Chapter 2
Reviewing Social Entrepreneurship Knowledge

Abstract This chapter elaborates the concept of social entrepreneurship in Indian and global contexts, within the existing theoretical knowledge and empirical evidence. The chapter starts with a discussion on theories of entrepreneurship and their development. Then, it explores the concept of social entrepreneurship. It also critically reviews social entrepreneurship literature, which is categorised into two major parts: first, content (social element and entrepreneurial element), and second, methodological review. The critique and research gaps, which are summarised towards the end of the review of literature, lead to the research questions.

As discussed in Chap. 1, social entrepreneurs and their approaches are especially important in the context of underdeveloped and developing countries, due to their potential of solving social problems in a sustainable manner. I realised its significance and my curiosity to understand social entrepreneurship (SE) led me to examine the literature on SE in detail.

I examined the literature that throws light on the concept of entrepreneurship, SE, SEV, social enterprise, beneficiaries and ‘social value’ in the context of SE research. Further, I critically reviewed empirical evidence on SE in Indian and international contexts. For this purpose, I referred to several national and international journals, books, reports, briefing papers, overview papers, book reviews and Websites.

In recent years, the field of SE has gained popularity and attracted the attention of scholars from various disciplines, along with social policy practitioners. However, ‘The concept of social entrepreneurship is still poorly defined and its boundaries to other fields of study remain fuzzy’ (Mair and Marti 2006, p. 36). It has not yet been established as an independent field in terms of theory. According to Martin (2004, p. 9), ‘The field of social entrepreneurship is currently at a stage prior to the establishment of a dominant paradigm that orients research and practice for an extended period’. Though, the literature on SE has grown significantly over the past two decades, it remains diffuse and fragmented (Mort et al. 2003). Therefore, it poses challenges for scholars. There is a lack of conceptual clarity. Thus, there is a need to conceptualise SE more clearly.
SE is a combination of two words: social and entrepreneurship. A closer look at entrepreneurship theories and their development, and then a focus on the word ‘social’ would help to uncover its meaning, shows how it distinguishes itself from commercial/traditional entrepreneurship and the ways in which it is similar to traditional entrepreneurship.

2.1 Theories of Entrepreneurship

The literature reflects that there is no agreed upon definition of what an entrepreneur is or does (Cunningham and Lischeron 1991; Ripsas 1998). Scholars have tried to define it in their own way, based on their own understanding (Coulter 2000; Tan et al. 2005). The term ‘entrepreneur’ has been used to define a wide range of activities such as creation, founding, adapting and managing a venture (Cunningham and Lischeron 1991). The term ‘entrepreneurship’ has a diverse range of meanings, and therefore, no single discipline is sufficient to explain it optimally. Entrepreneurial behaviour cannot be explained by economic theory alone because psychological, cultural and sociological factors also play an important role in it. Schumpeter’s (Economic Theory) notion of the entrepreneur is only a starting point for the development of a theory of entrepreneurship. Entrepreneurship is therefore perceived as being interdisciplinary (Ripsas 1998). Researchers have borrowed popular theories from other disciplines, mainly from sociology, psychology and economics, and adapted them to the study of diverse entrepreneurial phenomena (Zahra 2007).

The term ‘entrepreneur’ originated in French economics in the seventeenth and eighteenth centuries, to mean ‘someone who undertakes’ a project or activity. The connection of risk with entrepreneurship was developed only in the seventeenth century by the economist Richard Cantillon. He viewed the entrepreneur as a ‘risk taker’. However, the term ‘entrepreneur’ got its particular meaning from Jean Baptiste Say in the nineteenth century, when he stated that the entrepreneur is one who shifts economic resources from an area of lower to an area of higher productivity and greater yields. He did not emphasise the importance of change and innovation within an economic system; rather, he described the entrepreneur as an agent of change. He further stressed that the entrepreneur created value.

In the twentieth century, Schumpeter described entrepreneurs as the ‘innovators’ who drive the ‘creative–destruction’ process of capitalism. Entrepreneurs were seen as the agents of change that moved the economy forward by serving new markets or creating ‘new ways of doing things’ (Dees 1998). Innovation was the key element in the Schumpeterian approach. For Schumpeter, the entrepreneur was an innovator (Schumpeter 1934). He also differentiated the entrepreneur from the resource owner. In his view, risk was not essential to the concept of entrepreneurship, unless the entrepreneur and the resource owner were the same person. If ownership of resources was not a prerequisite for being an entrepreneur, then the innovation process could also be carried out by an employed manager (Schumpeter 1934). In short, Say and Schumpeter suggested that the primary function of entrepreneurs was
to start new profit-seeking business ventures. Entrepreneurship was not limited to only the starting of a business. They identified entrepreneurs as the catalysts and innovators in economic progress. This has created the foundation for the advancement of entrepreneurship theories (Dees 1998).

Moving away from the traits and psychological approaches to entrepreneurship, which focus mainly on the personality traits and characteristics of entrepreneurs, Gartner (1985, 1988) views entrepreneurship from the behavioural perspective. In the trait approach, the entrepreneur is the basic unit of analysis and the entrepreneur’s traits and characteristics are the key to explaining entrepreneurship as a phenomenon, since the entrepreneur causes entrepreneurship. This view alone, however, is inadequate to explain the phenomenon of entrepreneurship. Gartner (1988) found that studies of psychological characteristics of entrepreneurs, sociological explanations of entrepreneurship cultures, economic and demographic explanations of entrepreneurial locations, etc., begin with the creation of new organisations. According to Gartner (1988, p. 62), ‘Entrepreneurship is the creation of new organisations’. Thus, Gartner (1985, 1988) perceived entrepreneurship as the creation of new organisations and entrepreneurship as a behavioural concept. From this viewpoint, the focus of entrepreneurship shifted from traits and personality characteristics of the entrepreneur to the process of new venture/organisation creation. From the behavioural perspective, the entrepreneur is part of the complex process of new venture creation. This approach treats the organisation as the basic unit of analysis and the individual is viewed in terms of the activities undertaken to enable the organisation to come into existence.

In the twentieth century, Peter Drucker added his perspective by stating that entrepreneurship involves maximising opportunities (Dees 1998). Entrepreneurs recognise and act on opportunities. ‘Innovation’ is the specific tool that they use, through which they exploit change as an opportunity for a different business or a service (Drucker 1986). In the entrepreneurship literature (Venkataraman 1997; Shane and Venkataraman 2000; Eckhardt and Shane 2003; Sarason et al. 2006), the focus has shifted to the study of opportunities. The field of entrepreneurship therefore involves a study of the sources of opportunities; the processes of discovery, evaluation and exploitation of opportunities; and the set of individuals, who discover, evaluate and exploit them (Shane and Venkataraman 2000). These opportunities have been conceptualised as an act of recognition, discovery or creation (Sarasvathy et al. 2003).

Earlier, most researchers defined entrepreneurship in terms of questions, such as ‘who is an entrepreneur and what does he do?’ However, they later shifted their focus on understanding the nexus of the presence of lucrative opportunities and the presence of enterprising individuals (Venkataraman 1997). Notably, entrepreneurship is concerned with profitable opportunities. Eckhardt and Shane (2003, p. 336) define ‘entrepreneurship opportunity’ as a ‘situation in which new goods, services, raw materials, markets and organising methods can be introduced through the formation of new means, ends, or means-ends relationships’. Sarason et al. (2006) extended the work of Shane and Venkataraman (2000) and proposed the ‘structuration theory’ as a useful lens to view the entrepreneurial process. Entrepreneurship is presented as the nexus of opportunity and agency, whereby
opportunities are not singular phenomena, but are idiosyncratic to the individual. Contrary to the traditional view of entrepreneurship that entrepreneurs fill market gaps, this view proposes that the entrepreneur and social system coevolve. Thus, many scholars (Zahra 2007; Welter 2011) emphasise the importance of context in understanding entrepreneurship. According to Welter (2011, p. 165), ‘...economic behaviour can be better understood within its historical, temporal, institutional, spatial, and social contexts, as these contexts provide individuals with opportunities and set boundaries for their actions’.

Stevenson adds the element of ‘resourcefulness’ to the opportunity-oriented definition (Dees 1998). The willingness of entrepreneurs to pursue opportunity, regardless of the resources under control, is the essence of entrepreneurship, and ‘to find a way’ is typical to the entrepreneur (Stevenson and Jarillo 1990).

With developments in the field of strategic management, the focus of entrepreneurship shifted to the entrepreneurial processes, which included the method, practices and styles used by managers to act entrepreneurially (Lumpkin and Dees 1996). In sum, the firm’s entrepreneurial orientation (EO) is associated with processes, practices and decision-making activities that lead to a new entry, and the five dimensions—autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness—characterise an EO. The new entry can be accomplished by entering new or established markets with new or existing goods or services. Lumpkin and Dees (1996) argue that the relationship between EO and performance is context-specific and the dimensions of EO vary independently of each other in a given context, depending on the environmental and organisational context. Their view of the firm’s EO is as a multidimensional construct, and they suggested a contingency approach to understand a firm’s EO and the firm–performance relationships.

Cunningham and Lischeron (1991) categorised theories of entrepreneurship into six different schools of thought on the basis of their emphasis on personal characteristics, opportunities, management and the need for adapting an existing venture; these are summarised in Table 2.1.

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<tr>
<th>S. No.</th>
<th>School of thought</th>
<th>Focus</th>
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<tr>
<td>1</td>
<td>The Great Person School</td>
<td>The entrepreneur has an intuitive ability—a sixth sense—and traits and instincts he/she is born with</td>
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<tr>
<td>2</td>
<td>The Psychological Characteristics School</td>
<td>Entrepreneurs have unique values, attitudes and needs which drive them</td>
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<td>3</td>
<td>The Classical School</td>
<td>The central characteristic of entrepreneurial behaviour is innovation (Schumpeter)</td>
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<td>4</td>
<td>The Management School</td>
<td>Entrepreneurs are organisers of economic value; they are people who organise, own, manage and assume the risk</td>
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<td>5</td>
<td>The Leadership School</td>
<td>Entrepreneurs are leaders of people. They have the ability to adapt their style to the needs of people</td>
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<tr>
<td>6</td>
<td>The Intrapreneurship School</td>
<td>Entrepreneurial skills can be useful in complex organisations</td>
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Among the above-mentioned schools of thought, the ‘Great Person’ theory and the ‘Psychological Characteristics’ theory are related to the assessment of personal qualities. ‘The Classical School’ is concerned with innovation and opportunity recognition. ‘The Management School’ and ‘The Leadership School’ are related to running and managing the organisation. ‘The Intrapreneurship School of Entrepreneurship’ is mainly concerned with reassessing and adapting aspects of the entrepreneurial process.

The discussion shows that different perspectives from various disciplines have been used in entrepreneurship. Therefore, scholars emphasise the adoption of an interdisciplinary approach (Ripsas 1998; Ireland and Webb 2007), or harmonising different perspectives (Moroz and Hindle 2012) in studying entrepreneurship.

The discussion on entrepreneurship provides a theoretical base for the conceptualisation of SE more clearly, as social entrepreneurs perform entrepreneurial activities to achieve their social mission (Nicholls 2006). Similar to entrepreneurship, the process of SE is also influenced by a variety of contextual factors. Therefore, there is a need to adopt a similar multidisciplinary approach to entrepreneurship in conceptualising SE as well. Only a combination of all the perspectives—economic, psychological, and cultural and sociological, i.e. a multidisciplinary approach—can holistically capture and explain the behaviour of social entrepreneurs, and thus, SE.

2.2 The Concept of Social Entrepreneurship

As mentioned earlier, SE is considered as a response to either market failure, state failure or both, in meeting social needs (Nicholls 2006; Yujuico 2008). Most of the literature on SE has focused on defining and describing the phenomenon of SE, stressing on two elements, namely social mission and entrepreneurial activities (Corner and Ho 2010).

Different scholars have tried to see it from their own perspectives. For Dees (1998), social entrepreneurs are a special breed of leaders. This perspective reflects the ‘great man’ approach towards SE. Leadbeater (1997) states that social entrepreneurs are good leaders, thereby offering a leadership approach to the understanding of SE. The concept of ‘social entrepreneurship’ has also been discussed in the context of social action. For example, two social entrepreneurs (leaders) of the USA, namely Ken Kragen of ‘Hands Across America’ and Phillip Joanous of ‘Partnership for a Drug-Free America’, played a critical role in bringing about ‘catalytic changes’ in public sector agenda and the perception of certain social issues, by mobilising private resources to raise public awareness (Waddock and Post 1991). The stories of these two social entrepreneurs also point to the suitability of the leadership school of thought in entrepreneurship. However, there are scholars (Martin and Osberg 2007), who have excluded ‘social activism’ from the boundary of SE. They believe that inclusion of social activism within SE would confuse the general public, because they already know the meaning of a social activist.
Some theorists focus on the capabilities and potential of social entrepreneurs in making changes in the lives of people. Social entrepreneurs innovate (three different forms of innovations—building local capacity, disseminating a package and building a movement) and transform the lives of the poor and the marginalised (Alvord et al. 2004). Social entrepreneurs discover and create local opportunities and contribute to social, human and economic sustainable development by changing the lives of real people and the systems that create and sustain poverty (Seelos and Mair 2005b). Recently, the concept of SE has been extended to include teachers as ‘educational social entrepreneurs’, who create social value in the contexts of socio-economic and educational deprivation (Chand and Misra 2009).

On the basis of the different perspectives used in SE, a classification of SE is presented in Table 2.2.

Not only have scholars used different perspectives to theorise SE, the term ‘social entrepreneurship’ has also been developed in a variety of contexts/sectors. The term is being used more extensively, but its scope in both business and voluntary sector has not been mapped effectively (Thompson 2002).

A few scholars limit SE to the traditional non-profit sector only. In fact, most research efforts to date have positioned it primarily in the non-profit and public policy domains (Short et al. 2009). They have focused only on charitable activities to meet the social mission. Many see SE as bringing business expertise and earned income (apart from philanthropy, subsidies and grants) to traditional non-profits to diversify its source of funding to achieve sustainability in its efforts towards a social mission (Leadbeater 1997; Dees and Anderson 2003; Boschee and McClurg 2003; Martin 2004; Weerawardena and Mort 2006; Irwin 2007). To address the issue of funding new social ventures, social entrepreneurs consider the strategy of moving into new markets to subsidise their social activities in two ways. Either they exploit

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<tbody>
<tr>
<td>1</td>
<td>Dees (1998)</td>
<td>Great man approach: Social entrepreneurs are a special breed of leaders</td>
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<td>2</td>
<td>Leadbeater (1997)</td>
<td>Leadership approach: they are very good leaders</td>
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<td>3</td>
<td>Waddock and Post (1991)</td>
<td>In the context of social action: for example, two social entrepreneurs (leaders) of USA played a critical role in bringing about ‘catalytic changes’ in public sector agenda and the perception of certain social issues, by mobilising private resources to raise public awareness</td>
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<td>4</td>
<td>Alvord et al. (2004)</td>
<td>Focus on the capabilities and potential of social entrepreneurs in changing the lives of poor and marginalised people. Social entrepreneurs innovate. The three different forms of innovations are building local capacity, disseminating a package and building a movement</td>
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<td>5</td>
<td>Seelos and Mair (2005b)</td>
<td>Social entrepreneurs discover and create local opportunities for social, human and economic sustainable development by changing the lives of real people and the systems that create and sustain poverty</td>
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<tr>
<td>6</td>
<td>Chand and Misra (2009)</td>
<td>Social value creation by teachers in the context of socio-economic and educational deprivation</td>
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profitable opportunities in the core activities of their not-for-profit venture, or they do it via for-profit subsidiary ventures and cross-sector partnerships with commercial corporations (Boschee and McClurg 2003; Boschee 2006).

Irwin (2007) argued that social enterprise typically falls somewhere in the middle of the two extremes of charitable organisations (where all income comes from charitable donations) and typical for-profit business (which aims to maximise profit over the long run and where the members distribute surpluses among themselves). However, the question is: Why does a charitable organisation not fit into the model of SE as a social enterprise? The main goal of SE was to solve a social problem or to fulfil societal needs and create social change/social value. If an organisation is innovatively exploiting opportunities to pursue its social mission and exhibiting entrepreneurship behaviour, it would certainly be in the realm of SE, irrespective of its source of funding.

The aim of a social enterprise was to create profits, like any other business (Irwin 2007). However, unlike for-profit business, social enterprises do not seek to maximise profits and they do not distribute any of their surpluses to shareholders. Instead, they reinvest their surplus in the business, to enhance the service or invest it in the wider community (ibid.). Social enterprises provide not-for-profit leaders an independent means of financing, where they combine non-profit with for-profit organisational features (Alter 2006). Not-for-profit organisations, taking this route, are often known as ‘hybrids’ (Alter 2007). ‘Mission drives social value creation, which is generated through not-for-profit programmes. Financial need and market opportunities drive economic value creation, which is delivered through business models’ (Alter 2006, p. 206). Hybrid social enterprises can develop within and across all three sectors (Mair and Noboa 2003; Nicholls 2006; Neck et al. 2008), with the condition that its primary focus must be on the social mission, not on economic value creation or profit making. Hasenfeld and Gidron (2005) developed a theoretical framework to study the conditions that lead to the emergence of multipurpose hybrid voluntary organisations and mentioned that they deliberately combine features of volunteer-run associations, social movements and non-profit service organisations.

Although all social enterprises create both social value and economic value, the decision to pursue a social enterprise is generally motivated by either the monetary gain or the amount of social impact it generates (Alter 2006). For this reason, the purpose of social enterprise depends on the emphasis and priority given to its financial and social objectives, and therefore, it differs in different social enterprises (ibid.). Within the not-for-profit sector, on the basis of profit distribution (reinvest or distribute), two types of social enterprises exist. Contrary to the traditional non-profits, some social enterprises, especially those established as cooperatives, are more relaxed about profit distribution and they are permitted to wholly or partially distribute profits among their beneficiaries in the form of additional products or services (Mair and Noboa 2003). The majority of the literature on SE has emerged within the not-for-profit sector. Some scholars (Waddock and Post 1991) relate social entrepreneurs with the creation or elaboration of a public organisation to alter the existing pattern of allocation of scarce resources.
For some like Dees (1998), SE also includes for-profit businesses, whose focus is social mission. They include in the realm of SE for-profit business ventures with a social purpose, such as community development banks, and organisations which have both not-for-profit and for-profit elements, such as homeless shelters that start a business to train and employ their residents. There are many more cases that clearly lie on the for-profit side of the divide but are readily labelled ‘social entrepreneurship’ by reputable commentators such as Ashoka—the Innovator for Public. For example, Dr. Ashwin Naik, founder of ‘Vaatsalya Hospitals’ who has been registered as a for-profit enterprise, is engaged in providing high-quality affordable and accessible health care to the people of India and has been recognised as a social entrepreneur by Ashoka.

The term SE has been extended to include ‘community-based enterprises’ (CBE) too (Peredo and Chrisman 2006). SE, rooted in community culture, transforms the community into an entrepreneur and an enterprise, because natural and social capitals are integral and inseparable from economic considerations. CBEs are built on the collective skills and resources of the community and have multiple social and economic goals (often with the priority of social goals). They have either collective governance structures or democratic management structures.

Some even include traditional for-profit business ventures in SE, such as those involved in creating some kind of societal benefit in the form of ‘corporate social responsibility’ (CSR). This group of thinkers (Prahalad 2004; Austin et al. 2006a, b; John 2007) believe that SE is not just for the social sector, but corporations could also be social entrepreneurs (called corporate social entrepreneurship—CSE). This thinking is about going beyond the traditional strategy of charitable giving. Recognising its potential of mutual benefits, they call for the corporate world to pay attention to this sector and concentrate on it for mutual benefit. In reality, ‘socially responsible companies are those whose primary goal is profit; and, for most of them, their socially responsible behaviour is motivated by the belief that it will improve the bottom line’ (Dorado 2006, p. 322).

It is also argued that even without CSR, a traditional for-profit business organisation also generates some kind of social impact. From a social welfare perspective, entrepreneurship is productive, because in the process of pursuing personal 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 (Venkataraman 1997). Similarly, Korsgaard and Anderson (2011) argue that entrepreneurship is enacted in a socialised context and produces social outcomes. They used ‘creation of social value’ as a means for understanding outcomes. They found that value was created in multiple dimensions spread across different levels, from individual to societal level, and demonstrated that entrepreneurship is as much social as economic. However, the question here is: How can an organisation—irrespective of its form of CSR—whose ultimate goal is to make and maximise profit in the long run, claim to be a social entrepreneur?

However, in recent years, the concept of SE is rapidly growing in all the sectors—private, public and non-profit sectors and a combination of these three sectors
Based on the use of the term in different sectors, a typology has emerged, which is presented in Table 2.3.

Within the above-discussed contextual variations, scholars have defined ‘social entrepreneurship’ from various perspectives. It has different meanings for different people (Dees 1998; Boschee and McClurg 2003; Light 2005; Bornstein 2005; Nicholls 2006; Mair and Marti 2006; Irwin 2007; Martin and Osberg 2007). As a result, there is no clear definition at present, and a universal definition of SE is yet to emerge (Martin 2004; Nicholls 2006; Weerawardena and Mort 2006; Christie and Honig 2006; Yousry 2007; Martin and Osberg 2007; Short et al. 2009). For example, following the line of development of entrepreneurship, Dees (1998) took key elements from the definitions of Say, Schumpeter, Drucker and Stevenson (discipline and accountability with the notions of value creation from Say, innovation and change agents from Schumpeter, the pursuit of opportunity from Drucker and resourcefulness from Stevenson). Dees (1998) mentioned that Howard Stevenson added an element of ‘resourcefulness’ to the opportunity-oriented definition based on the research that he conducted to determine what distinguishes entrepreneurial management from more common forms of ‘administrative management’. He identified several dimensions of difference and found that ‘the pursuit of opportunity without regard to resources currently controlled’ is at the heart of entrepreneurial management. He also found that entrepreneurs do not allow their own initial resource endowments to limit their options. According to Dees,

‘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),
- Recognising 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’ (1998, p. 4).

This definition includes the key elements of social value creation, opportunity identification and exploitation for social objective, innovation and resourcefulness to create social change, but the notion of tolerance of risk is ignored. Several other scholars added the notion of risk-taking to the definition of SE (Brinckerhoff 2000; Dees et al. 2001; Tan et al. 2005; Weerawardena and Mort 2006; Irwin 2007; Elkington and Hartigan 2008). ‘Social entrepreneurs are people who take risk on behalf of the people their organisation serves. Traditional entrepreneurs take risk on their own behalf, or on the behalf of their company’s stockholders. In non-profits the risks are taken on behalf of the stakeholders’ (Brinckerhoff 2000, p. 1). Social entrepreneurs take risks for social ends or a social mission. In a more elaborate form, SE has been conceptualised by Weerawardena and Mort (2006) as a multi-dimensional model involving the three dimensions: innovativeness, proactiveness and risk management. In their view, SE strives to achieve social value creation and it requires the display of these three dimensions. Recently, Choi and Majumdar (2014) clearly mentioned that a universal definition of SE that would be accepted
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<th>Major scholars</th>
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<th>Description</th>
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<tr>
<td>Leadbeater (1997), Dees and Anderson (2003),</td>
<td>Non-profit/not-for-profit</td>
<td>These scholars limit social entrepreneurship only to the traditional non-profit sector. Some scholars restrict it to charitable organisations, while others see ‘social entrepreneurship’ as bringing business expertise and earned income (apart from philanthropy, subsidies and grants) to traditional non-profits to diversify its source of funding to achieve sustainability in its efforts towards a social mission.</td>
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<td>Boschee and McClurg (2003), Martin (2004),</td>
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<tr>
<td>Waddock and Post (1991)</td>
<td>Public organisation</td>
<td>They relate social entrepreneurs with the creation of a public organisation to alter the existing pattern of allocation of resources in an environment of scarcity.</td>
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<td>Irwin (2007)</td>
<td>Middle of the two extremes; charitable and for-profit business</td>
<td>Social enterprise typically falls somewhere in the middle of the two extremes of charitable organisations (where all income comes from charitable donations) and typical for-profit business (which aims to maximise profit over the long run and where members distribute surpluses among themselves).</td>
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<tr>
<td>Dees (1998)</td>
<td>For-profit social business</td>
<td>Social entrepreneurship also includes for-profit businesses, whose focus is on social mission.</td>
</tr>
<tr>
<td>Peredo and Chrisman (2006)</td>
<td>Community-based enterprise</td>
<td>In recent years, the term has been extended to include community-based enterprise (CBE) as well.</td>
</tr>
<tr>
<td>Prahalad (2004), Achleitner et al. (2009)</td>
<td>For-profit business involved in CSR</td>
<td>They include traditional for-profit business ventures in social entrepreneurship that are involved in creating some kind of societal benefit in the form of corporate social responsibility (CSR).</td>
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Table 2.3 (continued)

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<th>Major scholars</th>
<th>Sector Description</th>
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<tr>
<td>Venkataraman (1997), Korsgaard and Anderson (2011)</td>
<td>Traditional entrepreneurship</td>
<td>Venkataraman (1997) even sees traditional entrepreneurship producing social impact, because in the process of pursuing profits, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity. Korsgaard and Anderson (2011) explain how social value is created in multiple forms at different centres and on different levels—from individual self-realisation over community development to broad societal impact in the process of entrepreneurship, and therefore argued that entrepreneurship is as much a social as an economic phenomenon.</td>
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<tr>
<td>Johnson (2000), Mair and Noboa (2003), Nicholls (2006), Neck et al. (2008)</td>
<td>Across all three sectors, not-for-profit, public and for-profit, cross-sector partnerships</td>
<td>In recent years, the concept of social entrepreneurship is rapidly growing in all sectors—private, public and non-profit. Hybrid organisational forms of social enterprises can develop within and across all three sectors.</td>
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</table>
among contestant parties is hardly possible as they perceived SE as an ‘essentially contested concept’ (ECC). They proposed the conceptualisation of SE as a cluster concept, which implies that SE is a representation of the combined quality of certain subconcepts, i.e. social value creation, social entrepreneurs, SE organisations, market orientation and social innovation.

However, despite the conceptual differences, a majority of the scholars define ‘social entrepreneurs’ as ‘individuals, who identify and exploit opportunities, combine resources, and act innovatively to solve social problems, and create social value in order to achieve their social mission’. Thus, in many ways, SE is similar to traditional entrepreneurship, because it also includes the key elements of entrepreneurship, i.e. opportunity recognition and exploitation, innovation, resourcefulness. ‘For social entrepreneurs, the social mission is explicit and central’ (Dees 1998, p. 3). It is its focus on the social mission, which differentiates it from commercial entrepreneurship. However, I argue that instead of emphasising a universal definition of SE, it would be more fruitful to understand the phenomenon of SE.

From the social work perspective, it is argued that social workers are among the best prepared professionals to act in response to the world’s social problems (Germak and Singh 2010). Gray et al. (2003) argue that social enterprise is not a new idea in the community services field, because social workers have been involved in community development since a long time. However, social workers involved in community development initiatives with impoverished communities have been strong advocates of social enterprise. Social enterprise becomes increasingly significant in community services policy and practice due to several reasons—transformation in the welfare sector, resource constraints in the non-profit community services sector and an emphasis on the individuals and communities participating in problem-solving. Therefore, on the one hand, it becomes important that social workers become familiar with it and that they think seriously about developing partnerships with private businesses or the for-profit sector, in changing the welfare context. On the other hand, social workers in developing countries play a decisive role in the development of practices of social and economic development. Social workers possess the skills in community development and are therefore ideally placed to make a contribution to evolving social enterprise practice. In reality, ‘Social enterprise is and always has been the business of social work in that it refers to a broad range of activities for integrating economic and social goals in the pursuit of community well-being’ (Gray et al. 2003, p. 152). Therefore, social enterprise should be seen as a complement to, rather than a replacement for, government involvement in social service provision and structural change. However, Germak and Singh (2010) observe that the practice of SE is not currently an area of interest and expertise for most social workers. They recognise the continuing funding crisis in the non-profit sector coupled with the increasing demand for services among clients, and the tremendous need for creative solutions to today’s pressing social challenges. Therefore, they call upon social workers to stand up and embrace the straightforward business sense found in SE; a hybrid of social work macro-practice principles and business innovation activities. This discussion leads
us to our understanding that social work practice and SE, combined together, could potentially emerge as an effective tool to solve the world’s complex social problems innovatively.

2.3 Critical Review of Social Entrepreneurship Literature

For theory development, an understanding of all the relevant constructs involved in SE and methodological issues is very important. Recognising the importance of this phase of theory development, I have categorised the entire review of literature on SE into two parts: first ‘content’ and second ‘methodological review’.

2.3.1 Content

I have mentioned that SE is a combination of ‘social mission’ and ‘entrepreneurship’. Therefore, a review of the contents of SE literature is further divided into two subparts: first, the ‘social element’ and second, the ‘entrepreneurial elements’. The relevant literature under each of these elements is discussed separately.

2.3.1.1 The Social Element

I observed across the literature that despite the diverse range of usage of the term ‘social entrepreneurship’, there has been consensus on its central issue of social mission or social value creation (Dees 1998; Dees et al. 2001; Austin et al. 2006a, b; Dorado 2006; Elkington and Hartigan 2008). Opportunities are sought to solve social problems or to meet social needs, thereby creating social change (Seelos and Mair 2005b; Mair and Marti 2006; Neck et al. 2008; Elkington and Hartigan 2008). Social entrepreneurs are recognised as change agents in the social sector (Dees 1998; Dees et al. 2001; Nicholls 2006; Elkington and Hartigan 2008). They are change agents in the sense that they aim at systematic solutions to societal problems. Social entrepreneurs have created models for efficiently catering to basic human needs that existing markets and institutions have failed to satisfy, and directly contributed to sustainable development (SD) goals Seelos and Mair 2005a).

It has been found that in achieving the goal of creating social change, social enterprises often face resistance from the broader community. For social entrepreneurs who seek to change the existing community practices, the difficulties in building legitimacy may pose a challenge that compromises their ability to create sustainable institutional change. In this context, case studies of social enterprises reveal that rhetorical strategy aims to overcome this barrier (Ruebottom 2011). The findings of this study suggest that the rhetorical strategy used by these enterprises casts the organisation as a protagonist and those that challenge the change as antagonists.
The rhetorical strategy weaves together these protagonist and antagonist themes to create tension and persuade the audience of the organisation’s legitimacy. This study throws light on a social entrepreneur’s strategy to persuade the audience for gaining the organisation’s legitimacy in order to achieve the goal of social change. However, little effort is devoted to studying the process through which social value gets created in SE to include questions such as how they achieve their social mission and whether the particular form and governance of social enterprise has an effect on social value creation. Further research is needed on these issues. The biggest challenge, however, is that the existing literature on SE does not clearly conceptualise ‘social value’. The understanding of the ‘value’ that social entrepreneurs bring to society remains fuzzy and perhaps even controversial (Auerswald 2009). Therefore, there is a need to develop a clear conceptual understanding of ‘social value’ in SE.

Of all the aspects, social mission is one of the most important criteria used to distinguish SE from commercial entrepreneurship (Dees 1998; Austin et al. 2006a, b; Dorado 2006; Neck et al. 2008; Trivedi and Stokols 2011; Gras and Lumpkin 2012). For example, Austin et al. (2006a, b) conceptualised SE as ‘innovative activities’ that create social value within or across government, business or non-profit sectors. They differentiated SE from commercial entrepreneurship based on four dimensions:

- Market failure: opportunity difference due to market failure.
- Mission: creating social value through asocial mission is essential to SE, while private gains are primarily the purpose of commercial entrepreneurship. This mission difference results in differences in management, motivation and tension between social and commercial activities.
- Resource mobilisation: use of different approaches in mobilising or managing financial and human resources. Social entrepreneurs rely more upon a range of funding sources including individual contributions, foundation grants, membership dues, user fees and government payments.
- Performance measurement: in commercial entrepreneurship, performance is typically measured in terms of financial performance, but performance measures for SE are less standardised and more idiosyncratic to the particular organisation. Performance measurement in social ventures complicates accountability and stakeholder relations.

These differences provide conceptual clarity on SE and based on these differences, the authors modified existing people, context, deal and opportunities (PCDO) framework of commercial entrepreneurship and proposed the ‘social entrepreneurship framework’, in which the centrality of social value creation and contextual factors (demographics, political and socio-cultural factors) have been emphasised.

Similarly, Dorado (2006) compared entrepreneurial ventures (EVs) and social entrepreneurial ventures (SEVs) based on three variables—opportunity definition, resource leverages and organisation building. She found that EVs and SEVs have many differences and therefore, suggested the addition of bridging profits and services to the list of factors that define the entrepreneurship process. Thus, SE
includes social purpose business ventures and enterprising non-profits. It was also observed that social entrepreneurs faced some distinctive challenges of the ‘double bottom line’ in the mission (Dees 1998). Inclusion of both, the commercial and social dimensions, could be a source of tension (Austin et al. 2006a, b). Social enterprises that blend the social and economic goals have the potential risk of ‘mission drift’ (Dorado 2006). In SE, the social mission is not overshadowed by profit maximisation (Mair and Marti 2006).

Trivedi and Stokols (2011) distinguished between social enterprises and commercial enterprises on these dimensions: (i) the purpose of their existence, (ii) the role of the entrepreneur during the lifecycle of the venture, (iii) the entrepreneur’s personality and leadership traits and (iv) the essential outcomes of the venture. Due to these differences, most of the findings on entrepreneurship may not be applicable to SE, and rigorous research is needed on SEVs separately, as emphasised by Dorado (2006).

In addition, the assessment of social impact that a social entrepreneur creates in a society is important for everyone, for the social entrepreneur himself/herself as well as the donor, funding agencies or grant makers. However, the measurement of effectiveness of these models is an issue of research (Piela 2009). In this context, it is unclear which timescales for social measurement are most appropriate (Nicholls 2005). Further, the contextual differences and different working strategies of entrepreneurs make it more complex to develop a standardised tool to assess the impact that social entrepreneurs create in the society. This is the reason that a comparable standard for social impact accounting does not yet exist (Clark et al. 2003). In addition, there are different and contradictory views on the issue of methods/tools used for the assessment of social impact. A few such as the founder of the Robert Enterprise Development Fund (REDF),1 who created the ‘Social Return on Investment’ (SROI) framework for quantifying and monetising social value creation, mentioned that the social impact of social enterprises could be fully measured quantitatively. On the other hand, some researchers believe that only numbers are not sufficient to capture the impact of social enterprises (Ashoka 2006; Achleitner et al. 2009). For this reason, they suggest the use of qualitative methods of data collection such as interviews, case studies and observation for an in-depth understanding of social impact. Though it is possible to measure some of the outcomes with numbers, many long-term effects need to be measured qualitatively. The review of literature shows that though several methods (both qualitative and quantitative) of social impact assessment are available, there is a lack of an integrated, simple and practical method of evaluation/assessment of impact that social entrepreneurs create in the society. It is also not clear from the literature whether social entrepreneurs measure the impact or social value created by them, and if they measure, how they do so.

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1www.redf.org.
2.3.1.2 Entrepreneurial Elements

It has been found in the literature on SE that social entrepreneurs use a number of entrepreneurial activities such as opportunity identification, innovation in order to achieve their social mission (Nicholls 2006). The entrepreneurial elements included in existing SE literature are discussed below:

(a) Opportunity Identification and Exploitation

A large majority of the literature on SE—conceptual as well as empirical—focuses on opportunities for social mission (Dees et al. 2001; Hockerts 2006; Austin et al. 2006a, b; Elkington and Hartigan 2008; Zahra et al. 2008; Corner and Ho 2010). This discussion includes sources of opportunities, globalisation of social opportunities, types of social entrepreneurs (based on the differences in how they discover the opportunities) (Zahra et al. 2009), difference between SE and commercial entrepreneurship (Austin et al. 2006a, b) and empirical examination of the ways in which opportunities develop in SE (Corner and Ho 2010).

The three sources of entrepreneurial opportunities in social purpose business ventures are activism, self-help and philanthropy (Hockerts 2006). These opportunities are available in a variety of sectors such as demographic, financial, nutritional, resources, environmental, health, gender, educational, digital and security (Elkington and Hartigan 2008). Explaining the nature of opportunities in SE, Zahra et al. (2008) mention that social opportunities are global in nature and the multiplicity of five attributes of the behavioural theory of the firm—prevalence, relevance, urgency, accessibility and radicalness—highlights the complexity of social entrepreneurs’ decision-making processes and helps define social opportunities and the emergence of social enterprises, especially in the international context.

Taking theoretical inspiration from two contrasting theories of entrepreneurship—‘rational’/‘economic’ and ‘effectuation’—the findings of empirical examination about how opportunities develop in SE suggest that theory building for SE should consider the ‘collective entrepreneur’ (opportunities are developed by multiple actors) rather than individual entrepreneur. This is a more complex and messy process as compared to commercial entrepreneurship. In contrast to commercial entrepreneurship, SE is a mix of effectuation and rational/economic elements (Corner and Ho 2010). According to this ‘rational’/‘economic’ approach, the entrepreneur addressing a social issue begins with a desired outcome in mind, a particular kind of social enterprise, and then assembles the resources necessary to achieve that particular outcome. This ‘rational’/‘economic’ view is reflected perfectly in the SE literature when scholars question if opportunities are found. This is because ‘found’ or ‘discovered’ opportunities exist independently of prospective entrepreneurs who are waiting to be noticed and exploited. The ‘rational’/‘economic’ (Alvarez and Barney 2007) view sees opportunities as objective phenomena with an existence independent of human perception waiting to be discovered or noticed by alert individuals. On the other hand, more recently, ‘effectuation’ (Sarasvathy 2001) emerged as an alternative to the ‘rational’/‘economic’ model, which considers entrepreneurship as a series of decisions made in the absence of any structure that would make normative techniques possible, decisions such as
how and who to hire for an organisation that does not yet exist. According to the ‘effectuation’ approach, an entrepreneur begins not with a precise product, service or venture in mind, but with a set of means that can be used to address a good idea, and these means are idiosyncratic to the entrepreneur and encompass his or her skills, resources and people who could help address the area of interest.

Recognising the differences in how social entrepreneurs discover opportunities (search processes), view their missions, acquire resources and address social ills, Zahra et al. (2009) identified three types of social entrepreneurs. First, ‘Social Bricoleurs’ usually focus on discovering and addressing small-scale local social needs. Second, ‘Social Constructionists’ typically exploit opportunities and market failures by filling gaps to underserved clients in order to introduce reforms and innovations to the broader social system. Third, ‘Social Engineers’ recognise systemic problems within existing social structures and address them by introducing revolutionary change. Kitzi (2001) believed that opportunity recognition is a skill, not a character trait and the ability to recognise and then pursue opportunities is a critical skill for success in the world of non-profit organisations. However, the study of Weerawardena and Mort (2006) does not identify opportunity recognition as a distinct dimension of the SE construct because it is embedded in the sustainability dimension. Due to this contradictory finding, further research is sought for clarification on this issue.

(b) Resource Mobilisation Not only opportunity identification, resource mobilisation is also an area which has gained the attention of scholars in SE. Mobilising resources is not only about building cash or assets, but it is also about building capabilities to deliver on the mission (Dees et al. 2001). Several studies (Meyskens et al. 2010; Domenico et al. 2010; Desa 2011) have been done to explore resource mobilisation in SE. In an attempt to build theory in SE, Domenico et al. (2010) identified three more constructs—social value creation, stakeholder participation and persuasion—in their study of how social entrepreneurs acquire resources in a resource-scarce environment, apart from finding three key constructs of theory of ‘bricolage’, i.e. making do, a refusal to be constrained by limitations and improvisation. Based on the findings of the study, they proposed an extended theoretical framework of ‘Social Bricolage’ for SE, which is distinct from other forms of ‘bricolage’. In this way, ‘Social Bricolage is a process that involves making do, the refusal to be constrained by limitations, improvisation, social value creation, stakeholder participation and persuasion’ (p. 698). Though, a few previous studies, such as the study done by Zahra et al. (2009), have also adopted this theoretical lens to study SE, but in their study, bricolage was just among one of the other theories used in the study. In a multilevel mixed methodology and institutional theory-based study in the context of international entrepreneurship (Desa 2011), it has been found that social entrepreneurs confronted with institutional constraints engage in bricolage to reconfigure existing resources at hand. In the process, bricolage can act as a legitimating mechanism for institutional change. In other words, resource mobilisation through bricolage acts as a process of legitimisation, which allows the social venture to gain access to institutional support. Meyskens et al. (2010) used resource-based view (RBV) perspective from commercial entrepreneurship to study
social ventures and found that social entrepreneurs rely on resources as part of their value creation process. Statistically significant relationships were found among measures of partnerships, financial capital, innovativeness, organisational structure and knowledge transferability. These findings suggest that social entrepreneurs, when viewed through a resource-based lens, demonstrate similar internal operational processes in utilising resource bundles as commercial entrepreneurs.

Literature on SE (Korosec and Berman 2006; Wei-Skillern et al. 2007; Domenico et al. 2009) emphasised the importance of partnership and collaboration for access of resources in the process of social value creation. Here, it is important to distinguish between what something is (a partnership) and what one does (collaborate or to work together in a joined-up way). Carnwell and Carson (no date) defined a ‘partnership’ as ‘a shared commitment, where all partners have a right and an obligation to participate and will be affected equally by the benefits and disadvantages arising from the partnership’ (p. 7), and mentioned that a common language of ‘working together’ and ‘breaking down barriers’ draws together the two concepts of partnership and collaboration. Similar to partnership and collaboration, social capital (Hasan 2005; Onyx and Leonard 2010; Westlund and Gawell 2012) has also been emphasised for resource mobilisation in SE.

It has been observed that different theoretical lenses have been used to study resource mobilisation in SE. These are the theory of bricolage, institutional theory and RBV. In addition, an opportunity-focused research has been going on in SE; the theory of ‘effectuation’ has been used in the context of resource mobilisation in SE (Corner and Ho 2010). It is concluded that though a variety of theoretical perspectives have been used to study the same component of SE, the number of empirical studies is so limited in this emergent field that saturation in findings hardly appears in SE research. Each perspective highlights some new and important aspect of SE.

(c) Innovation  
The review of literature showed that despite being recognised as the important entrepreneurial elements of SE, little effort has been devoted to study innovation. Innovation is a tool, through which entrepreneur exploit opportunity (Drucker 1986). It is observed that in most of the definitions of SE (Dees 1998; Dees et al. 2001; Mair and Marti 2006; Austin et al. 2006a, b; www.skollfoundation.org; www.ashoka.org; Weerawardena and Mort 2006; Elkington and Hartigan 2008) also include innovation to create social value in the SE process. However, a few studies are available as exceptions; for example, the study done by Koc and Yavuz (no date) on relationship between entrepreneurial competencies and innovative behaviours of social entrepreneurs, in which they found that there is high-rated linear and positive correlation between entrepreneurial competencies and individual innovative behaviours. In addition, high education level and having someone with experience in the SE field in the family affects individuals positively to become a social entrepreneur, but more effort is needed to build a SE-related innovation theory (Short et al. 2009). Social entrepreneurs show entrepreneurial behaviour (Dees 1998), but it is not clear from the literature whether innovative idea is essential for social entrepreneurs to create social value, or it can be created with
existing and old ideas too. Further clarification is required on the importance of the use of innovation in the SE process.

\(d\) Risk-Taking Similarly, risk in SE emerged as also an underexplored area of research. Though initially, it has not been recognised as an important aspect of SE, but the notion of risk has been included in SE by many scholars (Brinckerhoff 2000; Dees et al. 2001; Mort et al. 2003; Weerawardena and Mort 2006; Elkington and Hartigan 2008). Research on understanding risk in the context of SE is still lacking in the current literature. However, few studies captured the risk avenue of social entrepreneurs. As contrast to entrepreneurs of for-profit sector, Weerawardena and Mort (2006) found that social entrepreneurs’ behaviour in regard to risk is highly constrained by their primary objective of building a sustainable organisation. They are highly oriented towards effective risk management in sustaining the organisation. ‘An empirical examination of the risk tendencies of social entrepreneurs could shed light on the SE phenomena and potential highlight whether differences exist in the risk propensities of social and commercial entrepreneurs’ (Short et al. 2009, p. 177). On the other hand, contradictory to this finding, Vasakarla (2008) found that social entrepreneurs are high-risk takers. Due to this contradiction in SE risk-related finding, I suggest further exploration of risk tendencies of social entrepreneurs.

\(e\) Context In SE research, the importance of ‘context’ has been emphasised by scholars (Mair and Marti 2006; Austin et al. 2006a, b; Weerawardena and Mort 2006; Dorado 2006; Trivedi 2010). SE is a process resulting from the continuous interaction between social entrepreneurs and the context in which they and their activities are embedded (Mair and Marti 2006). Therefore, in the social sector, contextual factors (the macro-economy, tax and regulatory factors and the sociopolitical environment) are equally important as those in the commercial sector (Austin et al. 2006a, b). In the multidimensional model of SE, social value creation is constrained by three factors—desire to achieve the social mission and the need to build a sustainable organisation and concurrent requirements of the environment or environmental dynamics (Weerawardena and Mort 2006). It has been observed that little exploration has been done to study various contextual factors, which influence SE, such as the nature of these contextual factors and how they influence the process of SE. However, few recent studies focused on exploring the effect of contextual or environmental factors on SE. For example, Urbano et al. (2010) analysed how these factors affect both the emergence and the implementation of SE in the highly entrepreneurial Spanish region of Catalonia and found that both informal (social values, entrepreneurial and social attitudes, and social network) and formal institutions (support mechanisms) are important to the generation of SE in Catalonia, but informal institutions have greater importance than formal institutions due to the fact that they affect not only the implementation of SE, but also their emergence. Hill et al. (2010) also observed a neglected aspect of social context that frames the process and contextual path-dependent dynamics that guide its evolution in the review of SE literature. Seelos et al. (2010) provided a framework for understanding how differences in local institutional contexts might influence SE initiatives. In the context of entrepreneurship too, several scholars (Thornton 1999;
Zafirovski (1999) emphasised on sociological theories or frameworks to understand entrepreneurship. However, until recently the supply-side perspective, which focuses on the individual traits of entrepreneurs, has been the dominant school of research, and newer work from the demand-side perspective has focused on the context in which entrepreneurship occurs (Thornton 1999).

(f) Capabilities of Social Entrepreneurs and ‘Capability Approach’ Different from these approaches, Yujuico (2008) proposes Sen’s ‘capability approach’ as a unifying theoretical framework in comprehending the concept of SE. Rather than trait or characteristic, the capabilities of a social entrepreneur are emphasised, and it is mentioned that the capability approach is useful in evaluating and then linking the causal, motivational, behavioural and directive dimensions of SE. According to Sen, ‘ultimately, what is important is not so much a matter of having but rather what one is capable of being or doing (capabilities) and actually being or doing (functioning)’ (as cited in Yujuico 2008, p. 500). Yujuico (2008) mentions that social entrepreneurs may utilise five capitals—natural, human, social, physical and financial—to create social value. Social entrepreneurs engage in bricolage, i.e. making the best of available resources by combining them in novel ways to solve the problems. Their creativity comes into play, when they combine these resources—natural, human, social, physical and financial—to address social problems (ibid.).

The available evidence from exemplary social entrepreneurs also suggests that success depends less upon personality than it does on teachable skills, such as the ability to activate the public, raise capital, negotiate results and manage the difficult transitions involved in taking an organisation from its initial start-up phase to maturity (Light 2006). Emphasising the importance of social entrepreneurs’ capability and creativity in mobilising resources, Dees (2001) also mentioned that social entrepreneurs must be able to do more with less, and persuade others to provide resources on favourable terms. Money is only a means to an end. It is only a tool that helps social entrepreneurs develop the capabilities needed to create social value, the heart of the social mission. These social value-producing capabilities are a function of many factors. A few of the intangible factors needed for success are skills, relationships, knowledge, integrity and reputations. Every social entrepreneur starts with a stock of intangible resources, such as an idea, relevant knowledge, experience, relationships, reputation, passion and commitment. These resources are used to attract money and other resources are needed to start the venture. Money can help in attracting people with skills, knowledge, reputations and relationships, but it cannot ensure effective and creative employment of human capital. A shared commitment to social mission can be much more important than the money in motivating the team to produce desired results. Though Yujuico (2008) proposed the ‘capabilities approach’ for SE, it has limited application in understanding the capabilities of social entrepreneurs.

In the context of disadvantaged and marginalised people, Sen (2008a, b, 2010) mentioned that capability is more about freedom to achieve their well-being. Sen (2010) viewed ‘development’ as an expansion of real freedom that people enjoy and ‘capability’ also reflects a kind of freedom. However, often this freedom is constrained for some people due to socially imposed constraints or by circumstances.
It restricts their access to basic entitlements available in different spaces, such as political (in the form of free speech and election), economic (in the form of opportunity to participate in trade and production), social (in the form of education and health facilities). Each of these types of freedom helps to advance the general capability of a person. They are interconnected with one another and complement each other (ibid.). In this sense, social entrepreneurs work for social well-being by helping marginalised or disadvantaged people enhance their capabilities so that they can access their basic rights or entitlements (such as health and education) in different spaces and thus contribute to human development. The impact on beneficiaries can be evaluated in terms of changes in their capabilities and access to their basic rights to live. In fact, Nussbaum’s list of capabilities is well suited for a more comprehensive evaluative framework (Ziegler 2010). Ansari et al. (2012) have already used Amartya Sen’s capability approach, along with social capital to develop the framework for understanding the societal impact of business-driven ventures in the bottom of the pyramid (BoP) and empowering BoP communities through these ventures. They argued that any business initiative in the BoP ought to be evaluated on the basis of whether it advances capability transfer and retention by (a) enhancing the social capital between a particular community and other more resource-rich networks and (b) preserving the existing social capital in the community. Thus, the capability approach (Sen 2010) is very useful in the context of beneficiaries, but not in the context of social entrepreneurs. Ziegler (2010) mentioned that capability combinations for beneficiaries do not just happen; they have to be established, but ‘One weakness of the capability approach as an explanatory approach is the often-limited attention to actors of human development’ (Ziegler 2010, p. 267). It is not sufficient to explain the capabilities of social entrepreneurs (actors), with which they establish different capability combinations for people, so that they can access their basic entitlements or rights.

The literature shows that little effort has been made to examine the capabilities of social entrepreneurs empirically. However, articles of some of the scholars provide information on needed capabilities for social entrepreneurs indirectly. Even, funders want to invest in social entrepreneurs, who have demonstrated the ability to create change and possess other important factors such as financial, strategic, managerial and innovative abilities (Kramer 2005). Similar observation was made by Miller and Wesley (2010). They found that social sector criteria—social mission of the organisation, social entrepreneurs’ passion for social change and community-based social network—are important predictors of the probability of venture effectiveness as judged by social venture capitalists. Among entrepreneurial sector criteria, the venture’s innovative capabilities, the business/management experience of the entrepreneur, the education level of the social entrepreneur and the methodology used to measure the social venture’s performance are included because these are strongly associated with the probability of venture effectiveness in view of social venture capitalists. However, the funders’ perspective cannot be the basis of making a list of needed capabilities for social entrepreneurs, but it reflects on the capabilities needed to perform both the functions—achievement of social mission and entrepreneurial functions.
Throughout the literature review, I observed that the SE literature has generally focused on the individual entrepreneur or the founding entrepreneurs and ignored the contribution of the entrepreneurial team or others in the success of the organisation, although some scholars (Peredo and McLean 2006; Sharir and Lerner 2006; Corner and Ho 2010) emphasised the group potential of SE. Peredo and McLean (2006) developed the definition of SE based on CBE. One of the examples of CBE is Mondragon Corporation Cooperative in Spain (Morrison 1991; Clamp and Alhamis 2010), where SE is not the sole domain of the individual but represents a team or a group of people or collective effort. Haugh (2007) also studied the process of community-led non-profit social venture creation and found five critical stages in this process, which were opportunity identification, idea articulation, idea ownership, stakeholder mobilisation, opportunity exploitation and stakeholder reflection. Maclean et al. (2012) highlighted the importance of community engagement on the part of social innovators, and the power of self-organisation by actors committed to the locality in their study. Corner and Ho (2010) also found a collective action pattern in their study of social enterprises and suggested that the individual entrepreneur as the sole developer of opportunities needs to be questioned seriously in future research, and the focus of SE should be broadened while building theory to include collective entrepreneurship.

I also identified a clear shift from the ‘great man approach’ (Dees 1998), ‘trait-based approach’ (Bornstein 2005) and ‘leadership approach’ (Leadbeater 1997) to a behaviour-based approach (Mort et al. 2003; Weerawardena and Mort 2006; Zahra et al. 2008; Murphy and Coombes 2009) in SE research. The approaches of ‘trait’, ‘great man’ and ‘leadership’ focus on traits and personality characteristic/qualities of social entrepreneurs, and the presented social entrepreneur is different from the common man. On the other hand, the ‘behavioural approach’ focuses on the process of creation of the organisation (social enterprise) by a social entrepreneur to achieve his/her social mission. Here, importance is given to the organisation (social enterprise) created by social entrepreneur. However, it has often been found that social entrepreneurs do not even need any organisation to serve their social mission. As a contrast to the traditional entrepreneur, the motivation of the social entrepreneur is not the creation of an organisation, but the creation of a path defined so that participants can alleviate a complex social problem (Dorado 2006), because creating social change is the most important goal for the social entrepreneurs. Martin and Osberg have clearly mentioned, ‘Social activists may or may not create ventures or organisations to advance the changes they seek’ (2007, p. 38).

2.3.2 Methodological Issues

In SE research, conceptual papers dominate and empirical articles are largely reliant on the case study method with poor construct measurement; this provides further evidence that the field of SE is still in an embryonic state (Short et al. 2009). Like
any other emergent field of research, the field of SE also does not have any clear theory of its own, and ‘Social entrepreneurship research is still in search of compelling theoretical foundations’ (Nicholls and Cho 2006, p. 115). Nicholls (2010) conceptualised SE as a field of action that lacks an established epistemology. Following Khun, he mentioned that it is currently in a pre-paradigmatic state, and it has yet to achieve its legitimacy as a domain, and suggests that the paradigm of SE can only establish its legitimacy by means of further academic work focused on rigorous theory building and careful empirical testing.

2.3 Critical Review of Social Entrepreneurship Literature

2.3.2 Using Case Studies and Grounded Theory Approaches, or Borrowing Theories from Other Disciplines

I have observed that due to the lack of its own theory, most of the researchers have used either case studies and grounded theory approaches (Weerawardena and Mort 2006; Brouard et al. 2008) towards developing a new theory, or borrowed theoretical framework from other disciplines and applied, modified and extended it (Austin et al. 2006a, b; Tracey and Jarvis 2007; Domenico et al. 2010; Corner and Ho 2010) in the context of SE research. For example, two main theories, ‘resource scarcity theory’ and ‘agency theory’, used to understand business format franchising have been used in the context of social ventures, leading to the development of a new theory of social venture franchising, showing how the success factors for social venture franchises are both similar to and different from business franchises (Tracey and Jarvis 2007).

A wide range of theoretical approaches have been used in the field of SE. Some of these are institutional theory (Dart 2004; Nicholls 2010; Desa 2011; Ruebottom 2011), structuration theory, social capital (Hasan 2005) and social movements (Mair and Marti 2006), and social network theory (Peredo and Chrisman 2006), communitarian perspective (Ridley-Duff 2007), institutional perspective (Urbano et al. 2010), dynamical social psychology (Praszkier et al. 2010), bricolage (Zahra et al. 2009; Domenico et al. 2010), theoretical inspiration from the work of Hayak, Kirzer and Schumpeter (Zahra et al. 2009), capability approach (Yujuico 2008), Competency approach (Koc and Yavuz no date), behavioural theory (Zahra et al. 2008), entrepreneurship as a process, focusing on opportunity identification (Hockerts 2006), PCDO (the people, the context, the deal and the opportunity) framework (Austin et al. 2006a, b), entrepreneurship as a process of creating new organisation (Dorado 2006), rational economic and effectuation theory (Corner and Ho 2010), organisational identity theory (Miller and Wesley 2010; Moss et al. 2010), resource scarcity theory and agency theory (Tracey and Jarvis 2007), RBV (Meyskens et al. 2010), building legitimacy through rhetoric (Ruebottom 2011). In SE research, the role of embeddedness has been emphasised (Mair and Marti 2006; Peredo and Chrisman 2006; Kistruck and Beamish 2010).

Earlier, it was observed by Short et al. (2009) that management theories were absent from SE research. However, in recent years a lot of entrepreneurship theories and management theories have been used in SE research, such as the use of
‘resource-based view’ in the study of Meyskens et al. (2010). Short et al. (2009) also identified the absence of empirical study examining directly the EO in SE. This research gap in SE is bridged by a recent quantitative study of dual identities of social ventures (for-profit as well as not-for-profit) conducted by Moss et al. (2010), in which five EO dimensions (autonomy, competitive aggressiveness, innovativeness, proactiveness and risk-taking) have been used to analyse mission statements of the sample of FastCompany and Skoll ventures to determine the extent to which the ventures manifest a utilitarian or entrepreneurial identity. The findings demonstrate that these externally recognised social ventures do exhibit dual identities—a utilitarian organisational identity (i.e. entrepreneurial and product-oriented) and a normative organisational identity (i.e. social and people-oriented). Further, when compared with the mission statements of other high-performing entrepreneurial enterprises culled from the Inc. 500, the post hoc analysis suggests that social ventures manifest a greater normative identity and an equivalent utilitarian identity.

The above discussion reflects that a lot of established theories of entrepreneurship (borrowed from multidisciplines) have been used in the research of SE, which has provided valuable insights on the topic.

2.3.2.2 Lack of Large Sample Empirical Studies

I observed that SE research lacks large sample empirical study, except a few quantitative studies (Meyskens et al. 2010; Miller and Wesley 2010; Moss et al. 2010). Though the case studies are valuable, particularly, in developing and refining theory in the early stages of inquiry (Eisenhardt 1989), the development of hypotheses and testing with a large sample is necessary for the development and maturity of the field of SE (Short et al. 2009).

2.3.2.3 Using Multilevel Mixed Methods

However, in the recent few initiatives, researchers (Neck et al. 2008; Brouard et al. 2008; Desa 2011) have used multilevel mixed methods in their studies. They first used the grounded theory approach to develop hypotheses and then tested these hypotheses with a quantitative method with a structured questionnaire or with qualitative methods.

2.3.2.4 Developing Typology for Theory Building in Social Entrepreneurship

The literature reflects that the development of typology has also been identified as an important step towards theory building in SE. Following this root, a lot of typologies have been developed by scholars (Brouard et al. 2008; Neck et al. 2008; Zahra et al. 2009) in SE research. However, it has been observed that different
scholars developed typologies based on different dimensions for social entrepre-
nurs or the organisations created by them. For example, on the one hand, Brouard
et al. (2008) identified three major dimensions of typology: (a) extent of financial
self-sufficiency, (b) extent of innovation and (c) extent of social transformation, and
developed different types of social enterprises. They mentioned that social enter-
tprises may be either high or low in each dimension. Neck et al. (2008) developed a
typology of EVs based on two dimensions: the social mission and the outcome
(primary market impact). They categorised all the EVs into five categories: first,
social purpose venture (founded on the premise that social problems will be solved,
but the venture is for-profit and the impact on the market is typically perceived as
economic); second, traditional ventures (focused primarily on the economic mission
and the economic impact); third, social consequence ventures (similar to traditional
ventures, except that many of their practices have social outcomes, for example
CSR); and fourth, enterprising non-profits (focus on growth and economic sus-
tainability, include earned income strategies of non-profits and may be funded by
venture philanthropists). Finally, the hybrid form, which has a combination of
behaviours and characteristics found in more than one type, can also be used. On
the other hand, Zahra et al. (2009) identified three types of social entrepreneurs,
based on how they discover opportunities. The identified typology is: first, ‘Social
Bricoleurs’, second, ‘Social Constructionists’ and third, ‘Social Engineers’ (these
typologies have already been described in the previous section).

In the context of methodology, I argue that before advancing towards theory
building or hypotheses testing with a large sample in a quantitative study for the
maturity of the field of SE, it is necessary to check whether all the elements of SE
have been well researched and included in the construct at the preliminary stage
itself for the purpose of theory development or hypotheses development. SE is a
context-based phenomenon. ‘Context’ is one of the most important elements in SE,
which influences SE greatly. Though scholars have emphasised its importance in
SE, but the literature shows that little attention has been given to empirical
examination of contextual factors in the study of SE. For the empirical examination
of context-based phenomenon in an emergent field, case study is a useful tool for
theory development at the initial stage.

2.4 Summary of Review of Literature and Research Gaps

I conclude that SE has attracted the attention of researchers because of its ability to
create new solutions to societal problems. Social entrepreneurs are recognised as
agents of change, because they create social value and bring about social change
while solving social problems. The review of literature reflects the existence of
conceptual differences in the SE literature. However, there is consensus on its
primary focus of social mission and social value creation. SE is a combination of
entrepreneurship and social mission, because social entrepreneurs exhibit entre-
preneurial behaviour (innovativeness, opportunity exploitation and resource
mobilisation) to create social value and bring about social change within a context. Most of the previous research has been mostly focused on opportunity identification and exploitation, and resource mobilisation. The study of innovation has been ignored in the existing SE research. The literature also does not clarify whether the entrepreneurial element ‘innovation’ is essential to create social value in SE, or social value can be created with the existing and older approaches too. It also shows that the current literature lacks the understanding of risk in the context of SE. Though the importance of ‘context’ has been emphasised by the scholars, little exploration has been done to study the contextual factor, which influences SE, for example: what are the contextual factors and how they influence the process of SE? Similarly, the capability of the social entrepreneur has been emphasised in the process of social value creation, but the literature shows that there is lack of empirical studies on the capabilities of social entrepreneurs. At the same time, the need for considering the contribution of collective actors, team or group in the process of social value creation has been emphasised in the SE literature. Few studies have focused on the collective efforts in SE. The most striking is that despite being recognised as a primary objective of SE, little effort has been devoted to study social value creation in SE, in particular, the process of creating social value in SE: how do social entrepreneurs achieve social mission? Does the particular form and governance of social enterprise have an effect on social value creation? Little is known about how social entrepreneurs create social value. In fact, the concept of social value itself is not clear in SE literature. Many of the questions related to social value creation remain unanswered. The critique of SE literature and the identified research gaps helped me in framing my research questions (Chap. 1, Introduction) and address the gap in the existing literature on SE. Other above-mentioned research gaps provide future scope for studies in SE.

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