular society.

*Time Factor:*
Little is known about ventures which involve partners, and various sources of finance; and the suggestion was made that multiple informants be used in research. Also, there was a recurring need, both in 1988 and in 1998 for longitudinal research (Low and MacMillan).

It was found that only 7% of studies to 1998 were true longitudinal studies with data collected at two or more points in time (Chandler and Lyon). Survivor-and-hazard functional analysis would be a legitimate by-product of such an approach. This echoes Aldrich and Martinez’ (2001:8) assertion “we do not know enough about firms that fail.”
Methodology:

It is argued that the goal of policy-making may reflect an emphasis more akin to results from multi-variate analysis and empirical findings. However, Low and Wright (2001, Editorial) underscore the need for further progress in theory-driven research, and point out that empirical studies are, at best atheoretical. They openly oppose the view that theory-driven research is unlikely to be of relevance to policymakers, and emphasize, rather, that good policy-relevant research needs a strong conceptual base. In addition, ethnographic case studies and simulations deserve increased emphasis (Davidsson, Low and Wright, 2001)).

Further reference is made to the unique appeal of “discovery and new combinations,” irrespective of the original context, when research is reported (Davidsson, Low and Wright, 2001:8). As a legacy of the field progressing without a solitary definition of Entrepreneurship, the term ‘this loosely defined domain as creation of new enterprise’ has been further refined by Davidsson and Wiklund (2000b). They define Entrepreneurship being “Enterprise understood as economic activity as distinct from a formal organizational unit or structure labelled ‘an enterprise.” This point is highlighted because it will help to make contrasts later between international regions of Global Entrepreneurship.

The pursuit of linked micro-macro level studies to identify the contribution of Entrepreneurship to wealth creation is cited as a possible contribution to establishing the credibility of Entrepreneurship Research. It is thought that capturing the contribution of all kinds of new enterprise creation—not just new, independent small firms, is the preferred measure, and will enrich the data.

More recently and arising out of the former Low and MacMillan (2001) critique about ‘psychological trait’ approach, the twin issues of ‘context’ and ‘process’ are emphasized. Therefore, by 2000 the ‘Entrepreneur as a
person’ returns as a subject of interest but this time, the emphasis is on behavioural and cognitive issues rather than personality characteristics alone as explanations of the ‘person.’.

As a consequence of renewed interest in the individual Entrepreneur eg. ‘How s/he learns,’ questions also arise about the impact of environmental factors. These may affect who becomes involved in entrepreneurial opportunity/discovery. Capital market restrictions may likely impede new entrepreneurs, at the same time enabling some in existing organizations to exploit presenting opportunities.

Also, the role of networks has become a continuing point of focus. Aldrich (1999) emphasizes use of the term ‘social capital’ to describe the cumulative benefits of relationships between human beings. In the world of Entrepreneurs, social capital is an important resource such as knowledge, capital, clients and may be, access to suppliers. Lin (1999) identifies three dimensions which determine the value of social capital (p.47). These are:

- Social resources,
- Network position; and
- Strength of relationship.

In large measure it is difficult to quantify the value to Entrepreneurs that their contacts with others possess. Earlier work by Aldrich et. al. (1996), Burt (1992), Greene and Brown (1997), clothe the Entrepreneur’s network with more detail. Different kinds of entrepreneurial activity require different levels of family and individual social capital.

Cultural and emotional capital are two more descriptors which define intangible identification, and the reassurance the Entrepreneur may draw from personal support. A personal network has been called “the Entrepreneur’s universal resource kit.” In a monograph which supports networking Johannisson, (2000) alludes to the legitimacy which is provided...
in the domain in which a firm operates, supplying the trustworthiness needed to be invited into trust-building relationships.

In addition, the important role of brokers, or venture capitalists has arisen in the research. Indirect links with people in advantageous social locations may be created through brokers. These may be helpful to the Entrepreneur.

Current findings in the overall body of research are:

- Knowledge is as vital as capital;
- Most startups begin with very little besides knowledge;
- The blend of diverse and strong connections with other individuals and organizations is the ideal combination for acquiring both knowledge and resources.

A consistent order has been followed throughout this section by utilizing the original themes from 1988. This allows for new information from the research to be added where appropriate. In addition, a necessary distinction is made between the notion of any enterprise, and that of entrepreneurial activity. Also, micro-macro-level work is regarded as essential. Renewed interest in the individual Entrepreneur has reemerged. This now combines behaviour and cognition, and not merely psychological traits. The role of networks continues to be an important focus, as also the roles of venture capital/brokers.

It is ultimately the outcome of the exploitation of entrepreneurial opportunities that determines the contribution of entrepreneurship to wealth-creation. Low and Wright (2001) are supported by the assertion of Davidsson, Low and Wiklund (2001) that “absolute performance (rather than firm-level performance) of ‘discovery and exploitation of opportunities’ both micro to societal level, seem of paramount importance” (p.8).

Refocussing for future directions has not reached a consensus in the field of Entrepreneurship. However, leaders amongst communities of interest have
been identified already, suggesting forward progress in a respectful and scholarly manner. The notion that Entrepreneurship is about ‘emergence’ is gaining support both as (a) emergence of new organizations, and (b) emergence of new economic activity. However, no attention is being paid (within Entrepreneurship Literature) to ‘emergence’ within Complex Adaptive Systems.

5.1.2 SECTION B: Theoretical contributions As if on cue, two recent contributions by Minniti and Bygrave (2001, 1999) offer theoretical underpinnings for two phenomena in the Entrepreneurship mix:

i) They use a structural model describing the decision process (Entrepreneurial Learning) identifying shortsightedness or myopia (which may lead to failure in venture creation) as well as success; and

ii) The environmental reality of disequilibrium is the milieu where entrepreneurial action occurs; and Entrepreneurs exhibit the optimum adjustment in order to handle such chaos.

The above theory is embedded in a recognition of markets and economic activity. As well as having regard for the environment in which this occurs, this theory, by extension, is also developed with macro wealth-creation in mind.

i) Minniti and Bygrave built a model to account for a pathway followed by entrepreneurial individuals when faced with an array of choices having uncertain outcomes. They assume entrepreneurial decisions to be the result of an Entrepreneur’s ability to process information (knowledge) and, of random impulses (instinct or luck); whereas back in 1921, Knight characterized the Entrepreneur as someone able to cope with uncertainty. The former seeks to explain the 1921 more global belief.
Ultimately, it is the knowledge-component which becomes transformed into entrepreneurial activity as mediated by the positive/negative valence which has become moulded within the Entrepreneur. Knowledge may be unconscious or conscious; unconscious knowledge often results in ‘intuition.’ This entrepreneurial knowledge determines her/his sequence of choices and good/not-so-good outcomes.

ii) It is invaluable to have theory speaking to continuous change in the entrepreneurial environment resulting in disequilibrium. Minniti and Bygrave (1999, p.1) claim “Only individuals with superior alertness to changes and to the state of disequilibrium move to exploit opportunities and earn economic profits.” Further, “Entrepreneurial alertness leads to something previously unimagined” (p.1). Minniti and Bygrave propose a spontaneous pathway.

A complementary part of the model is the institutional and economic circumstances of the economy. The person who becomes an Entrepreneur is influenced by existing levels of entrepreneurial activity within one’s proximity ie. thought of as percentage of G.D.P. created by entrepreneurial ventures, or percentage of labour-force involved in entrepreneurial ventures.

According to Minniti and Bygrave (2001) decisions an Entrepreneur makes are of two types:

a) Specific knowledge – about a market,
   Specific knowledge is product and industry specific,
   is technical,
   and acquired directly or indirectly

b) A more General Knowledge--acquired through learning-by-doing, or through observation.

Decision-making in the model is of the General Knowledge variety—knowledge which is derived from trial and error selection processes, where good judgment has informed the decision acted upon. Entrepreneurs realize
on an ability to succeed based on refining experience, through approximating learning.

The more ‘specific knowledge’ of where to find market data is defined by Kirzner (1973, p.67) as a rarefied, abstract type of knowledge of where to obtain and how to deploy information. Therefore, Entrepreneurial Knowledge of a specific kind leads to the discovery of opportunities, and this leads to a new way of doing things—information absorbed into the Entrepreneur’s stock of knowledge which leads to change and transformation.

Through learning-by-doing, an Entrepreneur acquires knowledge. Knowledge has idiosyncratic uses which lead to transaction costs. Learning outcomes are cumulative. An edifice of experience informs future behaviour.

Minniti and Bygrave invite more study of Entrepreneurial Learning ie. how entrepreneurs accumulate and update internal knowledge deposits. This calls for explanatory research to be undertaken. Current theory has been built on previous work by Arthur (1995), Chen and White (1998), Bullard and Duffy (1999), Dawid (1996), and Ruchman (1999).

Thus, in what might also be described as learning-through-experience, Minniti and Bygrave (2001) describe it more fully as “In an uncertain environment, learning occurs in an iterated-choice context, as the process of updating probabilities of choosing any particular action, as new information on its consequences is received” (p.6). Because experiences differ across Entrepreneurs, there is individuality in the personal patterns of choice which are made. The path an individual follows is partly decided by chance, is history-dependent, and is sometimes less than optimal. “Entrepreneurs tend to over-exploit actions that generate initially desirable outcomes, thereby exposing themselves to the risks and benefits associated with the properties
of path dependence, and the possibility of settling in an inferior pattern of choice.” “In highly uncertain circumstances outcomes may be closely clustered, random and therefore, difficult to distinguish” (Minniti and Bygrave 2001:15).

If heed is taken to a relatively new contribution to the field (see below), it is essential that practitioners make each their own individual response to new theory-making. Perceived tensions in the field were alluded to in Section A of this chapter, and it is proffered that the following could redirect/reinvent research into themes which are outcomes-driven and causality-driven.

Entrepreneurship data may be analysed according to hypothetico-deduction but Campbell and Gillin (2002:4) called this ‘paradigm entrapment.’ Writing about the genius of Einstein, Bohr and Heisenberg, Campbell and Gillin argued that these physical scientists “grappled with the same problem of irrationality within the field of science. This break with linearity and rationalism held the key to their new realm of quantum physics” (Campbell and Gillin, 2002).

The linear paradigms of the formative period of Entrepreneurship now require extension and further development into non-linear data gathering and analysis. “A new, non-linear paradigm is called for to make sense of irrational skips and illogical jumps that creativity and innovation prompt within the Entrepreneur” (Campbell and Gillin 2002:4). It is thought that this leap is necessary in order to better understand “the dimensions of Entrepreneurship which have remained shrouded—situations that have appeared paradoxical, irrational, incongruous and inconsistent.”

Drawing from the field of natural science Campbell and Gillin (2002) cautioned that it should come as no surprise when non-linearities manifest themselves in Entrepreneurship. They look at the recent renewed interest in Chaos Theory. ‘Fractals show how Nature creates its diverse and intricate
shapes by enumerating a few basic principles and then permitting great amounts of autonomy’ (Campbell and Gillin, 2002:9). An example drawn from research into high-tech companies describes how the large companies could not see disorder, let alone chaos, or anything but a negative ‘that must be controlled as quickly as possible’ (Campbell and Gillin 2002, p.10). The small, acquired companies had learned to be comfortable (and adaptable) in this uncertain, irrational and innovative environment.

These assertions lead Campbell and Gillin (2002) to a Non-Linear Relational Paradigm where primary focus is directed at the inter-relationships amongst elements in the new venture process. This new paradigm enables the practitioner to integrate laws and boundaries implicit in the entrepreneurial environment, all the while balancing techniques used to divine significant elements—in a sense, like operating a diabolo.

This paradigm shift is seen as a contribution of great promise to the field of theory-making and usefulness in its outworking.

Another contribution to the field is the further analysis of Entrepreneurial Orientation and Culture. The Lumpkin and Dess (1996) construct provides a basis for regarding the internalization of national culture characteristics on individuals in the form of a culture’s Entrepreneurial Orientation. Recognition of such environmental forces as economic, politico-legal and social forces are included. This has been revisited with a vigilance about the global business climate of 21st century.

Lee and Peterson (2000) draw from Berger (1991) to present a cultural model of Entrepreneurship. According to Berger, with modernization must come cultural transformation. With this view, Entrepreneurship develops from the bottom-up--culture breeds culture. Culture is seen as a ‘conductor’ and the Entrepreneur as the ‘catalyst.’ It was thought highly desirable to have a national culture which nurtures and supports entrepreneurial activity.
It is also thought that Entrepreneurship seems to be more compatible with certain cultures. Hofstede’s (1980) study continues to undergird international findings. The dimensions of power distance, uncertainty avoidance and individualism/collectivism, and linkages to national wealth and economic growth come to attention from time to time. It is asserted that cultural values and norms will either converge or conflict with a society’s ability to develop a strong Entrepreneurial Orientation.

“A growing body of evidence suggests that Entrepreneurial Orientation is critical for the survival and growth of companies as well as for the economic prosperity of nations” (Morris, 1998).

Lumpkin and Dess (1996) outline five dimensions for Entrepreneurial Orientation:

*Autonomy, Innovativeness, Risk-taking, Proactiveness and Competitive Aggressiveness.* In Lee and Petersen’s (2000) view the ability of a country to generate all five factors will depend on the cultural foundation of that country. It is postulated that a strong Entrepreneurial Orientation will ultimately lead to increased entrepreneurship and global competitiveness.

This will be further exemplified in Section C below where contributions from other disciplines are reported.

5.1.3 SECTION C: Contributions from Other Disciplines: It is the view of this thesis that the social sciences provide a perspective for students of entrepreneurship through which to examine the theory and practice of Entrepreneurship. Individual or group innovative behaviour can contribute to current thinking—from another time, in different societies, or in other cultures. The social sciences share an epistemology about humanity, and can awaken insights within the relatively new field of Entrepreneurship. This is supported by Swedberg (2000:9) “Quite a lot of what the social
sciences have to say about Entrepreneurship does have practical consequences.”

Some examples from other exponents follow: Geertz, writing in 1983 from a perspective in Interpretive Anthropology said “Knowledge that may seem trivial to the theoretical economist can be absolutely necessary for a business venture.”

Kirchoff (1991:1) was emboldened to say “While macroeconomists analyze and predict using general equilibrium theory, microeconomists amass evidence that discredits the foundation upon which general equilibrium theory rests. Therefore, to assess the contribution of Economics to Entrepreneurship, one must address the conflict.” Although the role of entrepreneurship in wealth creation and distribution is ignored, it is more disturbing that “macroeconomic predictions dominate as the basis for public policies that finance the marketplace” (p.1). In and of itself this needs to be a continuing area for those with expert knowledge in entrepreneurship research.

Shaver and Scott (1991) promote the relevance of Psychology by examining the possibility that relatively enduring attributes of a person might affect entrepreneurial activity. They also describe the social cognitive processes involved in constructing representations of the external environment; and they suggest which motivational variables affect behavioural choices.

Further interesting research reported on by Katz (1993:97) reports on minimal conditions under which individuals develop “us versus them” thinking and relate it to ‘founder’ or ‘owner’ behaviours and role expectations consistent with involvement in social organizations. In 1992 Katz stated that individuals who undertake activities necessary for the pursuit and exploitation of opportunities are, by their actions, different from those who choose other career paths. This is a fertile research realm and
current directions of this research are to explain this difference more completely. Schumpeter (1961) called this ‘creative-destruction.’

Other reflections from Psychology are those of Attribution Theory—a body of literature emerging after Heider (1958) and Kelly (1972). The implications for Entrepreneurship research are the way in which people explain their own actions and the actions of others (Shaver, Gartner, Crosby, Bakalarova and Gatewood, 2001). It is fitting that entrepreneurship scholarship applies knowledge from an accepted corpus of knowledge in this way.

Expectancy Theory was taken up in research on public sector venture assistance. Information has been gleaned about what turns prospective people ‘off,’ but the model itself provides a template for evaluating which specific small business formation activities produce the best results—new ventures that survive, grow and are profitable. ‘Modelling the process melds both Entrepreneurship, theory and practice’ (Gatewood, 1993:2).

A treatment of Entrepreneurial Orientation but using largely models from Psychology is proposed, as a further contribution to Entrepreneurship Theory. Using the illustration of the diabolo effect in which an avowed Entrepreneur ‘keeps his eye on’ the way in which the microeffects of entrepreneurial activity within a specific market (and its effects) keep spinning, Bygrave and Minniti (2000:1) say ‘This is growth!’

As growth, entrepreneurial behaviour produces the conditions for new markets to develop and, as a consequence, new entrepreneurial opportunities are created. Minniti and Bygrave (2000:1) regarded this aggregation of activity as ‘network externality.’ A spin-off from this is the self-reinforcing property to the Entrepreneur personally, so that Entrepreneurship begets Entrepreneurship.
The view is offered that self-reinforcement (which keeps it all spinning) may become an ‘addiction.’ Once the individual ‘tastes’ success in any part of the entrepreneurial process it can become intoxicating. Research needs to be done to explain how significant this is.

Writing about the culture of Entrepreneurship Bygrave and Minniti (2001:1) refer to the behaviours of entrepreneurs acting as catalysts which lead to new markets developing, opening up further opportunities. They point to the rate of entrepreneurship as being a result of a significant amount of economic activity which blossoms into growth as a result of entrepreneurial alertness. Perhaps there are clues here which need to be tested for social entrepreneurs, leading to a greater volume of creative opportunities.

It was noted in the literature that some former socialist economies seem deprived in both motivation and incentives to self-improve. This is referred to (by Bygrave and Minniti, 2000) as ‘lack of Entrepreneurial Memory’ (pp.2,3). Some European countries have legal and economic disincentives; other nations are less well developed, so in all, possessing an Entrepreneurial Memory may still be in the future for these countries.

In promoting the social dynamic of Entrepreneurship, Bygrave and Minniti utilize threshold modeling and cost/benefit analysis from the Social Sciences. Granovetter (1978) defines an individual’s threshold as ‘the point at which the net benefits of joining a situation begin to exceed its cost.’ A submerged belief in this modeling approach regards the necessity to show how individual preferences interact to explain collective outcomes. This model can explain variance across groups and regions, and variance in the idiosyncratic behaviour called ‘human volition.’

In an adapted version for entrepreneurship research, Bygrave and Minniti (2000:4) claim that it is possible to model thresholds, not as personal to an agent, but as ‘critical levels in the distribution of potential final outcomes for
a whole community.’ The scale of this modeling leads to working with ‘critical mass’ and the structural model Bygrave and Minniti offer highlights the fact that personal thresholds and degree of interdependence are not exogenous but determined endogenously within the context of the model. Thus, the framework developed in 1999 by Bygrave and Minniti describing the microfoundation of entrepreneurial activity is exploited to develop a reply to the macroeconomics conflict previously highlighted within Economics. Articulation of the social dynamics of Entrepreneurship through Network Externality and an adapted Threshold Model for Entrepreneurship by Bygrave and Minniti (2000) has provided a solid theoretical framework to another order of research. It is thought its disuse will be detrimental to the field.

Thornton (1999) picks up on the lack of agreement in the field of Entrepreneurship—already made obvious in Section A of this chapter, and provides a review ‘The Sociology of Entrepreneurship.’ Her purpose is to examine sociological research to create an agenda for further development of a sociological perspective on Entrepreneurship. Ostensibly, Thornton gives another perspective on the availability of suitable individuals to be Entrepreneurs (the ‘supply line’), weighed against the ‘demands’ of the commitment. This sociological account records entrepreneurial activities as ‘roles.’

Weber’s theory on the origin of the entrepreneurial spirit as a cultural account of individualism has been a metatheory since the 1970s. Because this ‘supply line’ emphasis has been dominant in entrepreneurship research (studying the individual), Thornton’s contribution in particular has been to boost the ‘demand side’ perspective by focusing on influences exerted by firms and markets.

Further, Engelen (2001) gives a significant account of self employment amongst migrants and ethnic minorities around the theme of ‘breaking in’
and ‘breaking out.’ This European response is built also on a Weberian approach.

Another notable contribution from sociological perspectives and research is an integrative work by Reynolds (1991). He acknowledges the interconnectedness of Anthropology, Economics, Geography, History and Political Science in providing heuristics about the societal context and entrepreneurial sector.

Central Theoretical concerns within Anthropology peaked between 1950s – 70s and focused on (a) social change, and 
(b) economic development.

Anthropology, at this stage was imbued with structural functionalism, and Stewart (1991:8) wrote to improve on (or disempower) this stranglehold. The study of entrepreneurs permitted the anthropologist to focus on intentionality, agency, and wilful goal-seeking and strategic behaviour. A renewed interest in Entrepreneurship has surfaced within Anthropology, with recriminations about not previously having done well with specifically business-related issues. Stewart (1991) invited those in the field to bridge the entrepreneurial opportunity between these two spheres of intellectual exchange.

5.1.4 SECTION D: Summary of Cross-National Culture research

Overview: Consistent with his interest in entrepreneurship ecology Aldrich (2000:5) wrote “Curiously missing in earlier volumes (about Cross-national Research) was any substantial assessment of the state of the art in regions other than North America. This omission was surprising given that international participation in conferences and journals has increased substantially over the years.” European scholars visit conferences in America and there are at least eight journals on entrepreneurship or small business published in Europe.
Leading questions raised by Aldrich (2000:5) are “Can we preserve valuable
diversity in research methods while at the same time learning from one
another?” “Are there distinct national styles?” “If there are distinctive
differences, are they being wiped out by pressures toward convergence?
The issues about convergence or divergence continue to fuel an across
Atlantic/Pacific debate. Different points of view appear to hang on two axes –
viz. methodological issues and whether much of small business is
primarily entrepreneurial.

By mid 1990s Usdiken and Pasadeos (1995:7) summed up developments in
the transition from Organization Theory to Entrepreneurship, across the
previous fifteen years. Such developments surrounded issues of
convergence and divergence. During a period of cross-national convergence
in the 1970s, Usdiken and Pasadeos identified the birthing of competing
approaches in the United States, which attracted attention in Europe. In the
1980s a period of divergence occurred during which national differences
once again were noted. The flow of international influence went from North
America to Europe. Then, during the 1990s another divergence was
manifest wherein certain styles were European, but intraregional variation
existed.

In Europe, heightened reaction against the growing dominance of
positivistic paradigms in the United States lead to an articulation of the
European contribution:

- A stronger philosophical orientation
- A legacy of critical approaches
- A history more sensitive to class and national differences.

These characteristics are not surprising since Freud and analysis, and the
philosophies are rooted in Europe; the Frankfurt School of Critical Theory is
also European. North American research tends towards a positivistic
orientation with models. The United States has no small business or
entrepreneurship policy; instead, it has a competition policy in which small
business and entrepreneurship play an important role (Dennis, 1998:65). “The essential characteristic of that policy is to maintain government neutrality among competitors, regardless of size.” National loyalty and interest dominate European intellectual life. National academic systems and job markets are quite distinct, and ‘global intellectual debates’ are the goal at scientific meetings in Europe but not the United States. In contrast, North American scholars tend to assume their models are universal; whereas European scholars assume theirs are nation-specific. With each state-of-the-art conference of which there have now been five, calls go out for more cross-national research’ (Sexton and Landstrom 2000).

European researchers have a much stronger fieldwork orientation than U.S. researchers. Themes in the anthropological-ethnographic literature (Europe) mesh very well with the concerns of Entrepreneurship Researchers (Aldrich, 2000:15). (It is highly probable that integration work from Anthropology and Sociology will come from Europe and, indeed, the discipline of Entrepreneurship will benefit from case-study research and philosophic reflection).

Both levels of government-support for Entrepreneurship, and Entrepreneurship Research in Europe are unparalleled in the U.S. eg European Network for S.M.E. Research was established in 1992. Originally covering twelve member states, the annual report has now expanded to nineteen nations (Aldrich, 2000:17). Currently the Global Entrepreneurship Monitor which originated at the London Business School is embraced by North American researchers as well..

In May, 2002, it was announced that the European Commission had authorized Czechoslovakia, Latvia, Poland, Romania, Slovakia and Malta to take part in ‘the Community programme for Enterprises and Entrepreneurship’ (Europe Information Service, 2002:1). It is hoped that
enterprising people are not merely taught to run enterprises—but to be entrepreneurial in the pure sense of Entrepreneurship.

Familiarity with material coming out of different regions of the world leads one to suppose that there are cultural differences between the enterprise of a country; that there also are cultural differences between enterprises and ventures, and that the ‘culture’ which supports these have differences.

Taxation and deregulatory policies in countries are different—some entrepreneurship enhancing, others more repressive, so that obtaining the ‘critical mass’ spoken about in Section C of this chapter becomes impossible to achieve. Therefore, small entrepreneurial ventures may struggle because the infrastructure is unfavourable for them.

Many European countries are still struggling with the economic, social and political problems associated with a free market economy (Sexton and Landstrom, 2000). Sociological Review (2000) comment draws attention to resultant developments in self-employment, not necessarily implying that these instances all represent small firm growth. The ‘renaissance’ of self-employment is one of the most significant events in the development of the labour-markets of Europe (Luber and Leicht, 2000). As with restructuring in Australia, so people who have become retrenched are trying self-employment.

However, in France, Germany, The Netherlands, Portugal, Spain and Italy growth between the 1980s and 90s in self-employment increased and decreased alternately, with a comparatively low increase in Italy and especially low in France, at the time of the Review (Luber and Leicht, 2000). Brief reports from numerous other countries appear in alphabetical order in the Appendix.
Often in Europe ‘entrepreneur’ has been a dirty word. Entrepreneurs are looked at askance with questions raised about whether they are actually running businesses or creating tax dodges. This is not necessarily the case only in Europe, as this has been notable in Australia in a popular sense, also.

In the hindsight of 9/11 leading to the Iraq War and the anti-American hatred expressed by suffering people in many populations across the world there exists a cultural divide mirrored in the Small Business orientation of much of Europe. A contemporary move is to create Free Trade Agreements towards global harmony, and the non-government intervention, free enterprise position of North American Entrepreneurship. At risk of revisiting some awkward moments in recent political history the power blockade of Germany in relation to the United Nations and that of France are examples of one axis which strengthens the culture of small business in a range of countries. Aldrich, who represents the Entrepreneurship Research community is optimistic about Europe and North American scholars learning from one another, always with respect and goodwill. An expanded version of this Section appears in APPENDICES ‘4’ and ‘5.’

5.1.5 SECTION E: Research in Corporate Entrepreneurship A fuller account of academic interest in Corporate Entrepreneurship appears as APPENDIX ‘6.’ The following has been selected as representative of a working knowledge to contextualize research into the sector. Then, with social ventures in mind, it is understood that anything learned about corporate entrepreneurship will need adapting to suit the peculiarities and challenges of not-for-profits.

Corporate Entrepreneurship may occur in one of three ways:

1. An established organization entering upon a new business (corporate venturing);
2. When individuals champion new ideas (intrapreneurship);
3. Where entire firms act in ways that would generally be described as entrepreneurial.
With this in mind Coven and Miles (1999) point to a missing element in corporate innovation. Unless done in a climate of creative destruction the ‘pulling through’ of the entrepreneurial process does not occur satisfactorily.

Genuine corporate entrepreneurship will revitalize, reinvigorate and reinvent. It is the spark and catalyst that is intended to place firms on the path to competitive superiority, or keep them in competitively advantageous positions.

Entrepreneurial activity and ‘organizations’ have little in common: There are difficulties in fostering Corporate Entrepreneurship in traditional, hierarchy-driven organizational models. Such models impede entrepreneurial behaviour through inhibition and boundaries which limit flexibility and open communications. Traditional organizations are slow to change if they change at all, and they are notably risk-averse (Stevenson and Gumpert, 1985). Jelinek and Litterer (1995:138) concur: Entrepreneurial organizations must do more than support an individual entrepreneur. They must repeatedly initiate new product or service ideas within the context of an existing firm, reconverting their people and assets to new uses, bringing new ideas from many sources into good currency. Ideas must be generated, resources assembled, the new product/services produced and delivered to users by organization-wide redirection and cooperation. The test of organizational entrepreneurship is that members across the firm must be involved in creating ‘something different,’ and that the organization must sustain such effort again and again.

To do this, many organization members must create new ideas, get resources, and have the freedom to initiate action in a new direction. However, entrepreneurial efforts cannot simply take the firm ‘in any direction.’ For entrepreneurial firms, the challenge is to maintain direction while facilitating a constant flow of new ideas (Dougherty and Heller,
Most traditional organizations solve the problem by discouraging innovation as illegitimate.

Within an entrepreneurial organization there are at least three central interconnected properties: shared management, mindful alertness to anomalies, and superior capabilities of ambiguity absorption. Therefore an entrepreneurial organizational response is the outcome of carefully crafted, mutually supportive organizational arrangements. “What organizes entrepreneurship is precisely what is ignored or dismissed in traditional bureaucratic theory (Jelinek and Litterer, 1995:140).

Ambiguity is anticipated as an enduring fact of entrepreneurial life. It is assumed that (entrepreneurial) people can deal with it, with help from one another. The elements of entrepreneurial decision-making, information and shared management combine into a powerful, flexible system which Jelinek and Litterer developed as a paradigm labelled Ambiguity-absorption via Loosely/Tightly-Coupled Systems. This is further elucidated on in the work of Heller (1999).

More research-based knowledge has been generated on product-development than on the interface of projects and host organizations (Brown and Eisenhardt, 1995; Leonard-Barton, 1992). The interface of projects and host organizations is crucial as an aspect of product-development because this arena is where the marrying of innovation to establish organizational capabilities and strategies is consummated (Heller, 1999).

In organization terms entrepreneurship is a behaviour that moves the organization (or some subset of individuals) to a new state of being. This is precisely what the motivations of Spiritual Capital referred to in the introduction intend. Karekhardt (1994) argues that individuals bring to a company their entrepreneurial spirit. However, no matter how successful an organization may have been, the ability of a firm to operate as an organic,
non-bureaucratic entity is time-limited through loss of competitive advantage ie. unless employees and managers in the firm are entrepreneurial. A firm can presumably maintain its entrepreneurial advantage as it grows by instilling a culture that fosters entrepreneurial behaviour amongst its employees/managers (Kanter, 1983). Here there are echoes of Bygrave and Minnitti (2000), also.

There are various factors which are important in themselves upon which the research sheds light. Standing side-by-side in jointly developing a product, individuals see, perceives and interpretes the task somewhat differently. Therefore, in developing the innovation entrepreneurially, a process of ‘combining’ (or recombining) unrelated perceptions and interpretations is necessary.

On the modern corporate structure of creative tension, many researchers point to multiple cultures or themes which are loosely coupled within most large firms (Barley, 1986; Fiol, 1991). Functional and hierarchical organization subcultures emerge in response to both internal and external complexity and diversity. An important absolute revolves around the role an individual takes. Role differences that create thought worlds do not follow structural divisions of an organization cleanly. Rather, the boundaries of a thought world are defined by the interpretative dimension of a person’s role (Fiol, 1995). Fiol suggests differentiating with a Knowledge breadth/Knowledge depth concept; and developed a useful categorization of four ‘thought worlds.’

It has come to be recognized that entrenched patterns of thinking and behaving may also serve a positive function. They may summarize key decisions and problem outcomes, so that others do not continually reinvent the rules. However, what seems crucial is that managers and leaders restore a balance between rich action and rigid rules—continuously. It is the lack of interplay between core competencies and rigid incompetencies which
stifle. These two faces of social action need to interact dynamically over time and thereby shape, reaffirm and modify each other in a corporation.

While it is a simple matter to dismiss time spent in researching the corporate sector in light of the thesis research into Social Entrepreneurship, the cumulative knowledge gained enables wider issues to be grasped for social venturing. Influence from work done allowed this researcher to stay open to possibilities which lead to the inclusion of a surprising variety of theories from other sources some of which are selectively presented here as ‘Unifying Theories.’

5.1.6 SECTION F: Social Entrepreneurship–a younger sibling Believing that Social Entrepreneurship is a younger sibling of Entrepreneurship one can reliably learn what they can from the field of Entrepreneurship. But, lessons from the field of Business have to be adapted to reflect independent missions, operating environments and norms found in the social sector (Dees, Emerson and Economy, 2001).

Professor Peter Drucker, the doyen of Social Entrepreneurship since the emergence of the field of Entrepreneurship said of Social Entrepreneurship “It (Social Entrepreneurship) is as important as economic entrepreneurship—more important, perhaps. In the United States, we have a very healthy economy but a very sick society. So perhaps Social Entrepreneurship is what we need the most—in health care, education, city government and so on. Fortunately there are enough successes around so that we know it can be done—and also how to do it’ (Gendron 1996:1)

Social Entrepreneurship as an academic discipline is so recent that scarcely are there any entries in journals. Rather, the most helpful material to date are monographs from Dees, Emerson and Economy (2002); Brinckerhoff, (2000) and Bowen, (1999). In an Editors’ Introduction to the Dees,
Emerson and Economy (2001) monograph (p.xix) is the following: You are reading

The firstfruits of a conversation that started at the Kauffman Foundation’s center for Entrepreneurial Leadership in Spring, 1998. The conversation was about how we could help non-profit leaders draw on the lessons and tools that have come out of decades of research on business entrepreneurship. Those of us participating in the conversation had experience in both sectors and knew that the wholesale transfer of business practices would not be helpful. The goal was to help forward-thinking nonprofit leaders learn from business, be more enterprising and have greater positive, long-term impact in their chosen fields.

Brinckerhoff, a former staff member, C.E.O., board member and volunteer for local, state and national not-for-profit organizations is now a consultant through the firm he established in 1982. Bowen (1999), along with seven other preeminent thinkers express in essay form aspects of the work of modern non-profit organizations collected together into one in the series of The Harvard Business Review.

Unlike a not-for-profit that thinks of itself as a ‘charity,’ the successful not-for-profit is really a mission-based business. The number one rule for non-profits is “Mission, Mission and more Mission,” with the second rule closely aligned – “No money, No mission.” It is easy to get distracted from Mission when taking risk.

Social Entrepreneurs set out with an explicit social mission in mind. Their main aim is ‘to make the world a better place,’ and this vision colours all else. They measure success not by Profit, but by Social Value. Their vision of making the world a better place affects how they measure success and how their ventures become structured and develop.

Social Entrepreneurs act as ‘change agents.’ The Entrepreneur always searches for change, responds to it, and exploits it as an opportunity
(Drucker in Gendron 1996:3). “Entrepreneurs see the opportunities rather than the problems created by change.” They also have an ‘opportunity orientation’ that leads them to see the possibilities and to think in terms of ‘how they can get something done.’ Stevenson (1977) found that Entrepreneurs do not allow their own initial resource endowments to limit their options—they mobilize the resources of others to achieve their entrepreneurial objectives. A Social Entrepreneur is no different—s/he is impelled to do something better.

- Social Entrepreneurs seek to create lasting improvements;
- Have a vision of how to achieve their goals and have determination to ‘make it work,’
- They engage in a process of continuous innovation, adaptation and learning,
- Are skilled at doing more with less and not be bound by norms and traditions.

In taking steps to ensure that they are creating Social Value they seek to provide real social improvements to recipients, and communities (Dees, Emerson and Economy, 2001:5).

Social Entrepreneurs’ visions are bold! They attack the underlying causes of problems rather than treating symptoms. At one and the same time as they have bold visions social entrepreneurs are people who take risk—reasonable risk on behalf of the people their organization serves—both service recipients, and stakeholders. In so doing, theirs is a mission-based organization. Social entrepreneurial teams keep mission first, but know that without money, there is no mission output.

At the same time as being a mission-based business social entrepreneuring teams are ‘stewards of limited resources.’ Each one is charged with getting the most mission out of available resources (Brinckerhoff, 2000:3).
Good stewards do not just rest on the laurels; they try new things, serve people in new ways, are lifelong learners, try to have their organizations be fonts of excellence. Social Entrepreneurs have these characteristics: (Brinckerhoff, 2000:2).

- They are constantly looking for new ways to serve their constituencies and to add value to existing services.
- They are willing to take reasonable risk on behalf of the people that their organization serves.
- They understand the difference between needs and wants.
- 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 know that without money, there is no mission output (Brinckerhoff, 2000).

Dees, Emerson and Economy (2001) claimed that people learn to be entrepreneurs over the course of a lifetime. Although no single personality profile defines an Entrepreneur, individuals tend to exhibit certain behavioural characteristics which are associated with their success.

There is a new spirit in social organizations, and this spirit is Social Entrepreneurship at work. Gone are the days of mere charitable relief! According to Dees, Emerson and Economy (2001:12) current trends which may be observed are:

- Heightened concerns about the effectiveness of traditional governmental and charitable approaches to meeting social needs.
- A search for more innovative solutions which lead to sustainable improvements.
- An increased openness to experimentation with market-based approaches and business-like methods in the social sector.
• A growing shift toward the privatization of public services leading to some government contracting with both for-profit and non-profit sectors.

• A shift to outcomes-based (as distinct from 'needs-based) approaches to funding.

• A new, more engaged and strategic approach to corporate involvement in social and community issues (pp12,13).

These are the trends which are and will be creating changes around the world. They are leading to a blurring of sector boundaries and calling for more entrepreneurial spirit in the social sector. Underlying this wave of change is the realization that charitable relief does not always address underlying problems while simultaneously creating unhealthy dependencies upon services providers.

The new emphasis is in creating systemic ways of improving social conditions by:

(a) Reducing the need for charitable assistance by simply meeting a need/s, and

(b) Engaging people in and allowing them to take some responsibility for improving their own lives.

There is a convergence here with indigenous affairs where Hindle (2002) has developed theory about a minority people. It is hoped that his model can be examined and something can be gleaned for the field of Social Entrepreneurship (Dees, Emerson and Economy, 2001:14).

While acknowledging that Philanthropy will continue to flow, new funding sources for Social Entrepreneurship are in three categories:

i) Exploring commercial methods for generating funds

ii) Starting mission-related enterprises for income stream

iii) Forming triple-bottom-line partnerships with corporations.

The universe of possible opportunities for introducing entrepreneurial activity into organizations is limited only by imagination.
Between solely Philanthropic and solely Commercial, the ‘hybrid’ option of Social Entrepreneurship consists of:

- Social Value creation
- A balance of mission and market
- Subsidized rates or sliding-scale for service recipients
- Below-market rate loans
- Basic wage (or a mix of volunteers and paid staff)
- Special discount supplies (The Social Enterprise Spectrum, Dees, Emerson and Economy, 2001:15).

Social Entrepreneurship is powered by “having a focus, or niche-markets,

- responding to change;
- having a sense of timing – when to act, and truly believing there is a better way to do it ie. keeping costs down;
- having a sense of what customers want tempered by what they need” (Dees, Emerson and Economy, p16).

The team aspect, that of a first class team, needs to be an extension of the visionary Entrepreneur her/himself. In a unified way they will be responsive to customers, suppliers and other workers and inspired by the adventurous attitude of Social Entrepreneurship (Bygrave, 1994:5).

Knowing that an entrepreneurial team consists of a visionary leader, and followers who support her/his mission, the reality of her/his leadership is vitally important. Bennis and Thomas (2002:1) maintain that despite what personal disadvantage a leader may ‘bring to the table,’ inspiring leaders have an adaptive capacity—a signature skill. According to Bennis and Thomas, adaptive capacity is the ability to process new experiences, to find meaning and to integrate that into one’s life. Leaders are ‘first-class noticers.’ They recognize talent, identify opportunities and avoid pitfalls. Like taste, it is difficult to break down this ability to observe into component parts; but the ability to weigh a welter of factors is one of the hallmarks of a true leader.
All the same questions that are asked of a new startup hold true in an expansion. Expansion is incredibly taxing on an organization. The adage ‘biting off more than one can chew’ needs to be kept in mind. A lesser amount of ‘quality service,’ is to be preferred than bureaucratizing an existing organization because large amounts of money have been offered—wherein everything and everyone suffers.

Given a timely emphasis, the new work of the non-profit Board is what concerned Bowen. In his view, members of the Board can significantly advance the mission of the venture, and its long-term welfare. The pitfalls are to be avoided (Brinckerhoff, 2000) and considers energy needs to be ploughed into a proper business development process which should assist in matching community wants with core competencies.

The benefits (or outcomes) from applying sound business development principles to Social Entrepreneurship are threefold:

a) More income and long-term stability
b) A focus on core competence and customer satisfaction
c) Better knowledge of what you are a steward of, and to whom (Brinckerhoff, p22).

Sustainability: How often in the roller-coaster ride of being an Entrepreneur do the checks and balances appear around the ‘value’ the Entrepreneur has created? Brinckerhoff offers this caution:

Social Entrepreneurship is great; it allows you to try new things, meet new needs, and serve more people, more efficiently, sooner. Entrepreneurship is very seductive. It is exciting, alluring, and for many, something new and fascinating. With all this appeal, it can take you down roads you do not want to travel. In the pursuit of becoming a Social entrepreneur you lost your mission focus and are just another business!
From Brinkerhoff (2000:216) a brief review of Core Values is necessary:

- Beware of markets which move outside of your ‘Values envelope.’
- Avoid chasing dollars instead of Mission.

Examine: Does this service support our Mission?
Can we do this well from Day 1?

- Is there sufficient ‘want’ in the community to merit startup costs?
  What is the ‘mission-return’ on investment?
  What is the financial return on investment leading to an outcome of more high-quality mission?

Avoid going for opportunities providing short-term returns because of ignoring the resulting long-term impact on the organization mission capability?

The greatest danger is to forget the point of Social Entrepreneurship ie. producing more Mission, making the organization more viable and more mission-capable. Stay focused! Mission is always the bottom line. Decisions and investments must result in more Mission or more mission-capability. Mission motivates more than money! (Brinckerhoff 2000:224).

Another aspect of sustainability is ensuring the Mission endures—that it was successful not only for the term of the visionary. Good leadership requires the need to have ‘a succession plan.’ This applies to for-profit businesses, but also is a necessity for a community-serving non-profit. Rubenson and Gupta (1996) offered a basic contingency model to help conceptualize the interplay between an evolving venture and the unique characteristics of a particular founder. It is thought this needs to be built into the Research paradigm.

Progressive Social Entrepreneurship is to be looking for ways to leverage an organization to greater mission-output--always looking for change in what the market wants that matches with a core competence of the organization--always looking for reasonable risk to take on behalf of the people an organization serves.
In the view of Brinckerhoff, the old view of ‘the charity’ is gone. The most effective model of non-profits is that of the Social Entrepreneur. Such methods of ‘purchasing service’ allows more accurate evaluation and measurement of outcomes. To that endeavour this research turns its attention to gauge activity which has social impact, then to translate that into Social Value as a quantifiable measure of G.D.P. The only return is knowing the seed money improved the health of the community (Van Slambrouck, 1998).

5.2 Unifying Theories:
5.2.1 Theories on Spirituality; Spirituality and Complexity Together with previous Section F the following unifying theories are reviewed because collectively they represent the research basis in theory, and the way in which methodology is developed and tested in the field (Chapters 6 and 7).

The authors in Section F are experienced thinkers in the field ie. Dees, Emerson and Economy (2002); Brinkerhoff (2000) and Bowen (1999). It would be foolish not to learn from their emphases; especially where they provide a ‘Toolkit for Social Entrepreneurship.’

At a deeply personal level where impetus for motivation stems from a person’s beliefs about goodness, truth and beauty, Wilber (2000a and b) and Ward (2004) provide philosophic, scientific and spiritual arguments as to how Science (which is sense data) and Spiritual beliefs (which are faith-based) inhabit the same space amongst humans. They then proceed as to why and perhaps why not Science and Spirituality can be reconciled for fuller, richer meaning-making.

Since Social Entrepreneurs express compassionate outlooks towards fellow human beings, both the philosophical and stepped scale of Zohar and

Wilber’s (2000b) contribution that truth and meaning are at war in today’s world is challenging. Prior to Modernity people practiced and shared morality and spirituality which enabled values to be pregnant with meaning. Contemporary society is dissociated from sacred values. But the sphere of social entrepreneurship is a values-laden arena motivated out of doing good. Hence it is important to locate this research, its philosophical position and the values-statements which follow within an interpretative field.

As forerunner to the Enlightenment, Immanuel Kant (1724-1803) emphasized reason and autonomous morality. Thus, the Enlightenment began with a vision of humanity as sharing in Divine Reason (Ward, 2004:192).

In 17th century development of scientific thought was about a new vision of the universe as a vast emergent totality which no ancient scripture had, or could have envisaged.

In 18th century the revolutionary formulation of the ‘rights of man’ came to prominence.

In 19th century a full development of a critical approach to history and to the historical claims was made in sacred writing (Ward, 2004).

“In science, in morality and in history, traditional claims about the nature of the physical universe, about principles of human conduct and about events in ancient times were put in question” (p.192). The European Enlightenment ushered in Modernity and “produced a crisis, not only in religion but in the understanding of human beings as rational agents with unique moral value and dignity” (Ward, p.192).

Kant was also sensitive to the effect which sociological positivism had on ontological and epistemological foundations for meaning (Burrrell & Morgan, 1992). Kant pinpointed the tension between sense data of
empirical experience and the antecedent place within a person’s consciousness by which sense-data is structured, arranged and understood. He saw the inner structure as inherent, inborn organizing principles. But these views were unacceptable to believers in the scientific method. Sociological positivism prevailed, and not until almost one hundred years later with the work of Dilthey (1833-1911), Weber (1864-1920) and Husserl (1859-1938) were Kant’s ideas revived.

“The positivist position came to be seen as increasingly unsatisfactory, firstly because human values intruded on the process of scientific enquiry within the natural sciences. No longer thought to be value-free, the positivistic frame of reference was increasingly seen as an active force which determined the way in which scientific knowledge was obtained” (Burrell and Morgan (1992:228). Secondly, “Within the cultural sciences, other difficulties arose because subject matter was distinguished by its essentially spiritual character.”

5.2.2 Wilber (2000) and Ward (2004): Theories on Spirituality
Currently, Wilber is again reflecting the need for intrapsychic and intersubjective behaviour to be included in meaning-making; instead of being excluded because ‘it is not sensory data for empiricism.’ “You cannot put your finger on consciousness,” Wilber says. “It does not have simple location.” Likewise with honour, valour, love, mercy, justice, morals, or vision—which are all interior dimensions of the ‘I’ or the ‘We.’ (Wilber: 135). Wilber claims that by far the most important and central issue in the relation of science and spirituality ie. exterior realities and interior realities, is that they both have a place in integration (p.136). What Burrell and Morgan (1992) regard as soft, personal social reality, may also be thought to be relativistic and interpretative. In fact, an interpretative approach to case study methodology is an ample consideration for ontology and epistemology.
To his credit Wilber did an extensive data search of several hundred hierarchies of the systems theory and ecological science kind. As a result of categorizing them he noted they each fall into one of four major categories. This formed the basis of his Four Quadrant Theory—the Interior and Exterior of the individual, and the collective. Wilber commented (p.140) “Most fascinating of all I found that the classic hierarchy of traditional religion and the standard hierarchy of modern science are simply two of these four types of hierarchies. They are deeply interconnected with each other…..they are part of a universal network that involves not just two but four major types of hierarchies—yet hierarchies that are interrelated in vital ways?” (Wilber, 2000a:145).

Figure 5.1: Wilber’s Four Quadrants
The Upper Right quadrant is the standard scientific account of the individual components of the universe—an irreversible hierarchy (called ‘holarchy’) of increasing wholeness.

The Lower Right quadrant is the collective, communal form of the previous individual elements above. This may also be thought of as a ‘social holarchy.’

Rejected as a sphere of study by scientific materialism, behaviourism and positivism are the basic contours of the interior of an individual…

The Upper Left is a holarchy of interior awareness—one’s values and worldview, also behaviours of the soul (psychology) and spirit (spirituality).

The Lower Left quadrant bespeaks the collective or intersubjective forms of awareness—the shared cultural meanings, values and contexts (“without which individual awareness does not develop or function at all” Wilber, p.145).

Wilber’s contribution is that spirituality occupies the Upper Left quadrant. It is a critical and important part of lived experience. The world of physical science is in no way the complete map of lived experience. The values sphere—the eye of mind and spiritual awareness joins with worldview to present interior reality as the Left Quadrants—physical and social sciences, the Right, upper and lower Quadrants.

In Wilber’s view “The interior dimensions have been reduced to their exterior correlates” (p.148). “From Plato to Popper, the fact that the four holarchies strenuously resist being reduced or erased from consideration ought to tell us something ie. that they are etched deeply into the Kosmos.” “They are the warp and woof of the fabric of the Real, announcing abiding truths about our world, about its insides and outsides, about its individual and communal forms. The four (quadrants) are faces of the Kosmos, the four corners of the known world, and none of them apparently will go away, no matter how tightly we close our eyes” (Wilber, 2000).
The next step Wilber took was to propose three tests. It is not too hard for science to pass the protocol because that is what it does all the time—experiment, apprehension of data, and validation. What is difficult for Science is to be inclusive and to admit the sacred. Conversely, Spirituality, too, is being asked to submit to injunction, direct apprehension and confirmation (or rejection) by others who have had the experience. Wilber proposes that people of faith give up what he, personally (and many other fine intellects) have difficulty with—the supernatural. And in order to submit to the three tests he brackets the supernatural, and works through contemplation.

Writing about the supernatural ‘sticking points’ Ward (2004) whose reputation is built on science, religion and philosophy put it this way: There have been two responses in Europe to the widespread criticism of religion – One response rejected liberalism and modern thought, and insisted that the Bible was historically accurate and morally binding, to be accepted on authority as true, because God preserved it from error. The other response was to revise views of revelation, accepting the presence of legend, factual error and morally limited perceptions in the biblical records, but upholding the Bible’s authority as a witness to genuine experiences of objective spiritual reality, developing through reflection on and revision of a cumulative tradition of belief and practice. If humans experience the divine in ways commensurate with their cultures and temperaments, the discernment of Spirit as morally commanding will not issue inerrant and unrevisable moral rules. It will develop deepening insights into human nature and its proper fulfillment, and the efficacy of specific social and personal principles for realizing such fulfillment. Imaginative response, reflective interpretation and a continual rethinking of the cumulative tradition will all play their part in moral decision making. Traditions of revelation will develop by rational reflection, as insights into what reason requires change in accordance with further
knowledge of the natural world, and with new experiences of the divine (Ward p.193).

Some may regard this second European (Western) response as adoption of ‘a wait and see approach.’ Rather, it is asserted that contemporary spirituality of the kind Ward represents is proceeding with wisdom which not even Science could decry.

Ward distinguishes very clearly between the Kantian espousal of an autonomous morality, and Modernity’s radical autonomy ie “I can decide for myself what to do without reference to anything other than my own free choice.” Both Kant, and Ward see as undermining, the supremacy of reason and the dignity of human nature (pp.187-189).

Instead of suggesting that religion give up its attachment to the supernatural so that Science can integrate with interior morality/spirituality, Wilber would do well to reevaluate his proposition that contemplation alone brings one into communion with the eye of Spirit. “Those who have, or claim to have, religious apprehensions of spiritual reality are required to test those apprehensions by whether they match up to the highest moral perceptions we have. Even the idea of God itself, the idea of a being ‘than which no greater can be conceived,’ is shaped in the light of our ideas of what values and goals are greatest, or most rationally choosable” (Ward (2004:191).

There remains a place for revelation, for disclosures of the transcendent, which are in the canonical traditions felt to be apprehensions of that which is supremely good. Such apprehensions may need to be tested against our existing notions of goodness. But they may well move us beyond existing notions into new perceptions of the depth or range of moral obligation, or of the character of the truly good life. If there is a supremely good and beautiful, it will attract by its own power insofar as one discerns it truly. Our desires will be changed by attending to it. What a revelation of
transcendence offers is not blind obedience but instructed discernment, not radically arbitrary choice but attentively cultivated and freely given love. All claims to revelation must be tested by their capacity to extend our perception of and commitment to the greatest achievable flourishing of creativity, sensitivity, compassion and co-operation. The moral task of critical religion is to enrich the widest flourishing of personal life.”

There can be no doubting Wilber’s genuineness in moving to integrate the spheres represented by each quadrant of his model—The Theory of Everything. In a further move to integrate, two things are essential to acknowledge:
a) the supremacy which Science will seek to exert towards those who hold ‘supernatural elements yet to be apprehended,’ and the zeitgeist of radical autonomy which Wilber himself has exposed and critiqued as Narcissism.

“Spiritual experience is the basis of religious belief, and such belief needs to be integrated as far as possible with other well-established knowledge to provide a coherent and plausible worldview. The real change in views of religion that occurred in early modern Europe was not to dissociate religious from factual beliefs but to dissociate religious faith from an authoritarian set of beliefs and principles, and from the institutions and cultures that sustained and were sustained by that authority” ie. the imperialism of Catholicism (Ward, 2000).

Religious faith can instead be rooted in experiences of transcendence, expressed and evoked by images and symbols, derived from an irrecoverable history by mythic narrative, tested against the moral criterion of human flourishing and the greatest possible flourishing of all beings, and against the rational criterion of consistency and consonance with a constantly developing human knowledge (Ward, 2004) For a further contribution on this thorny issue please see APPENDIX ‘7.’
5.2.4 Zohar and Marshall, Capra and Henderson – Spirituality and Complexity

Zohar and Marshall (2004) have joined the debate about Inner/Outer dimensions ie. Psychological, Spiritual and Cultural versus Biological and Social. They have examined the goal, ie. transforming a culture, back through desired behaviours, and proposed a scale of motivations to transform the status quo. In this case Wilber’s identification of Narcissism being rampant in the culture is as good a starting point as any. That is a culture which has grown out of materialism and technological advancement, which any one of us may be seduced into. Without spiritual qualities at work (Zohar and Marshall call this Spiritual Quotient SQ, or Spiritual Intelligence SQ), each individual response is to feel comfortable there in a haze of illusion about how happy we are. Habermas (1974) went so far as to call personal unconcern—delusion.

Zohar and Marshall (2004) defined “Spiritual intelligence as our uniquely human ability to make moral choices and to embrace deeper meanings. It is the intelligence which defines our humanity” (p.3).

“For physical scientists everything in this world consists of material atoms. It makes no sense to ask where SQ, or consciousness itself ‘comes from.’” In a moment of rhetoric Zohar and Marshall (2004) stated “We just ‘think’ we have minds” (p.70). Further elaborating upon this they quote from Nobel laureate Francis Crick “You, your joys and your sorrows, your memories and your ambitions, your sense of personal identity and free-will are, in fact, no more than the behaviour of a vast assembly of nerve cells and their associated molecules” (p.70).

Rather, Zohar and Marshall see humans sharing ‘fields of meaning’ with one another—we are all immersed in it and interact with it. Motivational states are thought to be points of focused energy—‘attractors’ within this
field of meaning, with spiritual intelligence as some active principle of transformation within it.

Spiritual Capital is not something additional to IQ or EQ. Nor does it require a renovation of intelligence or relating ability to improve existing IQ or EQ. Spiritual intelligence requires that we act from our higher, sometimes our highest motivations. SQ means that we ‘transform ourselves as human beings’ (Zohar and Marshall, 2004:79). The means needed are to apply the principles of transformation—available to spiritual intelligence. Zohar and Marshall offer twelve such principles as follows: - Self-awareness, spontaneity, being vision and value led, holistic, having compassion, celebration of diversity, field-independence, asking ‘why,’ reframing, positive use of adversity, humility, having a sense of vocation.

Great store may be laid on the cultivation and practice of the above qualities and transformative processes. For Zohar and Marshall, in these lie our ability to use our ‘whole’ brains—our ability to know and practice our deepest meanings and purposes. For Wilber this would mean the dissociation between inner and outer reality was being healed—an awful challenge but it is possible.

Zohar and Marshall find it impossible to speak of these things without reference to the more recent system in science known as a ‘complex adaptive system.’ It is refreshing to note the leadership which physicists have taken in what is now known to be the ‘new’ science (Zohar, Capra and others). Life is not static. Whereas Newtonian science gave us linearity and mechanics, recognition of the fact that all life is about change and adaptation causes us to be familiar with the concept of adaptive systems which are complex.

Complex adaptive systems emerge through self organization. They creatively explore their own futures as they adapt to and evolve within an environment
to which they are internally sensitive. In contrast to Newtonian systems 
which were believed to be stable, complex systems can be radically 
unstable—even conjuring the likelihood of thriving ‘at the edge of chaos.’

To quote Zohar and Marshall “The edge of chaos itself represents a new, 
third kind of order in the Universe. Any system, if not disturbed, will settle 
into a small number of its possible states (which are stable). Stable states in 
any field are called ‘attractors’ (e.g. motives are attractors in a field of 
meaning). If the system is challenged or disturbed too much, it can spin off 
into chaos, where there is no discernable or predictable order.

When complex adaptive systems are presented with a crisis, they are drawn 
to the edge of chaos—a point between order and disorder (this is, in fact, 
what occurs when change presents). The elements of the system are just ordered enough to be in a number of semi-stable states. These are easily upset by the smallest perturbation. When this happens, the system searches in every direction for new attractors to settle into—creating new order and new information in the process.

Principles of transformation (as listed above) that a complex adaptive system uses to find its new state, are the same as those who desire wholistic change to shift motives from old attractors to new ones. All living things (Right Quadrants). have the capacity to be such systems—from single-celled amoeba to humans, our organizations and our culture.

Zohar and Marshall drive it home—“the human immune system is poised at the edge of chaos, a person’s heartbeats, much brain activity, and certainly mental activity when a person is thinking creatively. Spiritual intelligence is also a complex adaptive intelligence poised at the edge of chaos. 

It can
make and break existing paradigms and dissolve fixed patterns of thought or
behaviour. It composes its self-organizing patterns of meaning as these
emerge in a creative dialogue between our minds and their environment.
The brain’s many interactive complex adaptive systems interact with the
field of meaning” (p.77). Spiritual intelligence is a conscious complex
adaptive system and its qualities for ‘lift’ will have a uniquely conscious
expression.

When referring to ethics Capra (2002) says “Ethics refers to a standard of
human conduct that flows from a sense of belonging. When we belong to a
community, we behave accordingly. In the context of globalization, there
are two relevant communities to which we all belong: We are all members
of humanity; and we all belong to the global biosphere—our web of life.”

It was seen in Chapter 5 that in order to have legitimate social value
creation, change needs to occur. Capra stated “The programs that give rise
to the new economy consist of two essential components—values and
operational rules.” “Global financial networks process signals that assign a
specific financial value to every asset in every economy. This process is far
from straightforward. It involves economic calculations based on advanced
mathematical models; information and opinions provided by market
valuation firms, financial gurus, leading central bankers, and other
influential analysts; and, last but not least, information turbulences that are
largely uncontrolled.” “Underlying all evaluations is the basic principle of
unfettered capitalism: that money-making should always be valued higher
than democracy, human rights, environmental protection, or any other value.
Changing the game means, first and foremost, changing this basic
principle” (Capra p.212).

Henderson (1996), in synchrony with this erstwhile theme asked “How can
we humans shape hardware technologies that have shrunk our world by
consciously designing the needed software and social innovations now vital
for our survival and cultural evolution? This developmental lag in social software and architecture can be seen in the 20th century’s triumphant political model—democracy. Nation after nation has come to acknowledge democracy as a necessary component for managing complex, modern social and political structures. Mechanistic models of 18th century representative democracy, however, can no longer solve our ever-more-complex web of social, cultural, political and economic problems” (p.251).

“The design principles we need to follow to gear the technologies to encourage the evolution of democracy include prevention (foresight), cooperation (finding consensus and balancing market emphases on competition), acceptance of diversity (a basic principle of living systems), and clarification of underlying assumptions (beliefs, goals, values) as the first step in the search for unifying global concerns and ethics. Emerging global ethics include respect for life, fairness and equity, aspirations for future generations, openness and freedom of information, and a love of one’s homeland as part of the earth (Henderson p.252).

Wilber, Zohar and Marshall, Capra, Henderson are championing for change worldwide. Zohar and Marshall not only address corporate change, but change at the individual level. Their thesis is that shift is a deeply spiritual process by which negative motivations can be transformed into highly positive motivations through energies available in each individual’s complex adaptive systems. In this transformation, personal deepest meanings and values shift, and deepest purposes alter. “But,” they alert, “shift of such a magnitude is beyond the unaided power of the human ego.” In the Discussion section the status of the ego in social value creation will be discussed.
Stakeholder Theory, Gilligan’s Feminist Theory and Piagetian Theory:

5.3 Stakeholder Theory (1998) is relevant to for-profit and not-for-profit investment. It has made a major impact in both the private and public spheres.

The germ for Stakeholder Theory arose between two significant lawyers Professors Berle and Dodd in 1930s. They debated the pros and cons of the social responsibility of business i.e. Should those who provide capital for a business and assume its risk be inclusive towards those who make no investment?

Professor Dodd contended that stakeholders are ‘absentee owners’ whose interests can be subjugated to either corporate constituencies, or society at large (Jennings undated).

In the 1960s a scenario for a litigious society was foreshadowed as a trend amongst companies neglecting to plan for future legislative or regulatory changes.

Twenty years later, in the 1980s strategic management environment, R. Edward Freeman, Professor of Applied Ethics argued that ‘Those who affect a company and those affected by it, strictly are stakeholders. And he enumerated the ‘big five’ as shareholders, employees, suppliers, customers, and the communities in which the firm operates. Others have since added more detail.

Of course there are criticisms about the implementation of this theory. “Far from providing an ethical foundation for Capitalism, these business ethicists seek to change it dramatically” (Marcoux, 2000). From a legal viewpoint Stakeholder Theory is seen to be “the imposition of the will of non-shareholders on corporate managers. “There is no longer need for special mechanisms to represent the unheard voices of society” (Jennings undated).
“Now, with investment through mutual funds, pension plans, employee stock ownership and outright share ownership (accomplished through the internet) such unheard voices may participate.”

“Within strategic management literature Stakeholder Theory is included in new texts as a tool of strategic analysis” observed Windsor, (1998). “In the finance and economic literature there is resistance (to the concept).”

A more benign view was Jensen’s (2001:3). He asserted “Creating value takes more than acceptance of value maximization as the original objective.” Jensen emphasized strongly that a firm cannot maximize value if it ignores the interest of its stakeholders. He proffered an ‘enlightened value maximization’ which he saw as identical to ‘enlightened’ stakeholder theory. This blending envisaged a company adopting the structure of Stakeholder Theory, and stakeholders being conscious to specify long-term value seeking as the firm’s objective—thought to be a win-win.

It is of some importance that two distinct strands of research developed throughout the 90s (Scholl undated). The Business Ethics strand which is normative assumes that firms/managers ‘should behave in certain ways.’ The Social Science strand ie. Certain outcomes are more likely, if firms/managers behave in certain ways. Scholl reminded the reader “In most cases the differences between 1 and 2 refer to the scope of the definition.”

The Business Ethics view assumes that each stakeholder has an intrinsic value. The Social Science strand overlaps with agency theory, network theory and resource dependence theory.

In all, Stakeholder Theory is an open challenge to the prevailing neoclassical economic theory of the firm (Key, 1999; Maren and Wicks,
As such, Stakeholder Theory is not a special theory on a firm’s constituencies, but is seen as the superior theory of the firm (Scholl undated).

Since this research is about creation of social value, and it is a truism that inequality, injustice and disempowerment exist amongst people in the society who experience the permeability of a firm in their community, it is salient to note the case study of an e-government initiative in New York State (Pardo, Scholl, Cook, Connelly and Dawes, 2000).

The action concerned the State Central Accounting System based on two outdated mainframes. Yet the Central Accounting System (CAS) data was mission-critical to the state’s overall functioning. The financial management of New York State drastically needed a new respirator.

The five primary stakeholders identified by the Center for Technology in Government had the power, the legitimacy and the urgency to advance or to shut down the CAS. However, a diagnostic tool enabled the joint project team to appraise the potential (a) for collaboration, and (b) for threat to primary stakeholders. Both secondary and tertiary stakeholders, not ranking hardly at all on power, legitimacy and urgency could impede the project to various degrees.

Through a collaborative process eight, distinct types of CAS users were identified. There followed a series of workshops with 41 State agencies and 10 non-government entities which further uncovered and confirmed major deficiencies of the system. This case example highlights the need for primary stakeholders to be integrated and supportive throughout the process (they certainly had much to lose if customers refused to pay inerrant bills).

This potential crisis, which ruptured the ideation and ownercentric status of New York State, brought together a community of interest who prevented a
major crisis, and even improved on outcomes, to the satisfaction of all concerned.

In its instrumental interpretation, Stakeholder Theory both challenges neoclassical economic thinking of the firm and maintains that those firms which are managed for optimal stakeholder satisfaction thrive better than firms which only maximize shareholder (profit) interests. However, the normative strand has become ever more influential upon legislative and evolving case law trends.

The case study above positions the reader outside of the private and government sectors and in the community. Social entrepreneuring occurs in the community. Social Entrepreneurship meets need in the community. It is neither private nor public but not-for-profit. However, within Entrepreneurship Theory, Bygrave and Minniti (2000) spoke about a firm’s symbiotic relationship with its social community. They wrote about proximity and consideration.

Henderson (1996) is one ecologically-minded economist who is a veritable resource and spokesperson for excesses in the environment.

5.4 Feminist Theory Adherents to Feminist Theory assert that notions of caring need to be practiced both in the corporation as well as in the community. Under a caring interpretation of Stakeholder Theory not only are all relationships essential but the basis of the relationships is different (than experience shows). Healthy relationships are not power-based but hinge on respect and awareness. With a community in mind, and social organizations in particular, a relationship exists because the parties are proximate to each other; therefore a desire for human flourishing needs to exist (Ward, 2004).

Caring involves action, too. This may take the form of money, and investments, but in-kind contributions—release-time for employees
committed to volunteering also; and professional help of both a technical or administrative kind could be given more freely (Burton and Dunn, 1996). Involvement at Board level and assisting with governance are further ways of contributing. Burton and Dunn have given a rule of thumb “Care enough for the least advantaged that they be not harmed; insofar as they are not harmed, privilege those stakeholders with whom you have a close relationship” (p.2).

‘Resistent’ to change would not be too strong a word to describe the descendents of Professor Berle of the 1930s debate. Corporate-lead management and neo-classical economics perpetuate the traditional wealth maximization and exploitation of Capital. It is understandable that legal solutions were thought to be necessary in the late 20th century threat of takeovers, and in a worldwide climate of political activism. Even as Scholl identified, application of agency theory to organizations (the Social Science research strand) views the firm in a contractual legalistic light.

Like the cracking of a chicken through the shell of its egg, even Professor Freeman’s original formulation of Stakeholder Theory was legalistic in its emphasis on rights (as of shareholders) and power. However, that was the introduction of the Business Ethics strand—the first piece of cracked egg shell. In that position, stakeholders were heralded as important players who were to be dealt with if a particular firm was to be successful (Wicks, Gilbert and Freeman, 1994). They were seen more as ‘means’ through which a firm achieved its own preordained ends ie maximizing profits.

Tracking the evolution from earlier thinking, Wicks, Gilbert and Freeman (1992:476) suggested important shortcomings—“principally that reliance had been on an individualistic-autonomous-masculinist mode of thought.” They now saw it as a fundamental paradigm shift which corporates needed to embrace. “We suspect that future discourse will similarly transform what is valuable about stakeholder analysis through the use of a variety of forms
of critical analysis, creative innovation and the vocabularies for thinking about the meaning of business” (Wicks, Gilbert and Freeman. 1994). The chicken will finally be out of its shell when a firm becomes the means by which real people and groups in a community achieve social ends with a benign for-profit in the neighbourhood, giving support.

This different conception of the firm in Stakeholder Theory transcends the boundaries of tradition. Stakeholder theorists have stripped away the façade of such constructs as agency relationships and efficiency calculations to remind us that the most fundamental questions about economic activity are unavoidably and profoundly moral (p.476).

Burton and Dunn (1996:5) argued that traditional ethics is founded on an ontology of the individual self. ‘Others’ are seen as threats, so ‘rights’ become of prime importance.’ “ It is because we are concerned with our own rights that we enter into these types of moral agreements—agreements that carry sanctions if one’s rights are violated.

Dobson and White (1995) amongst others, suggest that the masculine gender bias could be corrected by drawing on the concept of substantive rationality inherent in virtue-ethics theory. In this value system ‘trust’ is implicit. Feminist literature (epitomized in Gilligan (1982)), has regard for the ‘connected self’ as distinct from the ‘separated self.’ The connected self is thought by Dobson and White to be more adept at moral deliberation in business (p.464). In addition, the tenets of virtue ethics theory is believed to stem from an ability to sustain relations of trust. Thus, a firm becomes a nurturing community in addition to a passive contractual nexus. Gilligan’s self which is predominant amongst women is ‘the connected self—joined to others in a web of relationships.’ The ethical outlook derived from this connected self is more situational and contextual.
Gilligan’s (1982) female perspective of ‘connected and in relation with others’ assumes: that one can know for certain one’s own thoughts, feelings and perceptions while explicitly or tacitly acknowledging that another has similar or different thoughts, feelings and perceptions. The ‘other’ may be different but connected, rather than similar but separate.

Also of much importance is the context of a phenomenon is essential for knowing and understanding. “While a connected self assumes connection and relationship between two persons, there is always an awareness of the other perhaps requiring maintenance and sometimes repair” (Lewis, 1990:465).

The connected self may know through emotions, sense experiences, intuition logic, authority or some combination of these.

“Women tend to conceptualize moral questions as problems of care involving empathy and compassion, while men conceptualize them as problems of rights” (Dobson and White, 1995:465). Nevertheless, the moral orientation of a firm is the focus here, not the actual gender of those expressing it. Dees (1992) suggested that it may be the way in which concepts are introduced in an academic setting which can have a significant influence on later use and orientation.

The paradigm shift which Wicks, Gilbert and Freeman (1992) claim for Stakeholder Theory is to base theory about the firm on morals and behaviour (virtuous ethics) instead of on economics which serve traditional firms. Implied in this grounding of Stakeholder Theory is the inherent relatedness of individuals and groups composing the stakeholder network (Burton and Dunn 1996). As webs of relations exist amongst stakeholders, corporations will therefore seek to acknowledge that the individual and the community, the self and the other, are two sides of the same coin. “They
must be understood in terms of each other” (Wicks, Gilbert and Freeman, 1994).

This research needs to be grounded in each of these preceding theories as a rightful composite which explains Social Entrepreneurship. Prior to including the theories on spirituality (Wilbur, Ward, Zohar and Marshall) and this bracket of complexity, stakeholder and gender theory, there was no unifying or satisfying theoretical stance. Social Entrepreneurship is a legitimate part of the field of meaning which makes up our 21st century worldview. Social Entrepreneurs are at work in the community of the permeable firm.

“Traditional management views the firm as being in competition with other firms, protecting and seeking to further its own interests—almost always at another’s expense. Legal, contractual relations are formed to prevent the worst forms of exploitation from occurring.” Williamson (1975 p.255) noted that “such contractual relations are a surrogate for ‘trust’ in the relationship, thereby reducing the possibility of opportunism—defined by Williamson as ‘self-interest seeking with guile.”

“The inherent relatedness of a firm under Stakeholder Theory forces firms to examine the effect of the decisions upon others” (Burton and Dunn, 1996).

5.6 Piagetian Theory (1967)(NeoPiagetians (1988)  This excursion into relevant theory in which social value creation is grounded would not be complete without an epistemology of ‘the Self.’ Wicks, Gilbert and Freeman (1994) said above “The self and other are two sides of the same coin. They must be understood in terms of each other.” In an effort to know more about what enables the people called Social Entrepreneurs to be
in non-profits instead of for-profit business, this research has drawn from the neo-Piagetians.

Themes of ‘trust’ or ‘morality’ are studies in themselves; likewise theory about worldviews and transcendence. Since these are embodied in the Self, and there are stage theories about each of these, this current focus is on the Self—and how neo-Piagetians include ‘the other.’

It is thought helpful to begin with Piaget who regarded that structures of thought are actively constructed through interaction with one’s environment. Also, that corresponding formative psychological processes parallel progress made in the logical organization of knowledge. Therefore, knowledge for Piaget was a system of transformations that become progressively adequate.

Although he believed there is an invariant sequence through which knowledge develops, he allowed for variations in the way humans structure what they learn. This invariant sequence implied a biological basis to two basic functions: 1. that of Organization; 2. the other of Adaptation.

Piaget elaborated on adaptation (to learning) as having a further two functions ie. (a) Assimilation, and (b) Accommodation. Assimilation occurs when the person acts on her/his surrounding environment. A person accommodates when the environment acts on them.

Referring back to the first functional structure – Organization – only when an equilibration is struck between (a) and (b) does thought/understanding progress. Hence, actions form schemas which reciprocally form schemas. Piaget’s intellectual structures are an active process of construction between repetition, generalization and differentiation, to form action-schemas.
For the first two years of life reality for the infant is a perceptual affair. Between 2 and 7 thought is a moment by moment reality. In middle to late childhood there is an organizational structure move away from ‘before-the-eye’ (concrete) reality to admit a potential possibility. Emergence into pubescence shifts the organization away from concrete actual to potential, and the child is then able to reason from potential to actual. This is the beginning of reversibility.

Piaget (1970) defined the process as a belief system, composed of countless numbers of operations joined together in particular, recognizable patterns, best described in terms of degree of egocentrism (p.70). Thus, the notion called egocentrism became a central organizing concept for Piaget.

Each stage represents a dynamic equilibrium between organism/environment, self/other, subject/object. The most extreme form of egocentrism is total assimilation to the Self ie. the Self is the environment the person is absorbed with—minimal to no accommodation of the other. The person lacks differentiation. In 1926 Piaget wrote about egocentrism as a cognitive state in which the cognizer sees the world from a single point of view—his own—but without knowledge of the existence of other viewpoints or perspectives—without awareness (Flavell, 1963). In 1954 (p.xiii) Piaget regarded this as a preponderance of perception over conceptualization ie. disequilibrium between Assimilation and Accommodation.

In healthy growth, as a child/person becomes aware of her/himself as the object in a world of objects, then infantile egocentrism passes (or fades) into personal history—eventually incorporating a more sociocentric outlook. Not that egocentrism will be gone forever—“from stage to stage, period of life to period of life, content domain to content domain, development is marked by the gradual attenuation of ecocentrism” (Rosenberg, Ward and Chilton, 1988). “The importance of egocentrism is that it is a form of
thought not limited to childhood but it is found in adult thought as well.” Writing further in 1965 “In our opinion these beliefs have their interest because the same phenomenon reappear in adult mental life, and because the psychological facts lead by a series of intermediate steps to metaphysical systems themselves” (Piaget, p.75).

Neo-Piagetians have elaborated further. In terms of cause and effect an egocentric person focuses on what is immediately observable—the periphery of an issue or happening. Attention to that effect absorbs the cause for concern to the neglect of underlying processes. In many instances, cognizance gradually moves from periphery towards the centre of actions and regulations. In others such as Social Entrepreneurs they empathize with the other—often putting other before self, but being careful to avoid pathological symbiosis. Needy people sometimes project transferences which skilled practitioners are alert to. This prevents the relationship changing to one of an exclusive caregiver.

In each developmental manifestation of egocentrism the goal of development is a more adequate grasp of reality leading to achievement of a sociocentric perspective. An expanded capacity for role-taking activity which bears heavily upon ideology comes with a move towards sociocentricity (Rosenberg, Ward and Chiltern, 1988). “While the egocentric thinker sees only one point of view—her/his own—the sociocentric thinker is able to entertain various possible perspectives and can judge how different actions will affect different perspectives.” “Corresponding to this greater flexibility is a decline in dogmatism”—a theme Piaget singled out (Piaget, 1960:160-161).

Piaget (1967:46) speaks of the need to ‘decentre’ egocentrism with operations/actions that result in a correction of perceptual intuition. The time for this is at the pre-reversibility phase of late childhood. This
suggests that adult correction of perceptual intuition may be radical leading to a breakdown in social connectedness.

It was thought by Rosenberg, Ward and Chiltern that Piaget’s formulation presented the mechanics of growing intellect in a cerebral manner but it lacked application in the social sphere. They expanded the concepts of Assimilation and Accomodation into the sphere of political thought. Inclusion of this emphasis of Piaget’s theory into this thesis is thought to be a satisfactory explanation of how knowledge is a system of transformations which become progressively adequate, leading to metaphysical systems themselves (Droege, 1975). Therefore, it is entirely appropriate to include Piaget’s contribution on the Self to point out that people who become sociocentric in doing good operate at the level of ‘a higher order.’

Can the data of Chapters 6 and 7 hold up for sociocentrism? Data Collection Phases I and IV look at individuals under the case-study microscope and a critical focus on the creators of social value themselves through the E-, G-, and B-Indicators further inform this neo-Piagetian concept of unselfishness dispensed through sociocentrism and spirituality.

From the earliest days of this project a golden thread has been woven through days (and nights) of reading. Scarcely ever in a straight line, but rather in a circular fashion, references have linked one author’s work with another and lead to a robust Literature. Principal sites were never planned-for, rather one key thought lead to another.

The presence and activity of Social Entrepreneurs all too readily gets ignored and devalued in the pull and tug of commerce, politics and finance. This Literature which helped build this argument has been instrumental in creating a seamlessness for the ‘whole.’
It has been a journey of discovery which apart from answering the question ‘How can Social Value Creation be valued more highly?’ left no room for preconceived notions of social concern and facilitation and good works. Pandora’s box has been opened and a gossamer web of literature is revealed. Both the timing of this in world affairs, and the stirrings of individual conscience to utilizing the means of technology and human spirit are an open source for alleviation of suffering and meeting need. This Literature Review goes a long way to arguing for creating Social Value in personal neighbourhoods. NGOs are doing it on a global scale—the Enablement Effectiveness Model of Chapter 8 can be embraced as the option of choice at home.
CHAPTER SIX

METHODOLOGY and DESIGN

In his unacknowledged role as prophet Drucker, in 1999 predicted:

“The 21st century will be the century of the Social Sector Organization. The more economy, money and information become global, the more community will matter. And only the social sector non-profit organization performs in the community, exploits its opportunities, mobilizes its local resources, and solves its problems. The leadership, competence and management of the social sector non-profit organization will thus largely determine the values, vision, the cohesion and performance of 21st century society” (Drucker Foundation).

6.0 Research located in Grounded Theory:
Previously a comprehensive overview and commentary on the purview of the entire thesis has been offered; all the while carrying forward the fundamental assertion from Chapter 1 that “a gap continues to be only partway filled in the Australian capitalist system.” Chapter 6 shifts focus to the field data-collection project of the research.

An Interpretivist position has been chosen from a continuum of:

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This allows for a philosophical position which is non-deterministic. Such is the case with the current research. A philosophical position has been reasoned, a rationale has then been built from theory, and attention paid to the components of data collection—in this case the gathering of Psycho-Social data in four phases. In this regard the work of Trist (1950) has been helpful both definitionally and in satisfying Hofer and Bygrave’s (1992) claim that “Most of the concepts and constraints in the field of Entrepreneurship are multi-dimensional in character” (p.94).
Phase 1 sources material from people of character but whose characters are now fused into their public identities in a holistic way such that “How could their personas be any other way?” These meet the Hofer and Bygrave descriptor of ‘exemplar” (p.93).

Phase 2 combines the unconscious as well as conscious levels of individuals who interact with structural forces (both formal and informal) in concrete fields of ten social ventures, each with its own dynamic pattern—hence an examination of the culture (Trist, p.540).

Phase 3 is complementary to Phase 2 which studies the individual contribution to the culture of Social Entrepreneurship. Phase 3 examines data from seven functioning organizations as reported through senior managers with expertise.

Phase 4 returns to the individual Social Entrepreneur as a leader and driver of ongoing entrepreneurial events.

Figure 6.1 below gives a clear plan for the case-study methodology which follows:

![Figure 6.1 Concept Map of Methodology]
With this concept of culture in mind, Trist supports the use of all phenomena of a type referred to as Psycho-Social processes (1950:539).

Within Psycho-Social space, Field Theory accommodates for psychological components to attain social existence and social components to attain psychological existence. Simultaneously, where culture can be seen as an instrumental aspect of social life, expansion or extinction of Learning Theory applies. Behaviour which is rewarded is likely to be repeated; something which is aversive which results in pain or discomfort is likely to be extinguished. Therefore, culture which is attractive will be repeated and reinforced. “Developments in psychoanalysis have shown how defense mechanisms may also be seen in a psycho-social perspective” (Trist, p.541).

In ‘grounded theory’ a researcher does not begin with a preconceived theory in mind. Rather, theory emerges from the data. Strauss and Corbin (1998) regard that “theory which emerges from the data is more likely to resemble the reality than is theory derived by putting together a series of concepts based on experience or solely through speculation” (p.12). Grounded theories, because they are drawn from data, were thought by them to offer insight, enhance understanding, and provide a meaningful guide to action (Strauss and Corbin). This provided confidence when creating the design for this research.

6.1 METHODOLOGY for creating the Data
6.1.1 Rationale for Case Study Method: In order to explore and explain psycho-social space and analyse through an Interpretative paradigm data needed to be interpreted from a relativistic, non-deterministic position. This both satisfies the Ontological (nature of being) and Epistemological (nature of knowledge) dimensions of the Subjective-Objective dimension. One emphasis of case-study data is that deeper than surface understanding of rich data locates the researcher in a subjectivist stance Ontologically and Epistemologically. Data also needed to satisfy the Ideographic
methodological approach ie, by seeking to obtain insight via self-report and content analysis (Burrell and Morgan, 1979:28).

Given that the assumptions about the Nature of Society are classified into four frames of reference, the Interpretivist paradigm most suits the perspectives of Psycho-Social space. It sees the social world as an emergent social process (Burrell and Morgan, p.28). Of particular relevance is the ontological status of the social world viewed as extremely questionable and problematic as far as theorists located within the Interpretivist paradigm are concerned. Everyday life is accorded the status of a miraculous achievement. Interpretative philosophers and sociologists seek to understand the very basis and source of social reality. They often delve into the depths of human consciousness and subjectivity in their quest for the fundamental meanings which underlie social life” (Burrell and Morgan, p.31).

Following the work of Kant this paradigm reflects a social philosophy which has emphasized the essentially spiritual nature of the social world. The findings also challenge the validity of the ontological assumptions which underwrite functionalist approaches of order and the study of organizations in particular (Burrell and Morgan, p.32).

Thought by Yin (1993:1) to be ideal when the phenomenon under study is not readily distinguishable from its context, case study methodology enables the phenomenological aspects of persons and situations to be derived. It is the view of this author that case study methodology allows for context to be implicitly studied in the research, and it therefore leads to greater knowledge and understanding of the research at hand. Therefore, case study methodology was the option of choice for this research.

Just as Hofer and Bygrave (1992:93) had regard for the dynamic, holistic, unique and discontinuous nature of research into Entrepreneurship and gave
unqualified support for the gathering of in-depth data; so Berg (1990:65) wrote: “Case studies provide enough information to allow a reader to become engaged with the data and to evaluate the theoretical statements put forward by authors. “The unique contribution of the case study is its in-depth description of a single entity, which returns us to a wellspring of theory” (p.66).

In her framework about theory in case study research Eisenhardt (1989) stated that the reason for selecting cases “permits effort to be focused on theoretically useful cases—ie. those that replicate or extend theory by filling conceptual categories” (p.533).

At various junctures literature has informed and helped shape the research design which follows. Together the previous work of Strauss (1987) and Strauss and Corbin (1998) in grounded theory, and methodologist Yin (1984 and 2003); also reference to Eisenhardt (1989) and Hofer and Bygrave (1992) have informed the research structure.

One strength of the case-study method and summed up by Hofer and Bygrave (1992:93): “it is holistic, dynamic, unique, discontinuous in nature.........which suggests the necessity of gathering rich, detailed, qualitative data.” It is their belief that representative exemplars are to be studied, and cross-sectional comparisons are to be desired (p.93). While matched pairs were thought about as a possibility, these were disqualified by reason of antecedent variables being likely to confound the data and of course, controlled samples being thought to be a virtual impossibility.

Always the richness of the data is an uppermost consideration. This is preferred to quantitative measurement and prediction. All too often Likert-type scales are used to get high-medium-or low statistical data. It is argued this is much too coarse to better understand psycho-social space. Rather, capturing the essence of a construct by use of better (finer) descriptive
variables is believed desirable over broad descriptors for measurement purposes which also lack richness of information.

From the outset, it was regarded that Social Entrepreneurs are a subset of ‘for-profit’ Entrepreneurs, and therefore, likely to share some characteristics in common. It was thought that qualitative data collection would sift through the fine nuances of characteristics and some clarification by type would occur. A case-study design would give a perfect opportunity to explore a particular bounded or ‘whole’ entity (Berg, 1990), (Hamel (1993), (Yin (1994).

In summary, the Research Design was framed in order to yield rich data through a multiple-case, multi-phase holistic design having breadth of qualitative data, sensitive to outcomes being conditional, and validated by internal consistency.

6.2 Method Phases 1 – 4:

Phase 1 was an attempt to use a group of experts to discover relevant questions. From these a distillation of their wisdom informed the following questions:

“What is known about the person who self-selects as a Social Entrepreneur?” “What can be learned about Social Value Creation from their experience?

“What is known about the field of Social Entrepreneurship?”

“What needs to be learned about the impact of Social Venture creation?”

It was postulated 1. That the interaction of the Self and its social environment in an instrumentally renewing manner describes the formation of a Social Entrepreneur; 2. That Social Entrepreneurs strongly engage with generative experiences and are motivated by generative impulses. The theories of Jung (1933) and Erikson (1950; 1980; 1982) were relevant and helped to ground the questions asked in Phase One (Strauss and Corbin, 1998)(see Figure 6.2 overpage).
Phase Two took the focus of testing extant theory. Three Indicators were developed from theory to form a cross-sectional examination of (enrolled) social ventures in order to confirm or disconfirm existing theory.

Phase Three consisted of U.K. data, gathered in-vivo from in-depth interviews with senior staff in peak bodies in the Social Enterprise Sector. The concept of Enablement emerged as the theme for this Phase.

Phase Four became a series of semi-structured interviews of practitioner-Social Entrepreneurs, believing that this could help explain intrapsychic processes. For example, “How do these individuals reflect upon their modus operandi?” A protocol compiled from Drucker (1990), Goleman (2000) and others’ leadership material formed the interview framework, and data was grounded in Piagetian theory of Ego-centricity versus Socio-centricity.

This project fitted within the requisite span for full-time study. The first interview, Phase One took place in July, 2003 and continued throughout 2004.
Phase Two commenced in January, 2003 and completed in October, 2003. Phase Three occurred in April and May, 2004 in England where there is an established Social Enterprise sector. Phase Four was completed between June and December, 2004.

6.3 Data Creating Method:
Further information about the four phases of Data Preparation are given below: -

6.3.1 Phase One was planned to engage with senior, highly successful people who are now recognized publicly as socially entrepreneurial. A comparative study of five individuals was made.

As the people targeted for interviews are citizens of stature in the Australian community, it was thought that the relational quality between researcher (and therefore interviewer) was most important. For each person chosen it would be like the apprentice going to visit with the Managing Director/President of a corporation;
or the volunteer who does two hours volunteering occasionally visiting with the lifetime serial benefactor;
because as an unknown member of the public they have made time for me.

The researcher prepared mentally and spiritually to conduct a most respectful meeting, and to listen intently. The purpose of this listening was to gather data which would lead to insight about social entrepreneurship activity. Yin (2003:60) recorded a succinct version of what good listening involves when he wrote “A good listener hears the exact words used by the interviewee, captures the mood and affective components, and understands the context from which the interviewee is perceiving the world.

A brief biographical profile of the interviewees in Phase 1 follows: -
A. After a career in medical science, person ‘A’ was selected to conduct the Bill and Melinda Gates immunization program across Third World countries. His mentor as a young adult was Sir MacFarlane Burnett.

B. This matriarch of a dynasty has reinvented herself many times over, after becoming widowed early.

C. Recognized nationally as having brought order to a peak association for philanthropy.

D. Successful in the Flinders Lane rag trade, this person warehoused and provided resourcing for occupational groups doing crafts and handiwork, gratis and for many years.

E. An Olympic athlete.

Yin (2003:73) enumerated other skills for good case study investigation as -

- Good questions
- Being adaptive and flexible
- Being well-read in the Literature
- Unbiased by preconceived notions.

It is pertinent here to declare an intentional bias in the selection process for the Phase 1 interviews. The foregoing chapter on Social History (chapter 2), when reviewed, yielded three common elements in the cases cited. The research was thus able to proceed with internal consistency by analyzing for these as follows:

<table>
<thead>
<tr>
<th></th>
<th>Showed Enterprise</th>
<th>Was... Intentional, Persistent, Resourceful</th>
<th>A Change Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florence Nightingale</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Joseph Lister</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Elizabeth Fry</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Clara Barton</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Eglantyne Jebb</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Chiune Sugihara</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>A. &amp; H. Schweitzer</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
These same factors were applied to the reputations of the target group of interviewees.

Between August and November, 2002 and June, 2003, Phase 1 interviews were conducted. A personal letter outlining an overview of the research being undertaken was prepared in advance, stating the intention to telephone within days of its arrival. This opened up the dialogue between the researcher and interviewee. In each case an agreement was reached to meet at a time and venue convenient to the informant.

6.3.2 Phase Two: Nine non-profit Australian organizations were invited to participate in a cross-sectional study—seven ventures participated. Later on in June, 2004, three U.S. social ventures were added. A factor working against one-to-one interviews in the sector is how ‘time-poor’ social entrepreneurs usually are (Time constraints in a non-profit are akin to being self-employed. For every hour not worked there is a loss of revenue or mission—perhaps both. This tension is unknown by a majority of wage/salary earning people. Therefore, to ask time for one-to-one is a barrier for research). In addition, the researcher endeavoured to be non-invasive towards the ‘support’ team and others’ views which were hopefully being identified. It was thought that responses would be more factual than information given to a stranger by any other means.

Accordingly, kits were prepared which contained
i) an Entrepreneurship Indicator (E-Indicator)
ii) two copies of a Goodwill Indicator (for the CEO to identify two key support people on the entrepreneuring team as respondents)(G-Indicator);
iii) also two copies of a Board Indicator to be handed to Board members (B-Indicator).
A covering outline of the research activity was included, as also a courtesy circular to each person responding (see Appendix 8). These kits were delivered in person to the CEO initially, although it later proved acceptable to transmit the material electronically, and to remain in telephone contact between July and end of October, 2003.

**E-, G-, and B-Indicators:**
At the juncture of conceptualization and preparation of E-, G- and B-Indicators the activity of the researcher was one in collaboration with theoretical aspects of the Literature. It was also desired to plumb autobiographical and psychological depths of the Social Entrepreneurs/CEOs themselves; to examine attitudes within support team members; and to gather responses from Board members about governance issues. These Indicators are exhibits in APPENDIX 8 as E-Indicator, G-Indicator and B-Indicator.

There was a lengthy phase where a great deal of thought went into developing three sets of assertions designed to indicate different levels of response to social venturing. Deliberate wild-card assertions were inserted to assist with internal reliability within each set. Responses were to be either ‘true’ or ‘false.’

**6.3.2(i) The Entrepreneurship Indicator**
A review of the Entrepreneurship Literature lead to a trail of research statements thought to be significant to Social Entrepreneurship. This needed testing on social entrepreneurs. Based on this review the following elements were identified.

From the Reynolds (2000) Panel of Entrepreneurial Dynamics, three areas inform *Intentional Action* which emanates from choices which are made. Differences in Persistence, Kinds of Entrepreneurial Activity, and Success/Failure Outcomes informed the ‘True/False’ statements made.
Looking at *Stability of a Cause*, Heider (1958) and Weiner (1985) located four factors as primary. They are *ability, effort, difficulty of task, absence of bad luck*. From these one is able to tap Internal/External Locus of Causality, Stability or Variability and Execution of Requisite Effort which gave further scope for statements being made.

Fundamental knowledge about how to be Entrepreneurial comes from Bygrave (1999) in the form of *Learning by doing* or *by direct observation*. This can be understood from what is absorbed by a respondent about the stimulus presence of an opportunity. Actions which lead to positive outcomes are repeated so that random positive outcomes become systematic components of one’s knowledge stock for decision-making. Earlier self-reinforcement leads to later favourable options. Growth, or recipient satisfaction is managed through path-dependence wherein entrepreneurs are exposed to risks and benefits (Bygrave, 2000).

From Psychology it is confirmed that human beings internalize things differently. One axis by which entrepreneurial learning takes place is *superior alertness*; the other is *coping with uncertainty*. As with for-profit entrepreneurs, so it was expected that social entrepreneurs consolidate their skill-base in this way. They are either (or both) alert to recognize opportunities, and have ability to mobilize human, physical and capital resources.

Both subjectively and objectively, *success or failure* are thought to be the result of three factors—Personal endowment, socio-economic circumstances (in the economy), and community-level entrepreneurial activity or lack of.

The dimension *Microfoundations* is highlighted in theory so this research included simple probes into this area. Information was asked for about – Birth Order; Number of Siblings – which sex?; Parent/s living – Married?
Separated?; Educational status of respondent; What occupation before becoming a Social Entrepreneur?

All of these statements were translated into assertions which formed the E-Indicator. In order to minimize response-error, and to give validity to the schedule, some assertions were wildcards—cast in a negative light. This was to ensure that people stayed alert and answered correctly. The full indicator of 35 assertions was tested on ten venture leaders – 7 in Australia, and 3 in United States. Notable results (for Australia) are reported on in Gillin and Hanich (2004).

**TABLE 6.1: Key Dimensions of the E-Indicator (with Numbers on Indicator)**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>1 – 8</td>
</tr>
<tr>
<td>Intentional Action</td>
<td>9 – 24</td>
</tr>
<tr>
<td>Persistent/Obsessive/Depressed</td>
<td>25 – 26</td>
</tr>
<tr>
<td>Microfoundations</td>
<td>27 – 31</td>
</tr>
<tr>
<td>Risk</td>
<td>32 – 33</td>
</tr>
<tr>
<td>Network Orientation</td>
<td>34 – 35</td>
</tr>
<tr>
<td>Alertness to Opportunities</td>
<td></td>
</tr>
</tbody>
</table>

* Persistence took its profile from the psychological experience of Depression.

**The ventures examined in Melbourne, Australia** were: -

- A national Family Focus organization
- A work placement venture acknowledging disability and racial discrimination
- A street people’s newspaper
- A CBD encounter venture amongst people who live or work in Melbourne central
- A suburban community care venture
- A student venture which configured software for children in hospital
- A suburban (specific) health support group.

**and in the United States** -

- A furniture and household items warehouse for families in transition (Minneapolis, MN).
- An independent Mental Health agency (Minneapolis, MN).
- A Health Clinic (Phoenix, AZ).
The CEO of each venture completed the Entrepreneurship Indicator made up of 35 incisive statements clustered around the Key Dimensions of Table 1.

6.3.2(ii) The Goodwill Indicator:
The Goodwill Indicator was designed with support personnel in mind. Every effort was made to tap into the attitudes of helpers, but several theoretical bases were foundational in preparation of the Indicator, also.

Firstly, Hansen’s (1995) work on Exchange Transactions eg. Network Resources, was seen to equal an Entrepreneurial Action Set.

Relations between entrepreneurs and network members are personal. Such interactions are also social processes.

Hansen’s taxonomy included three action set variables:

1. People who cooperate or contribute: Entrepreneurial Action Set size.
2. Measure of Interconnectivity (within the Action Set).
3. How often do members interact with each other: Entrepreneurial Action Set frequency.

Katz and Gartner (1988) had earlier developed the concept of Shared Intentionality. They referred to cycles of social exchange to secure use of resources but that ‘for-profit’ entrepreneurs seek information relating to fulfilling the goal of funding. They gain access to resources through exchange transaction with members who give them.

Stan and MacMillan (1990) noted that it is not ‘the size’ but ‘size of the subset of people involved with the entrepreneur, leading to startup.’ Through this social network resource, cooptation is practiced.
Uncertain about the strength of this argument for research into Social Entrepreneurship, it seemed essential to test this on Social Entrepreneurship Support Persons.

Then speaking to the vitality factor of a network Granovetter (1992) stated that information exchange and other transactions can take place within Entrepreneurs’ Action Sets ie. *Frequency of communication linkage positively associated with task accomplishment* where there are more communication channels available for use. Larsen and Starr (1993) regarded the Social Economic Contract as deepening psychological resources within organization formation.

Returning obliquely to the self-reinforcing notion of Bygrave and Minniti (2000) and path-dependence, they included human volition (the will) and history (of the sector) as contributing to what is reinforcing.

An attempt was also made in G-Indicator to gauge each Support Person’s view on the Leadership, and their relations with the Venture Leader.

After Drucker (1990:8) the topic of *Leadership Performance* was described as “A committed leader who has defined reality and objectifies mission (right action) creates a new dimension of performance.” *Opportunities Review, Competence Revision and Commitment in the form of Organized Abandonment* were seen by Drucker as desirable in the long term.

Du Pree, when interviewed by Drucker (1990:37) claimed “A leader’s task is to develop persons and develop the team.”

These statements from the Literature all needed testing on Support Group populations. As with E-Indicator, statements were translated into 39 incisive assertions for testing on this population of respondees (Table 6.2).
### TABLE 6.2: Key Dimensions of the G-Indicator (with Numbers on Indicator)

<table>
<thead>
<tr>
<th>Connecting with a Cause</th>
<th>2a – 2i</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal/External Circumstances</td>
<td>2j – 3</td>
</tr>
<tr>
<td>Social Network Resources</td>
<td>4 – 11</td>
</tr>
<tr>
<td>Shared Intentionality</td>
<td>12 – 14</td>
</tr>
<tr>
<td>Resourcing</td>
<td>15abc- 16</td>
</tr>
<tr>
<td>Exchange Boundaries</td>
<td>17 – 19</td>
</tr>
<tr>
<td>Quality in Communication</td>
<td>20 – 22</td>
</tr>
<tr>
<td>Action Sets</td>
<td>23 – 25</td>
</tr>
<tr>
<td>Network Analysis</td>
<td>26</td>
</tr>
<tr>
<td>Business Boundaries</td>
<td>28 – 29</td>
</tr>
<tr>
<td>Supports and Mentors</td>
<td>29 – 38</td>
</tr>
<tr>
<td>Growth</td>
<td>39</td>
</tr>
</tbody>
</table>

The ‘support’ respondees remained anonymous to the researcher, as CEOs of the same ventures referred to above undertook to identify two of their key support people to respond. From 10 Social Entrepreneurship leaders 16 respondees were identified to complete G-Indicator. Data was gathered and content analysed from 12 Australian and 4 American Support Persons. (An inherent weakness in having a CEO identify respondees is the possibility that a person chosen could ‘give the responses a gloss’ and bias the result. However, responses were either true or false which inhibited the bias.)

#### 6.3.2(iii) The Board Indicator:

The Research view taken of existing Boards regardless of the sphere of activity is that they can be a power for advancing the mission of an organization and significantly advancing long-term sustainability. More recently, this has become known as the ‘New Work of a Board.’ Since the corruption of numerous companies globally, an air of good governance is sweeping across the organizational landscape. Literature which informed the composition of B-Indicator was Taylor, Chait and Holland (1996), Herzlinger (1994) and Letts Ryan and Grossman (1997).
B-Indicator was designed around five Articles considered by Taylor, Chait and Holland (1999) the New Work of the Nonprofit Board as follows:--

1. *Board and management discover issues that matter, mutually determine the agenda, and solve problems together.*

2. *Board and management both set policy and implement it. Lines are blurred, borders open. Domains are decided by nature of the issue at hand.*


4. *Board meetings are goal driven. Protocol varies with circumstances. Form follows function. Emphasis is on participation and action.*

5. *Board is a constellation. It recruits team members with an eye to personality and overall chemistry. Board cultivates group norms and collective capabilities of trustees.*

### 6.3.3 Phase Three:

As referred to above, a multiple case set yielded comprehensive data about the Social Enterprise Sector.

There was a lengthy phase of preliminary e-mail correspondence upon which hinged a prospective visit to the U.K. April – June, 2004. Each organization was contacted and introductions were made. These were then followed up with telephone contact once the researcher was resident in Cambridge. Appointments for interviews were held in May and early June, 2004.

In the Discussion Chapter 8, a model will be presented which was developed from this London experience; although Figure 6.3 follows to assist with describing the cluster concept.
6.3.3(i) Organizations in London (and by extension Cambridge) where interviews were conducted during May, 2004.

Criteria by which organizations were selected: -

(a) The organization was a non-government body;
(b) Where grants were received they were generally specific to service provision.

1. Business in the Community/Professionals for Free
2. Charity Bank
3. Charity Evaluation Services
4. Community Finance Development Association
5. Development Trusts Association
6. Jubilee Centre/Foundation
7. Judge Institute
8. National Council of Voluntary Organizations
9. Social Enterprise Coalition
10. Social Enterprise London
11.

Thumbnail sketches taken from publications produced by seven of the above may be seen in APPENDIX ‘11.’

The organizations of this data collection are a cluster of seven London-based peak bodies which represent a group of community organizations, servicing all kinds of need (see visual representation of this in Figure 6.3). Accordingly, for the purposes of this research, these peak bodies will be called Social Venture Enablers (albeit akin to Venture Capitalists in for-profit enterprises). The significance of each peak body contribution to creating social value is an organizational specialty in eg. member services, finance structures, assistance to develop product/services, evaluation for outcomes, and policy formation/research. It is postulated that the presence of a well-run support infrastructure will enhance the functioning and long-term sustainability of social ventures in the field.
6.3.3(ii) **Factor Identification (Tree Nodes) Methodology towards the Enablement Model**

To test the success or otherwise of the seven British peak bodies as social venture enablers, a multi-case study methodology was used to interview senior personnel and collect appropriate data on venture enablement to achieve sustainability of supported ventures.

The computer program N-vivo was used to analyse this data. A primary set of tree nodes (rewritten for Social Entrepreneurs from the Richard Onians Principal Factors) was formulated for seven case interviews given by senior personnel of the London-based peak bodies. The Richard Onians (1995) model was chosen because it was developed from world-class businesses for whom venture capital investment enabled them to succeed. The Onians benchmark has the support of the European Venture Capital Association (E.V.C.A.)(R.S.A., 1995). Onians (cited in Bygrave, Hay and Peeters 1999 Preface xv) identified **six factors for success** based on tacit knowledge.
which good V-C management brings to the table besides investment finance. This became the Principal Factor Model for Success, Table 6.3.

To follow is the Principal Factor Model of Onians introduced side-by-side with an adaptation for Social Venture Enablers. On the left are venture-capital factors for success; on the right, the social venture factors, rewritten into a success/failure framework (for this research) which includes significant sub-categories (or child-nodes) created from the inclusive tacit knowledge variables eg. Risk, Involvement-Enablement, Cooperation, Team building and meta-Enablement.

**TABLE 6.3: Principal Factor Model for Success**

<table>
<thead>
<tr>
<th>For-Profit Ventures</th>
<th>Not-for Profit Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal Factors for Success/Failure</strong></td>
<td><strong>Principal Factors for Success/Failure</strong></td>
</tr>
<tr>
<td><strong>Richard Onians</strong></td>
<td><strong>Loris Gillin (after Onions)</strong></td>
</tr>
</tbody>
</table>

1. Onians regarded that there are two market-related capabilities which a business needs to succeed in (a) *An ability to ‘know’ the market, and (b) An ability to exploit it.*

   Since (b) is not appropriate for meeting need, this became

   **1. A clearly defined opportunity to meet need.**

   Under N-Vivo analysis this was called

   **Opportunity-Mission, 45** and analysed as

   - Risk 10
   - Process 12
   - Support 23

2. Onians identified *An ability to develop, communicate and implement a realistic strategy.*

   As a signifier he wrote: “As the key facet of business strategy is the positioning of a business within a chosen marketplace, an inability to define market opportunity will reduce strategic effectiveness.” As an addendum he added “Developing an appropriate strategy for a business is usually accomplished.”

   **2. Development and Strategy, 33** and analysed by N-Vivo as:

   - Enabling 23
   - Process 10

3. *An ability to manage the development process within agreed resources and time scales,* seen by Onians as a third cause of success or failure of a startup.

   Delays cause customers to lose interest, but in addition, competitors often creep up. This was not considered applicable to a needs-based venture. Therefore timeframes in this evaluation were not an emphasis.

   **3. Manage and Deliver Product or Programs 28** were analysed as

   - Support 4
   - Product 24

4. *An ability to recruit, build and continuously motivate a competent and experienced work force within the immediate financial capacity of the business.*

   **4. Lead by example, 27** broken down into

   - Resourcing 18
   - Other Support 9
5. An ability to install, interpret and act upon reliable management information systems and controls was rewritten as 5. across.

6. An ability to attract sufficient capital on affordable terms and with a strategically compatible time horizon. Richard Onians wrote “Strategic conviction combined with tactical flexibility are the hallmarks of a true entrepreneur.” (Bygrave, Hay and Peeters, (1999, Preface xv)

6. Having a rationale about attracting sufficient income to finance operations without it becoming financial disaster, 21. This was analysed as being
- Responsive to Risk 7
- Recipient Constituents 10
- Wider Support 4

6.3.3(iii) Factor Composition (Child Nodes):
N-Vivo analysis of Table 6.3 identified a tree-node framework for Social Entrepreneurs which adheres as closely as possible to the six Onians factors for success. It also gives a clear qualitative notion for sustainability in contrast to ‘an undefined spread of likely factors’ which may be considered favourable.

6.4.1 Phase Four mirrored Phase One in a comparative study of in-depth interviews with ten practising Social Entrepreneurs (so defined according to their current project or venture).

Phase 4 was intended to complement the Phase 1 case studies of ‘veterans’ with a series of interviews with currently practicing social entrepreneurs. It was expected there would be generational differences, but what could be learned from those practicing in the field today? With the spotlight of research on them, the ten practicing Social Entrepreneurs of Phase 4 are seasoned people in serial ventures. They are each perceived as being very credible people. As a baseline, their social ventures are doing creditably. Mostly they were selected through networks, and by reputation.

Answers were being sought to “What is the point of attraction which draws others to attach to someone with a vision for social mission?”
A theory which presented as needing validating was from Drucker (1990) drawing from forty years in the non-profit sector in the U.S. The framework of this interview protocol was around the theme of Leadership: seeking to connect more obliquely with these persons’ competencies to lead (against all odds), and what is it that attracts others to them in a helping role? These in fact, became the postulates:

*That Social Entrepreneurs have an inner reserve of competencies.*
*That Social Entrepreneurs draw other people to them.*
*That Social Value is created surrepticiously—it creeps up unawares.*

At an earlier interview by Drucker (1990) Max DuPree (who has a reputation for leading in development of people) had said “I believe, first of all, that each of us is made in the image of God. That we come to life with a tremendous diversity of gifts. I think from there a leader needs to see himself in a position of indebtedness. Leaders are given the gift of leadership by those who agree to follow. We (in the U.S.) are basically a volunteer nation. I think this means that people choose a leader to a great extent on the basis of what they believe that leader can contribute to that person’s ability to achieve his/her goals. This puts the leader in the position of being indebted—in the sense of what he or she owes to the organization” (Drucker p.37).

A protocol of ten points was developed for this Research. Key points were:
1. Quotation from Drucker and DuPree.
The imagery taken from Drucker and DuPree (1990) around entrepreneurship being like “the art of paddling a canoe with two outriggers” was thought to be a good metaphor for unconscious experience.” This was included at interview.
2. Whatever could be ascertained from Personal History.

3. On Inspirational Leadership.

Ability to manage oneself and relationships effectively comes from competencies which drive six identifiable kinds of Leadership (McClelland (1961); Fontaine and Jacobs (1998); Goleman (1998).

4. Decision-making pathway (Bygrave and Minniti, 2001)

   Intuition (Gillin and Moignard, 2005)

   Confidence Levels

5. Phase of Activity

6. Approach toward Volunteers (Drucker, 1990)

7. Level of staff development or mentoring

8. Attitude to Board (Hertzlinger (1999)


10. What resources does Social Entrepreneur contribute (This research)

The following introduces the list of Social Venture Leaders who participated:

<table>
<thead>
<tr>
<th>Interviewee 1… Freelancing as a Consultant to the Social Enterprise sector.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee 2… Venture canvasses the occupants of City of Melbourne – both workers and executives from the dormitory suburbs and residents of city apartments. Urban Sociologist.</td>
</tr>
<tr>
<td>Interviewee 3… an ex-Economist of the World Bank in East Africa; also a force behind Jubilee, 2000. From his initiatives the work of Relationships Foundation has fanned out.</td>
</tr>
<tr>
<td>Interviewee 4… The visionary for a warehousing model for assisting families in transition (out of poverty). He is a former Landscape Gardener. (United States).</td>
</tr>
<tr>
<td>Interviewee 5… has had a role in community health and disability support since late 1980s. He has a degree in History.</td>
</tr>
<tr>
<td>Interviewee 7… Has always worked in the not-for-profit sector, U.S. “The State of Arizona does not believe in mental health,” he says.</td>
</tr>
<tr>
<td>Interviewee 8… An association with the Inter-Church Trade and Industry Mission for nearly twenty years lead him to the role of Chaplain to the Shop Retailers Union. He coordinated a full-time chaplaincy to 52,000 members.</td>
</tr>
</tbody>
</table>
| Interviewee 9… Prior to 1997, previously worked at the Mayflower Family centre, London for fifteen years, where he felt they were only ‘scratching
“Something much more foundational needed to be done – an ex-Banker.”

Interviewee 10...Trained as a Teacher, this lead on to being a Conflict Resolution trainer in local, state and national bodies. CEO of Volunteer peak body.

6.5 The final piece of the conceptual map introduces another important element—the Research Field of Social Entrepreneurship ie. the environment in which social value is created.

To complete a defense of the Methodology it is necessary that the reader becomes acquainted with the field of activity. It is also hoped that the reader is finding a level of comfort in knowing about the actors who impinge on the creation of Social Value.

To refresh the memory of Figure 1.2 from page 21 the following map is repeated.

![Figure 1.3 repeated](image_url)

The Field which the Social Entrepreneur inhabits is one of meeting need (not wants)—meeting human need. The need for shelter and security, basic
physical and emotional needs, the need for acceptance and to be treated with dignity; to connect with others and to be loved. The Social Entrepreneur is a person who meets a need or makes a difference to the lives of others. At a highly individual level, this person is called ‘a good neighbour,’ or ‘a friend,’ but social entrepreneurship usually happens again and again in a collective or community setting (see the simple map overpage). A Social Entrepreneur acts in an inspired way, using resources which are difficult to quantify, and tailoring the delivery of need-meeting in a precise manner.

From the earlier map in Chapter 1 the reader will know that Social History, Social Value and its Creation, and a Literature on for-profit Entrepreneurship, has informed the Concept Map above Fig 1.2(c). Individual visionaries engrossed in meeting need (Social Entrepreneurs (d)) who attract like-minded others (Goodwill Partners, also Advisory Body/Board members) lead in the social capital-making venture. Epistemology is being shaped by the Social Sciences (Fig. 1.3(vi). Social Venture Enablement is represented as a model in Chapter 8. Taxation Law Revision appears in the Conclusion.

Below in Figure 8.5 is the simple Map of Social Entrepreneurship Sector which is repeated in the Discussion.
In contrast to profit-making and sharing of the business sector, there will be no profit in social entrepreneurial activity except in goodwill. Closely allied with goodwill-sharing is the notion of sustainability. It is also incumbent for leaders in the field to find agreement about impact and sustainability. The work of social entrepreneurship is about paying attention to the gap created between fallout from market forces and the inability of governments to provide compassionate relief to improving quality of life for those most disadvantaged by wealth creation. With this present era there has come a significantly higher level of relief in Western countries, but more is yet to be accomplished. Social Entrepreneurs are to be encouraged and supported as they ‘drive’ the goodwill venture with vision and a sense of personal mission.

6.6 Tools used for Data gathering:
1. Development of the E-, G-, and B- Indicators (based upon theory) was a way to test extant theory about Social Entrepreneurship. While the rational mind is problematic when it comes to gleaning deeper meaning, Boorlean responses enabled respondees to circle ‘true’ to only those statements which are accurate for them. It should also be added that participation in the research was treated very seriously (as noone else had approached the sample for research purposes before) by those who agreed to take part. This is but a start at replicating results for the Key Dimensions. Further test-retest work needs to be done for absolute reliability and validity, as many of the responses call for Self Report.

2. There were two assertions (2h and 2i) in G-Indicator which were too close (similar) to avoid confusion. One of these requires rewording.

3. As much more thought needs to be put into the ‘ideally functioning Board,’ the assertions in B-Indicator could be thought of as a ‘coaching’ device. Responses merely gave an indication of how close or wide each
person’s participation is to the ideal of Taylor, Chait and Holland (cited in Harvard Business Review on Nonprofits, 1999). As Governance is a current issue generally, it is hoped that a totally suitable tool can be produced for current and future Board member activity.

4. Selection of the N-Vivo software was a choice between manual content analysis of interview transcripts, or the reliability of a software device. Adherence to theory enabled the N-Vivo system to be set up with Tree nodes. In a second step the content of each interview allowed for Child and Sibling nodes to be created each time a new or different concept was introduced. The software objectifies where data entries are distributed. On later printouts entries seemed totally acceptable to this researcher’s meaning-making.

N-Vivo is in its second edition. The software designer recognized that “analysis of transcript data requires sensitivity to detail and context, as well as accurate access to information and ways of rigorously and carefully exploring themes and discovering and testing patterns. N-Vivo has tools for recording and linking ideas in many ways, and for searching and exploring the patterns of data and ideas” (N-Vivo Manual, 2002).

**In summary:** The intention in drawing from multiple case designs was to extract from a variety of sources robust and compelling justification (Herriott and Firestone, cited in Yin, 2003) of the value being created by Social Entrepreneurs.

6.7 **POSTSCRIPT TO METHODOLOGY:**
Since the Social Entrepreneurship sector is the field where Social Value is created, the cultural implications of Trist (1950:540) are more significant than at first meets the eye. A Social Venture sits astride a person and a needs-meeting venture. Trist’s definition admits to an intrapsychic sphere
within persons, an intra organization sphere, and inter-person-organizational connectedness.

Prior to the non-linear emphasis in Entrepreneurship, widespread research has been done to satisfy empirical methodology. Issues of prediction and generalizability have been at the forefront. With a realization that people are involved, also, in the ongoing field of Entrepreneurship research, case-study methodology has slowly gained acceptance as rigorous in its own way. Research into non-linear factors are not accepted as readily. Therefore, interviews are seen as a means of broadening the data beyond bimodal, means and frequency count data, into rich and original expressions of concepts not previously accessible in survey results.

This now presents the researcher with an unintended dilemma. The age-old tension arises between ‘objectivity’ and ‘subjectivity.’ To be objective is to be ‘scientific.’ Can a researcher ever be rigorous enough, and be subjective? This issue becomes more difficult when a researcher adopts a narrative way of analyzing, and even moreso, if a socio-psychoanalytic methodology is the application of choice.

From the socio-psychoanalytic viewpoint, analysis is grounded in the data; in case-study methodology, one attempts to ground in theory. There is a very real issue here for research leaders to work towards finding acceptance for others whose research tends towards Social Sciences methodology.

Clarke (2002:173) communicates the motivations for other methodology effectively when he writes: “Addressing unconscious forces and motivations adds another level of analysis to sociological research, providing us with a deeper understanding of both individual experience and the psychodynamics that operate in the construction of the research environment. (There is an increased following of persons within the Social Sciences who are absorbing and reflecting upon the human experiences of
conflict and ecstasy in this manner). Consider “If we are not to carry out research in an ‘ad hoc’ way, to make ‘wild analyses,’ then we need some form of systematic method that can be applied to different subject areas, or the same subject area at a different time” (Clarke, p.189).

Similarly, one has noted an antipathy amongst those who work with open interviews to using computer software (or manual content analysis), from a belief that data fragments through the use of coding and retrieval methods. Someone conscious of the more positivist scientific method emphases in research might think that a piece of software would be impartial and therefore, less subjective.

Whereas an unstructured interview calls upon a subject to ‘free associate,’ the semi-structured protocol applied to Phase 4 of this research imposed to some degree, the interviewer’s specific enquiry into Social Venture Leadership.

Most of the interviews in Phase 4 were conducted for about an hour. At least four interviews took place in coffee shops, with lack of privacy, and music varying by degrees in volume. One other was held in a lunch room with others present; a further four occurred in work space. As these were practitioner interviews, a degree of structure did not allow for free reign to the unconscious; but a semi-structure gave focus to the Leadership role. On the other hand, the subjects are creative people, and this is expressed in the ventures they lead.

Transcripts were made from audio-tapes and submitted to software analysis. A narrative has been constructed in Chapter 7 which gives insight into the drives and hidden motivations of this class of Leader.
CHAPTER SEVEN

DATA COLLECTION
Results and Analysis

7.0 Phase 1.

The five outstanding citizens recognized by the Australian community as socially entrepreneurial were invited and gave interviews of about one hour duration. One octogenarian female is a well-known patron of the Arts and Education; another is a skilful innovator and champion in the field of Disability. The septuagenarian male is an outstanding immunologist. The sextagenarian female is CEO of an umbrella funding body, and a male of the same decade is a former Olympic champion.

The theme for the contact hour was “Defining Moments across Life.” Consistent with Yin’s (2004:86) sources of evidence, he regarded as a strength that “focusing directly on the theme of an across-life approach, information would be targeted and insightful.” In a very real sense these were guided conversations after Yin (p.89). Becker (1998) in Yin was noted about showing sensitivity to the relational aspects with ‘how’ instead of ‘why’ questions.

Insightful (and inspiring also) data was gathered at five case-study sites for Phase 1. It provided the basis for a conference paper (Gillin & Long, 2004). True to Strauss and Corbin (1998), analysis proceeded by way of linking the data with Jung (1933), Erikson (1950; 1980; 1982) and McAdams and de St. Aubin (1992) theories. Having Social Entrepreneuring in mind, the findings from the data which lead to this paper are inspirational for others to emulate from mid-life (see Jacques 1965 ‘mid to late 30s’ onwards).

Far from Phase 1 being a pilot study, this series of interviews with veterans of Social Entrepreneurship was an exploration of information about successful people’s lifetime experience.
7.1.1 Results and Analysis: Data arose from spontaneous statements (elicited at interview) from the five cases. Once coded by N-Vivo (according to the Social History attributes of Chapter 6, Phase 1) the fine nuances of meaning units were distributed exponentially across six nodes. Three major factors emerged as

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belief system statements</td>
<td>34</td>
</tr>
<tr>
<td>Examples of Intentional Action</td>
<td>27</td>
</tr>
<tr>
<td>Instances of Expressed Generativity</td>
<td>24</td>
</tr>
</tbody>
</table>

The above factors strongly reflect on the multiple motives and impulses that interact with concern, belief and commitment of a Social Entrepreneur (Gillin and Long, 2004). Low scores on Inspiration or Mentors – 8, and Social Commentary – 6, were not helpful to the overall result. Across all five cases, 11 Defining Moments were recalled.

Table 7.1 reports on a selection of significant statements – one from each person in the sample-set (see APPENDIX 9 for remainder)—which give evidence for the theme/factor of Beliefs, Intentional Action and Generativity.

**TABLE 7.1:**

**Statements in the Table have been extracted from the accumulated statements of subjects which emerged under the above headings**

<table>
<thead>
<tr>
<th>PERSON</th>
<th>SELECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>“Regarding the changes in the society: I don’t change my views, but I accept where people are at.”</td>
</tr>
<tr>
<td>2.</td>
<td>“Perfection is unrealistic...One learns to be satisfied with a measure of success.”</td>
</tr>
<tr>
<td>3.</td>
<td>“Money glues good or bad energy. Money attracts itself to the rest. We are on a journey to educate people about new meaning.”</td>
</tr>
<tr>
<td>4.</td>
<td>“Those influenced by Milton Friedman claim that corporates have no right to indulge in social investment. Those who follow Bosch of Australian Securities Investment Commission say ‘We have to look after our shareholders.’ Corporate Australia has not accepted responsibility for where they do Business (the community).”</td>
</tr>
<tr>
<td>5.</td>
<td>“If people could just have the same good feeling of giving, instead of taking, what a different world it would be! My project was quite different from philanthropy. Nobody on the ‘left’ knew what the ‘right hand’ was doing...not even the relatives.”</td>
</tr>
</tbody>
</table>
### EXAMPLES OF INTENTIONAL ACTION

<table>
<thead>
<tr>
<th>PERSON</th>
<th>SELECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>“In recognition for having two healthy children, I agreed to join the auxiliary of the Childrens Hospital. That started me on a wonderful journey. I made that my life for thirty-three years.”</td>
</tr>
<tr>
<td>2.</td>
<td>In heading an international Third World Health immunization program a lot of time and coordinating effort has gone in already getting so many countries (74 countries) to cooperate. There are real constraints within which one must act.”</td>
</tr>
<tr>
<td>3.</td>
<td>“Because of the imminent transfer of general wealth to the Boomer generation, this (interviewee's) organization is putting in place a number of initiatives to harvest income from these.”</td>
</tr>
<tr>
<td>4.</td>
<td>“There’s a lot to do in the here and now—one can’t wait for research to happen. I want to go back to the future. I have a major focus on community development.”</td>
</tr>
<tr>
<td>5.</td>
<td>This interviewee was skilful at taking an idea and interpreting it differently. “I went through $120,000 in a very short time and bought up idle machinery which suggested a production line of some sort.”</td>
</tr>
</tbody>
</table>

### INSTANCES OF EXPRESSED GENERATIVITY

<table>
<thead>
<tr>
<th>PERSON</th>
<th>SELECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>“I never go anywhere without meeting interesting people. I just ‘love’ people.”</td>
</tr>
<tr>
<td>2.</td>
<td>“Up to a certain size you can function as ‘a startup;’ then comes another stage where all the focus becomes ‘What is best for the Project?’”</td>
</tr>
<tr>
<td>3.</td>
<td>“I do not make a large income. I don’t even wear a watch. But I have access to so much.”</td>
</tr>
<tr>
<td>4.</td>
<td>“An earlier super centre has now been handed over to a municipality.”</td>
</tr>
<tr>
<td>5.</td>
<td>People tell me, and the records show, that others have found value from what I have been doing since 1973. Yes, I’ve retired seven or eight times; but I’m in a later stage of my real work. Put simply, the project has been keeping people activated when homebound.”</td>
</tr>
</tbody>
</table>

#### 7.2 Phase 2 Results and Analysis:
Chapter 6 has already indicated that Phase Two took the focus of testing extant theory. Using a theoretical cue from Hofer and Bygrave (1992), this phase also majored on breadth of data collection since it incorporated cross-sectional data from 7 Australian social ventures, plus 3 U.S. social ventures. A detailed outline for distribution and collection of data kits was also given in Chapter 6. This section reports the result of E-, G- and B-Indicator analysis using N-Vivo Content Analysis software.

From inside the ventures three types of indices were returned: -
• **Entrepreneurship Indicator**
• **Goodwill Indicator** (from Support Persons) and
• **Board Indicator** (from Advisory Body or Board Members).

The aim in constructing each Indicator was to amplify key thoughts from theory. The intention was not to ‘assess’ individual social entrepreneurs as in making a diagnosis, but rather to build a profile of those characteristics thought to be essential.

7.2.1 **Entrepreneurship Indicator:** In attempting to gauge motivation and to slip under the rational, conscious mind, four options were offered for respondents to circle whichever applied (Table 7.2)

<table>
<thead>
<tr>
<th>Key Dimension</th>
<th>Respondent Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>A conviction of heart</td>
</tr>
<tr>
<td></td>
<td>A vision</td>
</tr>
<tr>
<td></td>
<td>A compulsion to respond</td>
</tr>
<tr>
<td></td>
<td>An intuitive response</td>
</tr>
</tbody>
</table>

Significant assertions made around the other key dimensions and which required True/False responses are listed in Table 7.3.
**TABLE 7.3 - RESULTS and ANALYSIS OF ENTREPRENEURSHIP INDICATOR.**

<table>
<thead>
<tr>
<th>Assertion no.</th>
<th>Key Dimensions</th>
<th>U.S. N=3</th>
<th>AUS. N=7</th>
<th>Indicator Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intentional Action</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>2</td>
<td>U.A.</td>
<td>I draw on latent ability to perform…</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>1</td>
<td>4</td>
<td>If task too difficult, I know so.</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>U.A.</td>
<td>U.A.</td>
<td>Do not give up on task though difficult.</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>U.A.</td>
<td>U.A.</td>
<td>Task not difficult but effort required</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>U.A.</td>
<td>U.A.</td>
<td>I respond to cause with intent &amp; action</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>U.A.</td>
<td>6</td>
<td>I persevere ’cause I like to break thru.</td>
</tr>
<tr>
<td></td>
<td>Persistent/ Obsessive/ Depressed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>2</td>
<td>4</td>
<td>I can persist….for years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>for months.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>for weeks.</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>U.A.</td>
<td>6</td>
<td>I practise ‘follow-through’ above 86%.</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td>2</td>
<td>6</td>
<td>I feel personally responsible to make things better.</td>
</tr>
<tr>
<td></td>
<td>Depression Profile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>1</td>
<td>U.A.</td>
<td>The means for me to live are not assured, even ‘though I contribute to others with time and expertise.</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>1</td>
<td>3</td>
<td>I have given a lot of thought to risk management.</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td>U.A.</td>
<td>6</td>
<td>I was prepared to roll up my sleeves and get my hands dirty.</td>
</tr>
<tr>
<td></td>
<td>Alertness to Opportunities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td></td>
<td>U.A.</td>
<td>U.A.</td>
<td>I continue to be alert to opportunities which emerge.</td>
</tr>
<tr>
<td>35</td>
<td></td>
<td>U.A.</td>
<td>6</td>
<td>I have my own way of mobilizing resources when necessary to exploit an opportunity – Human,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>U.A.</td>
<td>6</td>
<td>Physical,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>U.A.</td>
<td>5</td>
<td>Capital.</td>
</tr>
</tbody>
</table>
From the Results, each Australian respondent was in 100% agreement with the Assertions below, and concurs with the theory on regular Entrepreneurship as follows:

### Table 7.4 E-Indicator

<table>
<thead>
<tr>
<th>Key Dimension</th>
<th>Indicator Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intentional action</td>
<td>I draw on latent ability to perform a task</td>
</tr>
<tr>
<td></td>
<td>I do not give up if the task is too difficult</td>
</tr>
<tr>
<td></td>
<td>I do not give up even if not too difficult but requires effort</td>
</tr>
<tr>
<td></td>
<td>I, personally, feel responsible to make things better</td>
</tr>
<tr>
<td>Persistent/Depressed</td>
<td>I can persist</td>
</tr>
<tr>
<td></td>
<td>I practice ‘follow-through’</td>
</tr>
<tr>
<td>Risk</td>
<td>The means for me to live are not assured, even though I contribute to others with time and expertise</td>
</tr>
<tr>
<td>Alertness to Opportunities</td>
<td>I continue to be alert to opportunities which emerge</td>
</tr>
</tbody>
</table>

In addition, arising from the data collected on Social Entrepreneurs, they do not describe themselves as depressive, are alert to opportunities, and risk is of low priority.

Two U.S. and 5 out of 7 Australians felt they have a duty to respond to human need. Six from Australia feel charged with acting entrepreneurially.

Given two assertions about relying on good luck or needing good luck for everything they do, 93% of the time Australian respondents answered that they are not dependent upon good luck. U.S. responses showed a mixed reaction.

Further, respondents both in U.S. and Aust. were divided on whether or not they fail as a person if the vision they are a part of has failed.
Each respondent in Australia believed that the venture they work in has broken down resistance to change in the community; and this has occurred where there was little or a modest level of entrepreneurship. In the U.S., little has changed and one respondent had no idea about the community at large, but holds the belief that his venture produces superior outcomes because of methodology—even when outcomes go unrecognized and methodology is criticized.

Two U.S. and five Australian CEOs reported on expressing their spirituality in these ways.

Under the heading Microfoundations, the following information is of interest. A prior history of family-of-origin culture enhanced becoming a Social Entrepreneur. The 3 U.S. and 6 Australian Social Entrepreneurs who responded affirmatively claimed there was no prior separation or divorce between parents. Australian respondents were from reasonably large families of four, five or six children. This lead the researcher to consider whether birth order is associated with being socially entrepreneurial. But responses varied from being oldest and firstborn through to youngest of five offspring. These responses suggest there is something which can be addressed when reconsidering Piagetian Ego-centrism versus Sociocentrism in the Discussion.

It is in the bosom of the family when Life presents a child with opportunities to give and take.

**7.2.2 Goodwill Indicator:**

This Indicator turned in a surprisingly high level of accord amongst all sixteen respondents—most of whom were randomized due to the social ventures being unrelated. To ease people into responding from within themselves, two responses were asked for as summarized in table 7.5:
TABLE 7.5: Value of Name and Reputation

\[ N = 3 \text{ U.S., 12 AUST.} \]

<table>
<thead>
<tr>
<th>Value of Name U.S.</th>
<th>AUS. 90% 3 responses</th>
<th>AUS. 100% 6 responses</th>
<th>U.A. = Unanimous Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>85% 1 “</td>
<td>90% 1</td>
<td>75% 1 response</td>
</tr>
<tr>
<td>70%</td>
<td>80% 4 “</td>
<td></td>
<td>60% 1</td>
</tr>
<tr>
<td>65%</td>
<td></td>
<td></td>
<td>50% “</td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
<td>One unanswered</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Reputation U.S.</th>
<th>AUS. 100% 6 responses</th>
<th>AUS. 100% 1 response</th>
<th>75% 1 response</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>80% 1</td>
<td>75% 1</td>
<td>50% “</td>
</tr>
<tr>
<td>85%</td>
<td>80% 1</td>
<td></td>
<td>Two unanswered</td>
</tr>
<tr>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 7.6: RESULTS and ANALYSIS OF GOODWILL INDICATOR

A profile of support persons emerged as in the table below:

<table>
<thead>
<tr>
<th>Assertion no.</th>
<th>Key Dimensions</th>
<th>U.S. N=4</th>
<th>AUS. N=12</th>
<th>Indicator Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Connecting with a Cause</td>
<td>U.A.</td>
<td>U.A.</td>
<td>I did not think first about the inconvenience</td>
</tr>
<tr>
<td>2g</td>
<td>9 Nodes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2h</td>
<td>3</td>
<td>U.A.</td>
<td>11</td>
<td>The opportunity to volunteer was greater than the inconvenience</td>
</tr>
<tr>
<td>2i</td>
<td>3</td>
<td>Confuse</td>
<td>U.A.</td>
<td>The opportunity was greater than the cost of personal inconvenience</td>
</tr>
<tr>
<td>2d</td>
<td>3</td>
<td>U.A.</td>
<td>11</td>
<td>I felt enthused about the opportunity to serve</td>
</tr>
<tr>
<td>Social Network Resources 11 Nodes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>U.A.</td>
<td>U.A.</td>
<td>A large or small team did not matter</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>U.A.</td>
<td>11</td>
<td>Being part of a social action group is very important</td>
<td></td>
</tr>
<tr>
<td></td>
<td>U.A.</td>
<td>U.A.</td>
<td>Enjoyment from serving a cause and being alongside of others</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>U.A.</td>
<td>U.A.</td>
<td>Interconnectedness with others was satisfying</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>U.A.</td>
<td>11</td>
<td>Interconnected with others who share values inspires me</td>
<td></td>
</tr>
</tbody>
</table>
A profile of Support Persons emerged which suggests that these people are enthusiastic about the opportunity to serve, and they gain intrinsic enjoyment from serving a cause. They find social interconnectedness satisfying. They draw inspiration from others who share their values. In spite of meeting needs sometimes making that person tired or irritable, in every instance the Support Person reported interest in the project or cause never waned.

Further support for the value of *active communication*, and a high relationship with *having a vision statement* and *being mission-directed* around it was in evidence.


<table>
<thead>
<tr>
<th>2c</th>
<th>U.A.</th>
<th>10</th>
<th>This was not an opportunity to express myself through.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2b</td>
<td>U.A.</td>
<td>11</td>
<td>An opportunity to be useful in was not the point.</td>
</tr>
<tr>
<td>2f</td>
<td>1 has</td>
<td>1 has</td>
<td>Friends volunteering did not decide it for me.</td>
</tr>
<tr>
<td>2e</td>
<td></td>
<td></td>
<td>On balance, knowing others who participate was not an issue.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Team</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shared Intentionality</strong></td>
<td><strong>Action Sets</strong></td>
</tr>
<tr>
<td><strong>Resourcing</strong></td>
<td><strong>Resourcing</strong></td>
</tr>
<tr>
<td><strong>Quality in Communication</strong></td>
<td><strong>Business Boundaries</strong></td>
</tr>
<tr>
<td>(Collaboration)</td>
<td><strong>Network Analysis</strong></td>
</tr>
</tbody>
</table>

The above Key Dimensions are concerned with (a) *team* or (b) *process* items necessary for maintaining the ethos, or effectively dispensing the
service. For example, ‘Shared Intentionality’ includes a team and individual content. The results showed that everyone liked brainstorming, everyone tried to avoid missing team meetings, and each one felt that their information was important.

Other internal organizational items for team were reported as:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All 16 were clear about the goals of their social venture</td>
<td></td>
</tr>
<tr>
<td>10 respondees were positively energized by the atmosphere of the workplace</td>
<td></td>
</tr>
<tr>
<td>12 respondees stay conscious about their social mission</td>
<td></td>
</tr>
<tr>
<td>13 actively look for opportunities (to harmonize); and</td>
<td></td>
</tr>
<tr>
<td>16 (100%) majored on doing things thoroughly</td>
<td></td>
</tr>
</tbody>
</table>

‘Quality Communication’ was expected both as individuals and team members, in order to facilitate the process side of organizational items. Questions asked about process were:

“What information could be known about Resourcing; about Action Situations eg. meetings, about Collaboration, and Business Boundaries ie. extending themselves more?”

On issues of ‘Resourcing,’ each respondee was willing to share information known by them about property. There were mixed reactions to commenting about capital resourcing, presumably because their support role did not take in capital contingencies. On the matter of credit or funding 8 respondents showed a willingness to comment upon this.

Two ‘Action Situations’ were probed to give further insight into non-profit organization ie. “Whether constant focusing on budgets and financial resourcing at team meetings further motivates or hinders?” It is suggested that volunteers or low-paid staff may be demotivated by something which they feel powerless to change.

Results in the form of one person’s wise word was consistent with the majority “That balance is needed between over-expending time, and being appropriate about keeping a focus on resourcing.”
In a spirit of openness, all 16 respondees were “willing to share openly from their knowledge and experience if approached by the team leader.” This also overlaps with ‘Shared Intentionality’ where respondees attitudes to team meetings and the sharing of information was good.

Consistent with open sharing with the team leader, responses about ‘Collaboration’ drew affirmation and support eg. “I trust those who are initiating our venture;” also “I feel settled in supporting this project.”

Under ‘Business Boundaries,’ the question of commitment and boundaries was raised so that “giving more of myself, my time, my knowledge, my experience if asked for” was tested. Respondees were divided between giving more or being limited in giving any more. Hence, it could be said to be an individual matter, not one of bad attitude. Because there was trust, a leader could ask respectfully in the belief that quality communication could draw forth understanding between both parties—Social Entrepreneur and Support Person.

7.2.3 Board Indicator: As well as practicing good governance and ethics, a requirement for a regular Board is that it also act as a ‘cheer-squad’ for the implementation and procedural activities of management and support persons internal to a venture.

The assertions of B-Indicator required a respondent to think at a deeper level about Board activity; albeit intending to be constructive. This proved to be the most difficult part of all the data-gathering. Board members have a life outside of the Boards on which they sit. They were scattered—even interstate, and contact with the studied venture often only came into sharper focus at statutory meetings. Institutionally, we are not accustomed to asking certain questions about an office which traditionally has a certain level of prestige associated with it. On the positive side, there were two instances of
Board members who telephoned from interstate in appreciation for having been confronted with the assertions.

In the final count five ventures returned completed B-Indicators—two of these were advisory bodies. One other venture functioned as an association network which in the previous six months had become defunct due to the now-extinct Board, signaling internal strife. The new replacement venture continues as a membership with an executive, but did not turn in responses. Of the two ventures in U.S. and five ventures in AUS. turning in data there were fourteen respondees.

**TABLE 7.8: ANALYSIS OF BOARD INDICATOR – AUS.**

<table>
<thead>
<tr>
<th>Board member as Respondent N = 11</th>
<th>Assertion Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>One was uncertain about</td>
<td>Board members recognizing that they are Responsible as Trustees 1 - 3</td>
</tr>
<tr>
<td>All claimed</td>
<td>To know the priorities of their Nonprofit 1 - 3</td>
</tr>
<tr>
<td>Three</td>
<td>Were not concerned about being 'results-driven. It is significant that two of these represented each Advisory Board 1 - 3</td>
</tr>
<tr>
<td>In 3 instances</td>
<td>There was uncertainty about 'do-or-die issues' which are central to a Board 4 - 6</td>
</tr>
<tr>
<td>2 out of 3</td>
<td>*from one venture do not link results to timetables 4 - 6</td>
</tr>
<tr>
<td>1 AdvisoryBd</td>
<td>Member did not experience an air of success with Board contact and activity 4 - 6</td>
</tr>
<tr>
<td>2 respondents</td>
<td>Did not think that (their) Board and Social Entrepreneur work closely together 7 &amp; 8</td>
</tr>
<tr>
<td>2 respondents</td>
<td>Did not see their Board being this dynamic 7 &amp; 8</td>
</tr>
<tr>
<td>3 respondents</td>
<td>Did not think ties are necessary between Board members and constituents 9</td>
</tr>
<tr>
<td>4 respondents</td>
<td>*from 3 ventures did not number industry/profession specific (expert) trustees on their Board 10 &amp; 11</td>
</tr>
<tr>
<td>2 respondents</td>
<td>If presented with the need to seek information from other sources Board members would consult experts in .... 10 &amp; 11</td>
</tr>
<tr>
<td>5 respondents</td>
<td>Reported a lack of continuous focus on key performance indicators 12</td>
</tr>
</tbody>
</table>
As the reader might expect, there was total agreement in Australia with Assertion 15 ie. that ‘All Board members should have equal and timely access to information including agendas, minutes, background information, conference calls, e-mail’ in this age of freedom of information.

Also, all 11 Australian Board Members said with honesty that they love their Non-Profit for what it is and what they hope to make it. (16).

It was remarked on in Chapter 6 (Board Indicator) that the assertions are considered to be ‘ideal.’ It is to be expected that Governance, in practice, has not caught up.

‘Right’ answers were not sought, so much as thoughtful responses to assertions about the new face of a current Nonprofit Board membership.

To follow is the U.S. response, since Australian results are in Table 7.8.

**TABLE 7.9 - ANALYSIS OF BOARD INDICATOR – U.S.**

<table>
<thead>
<tr>
<th>Board member as Respondent</th>
<th>AssertionNos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>N = 3</td>
<td></td>
</tr>
</tbody>
</table>

| All claimed as True items 1-3, 5 and 6, 7 and 8, 10, 11 & 12, 14, 16 to 18. |               |
| 1 respondent | Could not regularly name ‘do-or-die issues’ | 4 |
| The same Bd. Member | Was uncertain about the meaning of ‘close.’ | 9 |
| A yearly survey of constituents and occasional attendance at gatherings occurs. |               |
| 1 respondent | Would not recommend a ‘use and discard’ task force | 13 |
| 1 respondent | It depended that all members should have equal and timely access to information | 15 |
| The same Bd. Member | Was not confident about funds being matched appropriately | 19 |
7.3 Phase 3 Results and Analysis

Derived from Principal Factor Model 6.3.1 – EN-Indicator: To be understood as ‘Enablement.’

In terms of factor composition, one child node emerged as contributing more than its siblings to each parent factor in the framework. Based on the content analysis of the interviews and using N-Vivo node frequencies, a composite of literal contributions from the seven highly functioning peak bodies were assembled around the lead child node for each parent factor and this has become Table 7.10 Significant Aspects of each Principal Factor for Social Entrepreneurship. For example, in Factor 1 Opportunity-Mission this was best served through Support (the highest number of node frequencies N=23).

To determine what that support is made up of, the aggregate of peak body interviews were ‘trawled through’ to discover:

(a) Issues of Philosophy (about Opportunity and about Mission and Risk). Instead of being focused on the extent of risk with the potential to become overwhelmed by it, and the processes by which to keep risk at bay, the peak body cluster wins through shared philosophy, multiple role-taking and pro bono legal, and political support (see overpage Table 2).

(b) Attitudes toward Role or extra role-taking were expressed also.

(c) Comments made about the value of accessible Legal or Political support for a social venture.

Factor 2 lists the kinds of enablement (Enabling 23) which will support social venture Development and Strategy.

Factor 3 lists different options for Product Development and Management (Product 24).

Factor 4 – ways in which the entrepreneurship team sets an example (Resourcing 18). This may be enhanced by other support from legal or accountancy advice.

Factor 5 – ways in which the Process (18) of internal Management Systems function in the peak bodies.

Factor 6 Showing responsibility towards all (Constituents 10) who participate in the social venture—not acting upon impulse or disregarding providers or recipients of a resource.
**TABLE 7.10:**
Significant Aspects of each Principal Factor for Social Entrepreneurship

<table>
<thead>
<tr>
<th>Factor 1. OPPORTUNITY – MISSION</th>
<th>Factor 2. DEVELOPMENT &amp; STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>“A clearly defined opportunity to meet need.”</td>
<td>“Positioning a resource within a chosen area of need.”</td>
</tr>
</tbody>
</table>

Support in the form of:
- Philosophy
- Role or extra role-taking
- Legal / Political support

These overlapped with a recognition that there is a gap between government and for profit assistance. There is always risk and specific risk associated with pitching the service to meet a need, and to stay viable.

Providing enablement through:
- Memberships
- Resourcing
- Cooperation not Competition
- Aim for autonomous functioning
- Quality of relating
- Paid for and unpaid Technical Support
- Quality training/conferences
- Publications

<table>
<thead>
<tr>
<th>Factor 3. MANAGE &amp; DELIVER PRODUCT / PROGRAMS</th>
<th>Factor 4. LEAD BY EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Ability to manage the development process within agreed resources.”</td>
<td>“Attract and inspire, team build and continuously re-envision competent workforce.”</td>
</tr>
</tbody>
</table>

Deliver product in the form of:
- Income generation
- Quality training/evaluation
- Technical support for developing product
- Streamline funder assistance
- Product Focus on Outcome
- Sponsor Leadership learning
- Newsletter with Member discounts
- Member Services Directory
- Online Marketplace
- Idea experimentation Space

Delivered in the form of:
- Evaluation protocol modeled on peak body
- Investment the way to go, not granting **
- Mediate the Sector
- Be a Good Employer
- Perhaps train interns for other organizations
- A pride in Parenting Spinoffs
- Activate a transparent pricing structure for servicing outside constituency
- Be Creative

Lead by Example will be enhanced where there is support for legal or accountancy advice.

<table>
<thead>
<tr>
<th>Factor 5. RELIABLE MANAGEMENT SYSTEMS AND EVALUATION</th>
<th>Factor 6. CONSTITUENCY and STAKEHOLDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Instal, interpret and act upon reliable management information systems and controls.”</td>
<td>“Having a rationale about attracting sufficient income to finance operations without financial disaster.”</td>
</tr>
</tbody>
</table>

Internal management systems as:
- Management & Administration
- Professionalize Evaluation
- Time is costly to Administer
- Expert Assistance
- Finance Association Assistance
- Track Impacts in Social terms
- Map Community wealth

Entitlement to Tax Breaks was mentioned on three occasions.

Made up of:
- Funders
- Boards
- Social Capital Stakeholders
- Inclusind Recipients
- Bank Sponsorships
- Memberships
- Lessees
- National, Regional or Local Representation.
7.4 Phase 4 Social Venture Leaders:
“Leaders create meaning out of events and relationships that devastate non leaders! Even when battered by experience, leaders do not see themselves as helpless or find themselves paralyzed” (Bennis and Thomas, 2002:1 of 6).

Selected from case examples, it was a starry-eyed John who graduated in Social Work in 1970 (Interviewee 6). He had seen the suffering of people in mental health during his training. Deinstitutionalization had begun, and John was concerned and formed an ‘action group’ but received very little support. Unbeknown to him, others from inside the hospital got a residents’ group operating, generated grassroots fundraising and found uses for equipment from the hospital in another setting. Eight years later, John was hired by Tasks Unlimited.

The ‘Joseph-in-Egypt’ kind of business experience on his parents coffee plantation in Kenya fitted the young Michael (I.3) for his drive and commitment at the Jubilee Centre, Cambridge, UK.

When we first met in the early 90s she was in Conflict Resolution. Dimity trained as a teacher (I.10) and now sees everything she has done stemming from development in one forum or another eg. community development, organization development, regional, economic, world development.” Now in her role of leading volunteers in an international aid agency, she sees her focus is on reconciliation—away from conflict.

Bennis and Thomas (2002) on Leadership resorted to Shakespeare to provide an example of tragic failure found in the Roman General Coriolanus. He was a great warrior, a man with a strong moral compassion but with a flaw. He had an utter inability to reach out to the 5th century BCE people of Rome and engage them in his vision. Not only did he fail to grasp the expectations of the people, but he was convinced that reaching out would be a form of pandering. What of Social Venture Leaders?
7.4.1 Results and Analysis: The metaphor used at the outset of the ten Social Venture Leader Interviews of Phase 4 was Drucker’s (1990:23) summation of issues about ‘balance’ in the non-profit. Hence each interviewee was given the metaphor “Entrepreneurship is like paddling a canoe with two outriggers—it takes balancing.” Then each was asked “What comes to mind?” Since anyone anticipating an interview expects to apply logic to answer questions, some Interviewees handled this shift to right brain thinking better than others. Accordingly, they answered this way:

Spontaneously, one person said

“The horrible mission (ie mission for Not-for-Profits, is to save costs).”

<table>
<thead>
<tr>
<th>No.</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What comes to mind thinking about paddling a canoe is the ‘double’ or even ‘triple’ bottom line: a successful Social Entrepreneur has to meet his/her social aspirations and be financially sustainable.</td>
</tr>
<tr>
<td>2.</td>
<td>It’s jolly hard; then qualified ‘hard’ meaning, ‘a challenge.’ People don’t necessarily understand what you are doing. Raising funds is difficult. People give to ‘down and outers’ but people do not see a need to give to ‘up and outers’ of the corporate world. It is a real challenge getting that vision across.</td>
</tr>
<tr>
<td>3.</td>
<td>There are major constraints when you are trying to get something going. You have to ‘live it’ (social venturing).</td>
</tr>
<tr>
<td>4.</td>
<td>...thinking of a three-legged stool said You need Values, Product and Money.</td>
</tr>
<tr>
<td>5.</td>
<td>There are many things to be balanced ie. balancing what I think is possible, with all the constraints and factors that determine whether something can be done. Canoeing is an apt metaphor, absolutely.</td>
</tr>
<tr>
<td>6.</td>
<td>Social Value creation is a very exciting topic. It comes up from time to time over whether one is administering a federal program and therefore, a state agency, or having to be not-for-profit.</td>
</tr>
<tr>
<td>7.</td>
<td>In the human services a community cannot see the bang for the buck. Politicians can drive along a newly-made road, but you cannot see anything for dollars spent on human services – it has no impact on the society.</td>
</tr>
</tbody>
</table>
Some attention to **Personal History** seems appropriate and helps to give a context to the venture each person heads up:

I.4…After a son bought him out of the landscape business, and this secured superannuation, I.4 obliged someone by placing a baby’s crib where it was needed. This initiative now deals with 75 families most weeks. These are people in transition in some form or another.

I.3…is known for a private-sector Joblink, and for stimulating other initiatives. He was previously working in East Africa in the family coffee business, setting up a division to stabilize small, rural industries.

I.5…”My first involvement (outside of the University) was in a particular health centre which was a social enterprise—having no government support or funding. But I decided quite some time ago that I wanted to be a person who ‘created things by being a piece of the action.’”

I.6…The beginnings of this person’s interest arose in 1969, ’70 around graduation. In 1978, he was formally positioned in the venture he was interviewed at.

I.7…has always worked in the not-for-profit sector after training for aerospace. “The State of Arizona does not believe in mental health,” he says.

I.8…An association with the Inter-Church Trade and Industry Mission for nearly twenty years lead him into the role of Chaplain to the Shop Retailers Union. He coordinated a full-time chaplaincy to 52,000 members.

I.9…Prior to 1997 he previously worked at the Mayflower Family Centre, London for fifteen years. There, I felt I was only scratching the surface.
Something much more foundational needs to be done. Yet many have already left school without the discipline of work.

It can be seen that each of these leaders is an experienced, seasoned-by-life member of humanity. One may conclude from the record of involvement that they are prepared to do the hard yards.

On Inspirational Leadership the Fontaine and Jacobs (1998) proposition about competencies was an opportunity at self evaluation:
High, Medium or Low responses were called for i) Self awareness, ii) Self Management, (iii) Social Awareness and (iv) Social Skill for each Interviewee.

ii)  Holding a realistic evaluation of personal strengths and limitations.
iii) Awareness of emotions and their impact on work performance.
(Ex-Harvard Psychologist McClelland (1961) identified the linkage of Emotional Intelligence while measuring Leadership Impact).

Six leadership styles were suggested ie. Coercive, Authoritative, Affiliative, Democratic, Pacesetting, Coaching. Interviewees responded with “My style is pacesetting and coaching;” “I feel compassion and all, but I can be coercive;” “Democratic, pacesetting and coaching;” “Coaching, pacesetting and democratic;” “Thought to be Authoritative early on but more Pacesetting.” “I am very conscious that it is not for me to ‘change’ people; but in each and every way to focus upon meeting the objectives already outlined.”

In addition to their self analysis: “We’ve raised money from citizens by issuing employment bonds and we’ve used two strategies to get people into work 1) the rather typical private sector Joblink—doing what the public sector is supposed to do ie. Have a caseload of 30 – 50 people, have a worker, and his job is to help and get those people into work.
2) The same organization gave 50,000 pounds sterling to a community organization Sheffield-wide. They then got a statutory amount of matching funds from the EU. Then they went along to a Bank and said “How much will you lend us if we use this 170,000 pounds sterling as a guarantee fund?” The bank said “Four times that.” Now with 600,000 pounds sterling they lend to long-term unemployed people for business startups.”

Reflecting on CBD Venture…”We conduct (a) training in Urban Sociology. Units are Work, and the Rest of Life; Life in the Marketplace; Justice Issues; Leadership and Mentoring; and (b) consulting in Personal Counselling, Life Coaching, Mentoring. We also offer a holistic package on family, addiction, work/life, because senior management come from dormitory suburbs, as well as those living in CBD.”

Ex-ITIM Chaplain…“Through this enterprise, I would like to give people an opportunity for them to be empowered, and encouraged and challenged, so that their self esteem can be uplifted; and where they can gain a real sense of who they are. Maybe with this community after ten years of engagement and conversation and general loving, we might be able to reduce the level of welfare from 50% of our population here down to maybe 20%. 50% of people in this postcode are welfare-dependent ie. 3,700 people in this small community.”

From East London: “We aim for quality housing at a cost effective rate and medium employment – but not an extension of government programs. We look at serving maybe 500 families. We offer (a) Employment preparation courses – 2 hrs x 5 weeks; (b) Real employment as a catalogue delivery service; (c) Furniture repair and resale (Govt. and bank consignments); also (d) J. K. Laing Construction offer, through us, perpetual apprenticeships.”

Tackling long-term unemployment with matched funding of more than 500,000 pounds sterling while not ignoring a typical Joblink approach;
providing continuous and relevant mentoring to upper echelon corporate personnel on Life and Work issues; 
dreaming about reducing welfare dependence levels from 50% - 20% in ten years, and 
absorbing a construction apprenticeship scheme within the non-profit to 
benefit 500 families is inspiring.

On Decision Making:
How much does past experience contribute?
“Past experience contributes immensely; it provides the necessary confidence to take risks.” “It plays a part but not a major determinant…Even when things have not gone well, instead of avoiding similar things, I aim to learn from the past and ask “How can I do that better?” “Although for five years I was in my parents’ business and it was painful, it was absolutely invaluable when I came to do this.” “I am an eternal optimist—past experience doesn’t contribute very much.” “Past experience contributes enormously having sat and listened to conversations – helping in setting up community health centres, welfare advisory committees and citizens advice bureaus. Sitting with chairmen of Boards of companies, with CEOs, trying to understand more appropriate ways the organization can connect with its people in order to get better production and have people feel more valued.”
Allowing for one person whose optimism overrides past experience, past experience informs the ‘present’ and shapes present outcomes.

What place does your **General Knowledge** have?
“General knowledge is very important in order to think laterally and in cross-cutting ways instead of protecting specialist ‘silos’ of knowledge.” “I am broadly-based in general knowledge, but I also place importance on lateral thinking.” “General knowledge holds a high place for me.” “All of my experiences form a foundation for the acquisition of knowledge. Knowledge is not always that which you read; although what you read is really helpful. But it is what you read against what you learn—one is
knowledge, the other wisdom, I think. The two need to sit hand in glove. Many people I know have lots of knowledge but they are not as wise as owls. Nor am I saying that I have the perfect balance at all but I think it is imperative to have that balance.”

Each interviewee had a high regard for general knowledge thus avoiding being insular.

What Tacit Knowledge is required?
“Tacit knowledge is about me having a clear enough picture to pass it on and to know who it is to have that information when they need it.” “Timing is everything—like a good comedian. It is about who you ‘bring in’ and ‘when’ eg. “What other pieces of information do I need to satisfy the needs of local council?” So I will acquire that knowledge or gather around me some people who have that knowledge and put it together.”

“Tacit knowledge suggests the usefulness of models of things. Being a historian I have a general knowledge about a lot of things, but not a very detailed knowledge. I know a lot about things in the social world—social and political things, and where they all fit. And I know quite a lot about schools, and about how health systems work. Most people’s knowledge tends to be restricted to a limited range of things but have a more detailed knowledge about particular things. A lot of the interests I have and the ventures I have been in arise from knowing there is a certain model that might work in the disability field that could be done in a quite different field ie. the same features could be there. For example, a financial institution could be used in a non-commercial institution. The general features are fixed for many people, whereas I think they are all movable.”

These responses about Tacit Knowledge are an example of how differently people see things; yet the three responses above contribute to a positive whole.

What happens when you provide service or meet a need? Is there an amplified effect or other Outcomes?”
“My outcomes are measured in changed human beings, visible growth and growth through a social or financial contract.” “Positive outcomes lead to raised confidence.” “Positive outcomes reinforce the belief that needs continue to be met. I groan with disbelief as to what we do here…up to 75 families a week, 5 truckloads of goods, and 3 satellites this half year.” “We all benefit—providers and consumers.”

Writing about his views on outcomes in Social Entrepreneurship Drucker 1990:47) said “Need is always a reason, but by itself it is not enough. There also have to be results. There also has to be something to point at and say ‘We have not worked in vain.’ So we are always looking at programs and projects with the question ‘Do they produce the right results? The Leader’s job is to make sure the right results are being achieved—the right things are being done.”

“Do I feel good, bad or indifferent when I provide service or meet a need? I’d like to turn that around because it is not about the giving of the service but its about the recipient of the encounter—a thing that happens between two people that is incredibly uplifting. To see somebody change, or see the lightbulb come on…there is a way out! Every individual who comes here brings with them their level of greatness and for me to let people to know in a conversation that they are really wonderfully great, and he and I or she and I can actually come to that together. It’s not about what I give but what I get. I feel uplifted in my heart! I get goosebumps.” “I feel wonderful.” “I’m a good listener, and try to weigh the other side. This produces an amplified effect. Through body language the person says “You have given me back my dignity.”

On the whole interviewees said that positive outcomes reinforce the belief that needs are being met. The last response connected with the glow which can occur at a subjective level.
In an effort to test the veracity of the Minniti and Bygrave (2001) decision-making algorithm, a four-step pathway of ‘process information, make mistakes, update algorithms, and refine performance’ was suggested in the interview. Respondents were invited to comment if they differed from this. Interviewees found this difficult to critique in the time needed for an answer. However, four persons proceed in the typical Minniti and Bygrave fashion.

Asked for an alternative, someone said “I think the first thing that I do in a meeting when I hear some bits of information, is to ask myself ‘What is possible out of the information?’ So I leap to what is possible, then I start processing backwards. I grab hold on what I see is the solution and set about making a series of choices, (some of which may be mistakes) but I address the problem through the solution. The solution becomes the goal.”

Again Drucker (1990:47) says “One always starts out with the long-term. This is particularly important for non-profit institutions, precisely because they do not have an immediate bottom line, but also because they are there to serve. But action is always short-term. So one always has to ask: ‘Is this action-step leading us toward our basic long-range goal, or is it going to sidetrack us, going to divert us, going to make us lose sight of what we are here to do?’ But we also need to be result driven. We need to ask “Do we get adequate results for our efforts? Is this then best allocation?”

What place does **Intuition** play?
“Spiritually, if I am impacted, I don’t wait very long. My attitude is ‘Let’s do it today.’ I pray a little differently. God and I are very close. If I preach that—I also try to live it.”

**The phase you are in?**
“I tend to think that we are always in startup.” “I am in growing the need phase.” “I am in growing the need phase, but in crisis mode financially.” “We have grown the need and the place is exploding.”
Given the descriptors ‘momentum, flexibility, frozen, more of the same, vitality, and vision,’ four key words emerged as consistent descriptors.

What is your approach towards volunteers......low paid staff?
“Though I am a volunteer for half of my time and I don’t have other staff, my approach to staff and volunteers would always be to try and help them enhance what they do, and to learn from their experience.” “An interesting approach to structure and administrative support or volunteer staff exists. My aim is to sit astride as many residents’ groups or Action Committees as I can in order to empower others through delegation.” “Although we have 8 paid employees, we have the equivalent of 17 unpaid staff hours/week. These people are the lifeblood of Bridging. They are modern-day saints.” “There are many kinds of volunteers. I see them as critical to a going concern, and necessary.” “I ‘love’ the volunteers. They do an extraordinary job. Their passion and commitment is sometimes overwhelming though it is fraught with difficulties. If you are absolutely dependent upon the drive and commitment and passion and loyalty of the volunteers and you have a smidge go wrong, that could undermine the whole operation. But I have enormous admiration for them.” “My Board are all volunteers. This is a new standard.” “If you deal with public policy you cannot afford to be anything else but highly professional. In the past we found that so much time was going in to the volunteers which were counter productive.”

Approach towards Volunteers, Mentoring and Attitude to Board are responses which reveal the Leader’s attitude to other members of her/his team. In all cases the interviewee was respectful and appreciative. Being Stakeholders also, Volunteers and Board Members contribute different dynamics from the interactive Enablement Effectiveness Model (Figure 9).

What form of mentoring occurs?
“I seek to mentor others, and I seek informal mentoring from others.” “The staff here are quite a bit younger. I try to mentor – gently.” “We don’t have any formal staff development in the form of mentoring. It is left to staff to
say in their annual appraisals what they want to do and for us to facilitate it.
We try to allow people to go off and do things eg. my CEO (Business) is a
trustee of another charity. He goes for four days/year to there. And he’s
doing this partly as a learning exercise for what is going on out there.” “I
have been alone in situations many times, so therefore I try to cultivate and
nurture others.” “I’ve played most sports, but I stopped playing football
when I was 53, then I coached both under-age and a senior team.”

What is your attitude to the Board?
“I always seek to ensure that they have clear and an agreed purpose, and are
fun!” “I draw from the enthusiasm I see Board members derive from this
‘work in progress.’ I prefer to keep a professional relationship with Board
members.” “We have to keep trying to harmonize. Board members serve
for three years, then they are off.” “Clearly, my Board has the final say of
what happens, so members need to be treated with very real respect.” “I see
my role in a ‘startup’ as being in a critical relationship with my Board. It is
not the typical arrangement of established organizations, but a combination
of a workable, supportive group.”

Resources I contribute are:
A diversity of experience,
A reluctance to accept the orthodox,
Good humour,
Time,
Expertise,
Energy,
Advocacy,
My home in an apartment,
Car,
Computer.

“I’ve not had much money to give: what I see every day has made me a
better person.” “We traditionally use our surpluses to take risks.”
“Sometimes I am not sure what I bring. I bring faithfulness, I bring a strong
sense of vocation, a passion for my work and for the people of this
community, a work-life commitment to this community. I’ve committed
myself to work here until I retire. I bring energy, enthusiasm, humour and vision (which for me has to be spoken) so in public I bring an eloquence to the vision that I think grabs hold of people.”

**ADDENDUM**

**Facts about Needs in the Community**  
A word about those who have needs is appropriate here. Information has been sourced from the Australian Bureau of Statistics as a Literature most likely to be accepted. It reads as follows and will be referred to in Chapters 8 and 9:--

While focusing on the ‘means’ to doing Social Entrepreneurship it seems pertinent to ask “To what end?...What is the purpose of doing Social Entrepreneurship, anyway?” A glance back at the introduction will remind the reader about the many disillusioned people in the gap between the Private and Public sectors—between Corporates and Business, and Government which legislates and regulates. For people ‘in the gap,’ the non-profit community sector is a way forward. Disillusionment manifests itself as apathy, poor quality of life, stress and unhealth. Therefore, it seems necessary to conclude the chapter with some facts and figures based on collective survey reports.

**7.5.1 Health and Wellbeing:**

1. In 2006 the next four yearly ABS General Social Survey (GSS) will be conducted. It is recognized that social phenomena are interrelated and social policy is becoming less sectoral as a consequence. The hope is that GSS will make it possible to measure the extent of multiple social disadvantage across select areas of social concern.

2. In 2001 a majority of Australians 15 and over considered themselves to be in good health (Australian Bureau of Statistics Year Book, 2003).
82% of Australians reported health status as “good, very good or excellent.” Such self-assessed Health status was strongly related to Physical Health.

(ABSYB 2003, Health)

All age groups aggregated: 15 – 24  25 – 44  45 – 64  65+
Reporting Excellent, Very Good or Good Health…81.8%(M), 82.0%(F).
ie. (M. and F.) Persons 81.9%.

3. Contrasting this information about Health and Wellbeing with three areas of health-related concern are (1) Mental Health; (2) Addictions; (3) Disability.

In 2001 information on mental health was collected from adult respondents using the Kessler 10 Scale (K10), a 10-item scale of current psychological distress (ABS Year Book, Health:Mental Health, p.1of 2).

3.6% of the adult population reported a very high level of psychological distress—2.7% men, 4.4% women.

A higher proportion of males and females aged 45 – 54 reported very high levels of psychological distress.
The greatest difference by sex was between young women and men 18 – 24 years, with 5.4% of young women having high levels of psychological distress compared to 2.7% of men in this age group (see Fig. 7.1).

3.6%

Figure 7.1:
7.5.2 Comment:
(a) Approximately 80% of the population enjoy ‘good’ mental health free of mental disorders. It has been estimated that mental disorders caused 13% of the total disease burden in 1996 (ABS Year Book, 2003, Health).

(b) All of the Addictions cause a great deal of concern. A recent 2005 release by the Salvation Army claims that 1000 units of work are done each week for the gambler or family members because of financial and/or emotional distress (The Age, 2005). Since poker machines were introduced in 1991, assistance had increased tenfold.

(c) The field of Disability is a vexed issue. As with (1) and (2) there is a family of individual persons behind the 6920 people (in Victoria) receiving support in 2003-04. An estimated 7830 Disabled persons will receive a portion of the $105.8 million for the 2005-06 period. Each family is living with the grief or suffering of a loved one, psychologically if the family member is in care; either physically, or mentally and physically where the person is supported at home. This often amounts to a 24 hour/day burden.

Together with Mental Health, the field of Disability is also being ‘managed’ around deinstitutionalization. Department of Human Services has the overarching responsibility for disseminating services on behalf of government. In Victoria, of eight service regions, three metropolitan regions account for 73% of the State population. This is a bureaucratic response to services with a considerable amount of contracting to non-government organizations.

It is noted that much dissatisfaction exists where appearances fail to match the reality eg. People lead to believe individualized planning and support is of major essence experience disconnects and discontinuities all over the
place. Where there is goodwill in the system, it bespeaks a service in serious breakdown. More layers of bureaucracy have been added with planners, case managers, and brokers looming large. Salaries would absorb a notable proportion of the $105.8 million estimate.

There is also no longer the right of appeal to an independent body about decisions made in the planning process. Current individualized planning and support being implemented in Victoria, and the legislation review recommendations do not foreshadow an improved planning framework resulting in improved provision of support (Ryan, 2004).

A framework for reform has been proposed. Arising out of a series of workshops conducted August, 2004 in both Sydney and Melbourne with Karen Merrikin, Director Health Policy at Group Health Co-operative, Seattle, Integrated Health Care Reference group was established to coordinate the development of enterprise initiatives to further reform.

The principal focus of the Group will be the development of a national social enterprise in health care over the coming three years (2004 – 2007) to enhance and integrate our fragmented health care system.

The venture will comprise a network of consumer-governed organizations whose mission is to design, finance and deliver high quality, patient-centred health care which is:

- Grounded in medical evidence
- Organized around populations
- Personalized for individuals.

The view of this research is that where distribution of service channels could become socially entrepreneurial and existing or predicted crisis ‘managed,’
one could expect a reliance on government for provision of infrastructure. Respect needs to be engendered for working together on Disability issues.

The National Roundtable of Nonprofit Organizations was formed in October, 2002. Its stated purpose is to ensure that the non-profit endeavour enhances the community wellbeing and common good of Australia ie. by seeking to build capacity, reputation of and respect for the non-profit sector (Fact Sheet).

The sector in Australia pre-dates any form of comprehensive government intervention on behalf of people in need. It arose from the compassion, goodwill and foresight of men and women of philanthropic, humanitarian and religious convictions and has continued to serve, expand and diversify since early colonial days (Industry Commission, Report into Charitable Organizations in Australia, 1995).

Estimates for Size, and Volunteering are enlightening (ABS, 2002).

**Size:**
- There are as many as 700,000 nonprofit organizations in Australia, most of which are small and entirely dependent on the voluntary commitment of members.
- Approximately 380,000 nonprofit organizations are incorporated in some form or another (meaning that they have a legal identity independent from their members).
- About 35,000 nonprofit organizations employ staff.
- There are approximately 20,000 organizations with Deductible Gift Recipient status in Australia. Most of these are nonprofit organizations.

**Volunteering:**
- During 2000, 3.7 million Australians volunteered a total of 600 million hours of labour for non-profit organizations of all sizes.
- This voluntary contribution was equivalent to an additional $8.9 billion worth of income to the non-profit sector.
- When the voluntary contribution is added to social enterprise Australia’s nonprofit sector contributed $29.6 billion or 4.7% to GDP. This is a larger economic contribution than the mining industry.

Active meeting of need by a Social Entrepreneur places one outside of mainstream economics, social systems accountability and the quality movement—(thought of) as a poor relation to one’s corporate equivalent. Yet needy people respond favourably to a common sense, hands-on approach to life (Swedberg, 2000).

It was seen in Chapter 4, politics on poverty, ageing and health are unstable. However, promotion of the Voluntary Sector for the Benefit of the Public has been actively pursued in Britain. In many respects the words ‘Voluntary Sector’ are synonymous with Social Entrepreneurship sector. At a consultation ending in February, 2002 the contribution to community and civil life was seen as “immense, invaluable and irreplaceable” (p.1). The purpose of the consultation seeking views of those involved in the Charity and Voluntary Sector was (a) to recognize the promotion of the Voluntary Sector for the benefit of the public as ‘a new charitable purpose,’ and (b) deciding which organizations promoting the Voluntary Sector for the Benefit of the Public are charitable and which are not.

A10 and A13 of The Deakin Report (2002) stated “There is a substantial benefit to the public in having an effective Voluntary Sector. Even those who do not receive direct assistance personally from a Voluntary Organization would probably agree that society as a whole derives a significant benefit from the activities of the Voluntary Sector.” And A13 “recognized that the Voluntary Sector makes a substantial contribution to the health of society and recognized that intermediary bodies are an important force, fulfilling four main functions: development; services to other organizations; liason; and representation.”
In addition, A15 states “Umbrella bodies (intermediary or ‘peak’ bodies) provide a number of intangible benefits to the Public. Their services include:

- Liaising between charities, voluntary organizations, government agencies and other groups on relevant issues;
- Providing training, conferences and seminars on subjects relevant to the efficiency of the voluntary sector;
- Identifying needs in the voluntary sector and establishing projects or policies to address them;
- Assisting in the administration of funding programs to charities and voluntary organizations.
- Providing information to the press and the public on the operation of, or problems encountered by, the voluntary sector;
- Providing services such as legal, accountancy and management advice services to the voluntary sector;
- Providing advice and information on fund-raising techniques appropriate for voluntary organizations and charities;
- Acting as a representative of the voluntary sector in relation to government policies, and legislation;
- Advising businesses on charitable giving and encouraging employees to participate in voluntary work.
CHAPTER EIGHT

DISCUSSION

When thinking strategically about the outcomes of a research methodology the aims of a Discussion Chapter are:

1. To examine and evaluate the outcomes of data collected and results.
2. To make sense of the analysis of results and their connectedness or otherwise to theory.
3. To build a model and present it.

8.0 Introduction:
Although the term ‘tabula rasa’ was originally used in the 18th and 19th centuries to describe the mind prior to the impact of experience, in a very real sense there has been a corpus of common sense surrounding benevolence ie. the ‘tabula rasa’ of Social Entrepreneurship. But, without research into Social Entrepreneurship there has been no rigorous pursuit of evidential experience by which to inform and proceed.

In Phase 1 five experts were approached to help define the required questions (p.203). This resulted in two postulates about social entrepreneurs as follows:--

1. That the interaction of the Self and its social environment in an instrumentally renewing manner describes the formation of a Social Entrepreneur.
2. That Social Entrepreneurs strongly engage with generative experiences and are motivated by generative impulses.

Once these postulates were formed through Phase 1, a strategic decision was taken to examine them on a cohort of practising Social Entrepreneurs. This then became Phase 4 of the Data Collection. Interviews were conducted around the theme of Leadership. Since each person is CEO of a
functioning social venture, it was relevant to gather data arising out of the postulates formed from the experts of Phase 1.

A conclusion reported on in Gillin and Long (2004) was: Social Entrepreneurs are generative for the here and now, having the desire of making things better for greater numbers of people outside of one’s family.

When the methodology was being planned there was an absence of tools or a way forward. The researcher’s previous experience as a Psychologist aided in working from theory to construct the four Indicators (E-, G-, B- and EN-) reported on in Phases 2 and 3, pp.205-215). Although requirements for test-retest reliability, and by one person only, exceeded the time duration for Ph.D., significant steps have been taken to support or negate items clustered around major factors associated with the Literature for Entrepreneurs, Support Persons, Boards and lived experience for Enablement. This was a first-cut at domain sampling. Therefore, the internal logic of all phases of the collected data and examined results was determined with as much rigour as the current state of academic scholarship would allow.

In the Discussion which follows the aims are: -
1. To tie together expert opinion and lived experience of self-selecting Social Entrepreneurs; learning about social value creation through the eyes of those who live the experience. Also, what is known about the field has become important.

2. To examine the contribution of others--people who support the vision of a social entrepreneur—Goodwill teams of volunteers and staff, also Board members who have a part to play. This is a cross-sectional study.
3. To present the Enablement Effectiveness Model (Phase 3), the critical component of this Research (a solution waiting to be adopted by any number of proximate social ventures).

In the hope of simplifying the logic of Phases 1 to 4 (and with a reader’s enjoyment (comfort) in mind), findings from Phases 1 and 4 speak to 1. above; while Phase 2 elaborates upon Aim 2, and the Model is emergent from Phase 3.

8.1 The Social Entrepreneur interviewed:
While ‘being seen by others as very productive,’ the subjects of the Phase 1 research suggest that Social Entrepreneurs are globally creative ie. they think optimistically, and construct resources which they do not currently possess. They see opportunities and make connections constantly. Thus, their creativity impacts upon other people. They have also been committed to making a difference to many people, groups and activities across life (Gillin and Long, 2004).

From the results of Phase 1, Social Entrepreneurs are an excellent example of adults who avoid stagnation by being generative. The definition for generativity has been broadened somewhat from theories of Jung (1933) and Erikson (1950, 1980, 1982). Also McAdams’ and de St. Aubins’ (1992) model has been modified. Rather, Generativity for Entrepreneurs is not focused on ‘passing things on to the next generation’ per se, or as enculturation; nor is it focused primarily on passing on a legacy as an historical event. Generativity has to do with the Social Entrepreneur answering to community need in the here and now, with a desire to make things better for greater numbers of people outside one’s family. Need abounds in the gap between what governments provide, and living with dignity. Meeting those needs in a measure, is what social entrepreneurship does through faith and community ventures.
Whatever the circumstance, people like these veterans embrace life creatively, connect resources, and bring about change—usually for the better. This is a way of Life. Generativity is healthful. Death in the future may be a fact of Life but meanwhile, a Social Entrepreneur will live in the present, bringing to bear experiences from the past which inspire, thereby leaving the future to take care of itself.

Social Entrepreneurs are an excellent example of adults who avoid stagnation by being generative. They also add intangible value to the society.

**Phase 4: A Snapshot on Leadership:**
The Drucker metaphor evoked various images in people. One person rejected the image of ‘paddling’ in a canoe and preferred to speak about ‘surfing—surfing the wave.’ “There is a level of energy which you are expressing whenever you do what you do as the Entrepreneur.” In her terms, energy is coming from within rather than externally—the expression of an internal force. “You have this inner sense of drive and you feel like you are ‘surfing’ the wave of the drive.” “You really do feel that you are expressing what’s inside this creativity, and this energy—this production is coming from inside,” she said.

The outpouring of description tells about vision and mission capability with which the Social Entrepreneurs of this research are imbued. It is what catapulted John 27 years ago into Tasks Unlimited, and it unfolded for each of the veterans in Phase 1. With this inner drive is associated ‘possibility thinking’ and what some would call ‘a deranged belief that one can move mountains.’ Hard as this may seem for a more conservative thinker, this way of thinking is at the core of transcendence. Each entrepreneurial person is a beacon to the rest of us that human beings can transcend the most jaw-locking, crippling odds, and they emit their creative energy on behalf of others in need.
A brief inventory of the ten communities served by the Social Entrepreneurs (Phase 4) of this research is:

- Advocacy at a top level in public and private institutions
- Acting where there is powerlessness in disability
- Speaking to ‘uppers and outers’ of the corporate world
- Displacement through transition
- Unemployment citywide initiatives
- Mental Health
- Community Health
- Community Development volunteer provision.

Returning to the canoe with the outriggers and the notion of ‘balance:’ “It’s jolly hard” one said. Another said “A three-legged stool won’t work if something is missing. What comes to my mind is Volunteers, Product and Money.” Another, “This is when ‘Balancing what I think is possible with all the constraints and factors that determine whether something can be done, alienates me from the thinking of others who think it is not possible.’”

Back to the ‘surfer.’ “In different sectors and at different times there are a whole lot of different principles, different values, different needs, different outcomes that you are managing. Even the word ‘balancing’ is not really proactive enough. It is a very energetic process.” … And one sees in the mind’s eye the swell and ferment of the wave—the eddies and currents, upon which the surfer rides.

Social Entrepreneurs are of a unique class of people who rarely retreat. They engage in intentional action, are extremely persistent, and they bounce back from setbacks. They put their resources on the line as risk is of low priority, and they stay alert to opportunities. Social Entrepreneurs create social value arising out of conviction, vision, a felt need to respond, or an intuitive response (Gillin and Hanich, 2004). Each act of creativity is evidence of their generativity. This may continue into old age.
The Zohar and Marshall (2004) theory of Spiritual Capital presents Generativity on the positive side of their scale of Motivations. They describe Generativity as “Creativity driven by love or passion.” Generative people have a sense of playfulness. “Because their creativity is so closely linked to play, generative people are often generative in many directions. They just spark off creativity, and are excited by anything that arouses their interest or curiosity. So their creativity is not necessarily in service to anything. It is just driven by an unbounded love. The strategies they adopt are always strategies of learning or discovery” (Zohar and Marshall, p.54). While social responsibility has a sense of obligation about it, a Social Entrepreneur acts out of creativity driven by a love for what they are doing, and life itself.

Through the results of each phase of the data collection, subjects displayed their capacity to strongly engage with generative experiences long after the years which society considers as a normal working life. Psycho-social space is occupied both by human beings who are generative and those who are not (Erikson 1950; McAdams and de St. Aubin 1992). Their model was adapted in Gillin and Long (2004). Some people are preoccupied with family, and immerse themselves with their immediate ‘others’ from the child-rearing years, for the rest of their lives. Others, faced with poor mental or physical health fail to make the transition into mid-life and beyond in a healthful manner. This prohibits, to varying degrees, being outward-looking towards others. Others who are not driven by power or ambition may be smitten with personal desire to do good. These are generative people. On the one hand, Psycho-social space has ‘accrued Cultural (societal) Demand.’ On the other are ‘Social Entrepreneurial teams who are ‘primed’ to meet need through being generative’ (model in Gillin and Long, 2004).
8.2 The Indices. Phases 2 and 3:
While certain qualities are accented about Social Entrepreneurs and this is breaking new ground, the data analysed ‘about all Entrepreneurs’ is significant (see Table 7.3 p.229).

E-Indicator: Results support the key dimensions drawn from theory. Results also elaborate on different aspects of the key factors which may not be covered so specifically at interviews—bearing in mind there is often a reluctance to disclose personal, financial or unconscious material. An example of this is that of Motivation in the E-Indicator (Table 7.2, p.227). The four aspects of Motivation suggested were ‘A conviction of heart,’ ‘A vision,’ ‘A compulsion to respond’, and ‘An intuitive response’. Not surprisingly, people often do not think about these things. Again, speaking to another person about risk or depression could also be intrusive.

In considering the question ‘Can the E-Indicator be useful in determining aspects of Entrepreneurship?’ Results in Table 7.3, p.228 support the approach to modelling of the seven key factors in E-Indicator. Further statistical analysis is required to obtain loadings on the key factors. As a case in point, Depression which is not biochemical or hereditary is, in fact, a state of mind respondent to environmental or situational conditions. Entrepreneurs’ optimism gets dented for a day (or up to two weeks), then they bounce back.

The Diagnostic Manual of Mental Disorders (1995:429) documents diagnostic features of Acute Stress Disorder (308.3) which best describes a Social Entrepreneur’s response to neglect or suffering. Marked symptoms of anxiety or increased arousal may present together with clinically significant distress or impairment in social, occupational or other important areas of functioning or impairment of the individual’s ability to pursue some necessary task. The disturbance may last for a minimum of two days and a
maximum of four weeks after a traumatic encounter. The style of possibility thinking which entrepreneurs use is a likely deterrent to expending negative energy in depression. However, a thought lingers as to whether it is also possible for a Social Entrepreneur to overextend her/himself; or if the combination of persistence and freedom from depression acts as an insulation for that person.

Analysis of risk requires further examination against for-profit entrepreneurs, as well. Social need may cloud a sensible appraisal of a task, somewhere between security and foolhardiness.

This researcher assumes that network orientation is a U.S. phenomenon; where increased entrepreneurial activity generates more entrepreneurial expression. In Australia, grassroots entrepreneurship is not as prevalent. Support and philanthropic foundations in this country have raised community awareness, but a climate of entrepreneurial thinking still does not exist on the scale of the United States.

As a corollary to the foregoing where entrepreneurship breeds entrepreneurship, reliable factor loadings on Superior Alertness need to be developed in further research.

Further, how does use of the E-Indicator relate to social impact value? Firstly, E-Indicator can be used to screen leaders in social ventures whose ‘responding to need,’ or ‘following a good idea,’ may not be durable. Knowledge about the parameters of motivation, persistence, risk orientation (financial or otherwise) and superior alertness can then be used to inform about enriching the mix of qualities practitioners have. This, in turn, can optimize the energy which transforms into social value in a practising Social Entrepreneur.
Additional information collated through this research is that Social Entrepreneurs are of a class of people who are unique. If each were asked independently, they would each say that they are merely doing what anybody would do in the face of need. More research is necessary to build a baseline of endeavour which establishes and reflects this uniqueness.

**G-Indicator:** Because it is desirable that social ventures become sustainable and exhibit stability and flexibility for the long term, the Larson and Starr Network Model provided an excellent backdrop against which to screen Goodwill Support Personnel. This model has described the processes by which essential relationships between an entrepreneur and resource providers evolve to create an organization. It stresses stability and flexibility in collective activities (Larson and Starr, 1993).

By the time this research was conducted into seven non-profit ventures the processes in Larsen and Starr Stage I had been experienced through numerous dyadic encounters. Such network dyads begin as either social/affective or faith-based/ideological relationships. They were accumulated by the Social Entrepreneur into a critical mass of resource acquisition which brought his/her social venture into existence. Critical resources defined the essential relationships that must be forged and maintained. Around these relationships a set of core activities were established which became the operations of the venture.

Stage II of the Larson and Starr model consists of the real work—creating value and meeting the needs appropriately. Here the Social Entrepreneur and Support Personnel contributed their resources in an exchange relationship, and embarked upon the trial and error learning of building a viable team. Into this milieu a conversion occurred. To be successful, the earlier dyadic relationships (whether social/affective or faith-based/ideological ties) transform through the actions and inspiration of a Social Entrepreneur. These relationships become invested with goodwill,
vision, generosity, talent and skills into a socio-economic exchange. As a team they create real value, ie. benefits in the recipients which may be retained; an improvement in recipient circumstances; the easing of mental/emotional or spiritual pain, or empowerment of those who are disempowered, at a cost considerably less than at regular service costs to government or the private sector. Support staff and volunteers of a social venture, and everyone who resources it contribute to the transformation which occurs. This leads to a crystallization of stable, committed exchange relations which extend beyond the earlier idiosyncratic and personalized relationships of the entrepreneur.

During this phase norms emerge regarding issues of confidentiality, disclosure, sense of trust, fairness, mutuality and reciprosity. Larson and Starr (1993:9) noted “Since all of this activity takes place in a context of uncertainty” (in this instance, a social venture), “maintaining promises and standards of performance in the provision of goods and services is of special importance”…It is “during the team-building period that parties build, test and refine an increasingly complex social and economic contract” again and again. Support is given for the Minniti and Bygrave (2000) existence of role models in the social entrepreneur and peer group. Without a doubt, team members are influenced by whatever rate of entrepreneurial activity exists.

If or when the fundamental social and economic dimensions of exchange are in place, a more advanced stage is achieved—the exchange process is characterized and structured by trust, norms of reciprocity, investment in mutually beneficial goals and organizational interdependence. The findings of this research through analysis of the G-Indicator supports existing theory. More research of this specific nature is planned, having validity in mind.

Traditionally, the cultivation and evolution of personal network patterns ie. sociograms, have been overlooked, wrote Larsen and Starr (1993). The inclusion in this research of an Indicator to enquire about the
patterns/elements which exist in selected existing social ventures helps to confirm qualitative characteristics about the value of each venture. It has also derived indications about the personal investment of resources (non financial) which existed in order for individuals in each organization to thrive and contribute.

Referring again to G-Indicator (Tables 7.5,7.6, p.231), results help the reader to gauge the good attitudes which most respondents had towards the name and reputation of their organizations. In the G-Indicator exceptional opportunity is given to the support person to complain about the cost to themselves of personal inconvenience (Appendix ‘9’ assertion 2g,h,i), but this did not happen. Resoundingly, enthusiasm for a project and their spirit of goodwill energized the respondees to contribute. Enquiring into Connecting and to Social Network Resources, Table 7.7 (p.232) is instructional. No doubt, personal enthusiasm for the cause feeds the social dimension of serving together.

A measuring gauge helping us understand personal resourcing was the ‘Shared Intentionality’ item which each respondee contributed to her/his venture. This section also highlighted ‘Exchange Boundaries’ which revealed a sense of empowerment felt by respondents of this research. On ‘Quality in Communication,’ it is understandable that people on a team like to be respected, and feel appreciated as individual persons. The organizational details of Action Situations, Trust, Reciprocation, and what constitutes ‘Boundaries in Giving’ are instructional, also.

While in the Literature Review an exploration of the Development of the Field of Entrepreneurship 5.1.1 SECTION A (p.134) was broken down into six themes, a Focus of the phenomenon to be investigated impressed as an element requiring testing in the field. Consequently, this research methodology having cross-sectional Indicators as tools allowed in-depth probing around the aspect of the transformation of exchange relationships—
what they consist of and how good or otherwise team adherence really is in a social venture. The following finding is revealing.

While it takes a Social Entrepreneur to lead with inspiration, sustaining social value creation also depends upon the cohesiveness of the support team. In actual fact, a major contribution to this project is the profile of the Goodwill Team. This research helps to recognize that the Support Team is inseparable from the Social Entrepreneur/CEO, and that it enhances and adds exponential value to what a Social Entrepreneur can do alone. It also suggests that enthusiasm raises energy levels together with inspirational and positive beliefs and attitudes, joy in serving and personal satisfaction levels. These all help in the cohesing. Social action is of importance for support persons, not merely social activity.

Just as ‘Exchange Boundaries’ are items which can be contributed for the good of the whole, they are also indicative of attitudes towards meeting need and not being found wanting. Together with Exchange Boundaries and Social Network Resources, it is feasible that the level of energy rises through serving together and being interconnected through vision and satisfaction levels. According to Bygrave and Minniti (2000:26), social learning tends to reduce transaction costs. They wrote “We argue that individuals who are able to observe entrepreneurs directly are more likely to become entrepreneurs themselves because their perception and valuation of the opportunity costs of entrepreneurial activities are lower” (Bygrave and Minniti), thereby costing less when accomplishing more. Continuing…they claim “The existence of positive role models increases the likelihood that new individuals will undertake entrepreneurial activities. Thus, entrepreneurship itself determines the level of aggregate entrepreneurial activity within a community. Therefore, “The degree of entrepreneurial activity within a social group is the outcome of a dynamic process in which social habits are as important as legal and economic factors” (Bygrave and Minniti, p.26). There is coherence here with Larson and Starr above.
**B-Indicator** was an exercise in finding out how well adapted a respective board member is to the new climate of social entrepreneurship. This was tested in five Australian non-profit ventures plus two in U.S. Such not-for-profits meet a need by delivering a service, and creating social value (virtually out of nothing). At the same time, moves are afoot to manage risk and talk is about social investment. In attending to seven selected cases, the hope of this research was that these ventures could be further strengthened—in this instance by invigorating ‘the Board.’

Taylor, Chait and Holland (1999:54) said “Effective governance by a non-profit board is a rare and unnatural act.” It is likely that the issues B-Indicator asserts may create a level of discomfort in respondents. If the Board of a non-profit is to be effective, it must assume the roles that owners and the market play in business; and it must ensure that it accomplishes its mission efficiently, but in the absence of concrete measures and market signals about mission, quality and efficiency (Hertzlinger HBR, 1999). That, precisely, is the Trusteeship role that is required of a not-for-profit board member.

The very nature of a trustee is that s/he be interested in results for which the mission of a venture is passionately pursued. Trustees need to model the behaviour they want to see in the social venture leader and the team—productivity gains, efficient processes and enhanced outcomes...at the Board table.

Conversely, the uniqueness of a true social entrepreneur may not embody good interpersonal skills at the Board level. Someone with vision and passion—a Social Entrepreneur--may not have experience of being promoted to leadership in a sequential, Mt. Everest fashion. What each contributes to good governance (board member and social entrepreneur) is a measure of how aware each is at a personal level to being collaborative,
transparent, and respectful. An image of mining was used as a response to exploring and bringing to the surface the objectives needing to be embraced.

One needs to ‘keep close’ to a project to sense or intuit what is central to the Board modus operandi. Disengagement between board meetings is not an option. Members also need to stay alert to coordination, between outcomes and timetables, at planning discussions.

The traditional non-profit board avoided appearing meddlesome where this service sector was concerned, and therefore remained relatively uninformed. Out of respect, individuals regarded the CEO’s management role such that s/he defined the problems and recommended solutions. Today, trustees need to understand what the social entrepreneur sees as critical issues. They also need to help inform her/his judgment by knowing what other stakeholders and sector experts think. Conversely, the social entrepreneur ideally is on hand to articulate key questions and guide a collaborative effort to formulate answers.

While the Indicator was being constructed, forward movement was thought about as ‘thrust,’ hence “Board members and Social Entrepreneur work together in order to promote thrust.” (Appendix ‘9’ assertion no.8). One respondee queried the encroachment of the ‘h,’ assuming a spelling error, and the intended word was ‘trust.’ It is salient to note that the new work of a Board requires trust in order to have thrust.

Put simply, the new work requires two-way communication between Board members and constituents (stakeholders). They may be donors, referrers, educators, bankers, suppliers, police and recipients. In this way a Board becomes vulnerable to other opinions.

No longer is it enough to have an accountant and teacher on the Board, but other professional people, and a lawyer as well. It is important to have
internal and external informants to a high level. One respondent was uncertain whether a board member would take “seeking information from other sources” &c. (assertion 11) into their own hands. Prudence dictates that this would be done in consultation with the CEO.

Together, a board and management should identify 10 to 12 key indicators of success (Taylor, Chait and Holland, 1999), and refer back to them often. In their view, Taylor, Chait and Holland suggest the need for two sets of indicators for a venture—a) those generic to the organization, and b) those explicit and specific to outcomes from mission.

A ‘use and discard task force’ (assertion 13) presented respondents with some ambivalence. It is notable that boards traditionally organize their work in functionally orientated committees eg. physical plant, invitation lists, finance, &c. These require low-stakes operational decisions. New work requires committees and task forces to mirror strategic priorities of a venture. In the opinion of Taylor, Chait and Holland, ”use and discard task forces drive a Board towards real-time results.” They multiply leadership opportunities and engender enthusiasm as well as a way forward (p.65).

United Nations Economic and Social Commission for Asia and the Pacific have laid out their terms for good governance with eight major characteristics: participatory, consensus orientated, transparent, responsive, effective and efficient, equitable and inclusive, following the rule of law, accountable. Not so different from the considered ‘new work.’ The Combined Code of the London Stock Exchange (2000) Principle A.2, issued by the Committee on Corporate Governance stated that “a balance of power and authority such that no one individual has unfettered powers of decision” needs to be ensured. A.3: “A Board should include a balance of executive and non-executive directors (including independent non-executives)” A.4: “A Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.” And…A.6:
“all executive directors should be required to submit themselves for re-selection at regular intervals—at least every three years.”

In their research into 339 large Canadian and US organizations, Bart and Bontis (2003:8) stated implications for (corporate) governance. “It was determined that ‘mission awareness’ on the part of both the board and senior management is an important consideration in the determination of employees’ commitment to the mission. However, the impact of Board and Management involvement with the mission is not identical. Results emphasized the strong and important role that a Board performs when it is actively engaged in the development of the organization’s mission.”

Since governance is the process of decision-making and the process by which decisions are implemented, good governance is the hand-up (not hand out) which Boards and Management can achieve when appropriately motivated.

**Enablement-Indicator, Phase 3:**

Social Venture Capital is resourcing of the enablement kind. It is common for many social ventures to be under resourced. Without a benefactor to see a venture through, it is likely that superceded technology and equipment is not fit to be upgraded when the time comes; nor have they been depreciated in the annual financial statement against the time of replacement. The same could be said about donated furniture and fittings when needing replacement. Fees for conferences and other forms of training are not readily available, and knowledge about product/program development and outcomes evaluation are frequently learned by trial and error if at all. One gets an impression withal of an otherwise successful social venture falling behind in what could be an organization with best practice.

Results from the Phase 3 research point to a way forward which not only parallels the Onians model for for-profit venture success, but demonstrates the
application of six not-for-profit venture success factors (Table 7.10, p.237) which are an enriching best practice model in numerous British social ventures. This research was performed on a systemic microcosm of social enablement (the goldfish bowl project). Since one function of research is to reduce phenomena in order to comprehend and therefore to expand upon research outcomes, knowledge from the London Seven about meeting need in communities is offered. Data gathered from seven peak bodies offered a structure which provided evidence that the examples of under resourcing already spoken about need not occur.

In order to enlarge upon this point the following Discussion is in three parts:

Part A: Results arising from ‘clustering’ seven organizations which exist to resource smaller non-profits with specific resourcing are shown.

Part B: A model for Enablement Effectiveness is developed and is presented in order to assist in building further clusters with more sustainable outcomes.

Part C: The newly drawn Social Entrepreneurship Sector between Charity/Welfare and Commerce/Government is shown in Figure 8.5, p.284. An interactive example of Social Venture Capital resourcing bodies appears in Figures 8.7, 8.8, 8.9. Bodies which give funding a) for startups; or b) staged funding depleting across 3 – 5 years from Government, Corporate Partners, Banks or from Venture Capital in the case of LIF (see R.H. side of Figure 8.7). This, together with all the in-kind resourcing (shown in Figures 8.7, 8.8, 8.9) (pp.285, 286, 287) is renamed Social Venture Capital.

Part A: The analysis includes the necessary features of Risk, Involvement-Enablement, Cooperation, Team building and meta-Enablement (Nagtegaal 1999). Modelled from the Onians (Bygrave, Hay and Peeters 1999 Preface xv) Principal Factor Model for Venture Capital Success, Table 7.10, (p.238) the Enablement Effectiveness Model was rewritten for Social Venture
Capital. Descriptors of components for the six tree factors gives a rich understanding of what needs to fuse together for success. Table 10, (p.238) shows the full development of enablement operating in the London cluster. These are:

- A realistically optimistic philosophy about an opportunity to meet need is likely to succeed.
- A constructive view about Development of a venture and future Strategy is essential.
- Arising out of the need, a product/service will suggest itself which requires creative development, delivery and management.
- Lead by a Social Entrepreneur, a highly principled and highly motivated competent team needs to be continuously re-envisioned.
- Instal, interpret and act upon reliable management systems and controls.
- Integration of a constituency of resource providers and recipients ensures viability.

A clustering effect of empowering organizations suggested by this research has been shown through the analysis to add enormously to Social Venture Capital. Current print material from the annual reports of each peak body interviewed embeds this analysis. The analysis is further supported by some quotations from the interviews with the social venture enablers for this research as follows:


“A lot of funky ideas are funded but you don’t know that they effect change or make a difference. CES operates from an imperative around outcomes because if you don’t have an idea of need and whether you are making changes, we are inflicting these services onto some of the most vulnerable people in our society, and not necessarily making a difference. My academic social worker training didn’t teach me that. It was going to work in the voluntary sector which did it.”
From Development Trusts Association – Philosophy – Mission (Figure 8.2, p277)

“It is about getting to a point where you describe a community not in terms of all its problems, but to look at it in terms of the assets it has or it potentially has. For example, when an organization gets to the point where it is rent collecting effectively, its relationships with others start changing quite dramatically. Its direction is not always about handouts, but it is about ‘bringing something to the table.’”

“In quite subtle ways it changes the quality of relationships. Traditionally, these groups have either been charities unable to grow, or pressure groups mounting campaigns and getting very frustrated about somebody else not doing something.”

Social Enterprise Coalition – Development of a Social Entrepreneurship Sector.

“The work we do is to promote social enterprise. The Coalition is an all-party (political) social enterprise body chaired by our chair. Currently we are developing a manifesto. We hold regular meetings with ministers of cabinet. The technical part is working with senior public servants because we have got involved with doing things politically. Our relationship has been built up over time. We are also working with the Media—not just mainstream, but across the board.”

Social Enterprise London – Product Development

“Social Enterprise London occupies a recognizable ‘space’ in London. It is about creating a brand around Social Entrepreneurship. We seek to ‘create’ entrepreneurs; and lay down a rock bed in our credibility. When primary agencies compete (a) this alienates people, and (b) creates a black hole for resources. Working cooperatively harnesses more energy. We see ourselves as taking a middle ground between Charities and the Corporates.”
“We’ve now got just over 3,500 members. A lot of those membership organizations come under our umbrella body; and some of those members are umbrella bodies. That is how we aim to operate ie. by working through them.”

Charities Evaluation Services – **on Evaluation** (Pie graph 8.1(a), p.277)
“We have developed our own quality assurance which is called PQASSO (Picasso). It is a workbook, not an accredited system. Picasso is only for small organizations. It is incredibly powerful. We modelled this on ourselves. I think there is 10% or 20% of the voluntary sector using a quality system now; of those about 80% are using Picasso. It was the first model specifically for the voluntary sector, and still is.”

Development Trusts Association – **on Quality** (Figure 8.2, p.277)
“A few years ago as our membership was increasing we had a debate about what we were trying to achieve. People said ‘the quality of our work is not strong.’ So alongside our work (Development Trusts) of helping others set up, we want to be known more and more for quality and value. And our members themselves want to get good results.”

From Charity Bank – **Constituency** (Pie graph 8.1(d), p.277).
“We came to a realization that the problem was not with raising the money (for investing) but ‘would what the money was being collected for, happen?’ People changed dramatically when projects were underwritten and formalized through Charity Bank. This activity was turned around.” Heyday and Kingston set out to use old skills with underwriting as venture capital.

From Community Development Finance Association – **Constituency** (Pie graph 8.1(b), p.277)
“The Blair Government set up the social investment task force very much looking at investment in disadvantaged areas as opposed to grantmaking. In the past this has been a ‘black hole.’ A key emphasis became investmentrather than giving the money away. This task force was chaired by
one of the world’s leading venture philanthropists who reported to the government in October, 2000. In order for there to be investment in disadvantaged areas there needed to be a tax break which came in 2003.”
Development Trusts (Figure 8.2) have a quite different approach to evaluating wealth. A major part of mission is the attempt to create wealth in deprived communities…and to keep it there. A Development Trust seeks to build an asset base, often in the form of buildings (land, equipment, plant, intellectual property) which can become the foundation for successful enterprise. Some trusts have endowments or investments as the asset. The Trust either persuades someone to ‘give’ an asset to the community, or transfer the asset at less than market value (e.g. a local council). Or the Trust may raise funds from different sources—often a combination of the two. Buildings which are underused, or derelict may become the community asset by which to deliver things the local people want, but also, for uses which DTA knows will work in business terms. Across the membership of DTA they enjoy an average financial return of 8%.

Hence, the three peaks in the diagram represent assets donated or leased from Public, Private or Community sectors. The spaces between are representative of income generated by Asset Users either by trading or rent of space for social purpose activities, and survey of Membership.

These excerpts from the interviews plus Annual Report material reflect a highly functioning, cooperative yet independent facilitation of ‘in-kind’ resourcing as well as income stream generation which is proving to be sustainable over time.

Due to Annual Reports being tabled the year following (operations analyses concurrent with the months of data collection, 2004), these are only now being tabled in 2005. Five organizations (out of the seven) obliged through personal communication as figures came to hand. Collaboration with four venture-enabling organizations confirmed the accuracy of Fig.8.1 (p.278) showing that the focus is on the resources of people, information and income-generation. It is noted that Onians (cited in Bygrave, Hay and Peeters, 1999:xvii) concluded that marketing, strategic positioning and late product
development, although important, were subsidiary to those causes which are resource-related namely the factors: Lead by example; install, interpret and act upon reliable management systems and evaluation; have a rationale about attracting sufficient income to finance operations (Table 6.3, p.214).

**Part B: The Enablement Effectiveness Model:** Given a wide variety of endeavours, a propensity to run out of resources has bedevilled the non-profit field for generations. Therefore, the highest priority of any non-profit venture is to ‘manage the risk’ associated with achieving the social value identified for ‘meeting a need.’ This cannot be over stressed, and from the earliest days. Where to find this enablement is both integral to the venture and interactive with others outside the organization. The Enablement Effectiveness Model, provides a representation of the integration of motivated visionaries, and necessary resources to achieve sustainable value creation for the Stakeholders. Both Social Entrepreneur and Support Team are integral and interactive to the success of the social venture in fulfilling an identified need. Their relationship to the whole venture is shown below (Figure 8.3, p.280).

1. and 2 of the Model are informed by E- and G- Indicators. Importance of the entrepreneurial team has already been highlighted. The Social Entrepreneur and the Team are important to each other. Being Opportunity/Mission conscious, a Social Entrepreneur inspires and the Team gives support. A contagion passes between them. The Entrepreneur (Rectangle 1) drives the venture from within with vision and enthusiasm; those who support (Rectangle 2), are drawn to the project from outside with commitment to the cause (or inspired following). Together, these catalyze the energy to provide resourcing to meet the need. Table 7.3, (p.228) displays the Social Entrepreneur’s readiness and adaptability to combine Intentional Action, Perseverance, Responsiveness to Risk, and Alertness to Opportunity. A successful Social Entrepreneur will give good support to the team that enables the vision to become a reality.
These Support Persons are characterized by Connecting with a Cause and Social Network Resources (Table 7.6, p.231).

**ENABLEMENT EFFECTIVENESS MODEL**

**Social Entrepreneurship**

**RESPONSIVENESS TO NEED**

1. **Social Entrepreneurship Orientation**
   - *“E” Indicator*
   - **Means:** Intention, Persistence, Risk Manager, Alert to Opportunities
   - **Ends:** Resource acquisition, enable

2. **Social Venture Enablement**
   - *“G” Indicator*
   - **Means:** Team compatibility amongst support & volunteer staff
   - **Ends:** Serving to meet need

3. **Focus of People in Venture Cluster**
   - *“Process”*
   - **Means:** Attitude to Asset/Equity Info, Management & Quality Communication
   - **Ends:** Effective Enablement

4. **Social Venture Cluster “EN” Indicator**
   - **Means:** Agreed-on Policy, Agreed-to Goals which are met, Effective outcomes.
   - **Ends:** Investment and Best Practice (Objectives set & action taken)

**Stakeholders**
- **Means:** Board
- **Ends:** Sustainable Enterprise

**MANAGE NEED/RISK**

**RESOURCING NEED**

**Figure 8.3:**

In a complementary manner a responsive team provides the external support through supporting the Entrepreneur’s vision with Adaptability, Readiness and Resource Acquisition (Hansen, 1995:204, is helpful here).

On the lower half of the Model, the perspective taken is on account of the need to adequately and sustainably ‘resource a Need’ (Rectangles 3 and 4). A hands-on approach to meeting need is insufficient unless others higher up in the resource web give further support in the form of skills, specializations as an investment, finances or service to address best practice. For-profit ventures have the Venture Capitalist to serve this function. Resourcing the social enterprise needs a contribution in the form of Social Venture Enablement.
The Enablement Effectiveness Model has been devised because of the desirability for Cluster Enablers to be integrated with the function of providing ‘processes’ that enable the Social Venture Management to access additional resources. The London Enablers are an excellent example of the application of resourcing policy to contribute to the creation of Social Value. The Six Principal Factors for Social Entrepreneurship (Table 7.10, p.238) provide a framework for effective enablement.

Rectangle 3: Presence of a Social Venture Cluster to supply Social Venture Capital ensures that resourcing needs of smaller, social ventures will deliver appropriate service. This can be said with confidence because such a cluster will have an external focus and be acutely aware of response to the need. Such Social Venture Capital enablement will attend to agreed-on policy, agreed-to goals being met with a focus on wise outcomes which will be effective.

Rectangle 4: An Internal ‘Process’ will attend to adequate Resourcing by means of an internal (to the model) focus. Right attitude to Asset/Equity, Information Management and Good Communication will culminate in Effective Enablement. This, too, is bound-up with the Social Venture Cluster, but will also be in a respectful relationship with the Social Entrepreneur.

As has been alluded to already, each member of a Cluster (3) will assist with ‘managing’ risk over need. Ends will result in sustainable outcomes which satisfy each interest group of Stakeholder ie. Recipients, Board, Donors, Sponsors, &c. Members of Social Venture Cluster and the Social Entrepreneur will be continually mindful of effective functioning with Stakeholder members. Risk will be managed and mission will be kept sustainable.
5. The Stakeholder Elipse: Those who occupy this space are Recipients for whom the venture exists: Funders, Volunteers, Lessees (if any), Sponsors, Board Members, Membership holders, National, Regional or Local representatives (Gillin, 2005).

The central function of Stakeholders is one of finding satisfaction with the inputs and outcomes ie. that the Social Venture is managed in such a way as to mitigate against Risk, while also providing satisfaction to the Recipient Stakeholders whose need is being met. Data collected from the B-Indicator is the subject of a forthcoming paper (Gillin, 2006).

Within an overall social venture, the Board maintains primary and authoritative interactive links with both the venture CEO and the enabling Cluster. Reporting links for oversight are shown in the Model in regard to performance measures of a Support Team, and the processing of resource commitments.

Consonant with Stakeholder Theory (pp182-188) an elipse of all interested parties is a challenge to prevailing economic theory, and to those who optimize profit for shareholders. Instead of stakeholder activity being organizational chaos, where a cued-in Board interacts for the good of all, respectful relationships are built. Even firms which are managed for optimal stakeholder satisfaction thrive better than firms which do not.

The Business Ethics view assumes that each stakeholder has an intrinsic value. When the stakeholder stance is coupled with the ‘caring’ and ‘trust’ of Feminist literature, a more civilized climate for action prevails. Through valued relationships between people and groups within the stakeholder elipse people feel connected and more trusting. Competitive advantage is not important. One feels ‘held’ in an environment that matters. Those who participate feel valued.
As webs of relationships exist amongst Stakeholders, the Self and the Other are two sides of the same coin (Wicks, Gilbert and Freeman, 1994). On the subject of ‘Enablement,’ as a concept it is equally as important as financial resourcing. But the enabling ‘means’ to serve the ‘ends’ of a Social Venture are very often in the hands of larger, more professional, better resourced (with equipment) and able to pay-their-way bodies. Where made operational, the Enablement Effectiveness Model offers a pathway to transformation and sustainability for smaller organizations whenever such collective expertise can be donated for ‘other order’ outcomes.

Part C: The redrawn map in Three Stages: Business-as-Usual Map, (Figure 8.4, see below) and Social Entrepreneurship sector map, (Figure 8.5) introduce the place of Social Entrepreneurship into conventional thinking.
It shows the sector occupying a previously non-existent space between Charity and Welfare (Left) and Commercial and Government Right)(pp.283, 284).

A ‘cluster’ concept for Sustainable Outcomes is introduced Figure 8.6.
Next, the following three figures (8.7, 8.8, 8.9) illustrate one important interactive London Umbrella/Peak Body cluster. A reminder is given of their value-creating role on p.212.

Since their role is to resource the needs of smaller, social ventures, ie as Social Venture Capitalists, where a cluster is in place, they ‘enable’ a web of service and community organizations to be sustained. Figure 8.7 shows National Council of Voluntary Organizations, Charity Evaluation Services and Community Development Finance Association inside the research cluster. (Each of these organizations were quoted on pp.274-278, together with pie graphs and diagram for triangulation from Annual Report material). These bodies receive income, but also generate a credible amount of income from their own specializations through Memberships, Sponsorships, Volunteering. Early-stage Government financing recedes as an umbrella body establishes itself as with CDFA. Matched funding may also be used by Government and Venture Capital as with Bridges (on the edge of this specific cluster 8.7).

Figure 8.7:
Charity Bank operates from investment capital and regenerates through repayments of no interest, low interest and patient loans. The impetus for Social Enterprise London came from the London Development Agency. Development Trusts Association has Local Government breathing life into it through divestiture of property assets. Social Enterprise Coalition provides an advocacy role between the Community sector and Government.

Figure 8.9 shows input from Volunteers, valuable inputs into Government through research leading to matters of policy, and revenues raised through quality evaluation, conferences, fees for services and rents.

A certificate course teaching into Social Entrepreneurship through the Judge Institute, Cambridge, is refreshing Social Venture partners, and opening horizons with benefit to existing work being done.
This knowledge about enablement has highlighted the manner in which social entrepreneuring can garnish human and in-kind resources into a new form of goodwill energy. Goodwill energy is catalyzed when an enabling infrastructure of Social Venture Capital gives support to the entrepreneuring, thus providing impetus to transcend discomfort and obstacles; resulting in improved, constructive and sustainable outcomes.

In the world of profit, risk owes its existence to a financial profile. Not-for-profit activity was contrasted very meaningfully by John Kingston of Charity Bank (R.S.A. Lecture, 2003:8). He was previously with Save the Children—a large humanitarian aid organization. He said “It was a huge shock to me to go to small charities and small ventures and see the entrepreneurial passion alongside the brain-numbing financial risks that they were running.” “That’s a non-profit” is the reply. For-profit success is shown by being in the black and showing growth. Tension surrounds a non-profit leader around not being in the red but bumping along financially ‘just
above the defining line.’ The nature of a non-profit social venture never changes. Leaders ‘live’ in this straightjacket. They are not cavalier, but fortunately they are not focused on ‘wealth.’ They are ‘worth’ makers and their investment is in human lives. This is the only kind of compassion many in need get to know.

Happily, a formula worth emulating exists in London. Social Venture Capitalists (3) ‘enable’ others in their web who are responsive to need (1. and 2) to survive, by managing the risk and the resourcing.

When considering an application of Piaget’s theory, a fundamental tenet is “structures of thought are actively structured through interaction with one’s environment” (Chapter 5:189-192). In addition, “Formative psychological (this thesis adds ‘spiritual’) processes parallel progress made in the logical organization of knowledge” (Piaget 1970:70). Knowledge, for Piaget, was a system of transformations that become progressively adequate. A further conference paper which examines interview data from another sample of Social Entrepreneurs expounds on ‘Self in Context’ (Gillin and Hayward, 2005).

In a world of Self and Other, six of the Social Entrepreneurs in Phase 2 grew up in families where they learned to ‘draw close’ to parents and siblings, ‘away from’ one another, and ‘against’ each other from time to time (Horney, 1950:19). This was a fertile time for what Piaget has described as Assimilation and Accommodation for Adaptation of the Self to set in and develop. Differentiation to ‘the Other’ is described as a belief system composed of countless numbers of operations joined together in particular, recognizable patterns. The notion called egocentrism became a central organizing concept for Piaget where ‘other’ can be seen as degrees from Ego-centricity. Egocentrism by Piaget, was seen as disequilibrium between Assimilation and Accommodation. The Sociocentrism of a Social Entrepreneur is mostly at the forefront both consciously, and it would seem,
unconsciously. It is likely that most, if not all of the ten leaders in Phase 4 fit Piagetian theory.

In a world of Self and Other the Sociocentrism of a Social Entrepreneur is mostly at the forefront both consciously, and it would seem, unconsciously. It is likely that most, if not all of the ten leaders in Phase 4 fit Piagetian theory also (see above). This is a cohort of mature people who are grounded enough in the practical aspects of love and security that they are outward-experiencing.

Kohut (1959b, 1971, 1980) and Kernberg (1976) wrote about the need for numbers of people in clinical settings to revive empathic approval by mirroring and echoing the Self. Many whom the Social Entrepreneurship sector serves are in need of seeing themselves through the eyes of an ‘Other.’ The Social Entrepreneur, the socio-centric person, is able to be this Other.

In an experiential manner, if you ask a Social Entrepreneur ‘How do they feel?’ you do not get a sensory response. They usually say ‘Fine’ or ‘Terrific.’ Their preoccupation is with ‘All the Others.’ Sensitivity to the senses appears to rank quite low in them. This leads back to the Phase 2 findings on Depression. The findings reported as ‘overnight, days or weeks’ is not sensory but temporal. It is suggested here that consistent ‘possibility thinking’ and ‘concern for the Other’ ensures a plentiful supply of serotonin, dopamine and norepinephrine in the neuro-chemistry which, together with spiritual uplift, keeps the population of Social Entrepreneurs well (Minirth and Meier, 1978).

Another tension Social Entrepreneurs live with is the E-Indicator response “The means for me to live are not assured, even ‘though I contribute to others with time and expertise.” One concludes that a Social Entrepreneur can be secure enough without succumbing to anxiety which so many in the
workforce could not cope with. The combined straightjacket of a ‘bottom-line existence’ plus security issues could undoubtedly threaten regular members of the public or more fearful persons, with major depression or anxiety.

Returning to Phases 2 and 3, it has already been pointed out that the Psychosocial environment is the envelope where generative social entrepreneuring takes place (Gillin and Long, 2004). While wholeheartedly embracing the findings of E-, G- and B-Indicators, one is struck by the contribution towards empowerment which the Phase 3 research has made. Before the notion of empowerment was confidently reached a research journey was undertaken which involved accessing the Royal Society of Arts presentation by O’Brien and Kingston (please see Appendix 10). Six other specialized London bodies gave time to the project also, and together they emerged as Social Venture ‘Enablers.” Attributes ‘about’ each peak body emerged from out of the transcript data (July, August, 2004). But there the data sat. It was inspiring, but could anything be built into a model? There was a notable clustering effect.

Recognition of this clustering effect lead to a redrawing of the ‘official’ map having Welfare and Venture Philanthropy on one side and Government, Corporates and Venture Capital on the other. Social Entrepreneurship could now be seen as a sector ‘in its own right.’ A working model of the London dynamics was developed in September, 2004.

Retracing the theoretical thread of the Literature, justification for Self and Other associated with Social Entrepreneurship grounds findings from the data. Working backwards through complex adaptive systems theory the notion of transformation is embedded. (A case for transforming ‘men and matter’ will be developed in Chapter 9). Spiritual Intelligence is a conscious complex adaptive system and will have a uniquely conscious expression.
Self-organizing patterns of meaning emerge in a creative dialogue between our minds and their environment (pp.178-180).

Operating solely from the human ego, shift of such a magnitude is beyond the unaided power of the ego (Zohar and Marshall, p.176). Extending this statement further, ‘Loving one’s neighbour’ is being realized only by loving them as much as we love ‘the Self.’ The same principles that a complex adaptive system uses to find its new state are the same for those who desire wholistic change to shift motives from old attractors to new ones. Higher order change is what people of goodwill in the social sector open up to.

Writing about the violent schism and rupture in the internal organs of today’s global culture that Wilber says exists, his call is for intrapsychic and intersubjective behaviour to be included in meaning-making (instead of being excluded because ‘it is not sensory data for empiricism.’) Both science and spirituality (exterior and interior realities) need to have a place in integration (p.168). By this means Wilber legitimates a rapprochment between science and spirituality. His quadrants give a fulsome account of the complementary nature of the holarchical systems. Ward has risen to the challenge of putting experiential spirituality under the experimental microscope (pp.171-176).

It is difficult to find weaknesses to point to in the research project because of so much positive energy. Rather the motivation of the thesis has been to rectify and improve on ad hoc functioning which the field has been associated with from time past. A radical improvement of shifting to the Enablement Effectiveness Model for creating social value is better than proceeding out of ignorance.

In Summary:
There is such a thing as Social Venture enablement eg. Resourcing in member services, finance structures, assistance to develop product/services,
evaluation for outcomes, and policy formation/research. Building across from the notion of Venture Capital to Social Venture Capital, the Onians Six Factor Model (EVCA (RSA., 1995) has been presented as having value and potential.

The rewritten six factors (Table 7.10, p.238) approximate as nearly as possible to the Six Factor Model (Onians). For each micro-contributor to a single factor identified (with an N-Vivo assay) a weighting (or loading) gave significance to one element over others for each of the six rewritten Social Venture Enablement factors.

February, 2005 saw the emergence of the Enablement Effectiveness Model—an interactive model built up from an Entrepreneurship team Responsiveness to Need (Entrepreneur and Goodwill Partners), and a Social Venture Cluster ability to Resource for Need.

**It is now understood that the management of risk is the greatest single factor that not-for-profit organizations have to face.**

A further significant finding from having done the iteration work is that Risk can be ‘managed.’…Something else which is greatly impressive are the attitudes and goodwill of Support Persons. Even if there is only one other to support a Social Entrepreneur, they make an ample team.
CHAPTER NINE

CONCLUSION

9.0 In concluding this research project the preceding discussion enlarged upon the micro findings of entrepreneurs and entrepreneuring in community settings. These are the ventures which spring up to meet need between market forces and government infrastructure. Entrepreneuring stressors are not of the corporate kind—the need to aggrandize shareholders; but of giving passion and practising risk management. Social Entrepreneurs breathe the oxygen of uncertainty fuelled by need and drive. These catalyse into an energy which transcends another’s circumstances, leading to wellbeing or a qualitative shift in recipient circumstances.

The findings have lead to a realization that an all-of-life shift needs to occur at the macro level of society. By this means enablement of the Social Entrepreneurship kind can make a significant difference. Brief references to links in previous chapters are as follows: Chapter 3 spoke to the historic ‘worth’ of an individual life; Chapter 4 argued the need for a cognizant modification to neo-classical economics; Chapter 5 has introduced the work of current theorists which give unqualified support to rehabilitating human beings who are disempowered or dispirited wherever they are. The Social Entrepreneurship sector is on a new map which, if seen that way, can bring renewal to people in the familiar and weary systems of Capitalism. Recognition for the emergence of Social Entrepreneurship is an overdue response to systems which are resistant to change and, therefore, complex and unadaptive (much within Management is like that).

The ultimate question arises “Is the Government ready for radical change which admits Social Entrepreneurship as a sector in and of itself?”

“Is the community ready to shift to a culture of wellbeing?”

An obstacle which assails most is that we are enculturated into a systemic status quo which does not allow for emergence of a new form. Change at a macro level is as much an opportunity to collectively support one another to
reengineer the system of subsistence for those in the gap (between Market Forces and Government).

The aim of this concluding chapter is to provide a way forward which acknowledges the complex nature of change, even while focusing on three global concepts of transformation. Also, relevant views to this discussion have formed around a call for Good Public Policy by notable people who have served with distinction in public life. In addition, awareness of still more to accomplish in Taxation is highlighted. It is anticipated that there will be obstacles which will need to be transcended. Realistically speaking, the growing number of voices calling for change gives one confidence that the time is ripe to move ahead.

9.1 The following three major concepts will further elucidate on macro-level reinvention or reengineering:

1. Good Public Policy;
2. Reconfiguration and Taxation;
3. Value-Creation through Transcendence.

1. Technical aspects of Australian Public Policy must be left to experts—that is a given. However, as a result of online discussion some suggestions have already been made (APPRN, 2002).

9.1.1 (a) Good Public Policy needs long-range thinking to address policy lags. It is argued that the entire findings of this cross-sectional research identifies the means through which fallout from the market system can be ameliorated. There is a strong chain of evidence to this effect in the Research. And provision for amelioration can be done with compassion.

9.1.1 (b) The need for timelines in producing policy options is real. There is a coincidence of timeliness across the electorates of Bush, Blair and Howard. They were in office at the outset of this research and there is consistency of purpose. Collaboration filters down to the voluntary level,
and it is hoped that this research citizen’s findings will percolate up through policy implementers and members of government ie. It is necessary to formulate policy on values and the first principles of ‘the greatest good.’

A further word about timeliness is the current search for and interest people have in spirituality. The Zohar and Marshall definition of this defines “a wider meaning, the possession of an enlivening or inspiring vision, the implementation of fundamental human values, and a deep sense of wider purpose” (2004:27).

9.1.1 (c) Good Public Policy requires policy-makers to make use of available evidence. It is not enough for leaders to espouse value-laden rhetoric, but for policy-makers to make use of available evidence. This research challenges Public Policy makers to plan to incorporate the Social Entrepreneurship sector for enhancement and enablement. Research is where the weight of evidence lies. Howe (2002) said with great clarity “Good policy is about finding firmer foundations than popular illusions.” And, again “The increasing emphasis on governance as a theme suggests the need for a broader ownership of change” (p.5).

Dubnick and Howe each noted a creative edge to ‘constraints’ within which policy is constructed. “Approached the right way constraints can be regarded as helpful guides for policy design rather than as limits or obstacles” (Dubnick 2002:7). “I think it is important that policy-makers are encouraged to think critically but also to be aware of the need for realism” (Howe 2002:7) “This note of caution can too easily send up the shutters on creative solutions” too often. A fresh chain of evidence lies herein.

9.1.1 (d) Another contribution called for “A need to involve other stakeholders in the formation of policy” (Geiselhart, 2002). She called for “policymaking to include a range of opportunities for non-professionals to engage in policy formation” (p.6) For her, full transparency of the process
includes provision for dialogue and later on, evaluation and outcomes. To some degree this has occurred within “Our Community” referred to in Chapter 1. As an example of this on a systemic level we still need to look to National Council for Voluntary Organizations and the Commissions in Britain—leading to formularized Compacts.

A note of urgency is sounded along with this thesis on practical realism for those with good Public Policy at heart, to see that the engine of value-creation lies with social entrepreneurship teams who are ‘doing it;’ then to ‘enable’ the sector by use of good Public Policy. May the reader allow her/himself to remember the example in Chapter 4 where a Department was scrutinized to develop a language and methodology to describe ‘intangible resources.’ The Consultant’s conclusion was: “The unassumed value of ‘the broad perspective of the Branch’s usefulness and value’ was considered of unanimous importance to stakeholders.” We are reminded of the Chisholms (Caroline and Archibald), Lady Hopetoun, Henry and Emily Dobson, Drs. Constance and Clara Stone—they had so little means for the size of the need… but they created Social Value by giving their time, their qualifications, their energy and vision, and themselves!

With timing of the Intellectual Capital movement, and 2004 revision of The Charity Law, the time is right to adopt policies for enablement in communities. At a national level the recommendations to conduct welfare reform for reduction in dependency and encouragement for self-reliance would work in synchrony with Concept 1 (Saunders, 2005). Such a qualitative shift towards values and impact will strengthen the values emphasis already begun in public life.

9.2 Reconfiguration and Taxation:
For-Profit Entrepreneurship is idealized in the United States to be known as ‘a company in a particular community’ (Minniti and Bygrave, 2000). That is to say, if and when a company becomes known for its support of the
neighbourhood it is in, it will go further than beautifying the nature strip. It will take a neighbourly interest in supporting things.

It started a buzz when recent news featured one of the earliest social ventures of this project, expanding beyond its robust street newspaper publishing activity into providing high-rise youth with a vision to take a ball-game overseas later on. Previously demotivated youth were serious about the training.

These are just two examples of reconfiguration. The Market, Government and Social Entrepreneurship sector need to reconfigure the ‘heat’ (the energy) produced by the combustibles of need and drive, in the process of social value creation. Working backwards, Social Entrepreneurs reconfigure resources to meet need, in the gap between government and the private sector. Government can heed good Public Policy. It can also continue to stimulate the Social Entrepreneurship sector with significant Taxation revision. A different paradigm of corporate support is needed if companies in the private sector and their shareholders are to balance growth and profit with continuous resourcing of a community sector. If for no other reason, the social entrepreneurial team complements the free enterprise system.

The year 2003 was a good year for significant announcements about taxation revision. In addition to Australian Tax Office offering to be more collaborative with non-profit groups eg. by having an officer pay a home or office visit, an electronic news service came into being. It was also good news that provision is now made for companies to automatically deduct charitable donations from employees before-tax pay. It is assumed with this alert the employers’ list of potential recipient organizations will include non-profits which have social entrepreneurship teams operating. Already in the early part of 2005 Mr. Carmody, Australian Commissioner of Taxation
told a Volunteer Summit on Emergency Management that Tax Office policy is to ‘minimize time spent on tax affairs by non-profit organizations.’

The United States has a reputation for philanthropy and for an entrepreneurial culture—even amongst her youth. Altmann (2002) of the Kauffman Centre for Entrepreneurial Leadership said in a Conference speech (Singapore, 2002) “Enlightened tax policies and the encouragement of ‘giving back’ (to the community) leads to a more entrepreneurial society, a more prosperous society, a more competitive society, a more caring society, a safer society.” Is the role of government tax policy and the cultural celebration of Entrepreneurship stimulating a ‘give back’ mind set in Australia? Social Entrepreneurs are playing the change agent role and are creating lasting ie. widespread, social value across America (Altmann, 2002:2).

An indication that the weight of Congress is also behind this was the tax-free transfer on donated amounts, brought into law in 1986. Prior to that quite steep estate taxes applied when one generation transferred wealth to the next generation. Now a generation-skipping-tax-exemption applies in America.

In Britain, tax relief was introduced in response to concerns that conventional sources of finance were failing to unlock the entrepreneurial flair of those living and working in deprived communities. Such tax relief is designed to encourage greater private investment in enterprises that have historically struggled to secure finance and support.

In 2003, the Inland Revenue paid around 3 billion pounds to nearly 3 million self-assessment taxpayers. Introduced in April, 2004, members of the public completing self-assessment tax returns became eligible to nominate a charity to receive all or part of any tax repayment due to them. This money may now be redirected.
The 10th Costello Budget in Australia brought down in May, 2005 generated much discussion about ‘give back tax relief,’ about a Futures Fund, about surpluses and about Welfare to Work. The time seems ripe for recognition of the Social Entrepreneurship sector—for clusters of peak resourcing bodies to partner with entrepreneurial social venture leaders who will drive the goodwill further throughout the community.

“Politicians, in relation to some policy issues, are recognizing a need to move away from groups that represent particular interests (Sector 2 of Figure 1) to a more direct engagement with local communities” (Curtain, 2004:7). A precedent exists with Aboriginal communities and the Indigenous Co-ordination Centres in regional and remote locations. Chaney (2004), co-Chair of Reconciliation Australia and Deputy President of the National Native Title Tribunal said “This is radical stuff, and where this attempt differs from past failures is that there are a whole lot of important drivers of change, including commitment from the highest levels of the bureaucracy. The approach is imbued with a recognition that indigenous people themselves and their direct engagement in finding solutions are the vital ingredients of positive change” (p.63).

In addition, the Saunders’s (2005) recommendation to raise the tax-free threshold would reduce cost of living strain on low to low-middle range workers; discourage dependency on welfare and favour the direction of Concept 3 in increasing subjective wellbeing in both parents and families.

9.3 Value-Creation through Transcendence:
The inspiration to embark upon this research was to find out about the flame which ignites the fire of social transformation—that which imbues the Social Entrepreneur. This will merely be an intellectual exercise if it fails to be embedded within the processes of change and the potential well-being of the nation in an era of globalization.
In order to reconfigure the heat i.e. the amount of energy provided by creators of social value for transformation—Social Entrepreneurs who drive aid and wellbeing ventures, together with loyal teams of volunteers and low paid staff, to produce social impact and sought-after outcomes—this closing chapter now prevails upon macro-level support for an all-of-life shift to occur.

Not only does it require a transformation at the structural and process levels of government with a pinch of acquiescence and benign comprehension from the private sector (even assistance with resourcing); but such a shift requires transformation at a neighbourhood or micro-level of living.

The field of social venturing, while fully mindful of those with chronic physical and mental disability, or psychiatric disorders (psychoses), touches people in need across unemployed, low and middle income statuses. These are people ‘in the gap.’ The issue of well-being is needing to be addressed. As was already alluded to, Kohut contributed the need for ‘mirroring’ to those ‘selves’ who needed his services as a psychiatrist. There were visible signs that these people responded and were enlivened. Similarly, today, there are agents of transformation in Sectors 4 and 3—the instrumental and expressive rationales of Frumkin (2002) Figure 1.1.

There is an alarming body of ‘patients’ across the spectrum of medical services who are suffering from psychosomatic disorders. They fill waiting rooms and hospitals. But just as surely there are Social Entrepreneurs and an army of Volunteers who can empower others to transcend their circumstances. This is not to say that these agents of change do what others who are well qualified cannot, but rather such a claim can be better understood by the following:

Prior to restructuring of health servicing and prescription drugs 15 – 20 years ago the term ‘psychosomatic’ had been introduced into medicine—
both clinical psychiatry and general medicine. Stafford-Clark (1950) simplified it for the reader this way:

The essential link between psychiatry and the rest of medicine is the ultimate impossibility of treating states of mind” (p.232). This same diagnostic term became known as Mind-Body medicine during the 1990s. The study of bodily changes which appear to be due to or at least frequently linked with emotional states has now been undertaken by many investigators. The connection between stress and a person’s predisposition to responding to it is now well-known medically. What is not rolled out and blatantly expressed is that the hard-core psychosomatic illnesses which send people towards treatment are “conditions such as ulcers of the stomach and duodenum, various forms of colitis, many cases of high blood pressure and angina, certain skin diseases, allergic complaints including asthma, migraine, and rheumatoid arthritis (Stafford-Clark, p.236).

This has lead to a realization that vast branches of medicine are concerned with treatment (someone has said 70%) of all illnesses at any given time. These conditions are psychosomatic and referred to in the list above. A genre of more recent specialists support these claims (Justice, 1988; Locke and Colligan, 1986; Siegal, 1986; Borysenko, 1987; Spiegel, 1993; Bensen 1996; and the Simontons (1975) as well as the range of contemporary conditions of ‘the Self’ eg. Weight disorders, Addictions, &c.

Once stress leads to compulsions or manifests itself in a low or high-grade physical discomfort, not to speak of the pain suffered, recovery may never be complete. Add to this the 20 percent mental health/disability burden in the population at any given time and this represents an enormous amount of unwellness.
Existing local and micro-level solutions are testimony to the appeal which social value creates towards prevention rather than the exhorbitant costs of cure. Why else would Interviewee 8 (Phase 4) scope out ten years for people in Postcode 3081 to move from 50% to 20% on welfare? Continuing, he said “We want people to come in and connect with another human being and have a conversation wherein a person may be saying ‘this is my pathology’ but does it in a way that doesn’t require the other person to respond to the pathology, but gives that person the opportunity to respond to him or her.”

Interviewee 6 said “We serve a lot more men than women. This caused us to brainstorm. We decided women (with psychiatric illness) have children and are, therefore, in the Child Welfare system. They are not covered by Mental Health but scrape along. Perhaps that is also because in Mental Health adults and children are separated in the U.S. “We have a model we’re working on; and are taking financial risks which risks our reputation also. There are about 500 families in the Twin Cities who need it.”

The Expert Patient’s Programme in Britain has moved from Pilot to Mainstream. This is a self-management programme for people living with long-term illness. It is intended to give people confidence, skills and knowledge to manage their condition better, and be more in control of their lives. At any one time there may be as many as 17.5 million people needing support.

The options are: Attend an Expert Patients course
Train as a tutor
Participate in Research.

For those disabled by Bi-polar and chronic depression
Chronic glaucoma
Deafness
Chronic heart failure
Chronic bronchitis/asthma
Arthritis.
In intense pain from Arthritis Ulcerative colitis Endometriosis

Or embarrassed by Psoriasis Incontinence

Or stigmatized through Epilepsy Schizophrenia.

Expert Patients live with a long-term health condition; but taking more control over their health promises to lead to an improved Quality of Life.

In 2003, 60% of Australians with psychotic disorders reported attending community mental health centres with 56% having a case manager. Although information published in the Psychiatric Rehabilitation Journal 1996 needs updating, Davidson, Hoge and Godleski (1996:49-58) reported on perceived benefits (from deinstitutionalization) which are likely still to exist to some degree. However, many of the same mental health respondents who perceived benefits described their lives as “lonely and devoid of meaningful activity” (Davidson, Hoge and Godleski p.56). Social isolation and lack of meaningful enjoyment present challenges for those concerned with wellbeing.

The following assessment quoted by Harvey and Fielding is the state of affairs by 2003: “Service improvements have been uneven, with variation between States and Territories in the provision and configuration of public mental health services…..the increased number of homeless people is unlikely to be direct or an inevitable result of hospital closures; and may have more to do with inadequate implementation of the deinstitutionalization policy and inadequate provision of alternative community mental health services” Harvey and Fielding (2003:S51).

It is thought that social support could be done within the rubric of social ventures, since there is growing evidence for the effectiveness of
psychosocial interventions in the form of well-specified combinations of support, education and behavioural and cognitive skills training. Two way communication between case managers and medics and appropriately run social ventures could be tailored to suit community need.

There is a compelling case for reengineering the current systems. To admit another sector between Venture Philanthropy and Venture Capital, is compelling also (Figure 8.5 from page 284).

Then, finding the genuine Social Entrepreneurs in the community (I suspect many are burdened by resourcing needs so that they are to be ‘looked for’), and giving enablement to what each venture can achieve, will lead to recognizable outcomes. Such outcomes are Social Value which has been created. Only in hindsight will numerics play a part in percentage of GDP.

Social Value is created only if the accumulated expected value occurs when the overall outcomes from Social Entrepreneurship are judged as ‘greater than’ eg. increased attendance, improved health, &c. than at the outset of the venture. (Ventures that best create additional value over time would be adjudged the most entrepreneurial as they have been the best at creating and
pursuing opportunities in the environment). What matters is the Protection, Improvement and Expansion of the original Value concept that became ‘Mission’ in the first place. It also matters to look at what kind of change to pursue to ‘get the edge’ on the Value created (Vosikis, Bruton, Prasad, Merikas, 1999).

The part Social Entrepreneurs play is to transcend the obstacles; their teams provide the legs and arms, and spirit for the transcending. Together they provide empowerment for the disempowered. Four out of five descriptors for ‘transcend’ have as the notion “rising above, surmounting, or to surpass” (Chambers, 1972) But the fifth, “to lie beyond the limit of” suggests it cannot be known beforehand what Social Value will come to pass.

Reiterating Salamon (2003:14) “Non-Profits give institutional expression to two seemingly contradictory principles that are both important parts of American national character: Individualism, and Solidarity. By fusing these, Non-Profits reinforce both, thus establishing an arena of action where individuals take initiative not to simply promote their own well-being but to advance the wellbeing of others. How many billion socially entrepreneurial hours do Australians notch up? (See Addendum, Chapter 7 for information about those in this category).

By allowing The Musical to be the medium for entrepreneurial culture its message is “Life is **worth** it.” Is that being communicated effectively? This research aim ie. ‘learning to value civil society’ is most vital if Capital is to continue as the preferred system in the Society. This work could be the beginning of revitalizing a critical mass which contributes to the common good. The Tax Office already has an incentive built in—no taxation for anyone who ‘offers’ “to perform service or undertaking” ie, the Volunteer (ATO). This incentivizes concepts of scarcity and choice.
Once the mega-themes of this chapter are given attention, desire could become a reality; wherein future community is seen in terms of ‘assets,’ not ‘problems.’ Perhaps Australia could be a member of an international system of ‘adjusted’ economies.

At the inaugural Skoll World Forum—“Social Entrepreneurship: the 21st Century Revolution,” March, 2004, Jeff Skoll said “Our best hope for the future of humanity lies in the power and effectiveness of socially-motivated, highly empowered individuals to fight for changes in the way we live, think and behave.” But…..he added “Those exact same words could have been said 100 years ago. And 200 years ago. And 300 years ago at the beginning of the Industrial Revolution. And in some similar form, those words could have been said, with equal truth and with equal immediacy, in virtually every era dating back to the dawn of humanity.” That was the theme in Chapter 3 which concluded ‘worth’ is every bit as important as ‘wealth.’

David Bornstein is one of the only journalists with a deep expertise in researching Social Entrepreneurship--in Eastern Europe, South America and South Africa. He did this at a time when his colleagues were power-lunching with Venture Capitalists in Silicon Valley—the late 1990s.

Bornstein has made a prediction for the future: “Twenty years from now, hopefully sooner, there will be a whole field that will evolve around evaluating Social Entrepreneurs, the same way that you have analysts who rate for-profit companies as investments. As an individual investor, there will come a day when you can choose to spend your annual donation, not based on an informal sense of, “It feels good to give to this Non-Profit because I know someone who has the disease they research,” but based on knowing which of all the thousands of Non-profits operating in the country delivered real social return on behalf of their investors. You’ll be able to make rational choices about where your contribution will be most effectively used.” Perhaps!
Dees, who as far back as 1998 showed that he really understands Social Value and Impact issues wrote “Markets do not work as well for social entrepreneurs. In particular, markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay.” These elements are often essential to social entrepreneurship. That is what makes it ‘social entrepreneurship.’ As a result, it is much harder to determine whether a social entrepreneur is creating sufficient Social Value to justify the resources used in creating that value. The survival or growth of a social enterprise is not proof of its efficiency or effectiveness in improving social conditions. It is only a weak indicator, at best…….Even when improvements can be measured and attributed to a given intervention, social entrepreneurs often cannot capture the value they have created in an economic form to pay for the resources they use.

Until the hard yards of reengineering and value capture are worked on, we will have no idea. But in 1998, Dees said “The time is certainly ripe.” Skoll in 2004 echoes this with “This is our (Social Entrepreneurs) time.” “Many government and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective and unresponsive” (Dees, 1998:1). The proposed model (Chapter 8) is a 21st century response to this.

“Profit is not the gauge of value creation; nor is customer satisfaction. Social impact is the gauge. Social Entrepreneurs look for a long-term social return on investment” (Dees, 1998). They want more than a quick fix. Social Entrepreneurs want to create improvements such as psychological change in motivation through people’s improved sense of responsibility; growth of the Self – which is liberating; freedom from shame – which is binding.
These are the issues for future research. It will need to go on capturing the dynamism of the Field, and those who act upon it. Future research is needed to replicate and to validate the results of the fifty-nine generous people who stand behind the record they have created in this Research.
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APPENDIX ‘1’

There is little difference between ‘trusts’ and ‘foundations’—merely one of preference in U.K. and Australia, and the U.S.

In Australia there are **four broad types** of foundations.

**PHILANTHROPY AUSTRALIA**
(peak body for grant-making Trusts and Foundations)

<table>
<thead>
<tr>
<th>FOUNDATION TYPES</th>
<th>INDEPENDENT</th>
<th>COMMUNITY</th>
<th>CORPORATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(a) <strong>Private:</strong></td>
<td>Established by individuals eg. bequest. Often administered by trustees who distribute annual grants based on donor’s priorities - by geographic area (state/region) - interest area (arts, education, health) (Only tax deductible if recipient has Public Benevolent Institution status)</td>
<td>2. <strong>Community Foundations</strong> Not dependent on generosity of any one individual/family. These are largely a U.S. invention. Aim is to create an endowment - by fundraising from individuals, companies and groups with common interest in particular geographic area. Usually governed by board of private citizens representing public interest.</td>
<td>3(a) <strong>Corporate Foundations</strong> Established as separate entities to parent company. Contributions from staff + company profits. Generally not quite as secure as (1) and (2).</td>
</tr>
<tr>
<td>1(b) <strong>Family Foundations:</strong> A subset of Private Foundation (a) Administered by family members. 2nd / 3rd generations may act as trustees/directors on voluntary basis.</td>
<td>3(b) <strong>Corporate donations and Community</strong> Do not have the security and regularity of income necessary for inclusion as a foundation—not better or worse, but ‘different.’</td>
<td></td>
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</tr>
</tbody>
</table>

A subset of (1) and (2) are Trustee Companies which are ‘for-profit organizations’ in a management role for private foundations, and some community foundations. They are legally empowered: to administer estates, the property of minors, or of people requiring assistance to manage their own financial affairs. They carry out instructions of a donor in perpetuity. In Australia, Trustee Companies manage hundreds, if not thousands of charitable trusts and foundations. In Australia, Philanthropy Monograph #2, 2000, pp. 7, 8.
APPENDIX ‘4’

SECTION D: Comment about Cross-National Culture Research

Overview:
Consistent with his interest in entrepreneurship ecology Aldrich (2000:5) wrote “Curiously missing in earlier volumes (about Cross-national Research) was any substantial assessment of the state of the art in regions other than North America. This omission was surprising given that international participation in conferences and journals has increased substantially over the years.” European scholars visit conferences in America and there are at least eight journals on entrepreneurship or small business published in Europe.

Leading questions raised by Aldrich (2000:5) are “Can we preserve valuable diversity in research methods while at the same time learning from one another?” “Are there distinct national styles?” “If there are distinctive differences, are they being wiped out by pressures toward convergence? The issues about convergence or divergence continue to fuel an across Atlantic/Pacific debate. Different points of view appear to hang on two axes – both methodological issues and whether much of small business is primarily entrepreneurial.
By mid 1990s Usdiken and Pasadeos (1995:7) summed up developments in the transition from Organization Theory to Entrepreneurship, across the previous fifteen years. Such developments surrounded issues of convergence and divergence. During a period of cross-national convergence in the 1970s, Usdiken and Pasadeos identified the birthing of competing approaches in the United States, which attracted attention in Europe. In the 1980s a period of divergence occurred during which national differences once again were noted. The flow of international influence went from North America to Europe. Then, during the 1990s another divergence was manifest wherein certain styles were European, but intraregional variation existed.

In Europe, heightened reaction against the growing dominance of positivistic paradigms in the United States lead to an articulation of the European contribution:

- A stronger philosophical orientation
- A legacy of critical approaches
- A history more sensitive to class and national differences.

These characteristics are not surprising since Freud and analysis, and the philosophies are rooted in Europe; the Frankfurt School of Critical Theory is also European. North American research tends towards a positivistic orientation with models. The United States has no small business or entrepreneurship policy; instead, it has a competition policy in which small business and entrepreneurship play an important role (Dennis, 1998:65). “The essential characteristic of that policy is to maintain government neutrality among competitors, regardless of size.” National loyalty and interest dominate European intellectual life, national academic systems and job markets are quite distinct, and ‘global intellectual debates’ are the goal at scientific meetings in Europe but not the United States. In contrast, North American scholars tend to assume their models are universal; whereas European scholars assume theirs are nation-specific. With each state-of-the-art conference of which there have now been five, calls go out for more cross-national research’ (Sexton and Landstrom 2000).

European researchers have a much stronger fieldwork orientation than U.S. researchers. Themes in the anthropological-ethnographic literature (Europe) mesh very well with the concerns of Entrepreneurship Researchers (Aldrich, 2000:15). (It is highly probable that integration work from Anthropology and Sociology will come from Europe).

Both levels of government-support for Entrepreneurship, and Entrepreneurship Research in Europe are unparalleled in the U.S. eg European Network for S.M.E. Research was established in 1992. Originally covering twelve member states, the annual report has now expanded to nineteen nations (Aldrich, 2000:17). The North American response to this is the Global Entrepreneurship Monitor.

In May, 2002, it was announced that the European Commission had authorized Czechoslovakia, Latvia, Poland, Romania, Slovakia and Malta to take part in ‘the Community programme for Enterprises and Entrepreneurship (Europe Information Service, 2002, p.1). It is hoped:
that enterprising people are not merely taught to run enterprises—but to be entrepreneurial in the pure sense of Entrepreneurship.

Familiarity with material coming out of different regions of the world leads one to suppose that there are cultural differences between the enterprise of a country; that there are also cultural differences between enterprises and ventures, and that the ‘culture’ which supports these have differences.

Taxation and deregulatory policies in countries are different—some entrepreneurship enhancing, others more repressive, so that obtaining the ‘critical mass’ spoken about in Section ‘C’ becomes impossible to achieve. Therefore, small entrepreneurial ventures may struggle because the infrastructure is unfavourable for them.

Many European countries are still struggling with the economic, social and political problems associated with a free market economy (Sexton and Landstrom, 2000). Sociological Review (2000) comment drew attention to resultant developments in self-employment, not necessarily implying that these instances all represent small firm growth. The ‘renaissance’ of self-employment is one of the most significant events in the development of the labour-markets of Europe (Luber and Leicht, 2000). As with restructuring in Australia, so people who have become retrenched are trying self-employment.

However, in France, Germany, The Netherlands, Portugal, Spain and Italy growth between the 1980s and 90s in self-employment increased and decreased alternately, with a comparatively low increase in Italy and especially low in France, at the time of the Review (Luber and Leicht). Brief reports from numerous other countries appear in alphabetical order in Appendix ‘5.’

Often in Europe ‘entrepreneur’ has been a dirty word. Entrepreneurs are looked at askance with questions raised about whether they are actually running businesses or creating tax dodges. This is not necessarily so only in Europe, as this has been notable in Australia in a popular sense, also.

In the hindsight of 9/11 leading to the Iraq War and the anti-American hatred expressed by suffering people in many populations across the world there exists a cultural divide mirrored in the Small Business orientation of much of Europe ie. a contemporary move to create Free Trade Agreements towards global harmony, and the non-government intervention, free enterprise position of North American Entrepreneurship. At risk of revisiting some awkward moments in recent political history eg. the power blockade of Germany in relation to the United Nations and that of France, are examples of one axis which strengthens the culture of small business in a range of countries. Aldrich, who represents the Entrepreneurship Research community is optimistic about Europe and North American scholars learning from one another, always with respect and goodwill.
APPENDIX ‘5’

Comment about Countries in Alphabetical Order:

Australia
On the one hand, a key strategy of the Commonwealth government in Australia since 1997 has been to promote a dynamic entrepreneurial culture by improving the business environment for small and medium-sized enterprises (S.M.Es.) (Parker, 2000). On the other hand, it is argued that a very small percentage of S.M.Es. have been responsive to entrepreneurial outcomes—both at a public policy and small venture level. The pursuit of providing more employment opportunities in this sector in the wake of public-sector and large firm restructuring and niching has been legion. As alluded to in Section ‘A’ the realization needs to be grasped that entrepreneurial activity and S.M.Es. are not synonymous, and while innovation may be stimulated, that in and of itself is not entrepreneurship. Parker reasoned her way concluding that ‘the entrepreneurial economy is a myth’ (p.4). Rather,

• A very small percentage of small firms contribute to most new positions created in the small firm sector (p.6)
• In much employment in S.M.Es. lower wages and relatively poor working conditions prevail (p.6)
• Evidence exists wherein small firms account for a smaller proportion of R. and D. expenditure (p.6)
• Only a very small number of S.M.Es. make a significant contribution to net job creation and innovation and utilize progressive work practices (p.6).
• Measures including tax reductions and labour-market deregulation are associated with low-quality, low-wage employment in S.M.Es. with little future (Parker, 2000). Zeitlin (1995), p.112 was critical of the British situation where deregulatory measures had failed to encourage successful and innovative small enterprises, although reports between 1998-2002 of some enterprise successes may moderate this partially (S.E.L., 2000).

Significant comment about the social systems of production was drawn out of the Parker report: ‘The institutions of a particular society include the State, the industrial relations system, the training and education systems, institutional arrangements between industry and the financial sector, labour organizations and business associations. The structure of firms including internal organizational characteristics and external relations with suppliers and customers and firms in the same industry, are all important elements of the social system of production.’ The value system which prevails within a society—linked to culture and tradition is important in influencing attitudes to science, industrialization and cooperation, which also help to define a social system of production (Hollingworth and Boyer, 1997 p.2).

Australian business has been characterized by a lack of trust and cooperation that has created an impediment to the development of inter-organizational relations based on collaboration and cooperation. This has lead to arms-length interaction and heightened competitive practices
‘concerned with cost minimization, rather than the more socially constructed forms of behaviour towards quality enhancement’ (Parker). In essence, there is a less desirable environment for Entrepreneurship to flourish in.

In Argentina, Brazil, Chile and Uruguay
A venture called ‘Endeavour’ was founded by Rottenberg and Kellner in 1997—‘to nurture entrepreneurs in Latin American emerging markets.’ As venture catalysts, Rottenberg and Kellner provide M.B.As. as consultants, organize management workshops and research-missions to places like Silicon Valley. Business startups had generated more than $390 million by 2001 and created more than 5,700 new positions (Schwartz, 2001 pp.1,2).

‘Endeavour’ companies exist to help others to get started (Morse, 2001 p.1).

Bangladesh
With 130 million people and 500,000 telephones mostly in the major cities, an impressive endeavour reaches women in 3,500 villages. The Gramine Bank makes low-interest loans to the poorest of the poor to help them buy equipment, send a child to school, or even to start a business. 95% of loans are granted to women and the average loan is for $24 (U.S.) (Ephraim Schwartz, 2001). The bad debt rate for Gramine is about .5%. By use of cell phone, villagers now call their children who have gone to far-flung corners to boost family income. Farmers who previously were at the mercy of the wealthier and/or middlemen are now able to take more control of their businesses. (Profiteer middlemen used to squeeze the farmers because they had all the information). And the telephone ladies are earning in the vicinity of $500 a month (Schwartz, 2001 p.2).

Brazil
Using business strategies to combat social ills in Brazil, thirty year old Rodrigo Baggio had a vision for more than 32,000 young people who have now attended classes at one of 117 computer schools he operates in the slums. He formed a Committee for the Democratization of Information Technology. Young people who have completed classes either have jobs or are starting their own businesses (Mitchell, Kanigel and Lea, 2000 p.1).

Britain
The winds of change are blowing across Britain. Fifty years after Prime Minister Harold Wilson ushered in the Welfare State—the National Health Service, pensions, and national insurance—and the increasing effects of massive immigration into Britain from many nationalities—the staleness is lifting and an era of change has dawned.

Although Prime Minister Tony Blair gave his support in the famous maiden speech on Aylesbury Estate, Southwark (London) (Zadiko Thake, 1997 p.1). partners in the London initiatives are Banks, Universities, N.H.S., Local Authorities, Borough Councils, Government Departments and National Trade Associations.
‘Mutualism’ is the revival of an old tradition but legitimated in the 21st Century. Mutualism gives people the chance, as citizens, to engage democratically. It holds out the prospect not merely of better, more user-friendly services but of a broad-based renewal of civil society. The New Economics Foundation is the leading, independent think-tank involved in the development of a fairer and more sustainable economy (Nicholson-Lord, 2001). N.E.F. is a registered charity, funded by individual donors, trusts, business, public finance and international donors, acting through policy research, training and practical initiatives. Its strategic areas currently include the global economy, corporate accountability, community finance and participative democracy.

‘A new generation is emerging across Europe with shared aspirations, values and outlooks. But there are still too few of them (Leadbeater and Ussher, 2000). They remain confined to pockets–clusters around universities such as Cambridge, or in large cities such as Barcelona.

Although it often goes unrecognized in Britain, there is widespread agreement amongst policymakers and politicians, on the mix of measures to promote more startups (Leadbeater, 1997). Self-employment as a percentage of total employment increased in U.K. to 11.8% in 1997. During the 1980s a strong and sustained growth in self-employment occurred in Britain, but the constant increase weakened after 1990 (Moralee, 1998), similar to the increase then decrease referred to in the Overview to this section.

A relatively high share of more than 20% of British self-employment in construction is thought to be remarkable (Luber and Leicht, 2000). And the Government has promoted creation of a series of tax-efficient Venture Capital Trusts which have raised about $500 million for investment.

Canada
Sharing more of a cultural border with Britain and Australia, Canadian high-tech companies are border-straddling with the U.S. By legal definition ‘they are American.’ Austen (1999) pp.1,2 claimed that it is impossible to say how many border-benders are doing just that. Traditionally, those living north of the border in North America have felt the cringe of ‘bigger equals better,’ or ‘quite possibly takeover.’

But young Entrepreneurs as dot.coms, are better placed to headquarter in Ottawa, and employ in Texas as with Entrust Technologies Inc.; or incorporate in Delaware (ActFit.com) or Bermuda (Mediconsult Inc.) and operate from Canada. Webhelp.com Inc. headquartered in Toronto but incorporated in the U.S. Founder Kerry Adler believes that if he approached a U.S. investment bank and said ‘I’m Canadian’ that they would look at him differently. He thinks perception alters the relationship.

Cross-national studies need to be done by Canada’s Centre for Entrepreneurship and the Australian Graduate School for Entrepreneurship. The two nations share Commonwealth connections.

Denmark
In Denmark during the 1980s the level of self-employment was low. In 2000, Luber and Leicht found that the seven per cent of those self-employed was still below the early 1980s level.

Sometimes it is companies themselves that strangle talent. Whereas many of America’s big bricks-and-mortar companies have learned to give online businesses the breathing-space to innovate, Europe’s are still by and large reluctant to give them enough autonomy or financial backing. One former employee of Siemens tells the story of how he was trying to develop a web business at the company. The internal red tape was ‘unbelievable,’ and when he suggested an I.P.O. the company said ‘fine, but don’t expect to get the proceeds.’ These were to go straight into the central account. The employee duly left Siemens for an American-backed startup.

Dirk Hudig (2000), the secretary-general of U.N.I.C.E., Europe’s Employers’ Federation, can rattle off thirty different ways in which small and medium-sized companies in Europe are being held back. He calls business-friendly structural reforms the ‘orphan of European Union processes.’ Some improvements were agreed on at the European Union’s Lisbon summit, but translating them into action could take years. The biggest problems will continue to be:

- Regulatory hoops for startups.
- The balance between risk and reward
- Labour markets
- Lack of co-operation between universities and companies.

21st Century France
Writing about turn of the millennium France, Murphy and Gashurov (2000) found a tapestry of contradictions and incompatibilities at the level of finance and free markets. At one and the same time, France exported twice as much in terms of G.D.P. as the U.S. Also, international investment accounted for 30% of employment places, and 40% of exports.

‘The country which gave us the word ‘Entrepreneur’ has often made life systematically miserable for anyone trying to be one!’ (Murphy and Gashurov, 2000 p.1). ‘Because of its allegiance to Europe, France is undergoing a second revolution. While French elites still talk the talk of capitalist disdain, the pressure of European integration has forced France to walk the walk of economic liberalization.’

‘I think the French nailed themselves to the cross of economic and monetary union,’ said Suzanne Berger, specialist in European politics at M.I.T., ‘as a way of getting external discipline at home to make the kind of sacrifices they had to make’ (in Murphy and Gashurov, 2000 p.2).

But it is the new generation of I.T. Entrepreneurs who are dazzling everybody. By 1998 I.T. easily outdistanced cars as the industry that attracted the most investment and created the most jobs.
In three important ways France is offering the wrong answers to the question ‘Will we still be able to say the economy is growing in a few years time?’

1. France is still a tough place to be in small business.
2. It typically takes a month to six weeks to fill out the paperwork to register a business—15 procedures to open a business compared with 3 in Belgium, 4 in Britain and 8 in Germany.

Info-Elec, a computer electronics small business of fourteen employees is just an hour away—across The Channel. In 2000, Ashford, England had 315 French-owned companies registered, including a baguette company which imports the dough and bakes it in Ashford before selling to French locals.

The French system does not support Entrepreneurs.

According to the London Business School, France has a business startup rate of 1.8 per 100 people, compared with 8.5 for the U.S. and 4.4 for Germany. The 1999 O.E.C.D. economic outlook ranked France 20th (out of 21 countries) in barriers to Entrepreneurship, 16th in economic regulation, and 21st in administrative regulation!

In France it is widely regarded as unacceptable for a young person to acquire millions of dollars in a short space of time. This distaste for rapid wealth accumulation is one reason why stock options are so controversial in France. Countries are putting in place measures to promote small startups; there is far less agreement about promoting high-growth companies which stand to turn their founders into multi-millionaires. Until countries such as France can grasp this nettle, they are unlikely to be able to create many entrepreneurial high-growth companies.

While the mood in the private sector is more optimistic, French government employees through their unions (accounting for one quarter of the workforce) seem to be pessimistic about change.

The French public is not backing structural reform in the labour market as was in evidence during the Jospin government term. Instead, heavy social charges and high taxes prevail; pensions were a debt-ridden mess, and according to Murphy and Gashurov (2000) p.4, civil servants are ‘fussbudgets.’

Suggestions are that a Third French Revolution may be the only means of ensuring a less greedy State; a State where there is a core of successful global businesses and an ambitious sector of successful small business. Confidence (trust) to allow Entrepreneurs and institutions to test themselves against the rest of the world, is what it will take to complete what the First Revolution set in train.

*In Finland, Sweden and Ireland*
Entrepreneurship has been fuelled by the high-tech boom. In Ireland about 11,000 of the 24,000 are employed in the software business. They are employed by startups, largely funded by private venture capital because
Ireland is a country where the venture capital system really works (Sains, 2001).

In Germany, The Netherlands, and France (see above)
The self-employed rate has experienced a nearly continuous increase at around 9% (Review, 2000).

In Germany, the strength of unions—both blue and white collar, and in Sweden has ensured powerful job security, good wages and a variety of other benefits (Sains, 2001).

Bankruptcy is generally not accepted in Germany. A bankrupt Entrepreneur will have enormous difficulties to find a new investor, or get official permits (Sains).

Tax regulations are also cumbersome and discourage Entrepreneurs. Testimony about the amount of paperwork being disabling is also on record.

Stringent labour laws, including months’ long notification, and stiff compensation requirements’ also favour the employee and disempower small business (Sains).

Small operators report on differences in rules and regulations across member states of the E.U. (Sains).

The Post World War II, German model of a social market economy generated a standard of living that combined both material wealth and also delivery of social services and security. This was based on a consensus between industry employer associations, labour unions and the government. Through work councils, wage agreements and an apprentice system, German society enjoyed stable employment with social services and good wages. But globalization caused companies to rejig the labour/technology and offshore location equation which lead to massive amounts of downsizing. High unemployment (to nearly 13% in 1998) has been a painful reminder that the processes of production and market forces are out of kilter (Audretsch, 2001).

One of Germany’s biggest secrets is that her S.M.Es. have focused on international entrepreneurship; wherein the companies are unknown on the home-market. These S.M.Es have specialized and niche-marketed. These have aided in propping up the national trade surpluses (Audretsch, 2001). Successful German S.m.Es. have tended to enter new markets, solve manufacturing and R.& D. problems, and therefore, contain technology known-how, also to maintain control over standards. This approach has resulted in numerous spin-offs from research institutes, dramatically increasing to 1997.

Derived from studies on those who start-up new ventures, the following are characteristics of German Entrepreneurs—indepedence (career independence), responsibility and leadership. These distinguish
Entrepreneurs from fellow citizens who choose employment by a corporation or the government.

The era of consensus gave place to internal restructuring and offshore production. Deregulation is taking its own time to regularize the market economy. However, there are some shafts of light.

- Networks of business angels who finance new startups are springing up in France, Germany and Italy—some $10 - $15 billion is estimated to be in venture capital funds designated for European startups.
- Germany now has ten professorial chairs in Entrepreneurship at universities, from none in 1998.

Northern countries tend to have comparatively more self-employed people in the fields of professional and business-related services ie. finance, insurance, business services.

In Italy
23% of the total population who are non-agriculture employees work on their own account. This crucial role of family-businesses is an important distinguishing feature of Italian self-employment (Parisotto, 1992). This being so, over 45% of self-employed are working in the service sector with low capital requirements, and low barriers to entry. In addition, certain policies support the strength and viability of small businesses, and the self-employed in Italy—an overall institutional, legal and social environment which traditionally has worked in favour of small, independent activities.

A summary of Facts and Figures about European Union involvement
The U.K. allows S.M.Es. to deduct 150% of certain research and development costs, which helps foster startups. Austria allows a 25% deduction; Italy gives a tax credit for R.& D. costs associated with new products or industrial processes.

- S.M.E. businesses play a significantly greater role in funding R.& D. in smaller countries, eg. Ireland where 83.3% of R.& D. money comes from this source.
- The E.U. has 5.3 researchers per thousand people compared with 9.3 in Japan and 8.1 in the United states. Finland has the greatest number of researchers, and Ireland fewer than average, but both countries are the most active in the E.U. when it comes to increasing the numbers.
- About 25% of the E.U’s. innovative startup companies cooperate with other companies, universities or public research centres.
- The average tax rate in Western Europe on corporate income of $881,000 U.S. is 36%. Sweden and the U.K. are below average, with 28% and 30% respectively, while Italy tops the list at 41%.
- The Netherlands offers the best stock option plans and other types of incentives to encourage people to take chances on starting companies or joining startups (Sains, 2001).
Another view on Europe stated ‘If they want business to thrive, governments need to intervene less to prop up the bloated, and the sick, and do more to cut the red tape that slows companies down. Over-regulation has also stifled the growth of services which, in Europe accounts for two-thirds of employment, where in America services account for three-quarters (Economist, 2000).

Israel
A new wave of respect has engulfed self-employment in Israel. The small-business sector had stagnated for much of twenty years after 1973 (Gradus et al 1993). During this time a political-ideological shift occurred from labour-socialist traditions towards more conservative, free enterprise ones.

Very few immigrants ventured to Israel prior to 1990 but with the fall of Communism, 601,861 new immigrants (mostly from the former U.S.S.R.) have come to stay. They now constitute 10.8% of Israel’s population and 13.2% of its Jewish population (State of Israel, 1999).

The Israeli government acted to intervene in this absorption of human lives less than if the ideological shift had not been made. It opted to decrease government responsibility for housing and employment, preferring rather to give support for housing stock rented or bought in the free market (Lipshitz, 1998). Immigrants triggered growth through creating demand in the construction industry and other services catering to local demand. Mass immigration has played a major role in pulling Israel out of recession (Razin and Scheinberg, 2001).

Former U.S.S.R. immigrants did not concentrate in niches typical of immigrant entrepreneurs around the globe, appearing to be relatively uninterested or unable to penetrate into niches occupied by other Jewish groups or by Arabs. Instead, they have not concentrated in traditional enclaves, but in niches at either extreme of the occupational ladder—high levels of education are utilized at the top, and non-skilled workers doing non-skilled labour at the bottom.

Close to 100,000 (98,139) other arrivals into Israel are explained for by ‘back migration’ to the former U.S.S.R. and onward migration to North America. A curious detail is to see those who settled as being less entrepreneurial than other immigrant groups or the Israeli population. In North America the opposite was true—the more economically motivated Russian immigrants preferred U.S. destinations.

It was found that a more entrepreneurially conducive environment in Israel had secured a level of entrepreneurial activity higher than in Italy, the U.K. Denmark, Finland, France, Germany and Japan (Reynolds et al 1999). The most entrepreneurial immigrant groups in Israel are Jews of Middle Eastern origin—from Libya, Iran, Iraq and Syria—who mainly arrived in the 1950s. Those from European and Middle Eastern/North African origins have been characterized by higher than average rates of self-employment. A most remarkable concentration of self-employed immigrants from former U.S.S.R. is in health services, welfare and social work—about 15% compared with 5% among self-employed Jews and 3%
Arabs. Former U.S.S.R. people are also self-employed in insurance and financial services.

In contrast, the more entrepreneurial Arab minority is concentrated in traditional ethnic niches: construction, wholesale/retail trade and transportation. Unlike the U.S.S.R. immigrants, Arabs are hardly represented in low-status private household and domestic personnel. The self-employed amongst the regular Jewish population concentrated in particular on real estate and business services, and in education.

Korea
The shakeup of huge industrial conglomerates during Asian economic crises and the liberation offered by the Internet are thought to be the factors transforming the corporate landscape of South Korea (Economist, 2000 p.1). Now, money finds its way into startups. Will Korea overtake Japan? The Asian penchant for adaptation has emerged, where lifetime employment used to be a given. People change jobs, arrange flexible hours and work from home. ‘Hundreds of top engineers and finance graduates have left Samsung, Hyundai and LG—to joining startups (p.2).

The Hyundai response has been to introduce share options benefiting managers and top researchers. Up from 1.3% in 1998, and 6% in 1999, some 13% of companies listed on the Korean Stock Exchange now give employees share options. In January, 2000, some 18% of 5,116 companies surveyed by the Labour Ministry shared profits with employees. And yet hundreds of venture businesses spring up monthly (Economist, 2000).

A spin-off effect which has occurred is in the governance of large companies—more transparency and opening up to minor shareholder recommendations. The LG company internet-purchasing system now has a reputation for paying suppliers on time, also. In reality, a symbiotic effect has occurred between big companies and startups. Brands, manufacturing facilities and distribution chains are provided to young Entrepreneurs who supply technology to big brothers.

Peter Drucker has his eye on Korea. We all would do well to, also, in order to learn a new way forward of reciprocity, and benign competition. Of Korea Drucker (1996) p.1 said ‘Korea is number one in Entrepreneurship. Barely forty years ago she had no industry at all. The Japanese, who had ruled Korea for decades did not allow any. They also did not allow any higher education, so there were practically no educated people in Korea. By the end of the Korean War, South Korea had been destroyed. Today Korea is world class in two dozen industries and the world’s leader in shipbuilding and other areas.’

Palestine
Rachid (2000) reported (p.316), ‘Across the border from Israel, the Palestinian Authority has formulated its economic policy in compliance with international trends, towards an open market economy—based on the lessons learned from experiences in many other countries which have a privatized public sector.'
During the absence of a central authority the private sector obtained the largest share in Palestinian revenue. Establishment of the P.A. centred on development plans for the private sector as the main engine for growth. Of necessity, a politico-economic environment in which to nurture Entrepreneurship seems essential and attempts to motivate an ample economic structure is required.

Key factors believed to be essential are that:

- Palestine bears social and economic burdens for her development and infrastructure implementations.
- That a financial sector emerge with stability
- Establishment of a Securities Exchange Market
- Creation of an appropriate legislative environment (Rachid, 2000).

**Russia**

As a caveat on Entrepreneurship in Russia, in 1995 it was found by Kaufman, Welsh and Bushmarin (1995) p.43 that Russian subjects possessed lower ‘internal’ locus of control compared with cohorts in other cross-cultural psychological research. However, being sensitive about the original Rotter (1954) construct, a research team administered the scale in the Spring of 1990. This was very early after the demise of Communist orthodoxy, and therefore, centralized power and control. Although an excellent test-tube for all kinds of research measurement and observation, the society hardly bore comparison to the field of Entrepreneurship in a majority of other countries.

McCarthy, Puffer and Sheksnia (1999) p.44 found that amongst forty Russian Entrepreneurs, most had adopted a highly opportunistic strategy for new ventures. They rated competent employees as the major strength of their enterprise, and profitability as the most important objective. Unstable political climate and an obstructionist government were cited as two largest problems.

Sommer, Welsh and Gubman (1995) p.44 compared Russian and U.S. Entrepreneurs in ethical orientation and found Russian subjects perceiving themselves as less likely to engage in exploitative power behaviour, and as more rigid in evaluation of ethical situations via universal principles.

Findings from the Kaufman, Welsh and Bushmarin (1995) study regarded cultural history as having lasting effects—ie. Russian subjects were more likely to attach control to powerful others and to chance, compared with others from historically democratic countries. Even if some Russians felt significant control over their own lives, psychological measures were influenced by social/cultural variables. If there is a causal connection leading from the perception of personal control to entrepreneurial activity, there is hope that younger Russians forming their values and aspirations at a time of great change and opening up to democratic measures and market economy, will feel secure to invoke internal control and initiate Entrepreneurship.
Spain and Portugal
Countries around the Mediterranean who are host to tourism have a strongly developed culture of trades and hospitality in restaurants and hotels. The services account for a major amount of employment.

In Spain and Portugal around 18% of the aggregate non-agriculturally employed population work on their own account. Spain reported just a small increase of self-employment to 2000. Portugal experienced a nearly continuous increase in her self-employment rate to 2000 (Sexton and Landstrom, 2000).

United States
Hardly could it be said any better—‘The birthing of companies is the process by which an economy reinvents and re-creates itself. It drives innovation and the creation of new markets. Without new businesses the marketplace, along with human opportunity, stagnates (Inc., 2001, p.58). This is the trajectory the United States is on—sometimes referred to as the ‘Startup Nation.’ During the era of space exploration households in Australia were asked to leave lights on at night so that astronauts on journey to the Moon programs could be encouraged by the support. This ‘light up’ or ‘startup’ is of another kind.

Entrepreneurship is tough, creative, anxiety-provoking, experimental (Inc., 2001, p.58)….and a challenge. Yet ‘no sector of the economy is as vital, dynamic and creative as American small business. It is a world that is largely ignored by the mainstream press—if we discount the day-to-day detailed coverage of the recent wild dot.com ride. Yet for the past thirty years an entrepreneurial explosion that has touched every industry, every city, and every ethnic group in the United States. The startling growth of small business has been an extremely important phenomenon in the economic life of the country (Lyons 2001, p.14).

As an indication of how far American Entrepreneurs are prepared to go the following gives some idea of the manner by which a fundamental is adhered to:
Failure matters in venture capital. It costs $20 - $30 million to train a venture capitalist: that is the cost of their mistaken investments as they learn the ropes!

Entrepreneurial societies have to tolerate high rates of failure, which are an essential ingredient in the searching and learning that drive experimentation, improvement/adaptation and wealth creation. The United States has no small business or entrepreneurship policy. Instead, it has a competition policy in which small business and entrepreneurship play an important role (Dennis, 1998). The essential characteristic of that policy is to maintain government neutrality among competitors, regardless of size.

The law establishing the declaration of U.S. policy ie The Small Business Act of 1953 reads as follows:
‘The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.’

A logical extension of competition policy is that no special treatment should be extended to any competitor or group of competitors…ie Entrepreneurship in America is purely ‘market driven.’ Entry is preferred, control of competitive practices is de-emphasized (Dennis, 2000). The notion of positive reinforcement operates.

An example of this preference for ‘entry’ and ‘deemphasis on control’ axis appears in the instance of bankruptcy. In Europe, bankruptcy can be a career-killer. Creditors can claim a bankrupt entrepreneur’s assets for twelve years afterwards in Ireland, and ten years in Finland and Sweden. This poses as a disincentive to starting again. In the U.S. a venturer can be up and going again after one year elapses (Echikson and Prasso (2001). Bankruptcy laws tend to be much less flexible than in the U.S. Even in countries where the laws have been liberalized, bankruptcy still carries a heavy stigma.
SECTION E: A fuller account of Research on Corporate Entrepreneurship

There are numerous reasons why a subject as broad as academic entrepreneurship needs to include Corporate Entrepreneurship. For the past one hundred years of industrialization the corporation as an institution, has driven large-scale economic development. The Corporation has been a national wealth generator in the United States, Britain, Europe, Japan, Korea, Canada and Australia.

From another perspective, Capitalism the system, has contrived with Manufacturing to create a product. Once ‘the product’ gained acceptance, it became ‘a commodity.’ This happened when production became mass produced—everyone wanted to buy one, and it was designed to be that way.

More recently, the cascade effect was created wherein items of one kind belonging in a ‘collection’ were created as ‘felt needs’ for the customer. Coordinated bedrooms are one such item along with bathrooms, lounges with sound systems, and houses with landscaped gardens, pools and rangerovers. On another front the war machine is a veritable exhibition of what money can buy, given the need to pinpoint a threat with lazer-like accuracy. G.N.P. and G.D.P. has been the outworking of streamlined production and a capitalistic system of commodification.

According to Maxmin and Zuboff (2002) Capitalism as we have known it—Managerial Capitalism, is about to change. Perhaps it may take thirty years for this to happen, but corporations which survive will change and adapt to the changing needs of a new society of individuals. It is difficult to imagine what form this revitalization will take. The economic terrain this will be occurring in is a different landscape. It is also global, and multinational, spanning the mounts of the digital divide and crossing the oceans as a mere drop in the bucket of communication.

However, in the here and now, while the external landscape suggests there is a necessity to become collectively entrepreneurial, many other factors have heightened the need for existing organizations to become internally entrepreneurial, in order to survive, and prosper. Concerted attention is paid to what Research has to offer in this section.

The State of Corporate Entrepreneurship:

There is empirical evidence that Corporate Entrepreneurship leads to superior firm performance (Covin and Miles, 1999). Few firms are exempt from the need to become entrepreneurial based on the assumptions that virtually all organizations are striving to exploit product-market opportunities through innovative and proactive behaviour (Dess, Lumpkin and McKee, 1999). Corporate Entrepreneurship may be viewed: through internal developments within a company, and by transformation through strategic renewal. Such strategic renewal needs to go further than strategic management.
Building upon earlier work done by Zahra and Covin (1995), Covin and Miles (1999:53) defined Corporate Entrepreneurship as “The presence of innovation, plus the presence of an objective to rejuvenate or purposefully redefine organizations, markets or industries in order to create, or sustain competitive superiority.” This can apply to an established organization entering a new business—‘corporate venturing’ (Block and MacMillan, 1993; Venkataramanan, MacMillan and McGrath, 1992); or it may apply when individuals champion new ideas within a corporate context—‘intrapreneurship’ (Pinchot, 1985). A third phenomenon which preoccupies the following remarks comments upon entrepreneurial philosophy where entire firms, in contrast to individuals or bus-sections of a firm, act in ways that generally would be described as entrepreneurial. Taken together, these three categories canvas the breadth of Corporate Entrepreneurship.

Covin and Miles pointed to a ‘missing element’ in earlier research (with minor exceptions), and coupled that missing element with the widely-accepted notion of innovation. They argued that the presence of the objective of sustaining high performance (or improving competitive standing) through actions that radically energize organizations or ‘shake up’ the status quo in their markets and industries is the missing element. Without it the ‘pulling through’ of the entrepreneurial process does not occur satisfactorily. By extension, their definition states that Corporate Entrepreneurship is engaged in, to increase competitiveness through efforts aimed at the rejuvenation, renewal and redefinition of organizations, their markets or industries.

Corporate Entrepreneurship revitalizes, reinvigorates and reinvents. It is the spark and catalyst that is intended to place firms on the path to competitive superiority, or keep them in competitively advantageous positions.

Arising out of the way in which they theorized Covin and Miles (p.53) identified four forms of the compelling objective for high performance:-- sustained regeneration—wherein a company regularly introduces new products, or enters new markets; organizational rejuvenation—to the organization, per se. strategic renewal—to the organization strategy for navigating its current environment, and domain redefinition—the organization act in creation and exploitation of new product-market arenas.

Each is defined by at least one potential basis for competitive advantage. Sustained Regeneration (p.57) is intended to capitalize on latent or under-exploited market opportunities. Firms successful at this tend to have cultures, structures and systems supportive of innovation. They also tend to be learning organizations that embrace change. Organizational Rejuvenation (p.58) may be introduced in order to sustain or improve competitive standing by altering internal processes, structures and/or capabilities. Distinguished from strategic management, the term used by Covin and Miles was specific to the focus and target of entrepreneurship, being the organization per se.
Strategic Renewal (p.59) occurs when an organization seeks to redefine its relationship with market or industry competitors by fundamentally altering how it competes. The focus for strategic renewal is the firm in its environmental context, and in particular, the strategy which mediates the organization-environment interface.

Domain Redefinition (p.61) occurs when an organization proactively creates a new product-market arena that others have not recognized or actively sought to exploit. It was thought that ‘first-in’ or early-mover status would create some base for sustainable competitive advantage. In doing this a company (a) tries to avoid competitive confrontation in a specific product-market area; or (b) moves the competitive battle to a new arena where later-comers are likely to suffer disadvantage.

These four forms need to be recognized as contributing to firm performance (and therefore outcomes). Separately they each represent appropriate, defensible and value-enhancing behaviour in any specific competitive context.

The resuscitation of Chrysler Corporation is an excellent example of entrepreneurial transformation when the company seemed doomed to bankruptcy (Kindel, 1994).

Entrepreneurial activity and ‘organizations’ have little in common: There are difficulties in fostering Corporate Entrepreneurship in tradition, hierarchy-driven organizational models. Such models impede entrepreneurial behaviour through inhibition and boundaries which limit flexibility and open communications. Traditional organizations are slow to change if they change at all, and they are notably risk-averse (Stevenson and Gumpert, 1985). Jelinek and Litterer (1995) concur (p.138):

Entrepreneurial organizations must do more than support an individual entrepreneur. They must repeatedly initiate new product or service ideas within the context of an existing firm, reconverting their people and assets to new uses, bringing new ideas from many sources into good currency. Ideas must be generated, resources assembled, the new product/services produced and delivered to users by organization-wide redirection and cooperation. The test of organizational entrepreneurship is that members across the firm must be involved in creating ‘something different,’ and that the organization must sustain such effort again and again.

To do this, many organization members must create new ideas, get resources, and have the freedom to initiate action in a new direction. However, entrepreneurial efforts cannot simply take the firm ‘in any direction.’ For entrepreneurial firms, the challenge is to maintain direction while facilitating a constant flow of new ideas (Dougherty and Heller, 1993). Most traditional organizations solve the problem by discouraging innovation as illegitimate.

Jelinek and Litterer identified three paradoxes and three properties. The paradoxes are seemingly unresolvable and stand between traditional thinking and Corporate Entrepreneurship.
Traditional organizations (p.138) are designed to produce stable, predictable performance by eliminating unplanned, unauthorized behaviour; entrepreneurship, by contrast, embraces ambiguity as its source for opportunity, often creating unexpected and unpredictable complexity in response to the very opportunities for change that traditional organizations avoid.

Through specialization (p.138), traditional organization theory and practice seeks to narrow members’ focus to the responsibilities at hand. Members are encouraged to ignore ‘distractions. Yet Entrepreneurship begins with precisely the ‘distracting’ information that traditional organizations and typical cognitive patterns, filter out as ‘noise’ or ‘anomaly.’

While some firms do handle these paradoxes (p.139), theorists and managers have been slow to recognize in these firms a new type of organization. Entrepreneurial organizations are profoundly different, but in ways not captured by traditional theory. Indeed, much of what makes these organizations entrepreneurial is invisible or misconstrued in traditional theory. Entrepreneurial theory needs to go on explicating this.

Within an entrepreneurial organization there are at least three central interconnected properties: shared management, mindful alertness to anomalies, and superior capabilities of ambiguity absorption. Therefore an entrepreneurial organizational response is the outcome of carefully crafted, mutually supportive organizational arrangements. A brief description of principal features of entrepreneurial firms and coping with ambiguity and uncertainty will highlight a need to develop a more refined paradigm for entrepreneurial cognition. “What organizes Entrepreneurship is precisely what is ignored or dismissed in traditional bureaucratic theory (Jelinek and Litterer, 1995:140).”

“What is most fundamentally different is the ‘nature of members’ engagement.’ In entrepreneurial organizations, members are actors and initiators, deliberately taking responsibility for results to which they personally feel committed. Not only do members take initiative, but exercise also responsibility for ‘coordinated precision, meticulous accuracy and careful monitoring. There is no place in such work for ad hoc behaviour, or even for well-meaning but uninformed (or uncoordinated) zeal.” Good theory will focus on how the people, both as individuals and members of teams, come to think in organized, coordinated fashion (p.140).

Jelinek and Litterer claimed that individuals act on the basis of how they understand their own context, their objectives, and how best to achieve their desired outcomes. There is a convergence between an aspect of their work and that of Fiol (1995). “How can people be coordinated, given their different views?” and “How can diverse perspectives be exploited for maximum benefit to the organization?” Comprehension of entrepreneurial cognition creates a theoretical highway for enabling responsibility, fostering creative attention to performance improvement, including alternative perspectives within the organization—a shared cognitive map.
The Entrepreneurial Organization reciprocates with systems which support entrepreneurial behaviour. Traditional organizations push for results but provide inadequate support/unrealistic expectations and are, in effect, inhospitable to entrepreneurial activity.

Ambiguity is anticipated as an enduring fact of Entrepreneurial life. It is assumed that (entrepreneurial) people can deal with it, with help from one another. The elements of entrepreneurial decision-making, information and shared management combine into a powerful, flexible system which Jelinek and Litterer developed as a paradigm labelled. Ambiguity-absorption via Loosely/Tightly-Coupled Systems. This is further elucidated on in the work of Heller (1999).

Heller’s contribution addressed the first two ‘forms’ of company activity (Covin and Miles, 1999). An emerging ‘innovation project’ will be ‘embedded in an existing host organization’ so that each system must be ‘managed.’

More research-based knowledge has been generated on product-development research than on the interface of projects and host organizations (Brown and Eisenhardt, 1995; Leonared-Barton, 1992). The interface of projects and host organizations is crucial as an aspect of product-development because this arena is where the marrying of innovation to establish organizational capabilities and strategies is consummate (Heller, 1999).

Heller, therefore, offered a model by which to proceed with the Innovation/Host Organization Interface. The alternative Strategic Forcing Model seeks to forcibly ‘fit’; the innovation into a resistive organization and strategy. In the traditional organization the project leader, or ‘heavy weight’ (Clark and Fujimoto, 1990) uses a mix of political power, organizational savvy and technical prowess to get the innovation past organizational roadblocks to implementation. Focussing on the organizational side of the interface, Heller introduced the notion of ‘induction’ in relation to project/organization synergies. She referred to this as a top-down model where senior managers oversee and encourage the creative output of the entrepreneurial process.

Heller asked “What is the nature of a host organization that supports, inspires and controls entrepreneurial activity?” The Loosely Coupled Systems Model (L.C.S.M.) focuses attention on the dialectical quality of the relationship between the two systems (at once loosened from and coupled to) on independence, yet mutual influence of the emerging and existing company and facilitation group, within the company. It was Heller’s belief that a relationship of mutual influence between innovation and host organizational systems therefore existed.

A further eight specific mechanisms were identified by Heller which serve to ‘loosen’ and/or ‘couple’ both project and host Originating with Weick (1976), the notion of ‘loosely coupled systems’ derived by Heller emerged as:
1. Loosely Coupled Systems may foster creativity.
2. Loosely Coupled Systems appear to be an organizational ‘form’ which obscures sub-unit activities from the monitoring of top management
3. Loosely Coupled Systems may serve to seal off or buffer the spread of problems or, in the case of new product development failure.

Conforming to the understanding ‘couples project and organization,’ while deviating from an understanding ‘loosens a project and organization.’ Therefore, while intrapreneurs may or may not conform their new product concept to the status quo, they still use their understanding of the norms as a standard, and a single set of categories describes both ‘loosening’ and ‘coupling.’

Dynamics of Loosely Coupled Systems are best understood in a further three dynamics of project/organization independence as follows: Intrapreneurs in Heller’s research talked about how they were ‘not coupled.’ Their conformity was taken-for-granted, but when they deviated from the usual they were aware, and felt free to talk about it (they were not secretive or dishonest).
‘Loosening’ on one level of an organization may exist with ‘coupling’ on another level—pseudolooseness.
A Motivational Curve may actually be the outcome of the direction of change.

Heller provided a rich resource by which Entrepreneurs/Intrapreneurs could comprehend and test their actions in the field.

There are difficulties in fostering Corporate Entrepreneurship in traditional, hierarchy-driven organizational models. Such models impede entrepreneurial behaviour through inhibition and boundaries which limit flexibility and open communications (Dougherty, 1995). This assertion is expanded on below, with more specific findings about incompetencies.

Dess, Lumpkin and McKee (1999) suggested organizational configurations to overcome the entrenched effect, with a view to offering companies a way forward in organizational functioning. They are ‘the modular firm,’ ‘the virtual firm’ and ‘the barrier-free firm.’

The relationship between Corporate Entrepreneurship and firm performance is complex due to the multidimensional nature of strategy, structure and process variables. Being a trinity interdependent upon each other, elements which lead to favourable outcomes on one performance dimension may not favour the other two dimensions. Heavy investment in new technology in order to achieve competitive advantage in the long-term may detract from short-term profitability.

Two innovative measures of firm performance which may be preferable to conventional accounting measures are E.V.A., Economic Value-added and M.V.A., Market value-added indicators. These recognize the cost of capital and the riskiness of a firm’s operations (Kay, 1993; Lehn and Makhija, 1996).
Directions which seem necessary for future research would be to develop and incorporate non-financial outcome measures ie. Employee retention and satisfaction, public image and reputation (Reinhardt, 2002) into short-term, and longer-term gauges of company performance.

In organization terms Entrepreneurship is a behaviour that moves the organization (or some subset of individuals) to a new state of being. Krackhardt (1994) argued that individuals bring to a company their Entrepreneurial spirit. No matter how successful an organization may have been, the ability of a firm to operate as an organic, non-bureaucratic entity is time-limited through loss of competitive advantage ie. Unless employees and managers in the firm are entrepreneurial. “A firm can presumably maintain its entrepreneurial advantage as it grows by instilling a culture that fosters entrepreneurial behaviour amongst its employees/managers” (Kanter, 1983).

Again, a further three, core interrelated elements to support Corporate Entrepreneurship were identified by Jelinek and Litterer (1992). They were:

- Pervasive sharing of managerial tasks and responsibilities.
- Mindful alterness to anomalies, and
- Ambiguity absorption by means of mutual support and information sharing.

Jarillo and Stevenson (1990) took up the notion of opportunity which contributes to the difference individuals make. Entrepreneurship is a process by which individuals—both on their own or inside organizations—pursue opportunities without regard to the resources they currently control but enabled by successful negotiation and acquisition of resources. Recognition of outcomes being as a result of individual initiative and input was referred to above.

Structural elements aside, there are various factors which are important in themselves which the Research has shed light on:

An insightful account was given in an article by Fiol (1995), wherein a product-development team of eleven exhibited the usual eye-witness account variations to their experiences in bringing a product to fulfilment (p.73). On the surface it would appear that the experience was riddles with contradictions. Rather, standing side-by-side in jointly developing a product, individuals saw, perceived and interpreted the task somewhat differently. Therefore, in developing the innovation entrepreneurially, a process of ‘combining’ (or recombining) unrelated perceptions and interpretations was necessary.

“The lack of common experiences and the fact that perceptions differ, therefore perspectives of the new-venturing team contributed to the conflictual and discontinuous nature of the venturing process across two years” (Fiol reported, p.73). Success of the venture occurred in three phases (pp.73, 74).

While there was agreement that improvements were needed, there was strong resistance to developing the idea on the grounds of two many
uncertain ramifications that had not been sufficiently addressed. In the absence of a common view the project was abandoned. As a result of uncoupling the new-venture idea from existing product lines, and presenting it as a separate product, therefore eliminating questions of ‘fit’ with existing product lines, the original idea of a totally new business began to emerge. Thorough-going promotion of the new opportunity reached the C.E.O. and Company President whose tentative support apparently legitimated the new line.

Through regular team and sub-group meetings a momentum gathered which drew in cautious senior-level members of staff and the project emerged as core business.

**Creative tension separates people:**
Fiol reminded us about the active ingredients of creative tension. Creative people are thought to embody a tension of lateral and vertical thinking (Winslow and Solomon, 1987).

Knowledge breadth has been called

‘Lateral thinking’ by de Bono (1968),
‘metaphorical thinking’ by Gordon (1961),
and expanded problem definition by Adams (1974).

These all refer to the diversity and flexibility of viewpoints and approaches in attempting to solve a problem.

Knowledge depth has been called

‘vertical thinking’ by de Bono (1968),
‘fluency’ and ‘constrained problem definition by adams (1974),
when referring to level of expertise to analyse and given problem with existing data.

The psychology of individual creative tension applies when multiple viewpoints and broad problems pull people away from the impact of existing solutions (Koestler, 1964). The previous three phases help to show the manner in which group project behaviour may occur.

De bono (1968) regarded the process of vertical thinking applied to lateral thinking as the ‘digging of holes.’ He regarded logic as the tool with which holes may be dug deeper and bigger. But if the hole is in the wrong place, then lateral thinking may necessitate trying again in another place.

Speaking of creative individuals, they have been described as ‘the embodiment of contradictions’—both more primitive and more cultured,

More destructive and more constructive,
Crazier and saner than the average person,
Capable of a simple and an elaborate vision,
Possessing a lack of order and a far-reaching ordering,
The unfinished and the elegantly complete (Barron, 1958).

Kets deVries (1985) asserted “a mix of the creative and the irrational seems to be what makes them tick.” And yet, no single characteristic described creative people (Fiol, 1995).
The Modern Corporate structure of Creative Tension:
Many researchers point to multiple cultures or themes which are loosely coupled within most large firms (Barley, 1986; Fiol, 1991). Functional and hierarchical organization subcultures emerge in response to both internal and external complexity and diversity. An important absolute revolves around the role an individual takes. Role differences that create thought worlds do not follow structural divisions of an organization cleanly. Rather, the boundaries of a thought world are defined by the interpretive dimension of a person’s role (Fiol, 1995). Fiol suggested differentiating with the Knowledge breadth/Knowledge depth concept and developed a useful categorization of four ‘thought worlds.’

Fiol contributed an excellent framework for managing contradictions in corporate entrepreneurial activity. Her view gave strong support for Research to proceed along non-linear lines wherein attention to the unique, the contradictory and the outlying elements of empirical studies need to be the grist of Research into Entrepreneurship.

In her discussion Fiol cautioned about the notion of ‘carte blanche’ success in a corporation, and claimed that ‘conflict per se’ does not necessarily result in creative breakthrough. Using an analogy from Biology, Dougherty (1995:136), claimed that a culture of incompetencies had frequently stifled competencies in an organization like ‘vines run amok.’ She likened this to a scaffolding (or trellis) where rigid rules of thumb (core incompetencies) trap the competencies. Dougherty even used the word ‘reified’ rules, implying that such rules are a formative part of the identity of the company—the culture. The scope is not there to be entrepreneurial in such an environment.

Dougherty quite correctly called core competencies which have developed in an organization an ‘uncommon resource.’ Ideally, competencies enhance ongoing organization adaptation, leading to further opportunity to improve overall innovation management; thus enabling a firm to reconfigure its resources and further provide a way to experiment with new ideas (Doughterty and Heller, 1994; Bugelman, 1983). Speaking biologically, such a system functions like an organic liver, oxygenating and energizing a healthily-functioning body.

On the one hand three major facets of core competencies were identified as resources, capabilities and culture; on the other, and on the flip-side, core rigidities exist. These happen when certain knowledge and skills become institutionalized. This then leads to shared behaviours and taken-for-granted habituated actions. Such a culture may develop out of success and stability can perpetuate narrowness, leading to the choking effect of the vine—the antithesis of entrepreneurialism.

Dougherty acknowledge that the dynamics between core competencies and ventures are complex, but persevered in untangling how resource knowledge, capabilities and cultural identities relate to ventures. A key focus was an examination between tacit understandings and simple rules in relation to core competencies and product innovation.
It has come to be recognized that entrenched patterns of thinking and behaving may also serve a positive function. They may summarize key decisions and problem outcomes, so that others do not continually reinvent the rules. However, what seems crucial is that managers and leaders restore a balance between rich action and rigid rules—continuously. It is the lack of interplay between core competencies and rigid incompetencies which stifle. These two faces of social action need to interact dynamically over time and thereby shape, reaffirm and modify each other.

Three interrelated forces reinforce the dominance of incompetencies (p.136):
pressures for reification and abstraction
pressures against hands-on practice
pressures against linkage of technologies with market and customer needs.

It would appear that the social factor is a major driver to the success or otherwise of Corporate Entrepreneurship. Dougherty proposed two strategies which hold promise; a) to develop and pursue broader, more general strategies which reinforce variability; and

b) attending to slower socialization with a continual influx of new people, helping top keep rules of thumb from becoming so dominant.

Leonard-Barton (1992) suggested that discrediting systems, values and traditions would be ultimately constructive, but Dougherty disagreed stating that this was ineffectual unless people also focused on practice. Instead, she identified two avenues in order to rectify the calcification of a product-system as follows:
to actively ensure that managers creat communities of practice that are able to focus on the intricate details of a particular kind of work (Brown and Duguid, 1991) using enlightened socially interactive protocols; and
liaising and networking with customer-firms enables the developer-firm to ‘scope out’ emerging markets and continually feed insights back into the company. Leader-user analysis (von Hippel, 1986) and empathetic product design (Leonard-Barton, 1991) could also be useful.
APPENDIX ‘7’

Wilber’s claim that truth and meaning are at war in today’s world needs exploring. It is a challenging thing to claim. But it is thought to be particularly necessary to explore as the charge to value more highly the principles and practise of Social Entrepreneurship have been made (Chapter 4). Such principles and practise represent the tip of an iceberg for doing good. For the most part, much of these activities are internal, unobservable, and non-empiricist values-elements which have been dominated and colonized by tacit knowledge and technology--each of which is devoid of meaning and value. In short, Wilber said science tells what ‘is;’ not whether it is good or bad—or what ‘should be’ or ‘could be’ or ‘ought to be.’ Such a way of life is an affront to values and spirituality. Wilber calls this “A massive and violent schism and rupture in the internal organs of today’s global culture” (p.90). And again, “No longer were men and women enfolded in Spirit, they were simply awash in ‘matter:’ hardly a comforting universe,” said Wilbur (p.95).

On the one hand is the good which has come with Modernity eg liberal democracies; on the other – what is bad—the widespread loss of meaning. Wilbur connected scholarship from Weber to Habermas which recognized the positive aspects of progress, but which does not deny that a cleavage exists as well.

Premodern society embraced art, morals and science in what Wilbur identified as an undifferentiated, or fused manner. In Galileo’s day, the Church defined what science could or would not do. But with modern day differentiation of values spheres, and particularly with post-modernism, there is no arbiter of values—only relative truths, and differentiation. However, “Differentiation allows each sphere to make profound discoveries that, if used wisely leads to good results; but the downside of discoveries if used unwisely has become scientific imperialism, and totalizing schemes of world domination” (Wilbur, 2000b:96).

Differentiation in Modernity has lead to both dignity and disaster. Moral theory is free to pursue an enquiry into the ‘good life’—whether it agrees with the Bible (or Koran), or not. But this separation of spheres has been done deliberately and willfully so that values became dissociated—art follows its own cubist form and science (in the form of scientism) ie. scientific materialism, and scientific imperialism is now king on the throne of dominions and powers.

Wilbur introduces the concept of ‘dissociation’ which term may describe a person’s response to severe trauma. Dissociation was used originally by the French school as psychopathology. It is associated with a functional interruption of associations or connections in the mind upon which the revival of memories and systems of ideas depends (Drever, 1978:71). A further insight (van der Kolk, 1996) is that during a traumatic experience, dissociation allows a person to observe an event as a spectator, to experience no or limited pain or distress; and to be protected from awareness of the full impact of what has happened… until much later.
This is what Wilbur is alluding to. “Modernity has gone too far,” he says. “Differentiation has become dissociation” (p97).

**Wilbur and Ward: Theories on Spirituality**

The corollary is that modern secular society has become separated from its sacred moorings without full awareness of the stripping of dignity which art, morals and science can give. The task Wilbur assigned himself therefore is an attempt to reintroduce, appraise and reconcile the spiritual dimension, but on terms acceptable to science as well (Wilbur, p.98). He has laid store by The Great Nest of Being wherein Matter, Life, Mind, soul and Spirit form an interconnected hierarchy. Each higher level of the hierarchy transcends but includes the preceding levels.

Wilbur’s worldview equates each level of reality with a branch of knowledge ie. the study of Matter – Physics; the study of vital bodies – Biology; Psychology and Philosophy address the mind; Theology studies the soul and its relation to God. Mysticism is the radical experience of Spirit. And he regards this schema as the dominant worldview up until post-Enlightenment Modernity came to the West. Together with the Great Nest of Being, this was the unifying structure of pre-modern man. But a seismic shift occurred when matter and the material universe could be studied by science outside of a reverential regard for the Great Chain reaching from ‘matter’ to ‘God.’

Truths of science displaced Truth about meaning, which spiritual interpretation is really able to give. Previously, in pre-Modernity, much literal truth had sustained people; but time is needed for interpretative truth to be exposed to scholarship and wide acceptance found. Currently, one such confirmatory activity is found with the work of astro-science eg the Black Hole and Hawking. The painstaking work of Archaeology is giving confirmation to uncertain reality from the past and clarifying it. The work of meaning making is ongoing (and in one sense) a bourgeoning study of ethics is a serious attempt at catchup; because differentiated art and morals and science have rejected meaning in exchange for rational fact – truth.

Modern man has never genuinely gotten over the curiosity aroused from the Genesis journal account of ‘What ’ came into being in the beginning, and is bent on scientifically proving ‘How’ the material universe with mankind in it ‘ticks;’ albeit he is in denial about a spiritual realm.

Pressing on to integrate science and religion “We need,” writes Wilber “to take the core of the wisdom traditions (subsumed in the eye of flesh, the eye of mind and the eye of contemplation) and expose them to the differentiations of Modernity—the value spheres of art, morals and science). The wisdom tradition this author is most familiar with is that of the Old testament which, Kidner (1973) states, is the voice of reflections and experience (rather than of bare command, or even preaching). “At a deep level there will be searching reflection on the way God governs the world, and on the ends for which men live” (Kidner).

Solomon (961 – 925) has gone down in history as being preeminent with wisdom—not only from his own brilliance but from his patronage of
learning and the arts. Searching questions were being debated in writing for at least a thousand years before Solomon—the middle Bronze Age circa 2000 B.C. (Kidner, 1973: ).

The Wisdom Literature of Israel did not develop in an intellectual vacuum. As the culture of Egypt and Assyria (the Tigris – Euphrates civilizations) come further to light a comparison can be made with the richness of the surrounding cultures, as well. Some of the popular sayings and precepts are concerned with the common things of life which occupy the biblical proverbs. There is both worldly wisdom, and that which is high-principled. Another type of literature wrestles with the problem of suffering and meaning of existence. According to Kidner, the Old Testament treatment of these themes remained distinctive and moved at a consistently higher level of informed faith—hence Proverbs, Job and Ecclesiastes.

Thus such wisdom needs to be exposed to the differentiations of Modernity. Wilber distinguishes Modernity per se from ‘the modern or contemporary world.’ His Modernity embodies the specific events set in motion with the liberal Enlightenment—differentiation of art, morals and science as ‘stand alone’ within each its own sphere.

While the values of the Reformation in Europe (15th and 16th centuries) brought pockets of differentiation from the imperialism of Catholicism eg. Huegenots, Calvinists and Lutherans, this occurred at a pre-differentiated time in society at large. With the Enlightenment came the push for ‘equality, freedom and justice’ for all. Wilbur regards this as ‘the dignity of Modernity.’ Rapprochment with science, and integration with spirituality will, according to Wilbur, incorporate the dignity of Modernity.

The three values spheres of art, morals and science may be regarded as the Beautiful, the Good and the True. Defining these Wilbur writes: “The Beautiful represents the aesthetic and expressive currents of each subjective self; The Good refers to morals, to justness, to ethics and to how we interact in a fair and decent fashion. In a general sense human beings need to mutually inhabit the same cultural space. The True refers to objective truth according to dispassionate standards. Domination or violence from others is unacceptable and disrespectful.” This masquerades in various kinds of power relations and is the antithesis of transformed lives.
APPENDIX ‘8’

RESEARCH PHASE 1

Sample letter to prospective ‘icon.’

Dear,

I am enrolled as a doctoral student at the Australian Graduate School for Entrepreneurship, at Swinburne. My academic interest is in the newly emergent field of Social Entrepreneurship. The title of my research topic is ‘Social Impact as a Core Determinant of Social Value.’

I have followed your career at …………………………………………………with interest for a great many years and, more latterly, your retirement interests in Social Entrepreneurship. At the suggestion of my Supervisor, Professor Adolph Hannich, I am requesting that you consider allowing me to conduct an interview along the lines of ‘defining moments across your Life,’ with the view of pinpointing that which has been entrepreneurial.

My own involvement has been with a non-profit for twenty years. More recently, in pursuing the Literature, I recognize there are elements of good business practice which, if adopted by those in the social sector, may become the hallmarks of social value, in a similar way in which profit is an indicator of the health and viability of a company.

Thus, I would value drawing from your lifetime experience, and would consider an interview a privilege. I shall telephone when I think you have had time to receive this from me.

Yours sincerely,

August, 2002.
RESEARCH PHASE 2

Covering script for CEOs, initial contact letter with potential respondent, together with ethics agreement.

During the founding of Australia Carolyn Chisholm helped to settle and protect young female immigrants. She said: ‘I would like a building to house these girls. I am willing to work hard, assist in any way, give my time freely, provided such a house for young girls becomes a reality.’

In the closing years of the 20th century ‘doing good’ has changed considerably. From early benevolent work, to charities, to parent-initiated special schools and support groups, to not-for-profits, the notion of providing a service on a ‘shoe-string,’ has given place to applying for funding and seeking grants. Unlike business, whose success or otherwise is always measured by profit, non-profit ventures have no way of knowing how social value is created. Nor do they have a way of knowing where that value exists.

This research topic on social value creation claims that created value is at the core of social activity which has an impact for good.

In a stepwise fashion it is intended to gather information from practicing Social Entrepreneurs. In the first phase of investigation and after an initial contact, the Researcher will forward a kit for handing on to selected personnel as follows:
   a) The Leader/Social Entrepreneur
   b) (2) Team members—volunteers, staff or mentor
   c) Board member respondents

In the second phase, other Social Entrepreneurs will be invited to
   (a) submit to a semi-structured interview; and
   (b) to complete a) – c) of Phase 1.

- It is thought that much can be learned about a right valuing of non-profit organizations.
- Much new wealth has been created during the dot.com boom. More knowledge about the field may lead to an appropriation of this wealth.
- A better comprehension of the relationship between market forces, government policies and regard for the dignity of human beings will be derived.

TO:
CEO/Social Entrepreneur, or
Support Person, or
The Board Member,

Thankyou for your willingness to respond on the B-Indicator. This should take not much more than ten minutes to complete. In doing so, you are an important part of research into your ‘social venture’ as a case-study.

Unlike business, whose success or otherwise is always measured by profit, non-profit ventures have no way of knowing how social value is created. Nor do they have a way of knowing where that value exists. Hence, the subject of this research is ‘Social Value Creation: a Core Determinant from the Impact of Social Entrepreneurship.’

In the interests of confidentiality, no personal or non-profit names will be used. Apart from descriptive data, data which highlights significant research interest will be utilized:

a) about learning to place a right value on non-profit activity; and
b) in order to learn more about the relationship between not-for-profits, government policies, and market forces.

Under the supervision of Professor Adolph Hanich, Director of the Australian Graduate School for Entrepreneurship, Swinburne I (the undersigned) am responsible for gathering and researching your data. This will be protected by my identification code at my web address, or on CD-Rom, secured by me. Just as your leader (Social Entrepreneur) has asked you to do this for me, so only he and I know who Respondent 1, 2, 3…8 are. This information will be deleted at the end of the study.

In order to proceed respectfully I both appreciate your participation and recognize that you are free to withdraw and to discontinue should that be necessary. If you have a question about this outline, or the study, I am available for contact on 9214 5891, or e-mail at lgillin@swin.edu.au

Should it be thought necessary to press an ethical issue further this can be dealt with through The Chair, Human Research Ethics Committee:
Swinburne University of Technology,
P.O.Box 218, Hawthorn, Victoria 3122
Telephone (03) 9214 5223

I would anticipate that there are potential benefits both for you, your group and the society, as a result of participating in this doctoral research.

Yours sincerely

Loris O. Gillin
(PhD. Candidate)
AGREEMENT

I, 
of………………………………………………………………………………………….
have read and understood the accompanying information. Any questions I 
have asked have been answered to my satisfaction.

I AGREE to participate in this activity, realizing that I may withdraw at any time.

I AGREE ALSO that any interview may be recorded on audio as data ON THE 
CONDITION that no part of it is played in any presentation or public display.

I AGREE ALSO that research data collected for the study may be published or 
provisioned to other researchers ON THE CONDITION THAT anonymity is 
preserved and that I cannot be identified.

DATED this day of 2003.

SIGNED BY PARTICIPANT

……………………………………

* Please sign and retain; 
Return the other copy with responses

PRINCIPAL INVESTIGATOR

……………………………………
APPENDIX ‘9’
INDICES E-, G-, B-

ENTREPRENEURSHIP INDICATOR

Was there at any point before start-up…

Please circle

A conviction of heart? A vision? A compulsion to respond? an intuitive response?

Unless you are able to circle the options given, please circle ‘true’ or ‘false’ to the following:

1. I draw on/do not draw on latent ability to perform a task

2. I merely rely on good luck to perform well

3. If the task is too difficult, I know so

4. If the task is too difficult I ‘give it away’

5. Even if a task is not too difficult, if it requires a lot of effort I ‘give it away’

6. I persevere because I like to ‘break through’

7. ‘Why work hard if people-relating things come more easily!’

8. Everything I do needs to have a supply of good luck

9. Across life, I have showed persistence when …………………………………………………

10. In this non-profit venture (NPV) I am persistent obsessive. In what way?.........................

................................................................................................................................................

11. I can persist for days weeks months years.

12. I practice ‘follow-through’ at a rate of 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

13. I, personally, respond to a cause…

by feeling driven/compelled feeling inspired with intent and action.

14. In the social field I feel personally responsible to make things better

15. The ‘means’ for me to live are assured, so I want to contribute to others with my time and expertise

16. I feel it a duty to respond in this way

17. I express my spirituality in this way

18. I am charged with acting entrepreneurially towards those in need

19. I have followed a vision and it has failed. That does not mean I am a failure

20. I get depressed for a day a few days a couple of weeks longer

21. I get depressed and withdraw

22. I get depressed and work harder

23. I get depressed and bounce back

24. I obsess over wishing I could do even better

True False

True False

True False

True False

True False

True False

True False

True False

True False

True False

True False

True False
25. Before becoming a Social Entrepreneur I decided against doing something else which was …………………………………………………………………………………

26. Having said that, I chose the ‘subjective return’ by becoming an entrepreneur, and decided against the ‘subjective expected return’ to doing something else.

1. Personal characteristics: Please circle family background, personal history and educational achievements:
   Parents          Married   Separated          Mother living ….        Father living ….
   Siblings        … Sisters … Brothers
   My birth order      Oldest       2nd born     3rd born     4th born     5th born     Youngest
   ……………………………………………………………………………………………………………….

2. My formal schooling went to……………………………………………………………………
   and I became…………………………………………………………………………………………
   ……………………………………………………………………………………………………………….

27. I have given a lot of thought to risk management        True  False
28. The costs of setting up the venture I work in were covered before commencement                 True  False
29. A breakdown of those costs is as follows: -
30. I was prepared to roll up my sleeves and get my hands dirty                  True  False
31. I was prepared to roll up my sleeves and get my hands dirty even if nobody else joined in support True  False
32. I believe the venture I work in has broken down resistance to change amongst others True  False
33. The community of which we are a part has moved from
   Little entrepreneurship Medium entrepreneurship High entrepreneurship
34. I continue to be alert to opportunities which emerge                   True  False
35. I have my own way of mobilizing human resources,                   True  False
   physical resources,
   capital resources
   when it is necessary to exploit an opportunity.

Thankyou,
Kindly return.
SOCIAL VALUE CREATION AS A CORE DETERMINANT IN THE IMPACT OF SOCIAL ENTREPRENEURSHIP

GOODWILL INDICATOR

In your view .....  
1. What percent value is the name of your organization worth?           ......%  
What percentage does reputation give to the percent value of your non-profit?       ......%  

Now circle the options and circle ‘true’ or ‘false’ to the following assertions:

2. You saw a need/heard about it. How did you join the non-profit cause?...
   I was ‘at one’ with the values position                    True  False
   I saw an opportunity to be useful in                    True  False
   I saw an opportunity to express myself through              True  False
   I felt enthused about the opportunity                    True  False
   I was attracted because of others who are participating  True  False
   I have friends who are volunteering                      True  False
   I thought first about personal inconvenience              True  False
   The opportunity to volunteer was greater than the inconvenience True  False
   The cost of personal inconvenience is greater than the opportunity True  False
   My decision to join in sprang more from conviction        True  False

3. There was a crisis/disaster in my life/the community leading to my involvement   True  False

4. My support is not altered by how large or how small the team is               True  False

5. Being part of a social action group is very important to me                   True  False

6. I get enjoyment from serving a cause and being alongside of others           True  False

7. Being interconnected with others is satisfying                                True  False

8. Being interconnected with others who share my values inspires me              True  False

9. Alongside others who are ‘black and white’ in outlook I feel crushed        True  False
   cramped

10. Being asked to be confidential restricts sharing our vision                  True  False

11. Working under pressure makes me irritable,                                    True  False
    tired
    disinterested

12. I like brainstorming with our leader                                         True  False

13. I try to avoid missing team meetings                                          True  False

14. I feel my information is important                                           True  False

15. I can pool information on property,                                          True  False
38
capital resources,  True False
credit/funding  True False
16. I enthuse about the venture with my personal friends  True False
17. I feel challenged resourceful when solutions are needed  True False
18. I share my suggestions on appropriate occasions  True False
19. I exhaust every possibility if we have a need  True False
20. I am happier when given timeframes to achieve goals in  True False
21. Active communication links are important to me  True False
22. Rotating volunteers is not the same as meeting the same people  True False
23. I never tire of discussion about resourcing our project at team meetings  True False
24. I think repeated discussion about resourcing is a waste of good time  True False
25. I am willing to share openly from my knowledge and experience if approached by our team leader  True False
26. I trust those who are initiating our venture  True False
27. I will reciprocate however and whenever I can  True False
28. I would give more of myself, my time, my knowledge, my experience, than at present if asked for  True False
29. I feel settled in supporting this project  True False
30. The vision statement of our non-profit organization is unimportant to me  True False
31. A vision statement does not exist  True False
32. The vision of our leader is contagious  True False
33. The atmosphere of our workplace energises me  True False
34. I leave worrying about mission work to others  True False
35. My thinking revolves around doing things thoroughly, looking for opportunities, this is my contribution to the goal  True False
36. I am unsure about any goal  True False
37. I feel ignored by the persons I report to  True False
38. I feel appreciated by the person I report to  True False
39. I will assume our non-profit has grown when ………………………………………
………………………………………………………………………………………………
Thankyou,
Please return.
SOCIAL VALUE CREATION AS A CORE DETERMINANT IN
THE IMPACT OF SOCIAL ENTREPRENEURSHIP

A BOARD INDICATOR

1. Individual Board members recognize they are responsible as trustees True False
2. As a Board member I am 'results driven.' True False
3. I can name the priorities of the non-profit organization I am a trustee of True False
4. I can regularly name ‘do-or-die issues’ which are central to Board modus operandi True False
5. Results reported to the Board have been linked to timetables and come in on time or close to on time True False
6. An air of success permeates Board contact and activity True False
7. Board members and Social Entrepreneur work together on issues and agenda for non-profit venturing True False
8. Board members and Social Entrepreneur work together in order to promote thrust True False
9. Close ties between Board members and constituents are to be encouraged True False
10. This Board has ‘expert’ trustees on board ie. some industry-specific professionals True False
11. If presented with the need to seek information from other sources Board members would consult experts in policy, demographics, industry, levels of government True False
12. Board members continuously focus on key performance indicators True False
13. As a member of the Board I would recommend a ‘use and discard’ task force for a specific function if necessary True False
14. I can think of at least one way in which the Board can improve True False
15. All Board members should have equal and timely access to information including agendas, minutes, background information, conference calls, e-mail True False
16. I can honestly say ‘I love this Non Profit Organization for what it is as well as for what I hope to make it’ True False
17. In my view, the goals of the organization are consistent with its financial resources True False
18. I am willing to learn and implement a way of valuing human/voluntary resources True False
19. The sources and uses of funds are appropriately matched with funders/donors True False

Please add anything you may wish to say:
APPENDIX ‘10’ – PHASE 3
Organizations in London where interviews were conducted during May, 2004.

1. Business in the Community/Professionals for Free
2. Charity Bank
3. Charity Evaluation Services
4. Community Finance Development Association
5. Development Trusts Association
6. Jubilee Centre/Foundation
7. Judge Institute
8. National Council of Voluntary Organizations
9. Social Enterprise Coalition
10. Social Enterprise London

Thumbnail sketches taken from publications produced by each group are as follows:

1. BUSINESS IN THE COMMUNITY / PROFESSIONALS FOR FREE / LOCAL INVESTMENT FUND

BIC is a unique movement in the UK of 700 member companies. Our purpose is to inspire, challenge, engage and support business in continually improving its positive impact on society—the communities they serve. It is a national not-for-profit organization which supports the regeneration of communities through business involvement.

We ask members to commit to action through three membership commitments:
• Integrate, manage and measure responsible business practice through the business;
• Impact through working collaboratively with others to increase and leverage the greatest impact through partnerships focused on the most disadvantaged communities;
• Inspire, innovate and lead by sharing learning and experience.

AND

ProHelp is a national network of over 1,000 professional firms in over 41 groups (accountants, architects, consulting engineers, management, personnel and ICT consultants, public relations and marketing specialists, solicitors, surveyors and many more) who are committed to providing in excess of $4.5 million worth of free professional advice and strategic support to voluntary and community organizations in their local area.

• This enables firms to prioritise which voluntary and community groups need support and target those with greatest need.
• Gives firms the opportunity of networking with other professional firms who are committed to social responsibility.
• Gives less experienced staff members opportunities to sharpen their skills in a different environment.
• Enhances the firm’s awareness of economic and social issues that impact upon the firm.

Local Investment Fund, launched as a registered charity within BITC in 1995, is a partnership between the Department of the Environment, Transport and the Regions; Business in the Community and the private sector. It bridges the gap between grant dependency and mainstream banking finance.

In the long term, LIF is concerned to develop the sustainability of its borrowers. Community enterprises are an important engine of regeneration; to achieve maximum impact in the areas of need, they must be sustained even after the focus of grant aid has moved on to other priorities. Once a LIF client has established a satisfactory track record, the intention is to re-bank the client with a commercial bank, so that LIF funds are recycled.

2. CHARITY BANK

Formed out of Investors in Society it became Charity Bank in April, 2002. In registering it as a Charity, the Charity Commission and the Inland Revenue recognized that the raising of beneficial deposits and the making of affordable loans for charitable purposes are two parts of an indivisible whole. We cannot grow one without the other, or without the contributions that people make in different ways.

Ethos and Mission:

We believe that charities can achieve amazing things if they are given the financial tools to do the job. But too many charities have their vision clouded by the pressures of short-term fundraising. They are unable to think strategically or to fund plans for sustainable growth.

By unlocking a major new source of public funds Charity Bank can provide loan finance, advice and support to charities. This, in turn enables charities to become more financially independent, innovative and sustainable.
We are making a real difference to the financing of the voluntary sector and helping those dynamic individuals, known as ‘social entrepreneurs,’ make a difference in tackling the challenges facing today’s society. Charity Bank is a bridge, linking those individuals and organizations who want a ‘social return’ from their investment, with charities that have the creative ideas but have lacked the necessary funding to achieve social change.

3. CHARITY EVALUATION SERVICES (CES)
Since 1990, CES has worked with a wide variety of voluntary organizations and their funders. Our aim is to promote accessible monitoring and evaluation practice, which organizations can carry out within the resources available to them. CES provides training, advice and technical help, and also carries out independent evaluations as part of its commitment to strengthening and improving the voluntary sector.

4. COMMUNITY DEVELOPMENT FINANCE ASSOCIATION (CDFA)
Early in 2001, in consultation with two other bodies which had recognized the need for a trade association – the Rebuilding Society Network and the National Federation of Enterprise Agencies, a steering committee of interested CDFIs (Initiatives) was established. Community Development Finance Initiatives are a new breed of investment vehicle designed to tackle disadvantage and poverty through boosting enterprise in the UK’s poorest neighbourhoods. Inhabiting the ground somewhere between the private and charitable sectors, CDFIs offer loans and equity finance to enterprises that can deliver what is referred to as the ‘double bottom line’ – i.e. enterprises that not only deliver a financial return on investment, but which make a positive contribution to reviving the fortunes of the country’s poorest neighbourhoods.

CDFA has a tiered membership structure which admits as Charter Members those organizations which have financial services for disadvantaged areas as a primary focus. Ordinary Members are those organizations that offer financial as well as other services. Supporters are those ineligible to be members but would like to support the work of CDFA.

The interest from all sectors (community/voluntary, public and private) in asset development and transfer to independent, not-for-profit community based organizations has grown in response to policy agendas at national and local level and experience on the ground.

5. The DEVELOPMENT TRUSTS ASSOCIATION (DTA) is the national body for development trusts.
Development Trusts are:

- Engaged in the economic, environmental and social regeneration of a defined area or community.
- Independent and aiming for self-sufficiency.
- Not for private profit.
- Community-based and owned.
- Actively involved in partnerships between the community, voluntary, private and public sectors.

6. JUBILEE CENTRE / FOUNDATION, CAMBRIDGE
The Jubilee Centre seeks to connect the world of The Bible with the world of our contemporary society. It does its research very thoroughly so that its work has both biblical integrity and social credibility. Biblical scholars often fail to connect with the modern world. Social reformers often fail to take the Bible seriously. The Jubilee Centre has a fine record in avoiding both dangers.

7. JUDGE INSTITUTE of MANAGEMENT
It was created in 1990 as the business school of the University of Cambridge. In association with The Development Trusts Association, Judge now offers a Master of Studies in Community Enterprise.

- To enable senior staff in organizations involved in community enterprise, social business and community regeneration to develop leadership and management skills through participation in an intellectually rigorous and practically relevant course.
- To provide participants with a framework for critical evaluation of strategic needs and contexts for implementation in the work of their organizations.
- To foster a strong understanding of the Community Enterprise culture and its context.
- To develop an understanding of ways of achieving self-sufficiency and sustainable business practices in organizations with social aims.

8. The NATIONAL COUNCIL FOR VOLUNTARY ORGANIZATIONS (NCVO)
NCVO works with and on behalf of the voluntary and community sector in the U.K. NCVO has a growing membership of over 3,500 voluntary organizations, ranging from large national bodies to community groups, volunteer bureaux and development agencies working at a local level.

NCVO works to support the voluntary sector and to create an environment in which voluntary organizations of all kinds can flourish by providing a wide range of information, advice and support services and by representing the views of the sector to government and policy makers.
NCVO is a highly effective lobbying organization and represents the views of its members and the wider voluntary sector to government, the Charity Commission, the EU and other bodies. NCVO is also at the leading edge of research into, and analysis of, the voluntary sector and its work in this area carries considerable weight with policy makers.

9. The SOCIAL ENTERPRISE COALITION (SEC)
The Social Enterprise Coalition is an alliance of social enterprises from across the U.K. (It is understood that Social Enterprises include a trading subsidiary within their mission). SEC is the voice of social enterprise bringing together all types of social enterprises under its umbrella through its membership.

The aims of the Coalition are:
- To build capacity and quality through information sharing
- To encourage co-operation
- To promote the social enterprise sector
- To provide a strong (advocacy) voice for the sector.

10. SOCIAL ENTERPRISE LONDON (SEL)
Both a member of SEC, but also the London expression of Social Enterprise and as such, seeks to provide innovative solutions to social and environmental challenges; also creating better ways of doing business.

There has never been a more exciting time to be at the forefront of social enterprise development in London. While resources and finance continue to be key challenges, we believe that by working in partnership and bringing together dynamic consortiums, we can firmly embed social enterprise as the key strategy for regenerating London’s disadvantaged communities. This is a strategy which engages people who have been socially and economically excluded and adds value to commercial and public sector delivery. We aim to grow the sector in size and strength.

- For entrepreneurs, it offers an innovative and dynamic way to think about creating and running socially driven businesses.
- For the voluntary sector, social enterprise enables some financial autonomy through introduction of income generating activities.
- For the public sector, social enterprise provides a way of improving service quality which involves employees, service users and the wider community.
- For the private sector it presents an opportunity to deliver a corporate social responsibility strategy and to engage in socially responsible investment activity.
- Social enterprise has also proved its worth in creating job opportunities in economically deprived areas, generating local wealth and empowering local people.

While unable to be interviewed, the following broaden the entrepreneurial activity in the social sector:

**BRIDGES COMMUNITY VENTURES**
Social Venture Capital investing in ambitious businesses that are located in and economically linked to deprived areas (see postcode numbers). Venture capital provides entrepreneurs with patient, committed, risk-sharing capital. We invest our money by buying shares in businesses which we think have the potential to increase their value substantially in three to five years. As part-owners of the companies we back, we invest not only money but also a great deal of time to help our portfolio companies succeed.

**NEW ECONOMICS FOUNDATION**
NEF was founded in 1986 and combines rigorous analysis and policy debate with practical solutions on the ground. They aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environment and social issues. They put people and the planet first.

**CO-OPS UK**
Formed in 2001 from a merger between the federation for worker co-operatives and the federation for consumer co-operatives.

**LONDON REBUILDING SOCIETY**
By buying shares and becoming a member, you join a community of people exploring new ways of investing in London and London’s communities.

**The DEVELOPMENT TRUSTS ASSOCIATION RURAL AGENDA**
Our membership of 200 development trusts and 130 associates is growing rapidly, with a regional structure and specialist rural, coalfield and other forums.

**COMPACT ON RELATIONS BETWEEN GOVERNMENT AND THE VOLUNTARY AND COMMUNITY SECTOR**
The impetus for the Compact stems from recommendations of the Deakin Commission Report published when the government was in opposition. The Commission concluded that Government should recognize the legitimacy of the voluntary and community sector’s diverse roles and its own responsibility to promote a
healthy sector. It was concluded that a Compact, underpinned by a set of principles, was necessary as the basis for a partnership between Government and the sector.

COMMUNITY INVESTMENT TAX RELIEF
The tax relief was introduced in response to concerns that conventional sources of finance were failing to unlock the entrepreneurial flair of those living and working in deprived communities. It is designed to encourage greater private investment in enterprises that have historically struggled to secure finance and support.

IN ADDITION
Introduced in April, 2004, members of the public completing self-assessment tax returns became eligible to nominate a charity to receive all or part of any tax repayment due to them. In 2003, the Inland Revenue paid around 3 billion pounds to nearly 3 million self-assessment taxpayers. This money may now be redirected.
APPENDIX 11

The following entries are indicative of the belief systems of respondees:

“People today think ‘You must stimulate a baby’s mind. To suit their timer and needs, they are surrounded by ‘things.’ But children today are ahead of their time. They’ve got to cope with a difficult world.
I have sixty descendants. I never indulge them; and I give modest presents. They don’t love me any the less.

Regarding the changes in the society: I don’t change my views, but I accept where people are at.”

“My and how Australia needs Social Entrepreneurship!”

“It is very rare that a particular vision is totally successful.

Perfection is unrealistic
One learns to be satisfied with a measure of success.

As with Research, so with Projects: If it is clear that something is not happening favourably, you ‘cut it off...walk away from it.’ One looks for markers or milestones on the research pathway, and when things are not consistent, one engages in a decomposable analytic process based on objective criteria.

A lot depends on the scale of the research/project. If small enough, the organization Board works to keep it healthy by focusing on one facet.

The whole Institute/venture is not greater than the sum of its parts.”

“This work is with intangibles. For two decades we haven’t existed. The common good is ignored in the current framework.

- Examples of Intentional Action

Money has taken the total central stage. Consumption reigns.

When the community ‘kept Sunday,’ at least there was another framework. Now there is no dinner with family on Sunday. The highest percentage pastime is ‘shopping.’
There was satisfaction out of ‘giving’ human interaction, and intrinsic reward, also.

We weren’t selfish.’ Now it is about owning the third helicopter.’

In the West, God and family are under stress and are no longer regarded with the same value as they once were. Instead, mass education and a whole I.T. revolution has occurred. There is phenomenal social structural change going on. How are we to transmit values?

In countries like Russia and others, there is no not-for-profit sector. And yet, the non-profit sector has the answers/solutions.

Money glues good or bad energy. Money attracts itself to the rest. We are on a journey to educate people about new meaning.”

“One can’t wait for research to happen in the field.
At the time I was available, Government was promoting partnership making gestures I wanted corporates to become involved with the community they serve—a community model of sustainability. We need to make sure society as a whole is prospering.

On recalling speaking to people at a community bank—There was a parallel with the way they saw the role of early banks not as profit-making alone. He remembered also the way in which early Myer loyalty was expressed by how they looked after their staff.

Speaking with reference to corporates:
Those influenced by Milton Friedman claim that corporates have no right to indulge in social investment.
Those who follow Bosch of Australian Securities Investment Commission say ‘We have to look after our shareholders.’
Corporate Australia has not accepted responsibility for where they do business (the community).
If we could get volunteering up, we would find those on over $100,000 are not giving money commensurate with the volunteering of time, and donations from those on $50,000 to $100,000 payrolls."

"If people could just have the same good feeling of giving, instead of taking, what a different world it would be!

On recent figures there are over 650,000 carers in Victoria who work in the disability and ageing sector, as well as numerous volunteers, to boot. The field is ripe for satisfaction.

With realism...Out of any one hundred people it is unlikely that more than five persons could be truly skilful. What of the ninety-five? Everybody can find or be given something to do: divide the processes!

People lacking stimulus respond when they feel useful.

I have never indulged the grandkids with gifts of cars and expensive gifts. They will get on their own feet.

Instead of a brand-naming or marketing around the person, her work has been individual, anonymous and without plaques on buildings or names on places. My project was quite different from philanthropy. Nobody on the ‘left’ knew what the ‘right hand’ was doing...not even the relatives."

Examples from the text on Intentional Action are as follows:

"In recognition for having two healthy children, I agreed to join the auxiliary of the Childrens Hospital. That started me on a wonderful journey. I made that my life for thirty-three years.

Thirty years ago I was associated when a regional art gallery was established.

Speaking of the Victorian Tapestry Workshop: twenty-five years ago I was on the first council. Also became director of the College of the Performing Arts."

"In heading an international Third World Health immunization program a lot of time and coordinating effort has gone in already getting so many countries (74 countries) to cooperate. There are real constraints within which one must act.

As with Research, so with Projects: If it is clear that something is not happening favourably you ‘cut it off...wall away from it.’

For baseline/infrastructural costs, the basic necessity is to keep the wheels working. ‘Someone has to pay the electricity.’ ‘Housekeeping costs are an important thing to meet.’

For efficient running of an Organization you get good people in and show confidence in them.

Working on five year rotational time blocks is workable in a research establishment. Each specialization may be prioritised accordingly.

Because of the imminent transfer of general wealth to the Boomer generation, this interviewee’s organization is putting in place a number of initiatives to harvest income from these."

"There’s a lot to do in the here and now—one can’t wait for research to happen. Passionate about facilitating corporates and community bodies to coexist, this organization garner information about which to give to ie. Which are the most urgent and which represent the best value for money.

I am after action ie. To persuade corporates to make donations, &c.

I want to go back to the future. I have a major focus on community development. A personal interest in autism was expressed."

This interviewee was skilful at taking an idea and interpreting it differently.
"I went through $120,000 in a very short time and bought up idle machinery which suggested a production line of some sort.

With the help of 120 volunteers we raised $16,000 on one day, selling bits and pieces. From this my appetite was whetted.

By 1982, the inspiration for doing craft reached 853 centres at any one time. A display was mounted to which people came once or twice a year. Occupational therapists came with their cameras, and took back materials free-of-charge.

At home in Melbourne Local Councils donated street stalls through which local charities were supported for many years.

What I did was a challenge, and through it I found personal gratification that others were benefiting from a better quality of life."

**Instances from the text on Generativity are as follows:**

"I never go anywhere without meeting interesting people. I just love people.

I am surrounded by loving children and grandchildren. They are all very fortunate. My children have passed these values on to their children and children's children. 'It is always important to be thinking of somebody else.' I feel satisfied...it buoys me up.

There's a chair in my name in Architecture at a sandstone university.

I'm also Patron of the Royal Botanical Gardens.

It's been a rich fifty years. I've had the opportunity to do so many things."

"As a trustee of a major bequest I help administer assistance for street kids and drug addicts.

Through working with media and individuals, amounts of $10,000 and above or over $100,000,000 have been donated. This has enabled an endowment to be built.

Up to a certain size you can function as 'a startup;' then comes another stage where all the focus becomes 'What is best for the Project?'

I needed to model successful behaviour (a) by staying at the forefront of my own field, and (b) reading and publishing."

"I do not make a large income. I don't even wear a watch. But I have the privilege of initiating amazing things here. I have access to so much."

"An earlier super centre has now been donated to a municipality.

Two other sandstone universities are the recipients of my anonymous donations.

Other major research is big and remote, but very important; overseas aid, also.

An ongoing preoccupation is bringing corporates and the community together as partners."

"People tell me, and the records show, that others have found value from what I have been doing since 1973. Yes, I've retired seven or eight times; but I'm in a later stage of my real work. Put simply, the project has been keeping people activated when homebound.

54 year old Bev born legally blind, came to the showroom and was immediately inspired to try stitching. She became a sample hand, and visits a rehabilitation centre for vision-impairment, weekly. She has demonstrated to seniors at a private girls school whose principal has a vision for 'her girls' to take the making of simple crafts to a seniors' hostel.

This interviewee's philosophy on life is revealing. In part she was inspired by a widowed mother who kept herself busy. She acknowledges her wonderful family who have never quibbled about her giving away some of their inheritance."