

Conditions for Social Entrepreneurship

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Abstract

The concept of social entrepreneurship and enterprise has enjoyed a meteoric rise. Its appeal extends over a broad ideological spectrum, and it embraces a range of activities, from solidarity economy to changes within the capitalist market economy. However, the growing popularity of social enterprise has not gone unchallenged. Some see it as the privatization of social choices that belong in the public and civic domain. This article asks: How is the social constituted in social entrepreneurship? After reviewing why social entrepreneurship has become an issue and exploring its various definitions, it argues that a dominant current in the social entrepreneurship literature glorifies the individual entrepreneur while underemphasizing the importance of social processes. Social enterprise is dependent on the social entrepreneur's civic engagement in mobilizing support. This engagement is critical for the economic, social, and political sustainability of the social enterprise. For social entrepreneurship to enjoy success in a sustained manner, it must first and foremost be "social."

Keywords: Base of the Pyramid, emerging economies, social enterprise, social entrepreneur, social sector

Introduction

In the past decade, social entrepreneurship has become a major new theme in various fields, notably in social policy and in international development. A considerable amount of literature deals with social entrepreneurship in relation to social needs and the social sector; but in the past five years attention has extended to include changes in and transformation of the capitalist market economy. Although historically its conceptualization originated in localized experiences of constructing alternative economies, nowadays social entrepreneurship appeals to researchers and practitioners over a broad ideological spectrum. A recent bibliometric study for 1991–2010 showed that the meteoric rise of journal publications on this topic began in 2004/2005 (Granados et al. 2011). This growth in scholarly interest in the topic may well be a function of the way social entrepreneurship has extended its purview from the social sector to the market economy, where it is undertaking transformative changes. In relation to international development, I particularly refer here to social entrepreneurial initiatives at the "Base of the Pyramid,"¹ (hereafter BoP). Examples of such initiatives abound in fair trade, finance, and health care, as well as in many other fields. ParqueSoft in Colombia and NairoBits in Kenya are digital design schools that provide



training for youngsters in urban slums to equip them with skills to find remunerative employment opportunities or start their own enterprises. ParqueSoft has branched out to almost all regions of Colombia. NairobiBits has branched out to other SSA countries (e.g., Tanzania and Zambia). NAANDI in India provides community-based purified water services at or below government-dictated prices to underserved communities in seven states. Drishtee in the same country provides rural villagers with e-access to local governments so that they can obtain government certificates and licenses. Through Drishtee kiosks, e-trade has also taken off, giving rural consumers access to modern products and conveniences while also offering rural producers access to urban markets. Honey Care Ltd. partners with rural households (giving them one hive apiece) to supplement rural incomes in east African countries using a social franchise formula.

The broad appeal of the subject across the ideological spectrum seems contradictory and calls for a clarification of concepts and the contexts in which they are applied. If anything characterizes the current academic field of social entrepreneurs, entrepreneurship, and enterprise, it is the enormous diversity of perspectives and explanations, though certain perspectives and academic disciplines dominate. This will be reviewed below in the section titled “Why has social entrepreneurship become an issue?”

The growing popularity of the concept has not gone unchallenged. For example Nichols (2011) and many others, who are critical, see social entrepreneurship as a privatization of collective and/or public responsibilities in which previously civil society, participation, and active citizenship played a central role but are now marginalized. This raises the question: how is the social constituted in social entrepreneurship? In other words, do social entrepreneurs privatize what ought to be a collective process and replace the latter with subjective individual visions about how to address social needs, or do they engage other stakeholders in public arenas to develop their social value proposition and gain support for its successful realization?

Given the wide current popularity of the concept of social entrepreneurship, and the key but tacit disagreements around it concerning the meaning of “social,” this article presents for social quality researchers and practitioners an overview of recent work plus a proposed theorization of the “social” in social entrepreneurship.

The concern expressed by Nichols has in part been triggered by a dominant current in the social entrepreneurship literature, which glorifies the individual entrepreneur while de-emphasizing the importance of social (and political) processes. This monological conceptualization of the social entrepreneur – along with a critique of it – will be reviewed here in the section “Defining social entrepreneurship.”

To uncover the “social” in social entrepreneurship, it is important to elaborate on the social entrepreneurial process in different contexts. Here we will contrast the social entrepreneurial process in the social sector with social entrepreneurial initiatives at the BoP. This will be done in the section “Social entrepreneurial processes.” The article argues that the “social” in social enterprise not only refers to the social mission of entrepreneurs but also resides in processes by which these initiatives are conceived and made viable. Here there are important differences between the social sector and the BoP domain of emerging market economies.

Why Has Social Entrepreneurship Become an Issue?

Different authors point to different factors that explain the relevance and emergence of social entrepreneurship. Some authors who look at the phenomenon from the perspective of civil society stress negative factors, such as the crisis of the welfare state and an increase in unmet social needs (e.g., researchers of the European Network on Social Enterprise research EMES, such as Defourny, Nijssens, and Borzaga). The crisis of the welfare state is not only a fiscal issue but also one related to a fundamental redesign of social policies through privatization and decentralization. The reduction in state subsidies for international development available for nonprofit organizations such as development-oriented NGOs is taken as another important factor. This change has increased the competition between these NGOs, and this in turn has triggered a search for market-based sources of funding for their social activities (Dees 1998, Dees et al. 2002, Perrini and Vurro 2006).

Kieng and Quack (2013) argue that development NGOs switched to social entrepreneurship for a number of reasons. First of all, public funding available to NGOs has drastically declined. Claims about the inefficacy of their development interventions have induced NGOs to search for market-based interventions as a way to increase sustainability, and this in turn has led NGOs to explore social entrepreneurship. This shift coincides with the emergence of new methods of poverty alleviation (e.g., fair trade and inclusive business). A related factor concerns the “dependency syndrome” and disempowerment effects associated with state- and NGO-subsidized programs. Last but not least, the current pro-business “zeitgeist” has made social entrepreneurship more fashionable.

Others, like Becchetti and Borzaga (2010), stress positive factors to explain the rise of social entrepreneurship, such as the global increase in advocacy movements and the growing awareness of the downsides of globalization as well as the rise in voluntary activities to provide goods and services to disadvantaged groups that are neglected by state and market. They also see the increasing awareness of responsible consumers who are receptive to social entrepreneurial approaches to providing goods and services (e.g., the rise of fair-trade- and eco-labels) as well as the more responsible behavior of many for-profit enterprises. In more general terms, other authors stress the complexity of current developmental problems, which need different kinds of actors and actor configurations to address them (Fowler 2014).

Many of the above authors see social entrepreneurship as clearly associated with civil society and social sectors (Hulgard 2010; EMES), while others, more recently, see social entrepreneurship in relation to the market economy. Authors of the latter group tend to argue that corporate social responsibility (CSR) has not delivered on its promises and has effectively been marginalized by corporations, which often have reduced CSR to corporate philanthropy.

In relation to the economy, one can distinguish several rather distinct lines. Some authors see social entrepreneurship as striving to replace the capitalist market economy, often in association with the rise of the solidarity economy (e.g., Utting 2013; Perez de Mendiguren 2013). Others scholars see social entrepreneurship as an attempt to transform capitalism itself (Porter and Kramer 2011). The latter authors even see

social entrepreneurship as a transitional phenomenon in the process of making conventional for-profit enterprises refocus themselves on creating social value². Shared value creation (not to be confused with social value creation) has been put forward as the movement's principal driver (Porter and Kramer 2011). This strand recognizes that for-profit enterprises do generate social value (providing people with goods and services as well as incomes and employment), but that "financialization" has meant that the pressure for short-term financial returns has taken precedence over the drive to create social value. Lastly, and in the context of emerging economies, authors argue that social entrepreneurial activity can play an important role at the Base of the Pyramid by involving micro and small enterprises in providing affordable goods and services that cater to the social needs of low-income people (Desa and Koch 2014; Maas 2013).

Bieckman (2013) and Hudson (2009) are less optimistic that social entrepreneurship has a chance of becoming a driving force that will bring change to capitalism. It must compete with conventional for-profit enterprises, which engage in a competitive 'race to the bottom' by lowering wages. Social enterprises that seek to pay fair wages to workers and fair prices to suppliers will not become viable and will fail at mainstreaming unless governments step in with regulatory policies to level the playing field, by changing the tax structure for conventional enterprises and rewarding social enterprises.

In contrast, Depedri (2010) argues that social enterprises have clear competitive advantages over commercial enterprises. Close relations with clients and their search for locally specific solutions may help reduce waste in investment resources and make operations more efficient. Social enterprises attract employees who are intrinsically motivated and who often accept lower pay. Moreover, social enterprises very often have volunteers, and this significantly reduces operating costs. A further competitive factor is the nondistribution of profits, resulting in lower capital costs. Last but not least, a social enterprise generally has a better alignment between individual and organizational goals, and this results in lower monitoring and management costs.

From the above it can be concluded that there are in fact different types of institutional configurations of social enterprises. To begin with, there are i) social enterprises that operate *in* the market and that are the result of collective action (marketing or production co-operatives, mutual societies). These produce what some call "general interest" goods and services. These are institutionally quite distinct from ii) social enterprises operating *outside* the market. These are selfhelp enterprises which operate through collective action (e.g., local food banks). Furthermore, there is a growing institutional category of iii) social business ventures in the market. These ventures produce private goods that have a merit character (e.g., safe drinking water). Last but not least there are iv) "hybrids" that combine "iii" with "i" or "ii."

Defining Social Entrepreneurship

There is much diversity in how social entrepreneur(ship) and social enterprise are defined. For example, the volume edited by Mair et al. (2006c) contains fifteen contributions that have twelve different definitions. Other authors likewise

acknowledge the lack of agreement on a definition and cite a wide range of definitions to illustrate this (Becchetti and Borzaga 2010; Borzaga and Tortia 2010). As mentioned earlier, some see this as problematic (e.g., Dacin et al. 2011), while others consider this a characteristic feature of an emerging field that still lacks consolidation (Mair and Noboa 2006b; Mair et al. 2006c; Granados, et al. 2011).

Cheriakova (2013) links four different definitions to different “schools of thought.” The first two definitions, which originate in the United States, use basic formulations such as “non-dividend enterprises pursuing a social objective” and specify that social enterprises focus on new forms of cooperation (between social entrepreneurs and private enterprise) and use innovative ways to create social value and address social problems. The third definition comes from the European Research Network on Social Enterprises (EMES). It has more of a focus on social enterprises than on social entrepreneurs. It specifies that the social enterprise is engaged in the production of goods and services, with economic risk and minimal paid work, and that its aim is to benefit a local community. Its governance structure, according to this definition, is participatory or democratic in nature. A fourth definition comes from Dees. For this hallmark author in the American tradition social entrepreneurs are change agents who create socio-economic structures that sustain social benefits rather than just tackling a single problem (Dees 1998; Dees et al. 2002). These social entrepreneurs are marked by their “relentless pursuit of new opportunities to further their mission to create social value” through their continuous drive to innovate; and by their boldness and their refusal to accept resource limitations (Elkington and Hartigan 2008). To this, Peredo and McLean (2006) add the capacity of the social entrepreneur to take and endure economic risks. As this literature expands, it has put more and more emphasis on the entrepreneur.

Mair et al. (2006c) argues that in defining social entrepreneurship, one needs to clarify not only the entrepreneurial but also the social element. They disagree with a dichotomous conceptualization where the social is related to nonprofit orientation or to altruism. The generation of profit can make a social enterprise more viable. Moreover, entrepreneurs can have personal or professional fulfillment as an important driver alongside their social mission. For these authors, the social element resides in the mission of the entrepreneur to create social value rather than economic value. Social entrepreneurship is “a process involving the innovative use and combinations of resources to pursue opportunities to catalyse social change and/or address social needs” (Mair et al. 2006c: 37).

Dacin et al. (2011) are critical of the concept of social entrepreneurs and entrepreneurship. They see the concept appealing to people who have become “sceptical about the ability of governments and businesses to meaningfully address pressing social problems such as poverty, social exclusion and the environment” (Dacin et al. 2011: 1203). Definitions of social entrepreneurship often cover the following four aspects: i) the personal characteristics of the entrepreneurs; ii) their sphere of operation; iii) the processes and resources they use; and iv) their mission to create social value. The authors argue that the first three are context dependent and hence unhelpful in the search for a general definition. The fourth feature is the most crucial one: creating social value to address social problems. Social value creation does

not negate the importance of economic value creation to maintain financial sustainability. The focus on social mission achievements would imply turning attention to the outcomes and social impacts of SE activity, and a comparative analysis of similar social impacts by different types of organizations would make the academic research more robust. This may, however, be easier said than done as contexts could well vary and different organizations may target different social segments or domains.

Dacin et al. (2011) observed that many empirical studies that feed the academic debate are predominantly singular case studies in which “heroic individuals” who are “capable to change the world” are the main focus. Elkington and Hartigan (2008) are typical exponents. They formulated ten characteristic features of social entrepreneurs. The features include, among others, a professional and practical rather than ideological orientation, innovativeness, risk-taking, and a tenacious determination to get things done. Dacin et al. rightly argue that this focus on the successful entrepreneur generates three biases: i) a bias against learning from failures; ii) a bias to limit the analysis to micro level factors; and iii) a bias in terms of the (altruistic) motives and social mission of the social entrepreneur, ignoring that there may be a “dark side” to social entrepreneurship. Indeed, social entrepreneurs can also manipulate social entrepreneurial values to gain political power. Dacin et al. add that the concentration of social entrepreneurial activity in a few individuals and organizations may lead to the abuse of their leading positions in public debates. This in turn can allow them to successfully mobilize resources and further enhance their own positions, power, and influence. The powerful but subtle role of “philanthro-capitalist,” examined by Michael Edwards (2008), is a notable example illustrating their concerns.

A powerful threefold critique of social entrepreneurship comes from Cho (2006). It is important to note that Cho adopts the more restrictive definition of the social entrepreneur as formulated by Dees (see above). This definition, Cho argues, is exclusively defined in terms of the entrepreneur, but not in terms of the social. Entrepreneurs define the social values they will pursue. This leads to the first point of criticism: “The social entrepreneurs have their own divergent subjective visions for the rest of society and rationally mobilize resources in order to enact their agendas” (Cho 2006: 46–47). If the social is not generated from a collective process, it is simply a private vision of the social. “This monological stance is simultaneously the social entrepreneur’s greatest asset and its greatest challenge” (Cho 2006: 46–47). The author points to the possible disjuncture between the entrepreneurial objectives and processes versus the need to engage in participatory deliberation to negotiate between conflicting visions for social transformation. This disjuncture need not necessarily arise, but Cho has correctly identified this as a blind spot in SE research: How do social entrepreneurs identify their social missions? Are the missions derived from the entrepreneur’s own “can do” mentality, or from a social agreement? Cho poses a strict criterion that the social mission must be generated through a collective deliberative process. This position disregards the idea that socially constructed knowledge that is “on the shelf” can also form the basis of a social entrepreneur’s social value proposition. There is, for example, ample social agreement that potable or purified water is a recognized social need (or even a human right as it forms part of an adequate standard of living). The vision that people should have access to potable water need not be (re-)constructed.

The question then remains as to how the social entrepreneurial process can enact this vision. (This is a matter we will take up in detail in the next section.)

A second criticism by Cho follows from the first – namely, that well-intentioned social entrepreneurs may displace social processes and strategies that may be more appropriately positioned to achieve discursively negotiable common objectives. Difficult and complex collective choice processes get displaced by the “can do,” entrepreneurial, result-oriented social value proposition, and bad social entrepreneurial investment decisions may in the end result in waste or lower social value than may be otherwise achievable. The implicit assumptions of Cho are that there is no civil society failure in this respect and that public choice processes are indeed inclusive.

The third point raised by Cho is that the social entrepreneur begins with the wrong question. Faced with a social problem and the inability of social actors to solve this problem, the social entrepreneur will seek to mobilize resources and find innovative ways to address the problem, but the real question, according to Cho, is “why is the state unwilling or unable to tackle the problem?” This in his view is in the first place a political question rather than a problem derived from market failure: “social entrepreneurship is a means to an end: it is not itself capable of defining social needs or assessing whether the burdens of meeting these are being shared equally. These are fundamentally political questions” (Cho 2006: 49). By applying private social entrepreneurial strategies to meet social needs, the social entrepreneur bypasses political processes in favor of a subject-centered and sometimes market-oriented approach to the definition and achievement of social objectives (Cho 2006: 49). Is the social entrepreneur a substitute for state and market? “The implicit treatment of social entrepreneurship as a substitute for rather than a complement to concerted public action raises troubling issues related to the distribution of burdens. Social entrepreneurs identify service gaps and efficiently mobilize resources to fill them. In doing so however they may privilege addressing symptoms over resolving more fundamental root causes, such as social inequality, political exclusion and cultural marginalization” (Cho 2006: 51).

The public sphere ceases to be the pilot of society’s steering mechanism; instead civil society begins to take its direction from the mechanistic operations and failures of markets and states. This reversal of agency lies at the heart of the theoretical problem of social entrepreneurship, according to Cho: social entrepreneurship may divert attention from the possibility that more basic structural reforms might be necessary to address social problems, particularly where governance is weak and exclusionary. The author concludes that social entrepreneurs may produce immediate and impressive gains, but this cannot replace sustained public engagement with social issues. It may even have unexpected perverse outcomes: “while social entrepreneurship addresses local symptoms of deeper political and institutional malaise – poverty, exclusion, marginalization, environmental degradation – it may also avoid discursively mediated processes that could produce more inclusive and integrative systemic solutions” (Cho 2006: 53–54).

I have argued above that there are several different types of social enterprises. Disagreements about the role of social enterprises may result from different implicitly held views of about the type of social enterprise. Thus, while Defourney, Borzaga, and

others of the EMES network refer to social enterprises of the “i” type, others (e.g., Di Domenico) refer to enterprises of type “ii.” When Borzaga and Tortia discuss competitiveness of social enterprises, they refer to type “i” enterprises, while Hudson (2009) and Desa and Koch (2014) refer to issues of competitiveness in social business ventures (type “iii”). Cho’s critique of social entrepreneurs concerns a social business venture that provides goods and services in the social sector and displaces the public and civil society sectors. Clearly the critique would not be the same for cases in which social enterprises of types “i” and “ii” filled in gaps left by the State.

Social Entrepreneurial Processes

How do social entrepreneurs define their missions and how do they formulate the type of social value to be created by their innovations? Furthermore, how socially embedded is this process, or more concretely, to what extent are other groups and stakeholders involved? In examining this process we look at the two distinct domains identified earlier: the “social domain” and the “Base of the Pyramid” segment of the market economy. The social domain here means the wide range of actors, organizations, and institutions that are involved in counteracting problems of social deprivation and poverty. The BoP segment of the market economy refers to the bottom segment of the monetized economy, which consists of poor consumers and large numbers of low productive and informal micro and small enterprises in emerging economies.

Social Entrepreneurship in the Social Domain

From within the social sector, Hockerts (2006) argues that one can distinguish three different sources of social value opportunities. The first source is activism. Activists are the main actors who give the social enterprise moral legitimacy; they oversee communication and distribution through activist networks and promote the social value proposition, or the social concerns (e.g., fair trade) championed by the activist group. The second source of social value opportunities is self-help, in which the beneficiaries themselves are the social entrepreneurs. In this model (e.g., a food bank), the economic value proposition is based on cheap labor and marketing, cheap and patient capital, and loyal and patient clients. The social value proposition is the social need or concerns of the main beneficiaries. The third source of social value opportunities is philanthropy. Here donors are the main actors, and their economic value proposition is charitable grants and donations. The social value proposition is based on the social issues defined by the donors. Only the first two of these three sources derive their social value propositions from the consensus of a particular group or social entity.

Robinson (2006) argues that social entrepreneurial opportunities in the social domain have specific characteristics because social enterprises face not only the conventional economic barriers of entry but also social and institutional barriers. Social barriers prevent social entrepreneurs from using the social networks of relationships existing within a market to their advantage: social entrepreneurs may not

have access to business owners, professional associations, civic organizations, or political and labor market organizations. These localized networks are often relationships that evolve and stabilize over time; therefore, considerable tacit knowledge is needed to be able to enter and use them for new innovative social ventures. Institutional barriers prevent entrepreneurs from knowing or accommodating the rules, norms, and values that contribute to the culture and practices that form the institutional structure of the “market.” The social domain at its core consists of interdependencies between centralized and decentralized public agencies and decentralized forms of private and civic agents and activities.

The perceptions of social entrepreneurs about these social opportunities and barriers to entry are central to the entrepreneurial decision process. Prior experiences of the entrepreneur are crucial: some entrepreneurs have had previous “life experiences” that allow them better to see and assess social and institutional barriers to entry; likewise, business experiences can enable entrepreneurs to better assess the social venture as a viable business proposition. Lack of knowledge may act as a deterrent, while familiarity with these social and institutional barriers may help in identifying opportunities. Especially in the social sector, these social and institutional barriers are very important as entrepreneurs seek to cope with local expressions of particular social problems. Thus, one of the central issues for the social entrepreneur is not simply which entrepreneurial strategy to use, but also how to navigate these social and institutional barriers in order to make their social ventures work. Institutional barriers originate in formal rules and organizations defined by government policies (e.g., the decentralization of social policy within the public domain and the liberalization of social service delivery), while social barriers refer to local cultural perceptions and divergences between social groups and other social service providers. In order to be able to understand and navigate these barriers, the would-be social entrepreneur must interact with other actors in the community and other public, civic, and private players in the particular social domain. This is what, according to Robinson (2006), makes the social entrepreneurial process so special and distinct from the conventional understanding of the entrepreneurial process. Social entrepreneurs have to engage a range of stakeholders to identify and navigate the barriers to entry and in that process formulate their social value proposition. This therefore constitutes socialization of the value proposition, or at least a process of consensus-oriented dialogue and coordination.

It could be argued that Robinson’s analysis is neither more nor less than the realization that economic relationships are embedded in social relationships, as formulated by the economic sociologist Granovetter (1985). To some extent this is correct as social entrepreneurs, like their counterparts in the business world, deploy their networks of social relationships to develop their enterprises and to contact potential clients, providers of capital, suppliers, and competitors. However, Robinson takes us beyond Granovetter on two issues. Firstly, he points out that social networks enable the social entrepreneur to learn about the social problems as experienced and perceived by disadvantaged groups. So the personal intrinsic motivation of the social entrepreneur combines with knowledge of how social needs are experienced by the social group concerned and how these can be addressed. This knowledge helps to formulate the social value proposition itself. Secondly, these social networks are crucial

when it comes to mobilizing resources critical to the realization of the social venture, which the social entrepreneur on his/her own cannot muster. In the specific case of social policy, relationships with central and decentralized public agencies responsible for social policy and its corresponding rules, regulations, and financing are critical for navigating institutional barriers to entry. Thus, relationships with government have to be forged in order to learn how public and social entrepreneurial activity can be complementary rather than conflicting. The emphasis is on mutual accommodation of public policy and social entrepreneurial goals. Thus, in contrast to Cho's critique above, the social entrepreneur is not an isolated provider who can "go at it alone" and can stay at "arm's length" from other stakeholders and from the target group.

Social Entrepreneurship at the Base of the Pyramid

Recently authors have focused on social entrepreneurship to achieve transformations in the market economy, particularly in relation to the "Base of the Pyramid." Social entrepreneurial activity responds, according to Desa and Koch (2014), to three types of market failures. Market failure on the supply side applies in particular to the lack of "patient" financial resources for social business ventures at the BoP. Furthermore, BoP producers, traders, and distributors lack the competencies, resources, and technologies to produce the required quantity and quality of inputs, and their lack of resilience forces them at times either to divert inputs or products or to side-sell (Kubansky et al. 2011). The second type of market failure, failure on the demand side, has to do with the high volatility of BoP markets. BoP consumers have low, insecure, and often irregular incomes and face unforeseen large cash outlays, which crowd out other expenditures. They may lack the resilience to withstand this volatility. Affordability is also a critical issue for social entrepreneurial ventures. Markets are thin both in economic and spatial terms. The third type of market failure occurs in the distribution of goods and services, which for reasons just mentioned faces severe "last mile" problems (i.e., when distribution costs become prohibitive in relation to volume and price). All these factors influence sustainability of social business ventures at the BoP.

How do social entrepreneurs contend with these challenges in their business models? The Monitor Group in its report on BoP business models in Sub-Saharan Africa (Kubansky et al. 2011) stresses that products and services in their design must be BoP friendly. That is to say, they must be delivered on a "pay per use" basis. This generally involves pared-down services and no-frills products. A second set of business models creates external economies of scale through aggregation and networking of large numbers of BoP producers *and* lowering costs by drawing on their collective and relational assets. To reach BoP consumers, these models use aggregation platforms and value chains connecting small farmers, producer and deep distributor networks of micro enterprises, and informal shops. Mobilizing the collective and relational assets of producers, traders, and distributors who are economically disadvantaged requires engaging with them and their organizations. The very success of social ventures depends on this kind of engagement. In many instances social entrepreneurs and their organizations undertake these tasks themselves, but in many other instances they seek the support of NGOs and/or of local governments or public agencies. This support

aims to deepen the local embedding of the venture's social value proposition. This is even more the case with goods and services in the so-called "push" category: those that require a high level of awareness-building and education of potential customers (e.g., preventive health care). These products contrast with so-called "pull" products of which BoP consumers readily see the benefits (like specialized uses of texting on cell phones and specialized apps on smart phones).

The above analysis corresponds with Alvord et al. (2004), who took an empirical route to understanding the social entrepreneurial process and studied seven successful initiatives for social transformation (among these are BRAC, SEWA, Grameen, and Plan Puebla) and then worked backward to elicit common features in terms of social innovations and entrepreneurship. The authors see social entrepreneurs as change agents who aim to achieve social transformation. They conclude that social innovations are often clustered or multidimensional (that is to say the social innovations consist of a package of economic, cultural, and political innovations) and can take various forms: 1) building local capacity; 2) disseminating a package of innovations through reconfiguring products, resources, and management practices to better match local specifics; and 3) building a movement that gives voice to marginalized groups. In their innovation processes these social ventures mobilize tangible and intangible assets of poor groups and emphasize systematic learning and knowledge-sharing by individuals and organizations. The study concludes that networking is fundamental: the social entrepreneurs showed their capacity to build bridges among very diverse stakeholders from different domains, and this capacity was often based on their own experiences in these diverse domains.

Di Domenico et al. (2010) have made an important contribution that is relevant here. They use a broader conception of social entrepreneurship and a "blended value creation" approach. They define social entrepreneurship in terms of five characteristics: i) generating one's own revenue through trading; ii) pursuing social and/or environmental goals; iii) using blended value creation – that is to say, delivering goods and services that have auxiliary goals such as increased social capital or social cohesion; iv) mobilizing stakeholders in formulating the social enterprise venture, its governance structures, and procedures; v) operating actively in a range of contexts but remaining closely associated with communities that have limited access to resources.

An important characteristic feature of social enterprise as Di Domenico et al. define it is that it operates in a severely constrained resource environment. This implies that social entrepreneurs engage in what the authors call "social bricolage." They have to "make do" with existing resources and institutions and make something new out of them (e.g., repurposing old unused buildings, discarded materials, or food that has passed its expiration date). Creating social value often happens by altering existing inadequate institutional arrangements. Resource scarcity demands resourcefulness, and social entrepreneurs have to improvise. These social entrepreneurs counteract or overcome political and institutional resistance by subverting or ignoring limitations and showing that their enterprises can create social value (Newth and Woods 2014). Engaging stakeholders is therefore essential in order to overcome resource and institutional constraints. This may be done via social networking, adapting the governance structure of the enterprise to get access to resources or expertise, and/or

persuading stakeholders to leverage resources for the social enterprise. Social value creation centrally involves to social bricolage; stakeholders participate in value formulation, realization, and accountability. By implication social entrepreneurship is far from a monological entrepreneurial process as put forward above by for instance Elkington or criticized above by Dacin or Cho.

This applies especially at the “Base of the Pyramid” in poor and emerging economies. Maas (2013) has studied the promotion of social entrepreneurship among Bangladeshi women over a period of several years. Adopting and extending Di Domenico’s framework, he has pointed out that the refusal to be limited by structural constraints (e.g., resources and institutions) stresses the agency of the social entrepreneur. He noted that network-building gives rise to spontaneous collective action, as networks reach “critical mass.” Maas (2013) argues that sharing knowledge and learning in networks is characteristic of social entrepreneurship and distinguishes it from for-profit entrepreneurship, which thrives on creating and maintaining information asymmetries. For the “social” in social entrepreneurship, this is a distinguishing feature.

Perrini and Vurro (2006) also emphasize that social entrepreneurship entails an inter-sectoral dynamic: “social entrepreneurial initiatives ideally break up boundary lines among organizational clusters, configuring themselves as hybrid organizations” (Perrini and Vurro 2006: 61). Social entrepreneurs identify social opportunities through a combination of external and internal drivers: their own life experiences in combination with perceived social needs define the social value proposition. Perrini and Vurro follow Hockerts’s classification of sources of social opportunities. They also use the definition of types of social innovations by Alvord et al. (see above). Perrini and Vurro argue that social entrepreneurs have much in common with conventional for-profit entrepreneurs but are distinguished by their desire for concrete social change and their aptitude for networking and cooperation. Social entrepreneurs realize that they need others to help expand their social value proposition.

Synthesis and Concluding Reflections

There is healthy skepticism about social entrepreneurship in the academic world as well as among development practitioners. This skepticism in part stems from debates concerning reform in the social sector. Does the social entrepreneur privatize what ought to be a collective process and replace the latter with a subjective individual vision about how to address social needs? But in the past ten years social entrepreneurship has changed in a way that has rendered those concerns somewhat moot: social entrepreneurship increasingly involves transformations in the capitalist market economy, especially at the base of the pyramid. Newth and Woods (2014) have pointed out that social entrepreneurship is much more contested where it applies to social needs previously addressed by the public or civil society sector than it is for activities in the market and especially at the BoP. These authors add that social entrepreneurs involved in market-based activities have to contend with many more stakeholders than conventional entrepreneurs do. Conventional entrepreneurs need

to market their ideas to the providers of capital and their targeted customers. Social entrepreneurs operating in the social domain face additional stakeholders (e.g., social, cultural, and community leaders as well as the media).

When examining social entrepreneurship at the BoP of the market economy, those developing viable business models point to the need to leverage tangible and intangible assets of economically disadvantaged producers, traders, and distributors. Such measures are needed to lower costs and provide affordable products to consumers with few resources. By their very nature, therefore, social entrepreneurial processes rely on negotiation with (groups of) BoP producers and distributors to make social ventures viable, especially in connection with “push” products, which often require complementary actions by NGOs and/or public agencies for capacity- and awareness-building.

The skepticism about entrepreneurship in the social sector gained force as prominent business management literature on the subject portrayed social entrepreneurs as “heroic individuals.” This literature tends to disregard the context and structures within which social entrepreneurship takes place. The picture of the “heroic individual” entrepreneur is what Granovetter (1985) would characterize as an *undersocialized* view of social entrepreneurship. Cho is correct in his critique that if the social orientation is not generated through collective processes, we have just a private vision of the social. But this represents also an *undersocialized* view of social entrepreneurial processes. Social entrepreneurs must have civic engagement with the state, civil society, and the market in order to formulate and operationalize their social enterprises. The social entrepreneur is not an isolated provider who can stay at “arm’s length” from other stakeholders. This applies to the social domain and perhaps even more to the economic BoP domain, though there are different factors and considerations at play. In the social domain there are many actors, organizations, and institutions that represent important social and institutional barriers that the social entrepreneur needs to navigate. Sustainable business models at the BoP in many instances require the social entrepreneur to mobilize tangible and intangible assets of poor producers and distributors. Aggregation platforms, strategic coordination in value chains to overcome market and state failure, and deep networks to overcome “last mile” distribution and “first mile” procurement/bulking problems are all achieved through the collective and joint actions of groups of BoP producers/traders and critically depend on collective learning. Moreover, for capacity-building, awareness-raising, and upscaling the social entrepreneur needs to engage and obtain support from civic and state actors and agencies. This calls for civic engagement on the part of the social entrepreneur.

Social bricolage is an important phenomenon at the local level where social entrepreneurs face severe resource constraints and have to engage other stakeholders. This process entails deliberations and adjustments to social ventures in order to make them feasible. Correspondingly, networks play a central role in social entrepreneurial activity, for embedding such activity. However, the role of networks goes beyond generating trust. Networks help social entrepreneurs to reach particular disadvantaged target groups as well as input suppliers and competitors. Through networks social entrepreneurs and target groups can engage in two-way or interactive learning about the groups’ social needs and how a social entrepreneurial venture might address them. These interactions often entail complementary collective action by these groups.

Here we return to the questions formulated at the beginning of this article: How is the social constituted in social entrepreneurship? Do social entrepreneurs privatize what ought to be a collective process and replace the latter with subjective individual visions about how to address social needs, or do they engage other stakeholders in public arenas to develop their social value proposition and gain support for its successful realization? My answer is that the social entrepreneur is neither a “hero” who singlehandedly addresses social or economic needs of underprivileged groups nor a “villain” who under the cover of a social mission destroys collective or public processes. In both the social and the BoP domain, social entrepreneurs engage other stakeholders and can be successful if they build bridges between public, private, and civil actors and the groups they seek to serve. These bridges are essential for mobilizing resources as well as political and economic support so as to overcome resistance and create successful social enterprises. It is not just the enterprises’ social mission but also this process of civic engagement that is characteristic of the social entrepreneurial process.

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Notes

1. The late C.K. Prahalad, an Indian-born American management consultant, wrote, together with S. Hart, about “the fortune at the bottom of the pyramid.” Their main contention is that large corporations do not focus their business on the 4 billion consumers at the bottom of the economy. Others have pointed out that Prahalad and Hart’s focus on large corporations ignores the importance of micro, small, and medium enterprises at the base of the pyramid. This critique has led to emphasizing the ‘base of the pyramid’ itself. Hence, this changed meaning is used here.
2. See interview with Michael Porter in Driver (2012).

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