

Issues in Social Enterprise and Social Entrepreneurship

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ABSTRACT

Social enterprise and social entrepreneurship are topics of growing interest among academics and practitioners. This paper discusses the background and current configuration of discussions on these subjects. Issues related to social enterprise have been debated for some time, but questions remain about the impact of earned income on nonprofit organizations and corresponding sectors. Considerations of social entrepreneurship are relatively more recent. Topics of interest include appropriate definitions, the degree to which entrepreneurship may differ between nonprofits and for-profits, and the potential of social entrepreneurship to address significant social problems.

ISSUES IN SOCIAL ENTERPRISE AND SOCIAL ENTREPRENEURSHIP

Interest in social enterprise and social entrepreneurship has been growing among nonprofit practitioners and academics for several years. Discussions on these topics have been held among a variety of participants and have proceeded in a number of different directions. This presents a confusing picture for newcomers to social enterprise and social entrepreneurship, as well as those engaged in some aspect of their study or practice. This paper seeks to shed light on the current state of affairs on these topics. It is not intended to be an exhaustive coverage of social enterprise and social entrepreneurship. It will, instead, trace the origins of the interests in these subjects and highlight a number of issues that are raised in the dialogues about them. It is expected that these issues will influence the direction of continuing developments in theory, research, and practice.

Signs of convergence in the typically divergent interests of academics and practitioners have recently emerged.

The background of the current discussions and issues regarding social enterprise and social entrepreneurship can be traced to different developments in the worlds of practice and academia. Beginning in the late 1970s, academics studying nonprofits and voluntary action began delineating the characteristics of, and relations between, the nonprofit, for-profit, and government sectors. For example, Weisbrod (1977, 1988) developed the notion of government failure, which held that government only provides the level of public goods that is

desired by the majority of voters. Any additional production would need to be provided by nonprofits using donative funding. In addition, Hansmann (1987) drew the distinction between nonprofits funded by donations and commercial income. In his discussion of market failure, some nonprofits were providers of private goods when asymmetric information problems led consumers to distrust for-profit enterprises. These nonprofits were funded through commercial income. Finally, there have been numerous discussions of the blending, blurring, and combining of both market and non-market structures and organizational forms, including hybrid organizations (Hammack & Young, 1993; Skloot, 1987; Weisbrod, 1998).

Nonprofit practitioners are concerned about the prospects and problems inherent in the generation of earned income. Nonprofits, of course, have a long history of earning income (Zimmerman & Dart, 2000). Traditional commercial activities were primarily carried out to provide services to constituencies and included things such as gift shops, and used clothing stores. But the picture changed in the early 1980s. (Boschee, 2006). The economic slowdown and social service budget cuts during the Reagan administration led a number of nonprofits to either consider or initiate earned-income ventures to make up for lost government funding. These were not widely perceived as a successful answer to funding shortfalls. They did, however, lead to some how-to trade literature on launching ventures, as well as a slowly growing consultant industry.

In 2000, a new round of concerns was felt in the nonprofit sector with the George W. Bush administration's threatened budget cuts. In addition, conservative outlooks both in and out of government spurred more calls for both the nonprofit and public sectors to invest in market-based solutions to social problems, which included paying more attention to earned income as a source of nonprofit sustainability. Accompanying this was a proliferation of consultants and the development of an infrastructure and funding sources for market-based solutions. Some have hailed this convergence of factors as the basis of a new movement in the nonprofit field. For example, 2005 marked the seventh meeting of the Social Enterprise Alliance, a major gathering devoted to promoting nonprofit commercialization.

A scan of selected available resources indicates the number and range of materials, involved actors, and activities supporting social enterprise and social entrepreneurship. These each contain a mixture of academic and applied citations, which attests to a growing convergence between the two camps.

The listings below are meant to be illustrative, not exhaustive, and numerous others could have been included.

- A search of Amazon.com in mid-June, 2006, found 56 titles containing both the terms "social" and "entrepreneurship," and 16 titles for the exact phrase "social entrepreneurship." In addition, 205 titles were found

containing both the terms “social” and “enterprise,” and 26 titles contained the exact phrase “social enterprise.”

- The selected bibliography provided by the Institute for Social Entrepreneurs (<http://www.socialent.org/resources.htm>) lists 34 print publications and 17 online resources.
- A bibliography of books, articles, and other publications on nonprofit enterprise, produced by the Yale School of Management (<http://www.ventures.yale.edu/bibliography.asp>), lists 247 publications across 14 categories (including earned-income strategies, financing, legal/tax issues, effectiveness, etc). Some publications appeared multiple times (by being in several categories).
- The Social Entrepreneurship Teaching Resources Handbook (Brock, 2006) includes university programs (11), university courses (22), cases and classroom materials (16), publications (9), business plan competitions (10), non-academic organizations (12), conferences/sessions (3), social entrepreneurship movement organizational leaders (5), and funding sources (4).
- Utica Public Library, Internet Resources for Nonprofits, Social Entrepreneurship/Venture Philanthropy, (<http://www.uticapubliclibrary.org/non-profit/socentrep.html>) lists 20 Web sites, some with extensive links to other sites.

MIXING TERMS HAS CAUSED CONFUSION

Due to a relatively recent growth of interest in social enterprise and social entrepreneurship, and with the variety of actors and arenas involved, it is not surprising that terminology is an issue. For example, the terms “social entrepreneurship” and “social enterprise” are sometimes used interchangeably, and sometimes distinguished from one another. This has been and will continue to be a source of confusion and contention.

The term *social entrepreneurship* is problematic. At this point, there is no agreement on major aspects of a definition (Light, 2005; Mort, Weerawardena & Carnegie, 2003; Peredo & McLean, 2006; Seelos & Mair, 2004). Definitions can range from narrow to very broad. A scan of definitions reveals a number of limiting notions in many of them (Light, 2005). The focus is almost always on individuals as change agents, and not on groups or organizations. Social entrepreneurs almost always work in the nonprofit sector, and are invariably only interested in new programs or solutions, which they generally want to start from scratch (as opposed to adapting existing programs). There are only occasional references to management practices. In addition, such people are seen as entrepreneurial at all times, and the use of social-enterprise (commercial) income is stressed as a key factor.

Light (2005, pp. 17-18) offers a broader definition, which says that a social

entrepreneur is an individual, group, network, organization, or alliance of organizations that seek large-scale change through pattern-breaking ideas about how governments, nonprofits, and businesses can address significant social processes.

Based on this definition, social entrepreneurs:

- Do not have to be individuals;
- Seek sustainable, large-scale change;
- Can develop pattern-breaking ideas of either how or what gets done;
- Exist in all sectors; and
- Need not engage in social enterprise to be successful.

In addition, the quantity of social entrepreneurship scenarios can vary greatly across individuals or entities, and the intensity of social entrepreneurship can and does ebb and flow over time, as circumstances change.

By contrast to *social entrepreneurship*, the term social enterprise is a relatively narrower concept with general agreement on its definition. Most of the discussion to date has been about social enterprise, and not social entrepreneurship. A variety of social enterprise practices and techniques have been developed as well. These are being used by managers, promoted by consultants and professional schools, and funded by foundations and other sources.

In general, the notion of social enterprise can be applied to nonprofit, for-profit, and government activity: “A social enterprise is an organization that, through some combination of the products and services that it sells and its method of operation, generates net positive externalities and makes conscious efforts to increase the positive externalities of its business, and reduce the negative externalities” (Jamison, 2006, p.1).

In terms of nonprofits and for-profits, social enterprise is conceptualized as occurring along a continuum of organizational settings (Alter, 2006; Jamison, 2006). At one end of the spectrum are nonprofits relying on philanthropic capital and concerned exclusively with social returns. At the other are for-profits relying on commercial capital and concerned with financial returns. Between these poles are a range of organizational forms that are concerned with both social and economic returns.

These would include:

- Nonprofits with some earned income;
- Nonprofits or for-profits with equal concerns for social and financial ends (an idea often conceptualized as “true” social enterprise); and
- For-profits with some emphasis on social responsibility.

In the nonprofit context, social enterprise can be defined as “any earned-income business or strategy undertaken by a nonprofit to generate revenue

in support of its charitable mission” (Social Enterprise Alliance, 2006, n.p.). Earned income can consist of payments received in direct exchange for a product, service or privilege.

ISSUES IN SOCIAL ENTERPRISE

As mentioned above, nonprofits that earn income are not a new phenomenon. The contemporary impetus and pressures for earned-income strategies can be traced to funding difficulties for nonprofits in the late 1970s. These were the result of inflation and recession, escalating costs and tighter budgets for nonprofits. They were exacerbated by declining public support for nonprofits under the Reagan administration in the early 1980s (Boschee, 2006). In addition, the 1990s saw more competition for grants and contributions, due to the increased number of nonprofits. Also in the 1990s, a series of scandals in the nonprofit sector led to an erosion of public confidence. The 1990s and onward saw the rise of a conservative ideological emphasis on market-based solutions in both the public and nonprofit sectors.

At this point, many are cited as driving forces behind nonprofit social enterprise (Bornstein, 2004; Boschee, 2006; Brinkerhoff, 2000; Dees, Emerson, & Economy, 2001, 2002; Robinson, 2002; Tranquada & Pepin, 2004), so that it can:

- Make up for lost government or philanthropic dollars;
- Gain freedom from the constraints imposed by government or philanthropic dollars;
- Diversify funding sources;
- Fund overhead, innovation, or unpopular causes;
- Provide long-term sustainability;
- Take advantage of new opportunities;
- Meet new expectations from funders who ask nonprofits to be self-sustaining;
- Spur the desire to meet the double-bottom-line (social value and income) or the triple-bottom-line (social value, income, and environmental neutrality);
- Create entrepreneurial spirit in the organization;
- Show an enhanced understanding of clients (needed for commercial success);
- Test social value (since value can be measured by the willingness to pay);
- Add skills and competencies to an organization; and
- Enhance an organization’s profile among funders, and in the community.

These elements figure prominently in the discussions of social enterprise now taking place in a number of quarters, including foundations and other funding sources, infrastructure organizations, the media and trade press, and in manage-

Table I. Dialogues about NPO Commercial Income – Actors and Concerns

Actors	Level of Concern		
	Societal	NPO Sector	NPO Organization
Academics			
Professional Schools (e.g. management)			Management techniques
Disciplines (e.g., economics, sociology)	Efficiency of economy Social compact	Market failure, government failure, philanthropy	Organization theory and dynamics, mission drift, evaluation
Practitioners			
Managers/ Consultants	Specific societal value creation		Management techniques
Infrastructure Organizations		Promotion of sector commercialization	Organizational performance
Foundations	Rhetoric and funding to promote market-based solutions	Creation of better nonprofit sector	Funding to move providers to greater self-sufficiency
Policy Makers			
Local			Promotion of nonprofit activity to address local concerns
State		State nonprofit laws and statutes (and some of the concerns below)	Enforcement of regulations
Federal		1. Tax policy: UBIT, corporate tax exemption, donor deductibility, tax credits 2. Corporate and nonprofit law 3. Investment, pension fund regulation 4. Government purchasing 5. Direct grants (i.e., research) 6. Loan guarantees	IRS rules and action in specific cases (i.e., nonprofit – for-profit competition)

ment programs for business and other areas. (See *Table I.*) Table 1 presents a summary of the actors and types of interests they currently have in nonprofit commercial income.

Below, we will consider in more detail some of the issues currently being discussed. There is a vigorous debate about the near-term future of earned-income activities by nonprofits. One camp is of the opinion that we are on the verge of a big increase in nonprofit commercial activity (Boschee, 2006; Social Enterprise Alliance, 2006), and that a tipping point has been reached (Massarsky, 2005). The promotion of nonprofit commercial activity has been likened to a successfully launched social movement (Massarsky, 2005; Robinson, 2002). Massarsky (2005) points to a number of markers that have been reached by those engaging

in social enterprise, including collective action, specific language and common terminology, presence of debate or differences of opinion, increases in publishing and media attention, increases in resources available to support the issue or idea, a set of projected or actual changes of behavior, new policies or legislation, increases in activity among university faculty and administrators; and tools and metrics. While Massarsky's work is certainly a beginning, the study of social movements has generated considerable literature and a number of conceptual approaches (see, for example, Porta & Diani, 2006) that need to be considered in detail to determine to what degree the notion of a social movement can be used as a metaphor or an explanatory framework for nonprofit, earned income. For example, Snow, Soule, and Kriesi (2004, p. 11) define social movements as "... collectivities acting with some degree of organization and continuity outside institutional or organizational channels for the purpose of challenging or defending extant authority, whether it is institutionally or culturally based, in the group, organization, society, culture, or world order of which they are part." The various constituent parts of this definition are each researchable questions for social enterprise.

A number of other conceptual approaches are also available for evaluating social enterprise. To the extent that new techniques or ideas are being generated by social enterprise, models of the diffusion of innovation may provide insights into the proliferation (Brown, 1981; Mahajan & Peterson, 1985; Rogers, 2003). This body of literature specifies the conditions under which ideas spread. Models in which the spread of innovations is promoted by communication across networks of similar others, and is enhanced by the promotion of opinion leaders, are most likely of relevance for social enterprise. It is also important that innovations be compatible with existing values and needs.

In addition, conceptualizations from the institutional theory of organizations may shed light on the origin and adoption of social enterprise attitudes and practices. Environments can exert pressure on organizations to comply with rules and expectations (Scott, 2003, p. 135). These pressures can be exerted by way of coercive mechanisms (rules, laws, or sanctions), normative mechanisms (certifications or accreditations), or mimetic mechanisms (common beliefs and shared logics of action). Some or all of these may be in operation with respect to social enterprise.

Finally, the degree to which particular areas of nonprofit activity are effected by social enterprise, and the shape that these effects will take, can be studied by using the ideas of the "structuration" and "restructuration" of organizational fields. Structuration refers to the process by which areas of social activity are ordered. At the organizational level, this means increasing organizational interaction and integration, and developing a consensus on organizational forms and the processes by which work is defined and accomplished (DiMaggio & Powell, 1983; Giddens, 1979). Restructuration (which may be more relevant in this

case) refers to the modification or rearrangement of existing organizational and inter-organizational forms and arrangements. Changes in a number of organizational fields have been examined to date. For example, Scott and colleagues (2000) studied the transformation of U.S. healthcare delivery in the latter half of the 20th Century, and Thornton (2004) examined the changes in the structures and strategies of higher-education publishing firms. Structuration or restructuring could be useful conceptual lenses for assessing the degree to which nonprofit social enterprise is impacting the specific service areas where nonprofit organizations are active.

However, no systematic research has been guided by the approaches outlined above. Moreover, data do not show that there has been a large increase in commercial income in the nonprofit sector (Foster & Bradach, 2005). An additional question that needs to be addressed is the degree to which nonprofits relying heavily on earned income are successful in their ventures, because there are doubts about the extent of nonprofit success to date (Foster & Bradach, 2005). In addition, Jamison (2006) argues that problems in the capital market may prevent expansion. Nonprofit sources (donations/grants) are insufficient, and the link to performance is weak. For-profit sources (debt/equity), on the other hand, do not recognize social value-creation, and high-risk capital is only available in certain sectors.

Given the paucity of conceptual development and lack of empirical evidence, a concern might be the degree to which the promotion of nonprofit earned income might be a management fad. A number of commentators have noted the faddish nature of management practice and research, "... wherein ideas are popular for a short time without having any positive impact on management practices in the long term" (Thompson & Davidson, 1994). Micklethwait and Wooldridge (1998) also address this issue. Describing the proliferation of widely promoted and popular management ideas and publications, they conclude that the management knowledge "industry" pushes out quick fixes without adequate research. "Theorists are forever unveiling ideas, christened with some acronym and tarted up in scientific language, which are supposed to 'guarantee competitive success.' A few months later, with the ideas tried out and 'competitive success' still as illusionary as ever, the theorists unveil some new idea" (Micklethwait & Wooldridge, 1998, p. 14). This is possible because "Management theory is in roughly the same state that economics was a century ago. Many of its fundamental tenets have yet to be established" (Micklethwait & Wooldridge, 1998, p. 18). The result is that management researchers and practitioners become "fad surfers," switching their attention from one theory to the next as they come in and out of fashion (Alvarez, 1993; Wickens, 1995). It is particularly interesting that Alvarez (1993) discusses this in relation to for-profit entrepreneurship.

Time, of course, will answer the fad-surfing question and determine how much earned income can dominate nonprofit revenue. In the meantime, important theoretical issues remain, and research in key areas is lacking. The basic questions

concern the positive and negative impacts of nonprofit commercialization on nonprofits of different types, the sector and its various subsectors, and society. As this (and Table 1) indicate, multiple levels need to be considered. For example, social enterprise may benefit particular organizations, but harm the community, the sector, or society. It may diversify nonprofit income, but reduce the presence or impact of non-market activity or values. Of course, debates about the characteristics, extent, and consequences of market and non-market aspects on society have been held for a long time. Social enterprise should be brought more explicitly into these discussions. One way to proceed as these discussions develop is to adopt a contingency view of social enterprise. The questions then becomes not if, but when, how, and with what effect social enterprise is carried on, and what factors are involved in determining these (Zimmerman & Dart, 2000)?

In addition, more research is needed on the limits, as well as the advantages and disadvantages, of providing goods and services via social enterprise techniques — versus philanthropic or public provision techniques —

- For the nature of the goods and services produced,
- For the distribution of these goods and services,
- For the recipients of these goods and services,
- For the producers of these (impacts on nonprofits),
- For other stakeholders (community or neighborhood),
- For the sector (more blurring and blending of forms), and
- For society (more or fewer benefits available).

A number of more specific research questions follow from the above. Jamison (2006) outlines a number of economic questions that should be addressed. For example, what is the economic efficiency of social enterprise? In addition, what is its role in the larger economic system? What are the returns from investment into social enterprise? Finally, what are donors' and investors' true preferences? There are also policy questions. What is or should be the role of government in promoting or controlling social enterprise? Is it more important or relevant for some levels of government to get involved than it is for others?

There are also a host of organizational and managerial questions. What are the organizational impacts of social enterprise on various types of nonprofit organizations? To what degree are ventures viable, and what are the consequences of failure (Foster & Bradach, 2005)? How are opportunity-based costs conceptualized and taken into account? What are the impacts in terms of mission drift, organizational culture, and accountability to constituencies or the community? Finally, increased commercial activity may threaten the legitimacy, as well as the tax-exemption, that the sector is based on (Weisbrod, 2004). We will examine two of these issues in this portion of the paper.

A major question is how to measure the social bottom line – variously termed

the social value, social returns, or social impact – of social enterprise. This involves assessing the value of things that can't be easily, directly (or at all) monetized, such as social capital, cohesion, or quality of life. Without this, how do organizations know to what degree they have provided social value, and how the financial bottom line relates to this? Several recent discussions of this issue are illustrative. The Aspen Institute proposed the term “social impact management” as: “... the field of inquiry at the intersection of business practice and wider societal concerns that reflects and respects the complex interdependency between these two realities” (Gentile, 2002, p. 2).

Three aspects of business activity need to be considered (Gentile, 2002, p. 3):

- Purpose, in both societal and business terms;
- Social context (the legitimate rights and responsibilities of multiple stakeholders need to be considered by management and proposed strategy needs to be evaluated for both financial returns as well as broader social impacts); and
- Metrics, the measurement of both social performance and profitability for both short- and long-term time frames.

A recent study sheds light on the current state of affairs in social-impact assessment and points to numerous issues. In March of 2003, The Rockefeller Foundation and The Goldman Sachs Foundation hosted more than 50 funders to discuss the issues of assessing social impact and social return on an investment. The discussion concluded that “The field has yet to establish a common understanding of ‘social impact’ – what it is or how to measure it. Currently, measures of impact vary from funder to funder and organization to organization” (The Rockefeller Foundation & The Goldman Sachs Foundation, 2003, p. 2). The group was presented with 16 social-impact assessment methods that currently are used in the nonprofit and for-profit sectors.

Four prominent social-impact assessment tools used by nonprofits were discussed and evaluated in detail, including

- OASIS, from the Roberts Enterprise Development Fund,
- Balanced Scorecard, from New Profit, Inc.
- Seventy indicators from the Edna McConnell Clark Foundation, and
- Social Return on Investment (SROI) and longitudinal data from Coastal Enterprises, Inc.

This discussion of the use of social-impact assessment methods identified a number of challenges. Conceptual challenges stem from the fact that best practices are not standardized, and that theories of change are not aligned among grantors, investors, and nonprofits. Operational challenges include situations

where values cannot always be measured, quality implementation of assessment is essential but difficult, third parties may be needed to help achieve more technically sound assessment, and where time horizons for output and outcome-measurement are long. Structural challenges involve the fact that significant diversity exists within each nonprofit field, and that reporting requirements are not usually aligned among funders, which creates difficulties for recipients. Finally, practical challenges are caused by the fact that funders often lack clear goals, funding priorities may be inconsistent or shift, and trust and mutuality between funders and recipients are limited. Given this evaluation of the state of the field, as described in the report, it appears that, while social impact assessment is important, and a number of approaches are being developed, much remains to be done.

This section of the paper concludes with a brief consideration of another issue that is often raised in connection with social enterprise – mission drift. Most commentators have noted tensions between nonprofit missions and market phenomena, and the necessity of balance and trade-offs for social enterprise activities (see, for example, Alter, 2006). Mission drift in this case would be defined as a situation where activities to meet financial goals begin to dominate or change social mandates. This is made more problematic because organizational change is a very complex process. An extensive body of literature attests to the difficulty of assessing and managing organizational change (Burke, 2002; Newman & Nollen, 1998; Senior & Fleming, 2006; Tushman & Anderson, 2004). Mission drift could take place in any part of the organization, including highly visible and formal factors — such as mission statements, strategy, or objectives — or it could occur in much-less-visible, day-to-day staff directives, service-delivery details, or service-recipient outcomes. Management may have relatively little difficulty assessing changes in the visible factors, and have much more difficulty seeing changes in the less-visible activities. The problem is that missions and strategies are often general enough to be met in a variety of ways.

To detect drift from social mandates, management may need to look at changes in day-to-day work activities. These may, in fact, drift without any changes in mission or strategies. In addition, even if there are changes, is the change due to an emphasis on financial goals or other factors (such as a change in the environment)? Finally, if the social mandate has, in fact, changed, to what degree is it a positive or negative factor? It could result, for example, in a renewed sense of purpose in the organization. On the other hand, it could damage the organization's reputation, split the organization's culture, and decrease services to the community (Dart, 2004; Foster & Bradach, 2005; Weisbrod, 2004).

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Social entrepreneurship has been less-discussed than social enterprise. Much of the concern has been on the funding side (enterprise) and not on the product or service side. Much remains to be done in explicating how entrepreneurship is accomplished within social entrepreneurship. The discussion of social entrepre-

neurship that follows will, consequently, be less extensive than the above discussion on social enterprise.

Social entrepreneurship is a broader concept than social enterprise, and it has been given numerous definitions. While some courses on the subject are being taught and techniques have been suggested, it is not clear at this point to what degree they are used by practitioners, and with what effect. Funders and infrastructure actors use the term rhetorically. Theory and research are lacking.

If a nonprofit manager wanted to be a social entrepreneur, it would not be very clear from the literature how one should go about it. A major question is to what degree one would, or should, do the same things that a for-profit or commercial entrepreneur would do? What can managers and academics learn from the study and practice of commercial entrepreneurship? Commercial entrepreneurship is a large area of study in business schools, has widespread support from funders and consultants, and is of public policy concern.

No single definition of entrepreneurship (commercial or social) exists. The concept has evolved over the years, but it remains very general, as the following indicate.

- It was coined by French economists in the early 18th Century. The economist Richard Cantillon introduced the term, formally defining an entrepreneur as an “agent who buys means of production at certain prices in order to combine them” into a new product (Schumpeter, 1951). Shortly thereafter, Jean Baptiste Say defined an entrepreneur to be one who shifts economic resources out of an area of lower productivity, into an area of higher productivity and greater yield. He also stressed the idea that entrepreneurs were leaders who bring other people together in order to build a single productive organism (Schumpeter, 1951).
- Joseph Schumpeter (1934) emphasized the ability of entrepreneurship to reform or revolutionize patterns of production (thereby creating value through innovation).
- Drucker (1985) defined an entrepreneur as someone always searching for change, responding to it, and exploiting it as an opportunity.
- Dees and Economy (2001) defined entrepreneurs as innovative, opportunity-oriented, resourceful, value-creating change agents.

The Academy of Management Entrepreneurship Division’s domain statement specifies that “The Entrepreneurship Division’s domain is the creation and management of new businesses, small businesses and family firms, as well as the characteristics and special problems of entrepreneurs” (2006, n.p.).

The Division’s major topic areas include

- New venture ideas and strategies;
- Ecological influences on venture creation and demise;

- The acquisition and management of venture capital and venture teams;
- Self-employment;
- The owner-manager;
- Management succession;
- Corporate venturing; and
- The relationship between entrepreneurship and economic development.

In addition, the number of colleges and universities offering courses related to entrepreneurship is extensive; it was put at more than 1,600 in 2005 (Kuratko, 2005). In addition, textbooks abound. Most of this academic material is oriented toward present and future managers in MBA programs, and specifically covers aspects involved in creating, starting, financing and growing new ventures (see, for example, Bygrave & Zacharakis, 2004; Hisrich, Peters, & Shepherd, 2005).

Alternatively, an examination of one of the no-doubt much smaller number of theoretically oriented courses, provides an overview of the conceptual topics that might be involved in the Ph.D.-level study of entrepreneurship. The author attended this course in the summer of 2005 at the Weatherhead School of Management at Case Western Reserve University.

The topics covered were derived from their interest to academic researchers in the field, and included

- The existence of entrepreneurial opportunity – Schumpeterian and Kirznerian perspectives;
- The discovery of entrepreneurial opportunity – Hayekian information-based and psychological perspectives;
- The entrepreneur and the decision to exploit;
- The locus of exploitation – organizational form;
- Environmental influences on firm formation;
- Firm-formation processes and organization design;
- Resource assembly; and
- The creation processes – new transactions in the absence of prices and markets.

The above discussion and listings highlight one of the problems that have been noted in the field – the definition and range of topics covered is so broad that it raises questions as to whether there can be a theory of entrepreneurship. As Gartner (2001, p. 34) states, “I do not see a way for scholars to generate a theory of entrepreneurship based on so many different research topics that seem to constitute the field of entrepreneurship. All of the disparate findings that compose our field are unlikely to connect into a coherent whole.”

Several recent assessments of entrepreneurship education also highlight a number of problems. For example, Low (2001) concludes that, while there is a lot of

interest in entrepreneurship from students, there is little academic respect for the faculty who teach these courses. In addition, the broad definition of entrepreneurship is a fundamental problem for the field.

Kuratko (2005) notes a host of specific problems and challenges facing entrepreneurship education today: a lack of faculty respectability and leadership, too many journals and too few quality articles, faculty pipeline shortages, the challenge to use modern educational technology (distance education), the dot.com legacy (a focus on liquidity, fast cash, and quick exits), academia versus business incongruence, dilution of the term entrepreneurship, the security-risk dilemma, the administrative leadership revolving-door problem. Given the state of affairs in the field of commercial entrepreneurship outlined above, what does this tell us about the prospects for a field or subfield of what might be called social entrepreneurship? As (or if) the field develops, will it need to face the same challenges?

Another basic (and perhaps more immediate) issue is the question of the degree to which there are similarities and differences between social entrepreneurship and commercial entrepreneurship. This clearly has implications for theory and research, as well as practice and policy. Austin, Stevenson, and Wei-Skillern (2006) provide a detailed examination of this question. They define social entrepreneurship as innovative, social value-creation.

They hold that differences between social and commercial entrepreneurship will be the result of four major variables:

- Market failure – creates different entrepreneurial opportunities for social entrepreneurship and commercial entrepreneurship;
- Mission – results in fundamental differences between social entrepreneurship and commercial entrepreneurship;
- Resource mobilization – requires different management approaches in social entrepreneurship and commercial entrepreneurship; and
- Performance measurement – social entrepreneurship necessitates the measurement of social value in addition to commercial value.

Their discussion of the management implications of social entrepreneurship is based on Sahlman's PCDO model (1996), which holds that the management of entrepreneurship necessitates the creation of a dynamic fit between people (P), context (C), the deal (D), and the opportunity (O). Austin, Stevenson, and Wei-Skillern maintain that social entrepreneurship differs from commercial entrepreneurship in each of these elements (2006, pp. 6 - 15). Opportunity differences are most distinct, due to differences in organizational missions and responses to market failure. The impact of the Context varies due to the way that the interaction of mission and performance-measurement influences management. The role of People and resources varies due to differences in the difficulties of resource mobilization. Finally, the terms of the Deal are fundamentally different, due to the way resources

must be mobilized, as well as the ambiguities of performance measurement.

They conclude that the PCDO framework needs to be adapted for social entrepreneurship in several important respects (Austin, Stevenson, & Wei-Skillern, 2006, p. 16). Most importantly, the social purpose of the activity needs to be stressed. They recommend replacing the Deal with what they term the “social value proposition” – a conceptualization of the social value or benefits produced. In addition, People should be replaced with economic and human resources, in order to facilitate the distinction between these two types of resources and their disparate requirements for the management of social entrepreneurship.

The considerations of the differences between social entrepreneurship and commercial entrepreneurship involve implications for both practice and research.

For management, these implications include

- The centrality of social value – this must be the first and foremost consideration;
- Attention to organizational alignment – both internal and external alignment will be needed to deliver social value; and
- Organizational boundaries – they may need to be more flexible because social value may be enhanced by cooperation instead of competition (Austin, Stevenson, & Wei-Skillern, 2006, pp. 16 - 18).

Austin, Stevenson, and Wei-Skillern (2006, p. 19) conclude that further research needs to be focused on the relations between social entrepreneurship and markets, mission, capital, people, performance, and context. They present a number of specific questions for each. In addition, the difficulties of measuring social value-creation have been discussed in a previous section of this paper. Finally, Shaw and Carter (2004) outline the following social entrepreneurship research agenda:

- The entrepreneurial process – differences for social entrepreneurship and commercial entrepreneurship;
- Network embeddedness and social entrepreneurship;
- The nature of financial risk and profit;
- The role of individual entrepreneurs in managing and structuring the social mission; and
- Creativity and innovation.

CONCLUSION

The goal of this paper has been to shed light on the current discussions of social enterprise and social entrepreneurship. These are areas of considerable interest to both practitioners and academics, and a wide range of actors have become involved. Developments are being made on both conceptual and practical fronts, and significant dollars are being spent by major funders. Both social enterprise

and social entrepreneurship, however, raise a number of issues.

While social enterprise has been discussed for some time and is being vigorously promoted, basic questions regarding the proper conceptualization and role of market and non-market orientations in the nonprofit sector remain. These questions and issues have, however, been relatively well-identified and should serve as the basis of further systematic and detailed research. Whatever the findings, this research will advance our understanding of the nonprofit sector and improve the management of nonprofit organizations.

Social entrepreneurship, on the other hand, is just starting to seek its definition and place in the nonprofit sector. Given that it is a manifestation of the powerful process of entrepreneurship, however, it has the potential to fuel major and positive contributions. If researchers and practitioners together can discover how nonprofits can promote and harness innovation and creativity, and bring these more effectively to bear on social problems, then nonprofits, their constituencies, and society will benefit greatly. What's more, if these outlooks and techniques can also be applied to the for-profit and public sectors, the benefits will be that much greater.

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