Changing the world on a shoestring: The concept of social entrepreneurship

By Dave Roberts and Christine Woods

The field of social entrepreneurship is in its infancy, and currently lacks awareness and credibility. What’s needed is a definition that creates focus and understanding.

Social entrepreneurship is a construct that bridges an important gap between business and benevolence; it is the application of entrepreneurship in the social sphere. As a field, social entrepreneurship is at an exciting stage of infancy, short on theory and definition but high on motivation and passion. The challenge for academia is to turn an inherently practitioner-led pursuit into a more rigorous and objective discipline. The challenge for practitioners is to raise more awareness, support and participation. Inherent in both challenges is the need for a simple definition that creates focus and increases understanding and thereby builds credibility and stimulates further inquiry. The article that follows is a step in this direction.

Introduction

“How to save the world? Treat It Like a Business”…is the advice of NY Times columnist Emily Eakin. At first glance this might seem like an oxymoron: what role does business have in social change? But then oxymorons are commonplace in the domain of social entrepreneurship; it is a concept that effectively blends conventionally paradoxical concepts to create a cause that powerfully drives social change.

Social entrepreneurship is a relatively new concept compared to its cousin ‘conventional’ or ‘commercial’ entrepreneurship. Its infancy status brings with it difficulties in definition – everyone has one, but not many of them are the same and the words used tend to depend on the perspective of the author. But a definition is important as it brings meaning, draws boundaries and clarifies distinctions.

Our purpose is to create a working definition for social entrepreneurship and to stimulate greater interest in an important
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driver of social change. To do this, we have briefly reviewed the seminal literature on commercial entrepreneurship and blended this with a review of the limited research that has been done to date on social entrepreneurship to generate ‘the academic perspective’. This is then contrasted with the emerging literature and case studies derived from the activities of practicing social entrepreneurs that we refer to as ‘the practitioner perspective’. From these two different, yet overlapping, perspectives we offer a working definition of social entrepreneurship to capture the essence of this important construct. A case study of an Auckland based social entrepreneur is used as an illustrative example of our definition. The conclusion will summarise the discussion and leave some final thoughts and suggestions for further debate and research.

The academic perspective

The origins of the word entrepreneurship stem from the French word entreprendre meaning ‘to take into ones own hands’. The crucial role of the entrepreneur was first recognised by the eighteenth century businessman Richard Cantillon. He described entrepreneurs as ‘undertakers’ engaged in market exchanges at their own risk for the purpose of making a profit. Cantillon’s work provided the foundation for three major economic traditions: the German tradition built on the work of Joseph Schumpeter with an emphasis on innovation; the Chicago tradition of Knight and his work on risk and the Austrian tradition of Israel Kirzner and his exploration of “alertness to opportunity.”

The phenomenon of entrepreneurship has also stimulated research in other social sciences; psychologists, sociologists and anthropologists focus on the attributes of practitioners and the social and political conditions that encourage entrepreneurial behaviour. The different theoretical enquiries have served to broaden rather than narrow the boundaries of entrepreneurship research and each discipline brings its own point of emphasis depending on which dimension of entrepreneurship is viewed as the most important. Recently Shane and Venkataram have integrated work from different social science disciplines and applied fields of business to create a conceptual framework for the field of entrepreneurship. Their work provides the definitional basis for our discussion on conventional entrepreneurship. The focus of the framework centres on profitable opportunities, “how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited”. The entrepreneur is therefore someone who discovers, evaluates and exploits profitable opportunities, taking into account risk, alertness to opportunity and the need for innovation.

So where does the social aspect fit within this framework for entrepreneurship? Attempts at defining social entrepreneurship harbour many of the same struggles faced by researchers working in the field of conventional entrepreneurship because it too is a multidimensional construct. In addition, social entrepreneurship does not generate a profit and many social entrepreneurs would baulk at seeing their services as ‘marketable’ because their raison d’être is to address a social need not a commercial one. Social entrepreneurs are people with similar behaviours to conventional entrepreneurs but “operate in the community and are more concerned with caring and helping than with making money”. So, is it still entrepreneurship if it is missing some of these core outputs?

A definition of social entrepreneurship could be based on the process that is followed or on the outcomes that are achieved. Academics are likely to agree on an outcome of ‘addressing social needs’ but reaching a consensus of opinion on the process to achieve this is likely to be more problematic. In social entrepreneurship there is no proven method, code of practice or core business model to follow. While the same could be said of commercial entrepreneurship, academics have brought together examples of ‘best practice’ which are now widely taught in the classroom, as demonstrated by the proliferation of courses on entrepreneurship over the last 30 years. Social entrepreneurs are probably just as likely to make it up as they go along, although courses in social entrepreneurship are beginning to emerge in academic institutions. These are being established as a vehicle to bring together business practice and the passion and energy of successful social entrepreneurs in an academic environment. It is to practitioners that we now look to gain a sense of what social entrepreneurs actually do and what type of people engage in social entrepreneurship.

The practitioner perspective

The practitioner definitions of social entrepreneurship focus on the attributes of practicing social entrepreneurs and the process they follow. They use very descriptive words to capture the essence of what defines the social entrepreneur. Charles Handy is fascinated by the passion demonstrated by entrepreneurs and the repeated occurrence of other shared traits:

Passion was a word that cropped up in every interview, a passion for what they were doing, whether it was starting a business, creating a theatre company or reviving a run-down community. Their passion, the conviction that what they were doing was important, gave them the second characteristic, the ability to leap beyond the rational and the logical and to stick with their dream, if necessary against all evidence. They also had the negative characteristic that was the key to creativity. It needs certain doggedness, perhaps even arrogance, to hold to a dream against the evidence. This the alchemists all had. A negative capability, however, would be of little value

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without the final attribute of the alchemists, a third eye. They looked at things differently.16

Bill Drayton, ex McKinsey & Co consultant, is well known in the social entrepreneurship circles. He is the founder of Ashoka, a global non-profit organisation that scour the world looking for social entrepreneurs and invests in them when no one else will. Ashoka provides stipends which allow 'Fellows' to focus full time on their ideas for leading social change in everything from education, youth development, health care, environment, human rights, access to technology and economic development. To receive a stipend the candidates must be "extraordinary individuals with unprecedented ideas for change in their communities"17 and pass a stringent selection process focusing on a core question: "Do we believe that this person with this idea will change the pattern in this field, at the national level or beyond?"18 Decisions to elect fellows are made by a panel and must be unanimous. Currently Ashoka operates in 46 countries across Asia, Africa, the Americas and Central Europe and has worked with 1,400 social entrepreneurs providing approximately US$40 million in funding and additional services.19

In "How to Change the World; Social Entrepreneurs and the power of new Ideas", David Bornstein20 chronicles the development of Ashoka, bringing together stories of leading social entrepreneurs both living and past. He sees social entrepreneurs as:

... transformative forces: people with new ideas to address major problems, who are relentless in the pursuit of their vision, people who simply will not take no for an answer and who will not give up until they spread their ideas as far as they possibly can.21

Many candidates are passed over, even candidates already engaged in valuable work, because Drayton is looking for a rare personality type, much like his own. He's looking for the next Florence Nightingale, path breakers who combine vision with real-world problem-solving creativity, who have a strong ethical fibre, and who are totally possessed by their vision for change.

Clearly Drayton is, and is looking for, the elite – the green beret of social entrepreneurs. Radical new thinking is what makes social entrepreneurs different from simply ‘good people’ participating in charitable causes. He sees Ashoka as the first professional association for social entrepreneurship and his perspective adds a pragmatic touch to the body of definitions. “People understand this field by anecdote rather than theory, so a fellow we decide to elect becomes a walking anecdote of what we mean by a social entrepreneur”.22

Bill Drayton’s views sit at the more radical end of the spectrum but they are still very grounded. The language used by Drayton and other practicing social entrepreneurs is caring, compassionate and moral. Yet that does not mean they identify with the liberal left or scorn profit making businesses; quite the contrary, they recognise the importance of thinking like a business:

... they are highly critical of the statism of the old left and sentimentalised versions of working class communities. They recognise that economic dislocation and global competition have contributed to many of the social problems they are dealing with. But that does not make them anti-business. Instead, they recognises the importance of benchmarking the standards of their own services against those of the private sector.23

Social entrepreneurs use many of the tools and language of business but their motivation and what they see as important is quite different from those with a commercial intent. Both social and conventional entrepreneurs are visionary, tend to be opportunistic rather than sticking to a predefined plan or strategy, and pay great attention to building alliances...
and networks of contacts. However, social entrepreneurs tend to communicate their visions in moral terms, driven by a desire for social justice rather than the mighty dollar. They are sometimes described as “ideological chameleons” avoiding any particular political stance that could cut them off from potential supporters.24

Jeroo Billimoria is just one example of an Ashoka fellow. She launched Childline in 1996, India’s first 24-hour emergency telephone service to provide police assistance and healthcare for homeless children. When she approached commercial organisations she does not ask for a cheque, to her that is charity. She goes in asking for their expertise and offers her own, thus creating the possibility of forming a partnership for long-term change. She finds they want to know if you mean business or are you just well meaning. In 2003, Childline responded to more than a million calls - more than any other helpline in the world.25

New Zealand’s relatively short history is peppered with social entrepreneurs. Sir Edmund Hillary is typically remembered for being the first to reach the summit of Mt Everest, not for his humanitarian efforts that spanned four decades and delivered over 30 schools, two hospitals, twelve medical clinics and two airstrips to the impoverished Nepalese people. Hillary himself is more proud of these achievements than his celebrity status:

I don’t know if I particularly want to be remembered for anything. I have enjoyed great satisfaction from my climb of Everest and my trips to the poles. But there’s no doubt, either, that my most worthwhile things have been in the building of schools and medical clinics. That has given me more satisfaction than a footprint on a mountain.26

‘Gung Ho’ is a term that was coined by Rewi Alley, born a simple country boy and named after a Maori chief of legendary courage. Alley came to witness and influence some of the great transformations of Twentieth Century China because he decided he would go and “take a look at their revolution” after being inspired by the Auckland Weekly News reports.27

At the time, industry in China had grown up mainly around the international concessions (zones) and these were clustered around the coastal ports. Militarily this was a disaster because in 1937 the Japanese were pursuing dreams of an Oriental empire and began to launch attacks, blockading and knocking out 80% of China’s industry. Alley’s answer was to keep production going inside the blockades by spreading it away from the Japanese to the inland areas, meanwhile providing jobs for fleeing refugees. This was achieved through a series of Chinese Industrial Co-operatives under the slogan ‘Gung Ho’, meaning ‘work together’.

Alley’s plan started with small operations, scant resources and broken machines but the co-ops proved to be “highly skilled appropriators and successful factories were soon producing everything from trucks, to grenades, helmets, machinery, irrigation, boilers, furnaces, blankets, cotton, cloth and boots”.28 Alley became one of China’s living treasures; he was known as Ai-loa, a popular title of veneration, and a legend throughout other parts of the world. “All this from a man considered a duffer at school”.29

Hillary and Alley, along with many others like them, are social entrepreneurs. As it states in a special issue of the Jobs Newsletter:

The title of ‘social entrepreneur’ may be new, but these people have always been with us, even if we did not call them by such a label. … Like business entrepreneurs, they combine creativity with pragmatic skills to bring new ideas and services into reality. Like community activists, they have the determination to pursue their vision for social change relentlessly until it becomes a reality society-wide.30

The practitioner definitions of social entrepreneurship bring the topic to life and while some of the language might be a little ‘over the top’, that itself is one of the characteristics of this subject. It is full of people who are over the top, who are naïve and idealistic, perhaps even unrealistic, because to achieve sustained social progress requires ‘over the top’ action.

### TABLE 1: Perspectives on Entrepreneurship

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<thead>
<tr>
<th>Perspectives</th>
<th>Focus</th>
<th>Primary interest</th>
<th>Defining features</th>
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<td>Academic view of ‘conventional’ entrepreneurship</td>
<td>Activity in the economic sphere33</td>
<td>The connection between an opportunity and the entrepreneur; focus on profitable opportunities34</td>
<td>“How, by whom, and with what effects opportunities to create future good and services are discovered, evaluated and exploited”35</td>
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<td>Practitioner view of ‘conventional’ entrepreneurship</td>
<td>Activity in the economic sphere</td>
<td>The attributes of the practitioners and the process they follow to exploit opportunities</td>
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<td>Academic view of social entrepreneurship</td>
<td>Activity in the social sphere drawing on the principles of conventional entrepreneurship</td>
<td>The connection between an opportunity for social change and the entrepreneur</td>
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<tr>
<td>Practitioner view of social entrepreneurship</td>
<td>Activity in the social sphere drawing on the actions of practitioners</td>
<td>The attributes of the practitioners and the process they follow to drive social change</td>
<td>Walking anecdotes, people with new ideas to address major problems, who are relentless in the pursuit of their vision, people who simply will not take no for an answer and who will not give up until they spread their ideas as far as they possibly can</td>
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**Social entrepreneurship – a working definition**

So far we have considered several different perspectives that are summarised in Table 1. Each of these perspectives needs to be considered in a definition of social entrepreneurship. Sullivan Mort et al. propose four key dimensions to a definition of social entrepreneurship: the virtuousness of their mission to create better social value; unity of purpose and action in the face of complexity; an ability to recognise opportunities to create better social value for their clients; and their propensity for risk-taking, proactiveness and innovativeness in decision-making. Thompson reinforces the centrality of opportunity in social entrepreneurship.

Based on this guideline and the perspectives outlined in Table 1, social entrepreneurship could be defined as ‘the construction, evaluation and pursuit of opportunities for social change’. While this definition builds on the work from the conventional field of entrepreneurship, it also has distinct differences. We suggest that opportunities for social change are not discovered like Everest; rather they are part of a construction process that involves the working and reworking of ideas and possibilities. These possibilities are then evaluated and pursued reflecting the quest for social change as opposed to exploitation of opportunities for profit.

Academic endeavours often search for preciseness and absoluteness, seeking to define boundaries and bring clarity where there is ambiguity. This is an essential mission because it brings greater understanding and meaning, often through debate. Ironically however, such a purist and objective approach can also lead to a loss of meaning, particularly in this case where we attempt to define an emotionally charged concept like social entrepreneurship. The definition above still fails short of capturing the true essence of what it is the practitioners do and the core attributes that make them what they are. Emotively charged words such as ‘extraordinary’ or ‘transform’ have little place in academic definitions yet these are the words that help us to understand the passion, drive and purpose of social entrepreneurs.

So we offer the following, blending the academic with the practitioner perspectives:

‘Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals.’

Auckland-based George Wildridge is a social entrepreneur working to make a difference. His motivation and attributes? A highly successful business man who fell to the bottom of the barrel, who then created a vision to use his skills to address a real problem that ruins the lives of many others, much like his own. It is to George's story that we now turn.

**Oasis: ‘Refuge in a desert’, the story of George Wildridge**

This is a story about a man who went from riches to rags and back to riches again… but of a different sort the second time round. George Wildridge ruined his life through gambling, which in itself is a fascinating story, but what happened after he hit rock bottom is even more compelling and a very appropriate illustration of the birth, attributes and purpose of the social entrepreneur.

By the time George Wildridge was 30 years old he was married with five children and had climbed the corporate ladder to become the Managing Director of a successful import/export business. With his six-figure salary and a high profile in the Auckland business community, George was a model of success by most peoples’ standards. Except he had a heavy gambling problem that caused his rapid demise into a middle-age street bum.

When George reached the pinnacle of his working career, he became exposed to a form of peer pressure that he recognises now as being his downfall. Part of his role involved entertaining wealthy Asian customers who had a penchant for gambling. This suited George because he also enjoyed the odd punt, he had in fact gambled since he was seventeen but until now it had never been much of a problem. Feeling inadequate compared to his wealthy counterparts who were placing $800 to $1500 bets on each horse, George decided one day to show them he could hold his own and withdrew $5000 from the joint savings account he shared with his wife. The worst happened – George won, $16,000 in fact. It gave him a new found confidence in his gambling abilities and he made a decision, a delusional one in hindsight, that the only way to be successful in gambling was to bet big.

Within three weeks the $16,000 was gone which was not so bad other than the fact that he had to account for the missing $5000 to his wife. George decided to borrow $20,000 from the bank so that he could win back the lost money and the bank willingly believed his loan application for a swimming pool. Except, given that George was such a valued customer, they offered him a Gold Card instead. Of course the $20,000 went which was somewhat bad, but George had also discovered that it was very easy to get instant credit so he went to three other banks and got another $60,000 worth of play money. Within three to four months that was all gone too and George had a problem.

One day he returned home to find his sobbing wife on the locked side of their glass ranch sliders and a briefcase of his clothes on the doorstep. Rather than feeling the devastation that most would feel, George claims he felt a little bit elated because the gift of freedom would allow him more time to focus on his passion. He found a flat and moved on.

George decided to ‘borrow’ $20,000 from his employer by setting up a bogus company and billing them for services rendered. The audit trail eventually led to George and he decided honesty was the best policy, except that it got him fired and arrested. A lenient judge put George on probation instead of a jail sentence. Domestically, his situation deteriorated as unable to pay rent, he was evicted and forced to live in the Auckland Domain. He had no money, huge debts, a family life in tatters and his only source of food was the...
leftovers from burger bars. His former life was over and every day for the next six weeks, George contemplated suicide. But he never followed through and one day he returned to his wife who barely recognised the bearded and dirty vagabond who stood in front of her. George picked up the broken pieces of his life and became involved with the compulsive gambling support-line.

“Social entrepreneurs are motivated to address a social need, commercial entrepreneurs a financial need”

In 1997, the Salvation Army approached George to set up the Oasis centre for Problem Gamblers in Auckland. This request was in response to growing evidence that the considerable influx of gambling activity was having a negative social impact on society. The Oasis Centre provides free consultation and rehabilitation programmes for problem gamblers, partners of gamblers and affected family members. George works at one of six satellite clinics that the Oasis Centre has in Auckland and was instrumental in the development and growth of the Oasis centres throughout the main centres in New Zealand. These are run by mainly paid staff funded by the gaming industry. Over $10M is ‘donated’ each year, somewhat willingly, through a process of negotiation. The numbers seeking treatment are growing exponentially, a reflection of the growth in the problem posing. Social entrepreneurs are motivated to address a social need, commercial entrepreneurs a financial need. However, social entrepreneurship should not be thought of as existing in a domain of its own, exclusive from other forms or applications of entrepreneurship. The boundaries are far more blurred, particularly as commercial businesses become more socially responsible and develop triple bottom line reporting measures. In this sense social entrepreneurship could be seen as a mindset or a paradigm that has a place in any business, be it in the for profit sector or in the voluntary sector.

It is important to note that social entrepreneurship is not the same thing as charity or benevolence; it is not necessarily even not-for-profit. At the core there is a benevolent attitude that is motivated by a deep-seated need to give to others, but it goes beyond this. There are many charities in the world which have a similar benevolent perspective but social entrepreneurs are business people. We view social entrepreneurs as bridging a gap not met by any other group and the most pleasing characteristic of social entrepreneurship is how ‘clean’ it feels. It feels less tainted by the ‘dog-eat-dog’ and ‘at-all-costs’ focus that often characterises commercial enterprise. George Willdridge is an illustration of this; he measures success by how well he is able to solve a problem and he draws heavily on his achievements in business to facilitate this.

So, where to for the field of social entrepreneurship? Academics would possibly argue that more rigorous research and debate is required so that the topic gains more status and substance. Practitioners might argue that that is a pointless exercise...unless it brings more funding...and

**Conclusion and suggestions for further research**

Many of the attributes and talents of social and conventional entrepreneurs are similar; both are innovative and possess high amounts of energy, tenacity and resilience and both are driven by a vision to which they remain passionately committed. Where they differ is in their motivation and purpose. Social entrepreneurs are motivated to address a social need, commercial entrepreneurs a financial need. However, social entrepreneurship should not be thought of as existing in a domain of its own, exclusive from other forms or applications of entrepreneurship. The boundaries are far more blurred, particularly as commercial businesses become more socially responsible and develop triple bottom line reporting measures. In this sense social entrepreneurship could be seen as a mindset or a paradigm that has a place in any business, be it in the for profit sector or in the voluntary sector.

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suggest that more communities and networks need to be developed to support other practitioners already in the field and grow general awareness. As with most topics of interest to academics, there is likely to be a divergence between theory and practice and debate over definition which can only be good for social entrepreneurship, a field still in its relative infancy. The imperative is to grow awareness and support for this tool for social transformation.

More rigorous and longitudinal research is needed to capture the essence of the processes and techniques used by social entrepreneurs. For example, more extensive case study research would assist in both testing our working definition as well as providing further illustrative examples. Further research will help academia to give social entrepreneurship the status it requires to be taken on as a legitimate and worthy topic to research and teach. It will also help practitioners to make it more of a profession and less of a charity thereby attracting more support and funding from corporates, governments and talented individuals looking to apply their skills to make a difference in the social sphere.

REFERENCES

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