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SOCIAL ENTREPRENEURSHIP RESEARCH:
A SOURCE OF EXPLANATION, PREDICTION, AND DELIGHT

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Abstract

Social entrepreneurship, as a practice and a field for scholarly investigation, provides a unique opportunity to challenge, question, and rethink concepts and assumptions from different fields of management and business research. This paper puts forward a view of social entrepreneurship as a process that catalyzes social change and/or addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs. Social entrepreneurship is seen as differing from other forms of entrepreneurship in the relatively higher priority given to promoting social value and development versus capturing economic value. To stimulate future research the authors introduce the concept of embeddedness as a nexus between theoretical perspectives for the study of social entrepreneurship. Different research methodologies and their implications are discussed.

Keywords: social entrepreneurship, opportunities

SOCIAL ENTREPRENEURSHIP RESEARCH: A SOURCE OF EXPLANATION, PREDICTION, AND DELIGHT

Social entrepreneurship as a practice that integrates economic *and* social value creation has a long heritage and a global presence. The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision (<http://www.ashoka.org>); the multiple activities of Grameen Bank, established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh (<http://www.grameen-info.org>); or the use of arts to develop community programs in Pittsburgh by the Manchester Craftsmen's Guild, founded by Bill Strickland in 1968 (<http://www.manchesterguild.org>): these are contemporary manifestations of a phenomenon that finds its historical precedents in, among other things, the values of Victorian Liberalism. The conviction of "enlightened entrepreneurs", as some Victorian industrialists are referred to, that there was a need to combine commercial success with social progress gave birth to industrial groups that used economic wealth for the good of the community (Bradley, 1987; Thompson, Alvy, & Lees, 2000).

While entrepreneurial phenomena aimed at economic development have received a great amount of scholarly attention (see Busenitz, West III, Sheperd, Nelson, Chandler, & Zacharakis (2003) for a review of the empirical and theoretical development of the entrepreneurship concept), entrepreneurship as a process to foster social progress has only recently attracted the interest of researchers (Alvord, Brown, & Letts, 2004; Boschee, 1995; Dees and Elias, 1998; Thompson, 2002).

The development of social entrepreneurship as an area for research closely resembles the development of research on entrepreneurship itself. Williams (1999) argued that interest in entrepreneurship as a field of study was crucially stimulated by community leaders' belief that entrepreneurship was a defining trend of the 21st century. Similarly, we observe that the rise of scholarly interest in social entrepreneurship goes hand in hand with an increasing interest in the phenomenon among elites. Over the last few years, a number of successful business entrepreneurs have dedicated substantial resources to supporting social entrepreneurship. For example, Jeff Skoll, co-founder of eBay, created a foundation and donated 4.4 million pounds to establish a research center for social entrepreneurship (<http://www.skollfoundation.org>). Jeff Bezos, founder of Amazon, recently announced a one million US dollar award for innovative approaches and breakthrough solutions to effectively improve communities or the world at large (<http://www.amazon.com>). Finally, social entrepreneurs join the leaders of nations and corporations in panel discussions at the World Economic Forum in Davos (<http://www.weforum.org>).

Like entrepreneurship in its early days as a field of scholarly endeavor, social entrepreneurship research is still largely phenomenon-driven. As a result, most studies are based mainly on anecdotal evidence (Boschee, 1995) or case studies (Alvord et al., 2004). From the beginning, diverse research designs and methods were applied and insights from other disciplines were introduced. Like entrepreneurship, which even today lacks a unifying paradigm (Shane & Venkataraman, 2000), the term “social entrepreneurship” has taken on a variety of meanings (Dees, 1998).

How do we define social entrepreneurship? Why and how should we study it? What differentiates a social entrepreneurial initiative from other “social” initiatives? Furthermore, what is the relation between social entrepreneurship and entrepreneurship in the business sector? Is social entrepreneurship a subfield of entrepreneurship studies or is it an independent field of study? Does social entrepreneurship merely provide a different –“social”– setting in which to examine entrepreneurial phenomena? Finally, we still lack an empirical understanding of whether and how social entrepreneurship differs from processes and activities by political actors or social activists who also aim to bring about social change or alleviate social problems.

In a nutshell, the concept of social entrepreneurship is still poorly defined and its boundaries to other fields of study are still fuzzy. While to some this may appear to be a problem, we see it as a unique opportunity for researchers from different fields and disciplines, such as entrepreneurship, sociology and organizational theory, to challenge and rethink central concepts and assumptions.

This paper aims to unveil the core of social entrepreneurship in order to guide future research. Our basic premise is that if social entrepreneurship is to become a structured field of research, an effort must be made to clarify and define key concepts and constructs. For that purpose, we draw on practical examples of social entrepreneurship to identify and elaborate on the essential components.

While the view of social entrepreneurship put forward in this paper is far from complete, we see it as an important first step to enhance our theoretical understanding of the phenomenon and facilitate future research. We contend, with Weick (1995), that a good theory explains, predicts, and delights. This paper represents an effort to stimulate research that goes beyond descriptive studies to realize the promise of social entrepreneurship as a source of explanation, prediction, and delight.

The paper is organized as follows. First, we examine the meaning of the terms “social” and “entrepreneurship”, which constitute the essence of social entrepreneurship. We offer a working definition of social entrepreneurship and elaborate on its distinctive characteristics. In a next step, we portray social entrepreneurship as a fascinating playground for different theories and literatures. In particular, we build on sociology and organizational theory and look at how structuration theory and theories on institutional entrepreneurs, social capital, and social movements may contribute to the understanding of social entrepreneurship. We follow up by discussing appropriate methods to investigate social entrepreneurship. We conclude with some questions for future research that could define the future of social entrepreneurship as an area of research.

On the concept of social entrepreneurship

The concept of social entrepreneurship means different things to different people and researchers (Dees, 1998). One group of researchers refers to social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies, or management schemes to create social value (Austin, Stevenson, & Wei-Skiller, 2003; Boschee, 1998). A second group of researchers understands it as the socially responsible practice of commercial businesses engaged in cross-sector partnerships (Sagawa & Segal, 2000; Waddock, 1988). And a third group views social entrepreneurship as a means to alleviate social problems and catalyze social transformation (Alvord et al., 2004; Ashoka Innovators, 2000). Numerous definitions, stressing different aspects and dimensions of social entrepreneurship, have been offered. See Table 1 for a sample of prominent definitions. It is important to note the conceptual differences between definitions. Definitions of social *entrepreneurship* typically refer to a process or behavior; definitions of social *entrepreneurs* focus instead on the founder of the initiative; and definitions of social *enterprises* refer to the tangible outcome of social entrepreneurship. Despite the large number of definitions, systematic attempts to map initiatives and definitions are rare (see Boschee (1995) and Waddock and Post (1995), for two exceptions). While complementary definitions, each focusing on different aspects of the phenomenon, are not necessarily an impediment in the search for theory (Baumol, 1993), we still do not have a comprehensive picture of the phenomenon and lack a clear understanding of how social entrepreneurship should be studied.

This paper sets out to elucidate the meaning of social entrepreneurship in order to facilitate further research. Building on established research in entrepreneurship and recent studies on social entrepreneurship, we propose a working definition of the concept. We view social entrepreneurship broadly, as *a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs*.

We contend, with Low and Macmillan (1988), that definitions of entrepreneurial phenomena are hardly able to capture the whole picture. The definition offered in this paper aims to reflect some of our basic assumptions. First, we view social entrepreneurship as a *process* of creating value by combining resources in new ways (Stevenson, Roberts, & Grousbeck, 1989; Schumpeter, 1934). Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change (Alvord et al., 2004) or meeting social needs. And third, social entrepreneurship, viewed as a process, involves the offering of services and products but can also refer to the creation of new organizations. Importantly, social entrepreneurship, as viewed in this paper, can occur equally well in a new organization or in an established organization, where it may be labeled “social intrapreneurship”. Like intrapreneurship in the business sector (Pinchot, 1985; Antoncic & Hisrich, 2001), social intrapreneurship can refer to either new venture creation or entrepreneurial process innovation. The organizational context in which social entrepreneurship occurs, i.e., newly created or established organizations, sets it apart from other more loosely structured initiatives aimed at social change, such as activist movements.

In the next paragraphs we will elaborate on the definition put forward in this paper by systematically examining the two defining terms of the concept, namely, “social” and “entrepreneurship”. This approach will allow us to capture the essence of social entrepreneurship and explore potential differences between social entrepreneurship and entrepreneurship in the business sector.

Table 1. Defining Social Entrepreneurship

Author/s & Year	Definition
	SOCIAL ENTREPRENEURSHIP
Alvord, Brown, & Letts (2004)	Social entrepreneurship creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations.
Saïd Business School (2005)	Social entrepreneurship may be defined as a professional, innovative, and sustainable approach to systemic change that resolves social market failures and grasps opportunities.
Mort, Weerawardena, & Carnegie (2002)	Social entrepreneurship is a multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.
	SOCIAL ENTREPRENEURS
Bornstein (2004)	Social entrepreneurs are people with new ideas to address major problems who are relentless in the pursuit of their visions, people who simply will not take “no” for an answer, who will not give up until they have spread their ideas as far as they possibly can.
Boschee (1998)	Social entrepreneurs are not-for-profit executives who pay increasing attention to market forces <i>without</i> losing sight of their underlying missions, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement.
Dees (1998)	Social entrepreneurs play the role of change agents in the social sector, by: <ul style="list-style-type: none"> • Adopting a mission to create and sustain social value (not just private value) • Recognizing and relentlessly pursuing new opportunities to serve that mission, • Engaging in a process of continuous innovation, adaptation, and learning, • Acting boldly without being limited by resources currently in hand, and • Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.
Thompson, Alvy, & Lees (2000)	Social entrepreneurs are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these “to make a difference”.
	SOCIAL ENTERPRISE
Dees (1994)	Social enterprises are private organizations dedicated to solving social problems, serving the disadvantaged, and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. These organizations have pursued goals that could not be measured simply by profit generation, market penetration, or voter support.
Haugh & Tracey (2004)	Social enterprise[s] [are] business[es] that trade for a social purpose. They combine innovation, entrepreneurship and social purpose and seek to be financially sustainable by generating revenue from trading. Their social mission prioritizes social benefit above financial profit, and if and when a surplus is made, this is used to further the social aims of the beneficiary group or community, and not distributed to those with a controlling interest in the enterprise.

The social element in the definition

Probably, the greatest challenge in understanding social entrepreneurship lies in defining the boundaries of what we mean by *social* (Seelos & Mair, 2005a). Viewed broadly, the term “social” refers to initiatives aimed at helping others (Prabhu, 1999). At first glance, social entrepreneurship might be thought to differ from entrepreneurship in the business sector in that while the latter is associated with the profit motive (Cole, 1968), social entrepreneurship is an expression of altruism. We argue against such a dichotomous line of thinking for two reasons. First, although social entrepreneurship is often based on ethical motives and moral responsibility (Bornstein, 1998; Catford, 1998), the motives for social entrepreneurship can also include less altruistic reasons such as personal fulfillment. Secondly, and more importantly, entrepreneurship in the business sector also has a social aspect. Venkataraman made this point forcefully:

“As Schumpeter (1934) pointed out several decades ago (and Adam Smith much earlier), the personal profit motive is a central engine that powers private enterprise and social wealth. Entrepreneurship is particularly productive from a social welfare perspective when, in the process of pursuing selfish ends, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity” (1997: 133).

In other words, although the profit motive might be “a central engine” of entrepreneurship (Schumpeter, 1934; Baumol, 1993), it does not preclude other motivations. As Velamuri (2002) pointed out, altruism and entrepreneurship differ only in degree, not in kind. Previous research on entrepreneurial motivation, such as McClelland’s seminal piece on the need for achievement (McClelland, 1961) or studies on the desire for independence (Hisrich & Brush, 1986) or the propensity to take risks (Brockhaus, 1980; Liles, 1974), has compellingly demonstrated that entrepreneurship is not only based on motives to increase personal wealth. (See Shane, Locke, and Collins (2003) for a review of the importance of motivation to the study of entrepreneurship.)

What, then, is the distinctive social domain of social entrepreneurship? Analysis of three successful cases of social entrepreneurship around the globe –the Grameen Bank in Bangladesh, the Aravind Eye Hospital in India and Sekem in Egypt– reveals a common feature: all three creatively combine resources –resources that often they themselves do not possess– to address a social problem and thereby alter existing social structures. The Grameen Bank, founded by Professor Muhammad Yunus in 1976, has changed the life of millions. By bringing financial services to the poor, particularly women, it helps them establish profitable businesses to fight poverty (Yunus, 1999). Over the last twenty years, the Aravind Eye Hospital, established in 1976 by Dr. Venkataswamy in India, has offered eye-care services and cataract surgery to cure blindness at a very small fraction of the cost of such services in the developed world. Today, Aravind performs 220,000 eye operations per year and applies price discrimination according to the patient’s ability to pay: 47% of its patients pay nothing, 18% pay two-thirds of cost, and 35% pay well above cost. Aravind’s activities have catalyzed social transformation not only in India but also in Nepal, Egypt, Malawi, Kenya, Guatemala, El Salvador, and other countries where the initiative has been replicated. Eight-five percent of male and 60% of female patients who had lost their jobs as a result of blindness regained those jobs after surgery (<http://www.aravind.com>). Finally, Sekem, created by Dr. Ibrahim Abouleish in 1977 as a social venture, is today a multi-business. It not only creates economic, social, and cultural value, but also has had a significant impact on Egyptian society. It took the lead in reducing pesticide use in Egyptian cotton fields by 90% and has created institutions such as schools, a university, an adult education center, and a

medical center. Sekem was able to fill an institutional void in Egypt by providing structures that people trust and that help them to escape the poverty trap and gain control over their lives (Seelos & Mair, 2005a). In sum, these examples show how social entrepreneurship catalyzes social transformation by meeting social needs. Value creation in all three cases embraces both social and economic aspects. The main focus, however, is on social value, while economic value creation is seen as a necessary condition to ensure financial viability.

It is important to note that while the above examples of social entrepreneurship in developing countries have been deliberately chosen to illustrate the global dimension of the phenomenon, social entrepreneurship also occurs and has been studied in the developed world. A large number of studies have actually centered on community development in the United States, Canada and the UK. The nature of the social needs and social change addressed by social entrepreneurs differs depending on the context. In the developing world, the Millennium Development Goals (MDG) might provide a valid operationalization of social needs. The MDG refer to the most pressing social problems to be addressed in the immediate future. They include goals such as eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, and combating HIV/AIDS, malaria and other diseases (<http://www.developmentgoals.org>). In the developed world, opportunities for social entrepreneurs might arise, for example, from gaps in the social welfare system. Thompson et al. describe such opportunities as “unmet need[s] that the state welfare system will not or cannot meet” (2000: 328).

More empirical studies are needed to map the opportunity space for social entrepreneurs and to examine whether and how the nature of social opportunities affects the entrepreneurial process.

The entrepreneurial element in the definition

Research on entrepreneurship has been marked by the emergence of various streams focusing on different aspects of the phenomenon. An early stream centered on the question of how the personality or background of the entrepreneur determines entrepreneurial behavior (McClelland, 1961; Kets De Vries, 1977). Because of methodological and definitional problems (Low & MacMillan, 1988) inherent in the approach based on the traits and/or psychological profiles of entrepreneurs (see Sexton and Bowman (1985) for a review of this literature), various authors suggested in the mid 1980s that the focus of entrepreneurship research should be the entrepreneurial process or entrepreneurial behavior (Gartner, 1985, 1988; Sandberg & Hofer, 1987). Today it is widely recognized that the phenomenon is far more complex and heterogeneous than was assumed in the 1980s (Bruyat & Julien, 2004). Also, an increasing number of researchers have studied entrepreneurial processes outside of the business sector (Morris & Jones, 1999; Zerbinati & Souitaris, 2005) and the role of entrepreneurship in society (Steyaert & Katz, 2004). Although the field is still characterized by multiple paradigms, the notion of opportunities has been widely accepted as a defining element of entrepreneurship (Shane & Venkataraman, 2000; Venkataraman, 1997; Ardichvili, Cardozo, & Ray, 2003). Shane and Venkataraman (2000), for example, describe entrepreneurship as a field that analyses how, by whom, and with what effects opportunities to create goods and services are discovered, evaluated, and exploited.

Research on social entrepreneurship has to some extent replicated the empirical and theoretical evolution of entrepreneurship. Researchers have focused on the personality of the

social entrepreneur, the particular behavior or process involved, or the social opportunity, in order to emphasize the entrepreneurial nature of the phenomenon and thus differentiate it from other phenomena. A popular –early– stream of research has focused on the *personality of the social entrepreneur*. According to studies following this approach, social entrepreneurs are characterized by very special traits (Drayton, 2002), special leadership skills (Henton, Melville, & Walesh, 1997; Thompson et al., 2000), a passion to realize their vision (Bornstein, 1998; Boschee, 1995), and a strong ethical fiber (Bornstein, 1998; Drayton, 2002). To become a legitimate field of scholarly investigation this stream of research needs to overcome methodological problems such as a bias towards studying successful entrepreneurs or the limited ability to differentiate between successful entrepreneurs, social entrepreneurs, managers, politicians and social activists. Despite the ongoing momentum of research aimed at identifying distinctive entrepreneurial personality traits, we are skeptical whether this approach will elucidate key differences between social entrepreneurs and other actors. It has been repeatedly pointed out that “who the entrepreneur is” is not the right question to ask (Gartner, 1988). Building on a behavioral tradition in entrepreneurship, we argue that examining the set of activities underlying social entrepreneurship as a process may be a more fruitful approach. A number of researchers have emphasized the entrepreneurial process, i.e., “how” entrepreneurs act, as a way of differentiating between social initiatives and social “entrepreneurial” initiatives. For instance, building on traditional entrepreneurship literature, Dees describes what social entrepreneurs do as “engaging in a process of continuous innovation and acting boldly without being limited by the resources they currently have in hand” (1998:4). Finally, a recent stream of research has focused on the “social value creating” nature of the opportunities entrepreneurially discovered and exploited, in order to distinguish social entrepreneurship from other entrepreneurial phenomena (Hibbert, Hogg, Quinn, 2002; Mort, Weerawardena, & Carnegie, 2002; Guclu, Dees & Anderson, 2002).

Distinctive features of social entrepreneurship

A number of authors have emphasized the not-for-profit nature of social entrepreneurial activities as a distinctive feature of social entrepreneurship (Austin et al., 2003; Boschee, 1998). We argue that social entrepreneurship can take place equally well on a not-for-profit basis or on a for-profit basis. Our examination of various for-profit and not-for-profit initiatives suggests that the choice of set-up is typically dictated by the nature of the social needs addressed, the amount of resources needed, the scope for raising capital, and the ability to capture economic value. The following examples illustrate this pattern.

The Institute for One World Health (IOWH), founded by Dr. Victoria Hale in 2000, is the world’s first not-for-profit pharmaceutical company (<http://www.iowh.org>). IOWH develops drugs for neglected diseases. It has challenged traditional assumptions within the industry that seemed incompatible with providing medicines to those most in need in developing countries. And it has redesigned the whole value chain of drug development and delivery (Seelos & Mair, 2005b). Not-for-profit status allowed IOWH to raise the necessary capital to set up the operation and ensure other critical resources such as compounds and expert time. In its first four years, IOWH received donations totaling 25 million US dollars from the Bill and Melinda Gates Foundation; it received royalty-free licenses for compounds from biotech companies and several universities; and it was able to recruit a large number of highly experienced volunteers for various tasks. The specific business model that Dr. Hale has chosen for IOWH and the particular (basic social) needs IOWH targets clearly favor the adoption of a not-for-profit operating scheme.

The business model that Muhammad Yunus developed for the Grameen Bank or that Dr. Abouleish chose for Sekem, on the other hand, fits perfectly with a for-profit scheme. Both the Grameen Bank and Sekem use profits generated by their main activities to engage in new social ventures: Grameen has launched ventures such as Grameen Telecom or Grameen Energy, while Sekem has launched several social ventures, including a university and a hospital.

In sum, whether social entrepreneurs choose a not-for-profit or a for-profit vehicle often depends on the particular business model and the specific social needs addressed.

Rather than profit versus not-for-profit, we argue that the main difference between entrepreneurship in the business sector and social entrepreneurship lies in the relative priority given to social wealth creation versus economic wealth creation. While, in business entrepreneurship, social wealth is a by-product of the economic value created (Venkataraman, 1997), in social entrepreneurship the main focus is on social value creation. However, this does not mean that social entrepreneurial initiatives should not embrace an “earned income” strategy, quite the opposite. All the examples described above do just that. For the Grameen Bank, creating economic value is critical to ensure that it is able to continue with its mission, namely to change the life of the poorest of the poor by providing loans. The same holds for the Aravind Eye Hospital (to continue providing eye services and cataract surgery for the poor), for Sekem (to continue building a better Egypt), and for IOWH (to develop drugs to fight neglected diseases in developing countries). Thus, in social entrepreneurship, social wealth creation is the primary objective, while economic value creation, in the form of earned income, is a necessary by-product that ensures the sustainability of the initiative and financial self-sufficiency.

An additional distinctive feature of social entrepreneurship lies in the limited ability to capture the value created. Social entrepreneurs who address basic social needs such as food, shelter or education very often find it difficult to capture economic value because even if the “customers” are willing, often they are unable to pay even a small part of the price of the products and services provided (Seelos & Mair, 2005a).

Research on social entrepreneurship has clearly drawn on and benefited from previous work on entrepreneurship. Approaches and constructs stemming from research on entrepreneurship in the business sector shaped the first attempts to conceptualize social entrepreneurship. We believe that now it is time to go one step further: the rise of social entrepreneurship, both as a practice and as a theoretical endeavor, provides a unique opportunity for the field of entrepreneurship to challenge, question, and rethink important concepts and assumptions in its effort towards a unifying paradigm.

Perspectives for studying social entrepreneurship

Research on social entrepreneurship has grown rapidly in recent years. Given its importance for society and today’s economy, the subject has received considerable attention in different streams of research. Similarly, the variegated nature and multiple expressions of social entrepreneurship make it a fascinating playground for different perspectives and literatures and, at the same time, suggest that it should be studied through diverse theoretical lenses.

A common feature of emergent fields of research is the absence of clear theoretical boundaries and the need to remain permeable to other disciplines. Undoubtedly, this involves the risk that social entrepreneurship “may never gain the consensus and legitimacy that academics seek and may be viewed merely as a venue in which other disciplinary perspectives may be tested” (Busenitz et al., 2003).

We believe, however, that knowledge on social entrepreneurship can only be enhanced by the use of a variety of theoretical lenses and a combination of different research methods. It is not our intention to provide an exhaustive list of the different theoretical perspectives that may contribute to the study of social entrepreneurship. Rather, we propose to follow up on the notion, put forward in the previous section, that social entrepreneurship has different facets and varies according to the socioeconomic and cultural environment. Viewing social entrepreneurship as a process resulting from the continuous interaction between social entrepreneurs and the context in which they and their activities are embedded, we bring together insights from sociology, political science and organization theory to enrich our theoretical understanding of the subject. In a seminal article, Granovetter (1985) argued that economic environments are embedded in social and structural relationships that modify neoclassical predictions of atomistic economic behavior. We believe that social entrepreneurship, like entrepreneurship in the business sector, cannot be understood in a purely economic sense, and that it needs “to be sustained by, and anchored in, the social context, particularly the local environment” (Jack & Anderson, 2002: 483). Consequently, the concept of embeddedness can be seen as the nexus between the ideas and theoretical perspectives introduced in the following sections: structuration theory, institutional entrepreneurship, social capital, and social movements.

Structuration theory

The concept of embeddedness implies that it is impossible to detach the agent (social entrepreneur) from the structure (community, society, etc.). Thus, one of the issues that has received most attention in recent decades in sociological literature is the duality of agency and structure, and the integration of the two (Bourdieu, 1977; Bourdieu & Wacquant, 1992; Giddens, 1979, 1984; Habermas, 1987).

The examples of the Aravind Eye Hospital in India or Sekem in Egypt illustrate this duality of agency and structure. An important part of Aravind’s value creation model are its community outreach programs, such as screening eye camps, the school eye health program, and the village volunteer program. Through these programs Aravind is able to pursue different strategies for taking eye care service to the doorstep of the community. Sekem realized the lack of an appropriate structure to cater to social needs such as education or health in rural Egypt. It acted upon that realization and filled an institutional void by creating schools, an adult education center, a medical center, and most recently, a university.

While the context (structure) enabled Dr. Venkataswamy and Dr. Abouleish (agents) to act, their actions altered the socioeconomic context (structure). In response to this apparent dichotomy and continuous dynamism, Giddens’ (1979, 1984) structuration theory is an attempt to articulate a process-oriented theory that treats structure as both a product of and a constraint upon human action. Giddens “tries to bridge the gap between deterministic, objective, and static notions of structure, on the one hand, and voluntaristic, subjective, and dynamic views, on the other, by positing two realms of social order (analogous to grammar and speech) and by focusing attention on points of intersection between the two realms” (Barley & Tolber, 1997: 97).

Giddens' theory may help us to better understand how social entrepreneurship comes into being by directing our attention to a fundamental unit of analysis: the interaction between the social entrepreneur and the context. That interaction is crucial to understanding the process of social entrepreneurship. Thus, structuration theory provides a promising lens through which to examine to what extent the context enables and constrains the appearance of social entrepreneurship, and further, given that social entrepreneurship is about social change, how social change occurs and under what conditions.

Institutional entrepreneurship

DiMaggio (1988) introduced the notion of institutional entrepreneurship as an attempt to explain how institutions arise or change. Institutional entrepreneurs are actors who have an interest in modifying institutional structures or in creating new ones, and who leverage resources to create new institutions or transform existing ones (DiMaggio, 1988; Fligstein, 1997).

The original new institutional research program emphasized isomorphism and social conformity to explain legitimacy and institutional pressures (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). But it left little space for agency (Fligstein, 1997). DiMaggio (1988) introduced the concept of institutional entrepreneurship to fill that gap.

The above-mentioned examples of social entrepreneurship allow us to visualize how the activities of Grameen Bank or Sekem catalyzed social change by altering long-established institutions or organizational fields¹. Indeed, social entrepreneurs' ability to change norms (e.g., money cannot be lent without collateral, much less to the poor) may turn out to be even more significant than the initial problems that they set out to address. Accordingly, we argue that an institutional entrepreneurship perspective is a promising way to understand the role of social entrepreneurship in changing or giving birth to norms, institutions and structure. Furthermore, it may be an interesting lens through which to study how social entrepreneurship emerges; for example, by examining the conflict between the values of social entrepreneurs and the way they perceive reality or, in institutional entrepreneurship terminology, between social entrepreneurs' beliefs and their shared norms (i.e., institutions). However, we also see potential for the social entrepreneurship phenomenon to inform theory on institutional entrepreneurship. Neither DiMaggio's (1988) nor Fligstein's (1997) theory of institutional entrepreneurship are explicit about the paradox of embedded agency, which has been described by Holm as follows: "How can actors change institutions if their actions, intentions, and rationality are all conditioned by the very institution they wish to change?" (1995: 398). Highly embedded actors may therefore not consider changing existing rules, and embeddedness might reflect both an enabling and a constraining condition at the same time. On the one hand, it is easier for highly embedded agents (social entrepreneurs) to ensure access to resources and win legitimacy; on the other, less embedded actors are more likely to engage in social ventures that challenge rules and norms, as they are not "locked" into the existing structure. Clearly, an answer to whether such a paradox exists and how to resolve it will require further research. We speculate that the "ideal" level of embeddedness will depend on the specific stage of the social venture. A low level of embeddedness may be more favorable during the motivation formation stage, while high levels of embeddedness may have positive effects during the start-up and development stages. Furthermore, different

¹ DiMaggio and Powell (1983) define organizational fields as a set of institutions, or a network of organizations, that together constitute a recognizable area of life.

dimensions of embeddedness –cognitive, cultural, structural, and political (Zukin & DiMaggio, 1990)– may also have varying relevance and effects during these different stages.

Social capital

Social capital is broadly described by researchers as actual and potential assets embedded in relationships among individuals, communities, networks and societies (Burt, 1997; Nahapiet & Ghoshal, 1998; Walker, Kogut, & Shan, 1997). Sociologists and organizational theorists have elaborated three highly interrelated dimensions of social capital (Liao & Welsch, 2003): structural capital –the structure of the overall network of relations (Burt, 1992); relational capital –the kind and quality of an actor’s personal relations (Granovetter, 1992); and cognitive capital –the degree to which an individual shares a common code and systems of meaning within a community (Nahapiet & Ghoshal, 1998). The third, or cognitive, dimension also refers to how normative and mimetic forces shape behavior, and its implications are therefore consistent with our previous discussion. In what follows we will elaborate on how the first two dimensions may contribute to the study of social entrepreneurship.

The structural dimension refers to the overall pattern of connections between actors –that is, whom you reach (Burt, 1992). Various authors have emphasized the importance of networks for social entrepreneurship. The ability to develop a network of relationships and contacts has been described as a key capability and critical skill of social entrepreneurs (Prabhu, 1999; Thompson et al., 2000). Structural capital defines the potential or possibilities that the social entrepreneur has to access information, resources and support. It is important to understand the structural dimension of social capital, how it can be built, increased and, most importantly, maintained, since it is one of the factors that will determine whether and to what extent social entrepreneurs are able to solve and alleviate social problems, and elevate them to the public sphere.

The relational dimension of social capital focuses on the quality of relationships, such as trust, respect and friendliness. There is growing evidence that when trust is built up between parties, they are more eager to engage in cooperative activity, through which further trust may be generated (Fukuyama, 1995; Liao & Welsh, 2003). The Grameen Bank’s credit delivery system is a good example: borrowers are organized into small homogeneous groups, sharing responsibility for loans granted to other members of their group, facilitating solidarity as well as participatory interaction. It is important to understand how trust is created among the different members of the group, but also how trust between the members and the Grameen Bank is sustained. Muhammad Yunus, founder of the Grameen Bank, gave an interesting insight when explaining how a woman reacted when she received the money:

“When she holds the money, it is such a huge amount in her hands, it is like holding the hope and treasure that she never dreamed she would achieve. She will tremble, tears will run down her cheeks, and she cannot believe we would trust her with such a large sum. And she promises that she will pay back this money, because the money is the symbol of the trust put in her and she does not want to betray that trust” (Yunus, 2004).

It is important to note that there also exists a downside of social capital. Although the literature on social capital mainly emphasizes its positive consequences (Portes & Landolt, 1996; Portes & Sensenbrenner, 1993), social capital may also involve risks and less desirable effects. As Portes argued, “it is important to emphasize them for two reasons: first,

to avoid the trap of presenting community networks, social control, and collective sanctions as unmixed blessings; second, to keep the analysis within the bounds of serious sociological analysis rather than moralizing statements” (1998: 56). Previous research has identified four important negative consequences: exclusion of outsiders, excess claims on group members, restrictions on individual freedoms, and downward leveling norms (Portes, 1998).

Consider the above-mentioned characteristic of the Grameen Bank credit delivery system: it enhances solidarity. While solidarity is generally thought to be positive, in some circumstances it may backfire. Various authors have emphasized the downside of overembeddedness: Gargiulo and Bernassi (1999) claimed that strong solidarity with ingroup members may result in overembeddedness, which reduces the flow of new ideas into the group and can result in parochialism and inertia. And Powell and Smith-Doerr eloquently stated that “the ties that bind may also turn into ties that blind” (1994: 393).

Social movements

Social movement researchers have focused their efforts on four key issues: 1) political opportunities and threats; 2) resource mobilizing structures and active appropriation of sites for mobilization; 3) collective action frames and identity formation; and 4) established repertoires of contention and innovative collective action by challengers and their member opponents (McAdam, Tarrow, & Tilly, 2001).

Several insights from the social movements literature have been applied to the study of social entrepreneurship (see Alvord et al., 2004, for an example). Both social movements and social entrepreneurship are concerned with social transformation. Thus, efforts by scholars working on social movements to understand the motivation behind the desire to bring about social change are highly relevant to the study of social entrepreneurship. Similarly, knowledge on the different tactics used by social movements –e.g., mobilization of people, protest, negotiation, etc. (Andrews, 2001)– may be useful for social entrepreneurship research and practice.

Finally, the social movements literature cautions about evaluating initiatives exclusively in terms of success or failure. Andrews stated that “success implies the attainment of specific, widely shared goals, but the goals of most social movements are contested by participants and observers. Goals also change over the course of a movement” (2001: 72). Applying these insights to assess outcome or performance of social entrepreneurship, one could argue that, instead of focusing on the success or failure of a program or initiative, it would be better to start measuring degrees of success or failure, always bearing in mind the intended and unintended consequences of the initiative. This would allow us to study whether and how learning takes place in the process, and to find out how social entrepreneurs detect and manage problems and errors and, more importantly, whether they learn from those failures and change their behavior accordingly.

To enhance our knowledge of social entrepreneurship as a field of study and practice, it is necessary to consider the properties and purpose of the system in which social entrepreneurs are embedded, and also clarify their role within the system. Our purpose in this section has been to stress the importance of the continuous interaction between social entrepreneurs and the context in which they are embedded. This will help us to understand and explain why and how social change is possible.

Methods to study social entrepreneurship

Social entrepreneurship is a complex and multifaceted phenomenon that can be viewed through different theoretical lenses and may be studied at different levels of analysis, e.g., individual; organizational; intraorganizational; interorganizational; group; or community level.

Previous research –reflecting the exploratory stage of the field– relied mainly on anecdotal data and adopted qualitative methods, which is a particularly appropriate approach when: 1) little is known about a particular domain, and 2) the research question pertains to understanding or describing (Field & Morse, 1985).

Qualitative research yields rich descriptions and explanations of processes, and allows to “preserve chronological flow, assess local causality, and derive fruitful explanations” (Miles & Huberman, 1984). Many of the issues put forward in this paper call for qualitative approaches –e.g., case study analysis, narratives, discourse analysis, or ethnography– aimed at understanding the meanings behind actions (Hammersley, 1992). Examples include 1) research on embeddedness, which has been characterized by taking on really rich empirical contexts and getting one’s hands “dirty” (Dacin, Ventresca, & Beal, 1999); 2) the study of how context –what earlier we called structure– influences the formation of intentions to become a social entrepreneur, and how it enables and constrains the emergence of social entrepreneurship; and 3) efforts to uncover the dynamics of success and failure in social entrepreneurship, and in particular to understand how the goals and objectives pursued evolve over time.

However, that is not to say that quantitative research methods are unnecessary. Rather, we suggest that quantitative approaches may be better suited to address different but equally important questions (Gartner & Birley, 2002). Also, before we can adequately use quantitative methods, we need to address two important methodological questions: 1) how much of the complexity inherent in social entrepreneurship phenomena do we need and how much can we afford to sacrifice in order to conduct research based on conventional quantitative methods; and 2) how can we control for local circumstances. Recognizing these limitations, quantitative techniques promise to be highly relevant for the study of certain aspects of social entrepreneurship. Social network analysis, for example, could be used to observe organizational learning and the diffusion of ideas and innovation across different organizations or communities (Brown & Duguid, 1991). It may be a more effective technique for analyzing the expansion of cultural norms or knowledge, or for examining the transfer of practices among social entrepreneurs that address similar problems in different contexts. Structural equation models, which are particularly appropriate for exploratory research, could perhaps be used to examine the relationship between constructs and thus play an important role in the theory building process. As Gartner and Birley (2002) argued, it is important to be aware of the strengths and also the limitations of each methodology for the study of the focal phenomenon –in our case, social entrepreneurship.

Final remarks

The purpose of this paper has been to arouse academic curiosity for social entrepreneurship. We consider social entrepreneurship to be a particularly exciting and fruitful research topic and it is our hope that this paper will bring us a step closer toward legitimizing and inspiring social entrepreneurship as a means to create social and economic value and as a field of research.

The working definition of social entrepreneurship put forward in this paper is intended to facilitate a more detailed examination of the main components of social entrepreneurship, namely the social element and the entrepreneurial element. We suggested that further empirical and conceptual work is needed to establish a comprehensive picture of social entrepreneurship.

Many of the issues we have brought up in this paper are typical of any emerging field of research: the need to draw boundaries so as to delimit scope and clarify whether it really is an independent field of research; and the need to identify the different levels of analysis, disciplines and literatures, and the methods for studying the phenomenon. To conclude, we will elaborate on topics and issues we consider important in order to realize the promise of social entrepreneurship as a source of explanation, prediction, and delight: social entrepreneurship as an independent field of research, assessing social performance and impact, and clarifying the role of embeddedness.

Probably one of the most controversial issues is whether social entrepreneurship is an *independent field of research*. Many studies on social entrepreneurship (Bornstein, 1998; Dees, 1998) have adopted concepts and terminology used in the established entrepreneurship literature. Does this imply that social entrepreneurship is a sub-category of entrepreneurship, in which the social context provides a new and unusual setting in which to study and test entrepreneurial phenomena? In this paper we have tried to identify the distinctive domain of social entrepreneurship. We argued that social entrepreneurship differs from other forms of entrepreneurship in that it gives higher priority to social value creation –by catalyzing social change and/or catering to social needs– than to value capture. We believe that social entrepreneurship deserves to be considered an independent field of research but within the broader context of entrepreneurship research. As such, it has enormous potential to inform and enhance the field of entrepreneurship, as it provides an excellent opportunity to challenge and rethink central concepts and assumptions. We also emphasized the need for interdisciplinary research and rigorous methodologies.

Assessing *social performance and impact* is one of the greatest challenges for practitioners and researchers in social entrepreneurship. The real problem may not be the measurement per se, but how the measures may be used to “quantify” the performance and impact of social entrepreneurship. Many consider it very difficult, if not impossible, to quantify socio-economic, environmental and social effects. As Emerson pointed out, “for many of those active in the social sector, it has been taken as a virtual given that most elements of social value stand beyond measurement and quantification” (2003: 40). For these reasons, it is necessary to make major efforts in this direction.

Earlier in the paper we introduced the United Nations Millennium Development Goals as a means to operationalize social needs in the context of developing countries. Similarly, we need to develop useful and meaningful measures that capture the impact of social entrepreneurship and reflect the objectives pursued. Clearly, more research and managerial practice is needed in order to establish social impact as an essential dimension of performance assessment.

We have repeatedly emphasized that social entrepreneurship takes on multiple forms, depending on socioeconomic and cultural circumstances. Put differently, we pointed to the importance of the *concept of embeddedness* to the study of social entrepreneurship. While a number of authors studying entrepreneurship have stressed the importance of embeddedness as a way of enhancing opportunity recognition (Uzzi, 1997; Jack & Anderson, 2002; Andersson, 2003), it is still unclear how embeddedness affects social entrepreneurship.

A promising area of research lies in examining the enabling and/or constraining effects of embeddedness. High levels of embeddedness may inhibit the emergence of initiatives aimed at social change –particularly when those initiatives involve changing the rules of the game. This poses an interesting additional question: assuming that social entrepreneurship involves various stages, e.g., an intention formation stage, a start-up stage, a growth stage, a consolidation stage, etc., how does embeddedness affect social entrepreneurship at each of these various stages? One could argue that embeddedness has a positive effect on entrepreneurs' ability to access and ensure critical resources and is therefore important during the start-up, development, or scaling out stage. On the other hand, it may have a negative effect during the intention formation stage, i.e., the phase when the entrepreneur decides whether or not to take on the challenge.

It is important to note that, given the early stage of the field, a wide variety of research questions requires further attention. As mentioned before, social entrepreneurship provides a fascinating playground for research drawing from different perspectives and literatures. We conclude with a list of questions that provides only a snapshot of important issues. If context and embeddedness is so important, to what extent is it possible to transfer practices and scale out initiatives across geographic and community borders? Are some forms of organizing for social entrepreneurship better suited to address specific needs than others? How does social entrepreneurship differ in developed and developing countries? Can we observe geographical clusters with higher levels of social entrepreneurial activity, e.g., India and Bangladesh, or Brazil and Ecuador? If so, what explains the emergence of such clusters? Are there isomorphic forces within and across clusters? What institutional factors explain the emergence of social entrepreneurship and what theoretical lenses may help us understand those factors? What is the link between social entrepreneurship and sustainable development, and how can social entrepreneurship contribute to sustainable development?

It is our hope that the answers to these questions, and the further questions and answers to which they give rise, will help to consolidate social entrepreneurship as a fertile source of explanation, prediction and delight.

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