SOCIAL ENTREPRENEURSHIP: DEFINITIONS AND BOUNDARIES

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Abstract

Many concepts, such as social entrepreneurship, social entrepreneurs, social enterprises, social ventures, social economy, are used to describe a field of research that have only recently come into official or common use. However, those terms are emerging, ill defined and often used without any nuance on their specific meaning, probably because it is not a tidy concept so far. Even if “a consensus over the boundaries of social entrepreneurship remains elusive” (Nichols, 2006, p.7), “the need to draw boundaries so as to delimit scope and clarify whether it really is an independent field of research, and the need to identify the different level of analysis, disciplines and literatures” (Mair and Marti, 2006, p.42) should be pursue. This conceptual paper focuses on definitions and boundaries of social entrepreneurship and on positioning social entrepreneurship compare with related concepts. The paper is an attempt to reduce the fuzziness nature of social entrepreneurship on some specific dimensions and to help academics and government officials in mapping the field for policy purpose.

Themes: social entrepreneurship, financing civil society
Introduction

Entrepreneurship is a relevant and important field of research (Shane and Venkataraman, 2000). Social entrepreneurship is a particular form of entrepreneurship (Henton, Melville and Walesh, 1997). With the always present or growing social problems and social needs over the last hundred years, it is normal to find a lot of examples of social enterprises in different part of the world (Christie and Honig, 2006; Fulton and Dees, 2006; Mair and Marti, 2004).

However, many concepts, such as social economy, social enterprise, social entrepreneur or social entrepreneurship are used to describe a field of research that have only recently come into official or common use (Borzaga and Defourny, 2001; Christie and Honig, 2006). A review of the rapidly expanding literature on those topics suggests that definitions of each of these terms are still being developed and are by no means agreed upon (Certo and Miller, 2008). Martin and Osberg (2007, p.30) conclude that “social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit”. Fontan, Allard, Bertrand-Dansereau and Demers (2007) and Defourny and Nyssens (2008) underline the difference in the development of the terminology and its clarity. In the United States, it has its own identity and is influenced by large private foundations. In the United Kingdom, the state is at the forefront of its development and identity. In Europe, it is more about social economy and cooperatives.

Thus those terms are emerging, ill defined (Barendsen and Gardner, 2004; Weerawardena and Sullivan Mort, 2006) and often used without any nuance on their specific meaning, probably because they are not tidy concepts so far (Peredo and McLean, 2006). Even if “a consensus over the boundaries of social entrepreneurship remains elusive” (Nicholls, 2006, p.7), “the need to draw boundaries so as to delimit scope and clarify whether it really is an independent field of research, and the need to identify the different level of analysis, disciplines and literatures” (Mair and Marti, 2006, p.42) should be pursued. Being able to outline a consensus on the definition and key
elements of the contract is recognized as a valuable research exercise (Certo and Miller, 2008). Hopefully this research will contribute to the field: “One of the biggest concerns in identifying a new field is the issue of definition” (Christie and Honig, 2006, p.1); “Establishing concrete definitions will help overcome the vagueness of the concept of social entrepreneurship, which places obstacles on research in the area” (Certo and Miller, 2008, p.269).

Therefore, our main research objective is to establish a definition of social entrepreneurship. Based on a literature review and analysis of various existing definitions, this conceptual paper focuses on definitions and boundaries of social entrepreneurship and on positioning social entrepreneurship compared to related concepts. The purpose is to highlight characteristics of social entrepreneurship. The paper is an attempt to reduce the fuzziness nature of social entrepreneurship on some specific dimensions and to help academics and government officials in mapping the field for policy purpose.

The paper is organized as follows. The next section provides an overview of the position of related concepts such as social economy, social enterprises, social entrepreneurs, and social entrepreneurship. The following section provides analysis of existing definitions and characteristics of social entrepreneurship and will propose a definition for the concept under study.
Positioning of related concepts

To help setting boundaries for social entrepreneurship, we take, as an initial step, a wider and more global perspective to position some related concepts, namely social economy, social enterprise, social entrepreneur and social entrepreneurship. Social entrepreneur occupies a privileged place in the social enterprise, which is part of the social economy and beyond. Inspired by Painter (2006), Figure 1 positions the concepts by distinguishing three main groupings (located on the left side, in the center and on the right side).

The left side of Figure 1 distinguishes four large sectors: public sector and private sector in the extreme, and NGOs (Non Governmental Organizations) and social economy in the middle (Painter, 2006). Public sector refers to “federal, provincial, territorial and local governments, government organizations, government partnerships, and school boards” (CICA, nd, Introduction.03). From the nature of their activities, many public sector organizations have a social mission and could be considered social enterprises. Private sector includes organizations with a profit objective. Other NGOs could include, for example, organizations like unions or churches.

The social economy “is a fairly new label for a diverse and evolving combination of non-governmental organizations (NGOs) that have been producing and delivering goods and services in communities across Canada and around the world for well over a century” (Painter, 2006, p.30). Favreau (2006) proposes a typology of three families of social economy organizations, such as associations, co-operatives and mutuals. For a better understanding of the diversity, we could examine the various types of organizations (in the center of Figure 1). We find government organizations, like state-owned firm and agencies, near-government organizations, like hospitals, universities and colleges. For Smallbone, Evans, Ekanem and Butters (2001, p.15) ‘the social economy is essentially a collection of social enterprises’. Non-profit organizations are seen as the first and foremost legal form of social enterprises (Valéau, Cimper and Filion, 2004). A non-profit organization (NPO) is "an organization, usually formed for
social, philanthropic or similar purposes, in which there is normally no transferable ownership interest and that does not carry on business with a view to distribution or use of any profits for the pecuniary gain of its members" (CICA, 1992, p.143). A for-profit organization is the opposite of non-profit organization. Hybrid organizations have characteristics of non-profit and for-profit organizations. They could aim for philanthropic or commercial goals, like a co-operative to sells foods.

The right side of Figure 1 distinguishes social enterprises and social entrepreneurs/social entrepreneurship. Social entrepreneur could be viewed as individual who are “leaders in the field of social change, and can be found in the private, public and not-for-profit sectors. These social innovators combine an entrepreneurial spirit with a concern for the ‘social’ bottom line, as well as the economic one, recognizing that strong, vibrant communities are a critical factor in sustaining economic growth and development” (CCSE, 2001, p.2). Social enterprises could be viewed as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (DTI, 2002, p.13). “The meaning of ‘social enterprise’ potentially covers everything from not-for-profit organizations, through charities and foundations to cooperative and mutual societies” (Harding, 2004, p.40). For social enterprises, their mission could be common interest or public service objectives (Painter, 2006). A soup kitchen or organizations providing training to individuals that need help securing employment are examples of public service. A local sports association for kids and a forestry workers co-operatives are examples of organizations focused on common interest.

In contrast with Nicholls’ (2006) interpretation of Dees (1998, 2001) and Alter (2006) works, we don’t consider social enterprises as a subset of social entrepreneurship, but social entrepreneurship as a subset of social enterprises. Our argument is that social enterprise doesn’t necessarily include the entrepreneurship component. An example could be a recreational hockey club for kids. In that regard, we agree with the conclusions by EMES research network (Defourny and Nyssens, 2006).
To summarize the positions of those related concepts, Defourny and Nyssens (2008, p.4) provide the following comment: “simplifying a little, one could say that social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises”. Maybe it is too much simplification. Because each concept, *social enterprise*, *social entrepreneur* or *social entrepreneurship*, are often viewed in the literature as encompassing so many different sorts of organizations or individuals, it is essential to develop a definition for each concept that emphasizes the major characteristics recognized in the world today. Clarifying the relationships between the concepts would also be useful. This will help move the field of social entrepreneurship forward. However, the present study focuses only on the social entrepreneurship concept leaving the other concepts for other research projects in our research program.

**Figure 1 - Social economy, enterprise, entrepreneur, entrepreneurship**

[Diagram showing the classification of organizations into social economy sector, public sector, near-government organizations, non-profit organizations, hybrid organizations, for-profit organizations, social enterprise, social entrepreneur, and social entrepreneurship.]
Analysis of existing definitions and characteristics of social entrepreneurship

In this section, we analyze different definitions of social entrepreneurship, cited in the literature. It is a systematic attempt to map definitions with their characteristics (Mair and Marti, 2006). Our methodology was to perform an extensive, but not exhaustive, literature review to find various definitions of the social entrepreneurship concept. It is similar to Bacq and Janssen’s (2008a, 2008b) methodology. From the exact definitions of various authors for each concept (see Table 1), we examine them to be able to outline the primary and secondary characteristics of the concept and to come up with a definition based on those characteristics. The difference between primary and secondary characteristics depends on the general agreement in the literature of the mandatory/non-mandatory character of a specific characteristic.

Table 1 – Definitions of Social Entrepreneurship

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<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Definitions of social entrepreneurship</th>
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<tbody>
<tr>
<td>Fowler</td>
<td>2000</td>
<td>“Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organisations and practices that yield and sustain social benefits” (p.649)</td>
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<tr>
<td>CCSE</td>
<td>2001</td>
<td>“Defines ‘social entrepreneurship’ broadly to encompass a variety of initiatives which fall into two broad categories. First, in the for-profit sector, social entrepreneurship encompasses activities emphasizing the importance of a socially engaged private sector, and the benefits that accrue to those who ‘do well by doing good’. Second, it refers to activities encouraging more entrepreneurial approaches in the not-for-profit sector in order to increase organisational effectiveness and foster long-term sustainability” (p.1)</td>
</tr>
<tr>
<td>Dees, Emerson and Economy</td>
<td>2002</td>
<td>“Social entrepreneurship is not about starting a business or becoming more commercial. It is about finding new and better ways to create social value.” (p.xxx)</td>
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<tr>
<td>Hibbert, Hogg and Quinn</td>
<td>2002</td>
<td>“Social entrepreneurship can be loosely defined as the use of entrepreneurial behaviour for social ends rather than for profit objectives, or alternatively, that profits generated are used for the benefit of a specific disadvantaged group.” (p.288)</td>
</tr>
<tr>
<td>Institute for Social Entrepreneurs</td>
<td>2002</td>
<td>“Social entrepreneurship is the art of simultaneously pursuing both a financial and a social return on investment (The ‘double bottom line’)” (p.1)</td>
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<tr>
<td>Thompson</td>
<td>2002</td>
<td>“Although social entrepreneurship is in evidence in many profit-seeking businesses – sometimes in their strategies and activities, sometimes through donations of money and time” (p.413)</td>
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| Lasprogata and Cotton          | 2003 | “Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission (i.e. the ‘double
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<tr>
<th>Author(s)</th>
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<tr>
<td>Mair and Noboa</td>
<td>2003</td>
<td>“SE [Social entrepreneurship] as the innovative use of resource combinations to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits.” (p.69)</td>
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<td>Pomerantz</td>
<td>2003</td>
<td>“Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, non-profit organizations, or nonprofits in association with for profits.” (p.5)</td>
</tr>
<tr>
<td>Sullivan Mort, Weerawardena and Carnegie</td>
<td>2003</td>
<td>“Social entrepreneurship, the entrepreneurship leading to the establishment of new social enterprise, and the continued innovation in existing ones” (p.76) “Conceptualises social entrepreneurship as a multidimensional construct involving the expression of entrepreneurially virtuous behaviour to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.” (p.76)</td>
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<tr>
<td>Mair and Marti</td>
<td>2004</td>
<td>“The innovative use of resources to explore and exploit opportunities that meet to a social need in a sustainable manner.” (p.3)</td>
</tr>
<tr>
<td>Tommasini</td>
<td>2004</td>
<td>“Social entrepreneurship – Defined as a professional, innovative, and sustainable approach to systematic change that resolves social market failures and grasps opportunities. Social entrepreneurship engage with both non-and for profit organisations, and the success of their activities are measured first and foremost by their social impact.” (p.3)</td>
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<tr>
<td>Haugh</td>
<td>2005</td>
<td>“Social entrepreneurship is the process of creating social enterprise” (p.3)</td>
</tr>
<tr>
<td>Roberts and Woods</td>
<td>2005</td>
<td>“Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately, dedicated individuals” (p.49)</td>
</tr>
<tr>
<td>Seelos and Mair</td>
<td>2005</td>
<td>“Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.” (p.243-244)</td>
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<tr>
<td>Austin, Stevenson and Wei-Skillern</td>
<td>2006</td>
<td>“Innovative, social value creating activity that occur within or across the nonprofit, business, or government sectors” (p.2)</td>
</tr>
<tr>
<td>GEM</td>
<td>2006</td>
<td>“Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, teams of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors.” (p.5)</td>
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<tr>
<td>Leadbeater</td>
<td>2006</td>
<td>“One way to define social entrepreneurship would be through what motivates the actors, i.e. they want to create social value and put higher value on their social mission than financial one […] Another way to define social entrepreneurship would be through outcomes: anyone who creates lasting social value through entrepreneurial activities is a social entrepreneur.” (p.241)</td>
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<tr>
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<tr>
<td>Mair and Marti</td>
<td>2006</td>
<td>“First, we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations.” (p.37)</td>
</tr>
<tr>
<td>Nicholls</td>
<td>2006</td>
<td>“Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systematically by using a range of resources and organizational formats to maximize social impacts and bring about changes” (p.23)</td>
</tr>
<tr>
<td>Peredo and McLean</td>
<td>2006</td>
<td>“Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (‘envision’); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.” (p.64)</td>
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<tr>
<td>Perrini</td>
<td>2006</td>
<td>“Entailing innovation designed to explicitly improve societal wellbeing, housed within entrepreneurial organizations that initiate this level of change in society” (p.247)</td>
</tr>
<tr>
<td>Weerawardena and Sullivan Mort</td>
<td>2006</td>
<td>“Social entrepreneurship strives to achieve social value creation and this requires the display of innovativeness, proactiveness and risk management behavior. This behavior is constrained by the desire to achieve the social mission and to maintain the sustainability of existing organization. In doing so they are responsive to and constrained by environmental dynamics. They continuously interact with a turbulent and dynamic environment that forces them to pursue sustainability, often within the context of the relative resource poverty of the organization.” (p.32)</td>
</tr>
<tr>
<td>Zhara, Gedajlovic, Neubaum, Shulman</td>
<td>2006</td>
<td>“Social entrepreneurship concerns the processes related to the discovery of opportunities to create social wealth and the organizational processes developed and employed to achieve that end.” (p.12)</td>
</tr>
<tr>
<td>Cochran</td>
<td>2007</td>
<td>“Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems” (p.451)</td>
</tr>
<tr>
<td>Haugh</td>
<td>2007</td>
<td>“Social entrepreneurship, the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures […] Social entrepreneurship is first and foremost a practical response to unmet individual and societal needs.” (p.743)</td>
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</table>
| Martin and Osberg | 2007 | “We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted
Authors | Year | Definitions of social entrepreneurship
--- | --- | ---
Wei-Skillern, Austin, Leonard and Stevenson | 2007 | “We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the nonprofit, business, or government sector.” (p.4)
Brock | 2008 | “Innovative approaches to social change” or “using business concepts and tools to solve social problems” (p.3)
CASE | 2008 | “Innovative and resourceful approaches to addressing social problems” (p.1)
Zhara, Gedajlovic, Neubaum, Shulman | 2008 | “Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.” (in Zhara, Rawhouser, Bhawe, Neubaum and Hayton (2008, p.118)

Primary characteristics of Social entrepreneurship (SE_SHIP) are:

(C1) SE_SHIP represents a variety of activities and processes
(C2) SE_SHIP wants to create and sustain social value
(C3) SE_SHIP encourage more entrepreneurial approaches for social use
(C4) SE_SHIP displays various degrees of innovation and change
(C5) SE_SHIP is constrained by the external environment

Secondary characteristics of Social entrepreneurship (SE_SHIP) are:

(C6) SE_SHIP may have various degree of positive social transformation
(C7) SE_SHIP may take advantage of new opportunities
(C8) SE_SHIP may use business concepts, principles, models and tools
(C9) SE_SHIP may be constrained by relative resource poverty
(C10) SE_SHIP may resolve social market failures
(C11) SE_SHIP may invested the profit in the activity of venture itself rather than returned to investors
(C12) SE_SHIP may take a wide variety of legal form
(C13) SE_SHIP may be achieved by creating a new business
In the various definitions, a consensus exists on the multidimensionality of the concept and the presence of two main dimensions: entrepreneurship and social (Mair and Marti, 2006; Nicholls, 2006; Peredo and McLean, 2006; Sullivan Mort, Weerawardena and Carnegie, 2003). It “encompass a variety of initiatives” (CCSE, 2001, p.1), processes (CASE, 2008) and approaches (Brock, 2008).

The first component is entrepreneurship. Even if it is a term commonly used, its definition is not without difficulties focusing on the “presence of lucrative opportunities” or the “presence of enterprising individuals” (Shane and Venkataraman, 2000, p.218). Field of entrepreneurship could be defined as “scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane and Venkataraman, 2000, p.218). Entrepreneurship refers to starting (or re-starting) a business and to value creation for the entrepreneurs or society. Innovation is used to take advantage of new opportunities. Resources are mobilized to achieve the goal. For example, in the Bounded Multidimensional Model for Social Entrepreneurship presented by Weerawardena and Sullivan Mort (2006), the central constructs regarding entrepreneurship are risk management, proactiveness, and innovativeness. It is a merge between money and social mission (Boschee, 1998).

The second component is the social dimension (Brinckerhoff, 2000; Tan, Williams and Tan, 2005; Ulhoi, 2005). A predominant social mission is the heart of the social entrepreneurship concept. A wide range of social needs exist and should be filled (Haugh, 2007; Mair and Marti, 2004). We could look for social value creation (Leadbeater, 2006), social change (Brock, 2008), sustainability (Weerawardena and Sullivan Mort, 2006).

Building upon these definitions and characteristics, the authors propose the following definition.

*Social entrepreneurship is a concept which represents a variety of activities and processes to create and sustain social value by using more entrepreneurial and innovative approaches and constrained by the external environment.*

François Brouard and Sophie Larivet - May 15, 2009
Conclusion

Based on a literature review and analysis of various definitions, the objective of this paper is to analyze and present the main characteristics of social entrepreneurship concept and to provide a definition after positioning the concept with other related concepts. Hopefully this research will contribute to the field by providing primary and secondary characteristics and by establishing a concrete definition which could overcome the vagueness of a variety of definitions. It will be useful for academics in their research and their teaching, for practitioners and policy makers in their decisions by offering a better understanding of the different characteristics.

Even if our methodology was to perform an extensive literature review, it is not exhaustive. Our focus was only on English-speaking literature to avoid translation problems. Future research could look at our classification of primary and secondary characteristics of each concept and could assess our definitions. Future research could also look at the characteristics cited in the literature in addition to characteristics coming only from the definitions and to develop and revise existing typologies for each concept.
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