



SOCIAL INNOVATION AND SOCIAL ENTREPRENEURSHIP

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Abstract

This special edition explores and analyses the complexities and possibilities of social enterprise and social innovation. While these related concepts have been subject to considerable research, policy and practitioner attention, detailed empirical studies of the processes involved, the impact of social enterprises, the effects of social innovations and the motivations of social entrepreneurs, and those with whom they partner, are rare. The articles which follow present fresh evidence to provide contemporary insights into: the role of risk in shaping the effectiveness of social enterprises; the mediating function of not-for-profit organizations in the process of social innovation; the relevance of local embeddings and socio-cultural context; and the practice of social entrepreneurship within fluctuating and difficult environmental circumstances. These articles provide convincing examinations of and insights into social enterprise and social innovation which, at times, challenge dominant state within the 'mainstream' entrepreneurship discourse. Individually, they offer recommendations for future research and collectively, identify a research agenda for developing knowledge about social entrepreneurship and social innovation.

Keywords: *Social entrepreneurship, social innovation*



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Introduction

Interest and involvement in social enterprise and social innovation has been growing since the late 1990s and, given the current fragile state of the global economy, both are the focus of considerable research, policy, practitioner and educational interest. The reasons for such interest, especially on the part of governments and policymakers, has been much debated, with both the UK coalition government's notion of a 'Big Society' and, in the USA, President Obama's Social Innovation Fund, receiving particular critical commentary. In the European Union, social innovation has been decisively incorporated into two major policy documents: the EU 2020 Strategy for smart, sustainable and inclusive growth, and the EU budget; social entrepreneurship is being promoted as part of the agenda to improve the European economy and create employment (Hubert, 2012). We wish to open this special issue by considering the dichotomy of social enterprise and questioning whether, together with studies of social

innovation, research on social enterprise might contribute to discussions of how capitalism can be reconsidered (Hardt and Negri, 2000; Harvey, 2010; Krugman, 2009, 2013; McCaffrey, 2009; Mackey et al., 2013; Porter and Kramer, 2011). The dichotomy to which we refer is whether social enterprises present a genuine alternative to their profit-seeking counterparts, or whether they play into the hands of neo-liberal governments whose commitment to reduce public expenditure is regularly manifest in the curbing of state provision of, and support for, social, educational, environmental and healthcare concerns.

As a genuine alternative, it can be argued that social enterprises comprise a significant part of a middle ground or 'third sector', which bridges both the private and public sectors by meeting the welfare needs of growing numbers of individuals and families affected by inequalities created by growing disparities in wealth distribution. Challenging this is the view that as enterprise and entrepreneurship are the bedrock of capitalist societies (Schumpeter, 2011[1947]), the use of entrepreneurial behaviors and the establishment of entrepreneurial ventures that seek to address social rather than personal financial needs is well aligned with, and indeed promoted by, neo-liberal ideologies which espouse the benefits of transferring the control of resources away from state ownership. Regardless of whether we agree that social enterprise is driven by neo-liberal policies or offers an alternative to capitalism 'red in tooth and claw', that entrepreneurial actions and behaviors are increasingly used to address social and environmental concerns, and that ventures combining financial with social objectives are growing in significant numbers, have important implications for entrepreneurship research. Significantly, given that entrepreneurship scholars including Welter (2011) and Zahra (2007) have spearheaded the recognition that context matters, these trends indicate that the social context in which entrepreneurship is manifest demands ongoing robust theoretical and empirical examination. We argue that by researching entrepreneurial behaviors and actions, including innovation within the context of social enterprise, not only will we learn about the extent to which this context supports or restricts entrepreneurship, but it is likely that such studies will have implications for the wider entrepreneurship discourse. This critical strand of debate will contribute to what is known and understood about entrepreneurship, and challenge existing preconceptions about entrepreneurs, the organizations that they establish and grow, the processes in which they engage and the communities in which they are embedded. The articles issue seeks to do just that.

A research agenda for advancing knowledge about social innovation and social enterprise

Reflecting its emergent nature, researchers have concentrated more on some aspects of social enterprise and social innovation than on others. In particular, debate over how to define social enterprise is abundant, and has filled many column inches in academic journals, policy papers, newspapers, magazines, undergraduate dissertations and blogs. We argue that such debate is now saturated, and that consensus is forming around the idea that social enterprises engage in mainstream processes, activities and behaviors, including trading to make a profit and that 'social' enterprises are distinguished from their 'mainstream' counterparts only with respect to how surpluses are used. This is principally for addressing social, educational, environmental and educational needs rather than satisfying demands for greater personal and family financial wealth. We recommend that research energies are diverted away from definitional considerations towards other facets of social enterprise and social innovation, including interactions between social enterprises, social innovations and the environments in which these are embedded. By engaging in research which explores the effects of context, process and the impact of social enterprise and innovation, policymakers and intermediary organizations will be better placed to develop informed policies and interventions which develop, support and sustain social enterprise and promote social innovation.

Better facts and figures

The collection of official statistics outlining the size, scale and impact of social enterprise and social innovation is in its infancy. Presently, defining and measuring social enterprise is problematic, compounded by ambiguities regarding both the legal structure of social enterprises and the hidden activities of large numbers of locally embedded, micro-sized social ventures. Combined, this makes accurate recording of the scale and impact of social enterprise challenging. Particularly when engaging in international comparisons, the various nationally selected definitions and measures applied to social enterprise make such comparisons difficult and, at times, meaningless. The size and impact of social enterprise and social innovation on individual economies, as well as comparisons across national boundaries, will only be possible if statistics improve. Specifically, statistics which capture the scale of the sector, the size of the ventures of which it is comprised, the markets in which social ventures operate and the economic and social contributions that they make, will be relevant to informing policy and research. Related to this, as national datasets develop, sharing these will contribute much to developing a comprehensive understanding of social enterprises on a global scale.

Context

In order to develop depth as well as breadth of knowledge about social enterprise and social innovation, analytical frameworks that involve more than statistical comparisons are required. The articles in this special issue reflect the heterogeneous contexts in which social enterprise and social innovation can occur, and it is essential, if knowledge, understanding and theory relating to social enterprise and social innovation are to advance, that researchers continue to search for the diverse contexts in which these can be found. The effects of institutional (Welter, 2011), temporal (Phelps et al., 2007) and market environments (Wright and Marlow, 2012) have been identified as important dimensions of context which can assist and constrain entrepreneurial behaviors and actions. We identify the socio-economic history and prevailing political ideologies of different economies as further important dimensions of context that are relevant for understanding social enterprise and social innovation. As reflected in our opening discussion, while the effects of neo-liberal policies on social enterprise and innovation are debated, that political ideologies have an impact is certain, and it is likely that analyses of the effects of different policy environments, together with the socioeconomic histories of nation-states on social enterprise and social innovations, will provide insights into additional contextual dimensions which have facilitated and restricted such activities. At a micro level we believe that the concepts of place and locale are of particular relevance to social enterprise and social innovation. As confirmed by the articles in this special issue, social enterprise and social innovation are often locally situated and targeted. Given this, and the locally embedded nature of social enterprises, studies which explore interactions between such ventures and their local environments are likely to be instructive, particularly for informing the design and implementation of local policies and interventions.

The process and practice of social entrepreneurship and social innovation

In common with 'mainstream' entrepreneurship, we support calls for research which opens the 'black box' of entrepreneurship: in this case, social entrepreneurship and social innovation. The articles in this special issue challenge the image of the entrepreneur as hero (Gabriel, 1995), and draw attention to the many individuals and organizations involved in the process of social entrepreneurship and social innovation including, for example, students, entrepreneurial philanthropists and non-governmental organizations (NGOs). These articles also highlight the benefits of a practice perspective for revealing routines essential to social innovation and community-based innovative philanthropic activities. We anticipate that understanding how best to encourage, support and sustain social enterprise and social innovation will benefit from investigations that make use of stakeholder (Matlay and Fayolle,

2010), relational (Hjorth, 2010) and network perspectives (Jack, 2010), which draw attention to the effects of embeddedness, social capital, legitimacy and bricolage to leverage the resources needed for socially enterprising behaviors.

Theoretical framing

Despite claims to the contrary, we do not regard social entrepreneurship as theoretically bereft (Nicholls, 2010); this is not to suggest that social enterprise and social innovation should possess or claim theories unique to them. Instead, we identify social science as providing a rich body of theories and concepts relevant for advancing theoretical and empirical analyses of social enterprise and social innovation specifically, and entrepreneurship more generally. Of particular relevance, we find embeddedness, agency and social capital useful for informing micro-level analysis of social enterprise and social innovation. At a macro level, while institutional theory (North, 1991) has been used as a conceptual lens to inform studies of mainstream entrepreneurial behaviors, it is likely that its applicability is also well suited to studies of social entrepreneurship and innovation.

Innovation outside the technology domain

Recognizing that like their mainstream counterparts, not all social enterprises are innovative, we believe that more research on innovation outside of a traditional science and technology setting is warranted. However, in alignment with comments made regarding context and theory, we consider that by employing concepts well developed within the technology-innovation paradigm, meaningful insights into innovation within social settings can be acquired. For example, the system of innovations framework (Freeman, 1995; Lundvall, 1995) is likely to offer relevant insights into and inform knowledge about a 'systems of social innovations' framework. This has the potential to reveal both the actors and interactions involved in bringing social innovation to fruition, and also those gatekeepers responsible for social innovations which do not realize their possibilities. By working with colleagues in the fields of scientific and technological innovation, it is likely that understanding support for and restrictions on social innovation can be acquired and, as a consequence, policies, interventions and practices able to commercialize or bring to market, innovations appropriate for resolving complex social problems can be developed and enacted.

Emerging topics and developing methodologies

As a young field of scientific enquiry, social entrepreneurship and social innovation offer numerous possibilities for future areas of research, both in terms of topic and methodology. In particular, we identify eco-entrepreneurship motivated by environmental and social objectives, the involvement of young people and women, and the role of technology such as crowd sourcing for social objectives, as important topics of future research. Building on the work of Nicholls and Murdock (2012), we strongly believe that there is a need for greater reflexivity and critical consideration of socially entrepreneurial practices which extends to evaluate the impact and effectiveness of social enterprise and social innovation in developing solutions relevant to the multifaceted nature of social problems. Studies of social enterprise

and social innovation lend themselves to a variety of methodological possibilities. Thus, large-scale quantitative studies which generate substantial data on the size, scale and impact of social enterprise and innovation are necessary; as discussed, without such data, comparative studies are impossible and policies are difficult to form. While recognizing the value of quantitative studies which, it is argued, will push the field beyond description (Short et al., 2009), we see strong merit in longitudinal, case-based research able to explore the interplay between various dimensions of context and the process of social entrepreneurship and social innovation. Specifically, we recommend research approaches which combine the creation and sharing of large datasets with more innovative, multidisciplinary methods as appropriate for expanding our breadth of knowledge about these important phenomena, while avoiding the pursuit of narrow theoretical framing and methodological choices dominated by functionalism.

Social enterprise as mainstream

Social enterprise and the process of innovation for social purposes have a bright future: they are likely to flourish and prosper and, as they do, researchers, practitioners, policymakers and intermediary organizations are likely to learn more about entrepreneurs and the processes of entrepreneurship and innovation generally. While it may take time to recognize social enterprises as mainstream ventures – some of which will be entrepreneurial and engage in innovation, and some of which will not – it is likely that while waiting for this to happen, many for-profit organizations will learn from their social counterparts and be challenged by the effectiveness of their pursuit of dual, sometimes triple objectives. Going further, we concur with Porter and Kramer (2011) on the promise of ‘shared value’: the generation of economic and societal value for social enterprises and profit-oriented businesses alike. Social enterprises embracing shared value creation can scale up more rapidly than their pure social program counterparts, and often are adept at catalyzing multi-sector partnerships for greater impact at less cost. In particular, we are convinced that as a model for creating economic and social wealth, social enterprises have the potential to play centre stage rather than offer marginal contributions to global prosperity. Moreover, we find the Porter and Kramer (2011) belief that the new shared value model and its drive of new and heightened forms of collaboration that will blur sector boundaries, to be a realistic scenario. With social enterprises as key players, this will usher the next wave of global innovation and productivity, and encourage reflection and reconsideration of the merits of capitalism.

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