

# **The Function of Social Entrepreneurship in the UK**

**Draft paper presented at the ISTR Conference, Cape Town, July 2002**

**By Paola Grenier, Centre for Civil Society, London School of Economics,  
UK**

**p.m.grenier@lse.ac.uk**

*This paper has been written following one stage of field research, carried out as part of a PhD on 'The role and significance of social entrepreneurship in the UK'*

## **Abstract**

In this paper I focus on the emergence of social entrepreneurship as an organisational field in the UK, specifically between 1995 and 2001. Social entrepreneurship in the UK emphasises the role of individual social entrepreneurs in bringing about social innovation, change and progress.

This paper draws on new institutional theory in organisations to understand social entrepreneurship as an emergent organisational field. It is based on interviews and documentary analysis, and covers four broad areas. This paper looks first at definitions, perceptions and the use of language in how social entrepreneurship is understood and presented. Second it assesses why there has been an interest in social entrepreneurship in the UK. Thirdly it proposes five functions of entrepreneurship based on different theories, and reviews the ways in which social entrepreneurship fulfils those functions. And finally it explores some of the more contentious aspects of social entrepreneurship, which have given rise to some strongly held alternative positions in the UK.

The findings and discussion draw attention to the way in which business terminology and values are both explicit and implicit in the language of social entrepreneurship. I argue that social entrepreneurship does in fact fulfil the functions of entrepreneurship identifies by

theoretical approaches, but within a particular context. Its emergence has taken place within a context of political and social trends which support the emphasis found in social entrepreneurship on the individual, on achieving results, and on adopting private sector approaches. The paper concludes by commenting that there is a danger in social entrepreneurship highlighting the business aspects of entrepreneurial approaches in contrast to voluntary and public sector approaches, and not placing enough emphasis on the inherently political nature of bringing about social change.

*“To study the function of a social practice or institution is to analyse the contribution which that practice or institution makes to the continuation of that society as a whole.”*  
(Giddens, 1993: 711)

## **Introduction**

Social entrepreneurs emerged into the landscape of the UK voluntary sector in the late 1990s, pretty much on the heels of the arrival of the New Labour government. Social entrepreneurs<sup>i</sup> tend to be portrayed as skilled, energetic, inspiring, persistent (eg CAN website). They are subject to high expectations to transform society where others have failed – ‘they can transform the neighbourhoods and communities they serve’ (Leadbeater, 1997). There have also been some concerns and reservations about the roles ascribed to social entrepreneurs and the ways in which social entrepreneurship is presented. This paper looks at where social entrepreneurs have emerged from, and seeks to understand why there has been interest in social entrepreneurship and what is underlying the concerns being expressed. It assumes that social entrepreneurship fills a function in society, in a similar way to economic or business entrepreneurship.

“It is important to emphasise that if a community regeneration organisation is to be effective and successful it will be the centre of a swirl of activity. Social entrepreneurs are needed to manage what can be large, fast-moving, creative organisations. Social entrepreneurs are therefore, an essential component, not an optional add-on.” (Thake, 1995: 48)

This paper is focused on the emergence of social entrepreneurship within the UK as an organisational field. From about 1995 there have been an increasing numbers of people and agencies using the term and supporting and promoting social entrepreneurs. Drawing on new institutional theory, social entrepreneurship is identified in this paper as an emergent organisational field. It is an organisational *field* in the sense that there are several organisations which interact with one another and recognise each other’s work as being within the same arena, and a range of organisations that influence and provide support (DiMaggio & Powell, 1991). It is *emergent* in that the few organisations working explicitly on social entrepreneurship tend to be relatively young, established mainly in the late 1990s and early

2000s. The field has been taking shape and growing as more organisations have entered the field, either as newly formed organisations or within existing organisations. Similarly more resources have been directed to supporting social entrepreneurship – significantly £100 million endowment from the UK government Millennium Commission to provide grants for individual social entrepreneurs. People have increasingly been identified as social entrepreneurs and have self-identified as such<sup>ii</sup>. The term has started to appear in think tank and government policy papers, research has begun to take place, there have been competitions to identify social entrepreneurs, and alongside this there has been some national media interest.

In term of how big and significant social entrepreneurship is as a field, there are about half a dozen to ten organisations working specifically on supporting social entrepreneurs and these are small to medium sized organisations. There are many more social enterprises, social venture funds and other such organisations, and the social entrepreneurship field is relatively small compared with that. However, it is thought to have the ear of government as some of the individuals advocating for support of social entrepreneurs are considered close to New Labour, so there is influence beyond the size of the existing organisations. Nevertheless social entrepreneurship is still very much at the early stages of development as a field, and its potential impact and future still in the balance – “Are we just the new voluntary sector groups that were created this year, or next year. Or are we something more significant?” (PIS)

Social entrepreneurship is identified here not so much as a set of organisations but rather as an issue around which organisations, policies, research and other activities develop (Hoffman, 1999). By doing this I aim to highlight the way in which the issue is understood, how it is challenged, what the varying perspectives are, and in this way to identify the nature and functions of social entrepreneurship in the UK. I am drawing on documentary and interview data: documents, websites and press articles about social entrepreneurship; and a total of 18 interviews with social entrepreneurs, commentators on social entrepreneurship and organisations promoting social entrepreneurship. This paper looks in turn at (i) language and social entrepreneurship, and in particular confusion around definitions and the adoption of business sector terms; (ii) why interest in social entrepreneurship has emerged and what factors have contributed to that; (iii) in the light of theory on entrepreneurship what the

functions of social entrepreneurship might be; and finally (iv) what are the problematic areas and the implications for the organisational field.

### **i) Definitions, perceptions and reflections on language**

This section reviews the varying definitions of social entrepreneurship that exist and the different elements of what social entrepreneurship is understood to be about. This leads to a brief consideration of the way in which business language has been adopted and business concepts used to express some of the current thinking in developing new social welfare provision.

Two contrasting definitions of social entrepreneurship become clear very quickly when reading the documents and talking to people (Dees, 1998), and are only occasionally defined distinctly:

- Generating social change and new approaches to social problems through implementing innovative ideas which create social benefits.
- Combining an income generating or business type activity with a social purpose. These activities make a financial surplus or profit which is then reinvested into the social cause. This is often referred to as social enterprise.

The confusion between these two notions of social entrepreneurship was identified clearly as a problem in the interviews – “The thorny issue of what is the difference between social enterprise and social entrepreneurship” (P1S). Both are about generating new approaches through using business styles or practices, and both emphasise the role of individual social entrepreneurs. The two meanings are often confounded with any distinction not seen as significant. For example the following definition could mean either or both:

“A person who uses conventional business discipline, management tools and entrepreneurial skills to achieve a social purpose.”

(Enterprising Communities: Glossary definition of social entrepreneur)

The focus here is on social entrepreneurship as implementing innovation, the first definition. However this section will focus on the blurring of these two meanings to identify some of the roots of social entrepreneurship in the use of language.

The first root and source of blurring is the simple ambiguity in words and language. Often assumptions are made rather than attempts to clarify or define exactly what is being written or talked about. This is exacerbated by the ambiguous meaning of words that are associated with entrepreneurship such as: 'enterprise', 'initiative', 'profit' and 'sustainability'. One example of this is the reluctance to use the term social entrepreneur in some places because "as soon as they see the term entrepreneur they immediately think business, money grabbing and all those kinds of characteristics and that is not what we are trying to get across" (P2S). This linguistic confusion is further complicated by a series of new funding initiatives linked with social entrepreneurship, which also use business terms in a social context. These include venture philanthropy, social investment funds, and community development finance, where there is at times a similar confusion and confounding of whether the aim is a 'double bottom' line of financial and social profit, or simply social benefit.

This use of language illustrates a more general trend to adopting business practices and terms, which is the second aspect discussed here. Business terms are often accepted with little challenge, though there are implications in that they down play the role of political action and emphasise service provision by voluntary agencies.

"Nevertheless, business concepts, like competition, price, contract and customer relations, have permeated the debate about the future of voluntary action. In so doing, they have lost any specific political associations and become generally accepted as legitimate criteria to apply in devising the governance and assessing the performance of third sector organisations (Handy, 1988)." (Deakin, 2000).

It also seems that people have different perspectives on whether being business like and adopting business approaches is literal or metaphorical. The first definition cited earlier, of social entrepreneurship as implementing innovation, is a metaphorical adoption of entrepreneurship as applied to social problems. It is about entrepreneurs as having 'flair', 'drive', 'passion', or a sort of attitude or approach that can be applied to social problems in a

similar way as has been so successfully applied to business. The second definition, of social entrepreneurship, as about developing income generating activities, is the identification of entrepreneurship with a more literal understanding of business as being about making a profit. Lastly both definitions are a response to a societal trend to 'a consumerist and a moral individualism' (Moore, 2000), and reflects language that focuses attention on the individual's capacity to shape their own environment rather than on social structures. The use of the term entrepreneur from business is also in contrast to more political terms such as activist, and reflects the sense of the state not being so central.

What is striking about the emergence of social entrepreneurship is that it is very much associated with business language, business practices, business thinking, and in some cases the marrying of social benefit with economic profit. It is also associated with notions of individualism, individual initiative, and a shift away from 'dependency' on existing forms of welfare, whether provided by the State, the market or charity. From this point of view social entrepreneurship is a term which reflects the times in which it has emerged – a time in which people are have a better understanding of themselves as consumers rather than citizens or members of a community. There is a general familiarity with private sector thinking and practices, and a more complete language exists around this. This is demonstrated by the way in which the word 'social' is placed at the front of a range of words more commonly linked with business (such as social –enterprise, -investment, -capital, -economy). It is also a time when business gurus rather than saints are our inspiration for how to make a better world.

## **ii) Why the interest in social entrepreneurship?**

There are a number of more specific trends and factors that have come together to foster the current interest in social entrepreneurship as a new approach to tackling social issues. The interviews showed a high level of consistency in identifying those factors. In this section social entrepreneurship as a field is considered within the context of overlapping and layered institutions (DiMaggio & Powell, 1991). It is positioned as largely within the voluntary sector, and as overlapping with the public sector in terms of welfare service provision and policy implementation, and with the business sector in terms of values and approaches. Social

entrepreneurship is one element within a wider emergence of ideas imported from business, including social enterprise, venture philanthropy and the social economy (Mayo and Moore, 2001; Wallace, 1999).

New institutional theory in organisational analysis suggests a number of different factors that may be important when considering institutional change and the emergence of new institutions, and here I draw on two of these (DiMaggio & Powell, 1991). These are institutional 'contradiction' and 'conflict' which have been suggested as creating the opportunities and incentives for institutional change (Friedland, 1991) and path dependency which means that change in institutions depends on the historical context and the nature of preceding institutional development. This paper considers the ways in which social entrepreneurship has its roots in trends within the public, private and voluntary sectors that have intensified some of the contradictions and conflicts within and between institutions. There are also broader political and cultural trends that have created a context receptive to social entrepreneurship. These contradictions and trends have come together to create a logic and legitimacy for social entrepreneurship which individual proponents have been able to use to promote social entrepreneurship. This is also a process of framing in the way in which such entrepreneurs have influenced and shaped the context and what are understood to be the problems and the solutions (Kingdon, 1995; Schneider, Teske & Mintrom, 1995).

The first area of interest is the voluntary sector itself. It is suggested that a contradiction has developed between the role of the sector as a source of innovation and social experiment (Badelt, 1997; DiMaggio & Anheier, 1990), and perceptions of it as amateurish and unprofessional. The interviews and some of the documents identified that the voluntary sector is perceived as 'flabby', a bit 'Dad's Army', old fashioned, and held back by large committee based decision making. One article talked about 'the relative squalor of the social sector' (Drayton, 1997). An additional contradiction within the sector was identified as a tendency for 'charity' to create dependency at the same time as attempting to empower people. It was felt that these contradictions have held the sector back from being effective in meeting social needs, and in particular in fulfilling its innovation role. This has led people to focus on a need

for more effective leadership in the sector (Deakin in Plowden, 2001: 4; Bubb, 2000), and to develop an interest in the role of moving spirits, community activists, and social entrepreneurs.

"There were clear limitations in explaining voluntary action in terms of supply and demand. Initiative (individual, collective, or activist) was the key factor. This explained why voluntary action was commonly strongest where it was least needed, and weakest where it was most needed" (Knight, 1993)

There has been a trend over the past two or three decades for voluntary organisations to adopt practices and terminology from business. The current focus on social and community enterprise, and social entrepreneurship could be seen as a natural progression of those existing trends. There is even a sense that social entrepreneurship is not so much about innovation and change and more about “gradually shifting toward an effective management of NPOs; which is a more normative concept of entrepreneurship” (Badelt, 1997).

An addition to this picture is the decline in religiosity. Religion and religious values have been the inspiration for much voluntary and social action (Beveridge, 1948; James, 1987; Rose-Ackerman, 1996; Chaves, 1995). Religious beliefs are no longer presented as a main reason why people would be motivated to take social action. This does not mean that spiritual values do not play a role in motivating people, but more that they are not discussed so openly in the way that they were for example in the Victorian era of philanthropy. The idea of being enterprising and pursuing a self-interest has become more valid. This has left a gap in what people have seen as legitimate motivations for establishing charities and attempting to bring about social change.

In terms of broader political and cultural change, the fostering of an ‘enterprise culture’ for business in the UK under Thatcher, and the increased focus on the individual and on individual initiative have contributed directly to interest in creating similar cultures in the public and voluntary sectors (Carr, 2000). In practical terms the introduction of contracting out of services by local government to voluntary organisations started to nurture a more competitive and entrepreneurial spirit in the voluntary sector. Social entrepreneurship is understood as a backlash against 80s selfish individualism and yuppieism, and a (not surprising) realisation that the private sector doesn’t have all the answers to social and public issues. In fact debates

in the private sector have been increasingly focused on ethical issues around social and environmental responsibility, as well as tackling corruption and needing to improve the ethics of core business practices.

There has been an ideological continuation from Thatcherism to New Labour and Third Way thinking, as enterprise remains a strong value with attempts to bring the community back in to the debates and policies. In fact social entrepreneurship is closely identified with the government as “pretty pure Third Way Blairism” (C2). Furthermore, government agendas around identifying sources of innovation with which to renew the public services, bring us back to the role of the voluntary sector having filled that function traditionally.

These trends and contradictions become critical when social needs are seen as not being effectively addressed. This is acutely felt in the persistent failures and decline of the Welfare State, and its inability to provide the safety net promised in the original vision – “The Welfare State has got very tired” (P2S).

“I think that there is a desperation in our society to find some answers to very pressing social problems” (S2).

One example of this is the tension that has developed in the arena of urban regeneration, between top down government policies and programmes, and local community action. This has been the focus of much of the interest in social entrepreneurship, where it has been felt that regeneration strategies have not been effective, and part of the solution is to develop more effective support for grassroots and neighbourhood initiatives (eg Atkinson, 1999; Gibson, 1998). They emphasise the role of individuals in taking greater responsibility for their economic and social well being, and of creating sustainable social provision both economically and in terms of not creating individual dependency. More broadly social entrepreneurship is connected with ‘a renewed search for the public good’ when the main challenge is ‘how to create a modern sense of the social and of society’ (Moore, 2000).

So there was a need for a new approach to ‘charity’ which challenged dependency and could be more innovative. At the same time there has been a perceived need for innovation in social welfare as public and private sector approaches have been seen as inadequate. Despite

uncertainty about the ability of business to tackle social problems, business approaches are still seen as successful, and have been adopted and promoted within the public and voluntary sectors. There have also been identifiable individuals who played a leading role in raising social entrepreneurship as an issue. The concept was promoted and legitimised through publications, media attention and interest from opinion leaders. Organisations were established to train and support social entrepreneurs, to fund them, to provide networking opportunities and information, and to identify them. A whole cluster of initiatives has formed around ideas of adapting business approaches to social issues, including social entrepreneurship, social enterprise, social investment, venture philanthropy. It still leaves a question as to what extent social entrepreneurship is simply the adoption of different words, or whether it really reflects a new player in the field of social welfare. The main caveat on the above is that social entrepreneurship and social enterprise are international phenomena. To limit its emergence just to such specific UK issues as national politics does not capture its wider and more international nature.

### **iii) Functions of entrepreneurship**

In this section I draw on the academic literature on entrepreneurship in economics, management, anthropology, sociology and psychology to identify the functions that entrepreneurship is thought to play in society. These are compared with themes on social entrepreneurship that are identified from the interviews and documents analysed, and specific functions of social entrepreneurship in the UK are suggested.

Entrepreneurship is often identified as a function in society or in the market (Schumpeter, 2000; Kirzner, 1982). Based on theory, I have identified five functions of entrepreneurship. These are presented here not as alternatives, but as different aspects of and perspectives on entrepreneurship.

- innovation, (Schumpeter, 1998 (1949));
- bearing risk for society or bearing uncertainty (Knight in Hebert and Link, 1988);
- spotting and acting on opportunities (Kirzner, 1982, 1989);

- bridging between sectors, fields and resources (Aldrich et al, 1998; Barth, 1963);
- and leadership (Casson, 2000; Schumpeter, 1998 (1949); Swedberg, 2000).

These five functions are overlapping and include aspects of one another, such that taking risks is an aspect of innovation, and acting on opportunities is an aspect of bridging between fields. All of these elements of entrepreneurship featured significantly in the interviews and are found in the documents.

The innovation function is most strongly associated with the Austrian economist Schumpeter, who is also considered the 'main figure' in the academic literature on entrepreneurship (Swedberg, 2000:12). Schumpeter's writing on entrepreneurship focused mainly on the capitalist economy and the critical role of entrepreneurship in creating change and progress. However there is a sense in his writing that these ideas could also apply to social and political areas of life (Swedberg, 2000: 14). In fact innovation is regarded as an important function of the non-profit sector (Badelt, 1997; DiMaggio & Anheier, 1990). This compares with state social provision where there are limitations on the ways in which public funds can be used. Whilst the nonprofit sector is sometimes criticised for being less accountable than government, this can give it more leeway in terms of innovating and piloting new approaches. The innovative function of the voluntary sector is one way in which government and non-profit sectors can complement each other.

The innovative aspect of social entrepreneurship is present in the literature (Thake, 2000; Dees, 1998; Leadbeater, 1997; Johnson, 2000) and is strongly identified in the documents relating to social entrepreneurship and by the organisations promoting it – social entrepreneurs are “the midwives of invention” (SSE brochure, 2000: 2) and “find innovative solutions to society's most pressing problems” (CAN brochure)

In the interviews, innovation and creativity were also strongly linked with social entrepreneurship, but not so much with having a brilliant idea, but rather with bringing existing ideas together in new ways, or using other people's ideas – “it includes being open to ideas maybe rather than having lots of ideas” (C2). These views of entrepreneurship are consistent with Schumpeter's concept of innovation as being about 'new combinations'.

“Entrepreneurs for me are not innovators they are not coming up with something completely new, they are using existing ideas, bringing them together and giving them a new twist.” (P2S)

At a higher level innovation was understood as a way to transform communities and society as a whole. Again this is consistent with Schumpeter’s original ideas about the function of entrepreneurship which is to transform industries and create economic progress in society.

“the way I see it interpreted frequently, the title for an individual who is seen as being capable of transforming the fortunes of a community.” (C3S)

The second function identified is risk bearing. Risk has been broken down into known risk, uncertainty where there are known outcomes, and radical uncertainty where outcomes are unknown (Hebert and Link, 1982). There is thinking that entrepreneurs take responsibility for radical uncertainty (Hebert and Link, 1982), whilst managing other forms of risk through venture capital, loans and insurance. Social outcomes are notoriously difficult to quantify and hard to evaluate over the short or medium term. In this sense the idea that social entrepreneurs bear risk for aspects of the social development of society seems very relevant.

Risk and the possibility of failure was strongly identified in the interviews but is only weakly reflected in the documents. In the documents social entrepreneurship is not explicitly identified with a risk taking function, though risk is implicitly present (eg Ashoka website, SSE website, CAN website). In contrast, during the interviews risk-taking was a significant issue. In particular risk taking is seen as necessary if there is to be social change and progress – “and I would posture that with social entrepreneurship the profit, the beneficial outcomes, are a by-product of the function of the risk. You have to take risk to move forward” (S3).

At the same time government is identified as risk averse, and the voluntary sector as the place where risk can be taken, and where government can somehow delegate the risks involved in experimentation and innovation. The forms of risk that are taken include financial risk, personal and organisational reputation.

“they are worried about failure and that is why you have to have people like me, you have to have people who can take a risk.” (P1S)

“If you want to turn it round from inside you have to take the risk, government can do that with voluntary organisations. and they can minimise the risk by supporting voluntary organisations like ourselves.” (AS2)

The third function of entrepreneurship identified is spotting and acting on opportunities.

Kirzner (1989) stressed the importance of alertness to and the ability to take advantage of opportunities as the key to entrepreneurship. Whilst this approach is about the function of entrepreneurship as making use of opportunities it also emphasises the cognitive processes of individual entrepreneurs in terms of opportunity recognition and decision-making. In some approaches opportunities are viewed as objectives existing facts (Shane & Venkataraman, 2000) which need someone to notice them. A different perspective is that opportunities are ‘framed’ or created by the entrepreneur (Schneider & Teske, 1995). Along similar lines (Johannisson, 1995) suggests that entrepreneurs spot “ ‘enactable’ contexts” not simply opportunities – in other words flexible environments within which they can influence and create their own opportunities.

Alertness to opportunities was consistently considered to be central to social entrepreneurship in the documents and interviews. The terms ‘opportunistic’, seizing opportunities, spotting needs and gaps in provision were used. In the interviews opportunism was closely associated with taking risks, making things happen, and responding to needs. There was little expression of the entrepreneur as playing a role in framing a situation in a different way, or as creating opportunities by understanding or presenting an issue in a new way. In fact opportunities and social needs were talked about as real and tangible, and social entrepreneurs as ultimately pragmatic (Leadbeater, 1997) and realists (Ashoka).

“Constantly thinking about trying to exploit new opportunities and being responsive to emerging needs.” (C3S)

The fourth function is identified as bridging and creating links between different sectors, fields, and resources. This is a more complex notion that is most clearly understood as the ways in which entrepreneurs network (Aldrich, 1998; Granovetter, 1995; Johannisson, 2000). There are two other ways in which linking is present in the literature. One is forming bridges between different groups, as opposed to individuals, be they organisations, fields, sectors,

institutions (Barth, 1963). The other is in identifying and mobilising the resources required for an innovation to be implemented – in other words linking the resources to the opportunity, the institutions with the resources to the innovations (Rogers, 1995).

Social entrepreneurship is often expressed as building partnership or alliances (Leadbeater, 1997), and most often as cross-sector partnerships. The benefits of this include: gaining credibility by forming a partnership or alliance, being noticed by those with resources and power, doing deals and striking partnership in order to access support. Furthermore social entrepreneurial projects tend to fit in to several areas of work, and across fields and sectors, which is similar to the idea of innovation as ‘new combinations’ or boundary spanning.

“As social entrepreneurs we can make links between different sectors. Also there is that whole government agenda about partnerships. So I guess we're good at going and talking to different people and helping them see the benefits of joining up with whoever, and making that work.” (S4)

Social entrepreneurs were also identified as mobilising resources, providing energy and inspiring people. This is similarly a bridging role, in bringing together ideas with the necessary resources. Entrepreneurship can therefore be much less about having and developing the innovative idea, and more about diffusing that idea and getting support for it (Rogers, 1995: 336).

“but maybe its more about resources and understanding the different kinds of resources that go into things, be that volunteers or people skills or space and so on.” (S4)

One particular bridge that social entrepreneurship is thought to create is between the business world and the social sector, be it public or voluntary. This has been done through adopting a language and values that are more easily understood in the business sector, for example being pragmatic rather than idealist. This in turn had helped to create support for social entrepreneurship from business people.

The final function identified is leadership. It is often stated in the literature that entrepreneurs exhibit leadership skills. In particular the charismatic and transformational leadership styles which create a sense of solidarity, communicate and frame issues that can be understood,

motivate multiple stakeholders, and attract new members and supporters (eg Schneider & Teske, 1992). Nevertheless it is less clear if entrepreneurship is a specific type of leadership or if entrepreneurs make use of a variety of skills which include leadership.

“Entrepreneurship is all about leadership in various different ways. It's a subset of leadership...you can be a leader without being an entrepreneur, but there is an overlap, all entrepreneurs are leaders.” (P4S)

There are two specific leadership roles that entrepreneurs seem to fill based on the interviews and documents. There is the traditional form of leading people – “The quality that all social entrepreneurs have in abundance is leadership. They are very good at setting a mission for an organisation and mobilising people around it” (Leadbeater, 1997: 78). The second is providing leadership in a field or industry through example (Schumpeter, 1998 (1949); Gardner, 1997) – “they become compelling role models for hundreds of others” (Ashoka website).

Social entrepreneurship therefore can be seen to fill the functions in society that are associated with entrepreneurship theory. Based on that analysis it can be concluded that social entrepreneurship is part of the broader family of entrepreneurship, and therefore it is about more than a general trend to use and adopt business terminology. The use of the phrase social entrepreneur rather than terms such as community leader, social activist, voluntary sector pioneer (which was used by Beveridge, 1948), emphasises particular functions that are relevant to the current climate and situation within the voluntary, public and private sectors. These include a specific interest in:

- how to recapture and nurture the innovative role of the voluntary sector, at a time when innovation is a priority given the perceived failure of much provision of social services and the crisis in the Welfare State, coupled with a dissatisfaction with public and private sector forms of provision;

- where risk is taken and how it is shared in the development of new approaches to social provision, particularly given the pressures of public accountability and the often risk averse nature of government;
- supporting initiatives which are closer to deprived communities than government, and are flexible and responsive enough to respond to and create opportunities for social benefit;
- how to create better links and relationships between the sectors, with some interest in creating more sustainable social organisations and finding ways of using resources more effectively for social benefit;
- inspiration, initiative and leadership in the social sphere, whereby the dependency associated with the welfare state is directly challenged and people take greater control of their social well being.

#### **iv) Implications for social entrepreneurship in the UK**

In this last section of the paper I discuss some of the contentious areas of social entrepreneurship. These are documented in the writing of a few people, and were raised and discussed in the interviews. On the whole these contentious areas can be identified as tensions and conflicts between the values and nature of the voluntary sector and the way in which entrepreneurship is associated with business. In addition there are particular emphases in the way in which social entrepreneurship is presented, which contrast, often deliberately, with some voluntary sector traditions and values. The intention here is to acknowledge and explore these tensions and contradictions, rather than to try and resolve or overcome them.

##### ***Individual – community***

The most often talked about and most obvious area of tension is between the focus on the individual in entrepreneurship, and collective action and solidarity in the nonprofit and community sectors (Thake, 1999; Pearce, 1999). There is undoubtedly an emphasis on the individual in the field of entrepreneurship. It is worth noting that this has been subject to long

standing criticism and debate even before the idea of social entrepreneur came along, for example in the article “Who is the entrepreneur? is the wrong question” (Gartner, 1988).

The superlative way in which social entrepreneurs are described is very striking in the promotional materials – “zeal, young-at-heart, X-factor, well-connected, visionary, unorthodox, team player, sense of humour...” (excerpts from the A to Z of social entrepreneurs on the CAN website). This has clearly been alienating for many, and has been a particular concern to those working in the field of community development (Pearce, 1999; Waite, 2000; Atkinson, 1999) as well as people who have been called social entrepreneurs (C3S; S4; S1). Concerns included social entrepreneurs being carried away by their own mythology, not crediting the range of people involved in creating social change, not understanding the context within which social action and community change take place.

“the danger at the moment is that if you focus on the individual element you are not nurturing the community dimension” (C4)

Whilst there is wide recognition by the groups promoting social entrepreneurship that social entrepreneurs do work in teams, work collaboratively, and create alliances, these are nevertheless portrayed as individual attributes rather than as part of a collective process (Leadbeater, 1997; CAN website).

The individual – community tension takes on other forms in the contrast between working for private, personal benefit in business and public or common benefit in the voluntary sector. There are also issues around personal identity and confusing an entrepreneurial organisation with one person who is leading that organisation.

“I think that is part of the flaw, we are seen as an entrepreneurial organisation because we have an entrepreneurial leader, assumed, but that is wrong, we are an entrepreneurial organisation because we have an entrepreneurial process not because we should be associated with an individual.” (S2)

### ***Business approach – political process***

The assumption of much of what is written and discussed on social entrepreneurship is about working within and with the existing political and economic systems – the neo-liberal market

economy. There is a general sense of de-politicising social action in the discussion of social entrepreneurship, in contrast to political action being inherent in bringing about social change.

“And it was seen as an integral part of community development practice to raise political and critical awareness.” (C5)

This is then manifested in three specific ways. The first is a greater focus on social entrepreneurs as creating change through alternative social provision and services, rather than through campaigning, lobbying and advocacy. This is followed through with the descriptions of social entrepreneurs as pragmatic and realistic- “driven by the need to address real problems.....they have gone beyond the traditional divisions of left and right, market and state” (Leadbeater, 1997: 80). This seems also to be expressed as a focus on being practical rather than ideological. At the same time there is concern that the advocacy role of voluntary organisations, and the role of advocacy in promoting social change, are being missed out in the debates on social entrepreneurship – “social entrepreneurship can leave out the campaigning part, which may have a far greater influence on a cause” (C2).

The second way is the shift from conceiving of social action as a political process, to being more like a business process. This reflects a change from citizen to consumer (eg Moore, 2000). There was an emphasis during some of the interviews that social entrepreneurship focused on the customer and the service being provided to the customer, which business has done much better than the public and voluntary sectors – “But mostly it's about good customer care and in the sector I don't think we are very good at that” (S5). However this is also contested, and there is clearly some confusion about the nature of the process of social entrepreneurship – “The process I have been involved in all my life, is more like a political process” than the process of business (P4S).

The third way is that social entrepreneurship places an emphasis on outcome, in contrast to community development approaches which emphasis process. There is clearly a desire to see results, to get things done, and this is consistent with the notion of business as opposed to a typical voluntary sector process which is characterised as ineffective and amateurish. It is also reflected in the language, with words such as ‘solution’ to social problems, implying that there

are in fact solutions rather than seeing it as an ongoing and long term process of tackling social issues.

“and maybe social entrepreneurship is too focused on the product and the outcomes .....and process is important in a way that maybe it isn't in business. Maybe social entrepreneurship is too utilitarian.” (C6)

There are two other important assumptions that are made in the discussion of social entrepreneurship. These are not necessarily so contested, but are nevertheless not clearly stated and do have implications about the particular nature and roles that social entrepreneurship has been set up to play. The first of these is the focus on innovation, change, and transformation, and a concomitant lack of emphasis on sustainability and consistency. This is slightly simplifying the issue as sustainability is occasionally considered in the discussion on social entrepreneurship. One way is as the problem of ‘founder syndrome’ and the sustainability of individual organisations. The other way is the development of social enterprise and self generated income streams in order that organisations can be economically independent and sustainable. One of the biggest concerns in the voluntary sector is the short term nature of grant funding and contracts, and the way in which the sector is providing a series of ‘projects’ rather than long term development. Nevertheless, social entrepreneurship tends to be seen as pioneering new and innovative approaches, rather than as good quality sustained management of an organisation. In other words social entrepreneurship seems to fit the project based approach that has been adopted by many funders, including government.

“I think that some of the most radical things that are happening at the moment are the people that are doing 30 year plans, to really change things, and I think that is what is going to change society radically is stability.” (S4)

The second emphasis is that social entrepreneurship in the UK tends to be located within community regeneration, and is associated with creating lots of new organisations and groups that would start small and would grow if they had the potential – “We will be backing thousands of social entrepreneurs – those people who bring to social problems the same enterprise and imagination business entrepreneurs bring to wealth creation”(The Prime

Minister, the Rt. Hon. Tony Blair, 1997). This means that social entrepreneurship is not conceived of as a way for the large established charities to become more entrepreneurial and innovative, nor is there particular interest in trying to apply the resources and experience of those organisations to bringing about social change.

There are several contested and controversial aspects to social entrepreneurship. These are rooted in the association of entrepreneurship with the business sector, and the perceived clash of values and approaches between that and the voluntary sector. These contentious areas and assumptions do contrast social entrepreneurship with what is often understood as the way things are done in the voluntary sector, a voluntary sector much in need of reform.

“They get caricatured at the extremes - there is the social entrepreneur as the super individual at one end and I suppose at the other end is the sort of image of the voluntary sector as being a bit dithery and large committees and everything has to be politically correct and it doesn't really matter what we produce at the end of it.” (C3S)

There is a danger in highlighting what social entrepreneurship can offer in this way, of throwing the baby out with the bath water. Social entrepreneurship is presented as about needs as opposed to rights, as being pragmatic and not idealistic, as concerned with effectiveness and outcomes rather than processes, and about individuals and their capacity for action rather than structures and policies. This places social entrepreneurship as it is currently understood firmly within the current economic and political framework rather than as challenging it. It gives it a sense of addressing social problems as being more about meeting consumer needs than a process of political empowerment. It could also be in danger of adopting ideas from the business world, just as the most progressive parts of the business world are fundamentally questioning some of their own practices and values.

### **Concluding comments**

Social entrepreneurship is characterised by a striking emphasis on the individual social entrepreneur and the difference that one person can make.

“The job of the pattern-change social entrepreneur is to recognise whenever a part of society is stuck in an inefficient or harmful pattern, to conceive a better and safe alternative, to make that vision realistic and then a refined reality, and then to persuade his or her entire society to make the leap to this new way.” (Drayton, 2000)

Whilst Isaiah Berlin said that “Few new truths have ever won their way against the resistance of established ideas save by being overstated”, and the ways in which social entrepreneurship was first promoted needed to present a clear image that contrasted with existing approaches in order to gain attention and be seen as a significant alternative. However the sort of emphasis found confuses the function of entrepreneurship with the impact one individual entrepreneur can have. Schumpeter is credited with having “glorified the entrepreneur” (Swedberg, 2000: 17), nevertheless he is also quite clear that “the entrepreneurial function need not be embodied in a physical person and in particular in a single physical person. Every social environment has its own ways of filling the entrepreneurial function.” (Schumpeter, (1949), 1998).

In fact social entrepreneurship does seem to fulfil particular functions that are consistent with the theoretical approaches to the study of entrepreneurship. It does therefore seem useful to adopt the term entrepreneur, and develop the theories and thinking that are behind it so that they are more relevant to a social context. At the same time the implications of using a terminology that is strongly associated with the business world could be counter productive as the political nature of social change is diminished.

## References

- Aldrich, H., & Zimmer, C. (1998). Chapter 17: Entrepreneurship through social networks (1986). In Birley, S. (Ed.), Entrepreneurship. Ashgate.
- Ashoka leaflet. Selecting leading social entrepreneurs. , C5 leaflet.
- Ashoka website: [www.ashoka.com](http://www.ashoka.com), website
- Atkinson, D. (1999). Urban Renaissance a strategy for Neighbourhood Renewal and the Welfare Society.
- Badelt, C. (1997). Entrepreneurship in nonprofit organisations : its role in theory and in the real world nonprofit sector. Voluntas, Vol 5 No 2, 35-56.
- Barth, F.(1963). 'Introduction' in (Ed.) The role of the entrepreneur in social change in Northern Norway. Oslo: Norwegian University Press.
- Beveridge, Lord W. (1948). Chapter V - A Chapter of Pioneers. in Voluntary Action.
- Bornstein, D. (1998). Changing the world on a shoestring: an ambitious foundation promotes social change by finding 'social entrepreneurs'. Atlantic Monthly, Vol 281 No 1, pp34-39.
- Brickell, Paul (2000). People before Structures. Demos. London.
- Bubb, Stephen (2000). Charities need leaders to be effective. The Guardian, Tuesday November 28.
- CAN brochure. Community Action Network. A mutual learning and support network for social entrepreneurs. A4 brochure, 16 pages + inserts.
- CAN website: [www.can-online.com](http://www.can-online.com), website
- Carr (2000). The Age of Enterprise - the emergence and evolution of entrepreneurial management.
- Casson, M. (2000). Enterprise and Leadership. Edward Elgar, UK.
- Catford, J. (1998). Social entrepreneurs are vital for health promotion - but they need supportive environments too. Health Promotion International, Vol 13 No 2, pp95-97.
- Chaves, M. (1995). The Religious Ethic and the Spirit of Nonprofit Entrepreneurship. In Powell, W. W. (Ed.), Private Action and Public Good.

- Deakin, N. (2000). Putting Narrow Mindedness out of Countenance. Centre for Civil Society, Working Paper, No 4.
- Dees, J. G. (1998). The Meaning of "Social Entrepreneurship"[Online], <http://www.the-ef.org/resources-Dees103198.html>
- DiMaggio, P. J., & Powell, W. W. (1991). Chapter 1: Introduction. In Powell, W. W., & DiMaggio, P. (Eds.), The New Institutionalism in Organizational Analysis. (pp. pp1-39). Chicago: University of Chicago Press.
- DiMaggio, P. J., & Anheier, H. (1990). The Sociology of Nonprofit Organizations and Sectors. Annual Review of Sociology, Vol 16, pp 137-159.
- Drayton, W. in Ashoka brochure (1997). Selections from Leading Public Entrepreneurs. , A4 brochure, 64 pages, dated 1997.
- Enterprising Communities (2001). Report of the Social Investment Taskforce.
- Friedland, R., & Alford, R. R. (1991). Chapter 10: Bringing Society Back In: Symbols, Practices, and Institutional Contradictions. In Powell, W. W., & DiMaggio, P. (Eds.), The New Institutionalism in Organizational Analysis. Chicago: University of Chicago Press
- Gardner, H. (1997). Leading Minds. An Anatomy of Leadership. London: HarperCollinsPublishers.
- Gartner, W. B. (1988). "Who is the Entrepreneur?" is the Wrong Question. American Journal of Small Business, Spring, pp 11-30.
- Gibson, T. (1998). Chapter 4: Prime Movers. In Knight, B., Smerdon, M., & Pharoah, C. (Eds.), Building Civil Society: Current Initiatives in Voluntary Action. CAF.
- Giddens, A. (1993). Sociology 2<sup>nd</sup> edition (reprinted 1995), Polity Press Cambs.
- Granovetter, M. (1995). The Economic Sociology of Firms and Entrepreneurs. In Portes, A. (Ed.), The Economic Sociology of Immigration.
- Hebert, R. F., & Link, A. N. (1988). The entrepreneur: mainstream views and radical critiques. New York; London: Praeger, 2nd edition.
- Hoffman, A. J. (1999) Institutional evolution and change: Environmentalism and the U.S. chemical industry. Academy of Management Journal, Vol 42, Issue4, pp351-371

- James, E. (1987). The nonprofit sector in comparative perspective. In Powell, W. W. (Ed.), The Nonprofit Sector: A research handbook. Yale University Press.
- Johnson, S. (2001). Social Entrepreneurship Literature Review. [Online], <[www.bus.ualberta.ca/ccse/whats\\_news/review.htm](http://www.bus.ualberta.ca/ccse/whats_news/review.htm)>.
- Johannisson, B. (1995). Paradigms and entrepreneurial networks - some methodological challenges. Entrepreneurship and Regional Development, Vol 7, pp215-231.
- Kingdon, J. W. (1995). Agendas, alternatives and public policies. Addison-Wesley Educational Publishers Inc
- Kirzner, I. M.(1982). 'Entrepreneurs and the Entrepreneurial Function: A Commentary' in Ronen, J. (Ed.) Entrepreneur - Addresses, essays and lectures.
- Kirzner, I. M.(1989). 'The market as discovery process' in (Ed.) Discovery, Capitalism and Distributive Justice.
- Leadbeater, C. (1997). The rise of the social entrepreneur. Demos.
- Mayo, E. & Moore, H. (2001). The Mutual State. New Economics Foundation.
- Moore, H. (2000). Social Entrepreneurs and the Responsible Economy. Published on Fathom
- Pearce, J. (1999). Individual and Collective Models of Social Entrepreneurship. [Online], paper presented at School for Social Entrepreneurs Conference <[www.sse.org.uk/conference/speakers/pearce\\_paper1.html](http://www.sse.org.uk/conference/speakers/pearce_paper1.html)>.
- Plowden, W. (2001). Next Steps in Voluntary Action.
- Rogers, E. M. (1995). Chapter 9: The Change Agent. In Diffusion of Innovations. (pp. 4th edition). New York: The Free Press.
- Rose-Ackerman, S. (1996). Altruism, Nonprofits, and Economic Theory. Journal of Economic Literature, Vol 24, pp701-728.
- Schneider, M., & Teske, P. (1992). Toward a Theory of the Political Entrepreneur: Evidence from Local Government. American Political Science Review, Vol 86 Issue 3, pp737-747.
- Schneider, M., Teske, P., & Mintrom, M. (1995). Public Entrepreneurs : Agents for Change in American Government. Princeton University Press.
- Shane, S., & Venkataraman, S. (2000). The Promise of Entrepreneurship as a Field of Research. Academy of Management Review, Vol 25 No 1, pp217-226.

- Schumpeter, J.(1998: 1949). 'Economic theory and entrepreneurial history (Reprinted from Change and the Entrepreneur, 63-84)' in Birley, S. (Ed.) Entrepreneurship. Ashgate.
- Schumpeter, J. (2000). Chapter 2: Entrepreneurship as Innovation. In Swedberg, R. (Ed.), Entrepreneurship : The Social Science View.
- SSE, brochure (1998). 1998 First Year Review. School for Social Entrepreneurs. , A4 brochure
- SSE, brochure (2000). Main Course Prospectus, 2000. School for Social Entrepreneurs. , A4 brochure.
- Swedberg, R.(2000). 'Introduction and Practical Applications' in Swedberg, R. (Ed.) Entrepreneurship : The Social Science View.
- Thake, S. (1995). Staying the Course: The role and structure of community regeneration organisations. Joseph Rowntree Foundation, York Publishing Services.
- Thake, S. (1999). The training and education needs of social entrepreneurs. [Online], paper presented at School for Social Entrepreneurs Conference  
<[www.sse.org.uk/conference/speakers/thake\\_paper1.html](http://www.sse.org.uk/conference/speakers/thake_paper1.html)>.
- Waite, M. (2000). Thinking about social entrepreneurs. Soundings: a journal of politics and culture, Issue 15.
- Wallace, S. L. (1999). Social Entrepreneurship : The role of social purpose enterprises in facilitating community economic development. Journal of Developmental Entrepreneurship, Vol 4 Issue 2, pp153-174.

## **Interviews**

Qualitative research methods were used, based on two sources of data: written materials and interviews. The interviews consisted of eighteen open and loosely structured interviews conducted in late 2000 and early 2001. Three groups of people were interviewed: people involved in promoting social entrepreneurship; people who had been identified as social entrepreneurs; and people who have commented on social entrepreneurship. There was some overlap between these, such that a total of 11 social entrepreneurs were interviewed. The data was analysed thematically, using computer software Nudist.

Category	Number interviewed.	References used in this paper
Promoting soc entrepreneurship (P)	6 <sup>a</sup>	P1S, P2S, P3, P4S, P5S, P6
Social entrepreneurs (S)	6 (+5)	S1, S2, S3, S4, S5, S6 + (P1S, P2S, P4S, P5S, C3S)
Commentators on soc entrepreneurship (C)	6 <sup>b</sup>	C1, C2, C3S, C4, C5, C6

- a) Four people working in organisations promoting social entrepreneurship were also identified as social entrepreneurs
- b) One person who has commented on the concept has also been identified as a social entrepreneur

---

<sup>i</sup> Descriptions of social entrepreneurs tend to be extremely positive, for example: a person “with a powerful idea, who combines visionary and real world problem-solving creativity, who has a strong ethical fibre and who is totally possessed by his or her vision for change” (Bornstein, 1998) “Social entrepreneurs combine street pragmatism with professional skills, visionary insights with pragmatism, an ethical fibre with tactical thrust.” (Catford, 1998).

<sup>ii</sup> Community Action Network, which is an on-line internet based network of social entrepreneurs, had a membership of 573 at May 2002. Senscot, a Scottish network of social entrepreneurs and people interested in social entrepreneurship, had a membership of 334 at May 2002. And coming up to 100 students have been through the School for Social Entrepreneurs and its satellite and associate programmes.