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Social Entrepreneurship

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1. Introduction

The term social entrepreneurship (SE) describes sustainable ventures that combine “business principles with a passion for social impact” (Wolk, 2008, p. 1). They strive to create social value as a primary organizational objective by employing business concepts to sustain their operations in pursuit of this objective (Weerawardena & Sullivan Mort, 2001). Swanson and Zhang (2010, 2011) positioned SE on a map of organizational forms relative to the ways organizations plan to implement social change and the degrees to which they apply business practices to do so. As shown in Figure 1, organizations in the social entrepreneurship zone might be organized as profit generating entities, not-for-profit enterprises, and some forms of social services agencies and government institutions; but do not include groups that only engage in social activism and organizations that exist to provide social services but do so without demonstrating entrepreneurialism and self-sufficiency (Austin, 2006; Martin & Osberg, 2007; Swanson & Zhang, 2010). This is consistent with a practitioner perspective of SE, which is more concerned with the mission the socially oriented organization is striving to achieve than with its legal form (Lynch & Walls, 2009).

Fig. 1. The social entrepreneurship zone on the map of organizational forms: (Swanson & Zhang, 2010, 2011)
This chapter describes SE as a developing field of research while presenting some of the most influential literature on this topic. It also presents the results from a new study of social entrepreneurial intentions, including how changes to these intentions influence SE operating missions, and the resultant positioning on the map of organizational forms (Swanson & Zhang, 2010, 2011). The study was based upon a survey of social entrepreneurs and follow-up interviews with SE stakeholders.

2. Social entrepreneurship as a field of study

Although entrepreneurship has long been acknowledged as a major force for economic development (Schumpeter, 1934), only recently has the important role SE plays in contributing toward both economic and social wellbeing been recognized (Christie & Honig, 2006; Dees, 2001; Harding, 2004; Schultz, 2009). SE is a relatively new field of inquiry (Mair, Robinson, & Hockerts, 2006), and one that is generally following the pattern of the early study of commercial entrepreneurship (Light, 2008). This is not surprising since, according to Surie and Ashley (2008), SE and entrepreneurship are not dichotomous: they occupy different positions along the same continuum. “In fact, just as sustaining economic value in the market necessitates that for-profit firms generate some value for society, creating enduring value in the social domain [as do social entrepreneurial firms] requires value generation of the type that enables participation in the market economy” (p. 238). This view is represented in the positioning of the social entrepreneurship zone shown in Swanson and Zhang’s (2010, 2011) map of organizational forms in Figure 1.

Recently SE research has gained much attention as evidenced by, among other things: the growing number of scholars focusing on the topic (Zahra, Gedajlovic, Neubaum, & Shulman, 2009); the launch of new journals dedicated to this subject (Halkias & Okpara, 2011; Nicholls, 2010a); the consideration related journals, like Social Enterprise Journal, have given to social entrepreneurship (Haugh, 2005; Thompson, 2008); and the interest shown by more established journals, like Entrepreneurship Theory & Practice when it published its 2010 special issue on SE (Nicholls, 2010b). SE has also attracted attention from governments interested in promoting this activity in their countries (Defourny & Nyssens, 2010; Nicholls, 2010b). For example, in 2010, the Presidential Summit on Entrepreneurship, intended to “identify ways to advance economic and social entrepreneurship”, was held in Washington, D.C. (The White House, 2010a). At this event, President Obama described SE by saying that “real change comes from the bottom up, from the grassroots, starting with the dreams and passions of single individuals serving their communities” (The White House, 2010b).

As described by Nicholls (2010a), although SE research “is still in a pre-paradigmatic state of development ... this challenging context also offers rich opportunity ... [and] provides scholars with both an intriguing research object and a space in which to develop concrete contributions to praxis” (pp. 1-2). Desa (2007) categorized the extant social entrepreneurship research into four broad streams.

First, there is literature that attempts to define the field of social entrepreneurship and differentiate it as a unique phenomenon of study. A second stream focuses on the resource-constrained environments within which social enterprises operate. A third stream addresses the constraining and enabling role of institutions on social enterprise. A fourth stream focuses on performance metrics for social entrepreneurship. (Desa, 2007, p. 2)
The next section describes the nature of social entrepreneurship research under these four categories representing different ways in which researchers have studied the topic.

3. The nature of social entrepreneurship research

3.1 Defining the field of social entrepreneurship

As yet there is no single, widely agreed upon definition of SE, although it is generally accepted that its goal is to change the social equilibrium to a more desired state (Light, 2008). This is clearly reflected in the Martin and Osberg (2007) definition, which states that a social entrepreneur is someone who:

- targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large. (p. 39)

Dees (2001) identified a set of criteria to be used to determine whether the actions of an individual can be considered to be socially entrepreneurial.

Social entrepreneurs play the role of change agents in the social sector, by:

- adopting a mission to create and sustain social value (not just private value),
- recognizing and relentlessly pursuing new opportunities to serve that mission,
- engaging in a process of continuous innovation, adaptation, and learning,
- acting boldly without being limited by resources currently in hand, and
- exhibiting heightened accountability to the constituencies served and for the outcomes created. (Dees, 2001, p. 4)

The emerging definitions of SE have either been inclusive in that they are broad enough to include “more individuals, ideas, opportunities, and organizations into the tent” (Light, 2008, p. 11) or exclusive when they, for example, exclude for-profit enterprises from being called socially entrepreneurial. In a similar vein, Perrini (2006) distinguished between scholars who take what he called a limited view of SE that mainly considers changes in the not-for-profit sector when these organizations strive to enhance their sustainability by generating more revenue, and the extended view, which considers SE as something other than simply an enhancement of not-for-profit enterprises. Dees and Battle Anderson (2006) were proponents of an inclusive, or extended perspective on SE based upon the argument that the decision as to what legal form to use for a venture is simply a choice about which tool to use and not a factor to use to include or exclude an organization from being called socially entrepreneurial.

Rather than attempt to define what SE is, some scholars have instead chosen to identify its important parameters. Swanson and Zhang’s (2010, 2011) social entrepreneurship zone (see Figure 1), for example, seeks to position SE among other forms of organizations “to enable researchers and other stakeholders to move beyond the issue of definitive description and on to other components requiring investigation and work” (p. 72).

Some efforts to define or describe SE have focused on how it differs from and is similar to traditional entrepreneurship (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 1998; Mair, et al., 2006; Massetti, 2008; Nicholis, 2008; Thompson, 2002; Weerawardena & Sullivan Mort,
Perhaps the most important difference is that SE purposely attempts to correct or alleviate common social problems that mainstream entrepreneurial enterprises largely ignore (Mair, et al., 2006; Nicholls, 2008). We address this particular distinction of SE later in this chapter when we describe our research findings into how and why the social component of SE missions changes over time.

The nature of the differences between SE missions and those of other ventures is one of the topics of intensive debate among researchers in this field. Martin and Osberg (2007) are among the scholars who claim that to be socially entrepreneurial, an organization must take direct actions designed to cause transformational social change – not just incremental change or modest improvements of current situations. Swanson and Zhang’s (2010, 2011) social entrepreneurship zone includes a social transformation region within which social transformation entrepreneurial ventures (STEVs) reside. These organizations match the Martin and Osberg (2007) requirement for SE to cause transformational change. Swanson and Zhang’s (2010, 2011) SE zone, however, also includes a second region for social improvement entrepreneurial ventures (SIEVs). SIEVs “do more than simply act in a socially responsible manner because they include social change as part of their missions” (p. 72). Creating positive social change is a reason for being for these types of social entrepreneurial ventures although the impact of the change might be less than broadly transformational.

The similarities between SE and traditional entrepreneurship largely derive from the perspective that social entrepreneurs must apply the same basic operating principles as other entrepreneurs in order to sustain their ventures. Both rely on innovation to implement change and they are each primarily motivated by making their visions real (Makhlouf, 2011). In fact, SE is considered by some to be a hybrid form of organization that combines the economic sustainability features of traditional, for profit ventures with the social change ambitions that characterize many not-for-profits, government agencies, and social service providers (Boschee, 2008; Perrini, 2006; Sullivan Mort, Weerawardena, & Carnegie, 2003; Swanson & Zhang, 2010, 2011). The social change component might include elements of social service provision or social activism (Battle Anderson & Dees, 2008; Dees, 1998; Hockerts, 2006; Martin & Osberg, 2007; Massetti, 2008; Nicholls, 2008).

Other types of entrepreneurship that are often considered subsets of SE because of their focus on social issues include indigenous entrepreneurship (Anderson, Dana, & Dana, 2006; Hindle, Anderson, Giberson, & Kayseas, 2005; Peredo, Anderson, Galbraith, Honig, & Dana, 2004) and environmental – or green – entrepreneurship (Neck, Brush, & Allen, 2009).

3.2 The resource-constrained environments of social entrepreneurship

The second category of SE research identified by Desa (2007) is concerned with the environments in which these organizations operate and the resource-constraints that characterize them. Particularly, the extant literature has identified a number of internal factors that seem to characterize the individual social entrepreneurs.

Emerson (2003) suggested that SE organizations could obtain their financial resources from a wide range of sources; from grants and charitable gifts to traditional equity investments. Raising money through the traditional capital market, however, has been difficult for nonprofit organizations (Emerson & Bonini, 2003). “The nondistributive restriction on surpluses generated by nonprofit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprise limits social entrepreneurs from tapping into the
same capital markets as commercial entrepreneurs” (Austin, et al., 2006, p. 3). Despite the persistent limitations on resource availability, social entrepreneurs tend to find ways to survive and even thrive. Baker and Nelson’s (2005) description of how resource-constrained entrepreneurs applied bricolage, or ways of managing to get along within the means available, is informative. In particular, the resources social entrepreneurs utilize from among the accessible options shape the development patterns and sustainability of SE ventures. At an individual level, Desa (2007) summarized how researchers have examined the role of past experiences, social identity, and the current operating environments in shaping how social entrepreneurs have chosen the types of ventures to develop. For example, many social entrepreneurs have indicated that their decisions to launch their social-mission ventures were influenced by past childhood experiences where they were positively influenced by the high ethical standards of important adults in their lives (Bornstein & Davis, 2010). Simms and Robinson (2006) applied social identity theory and found that “when the activist identity is salient, [socially entrepreneurial] individuals are more likely to yield to a dependent funding stream and establish not-for-profit ventures, while salient entrepreneurial identities are more likely to lead to profit-making ventures” (p. 5).

Other personal factors social entrepreneurs draw upon to acquire needed resources include their personal credibility as established by their network of contacts, status, and professional histories; framing and reputational effects, which involves persuading others to support their missions by stressing the social values they espouse; and leveraging their social network (Desa, 2007). Certain personality traits of social entrepreneurs have been found to have a positive influence on the starting up and long term success of their SE ventures (Nga & Shamuganathan, 2010).

3.3 Social entrepreneurship and Institutions

The third category of SE research identified by Desa (2007) deals with the role institutions play in constraining and enabling SE. This category of research includes inquiries into how SE is impacted by the institutions, or the “humanly derived constraints that structure human interaction” (Desa, 2007, p. 12) such as the system of laws and rules or the norms of behaviour and codes of conduct. It examines whether and how institutions promote SE.

SE occurs at the intersection of the three mainly distinct sectors that define many modern societies. The private sector responds to market forces in an effort to provide goods and services to be sold for a profit. A dominant goal of the businesses that operate in this sector is to generate profits for the benefit of their owners. While this sector provides jobs, innovation, and overall wealth, it is not suited to addressing most social problems because there is usually no profit to be made by doing so. The public sector is funded by taxes paid by individuals and businesses. It redistributes this money to provide public goods and respond to market failures, which are needs that are not be met by the private sector. While this sector provides defence, public safety, education and a range of other public needs and social services, it has limited capacity to recognize and solve all social needs. The citizen sector (also called the voluntary or non-profit or third sector) mobilizes individuals to provide goods and services not provided by either of the other sectors. The Red Cross, Habitat for Humanity, and community food banks are examples of the organizations residing in this sector. These enterprises are not owned and run by individuals or by governments, and the resources they generate are used to sustain and grow their operations as they pursue their social missions (Mook, Quarter, & Richmond, 2007; Quarter, Mook, & Armstrong, 2009; Quarter, Mook, & Ryan, 2010; Wolk, 2007).
The environments within which SE develops differs from place to place based upon the level of organizational, or moral legitimacy and the resultant legislative, investment, and other supports this legitimacy affords them (Dart, 2004; Sud, VanSandt, & Baugous, 2009). In some countries the government is expected to assume the responsibility for providing certain services while in other countries the private sector performs these functions. In the United States, for example, health care is largely provided by the private sector while in many other developed countries, such as in Canada, it is a public sector priority. This means that SE, when viewed as something that develops where the private, public, and citizen sectors overlap, will evolve subject to the unique political and cultural environments in which they operate.

Some societies have implemented new legislation to encourage the further development of social enterprises. For example, community interest companies (CIC) have been introduced in the United Kingdom while some states in the United States have passed laws enabling low-profit limited liability companies (L3C) with the expectation these new business forms will make it easier for ventures with social missions to raise needed funding (Swanson & Zhang, 2011). Other societies have strong traditions of volunteerism or dynamic networks of non-profit organizations that serve the social needs left to social entrepreneurs to fill in other regions.

### 3.4 Metrics for social entrepreneurship

Desa’s (2007) fourth category of SE research focuses on the performance metrics for this type of organization.

Legitimacy and often resource acquisition is contingent upon being able to measure the expected and actual impact of business outcomes. This, however, creates challenges for social entrepreneurs.

The social purpose of the social entrepreneur creates greater challenges for measuring performance than the commercial entrepreneur who can rely on relatively tangible and quantifiable measures of performance such as financial indicators, market share, customer satisfaction, and quality…. The challenge of measuring social change is great due to nonquantifiability, multicausality, temporal dimensions, and perceptive differences of the social impact created. (Austin, et al., 2006, p. 3)

An increasingly common term used to denote attention to both financial performance and social impact is double bottom line. When ecological concerns are also emphasised in measurements of an organization’s performance, it is referred to as the triple bottom line (Kneiding & Tracey, 2009). The term quadruple bottom line has emerged relatively recently to refer to enterprises that attempt to measure their success in creating value in each of the financial, social, environmental, and cultural realms (Kabir, 2007). Efforts to develop a commonly accepted measure of these results, however, have so far failed and have been subject to claims of potential statistical manipulation and vague goals that produce suspect measurement results (Urban, 2008).

Some measurement tools, processes, and concepts have emerged that have worked well in particular contexts to measure double – or triple or quadruple – bottom lines. These include the balanced scorecard (Kaplan, 2001), social return on investment (Gair, 2009), social impact...
management (Gentile, 2002), blended value investing (Emerson, Spitzer, & Mulhair, 2006), social impact for local economies (SIMPLE) (McLoughlin, et al., 2009), cost-effectiveness analysis, cost-benefit analysis, Robin Hood Foundation benefit-cost ratio, Acumen Fund best available charitable option (BACO) ratio, William and Flora Hewlett Foundation expected return, Center for High Impact Philanthropy cost per impact, and foundation investment bubble chart (Tuan, 2008).

3.5 Mission change

The importance of mission to SE has been acknowledged by both practitioners (Lynch & Walls, 2009) and scholars (Miller & Wesley II, 2010). From a practitioner perspective, Lynch and Walls (2009) referred to “mission versus margin” (p. 29), or the requirement many social entrepreneurs face for sustaining their socially oriented operations by running profitable enterprises. While some researchers have conceptualized the SE dynamic between mission and profits (Massetti, 2008; Swanson & Zhang, 2010) few have studied how and why the emphasis on the social mission changes.

While some research has examined the role of organizational mission on traditional entrepreneurship (Darling, Gabrielsson, & Seristö, 2007; Wickham, 1997) and also on SE (Miller & Wesley II, 2010), little attention has been paid to changing missions. Hoffmann and Cassell (2005) examined mission expansion in a commercial venture context using behavioural choice theory. Miller and Wesley (2010) considered SE missions as a critical element for social venture capitalists to consider while Alter (2008) distinguished between different degrees of focus on social missions. Hockerts (2006) observed a mission drift among some SE ventures which decreased their focus on their social missions over time while Quarter, Mook, and Armstrong (2009) also recognized this phenomenon.

In a non-profit context, Watson and Abzug (2005) noted that “mission drift is sometimes seen as one result of hiring key staff who do not share the organization’s view on its future direction” (p. 645) while Axelrod (2005) and Smith (2005) both examined missions as related to board governance. While a board’s role is to define and advance the mission through regular reviews and revisions, conflicts over the mission might occur.

The board may be made up of the founding members of the organization, who have a commitment to a specific mission. They may feel that the executive is trying to take the organization in a direction that violates the agency’s spirit as originally defined by the board. The result may be protracted negotiations between the board and staff about the agency's future. Sometimes the outcome is the resignation of some board members or the ouster of the executive as the board and staff try to define the agency’s mission. (Smith, 2005, p. 380)

Salamon (2005) identified other threats to the stability of missions, including one borne from the pressures of having to rely on earned revenue for organizational survival. This requirement generates a natural motivation for organizations to “begin to skew their service offerings to clients who are able to pay. What start out as sliding fee scales designed to cross-subsidize services for the needy become core revenue sources essential for agency survival” (p. 97). Other pressures affecting operating missions might occur when raising capital to expand, and finding that it is easier to do so by locating new facilities where
income can be optimized to finance the expansion. Similar pressures arise when funding sources for existing programs dry up.

Minkoff and Powell (2006) identified four factors which influence changes in nonprofit missions. First, the stage an organization is at in its life cycle, as indicated by factors such as its age, size, and ownership changes, can affect whether its mission drifts from its existing degree of emphasis on social outcomes. Second, if a volunteer-run organization becomes more professionally managed, its mission might become less socially weighted. Third, the social component of an organization’s mission might be overpowered by funders or other external bodies imposing a conflicting operating mandate, perhaps one with measurable financial returns. Finally, governments might change the way in which they support the provision of social services. Some may reduce their financial supports and rely more on the market to provide social services while others might consider it to be a government responsibility to deliver these services. These internal and external factors can pressure nonprofits into assuming more conservative and conventional business practices. “As posited by neoinstitutional theory, the need for external legitimacy and survival tends to provide incentives for groups to compromise the missions that may have originally motivated them” (Minkoff & Powell, 2006, p. 594).

3.6 Critical views on social entrepreneurship

Some scholars have expressed some concerns about the apparent proliferation of SE. Dempsey and Sanders (2010) argued that SE is essentially the marketization of the nonprofit sector, and called for critical examination. Marketization describes the process whereby social domains, such as church, school, and the state, adopt the techniques and logics of the market (or business) (Cheney, 2002; Deetz, 1992). Critics warn that marketization may subvert socially oriented missions and the values of non-profit organizations, thereby threatening their ability to create and maintain a vibrant civic society (Eikenberry & Kluver, 2004). Bull (2008) also called for critical reflections in order to assess different perspectives and provide some challenge to the dominant view on SE.

4. An empirical study of social entrepreneurship

4.1 Research method

According to Neuman (2003) researchers applying a triangulation of method – mixing quantitative and qualitative data and methods – can obtain outcomes that are more comprehensive and complete.

The quantitative portion of our study included a comprehensive 44-question telephone survey comprised of 27 closed-ended questions for which respondents provided Likert scale or magnitude estimation answers, two closed-ended questions which also included the opportunity for elaboration through an open-ended verbatim response, eight open-ended questions for which the verbatim responses were recorded and later coded for analysis, and seven demographic and descriptive questions.

We first pre-tested our questionnaire with 30 business leaders in the community. Refinements were made to the instrument based on the feedback. Then, we purposefully assembled a list of 413 companies from databases provided by chambers of commerce and other business associations. Our sample included a cross section of not-for-profit
organizations, quasi-government agencies, and businesses with stated or implied social missions.

We contacted the owners, or top executives of the organizations in our sample by telephone, informed them the nature of the study, and invited them to participate in our interview. Out of the 413 telephone numbers on our list, we made 282 successful contacts. The other numbers were either duplicates or incorrect. Out of the 282 successful contacts made, 202 people agreed to participate in our interview. Sixty-four percent of the respondents were female, and 36% were male. The majority of the respondents were senior managers (92%), and a small portion of the respondents were the owners of the organizations (8%).

Following qualitative data analysis on the verbatim answers and quantitative analysis on the balance of the survey responses, we conducted a total of 26 in-person or telephone interviews to acquire more complete data on the reasons why the social component of operating missions might have changed over time or might change in the future. These 26 participants were selected based upon their responses to the survey indicating they were socially entrepreneurial, that their operating missions had changed or might change over time, and on their willingness to do follow-up interviews after the initial telephone survey.

We chose to use a qualitative approach to seek further meaning from our quantitative results because qualitative research “uses complex reasoning that is multifaceted, iterative, and simultaneous.... The thinking process is also iterative, with a cycling back and forth from data collection and analysis to problem reformulation and back” (Creswell, 2003, pp. 182-183).

We applied a complexity theory perspective to our study of changes to the social component of organizational missions, particularly those guiding social entrepreneurial ventures. Complexity theory “provides illuminating, even transformative, ways of understanding what is going on in the world. It offers an alternative to the machine model to guide our thinking and practice” (Innes & Booher, 2010, p. 30). Complexity theory represents a departure from traditional ways to study organizations and their environments. Traditional scientific research methods are generally reductionist and deterministic in that they examine a limited range of conditions at a time and assume that systems behave in a controllable, linear, and predictable way and that they settle into states of equilibrium. The more mechanistic the subject of study is, like a car or a computer, the more effective this approach can be. The more organic or social a system is, like an ecosystem or an economy, the more suited complexity theory is for studying it. Complexity theory recognizes the need to consider whole systems, and that these systems and their subsystems emerge in non-linear, dynamical ways as large numbers of individual components interact and behave in semi-autonomous and adaptive manners. When viewed as a whole, these systems and subsystems self-organize into stable states; but do not settle at particular points of equilibrium (Battram, 1998).

4.2 Findings

4.2.1 The diversity within social entrepreneurship zone

Swanson and Zhang (2010, 2011) conceptualized a map of organizational forms on which SE occupies the space where organizations plan to implement social change and apply business practices to support that goal. We used participant responses to our survey questions to determine where their organizations were positioned on the map of organizational forms, and whether they occupied the social entrepreneurship zone.
Using a four-point Likert scale ranging from *strongly disagree* to *strongly agree*, we asked our survey participants to respond to a statement regarding whether their organization’s primary purpose was to take actions to make social change happen. Just over 80% of the respondents either agreed or strongly agreed with the statement (See Table 1 and Figure 2).

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
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<td>5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>disagree</td>
<td>35</td>
<td>17.3</td>
<td>17.3</td>
<td>19.8</td>
</tr>
<tr>
<td>agree</td>
<td>87</td>
<td>43.1</td>
<td>43.1</td>
<td>62.9</td>
</tr>
<tr>
<td>strongly agree</td>
<td>75</td>
<td>37.1</td>
<td>37.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>202</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
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</table>

Table 1. Social Change as Primary Mission.

We also asked our respondents informants whether they ran their organizations like a business. Over 91% indicated they did as represented by their *agree* or *strongly agree* responses (See Table 2 and Figure 3). Our follow-up verbatim response question asked what the phrase *running it like a business* meant to them. Their coded responses included the following:

- Financial controls (n=59)
- General accountability (n=52)
- Financial responsibility (n=21)
- Business standard practices used (n=18)
- Keep goals/plans/values (n=17)
Using the results from these two measurements, we categorized the organizations we surveyed by the degree to which social change was a primary component of their missions and the degree to which they applied business practices to achieve their purposes. This enabled us to determine whether they would be positioned within the Swanson and Zhang (2010) social entrepreneurship zone. The results indicated that while there was considerable diversity in the missions of the participating organizations and the degrees to which they ran their organizations like a business, a large majority of the enterprises we surveyed occupied the SE zone (See Table 3, Figure 4).

<table>
<thead>
<tr>
<th>Social Change as Primary Mission</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly disagree</td>
<td>99</td>
</tr>
<tr>
<td>disagree</td>
<td>86</td>
</tr>
<tr>
<td>agree</td>
<td>5</td>
</tr>
<tr>
<td>strongly agree</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 3. Organizations by Social and Business Emphases in Mission
4.2.2 Defining social entrepreneurship

We asked our survey respondents whether they considered themselves to be social entrepreneurs and, if so, why. Nearly 83% of our respondents self-identified as social entrepreneurs. The reasons they gave for their assessments included the following:

- Fulfill social needs (N=33)
- Community involvement (N=25)
- Develop social fabric (N=15)
- Improve quality of life (N=14)
- Provide services to marginalized people (N=9)
- Address social needs (N=8)
- Youth involvement (N=6)
- Financial motives (N=5)

Overwhelmingly, these respondents considered themselves to be social entrepreneurs because they believed they had accomplished, or at least had intended to accomplish, some social improvement for the benefit of others. Comparing this to Dees’ (2001) criteria for accessing social entrepreneurship, the view from the social entrepreneurs themselves seems to be much simpler – they are primarily defined by the outcomes they produce. As one of our interviewees simply stated: “... social enterprise can be used to solve real problems and make money”.

4.2.3 Resource constraints and measuring social outcomes

A dominant theme that emerged from our interviews echoed the existing literature and highlighted the difficulties social entrepreneurs have raising needed financial resources. When seeking funding from the traditional capital markets, the SE priority on generating social outcomes might not be shared by potential funders who prefer to invest in organizations with a focus on creating value for their investors. Investors or potential
supporters from the emerging social capital markets or from government funding agencies might be willing to invest in SE, but they often seek evidence of – or a valuation of – the social outcomes generated.

A recurring subject from our interviews was the lack of a universally accepted or generally applicable social value measurement process or estimation social entrepreneurs can use to support their requests for resources. This situation is the root cause of many of the problems and difficulties faced by social entrepreneurs who need to acquire resources they cannot generate through their own business operations (Austin, et al., 2006). One high ranking public servant involved with government supports for SE said that a social entrepreneur “can quantify some of the [social] outcomes if it is affordable housing units or something of that nature... but it is obviously a difficult thing to quantify in some spheres”. Social entrepreneurs who operate ventures that address localized social challenges may have access to some funding sources those who generate benefits in faraway locations do not because of the difficulties in measuring benefits derived elsewhere or because of the localized mandates of some funding agencies.

Most of those we interviewed indicated that a social entrepreneur must often focus heavily on their business operations despite their dedication to the social component to their mission to ensure their own survival or to satisfy requirements for financial accountability placed on them by investors. Those interviewees lamented the lack of a commonly accepted and universally applicable measurement method for evaluating social outcomes.

In terms of potential government supports, one public servant stated that “government can’t really consider itself as the solution to every problem .... If social entrepreneurs are able to show that they are generating social outcomes that government wants ... they [will] increase their likelihood of being funded”. Our interviews revealed that it has become common practice for governments to place limits on the duration of their financial support to many agencies. One of our interviewees, a former politician turned social entrepreneur, argued that “government had a role to play in helping community-based organizations to establish the capacity they needed to deliver social services that governments would otherwise have to provide. The government should commit to financial support for an initial three years, after which an annual accountability review would be used to determine whether another year should be added”. The argument is that funding certainty is important for social entrepreneurs.

The respondents to our survey indicated that they evaluated their organizations’ performance on the basis of financial accountability (91%), social outcomes achieved (88%), cultural goals reached (50%), and improvements to their environmental impacts (24%). The number of organizations that assessed their performance based on all of these aspects – on the quadruple bottom line (Kabir, 2007) - however, was relatively small (n=29, or 14%). This result might be partially explained by the fact that most of the organizations did not have operating missions that addressed all four of those factors. The factors addressed in the missions of the organizations we surveyed include the following:

- People/community wellbeing (N=96)
- Youth and employment (N=27)
- Economic & business development (N=23)
- Improve health (N=16)
- Develop cultures (N=16)
One of our interview participants stated that social entrepreneurs should measure their results by first evaluating their business operations and financial positions. A second step should be to assess whether they have fulfilled their self-imposed social mandate. The assessment of social outcomes is not easy.

4.2.4 Mission change

One of the major findings from our telephone survey was that the missions of some social entrepreneurial organizations varied over time along a continuum ranging from having a moderate social component to having a mission dominated by social purpose. The results also confirmed that some social entrepreneurial organizations applied more sophisticated business practices than did others, and some were much more focused on earning business profits.

A majority of the organizations we surveyed (83%) maintained a stable balance between the social component of their mission and an organizational imperative to be financially accountable. Seven (7) organizations (3.5%) reported that their social mission had become a stronger component of their mission in the past 5 years and 16 organizations (7.9%) expected their social mission to become relatively more important in the future. In comparison, 27 organizations (or 13.4%) reported that the relative strength of the social component of their mission decreased in relation to the strength of the business operations part during the 5 years preceding the survey, and 16 organizations (7.9%) expect the social mission component to decrease in its relative strength over the next 5 years.

The social versus business weighting, or relative emphasis in operating missions, can shift due to changes in governance parameters, internal capacity, or external environment factors. One of our interview participants said the following about how changes in governance can shift the mission focus away from the social emphasis:

I believe that when the organization was initially set which would be some twenty some years ago, part of its mission was to be an advocacy agency for early learning and childcare and quality of childcare... Yet, that has changed... probably in the last seven or eight years based on strategic planning and board direction.... I think it probably has to do more with the type of leadership and direction we set at the board. You know, years ago with some of the old timers, they were much more focused and trying to lead us in that direction whereas in the last, say, ten years or so the direction from the board has probably been a lot more business focused.

Changes in the internal capacity of an organization can also alter the social versus business weighting in an operating mission. The following are among the insights provided by our interview participants in this regard:

The more successful we get the easier it is for us to do those things [that fall under the social part of our mission] because of credibility in the community and the ability to open doors or to get other people to join us in doing things.

[The relevant strength of the social component of our mission as compared to the business operations part has] as a percentage probably decreased [because ... as a much smaller organization we probably did as much [but] we’ve grown a lot larger and we haven’t really done that much more so I guess as a percentage that would be much less.
Among other external environment factors that our interview participants said can impact the relative emphasis in operating missions were an increase in the level of awareness of the availability of the services offered and changes in the overall socioeconomic situation in a region.

More people are realizing that [the program is] there and [are] trying to access it. I don’t think there’s any more social issues than there were, say, two years ago; it’s just the fact that now we can help with those issues and lots of people know that so they’re, for lack of a better term, coming out of the woodwork and really wanting to access the programming.

The intensity of those issues has grown over time and so you know you have like a larger disparity between rich and poor in Canada... the rich are getting richer and fewer and the [number of] poor is growing and those kind of caught between the middle are working a lot .... I don’t think that the issues of poverty are going away anytime soon.

When considered through a complexity theory lens, changes in the variables affecting the emphasis placed on the social component of SE missions may lead to operating adaptations that leave organizations occupying the same general region of the social entrepreneurship zone. Some parameter changes, however, might be game changers in that they result in organizations shifting to another part of the SE zone, or perhaps to a position on the map of organizational forms that falls outside the SE zone. Whether these parameter changes are in the form of new government policies or large scale societal changes, further research is required to understand their impact (Swanson & Zhang, 2011).

5. Conclusion

In this paper, we summarized prior research on social entrepreneurship and presented some of the findings from our study. We explored the diversity of the social missions and the business practices of the organizations that reside in the social entrepreneurship zone. We identified how social entrepreneurs conceptualized their own social identities, and we considered the impact of resource constraints, governance strategies, and social impact measurement methods. Our final section investigated the reasons given by interview respondents for why the emphasis on the social component of operating missions might change relative to the business performance part.

Part of our objective was to highlight the uniqueness of social entrepreneurship and describe how both social and economic objectives are embedded in SE missions. We also wanted to explain why SE should be viewed through a complexity theory lens. While prior studies have typically applied a case study method to elaborate on the success stories of extraordinary social entrepreneurs, because of the uniqueness of these individual cases, the results have produced mixed signals in terms of what social entrepreneurship is and what social entrepreneurs do. Our mixed methods approach, combining quantitative and qualitative research components, as applied using a complexity theory lens, provided an alternative view of SE that we hope will lead to a better understanding of the phenomenon.

One of the major limitations of this paper is that our study was geographically bounded within a single province in Western Canada. Future studies should test our results against the outcomes from similar research in other regions of the world. Longitudinal studies are also required to shed new light on issues such as how changes to the variables and
parameters affecting SE operating missions impact these organizations and the social outcomes they generate.

6. References


Entrepreneurship is a main driver of economic growth and of social dynamics. However, some basic characteristics like the gender of the entrepreneur, the geographical location, or the social context may have a tremendous impact on the possibility to become an entrepreneur, to create a firm and to prosper. This book is a collection of papers written by an array of international authors interested in the question of entrepreneurship from a gender point of view (male vs female entrepreneurship), a geographical point of view (Africa, Europe, America and Latin America, Asia...) or a specific social context point of view (agricultural economy, farming or family business, etc.).

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