4. Social Entrepreneurship

Success Stories and Logic Construction

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It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their own interest. We address ourselves not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages.

—ADAM SMITH, THE WEALTH OF NATIONS, 1776

I shall not today attempt further to define the kinds of material I understand to be embraced within that shorthand description [pornography]; and perhaps I could never succeed in intelligibly doing so. But I know it when I see it.

—U.S. SUPREME COURT JUSTICE POTTER STEWART,
JACOBELLIS V. OHIO, 1964

In our brave new neoliberal world, market models and market metaphors reign supreme. It is not surprising that “social entrepreneurship” and related notions like “venture philanthropy” are increasingly prominent discursive focal points for the marketisation of the nonprofit or “third” sector. While a variety of definitions abound, the idea of social entrepreneurship challenges the conventional social welfare logics that suggest top-down, policy-driven efforts to ameliorate social problems. In contradistinction to various forms of structured collective action, entrepreneurialism celebrates bold, individual initiative as the engine of social change. Drawing on the prestige of business leaders and cultural models of heroic action, social entrepreneurship has begun to emerge as a new institutional logic to address social problems in ways that circumvent longstanding bureaucratic approaches to social welfare.

While the sources of the social entrepreneurial logic are complex and multiple, it began as an American movement shaped by receding state resources and commitments. It has concretely taken form in the United States as a way to introduce business methods and entrepreneurial energy into the nonprofit sector to address social problems in a bottom-up fashion, and also to guide
nonprofits towards self-sufficiency through revenue generation. These ideas and practices have been driven by a variety of actors including philanthropists, universities, and other key nonprofit leaders and organizations. Some of these same actors have also been active in promoting this logic internationally and they have gained the attention of central development organizations such as the World Bank and the United Nations as well as a variety of nongovernmental organizations (NGOs).

There is great ambiguity about what social entrepreneurship is and how it should be structured. Some have advocated it as a state policy, while others insist on grassroots activism as the key to its efficacy. Despite rapid growth in recognized exemplars within the United States and also globally, fundamental questions about the content of social entrepreneurship remain.

In this chapter, we explore the origins and international spread of the emergent social entrepreneurial logic. Organizational scholars in the institutional tradition have identified a wide variety of relevant mechanisms. DiMaggio and Powell (1983) identify coercive, mimetic, and normative sources of institutional isomorphism. Scott (1987) describes multiple forms of social transmission: the imposition of structure by powerful actors, the authorization of structure where local actors align their behavior with legitimating bodies, the inducement of structure via rewards and resource flows, and the imprinting of structure through low-level demographic processes and taken-for-granted assumptions. Strang and Soule (1998) emphasize the contrast between network-based models of diffusion (where direct or indirect ties serve as channels for information and influence) and generalized diffusion processes where professional change agents, the media, and emerging cultural discourses catalyze imitation and practice adoption.

As Ann Swidler's chapter about AIDS programs in sub-Saharan Africa in this volume shows, for example, NGOs can provide a vehicle for the spread of Western ideas about disease treatment and prevention by incorporating local actors in program activities and providing them with resources (Spicer 2002; Rao and Hirsch 2003). Logics can spread as a result of authoritative action backed by negative incentives or force, as exemplified by the current nation building project of the U.S. government in Iraq. And they may diffuse on a more voluntary basis as ideas are theorized and gain legitimacy in transnational forums, becoming more accessible and appropriate for adoption as a result (Strang and Meyer 1993; Meyer, Kamens, and Benavot 1992 [on education curricula]; Frank, Hironaka, and Schofer 2000 [on environmental policy]).

The empirical literature typically starts with a relatively durable object such as a longstanding logic or a well-theorized practice that can be traced in some concrete way across space and time. For example, conventional diffusion studies presume that comparable instances of a practice can be identified as present or absent across a defined population of cases over time. Little research focuses on the forging of new logics which may be interpenetrated with their spread.

To make sense of the generation of a new logic, one can usefully turn the conventional diffusion approach on its head to probe how concrete instances of a set of activities become discursive fodder. In this paper, the key empirical cases are the success stories of particular individuals and organizations around the world that are identified as "social entrepreneurs." While stories have been argued to be a crucial element in entrepreneurial efforts to gain legitimacy and garner resources (Lounsbury and Glynn 2001), we argue that success stories provide a key cultural currency for philanthropists and other actors who promote the further development of this logic and associated practices. We combine a description of the role of resource-rich actors who promote the broad frame of social entrepreneurship with an inspection of these individual exemplars. While at one level these individuals work in very different domains in unique ways, collectively they form an ensemble that motivates and structures the very notion of the social entrepreneur.

In a subsequent section, we examine the origins of social entrepreneurship in the United States, and then pursue its spread globally. In tracking the early stages of this phenomenon internationally, we highlight some of the institutional infrastructure and actors who are involved, as well as some of the individual success stories that have become focal points for the construction and advancement of this new logic. We conclude with a discussion of the role of success stories in the construction of logics, highlighting the need for closer attention to the earliest stages of diffusion that are often marked by the social movement activism of proponents of new practices and logics as well as a high degree of ambiguity.

**Alternative Conceptions of Social Entrepreneurship**

There is no unanimity in how to define social entrepreneurship, although many might concur with Justice Stewart that they know it when they see it. Two different conceptualizations occupy the field. One approach defines entrepreneurship around a broad notion of innovativeness, an idea often linked to the great Austrian economist Joseph Schumpeter's analysis of the businessman as an entrepreneur who calls forth creative "winds of destruction." Gregory Dees (2003) invokes this image in a forceful way:
Social entrepreneurs play the role of change agents in the social sector, by:
- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

From this perspective social entrepreneurship is a mindset or ethos that concentrates attention on how to create value in the social sector.

An alternative usage emphasizes the commercial sustainability of a viable revenue-generating approach to social problems. For example, the Roberts Enterprise Development Fund (REDF) supports a variety of initiatives that draw employees from "challenged" and "challenging" populations like the homeless, the physically disabled, and the mentally ill. Similarly, others identify social entrepreneurship with market-based organizations that operate in disadvantaged communities or that serve as incubators for such businesses, that dedicate a portion of their profits to populations in need, or that sell products that provide the infrastructure with which such communities can better help themselves.

Both conceptual strategies are potentially problematic. The Schumpeterian image of the innovator may identify social entrepreneurship with activities that are structurally indistinguishable from the conventional nonprofit sector, like the efforts of famine relief programs or even missionaries. The notion of social entrepreneurship as "social sustainability through market means," conversely, may pointer to organizations that are structurally indistinguishable from conventional for-profit businesses.

A variety of conceptual resolutions of these issues can be imagined. The interesting empirical question, however, is what perspective and content is linked to social entrepreneurship within funding circles and other sponsoring communities. By attending to those who underwrite and sponsor particular projects, we can develop insight into how specific visions of social entrepreneurship become authorized by key nodes that are at the center of trying to define a social entrepreneurial logic. Since efforts to construct such a logic are contested, we focus on concrete activities and individuals, rather than on conceptual oppositions between abstract principles, to gain an understanding of how the world of social entrepreneurship is taking shape.

The Origins of Social Entrepreneurship: The U.S. Case

Over the course of the twentieth century, the state has assumed growing responsibility over social problems. But while the major pension and health care financing programs are highly institutionalized, Lyndon Johnson’s vision of a “Great Society” provoked a substantial backlash. Scholars and policy analysts, often but not solely on the right, criticized Washington for creating an elaborate bureaucratic structure consisting of state agencies, nonprofits, and other actors that seemed more focused on their own perpetuation than on devising novel ways to address pressing social problems (Moynihan 1969). This critique helped generate a wave of reforms in the U.S. social sector as nonprofit organizations have come under increased scrutiny and pressure to account for how they allocate their scarce resources (Light 2000).

The demand for accountability coincided with the devolution of federal governmental responsibilities to states and localities, privatization of services at all levels of government, and a reduction in funding for some key social programs. The “conservative revolution” inaugurated by President Ronald Reagan, which continues to the present day, has seen tremendous expansion in the nonprofit sector as private service providers have increasingly taken over the work duties and responsibilities of governmental agencies. From 1982 to 1998, the number of nonprofit organizations grew by 36 percent to over 1.2 million and operating expenditures increased by over 200 percent to over $550 billion. Today, nonprofits comprise almost 6 percent of all organizations in the United States, constitute almost 7 percent of national income, and employ over 9 percent of the U.S. workforce (Weitzman 2003). However, the growth of the sector has led to greater visibility, helping to fuel even more reforms.

As a result, nonprofit funding became increasingly contingent upon each organization’s ability to demonstrate the efficacy of its work. In addition, there were efforts to redesign state policies to break the “culture of dependency” among those being served by social programs. This sea change in U.S. policy was prominently signaled by the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 under President Bill Clinton. This legislation encourages unemployed parents of dependent children to find work by limiting welfare support to five years and forcing welfare recipients to seek other means of survival.

The declining ambitions of government-directed public policy over the last two decades are paralleled by the growing prestige of “business” and “management.” As Lowenthal (1944) pointed out long ago, perceptions of the businessman as a national hero wax and wane over time. In the 1980s celebration of management expertise and the genius of particular CEOs was once again on
City, SUNY/Stony Brook, and Case Western Reserve University established research centers to understand the role, behavior, and management of nonprofit organizations. Other universities established research centers focused on philanthropy such as the City University of New York, Duke University, and Indiana University (Young 1988). Concomitant with the establishment of these research centers, Columbia University’s School of Business established a certificate program in nonprofit management, the first of its kind. Established in the mid-1970s, the program provided leadership and management training to top managers in voluntary, human service agencies in New York City.

While only four similar programs were established before 1985, twenty-one came into existence between 1985 and 1990 (Young 1990). This myriad of programs included ones offering not-for-credit short courses, certificate programs, and a few master’s degree programs at schools such as the University of Colorado/Denver, University of San Francisco, New School for Social Research, University of Missouri/Kansas City, SUNY/Stony Brook, and Case Western Reserve University. Business schools also increasingly began to develop nonprofit management specialties—Harvard, Stanford, Northwestern, University of Pennsylvania, and Cornell were reported in US News and World Report as “up and comers” in the field of nonprofit management by deans of business schools.

The increase in nonprofit certification and research programs, fostered by organizations such as Independent Sector and people affiliated with the PONPO center at Yale, facilitated a broadening of research on nonprofits. This led to a transformation in the Association of Voluntary Action Scholars, which had become the main venue for a growing cadre of nonprofit researchers from a variety of disciplinary backgrounds. Signaling this broadening beyond a focus on voluntarism, the Journal of Voluntary Action Research was renamed Nonprofit and Voluntary Sector Quarterly in 1989 and the Association of Voluntary Action Scholars changed its name to the Association for Research on Nonprofits and Voluntary Action in 1990.

Since 1990 the number and scope of nonprofit management programs in U.S. universities and colleges has increased dramatically. As of 2000 ninety-one universities and colleges offered graduate degree programs with a concentration in nonprofit management (Mirabella and Wish 2000); while 242 had such programs by 2003, an increase of some 250 percent. Similarly, annual meeting attendance and membership in the Association for Research on Nonprofits and Voluntary Action doubled in the late 1990s, reaching 554 and over 1,000, respectively, by 2000. There are now thirty-eight university nonprofit centers that are members of the Nonprofit Academic Centers Council created in 1995. In addition, there has been an associated rise in management support organizations and nonprofit consultants, including the entrance of prominent management.
consultants such as McKinsey and Bridgespan. Furthermore, nonprofit associations are creating standards of excellence (e.g., Maryland Association of Nonprofits) and codes of conduct (e.g., Minnesota Council of Nonprofits and, more recently, Independent Sector) to help nonprofits demonstrate accountability. Peter Drucker (1994), management guru and active promoter of managerial thinking and practice in the nonprofit sector, commented:

we know that social-sector organizations need management. But what precisely management means for the social-sector organization is just beginning to be studied. With respect to the management of the nonprofit organization we are in many ways pretty much where we were fifty or sixty years ago with respect to the management of the business enterprise: the work is only beginning.

Social entrepreneurship emerged as a spin-off of this more general managerialization of the social sector. In the words of one of the most esteemed social entrepreneurs, Bill Strickland, CEO of the Manchester Craftsmen’s Guild and the Bidwell Training Center, “nonprofits have to recognize that they’re businesses, not just causes. There’s a way to combine the very best of the not-for-profit, philanthropic world with the very best of the for-profit, enterprising world. This hybrid is the wave of the future for both profit and nonprofit companies” (Terry 1998). On the webpage of the Social Enterprise Alliance, the association at the fulcrum of this “revolutionary social and economic movement,” Charles King, founding chairman of the Social Enterprise Alliance, sums up the movement:

What we are about is the business of changing the entire paradigm by which not-for-profits operate and generate the capital they need to carry out their mission—a new paradigm based on sustainability and social entrepreneurship.

The movement is comprised of a wide variety of actors from prominent foundations to large corporations to established and nascent social entrepreneurs who are interested in using business ideas to develop self-sustaining nonprofits in the arts, education, healthcare, and human services, as well as to address social problems like homelessness, at-risk youth, and job training. Movement insiders tend to be young and enthusiastic, often infused with a religious-like zeal. In fact, there are many religious organizations that are active in the movement. At a recent national gathering of the Social Enterprise Alliance in San Francisco, the event that annually brings together social entrepreneurship enthusiasts, there was even a pre-conference workshop titled “Doing Faith and Enterprise.” The program brochure says:

Every social venture is an act of faith—faith in people, faith in a cause, and, for many of us, faith in a purpose that flows from the ideals of a religious tradition. Yet social entrepreneurs engage in a work for which our religious traditions generally lack a language or theological framework. The result is that there is a great hunger among leaders to talk about why they do the work they do, to explore the values that motivate them to risk and venture, and to articulate the connections between their work and their faith. Doing Faith and Enterprise will explore the religious ideals that compel growing numbers of leaders to do justice through business.

Over the past few years, articles on social entrepreneurship have been featured in the Harvard Business Review, the Wall Street Journal, the New York Times, US News and World Report, Fast Company, and the Stanford Social Innovation Review. In January 2004 Fast Company published the first ever Social Capitalist Awards issue that highlighted the accomplishments of a wide variety of social entrepreneurs. Business schools at Berkeley, Columbia, Cornell, Duke, Harvard, Oxford, Stanford, and the London Business School have all established social entrepreneurship courses and related initiatives for MBA and executive education students. Organizations that provide a supportive infrastructure include the Kauffman Foundation, Echoing Green, the Roberts Foundation, the Social Enterprise Alliance, the Institute for Social Entrepreneurship, New Profit, Social Venture Partners, and Venture Philanthropy Partners (as well as Ashoka, the Skoll Foundation, and the Schwab Foundation for Social Entrepreneurship, three organizations with a more global orientation discussed in detail below). There has also been dramatic growth in community development venture capital funds. According to the Community Development Venture Capital Alliance, there are currently eighty funds in operation in the United States that together manage $535 million in capital.

While the environment for social services has certainly undergone significant changes over the past two decades, leading to the growth in efforts by nonprofits to generate earned income and engage in more entrepreneurial business-oriented activities, the more proximate drivers of social entrepreneurship discourse and practice are rooted in the actions of a couple of key institutions that catalyzed attention among social sector elites and the media. In 1993 John Whitehead, former head of Goldman Sachs and senior officer in Reagan’s State Department, funded the Social Enterprise Initiative at the Harvard Business School. As part of this initiative, Gregory Dees developed a
course called "Entrepreneurship in the Social Sector" that provided a foundation for a core course for all first year MBA students. Given the prominence of the Harvard Business School, this new initiative received a great deal of attention in the business world and in business schools that began to create nonprofit programs and their own social enterprise courses.

Alongside these developments, philanthropists began to explore ways in which business models could be applied to social sector problems. One of the early instances of this was when the Roberts Enterprise Development Fund (REDF—formerly the Homeless Economic Development Fund) approached Jed Emerson in 1989 to conduct a feasibility study on how free enterprise could be leveraged to move homeless people out of poverty. Emerson, a former executive director of a homeless and runaway youth center in San Francisco, convinced REDF to pursue the funding of novel business approaches to deal with problems related to issues such as homelessness and at-risk youth. In 1990 the fund began to make grants to a handful of nonprofits to start business ventures, and by 1996 REDF had funded over forty nonprofits with grants totaling more than $6 million (Emerson and Tuan 1998).

Another key moment in the mobilization of the entrepreneurial model occurred in 1996 when Bill Shore, social entrepreneur and president of Share Our Strength, brought together approximately fifty social entrepreneur advocates in Washington, D.C., including Emerson, to discuss the concept of community wealth. This gave rise to a conference, the National Gathering of Social Entrepreneurs in Colorado Springs in 1998. The second national gathering took place two years later in Miami and led to the creation of a 501(c)(3) organization focused on information dissemination, education, and networking in the social enterprise field. At the third national gathering in Seattle in 2000, a multi-year business plan was created and the group's organizational structure was formalized by electing a coordinating committee, creating an executive board, and hiring a director and president. The next national gatherings took place in Minneapolis in 2002 and then in San Francisco in 2004. In 2002 the National Gathering of Social Entrepreneurs merged with SeaChange, an organization created to connect social investors with social entrepreneurs who need capital, creating the Social Enterprise Alliance. As a result, the name of the national conference was changed to the Gathering of the Social Enterprise Alliance.

While the Social Enterprise Alliance is one of the grandest and most visible manifestations of the social entrepreneurial movement, a lot of excitement has also been created around social sector business plan competitions. For example, a student-led initiative at the Haas School of Business spawned the National Social Venture Competition in 1999. In May 2001 Columbia Business School and the Goldman Sachs Foundation partnered with Haas to extend the reach of this competition and help grow a national platform for social ventures. The competition's mission is to catalyze and promote the creation of financially self-sufficient or profitable social ventures. To achieve this goal, plans are judged according to the feasibility of their business concepts, and the feasibility and potential impacts of the stated social and/or environmental goals. Another successful competition, the National Business Plan Competition for Nonprofit Organizations, was first held in 2003 by the Partnership on Nonprofit Ventures. The Partnership is comprised of the Yale School of Management, the Goldman Sachs Foundation, and the Pew Charitable Trusts, which joined together to create an opportunity for nonprofits seeking to start or expand successful profit-making ventures to compete for significant cash prizes and technical support.

Over the past few years, there have been a growing number of stories about individual social entrepreneurs and social enterprises that have also given life to the entrepreneurial model. For instance, the Harvard Business School has published numerous cases that provide a crucial foundation for social entrepreneurship courses around the country. Hollywood is also getting into the act. Ovation Entertainment, a partnership between Jeff Skoll and Trilogy co-founder Richard Lewis, is in the process of making a movie about Bill Strickland's career at the helm of the Manchester Craftsmen's Guild and the Bidwell Training Center in Pittsburgh. While this is still in the planning stages, there are rumors that Denzel Washington may play Strickland.

These accounts of social entrepreneurship draw heavily on American narratives of the extraordinary individual who dreams of and then effects change. The logic has a more mundane side as well, of course, envisaging the routine application of standard business management practices in nonprofits. But the cultural emphasis of social entrepreneurship is on bold vision and heroic action.

The International Spread of Social Entrepreneurship

While social entrepreneurship has developed in the United States to the point where it might be considered a standard part of the nonprofit toolkit, it has also expanded internationally. Given the strong organizational ties and cultural connections between the United States and the United Kingdom, it is not surprising that social entrepreneurship began to emerge in the latter nation in the late 1990s. This occurred initially via the support of various philanthropic organizations whose cultural values about social entrepreneurship reinforce those in the United States. For example, the Community Action Network, founded in 1998, claims that "social entrepreneurs are the equivalent of true business entrepreneurs but they operate in the social, not-for-profit sector.
building ‘something from nothing’ and seeking innovative solutions to social problems. Their aim is to build ‘social capital’ and ‘social profit’ to improve the quality of life in some of the most ‘difficult’ and ‘excluded’ communities” (http://www.can-online.org.uk/se/, June 28, 2005).

The British approach diverges from the American in the more active role envisaged for the state. Tony Blair’s government initiated a review of the social sector around the turn of the century that has resulted in the creation of regional governmental units that aim to support local philanthropic efforts to grow social entrepreneurship as a way of ameliorating social problems in the most economically depressed areas. The British state thus actively promotes the logic of social entrepreneurship and provides it with an organizational infrastructure, while social entrepreneurship in the United States is more closely linked to the state’s withdrawal from many social problem arenas.

Social entrepreneurship has also gained resonance as a logic across Europe, Africa, India, Asia, Latin America, and elsewhere. Bornstein (2003) suggests that the spread of this logic has been supported by a robust global citizen sector marked by the recent proliferation of NGOs and other citizen groups. Bornstein writes:

In Bangladesh, most of the country’s development work is handled by 20,000 NGOs; almost all of them were established in the past twenty-five years. India has well over a million citizen organizations . . . Between 1988 and 1995, 100,000 citizen groups opened shop in the former communist countries of Eastern Europe. In France, during the 1990s, an average of 70,000 new citizen groups were established each year . . . Finally, during the 1990s, the number of registered international citizen organizations increased from 6,000 to 26,000. (Bornstein 2003, 4–5)

While social entrepreneurship has become a component of World Bank and United Nations discourse, there is little systematic data on its global spread. In large part this is because the movement involves little formal organizational activity, in the sense of NGOs implementing social entrepreneurship programs around the world. Instead, consistent with the themes of the movement and its emergence in the United States and the United Kingdom, the work of individual social entrepreneurs is supported, celebrated, and broadcast.

**International Organizations and the Success Story Model**

We describe three organizations—Ashoka, the Skoll Foundation, and the Schwab Foundation for Social Entrepreneurship—that employ a “success story” model. All three are focused on the promotion of social entrepreneurship worldwide. While their tactics differ somewhat, the three organizations adopt the same general strategy of recognizing and supporting specific individuals and their projects. Their aim is to help these individuals expand their work, and thereby to inspire others to become social entrepreneurs as well.

Ashoka was created in 1978 by Bill Drayton, a former McKinsey consultant, administrator in the Environmental Protection Agency, and community organizer in India. The organization’s mission is to “shape a citizen sector that is entrepreneurial, productive and globally integrated, and to develop the profession of social entrepreneurship around the world.” Ashoka recognizes and supports inspiring social entrepreneurs, over 1,500 of whom have been elected as Ashoka Fellows since 1981.

The Skoll Foundation was created by Jeff Skoll, a founder of eBay, to promote social change. Skoll explains, “The idea is that a little bit of good can turn into a whole lot of good when fueled by the commitment of a social entrepreneur. We find the people with those world-changing ideas, and then we empower them—by investing in, connecting and celebrating them—to effect even greater impact.” The foundation supports social entrepreneurs through the Skoll Awards for Social Entrepreneurship and the Skoll Social Sector Program. In 2003 the foundation also launched an international MBA program in social entrepreneurship at the Said Business School at Oxford University.

The Schwab Foundation for Social Entrepreneurship was formed in 1998 by Klaus and Hilde Schwab. Klaus Schwab, a former professor of business policy at the University of Geneva, is best known as the founder of the World Economic Forum and its Davos meetings. (The forum was founded in 1971 when Klaus Schwab brought together a number of European corporate leaders to discuss ways that businesses could collaborate to benefit the common good. The forum presently has some 1,000 corporations worldwide as members.) The foundation has a current network of eighty-four Schwab entrepreneurs, and in 2005 developed a contest to identify the social entrepreneur of the year in twenty-four countries.

Ashoka, Skoll, and Schwab define the qualities of social entrepreneurs in broad but parallel terms. Ashoka searches for “the new idea,” “creativity,” “entrepreneurial quality,” “social impact of ideas,” and “ethical fiber.” The Skoll Foundation indicates that “social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches and creating sustainable solutions to change society for the better.” However, unlike business entrepreneurs who are motivated by profits, social entrepreneurs are motivated to improve society.” Schwab describes the social entrepreneur as “a pragmatic visionary who achieves large scale, systemic and sustainable social
change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these."

The three organizations screen and select social entrepreneurs in similar ways. Initial nominations are drawn from multiple sources, with the central role played by leaders within national nonprofit and social innovation communities. For example, Ashoka has developed a global network of nominators who generate and review applications, which are reviewed in second and later stages by professional staff. Each organization inquires in detail into a potential fellow's activities, qualifications, and standing in the community. Formal control systems like governing boards tend to play a limited role. Schwab promulgates a code of conduct, for instance, that puts great emphasis on relative intangibles like a candidate's rectitude and interest in collaborating with others.

The three organizations differ significantly in the material support each provides social entrepreneurs. Ashoka gives its fellows a living stipend, typically for three years (the organization spends about $17 million annually on its fellowship program). The Skoll Foundation provides awards on the order of $500,000 to be used for both operating expenses and program expansion. By contrast, the Schwab Foundation provides no monetary support to the individuals it recognizes.

These different levels of support locate the three organizations in overlapping but distinct "market niches." Ashoka tends to develop relationships with younger individuals, and with projects that are more likely to be locally oriented and at an earlier stage in their development. Skoll supports larger-scale organizations, generally at a later point in their development. Schwab entrepreneurs stand in between.

By contrast, all three organizations put similar and great weight on assisting their fellows build social capital. Ashoka forms a global network of current and former fellows to support collaboration within the social entrepreneurship community. It also builds ties between social entrepreneurs and those in the management and consulting worlds through a partnership with McKinsey. Skoll convenes the Skoll World Forum on Social Entrepreneurship, an annual conference that connects its award recipients with other leading figures in the field of social entrepreneurship. Schwab links its social entrepreneurs to the World Economic Forum's global network of business leaders in a variety of ways, including inviting them to its annual Davos meetings.

Finally, the strongest demonstration of the parallels in the approach to social entrepreneurship of Ashoka, Skoll, and Schwab is the fact that they frequently support the same individuals and projects. Seven of the fifteen Skoll Awards in 2005 went to Schwab entrepreneurs. The degree of overlap is limited, not by differences in philosophy or conceptions of social entrepreneurship, but for practical reasons that are linked to each organization's approach toward material support. The Skoll-Schwab overlap is thus large relative to each organization's connection to Ashoka, since both Skoll and Schwab support fairly large-scale, mature projects.

What Do Social Entrepreneurs Do?

What sorts of individuals are recognized as inspiring social entrepreneurs, and what sorts of projects have they created? A few examples:

Rodrigo Baggio: Committee to Democratize Information Technology, Brazil.
Rodrigo Baggio seeks to provide economically disadvantaged youths in Rio de Janeiro with computer skills. The Committee to Democratize Information Technology has trained more than 60,000 students to use computers. With corporate partners, Baggio is opening one hundred computer training schools in Japan, Mexico, Colombia, and Uruguay.
Rodrigo Baggio is a past Ashoka fellow, receives a current Skoll Award, and is a Schwab entrepreneur.

Jeroo Billimoria: Childline, India
Jeroo launched Childline, a 24-hour emergency hotline for street children. The organization provides follow-up services including police assistance and health care. Childline has serviced more than 400,000 calls over the past two years and has spread to twenty cities in India. (Ashoka, Schwab)

Martin Fisher and Nick Moos: KickStart, Kenya
KickStart (previously Appropriate Technologies for Enterprise Creation/ApproTEC) introduced human-powered irrigation pumps that enable farmers to grow more crops and sell during the dry season. The organization has helped farmers start 36,000 new businesses that generate more than $38 million in new profits and wages per year. (Skoll, Schwab)

Takao Furuno: Duck Revolution, Japan
Takao Furuno, a Japanese farmer, has developed a rice farming method that uses ducks to fertilize rice seedlings and protect them from pests and weeds. Furuno's technique serves as a demonstration project for the potential of organic farming. He markets "duck rice" at a 20 to 30 percent premium above conventional rice, and describes his ideas (including recipes for duck) in best-selling books like The Power of Duck. More than 75,000 farmers in Asia have adopted Furuno's methods. (Schwab)
Paul Rice: TransFair, U.S.A.

TransFair certifies coffee, tea, cocoa, and fruits grown by family farmers. The organization testifies to good employment and environmental standards used in farms, and has signed agreements with over 300 importers of these products. TransFair plans to become self-supporting in the future through certification fees. (Ashoka, Skoll, Schwab)

Even this small sampling of social entrepreneurship points to some core themes within the field. First, a number of projects occur in the marketplace, where social entrepreneurs produce and sell goods and services. The "social" component of these market activities takes a wide variety of forms. They include:

1) Organizations that market products or services that provide infrastructure for economic activity in disadvantaged communities,
2) Organizations whose employees are drawn from challenged populations,
3) Organizations that provide a new model for economic success relevant to disadvantaged populations and/or linked to other social values, and
4) Organizations that help bring the products of disadvantaged communities to market.

KickStart's human-powered irrigation pumps and other technologies provide a good example of products designed and marketed to stimulate business growth. Similarly, FreePlay (formed by South Africans Rory Stear and Kristine Pearson) sells wind-up radios that can be used in the absence of an independent source of electricity. William Foote's Ecologic (Skoll) provides loans to small- and medium-sized businesses to transition to "green" technologies and environmental sustainability; while Martin Burt's Fundacion Paraguaya (Skoll, Schwab) provides credit for business startups that have created over 19,000 new jobs.

One example of a business that draws its employees from "challenged populations" is Australia's Furniture Resource Center, led by Father Nic Frances (a Schwab entrepreneur). The organization began as a system of distributing donated furniture, but Frances then decided to hire "unemployables" to make quality furniture. Takao Furuno, the duck rice farmer, provides a different sort of business model, one that links commercial success to environmental friendliness and organic farming. So too does Sekem, an organic and phytopharmaceutical producer founded by Dr. Ibrahim Abouleish, an Egyptian medical pharmacologist (Schwab).

Finally, a number of social entrepreneurs act as middlemen, either certifying products or bringing them to market. Certifiers include Paul Rice's TransFair, and Rugmark (Skoll), which monitors factories, certifies rugs made without child labor, and rescues and educate child laborers. Marketers include firms like Novica.com, an "e-tailer" that provides marketing and distribution services for the sale of indigenous art and artifacts (Schwab).

Some of these social entrepreneurs are business entrepreneurs as well. Takao Furuno and Sekem fall into this category, as does Novica.com (while organizations like Fisher and Moon's KickStart and Paul Rice's TransFair are nonprofits). FreePlay consists of both a for-profit corporation, the FreePlay Energy Group, which sells wind-up radios to outdoor enthusiasts in Europe and the United States, and FreePlay Foundation, a nonprofit operating in Africa.

This combination of profit-neutral marketing and socially beneficial business raises provocative questions about definitions of social entrepreneurship. Orientation toward the common good appears a shaky guide, particularly when we recall that even conventional profit-making corporations describe their goals in terms of social benefit as well as private gain—for example, Du Pont's corporate mission is

To be the world's most successful energy and chemistry-based company, dedicated to creating high quality, innovative materials that make people's lives easier and better.

While Merck's mission statement reads:

To provide society with superior products and services—innovations and solutions that improve the quality of life and satisfy customer needs—to provide employees with meaningful work and advancement opportunities, and to provide investors with a superior rate of return.

Organizations like Ashoka, Skoll, and Schwab appear to apply Justice Stewart's "I know it when I see it" test. They emphasize the range and distinctiveness of socially valued ends that a social entrepreneur addresses, its total impact, and evidence of limits to self-interested action (Adam Smith notwithstanding). In the case of Novica.com, for example, these include the benefits to artists of gaining access to global markets, the firm's low mark-ups, the higher returns to the producer generated when one rather than many middlemen bring the product to the consumer, and the opportunities for artists to price and withdraw their products from sale. For Takao Furuno's rice farm, ecological benefits and active dissemination of the technology are central. Sekem
appears not just as an innovator in biodynamic pharmaceuticals, but as a supporter of biodiversity and sustainable agriculture, a force for social and cultural integration in Egyptian villages, the source of a variety of initiatives in the arts, and the founder of a university.

The majority of the individuals supported by Ashoka, Skoll, and Schwab, however, are not directly focused on economic development, and do not buy and sell goods. In addition to its Full Economic Citizenship Program, Ashoka's initiatives are in the areas of human rights, civic participation, global health, education, and the environment. Skoll and Schwab recognize individuals addressing a wide variety of global challenges including environmental sustainability, health, education and job training, and human rights, as well as economic equality.

On the human rights front, for example, Witness (Skoll, Schwab) provides video equipment and training to groups seeking to document human rights abuses. Founded in 1992 by musician Peter Gabriel and the Reebok Foundation for Human Rights, Witness helped bring about the prosecution of murderers of human rights activists in the Philippines, and has sparked reform in the California juvenile detention system and mental health in Paraguay. In Colombia, Stella Cárdenas (Ashoka) has documented the sexual exploitation of children and forged an alliance of citizen's organizations to push for legal action and provide social services.

Health care is a second major focus for all three organizations. For example, one Schwab entrepreneur is Govindappa Venkataswamy, whose hospital provides eye care to 1.4 million Indians a year, two-thirds of whom receive services for free. Victoria Hale's Institute for OneWorld Health (Skoll) is a nonprofit that develops drugs and vaccines for diseases that primarily affect developing countries. And Garba Hamadou Cissé (Ashoka) created Assistance Médicale Décentralisée in Mali to enlist specialized doctors on a voluntary basis to care for socially disadvantaged populations, such as women, children, the elderly, and those living in remote areas or in detention.

Finally, many social entrepreneurs are involved in education and job training. Bunker Roy's (Skoll, Schwab) "Barefoot College" provides often semiliterate villagers with the skills to become health workers, teachers, and engineers; they return to their villages to use this knowledge to improve the community. Andrea David's (Ashoka) Salva Vita Foundation in Hungary seeks to give those with mental disabilities a chance to create new, independent lives by helping them develop vocational and life skills.

While market-oriented social entrepreneurs raise questions about how to identify the "social," the innovators described above raise the converse issue: how do they differ from traditional nonprofit organizations? The accounts provided by Ashoka, Skoll, and Schwab hint at possible answers, either in noting ambitions to make the nonprofit economically sustainable or in emphasizing spillover effects promoting economic development. But the link between social entrepreneurship and traditional nonprofits is very strong, and the degree to which social entrepreneurship is simply "old wine in a new bottle" is correspondingly large.

Who Are the Social Entrepreneurs?

The individuals celebrated by Ashoka, Skoll, and Schwab hail from a wide variety of backgrounds. Some come from distinguished families, like Qing Wu, daughter of China's most celebrated female author and one of China's first sociologists, who is a leader of the women's movement in her country, a legislator, and a Schwab entrepreneur. Others, like Raúl Abásolo, an Ashoka fellow who has devised a support and social integration system for marginalized youth in Chile, grew up in the same circumstances as the young people he seeks to help.

Despite this diversity, particular backgrounds and personal trajectories dominate the field of social entrepreneurship. Social entrepreneurs are well educated, whether they come from privileged or disadvantaged circumstances. Nearly all whose stories we have read possess university degrees, often received in the United States or Europe. These educational backgrounds seem fundamental to the activities of social entrepreneurs, both as the source of technical skills and due to the social and cultural capital they provide.

Social entrepreneurs also tend to have a professional or administrative background, rather than a business or commercial one. The twenty-three Schwab entrepreneurs based in Asia, for example, include four university professors, four NGO administrators, a civil servant, three doctors, and two engineers/urban planners. By contrast, only two of the twenty-three were drawn from the world of business.

The majority of social entrepreneurs are nationals working primarily in their native country. Among Schwab entrepreneurs, for example, we would place seventy-two of eighty-four in that category. Skoll award recipients are less likely to be nationals of the country they work in, since the foundation supports larger-scale and more established organizations that are more likely to operate in the West or on a global basis. Nine of Skoll's fifteen award recipients work in their own countries, and three of these are Americans working in the United States.

A substantial minority of social entrepreneurs, however, are Westerners working in or for the Global South. Schwab projects of this type include People
Tree (clothing retail), Novica.com (artisanal product retail), Endeavor Global (entrepreneur support), Fundacion Paraguaya (microcredit), OneWorld Health (vaccines), Project Impact (hearing aids), Rural Development Institute (land ownership), TransFair (certification), CAMBIA (biotechnology), Kick-Start (irrigation), Riders for Health (transportation), and Witness (videos). What stands out most in this group of projects is the central role played by technology and technology transfer. This theme appears in indigenous social entrepreneurship as well (including indigenous projects in the United States), but to a substantially lesser degree.

Discussion

Social entrepreneurship fits well, in many ways, into this volume’s notion of the philanthropic projection of institutional logics abroad. As we document, the notion of social entrepreneurship and the social movement behind it was largely an American invention. It expressed characteristically American cultural archetypes—social entrepreneurs take their place alongside not just business heroes, but cowboy heroes alienated from society who save it anyway (Wright 1975). The British notion of social entrepreneurship as supported by the state and embedded in broader philanthropic efforts gives way to a more American celebration of the individual, attention to his or her personal development, and the replicability of his or her model. And in a more subtle way, social entrepreneurship evokes a characteristically American belief in the compatibility of private action and social interest.

Is social entrepreneurship an institutional logic? If we use the term in an organizational sense to understand the structure of individual projects, the answer is no. What does an e-tailer like Novica.com have in common with a duck farmer like Takano Furuno or a political activist like Stella Cárdenas? Certainly not “organizational arrangements for putting ideas into action and for sustaining patterns of social relationships,” in Heydemann and Hammack’s useful language (see chapter 1). The first has developed a global network of buyer relationships with artists and artisans and retails products on the internet; the second has pursued the ecological benefits of introducing ducks into rice farming; and the third has built a coalition of legal and children’s organizations to protect children against sexual exploitation.

In a more abstract sense, however, we can speak of the institutional logic of social entrepreneurship. First, the notion of individual action unconstrained by structured social relationships, cultural categories, and by history, is itself an institutional pattern. It is one close to the self-understanding of the West, particularly Anglo-Saxon and American versions (Hofstede 1984; Meyer and Frank 2002). As Robert Bellah and his colleagues (1985) make clear, individualism is not just a projection from elsewhere but a language that all sorts of people express and use to understand themselves as well as others. Social entrepreneurship seeks to reinforce and strengthen this pattern.

Social entrepreneurship also appears as an institutional logic in the more cultural sense of the values and meanings it carries. These include positive terms. For example, the logic of social entrepreneurship places great importance on newness and innovation, and little on the maintenance and expansion of existing ways of promoting the collective good. Substantive values like democracy and autonomy are emphasized in contrast to the implicit or explicit paternalism of much traditional nonprofit activity. The “social” is defined around a distinctive set of challenges that include not only poverty, but the environment and human rights.

But social entrepreneurialism violates cultural categories more than it creates new ones. It crosses and recrosses the boundary between private and public motives, between self-interest and the collective interest. Inspiring success stories transcend these categories, and blur them in the process. Social entrepreneurs may be businessmen or businesswomen who define their ends in terms of the common good, and (contra Adam Smith) speak to us of humanity. Or they may be leaders of nonprofits who can define their strategy in terms of market penetration. Both gain prestige and resources as a result.

Finally, we have sought to trace the “success story” model adopted by Ashoka, Skoll, and Schwab as a mode of international projection and diffusion. This approach has the same core ingredients as other diffusion mechanisms: social networks, effectiveness, learning, and legitimacy. But it puts them together in a distinctive way. Social entrepreneurship would look quite different if it were promulgated as the World Bank’s development strategy, or if it was a strategic innovation that lacked a professional and organizational base in Western academic, business, and philanthropic circles.

The success story model has important organizational advantages. Like the internet, it has a self-organizing quality, where existing social entrepreneurs are recognized rather than created or coordinated. The three organizations described here have little overhead, can shift the mix of their activities readily, and have much scope for expansion. They are also well positioned to accept, or indeed embrace, local differences and indigenous traditions. They are lighter on their feet than organizations that directly or indirectly provide social programming, and less likely to blindly impose an external model.

The success story model seems compatible with the connotations of both “projection” and “diffusion.” Resource-rich actors such as Jeff Skoll clearly possess a philosophy which they believe in, and which they seek to disseminate.
But so do recipients at the other end of the exchange. It is not clear which side adjusts more—in many ways, the social entrepreneurs are the “stars” that funders link themselves to, rather than the other way around (recall that many are recognized by two or even three of the organizations discussed here, and have other “sponsors” and “partners” as well). We can speak most safely of the congruence between frames, not their imposition or authorization.

One core feature of this kind of projection/diffusion system is its elite and professional basis. The cultural congruence between funder and recipient is strongest where they are products of the same cultural system. It is thus not surprising that social entrepreneurs around the world are highly educated professionals (as they also are in the United States, where elite business schools are an incubator). These are the key actors, within the Global South and the Global North, who share the motives, sensibilities, and vocabulary of international funders.

While the logic of the social entrepreneur is not grounded in a model of the target community, the success story mode of transmission does depend upon a community of ties among social entrepreneurs and between social entrepreneurs and government, business, and NGOs. The existence of this community at the local or national level is central to the capacity to identify social entrepreneurs, particularly those who are not yet internationally known. And a core goal of funders is to help social entrepreneurs build social capital—not with the populations they serve, but with each other and with national and transnational elites. In this sense the success story model is as much about networks as are relational models of diffusion; but social relationships serve to build entrepreneurial identities and opportunities rather than linking adopters to non-adopters.

In tension with the elite and inward-looking character of social entrepreneurship, however, are ways in which the success story mode preserves its charismatic roots as a convention-challenging movement. Funders that recognize, celebrate, and support individual heroes help keep social entrepreneurship a diverse, locally rooted, and structurally non-isomorphic field. They give little scope to efforts to standardize the product in formalistic ways, for example, by identifying approved modes of governance or by applying routine business criteria to new ventures. The centrality of success stories as an organizing principle may help keep social entrepreneurship a deeply ambiguous but vibrant movement.

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