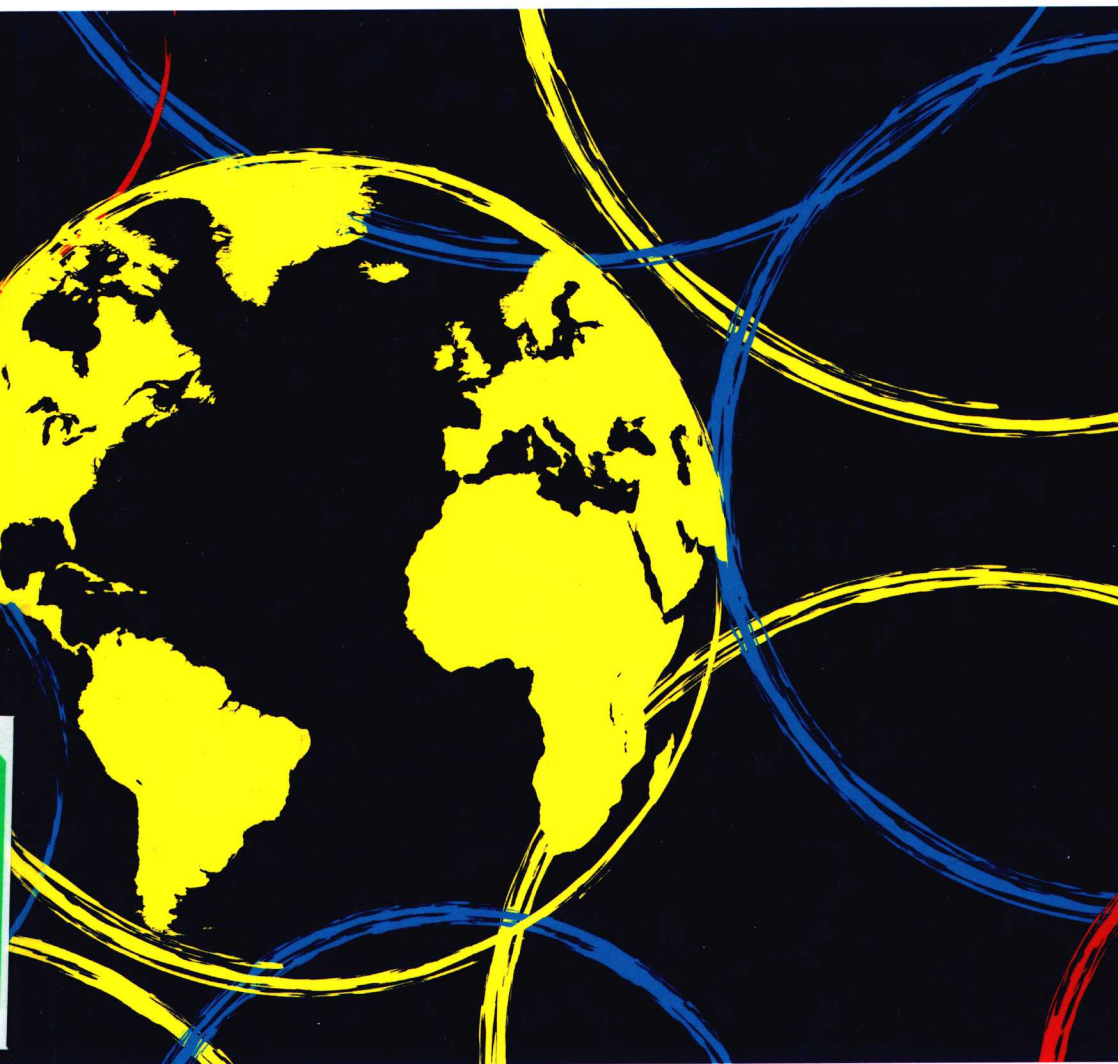




Patterns in  
**Social Entrepreneurship Research**



Edited by **Jill Kickul** and **Sophie Bacq**

# Patterns in Social Entrepreneurship Research

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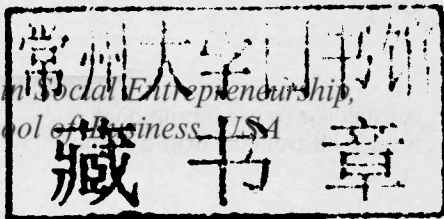
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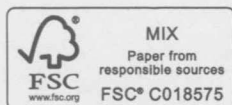
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# Introduction

**Jill Kickul and Sophie Bacq**

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The future of social entrepreneurship abounds with possibilities to effectively address and potentially solve some of society's most intractable problems resulting from market or government inadequacies and failures. Whether these problems are found in the health-care, education, energy, housing or other sectors, it will be current and future social entrepreneurs who rise to the challenge and use their abilities to recognize opportunities and mobilize others to take collective action. Because social entrepreneurs often operate in resource-constrained environments, they are usually compelled to use creative approaches to attract and apply those resources in novel ways to the challenges they face. Moreover, it is often the social entrepreneur who encourages a heightened sense of accountability in the individuals and communities they serve, as well as instigating the outcomes and impact that are created (Dees and Anderson, 2003).

While social entrepreneurship as a field of study is relatively new, much has already been written on the subject (see Dees et al., 2001; Mair and Noboa, 2006; Nicholls, 2008; Light, 2009, to name but a few). This is a direct reflection of the excitement it generates and the promise it is perceived to hold. Social entrepreneurs have captured our collective imagination with remarkable stories of their social innovations. These stories are uplifting and inspiring.

However, it is tempting to focus on the outcomes of social entrepreneurship and avoid thinking about why these innovations were needed in the first place and why social entrepreneurs are the logical providers of this service to society. Throughout our book, the authors tie together many of the pressing issues and questions often encountered by social entrepreneurs and innovators as they identify, create, develop and sustain their own solutions throughout the life cycle of their ventures. We believe that there are certain 'patterns' and themes that have captured the interest of researchers in this field that complement these very issues and challenges faced within a social venture's life cycle. We discuss these further within the framework of the book and the volume outline below.

## VOLUME OUTLINE

Social entrepreneurship, as a multidisciplinary field, presents a unique opportunity and environment for researchers to contribute to academic-focused knowledge on both theoretical frameworks and practical skills on a holistic level. At the 2011 NYU-Stern Conference on Social Entrepreneurship, we had 26 tracks of three or four papers dealing with various aspects of social entrepreneurship. A few of these themes were recurrent, including social impact and social change, stakeholder approach to social entrepreneurship, social entrepreneurship education programs, and academic partnerships. All the 11 chapters within this book adopt different research perspectives to study social entrepreneurship. We classified them into four parts, addressing different aspects of the phenomenon. Part I focuses on the process of opportunity recognition, exploration and exploitation in the case of social entrepreneurship.

In Chapter 1, Clarkin, Deardurff and Gallagher examine the prerequisites for opportunity discovery by social entrepreneurs and determine what factors in the social sector context influence processes of opportunity recognition by social entrepreneurs. Based on the assumption that opportunity recognition entails processes that occur within a defined context, and that context influences the processes conducted within it, the authors focus their analysis on 501(c)(3) charitable organizations in six Midwest US cities, thereby presumably reducing environmental heterogeneity. Their analysis reveals that the social sector context is complex and diverse, and that the number of organizations, their area of focus, and revenues vary substantially among regions with similar geographic and demographic characteristics in the US. As a result of these differences, the authors conclude that more favorable opportunities for social entrepreneurs may exist in one area of the US and may not in others.

In Chapter 2, Perrini and Vurro provide a stakeholder-based analysis of the relevance of planning in the shift from opportunity recognition to exploitation of a social entrepreneurial project. Based on empirical evidence emerging from the analysis of planning efforts in the pre-launching stages of a real case, they elaborate on the main challenges and key characteristics of planning in the social sector. Social business planning is shown to both mitigate the risks intrinsic to launching a new social venture and support the entrepreneurial team in managing the relationships with the stakeholders involved. The authors identify critical aspects to be managed through planning, including a stronger emphasis on intangibles, the risk of overcommitment to the social mission, the heterogeneity of the stakeholders involved, and the fragmentation of the markets for resources. Perrini and Vurro conclude that planning emerges as a useful

tool to reconcile conflicting objectives in the pursuit of the social mission, motivating personnel, partners and stakeholders around specific tasks and expected results, while reducing ambiguity by its support to procedure formalization.

In Chapter 3, Meyskens and Moss try to better understand the nature of innovation taking place in the green-tech sector and its role in the creation of greater social and environmental value. They use disruptive innovation – introducing new technologies or innovations that replace existing business models and in some cases produce social benefit – as a theoretical lens to analyze the content of the 20 green-tech business plans. Doing so, they also assess whether and how green-tech ventures are developing new innovations to enact social change and thereby solve social problems. Their findings suggest that many green-tech ventures develop innovations that can be considered both sustaining and new-market disruptions. In addition their results suggest that environmental and economic value creation is more prevalent in green-tech ventures with new-market disruptive innovations, while social value creation is slightly more prevalent in green techs with sustaining innovations. Thus, Meyskens and Moss recommend that social venture practitioners should develop innovative practices and products that cater to both existing and new markets. At the same time, practitioners should work on scaling, using underutilized resources and targeting both under- and overserved markets to augment their impact.

Part II focuses on the individual level of social entrepreneurship and addresses the role of personal values and leadership in the conduct of social entrepreneurial initiatives.

In Chapter 4 on the role of personal values in social entrepreneurship, Conger focuses on the individual entrepreneur and the goals of the ventures they create to examine the question of how an entrepreneur's values influence the kind of venture he/she will create. Conger draws on values theories from social psychology to develop a model explaining the role of values as a driver of entrepreneurial action with the purpose of creating social or environmental benefits over and above economic benefits. Conger argues that entrepreneurs will place varying levels of priority on values focused on either self-enhancement or self-transcendence and that these prioritizations will strongly influence the importance they place on creating economic or social benefits through their ventures. He further provides a framework for understanding how values motivate social entrepreneurs to create non-economic value. Finally, the author explores the practical implications of understanding values for social entrepreneurs, arguing that considering their own value priorities and those of their firm's stakeholders is critical to the success of social entrepreneurs and their ventures.

In Chapter 5, Bhutiani, Flicker, Nair and Groen question whether social entrepreneurship is transformational leadership in action. Based on the argument that transformational leaders are essential to building sustainable organizations that consistently create wealth and contribute to the well-being of employees, the authors suggest that letting aspiring leaders get involved in social entrepreneurial ventures is an effective way to groom future transformational leaders. The goal of this chapter is twofold: to help social entrepreneurship researchers borrow proven research methodologies and ideas from the transformational leadership literature; and to develop strategies for instilling transformational leadership skills in students and practitioners aspiring to become social entrepreneurs. The authors develop a framework to compare the conceptual basis of both social entrepreneurship and transformational leadership. Additionally, they use their framework to study three of the most famous social entrepreneurs turned transformational leaders, namely Mother Teresa, Mahatma Gandhi and Wangari Maathai. The authors conclude that helping people to experience social entrepreneurship is an effective way to instill transformational leadership skills.

Part III stresses the importance of stakeholder theory as a relevant approach to study social entrepreneurship. Chapters 6 and 7 provide examples of the role of stakeholders in relation to human resource management and disruptive innovation, whereas Chapters 8 and 9 discuss the success of social entrepreneurial initiatives in relation to the management of internal tensions between social purpose and market success, so peculiar to social entrepreneurship.

In Chapter 6, Bissola and Imperatori combine the stakeholder and the social exchange theories to propose a stakeholder configuration model for the social enterprise domain. They ground their arguments on a single case study of an emblematic and successful Italian social enterprise, operating in the care, support and education of disadvantaged children and young people. The authors identify four kinds of organization–stakeholder relationships, characterized by different types of stakeholder engagement. Each kind of relationship advocates a specific bundle of human resource management practices to sustain the specific engagement types. From a stakeholder perspective, their study identifies specific social stakeholder categories, particularly challenging the traditional distinction between external and internal stakeholders. From an organization theory perspective, Bissola and Imperatori propose an extension of the HRM architecture approach to different types of stakeholders other than employees (for example, clients, volunteers). From a managerial perspective, they provide new insights to help practitioners activate practices that deliberately recognize and deal with the strategic role of social stakeholders, according to

their characteristics and to the nature of their relationship with the social enterprise.

In Chapter 7, Moss and Meyskens explore how stakeholder salience affects the mechanisms that underlie disruptive innovation. The authors postulate that traditional ideas of disruptive innovation based on customer power and resource allocation may be generalized when key assumptions are relaxed. Specifically, Moss and Meyskens explain how stakeholder salience extends the idea of customer power in contexts where there are many influential stakeholders and alters current explanations for how resource allocation may affect disruptive innovation. While highlighting how these ideas are particularly germane to research in social entrepreneurship, the authors also underscore the need for practitioners to be aware of the importance of assessing the deleterious or helpful effects stakeholders may have on disruptive innovation.

In Chapter 8, Katre, Salipante, Perelli and Bird invite the readers to think about the perpetual balancing act between collaboration and competition which social entrepreneurs engage in during interactions with mission versus business stakeholders. Collaboration is required to sustain social change in the long run, whereas proactive competition is believed to contribute to business growth and profitability. The goal of this chapter is to understand how social entrepreneurs deal with this paradox and to identify any recipe to success. Using stakeholder and social identity theories as conceptual lenses, they qualitatively analyze 31 early-stage social ventures and the entrepreneur–stakeholder interactions. This chapter highlights that successful entrepreneurs consciously create diverse social identities and manage them through a sufficiently large behavioral repertoire. Social entrepreneurs seem to situate stakeholders on a mission–business continuum to inform themselves of stakeholders' orientation expectations and proactively seek feedback.

In Chapter 9, Young, Kerlin, Teasdale and Soh focus on the long-term dynamics of social enterprises. Given their intrinsic tensions that can lead to long-term instability, fundamental transformation or demise, social enterprises try to balance market success with social impact, and a host of different organizational forms have been devised to achieve different versions of this balance. To deal with this important issue, the authors offer a new conceptual framework, based on the concepts of stable and unstable equilibrium. This framework allows the analysis of kinds of instabilities associated with different organizational forms of social enterprise, hence the likelihood of their success in maintaining their intended balance of social and market goals. The authors illustrate the utility of this framework by analyzing six case studies of social enterprise, spanning several nonprofit and for-profit arrangements, each coping with the tensions



between achieving social purpose and market success. Case analysis suggests that social entrepreneurs must be explicit about the balance of social impact and market success they seek, they must adjust their funding and governance arrangements to address that balance, they must anticipate and plan for the long term as well as for the immediate future, and they must be willing to experiment and make adjustments as experience and knowledge about new and classical forms of social enterprise continue to build.

Finally, Part IV investigates the process of legitimization of social entrepreneurship in society, either through the creation of a label recognizing a 'true' social enterprise, or by means of private movements that take place at the institutional, community level.

Based on the assumption that not every business or nonprofit fits the definition and mission of a 'social enterprise', in Chapter 10, Bennett, Gregory, Leaver and Ramirez intend to apply the lessons learned from the fair trade sector – a pioneer in today's world of voluntary, ethical certification solutions – to the creation of a 'social enterprise' certification. The expected benefit of such branding lies in contributing to marketing and venture growth. Using the case of a support organization for social enterprises based in Rhode Island, this chapter describes their investigations on existing models, their process of creating a definition and criteria, their findings, and the resulting Buy with Heart™ verification process. Interestingly, the authors posit that organizational form is irrelevant, and that, contrary to conventional theory and traditional practice, both for- and nonprofit social enterprises can be held to the same standards of prioritizing social impact. Finally, they pay special attention to three lessons they learned from the fair trade movement: the process of setting standards is as important as the standards themselves – and perhaps the plan for how standards will be revised over time is the most important of all; who audits an enterprise depends greatly on who is intended to benefit from the process and how; no verification scheme will meet all objectives for all stakeholders. In short, the lessons learned from the fair trade sector carry a simple message: pioneers should take a transparent and inclusive approach, let priorities guide the trade-offs, and expect that others will create formal or third-party certification systems that promote the alternative priorities.

In Chapter 11, the last chapter of this volume, Mezias and Fakhreddin adopt an institutional perspective at the community level to study the need for, yet challenges posed by, private social entrepreneurial initiatives in the context of emerging economies. They focus on the frequent failure to spur community economic development of top-down interventions emanating from the public sector and call for bottom-up private actions, in particular

corporate social action. They discuss two examples from the Middle East to illustrate three categories of institutions on which private efforts should subsequently focus: starting with cultural cognitive institutions, then moving to social normative institutions, and completing the cycle by reforming regulative institutions and the public sector. The authors offer specific recommendations for the private actors and suggest that partnerships led by the private sector to trigger sustainable development in impoverished communities may be possible even where the public sector and multilateral organizations cannot function as effective sponsors. The authors provide some recommendations to aid social entrepreneurs and practitioners as they try to spur effective change in emerging economies.

## DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH

Prior to the 2011 NYU-Stern Conference on Social Entrepreneurship, we asked participants to fill out a survey aimed to offer an overview of the current state of the social entrepreneurship field. Several results are worth mentioning.

First, it seems that according to our participants, social entrepreneurship research still faces a number of challenges regarding, among others, the level of conceptualization, a lack of legitimacy, difficulties of finding collaborators, and a lack of data, both quantitative and qualitative. (Figure 0.1.)

Regarding the lack of large-scale quantitative datasets, there seem to be unexplored options to locate data in the field of social entrepreneurship. Beyond using existing databases or exploiting field opportunities, different and creative ways to locate social entrepreneurship data include contacting big foundations, using teaching cases as data sources, contacting social venture award winners, or identifying social entrepreneurs through university and training programs. (Figure 0.2.)

Regarding social entrepreneurship education, the results are promising. Our study reveals that there was at least one social entrepreneurship-related course taught in 46 percent of the universities represented at the conference; between two and five courses were organized in 25 percent of the cases; and 6 percent of the universities offered more than six courses in their curriculum. Teaching methods tend to vary, and include the use of case studies, providing examples from field studies, presentation of research results and sharing best practices. (Figure 0.3.)

Finally, participants had the opportunity to evaluate the interest and the research potential, both from a theoretical and an empirical point



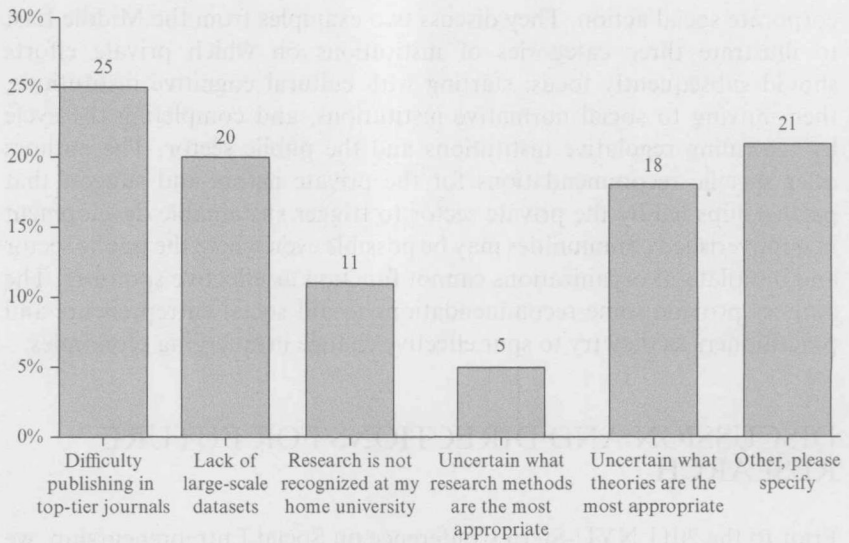


Figure 0.1 What is the biggest challenge you are facing in doing social entrepreneurship research?

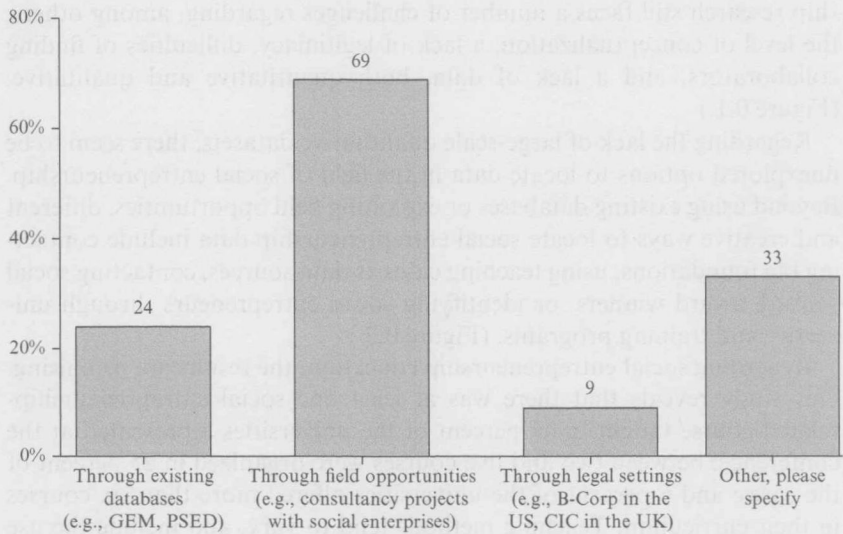
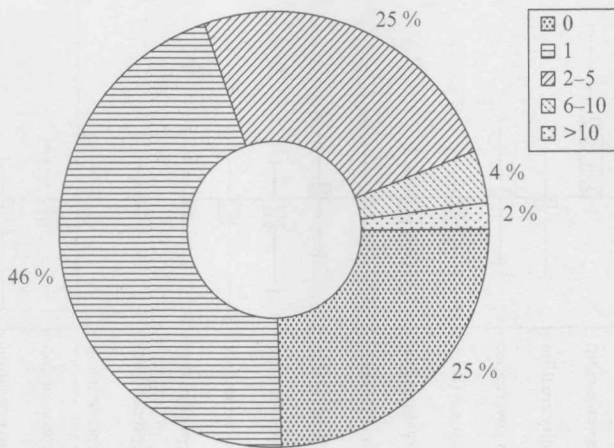


Figure 0.2 How do you currently locate data in the field of social entrepreneurship?



*Figure 0.3 How many social entrepreneurship-related courses are currently taught at your university*

of view, of 14 recurring themes in social entrepreneurship research. In particular, we asked them three questions:

1. In your opinion, how interesting is this research topic?
2. In your opinion, to what extent does the topic lend itself to theoretical developments?
3. In your opinion, to what extent does the topic lend itself to empirical analyses?

For each of these questions, we asked respondents to indicate their appreciation on a 7-point Likert scale going from 1 (not at all) to 7 (very interesting/to a great extent). Then, we created a discrepancy score by subtracting the empirical potential (answer to question 3) from the theoretical one (answer to question 2), that we then multiplied by the interest (answer to question 1). Figure 0.4 represents the means (full bars) and standard deviations (error bars) of this score (Y-axis) for each of the 14 topics (X-axis). It follows that a negative score reflects the average opinion that the topic lends itself better to empirical investigations whereas a positive score means that the topic is better suited to theoretical developments. The length of a full bar informs us of the depth of the interest that the topic represents whereas the length of an error bar gives us information about the agreement/disagreement between the respondents.

From the figure, we directly identified three research topics that lend themselves better to theoretical developments (that is, positive score),