Schools of Thought in the Field of Social Entrepreneurship

Cris Bravo

Abstract—Social entrepreneurship is a new and exciting topic that holds a great promise in helping alleviate the social problems of the world. As a new subject, the meaning of the term is too broad and this is counterproductive in trying to build understanding around the concept. The purpose of this study is to identify and compare the elements of social entrepreneurship as defined by seven international organizations leading social entrepreneurship projects: Ashoka Foundation, Skoll Foundation, Schwab Foundation and Yunus Center; as well as from three other institutions fostering social entrepreneurship: Global Social Benefit Institute, BRAC University, and Socialab. The study used document analysis from Skoll Foundation, Schwab Foundation, Yunus Center and Ashoka Foundation; and open ended interview to experts from the Global Social Benefit Institute at Santa Clara University in United States, BRAC University from Bangladesh, and Socialab from Argentina. The study identified three clearly differentiated schools of thought, based on their views on revenue, scalability, replicability and geographic location. While this study is by no means exhaustive, it provides an indication of the patterns of ideas fostered by important players in the field. By clearly identifying the similarities and differences in the concept of social entrepreneurship, research and practitioners are better equipped to build on the subject, and to promote more adequate and accurate social policies to foster the development of social entrepreneurship.

Keywords—Replicability, revenue, scalability, schools of thought, social entrepreneurship.

I. BACKGROUND TO THE STUDY

The concept of social entrepreneurship is of great interest to governments, non-governmental organizations, and corporations because it brings to the table a possibility of solving social problems that affect our society, that none of the previously mentioned sectors have been able to resolve with the established standard operating procedures. A review of the literature shows that there is no one single accepted definition, nor a theoretical framework, for the concept of social entrepreneurship [1]-[4]. A simple search using the keywords social entrepreneurship delivers over 18,800,000 pieces of data on Google, over 784,000 articles on Google Scholar, and over 200,000 articles on EBSCO Host. Under this broad concept, without further specifications, many activities might be considered to be social entrepreneurship. The list of activities, for example, could include philanthropy, charity, corporate social responsibility, and for-profit-ventures; even some government actions could be classified as social entrepreneurship when the definition of the term is so vague and ill-defined.

A. Purpose

As a result of not having a widely accepted definition, the field of social entrepreneurship lacks rigorous theoretical frameworks, complicating the development of the concept for academic, research, and policy making purposes.

With many sectors attempting to foster social entrepreneurship, it is important to identify the different proposals of what social entrepreneurship may be, so that scholars and practitioners can continue to build on agreed principles [5] that will help the field expand, and truly fulfill its promise of building a more equitable society. Furthermore, clarifying the definition fulfills two other objectives: Practitioners will be able to evaluate the efficiency and effectiveness of social businesses, and policy makers will be able to adequate legislation and social policies to foster the development of social entrepreneurship [6]. This research considers the discourse of seven large and small organizations that work on disseminating and applying the concept of social entrepreneurship. The purpose of this study is to draw out how certain schools of thought are defined in the practice of social entrepreneurship, with the objective of aiding in a solid construction of the field, facilitating the teaching and the application of the concept.

B. Research Questions

The study attempted to answer the following questions:
1. How do the main social entrepreneurship foundations conceptualize and define social entrepreneurship?
2. How do practitioners of social entrepreneurship conceptualize and define social entrepreneurship?
3. What are the specific aspects in which social entrepreneurship definitions differ? Can specific school of thought be identified?
4. How does the geographical location of the organizations affect their definition of social entrepreneurship?
5. What implications do the different definitions of social entrepreneurship have on the teaching and practice of this field?

C. Background Information on Social Entrepreneurship

In general terms, an entrepreneur in the business world identifies a gap in the market and designs a product or service to close the gap, in a profitable manner. A social entrepreneur does the same task as an entrepreneur in business, except that the gap the social entrepreneur tries to solve is a social

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problem; this is the sole point of coincidence among the many definitions of the concept.

Dees and Anderson [7], Defourny and Nyssens [8], Hoogendoorn et al. [9] and Nicholls [3] attempt to study the concept differences found in the literature. Dees and Anderson [7] identify two schools of thought based on perspectives, priorities and values: School of Social Enterprise and School of Innovation. The School of Social Enterprise considers that a social entrepreneur is the person that organizes and operates a business that supports a social objective, whether the business makes a profit or not. The School of Innovation considers the social entrepreneurs as a person that revolutionizes the patterns of social value creation. Defourny and Nyssens [8] identify some differences in the concepts of social entrepreneurship as understood in United States and in Europe. They identify a School of Generated Income, the School of Social Innovation, and the European EMES School; the authors identify differences in: production of goods and services, economic risk, and governance. They establish that both the School of Generated Income and the School of Social Innovation belong to the School of Social Entrepreneurship of United States. Hoogendoorn et al. [9] studied 31 empirical research on the topic, and they identify four schools of thought: The Social Enterprise School of Thought, the Social Innovation School of Thought, the Emergence of Social Enterprise School EMES, and the United Kingdom School of Thought. Hoogendoorn [9] identifies in the legal structure, innovation, profit distribution, income and governance. It is important to note that Hoogendoorn’s [9] findings are based on empirical work, and that the connection between practice and theory allows the field for theory development [10].

In the following section, the study will describe the general characteristics of the organizations studied. Four important foundations have been influential in popularizing the notion of social entrepreneurship. The Ashoka Foundation, the Skoll Foundation, the Schwab Foundation, and the Yunus Center. These four powerful organizations work towards the dissemination of social entrepreneurship around the world, but with different definitions and expectations.

1. Ashoka Foundation

The Ashoka Foundation aims to support the effort of social entrepreneurs in solving social problems. It was founded in 1980 by Bill Drayton, and self-defines as a support network for social entrepreneurship with more than 3,000 members, with physical presence in 30 countries, and with projects in over 70 countries. Ashoka operationalizes its mission through the critical intervention in three levels: personal, group, and sector [11].

2. Skoll Foundation

The Skoll Foundation promotes large scale social change through the investment in social entrepreneurship projects that are already working. Founded in 1999 by Jeff Skoll, this foundation is among the largest foundations in the social entrepreneurship field, having invested over $500 million dollars around the globe [12].

3. Schwab Foundation

The Schwab Foundation promotes the advancing of social entrepreneurship as a catalyzer for social change and innovation. Founded in 1998 by Karl Schwab, the foundation specifically defines the social entrepreneur as a visionary leader that accomplishes large scale social change through innovative, sustainable and large scope projects. The Schwab Foundation does not invest, nor grants money to social enterprises [13].

4. Yunus Center

The Yunus Center was created in 2002 by Muhammad Yunus. The aim of the center is to promote the creation of social businesses. Social businesses are defined as financially sustainable organizations, that do not give dividends to their shareholders, and that are dedicated to achieve a social goal [14].

The study consulted with three academics and experts in social entrepreneurship that also teach social entrepreneurship in higher education. Each one of the consulted experts work in the teaching and practice of social entrepreneurship, and are indirectly associated with one of the four foundations mentioned above.

5. Global Social Benefit Institute

The Global Social Benefit Institute (GSBI) is an initiative of the Miller Center for Social Entrepreneurship located in Santa Clara University in Silicon Valley, California. The mission of the institute is to help social businesses grow through a specific methodology that pairs the social entrepreneur with a Silicon Valley mentor. GSBI has worked with over 420 social businesses in more than 60 countries, and has a team of 88 Silicon Valley mentors [15].

6. BRAC University

BRAC University is an initiative of the Building Resources Across Communities Foundation; it was founded in 2001 by Fazle Hasan Abed, and it focuses on promoting the commitment of work for the development and progress of Bangladesh. Their Center for Entrepreneurship Development started operating in 2001, and fosters entrepreneurship and social entrepreneurship [16].

7. Socialab

Socialab is a not for profit, non-governmental organization that supports initiatives that promote positive social impact. It was founded in 2008, and has offices in Argentina, Chile, Colombia, Mexico and Uruguay. Socialab supports social entrepreneurs in the initial stage of the ventures [17].

II. METHODOLOGY

The research methodology was qualitative, and if focused on document analysis of four international organizations that work on the promotion of social entrepreneurship, three international smaller organizations that work on the implementation of social entrepreneurship projects, and on interviews to three academic-practitioners of social entrepreneurship.
A. Sample Selection

The population include all organizations that promote social entrepreneurship in the world, and all the academic-practitioners that collaborate with these organizations developing social entrepreneurship projects and teaching social entrepreneurship in higher education. The sample is nonrandom and purposeful. The four large organizations were selected due to its notoriety in the literature [7]–[9]. The participants were selected using convenient sampling; each subject works in a smaller organization associated with one of the larger organization, and teach social entrepreneurship in a higher education institution.

B. Data Collection

Data was collected through: document analysis of official documents of the seven organizations, and interviews with academic-practitioners.

1. Analyzing Institutional Documents

The study analyzed the institutional documents of four organizations: Ashoka Foundation, Skoll Foundation, Schwab Foundation, and Yunus Center. The analyzed documents included annual reports, websites, and press releases; as well as interviews given by the CEOs and Presidents of the organizations. Specifically, the study compared: mission statements, approaches to fulfilling their mission, geographic location of the headquarters, geographic location of their projects, and characteristics of their projects. As suggested by Fitzgerald [18], documents provide valuable information about the context and culture of these institutions and frequently provide another window for the researcher to read between the lines of official discourse and then triangulate information through interviews, observations, and questionnaires.

Analyzing the documents allowed me to better understand the avenues taken by the organizations to reach to the definition of social entrepreneurship which they currently espouse and to compare the study findings from the interviews.

2. Interview Process

The questions were open-ended interviews to allow the experts to discuss what, for them, was most relevant about social entrepreneurship. A series of probes were used to guide the participants to answer questions that lead us to attend to the research questions. The interviewees were asked how they became involved with social entrepreneurship; they were asked to define social entrepreneurship and to compare and contrast their definitions to other definitions existing in the field; finally, they were asked how they suggest social entrepreneurship can be advanced in research and teaching at universities worldwide.

C. Data Analysis

The organizing and reporting of the data followed an analytical framework approach [19], in which the questions answered by the participants were be organized question by question, to facilitate comparison. The information obtained from the document analysis was also placed in this matrix. This option allowed the researcher to compare the specific answers and determine where the similarities and differences exist among the organizations. No software program for qualitative analysis was used in this study. The researcher used graphical instruments to aid in the understanding of the data: Excel worksheets, conceptual maps, and word clouds.

1. Coding

Coding creates the link between data and findings [20]. The themes that emerged were documented. The data was coded in order to facilitate the analysis; the codes were categorized, and themes emerged from the categories.

2. Graphical Representations

Two types of graphical representations were used in this study to aid the researcher understand the data: conceptual maps and word clouds.

Conceptual maps help identify the elements that are to be studied and their interrelationship [21]. The conceptual maps developed for the study show the most important graphical elements of each organization. The diagrams helped the study identify the narrative elements within the analytical framework; specifically, in showing the business model that each organization promotes.

Word clouds count the word frequency in a text, and then use a graphical representation to depict the frequency. This graphical aid helps the user to have a general idea of the most important concepts in a text [22]. Word clouds are being used as a preliminary tool for data analysis, and as a findings validation tool [22].

III. FINDINGS

The emergent topics allowed the study to find four categories: 1) Revenue: desired source of funds for the social entrepreneurship, 2) Scalability: desired size of the venture, 3) Replicability: ability of a project to be replicated in a different location or on a different market, and 4) Location: geographic location of the headquarters and projects.

Since social entrepreneurship is so broadly defined, the same idea may encompass: philanthropy, charity, government actions, corporate social responsibility, or social mission businesses; this situation difficult the production of theory, research, and policy promotion. The purpose of the study was to clearly identify the different schools of thoughts that exist among social entrepreneur practitioners, compare them and identify the possibilities of forging a single definition. The research questions were answered by performing an analysis of official documents of Ashoka Foundation, Skoll Foundation, Schwab Foundation, and Yunus Center and standardized open-ended interviews of three social entrepreneurship experts that work on centers that promote social entrepreneurship.

Based on the document analysis, Ashoka Foundation defines social entrepreneurship as the initiative started by a social entrepreneur, which brings an innovative solution to a social problem [11]. The initiative may be economic or non-economic. The Skoll Foundation defines social entrepreneurship as the activity that identifies a business
opportunity and develops a product or service that forges a new equilibrium; social entrepreneurship must be a large scale project [23]. The Schwab Foundation defines the social entrepreneur as a visionary leader that causes large scale social change through innovative, sustainable, large projects [13]. The Yunus Center focuses on social businesses, rather than social entrepreneurship. Yunus defines a social business as a social-objective project that operates as a commercial business, in a financially sustainable manner; the business does not depend on subsidies nor charity. For Yunus, scalability is desirable, but it is not mandatory [25].

While the organizations agree that the goal of social entrepreneurship is to solve social problems, specific and evident differences are revealed regarding income, replicability, scalability and geographic location.

A. Revenue

A social entrepreneurship may get the necessary funds by donors or by selling a product or service. If a social entrepreneurship receives the funding from donors, then it would operate similar to a not-for-profit organization; and if the social entrepreneurship generates its own revenue, then it would operate similar to a for-profit organization.

Both of the people interviewed from Global Social Benefit Institute and BRAC University agreed that revenue generation is a mandatory characteristic of social entrepreneurship; they both made the distinction between a social business and a charity. On the other hand, the representative of Socialab considered that while revenue helps the organization continue operations without interruptions, the goal of social entrepreneurship is to solve a social need, regardless of the means to achieve it. He commented:

“The important issue is the wellbeing of the people. In my opinion, if they are self-sustainable or not, or the legal form they use, is absolutely secondary” [25].

B. Scalability of Projects

Scalability refers to the ability of a project to increase in size of beneficiaries and/or in terms of revenue. Regarding scalability both representatives of Socialab and BRAC University agreed that scalability is desirable, but not mandatory on a project to be called social entrepreneurship. On the other hand, the representative of the Global Social Benefit Institute believes that scalability is a must. According to the Skoll Foundation, if a project is not scalable, then it is considered a social service provider, and not social entrepreneurship [24].

C. Replicability of Projects

Replicability refers to the ability of a project to be replicated in other geographical areas and/or in other markets. For BRAC University’s representative, every region is unique; therefore, they see the replicability of their projects only within the South Asia region. Socialab representative had a similar reaction when asked about the replicability of their current projects; he considers that the projects they develop may only be replicable in other Latin American countries, and still some adjustments would have to be made. GSBI’s representative considers that scalability, like replicability demonstrates a sound business model, which is a mandatory condition for social entrepreneurship, and that is what they promote at the Global Social Benefit Institute.

D. Geographic Location

During the interview, the participants were asked where their headquarters were located, and where did their organization conduct projects. BRAC University conducts projects mainly in Bangladesh, but they have also extended to South Asia. Socialab conducts projects mainly in Argentina; but Socialab has offices in other Latin American countries, like Chile, Colombia and Mexico. The Global Social Benefit Institute carries out projects in Africa and Latin America, but their headquarters are located in Santa Clara University, in Silicon Valley. For all three participants, the location of their headquarters have a direct impact on the way they carry out their projects.

For Socialab the fact that they are a Latin American organization directly impacts the fact that they attend only to Latin American problems, and should only focus in this region. Regarding this question, representative for Socialab commented:

“LatAm countries share many cultural and social characteristics, reason why all our offices are similar, and address similar social problems” [25].

A similar opinion was shared by BRAC University’s representative; he considered that being close to the beneficiaries of their projects in Bangladesh is what increases the chances of success for his organization. He commented:

“The education of the target consumers, their environment, the legal and cultural environment, makes a difference in terms of the approach we must take in our projects, closeness is essential” [26].

For the Global Social Benefit Institute, their geographic location is crucial, but for different reasons than the previous participants. For GSBI representative, the advantage of the Global Social Benefit Institute is its proximity to Silicon Valley. For the Global Social Benefit Institute, the geographic location impacts the way they deploy successful projects around the world:

“Our approach would not be as influenced by Silicon Valley Methodologies. We combine Silicon Valley acumen with a drive to eradicate poverty and support social entrepreneurs around the world” [27].

E. Schools of Thought

The study identified three schools of thought. The names of the schools are based on the suggestions provided by Hoogendoorn [9], but this study includes a different separation of the schools and their characteristics, plus an additional school. The three schools are: The Innovation School, the West Enterprise School, and the Asian Enterprise School. The Innovation School considers that all individuals who tackle social problems are social entrepreneurs. The Social Enterprise School of Thought (West and Asian) considers that the organization must produce revenue as part of its business
model, in order to be considered social entrepreneurship. This division of the West and Asian Social Enterprise School of Thought is the result of this study. The summary of the findings is depicted on Table I.

<table>
<thead>
<tr>
<th>School</th>
<th>Definition of Social Entrepreneurship</th>
<th>Characteristics of Social Entrepreneurship</th>
<th>Flagship Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation School of Thought</td>
<td>Individuals who tackle social problems.</td>
<td>Revenue, replicability and scalability are desirable, but not mandatory.</td>
<td>Ashoka Foundation</td>
</tr>
<tr>
<td>Social Enterprise School of Thought (West)</td>
<td>Nonprofit venture that generates income while serving a social mission.</td>
<td>Revenue, Replicability and Scalability are mandatory.</td>
<td>Yunus Center</td>
</tr>
<tr>
<td>Social Enterprise School of Thought (Asian)</td>
<td>Nonprofit venture that generates income while serving a social mission.</td>
<td>Revenue is mandatory. Replicability and scalability are desirable, but not mandatory.</td>
<td>Skoll Foundation and Schwab Foundation</td>
</tr>
</tbody>
</table>

IV. CONCLUSIONS

The field of social entrepreneurship has become a popular field of study for it promises to help alleviate the social problems of the world; however, a grand theory of social entrepreneurship has not been established yet. The vagueness of the concept causes difficulty in the creation of theory, the teaching and practice of the field, as well as the generation of policies for the development and promotion of the field. The objective of this study was to identify the main schools of thought that are available, compare them with what the practitioner organizations are doing in the field, and identify the different elements in their definition of the concept; all this with the aim of facilitating the teaching and practice of social entrepreneurship. The research questions were answered through document analysis of four main organizations leading social entrepreneurship projects: Ashoka Foundation, Skoll Foundation, Schwab Foundation and Yunus Center; as well as interview from three other institutions fostering social entrepreneurship: Global Social Benefit Institute, BRAC University, and Socialab.

The study attempted to answer the following questions:
1. How do the main social entrepreneurship foundations conceptualize and define social entrepreneurship?
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4. How does the geographical location of the organizations affect their definition of social entrepreneurship?
5. What implications do the different definitions of social entrepreneurship have on the teaching and practice of this field?

The organizations that work in the field of social entrepreneurship have different definitions of what constitute a social entrepreneur, specifically regarding the aspects of revenue, scalability and replicability. Three main schools of thought were identified: The Innovation School, the West Enterprise School, and the Asian Enterprise School.

A. Significance

The significance of this study is that it helps provide a better understanding of the concept of social entrepreneurship. By clearly identifying the main schools of thoughts of social entrepreneurship, academics and practitioners may build upon the concept clearly identifying the differences, and the implications on their practice and research. Policy makers will also benefit of a better understanding on the concepts, in order to facilitate the creation of effective policies to foster social entrepreneurs. A unified definition of social entrepreneurship would facilitate the construction of theory and the dissemination of the concept; however, even if that would not be possible a clear identification of the school of thoughts and their rationale for their definition would contribute to the establishing of social entrepreneurship as a serious field of study that has very concrete answers to current social problems.

B. Limitations of the Study

The study has several limitations that are acknowledged as follows:
1. This study was based on the interview of three experts in social entrepreneurship; although each expert aligns with a specific school of thought, their opinions cannot be
generalized; however, the findings may help readers have a clearer sense of what social entrepreneurship is.

2. This study is based on the official documents of the organizations; it is possible for these organizations to collaborate and promote projects that are not strictly aligned with what is established in their official documentation.

3. This study did not perform an investigation on how the different definitions of social entrepreneurship may be affected by the race and culture of each founder. This is an area that should be explored in future research.

C. Implications for Further Research

The findings in this study posit four new set of questions that should be addressed in future studies, regarding: 1) Effect of geographic location; 2) The European School of Thought; 3) Methodological research in social entrepreneurship; and 4) The voices of Latin American academics and practitioners regarding social entrepreneurship.

The geographic location of each organization seems to be relevant regarding the definition of social entrepreneurship that they choose, as well as with the type of projects they develop. Further investigation regarding how the geographic location affect the type of project each organization engages in; as well as how the combination of school of thought and geographic location have an effect on the success of the projects.

Regarding the European School of Thought, further research is required to better understand the process undertaken by European governments, non-governmental agencies, and private sector to start this endeavor; the literature in English and Spanish in this area is scarce. The lessons learned by the builders of the European MES school of thought should be researched and disseminated.

As the field of social entrepreneurship evolves, we must identify the best methodological approaches to understand the premises that create successful social entrepreneurship. What variety of methodological tools are necessary to understand this phenomenon?

Finally, as a Latin American it is important to evaluate the different proposals of social entrepreneurship that are offered by these three schools of thought. Which school of thought is better suitable for our needs? Should Latin America develop its own school of thought regarding social entrepreneurship? Further studying these questions may strengthen the desire for an overarching theory or social entrepreneurship.

REFERENCES


