

# **Social entrepreneurship as a multidimensional process**

## A theoretical model

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# Introduction (1)

## **Social entrepreneurship (Short et al., 2009)**

- important research topic in the entrepreneurship literature
- lack of construct legitimacy and undefined theoretical content and boundaries
- literature is fragmented across several disciplines (economics, management, marketing, finance, psychology, sociology, ...)

# Introduction (2)

## **Social entrepreneurship: 4 major issues**

- 1) the lack of a unified definition
- 2) the relative absence of multidimensional conceptual models
- 3) the limited integration of different theoretical perspectives
- 4) a lack of clarity regarding its uniqueness as compared to other forms of entrepreneurship

# Defining social entrepreneurship (1)

## Definitions of social entrepreneurship (Dacin et al., 2010)

- a variety of definitions associated with social entrepreneurship
- lack of a unified definition: barrier to theory-based advances in the field
- most definitions refer to the *use of resources to address social problems*

# Defining social entrepreneurship (2)

## Definition of Mair and Marti (2006)

- a distinction between definitions of social entrepreneurship, social entrepreneurs, and social enterprises
- emphasis on social entrepreneurship as a **process**
- social entrepreneurship is *a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs*

# Defining social entrepreneurship (3)

## Broadening the definition of Mair and Marti (2006)

- “**broad array of social entrepreneurial activities**” (Defourny, 2010)
  - (1) new products or a new quality of products
  - (2) new methods of organization and/or production
  - (3) new production factors
  - (4) new market relations
  - (5) new forms of enterprise
- **Definition of Zahra et al. (2009):** *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*

# Defining social entrepreneurship (4)

## Broadening the definition of Mair and Marti (2006)

- “**geography of social enterprise**”: wide array of organizational forms aimed at creating social value
- “*ideal type of social enterprise*” (Defourny and Nyssens, 2012)
- “*social enterprise zoo*” (Young and Lecy, 2014)
- **Definition of Austin et al. (2006)**: *innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors*

# Multidimensional models (1)

Multidimensional model	Antecedents	Entrepreneurial orientations	Entrepreneurial activities	Outcomes	Environmental factors
<b>Austin et al. (2006)</b>	<p>people</p> <p>capital</p> <p>opportunities</p>			<p>social-value proposition</p>	<p>contextual elements:  <i>tax and regulatory structures, the macro-economy, and various demographic, political, and sociocultural factors</i></p>
<b>Weerawardena and Mort (2006)</b>	<p>social mission (constraint)</p>	<p>innovativeness</p> <p>proactiveness</p> <p>risk management</p>		<p>social value creation</p> <p>sustainability (constraint)</p>	<p>environmental dynamics (constraint)</p>



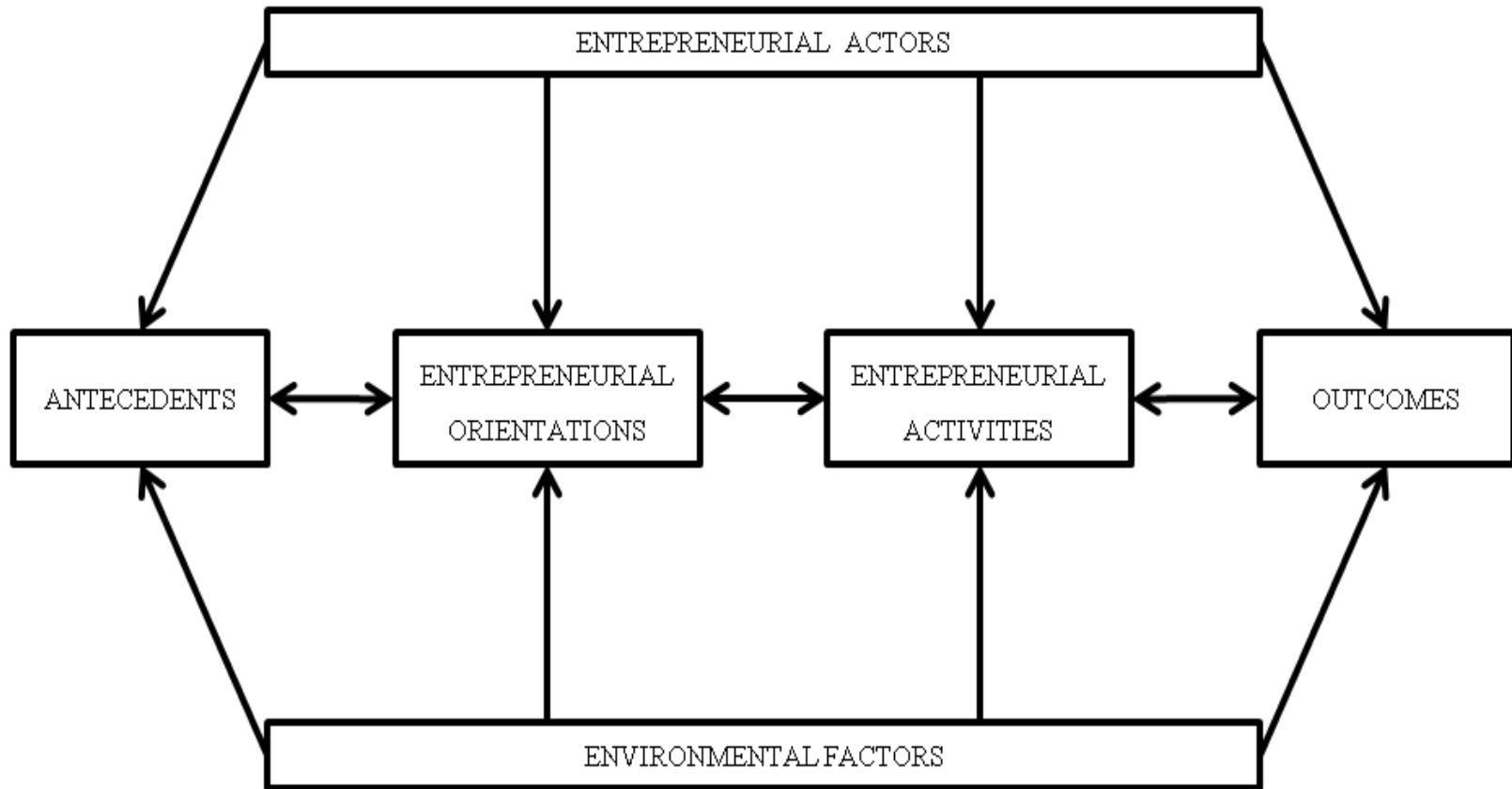
# Multidimensional models (2)

<b>Multidimensional model</b>	<b>Antecedents</b>	<b>Entrepreneurial orientations</b>	<b>Entrepreneurial activities</b>	<b>Outcomes</b>	<b>Environmental factors</b>
<b>Townsend and Hart (2008)</b>	economic versus social goals resource acquisition <i>(perception)</i> stakeholder alignment <i>(perception)</i>		creation of new organizations	choice of organizational form: <i>for-profit firm or nonprofit organization</i>	legitimacy <i>(perception)</i>
<b>Ruvio and Shoham (2010)</b>	individual-level antecedents: <i>personality traits, motivation, vision, and leadership skills of the social entrepreneur</i>		use of competitive strategies	social venture outcomes: <i>performance and survival</i>	venture environment: <i>munificence and hostility</i>

# Multidimensional models (3)

Multidimensional model	Antecedents	Entrepreneurial orientations	Entrepreneurial activities	Outcomes	Environmental factors
<b>Renko (2012)</b>	prosocial motivation time and money invested in the venture		creation of new organizations		novelty to the market
<b>Lumpkin et al. (2013)</b>	social mission  social opportunity identification  access to capital/funding  multiple stakeholders	innovativeness  proactiveness  risk-taking  competitive aggressiveness  autonomy		social value creation  satisfying multiple stakeholders  offering sustainable solutions	

# Multidimensional models (4)



# Uniqueness of social entrepreneurship (1)

## What is unique for social entrepreneurship as compared to other forms of entrepreneurship?

Austin et al. (2006)	▪ continuum ranging from purely social to purely commercial entrepreneurship
Dacin et al. (2010)	▪ much overlap between social entrepreneurship and other forms of entrepreneurship
Lumpkin et al. (2013)	▪ entrepreneurial orientations essentially the same (or only slightly different) for social and commercial entrepreneurship

Social entrepreneurship is a **multidimensional process** that **established types of entrepreneurs** undertake to **attain social outcomes**

# Uniqueness of social entrepreneurship (2)

## **Social value creation versus economic value creation**

### Economic value creation

- expressed in financial terms (e.g. profits), limited to investors and owners

### Social value creation

- advancement of public welfare, betterment of society as a whole

### Business sector

- profit motive is the central engine, but there may also be a social aspect

### Nonprofit sector

- main focus is social value creation, economic value creation is a necessary condition to ensure financial viability

# Integrating theoretical perspectives (1)

## Previous studies

Mair and Marti (2006)	Embeddedness as a nexus between <a href="#">social capital theory</a> and other theoretical perspectives
Alvarez and Barney (2007)	Framework of entrepreneurial action based on <a href="#">opportunity discovery theory</a> and <a href="#">opportunity creation theory</a>
Townsend and Hart (2008)	Social entrepreneur's perception of resource acquisition ( <a href="#">resource dependence theory</a> ), stakeholder alignment ( <a href="#">stakeholder theory</a> ), and legitimacy ( <a href="#">institutional theory</a> ) affects the choice of organizational form (NPO/FPO)

# Integrating theoretical perspectives (2)

Theoretical perspective	Topic(s) in social entrepreneurship
<p><b>Stakeholder theory</b></p>	<p><b>Entrepreneurial actors:</b> wide array of possible stakeholders, including donors, volunteers and clients</p> <p><b>Antecedents of social entrepreneurship:</b> presence of multiple stakeholder groups</p>
<p><b>Agency theory</b></p>	<p><b>Entrepreneurial actors:</b> board versus management</p> <p><b>Antecedents of social entrepreneurship:</b> entrepreneurial motivation, vision, and leadership skills of board members and managers</p>
<p><b>Stewardship theory</b></p>	<p><b>Entrepreneurial actors:</b> board versus management</p> <p><b>Antecedents of social entrepreneurship:</b> entrepreneurial motivation, vision, and leadership skills of board members and managers</p>
<p><b>Upper echelons theory</b></p>	<p><b>Entrepreneurial actors:</b> top management teams</p> <p><b>Activities of social entrepreneurship:</b> use of competitive strategies</p>

# Integrating theoretical perspectives (3)

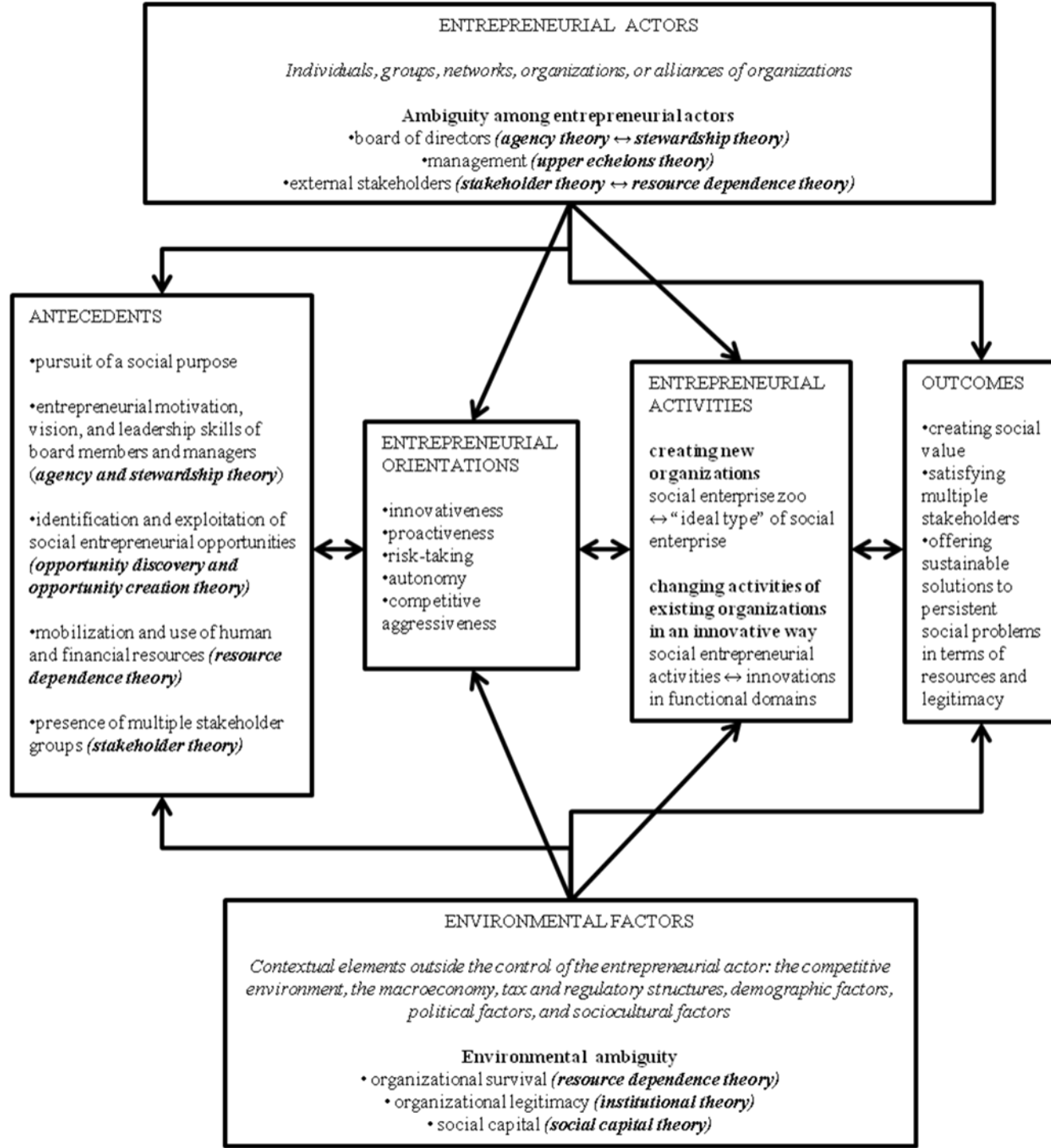
Theoretical perspective	Topic(s) in social entrepreneurship
<b>Resource dependence theory</b>	<p><b>Entrepreneurial actors:</b> organizations that depend on the environment for resources essential to their survival</p> <p><b>Antecedents of social entrepreneurship:</b> mobilization and use of human and financial resources</p> <p><b>Environmental factors:</b> external dependencies</p>
<b>Institutional theory</b>	<p><b>Environmental factors:</b> organizational legitimacy (pragmatic, moral, and cognitive legitimacy)</p>
<b>Social capital theory</b>	<p><b>Environmental factors:</b> social capital factors (structural, relational and cognitive capital)</p>
<b>Opportunity discovery theory</b>	<p><b>Antecedents of social entrepreneurship:</b> identification and exploitation of social opportunities</p>
<b>Opportunity creation theory</b>	<p><b>Antecedents of social entrepreneurship:</b> identification and exploitation of social opportunities</p>



# Future research (1)

## **More general definition of social entrepreneurship**

- a reciprocal multidimensional process with a social purpose
- undertaken by entrepreneurial actors within or across the nonprofit, business, or government sectors
- by creating new organizations or changing activities of existing organizations in an innovative way



Thank you for your attention.

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