

ABSTRACT

Email:

Bayne&jmsb.concordia.ca

Social entrepreneurship and social enterprise

Paper presentation

The Rise of the Social Entrepreneur in the Black Community of Montreal

By Professor Clarence S. Bayne

ICED, John Molson School of Business

Concordia University, Montreal Quebec.

The term “social entrepreneurship” emerged in the USA in the mid nineties. There are two streams of thought. One school of thought focuses on the generation of the “earned income” to serve a social mission, the “social enterprise school”. The other school focuses on establishing new better ways to address social problems or meet social needs(the social innovation school). These two schools of thought have began to converge over the last decade around the principle of innovation, public demand for accountability, the search for socially cohesive societies (embedded in the healthy cities concept) and sustainable environments. The concept has been plagued by the multiplicity of definitions of the term, and the lack of a theoretical framework for analysis and testing.. In most cases the definition refers to a single person with extra ordinary powers, insights, commitments to a cause, endlessly pursuing change (dis-equilibrium) in order to satisfy our insatiable appetite for more and more new goods. From a practical research perspective, finding such an entrepreneur is like looking for a needle in a hay stack. But the entrepreneur has also disappeared from economic theory, ever since Schumpeter created this great “disequilibrater”, and master of progress by “creative destruction”. To explain this phenomenon Baumol (Baumol 2008) introduced the concept of the “third tautology”. Baumol states that “Innovation is an entirely heterogeneous output”. Because the production of whatever was an invention yesterday is mere repetition today. Thus, he concludes that in any analysis of entrepreneurial activities, there are none of the homogeneous elements that lend themselves to formal mathematical description, let alone the formal optimization analysis that is the formation of the bulk of microeconomic theory. For this reason Baumol argues the entrepreneur is virtually never mentioned in the modern theory of the firm and distribution.

The Theoretical Framework

Baumol is very insightful in drawing our attention to the what he calls the “David-Goliath” partnership (Baumol 2008) in the market which raises serious questions about the necessity for pinning entrepreneurship to a single superior personality, or a giant firm with a huge R & D budget, sending shock waves through the economy. Baumol points to the fact that a critical share of the innovative breakthroughs of recent centuries has been contributed by firms of modest size, then sold or leased to large firms who exploit and develop them and turn them into novel consumer goods that have transformed our lives. It is these inter-dependencies between small and large firms, much more than single individual initiatives, that generates the waves of creative destruction. And it is not a smooth explainable movement along some growth path from equilibrium to disequilibrium to equilibrium and so on. It is turbulent. Baumol recognizes that in the real world setting, it is in this transformative stage where we find the entrepreneur, not the world of perfect competition. It is one of rapid change; monopolistic competition and rivalry in which each firm keeps running as fast as it can to get new products to market but can merely maintain its market share (stand still). Baumol likens the innovation activities (R&D) of these oligopolistic firms to an “arms race”. The competitive structure of the market is such that “no firm in this position can afford to dare to fall behind in the race to create new and better products¹”, lest they be outperformed and replaced by other firms long before it reaches the maturity stage in the life cycle of the organization. In a recent article published in ARNOVA Occasional series (Vol 1, No.3) Paul C. Light, raises similar questions with respect to the social entrepreneur. Using a *modus operandi* approach he poses the questions, what kinds of clues do social entrepreneurs leave as they do their work? How do they operate? What do they emphasize? How do they change over time? He argues that the first and foremost important clue that the social entrepreneur leaves is a commitment to solving significant social problems through pattern-breaking ideas, even if that commitment is currently on hold due to changing conditions. He states that these pattern-breaking ideas should be visible through actual endeavour, and revealed in the innovative programs or methods for solving a given problem. But he leaves open the concept of what is pattern breaking, making the observation that “some of the most important breakthroughs can involve relatively small adjustments at the front end of a program process that yield dramatic impacts far down the chain of results (Paul Light)”, the famous butterfly effect associated with complex unstable systems. The second clue is a commitment to sustainable, large-scale impact. He admits of the possibility that scale is open to interpretation, and makes the point that large-scale change has more to do with the idea, not the scale of the organization that holds it. It is the multiplier effect or the degree of isomorphism, that ultimately determines its full impact. Let us put this into the context of complexity theory, and systems that have the kinds of internal structures and redundancy to adapt to different levels of complexity, that is to find new fitness levels.

Social Entrepreneurship in action

It is from this theoretical perspective that we intend to discuss the social entrepreneurial experiences that are associated with the movement of Blacks to Quebec, and to explore their adaptations to the fitness level of that landscape that have been described by scholars and the present government as physically, socially, and economically hostile to their entrance, presence and existence. We will like Paul Light broaden the range of situations and the kind of activity that qualify as entrepreneurial, but also have provided a systems theory explanation of the role played by order and chaos in producing the conditions that demand and sustain entrepreneurial activity, defined here as the continuous search for existence (perpetuation of higher orders of life and life styles). Social entrepreneurship is therefore associated with the responses and actions taken with respect to the failures of the technology driven market sub-system that sustain the fundamental needs and life styles of western society. In western society social entrepreneurship is the action of nonprofit and non-state agencies or networks committed to solving the difficult problems of inequality in distribution of wealth, national and world wide poverty, social injustice, and the threat to life and the planet resulting from our patterns of consumption reinforced by the unprecedented growth in demand; and the clash between our manmade cycles of production and the natural cycles of the earth's life sustaining ecosystems. These agencies and individuals are capable of responding to these collective needs in a way that profit oriented opportunity seeking agencies cannot. The latter are pre-occupied with the inherent need to produce new goods to replace old or existing goods. The former is occupied with offsetting and correcting the negative goods produced by that sub-system, or producing the essential public goods which the system will not or cannot produce. There is therefore a synergistic relationship between the private and public agencies that is characterized by a division of labour between the production of private goods and services and public goods, including the protection of the planet and life on the planet. It is in the sense above that I use the following definition by Light"

"A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seek sustainable, large scale change through pattern-breaking ideas in what governments, nonprofits, and businesses do to address significant social problems" (ARNOVA, p30).

Chaos creates the opportunity for new design, new creations, innovation. Barriers to entry or resistance create the need to be innovative in order to benefit from the opportunities in spheres from which we are excluded. A few may lead the charge, yet others follow on their successes adopting their structures and strategies building and improving on their successes. A clash of cultures may cause chaos at the boundaries of adaptation. For within each group there are multiple subgroups. Some of these enforce the codes of that culture, set the boundaries that maintain a sense of stability and safety, in a sense, maintain an equilibrium. But there may also be subgroups that seek out other possibilities outside the boundaries of the group, and actively work to enrich or enhance the possibilities for survival in a changed environment. We liken the movement of masses of Blacks from the Caribbean, Africa and other parts of the world to Quebec in the fifties through to the eighties as initially creating social chaos at entry and

turbulence that followed in the wake of these inflowing streams into a socio economic framework that was at least in an uneasy balance. They were barred at the boundaries of a society that had established a quota for Blacks and a “colour line” which determined where they would be allowed to live, what jobs they could get, and the degree of participation that they would be allowed in the social and cultural institutions and the decision making processes of the society. In this paper we show how social entrepreneurs (individuals , groups, and alliances of groups) organized themselves to solve the social and economic problems they faced and their general marginalization. The emphasis is on the response to social and economic chaos and turbulence and their commitment to achieve social justice on the largest scale possible. Indeed the entrepreneurial nature of their search for solutions,. Some key developments and events that has significant impact on the process of change, still in progress are, the Sir George Williams Computer Crisis(1968) , a violent response of Black students supported by White activists students to perceived injustice in the assessment of performance, the Creation of the National Black Coalition of Canada ; the Black Writer Congress(October 11-14 1968); the creation of the Quebec Board of Black Educators to advance the education of Black youth in the Montreal school systems and move them on to CEGEPS and university; the creation of the Black Community Council of Quebec, an alliance of specialist groups and outreach programs (1970). Then in 1992, the Black community forum at Val Morin to develop a comprehensive and collective strategy for solving these difficult problems of exclusion from full participation in the social, democratic and economic processes of Quebec and Canada. From this Forum the momentum was set in place that lead to a partnership with the Federal Government of Canada to finance the Black Community Resource Centre of Quebec(1995) ; and a partnership with the Provincial Government Quebec to create the Mathieu Da Costa Foundation for the financing of business start ups in the Black communities of Quebec. This has been superseded by the Fonds Afro-Entrepreneurs (2008), a serious move by the Quebec Government in the face of this persistent comprehensive and collective action to involve it in actual programs and partnerships to find long term solutions to “obstacles faced by Quebecers from the Black communities in order to facilitate their full participation in Québec society.” The approach to financing which involves the private sector and community based organizations from the Black community is innovative , and large scale in intent and impact.

Bibliography.

1. Baumol, William J., “Return of the Invisible Men: The Microeconomic Value Theory of Inventors and Entrepreneurs(November 15 2005). Stanford Social Innovation Review :Articles: SSocial Entrepreneurship: The Case for Definition, 2 15 2008
2. Light, Paul C. Searching for Social Entrepreneurs: who they might be, where they might be found, what they do”, Research on Social Entrepreneurship: Understanding and Contributing to ab Emerging Field , ARNOvA Occasional Papers, Vol., Number 3, edsRachel Moser-Williams

3. Task Force on the Full Participation of Black Communities in Québec Society” Government of Québec, 2006.

4. Homer-Dixon , The Ingenuity Gap, Vintage Canada 2002.