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## **The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria**

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Social entrepreneurship has recently received greater recognition from the public sector, as well as from scholars. However, the lack of a unifying paradigm in the field has led to a proliferation of definitions. Moreover, several approaches of the phenomenon, as well as different schools of thought, have emerged in different regions of the world. At first glance, because of different conceptions of capitalism and of the government's role, there seems to be a difference between the American and the European conceptions of social entrepreneurship. The objective of this paper is to clarify the concepts of 'social entrepreneurship', 'social entrepreneur' and 'social entrepreneurship organization' and to examine whether there is a transatlantic divide in the way these are conceived and defined. After having justified the need for a definition, we present the different geographical perspectives. North American and European literatures on social entrepreneurship are critically analysed by means of Gartner's four differentiating aspects: the individual, the process, the organization and the environment. We show that there is no clear-cut transatlantic divide, but that, even within the US, different conceptions coexist. We propose definitions for the main concepts associated with social entrepreneurship and, finally, discuss implications for future research.

**Keywords:** social entrepreneurship; social entrepreneur; social entrepreneurship organization; definitions; US–Europe comparison

### **1. Social entrepreneurship: The need for a definition**

During the last years, social entrepreneurship has been receiving greater recognition from the public sector, as well as from scholars (Stryjan 2006; Weerawardena and Sullivan Mort 2006; Nicholls 2008). On the one hand, encouraging social entrepreneurial initiatives has been at our governments' agenda for a while now (European Commission 2003b, 101–2). Besides, several European states have set up new organizational frameworks dedicated to these initiatives. On the other hand, scientific research in the field has increased, as the number of conferences and special issues in academic journals dedicated to this topic attest. Finally, many organizations supporting social entrepreneurship have emerged on both sides of the Atlantic.<sup>1</sup> Social entrepreneurship has, at least, two main advantages that justify this particular

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interest. First, its innovativeness in treating social problems, which are becoming more and more complex, has been recognized by numerous scholars (e.g. Johnson 2000; Thompson, Alvy, and Lees 2000). Second, this innovative entrepreneurial practice bears the advantage of blurring traditional boundaries between private and public sectors, which gives birth to hybrid enterprises (Wallace 1999; Johnson 2000) guided by strategies of double value creation – social and economic (Alter 2004). The concept is also viewed as a response to the funding problems of non-profits (Dees 1998a, b) as well as to the financial risks they are taking (Young 2001). A consensus has emerged among scholars (Dees 1998a, b; Weerawardena and Sullivan Mort 2006) according to which understanding social entrepreneurship is of primary importance.

Social entrepreneurship practitioners have always existed, everywhere around the world (Roberts and Woods 2005). As examples, one can cite Florence Nightingale, a British pioneer who has fought to improve the hospital conditions during the Crimean War in the nineteenth century, making the mortality rate drop from 40% to 2%, or Roshaneh Zafar, founder of Kashf Foundation, who has fought for the economic condition of women in Pakistan by opening thousands of micro-credit institutions (Dearlove 2004). In his typology, Fowler (2000) gives another example of a foundation in Colombia, which was established in 1911 with the aim of generating and devoting revenues to the creation of social value. However, if social entrepreneurship as a practice is far from being new and benefits from a long heritage and a global presence, it has been attracting academic researchers' attention for a few years only (Dearlove 2004).

Previous research in the field of social entrepreneurship has mainly tried to answer the question: 'what does "social entrepreneurship" mean?' If an organization devotes part of its income to a social cause, can we necessarily speak of social entrepreneurship? The same question holds for all non-profit organizations that adopt managerial practices (Mair and Martí 2004). Similarly, is the person in charge of the management of an organization that acts in the social, voluntary or community fields necessarily a social entrepreneur? Or, as suggested by Brouard (2007), should he/she rather be called a 'social enterprise manager', because a social entrepreneur has to meet the entrepreneurial condition?

To contribute to a better understanding of the phenomenon and to progress in this new field of research, a clear definition of the key concepts is one of the main issues (Christie and Honig 2006). However, the lack of a unifying paradigm in the field of social entrepreneurship has led to the proliferation of definitions and the notions of 'social entrepreneurship', 'social entrepreneur' or 'social entrepreneurship organization' have often been used indifferently to express the same idea. This paper will propose clear definitions of the three main concepts of the field.

It also seems that researchers from different geographical origins have followed different approaches to define the concepts. These have resulted in different schools of thought and there seems to be a transatlantic divide in the way social entrepreneurship is approached, due to different conceptions of capitalism and the government's role. Therefore, the aim of this paper is to make propositions regarding how to define the social entrepreneur, social entrepreneurship and the social entrepreneurship organization, based on geographical and thematic aspects. The expected contribution is to examine whether the conceptions of social

entrepreneurship differ between Europe and the US and if, based on the thematic criteria used to define social entrepreneurship, they are different.

Before addressing the issue of geographical and thematic differences, section 1.1 details the origins of the field of social entrepreneurship and its definitional context and section 1.2 compares social entrepreneurship to traditional and commercial entrepreneurship.

### **1.1. *Origins of the field and definitional context***

The origins of the field go back to 1983, when Young wrote on ‘innovative non-profit entrepreneurs’ in the lines of Schumpeter’s conception. Another early contribution to the field of social entrepreneurship was Waddock and Post’s (1991) who published a short paper on the topic in 1991. However, apart from this isolated early research, the concepts of social entrepreneurship were not used before the 1990s. The term ‘social entrepreneurship’ emerged in the academic world in the late 1990s in the US (Boschee 1995; Bornstein 1998; Dees 1998a, b; Drayton 2002; Thompson, Alvy, and Lees 2000) and in the UK (Leadbeater 1997; School for Social Entrepreneurs 2002).

Let us go through some of the founding definitions. According to Boschee (1995, 1), social entrepreneurship is the action of ‘non-profit executives who pay increased attention to market forces without losing sight of their underlying mission, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement’. For Dees (1998a, b), it ‘combines the passion of a social mission with an image of business-like discipline, innovation and determination’. Bornstein (1998, 37) reports that the Ashoka’s social entrepreneur is ‘a pathbreaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is “totally possessed” by his or her vision for change’. Thompson, Alvy, and Lees (2000) view them as ‘people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to “make a difference”’. What regards the UK, Leadbeater (1997) gives a large definition of social entrepreneurship that he considers as ‘a vast array of economic, educational, research, welfare, social and spiritual activities engaged in by various organizations’.

More recently, definitions of social entrepreneurship have proliferated. Some view it as ‘a process consisting in the innovative use and combination of resources to explore and exploit opportunities, that aims at catalysing social change by catering to basic human needs in a sustainable manner’ (Mair and Martí 2004, 3); with Noboa, Mair added that this social change is catalysed through the ‘creation of organizations and/or practices that yield and sustain social benefits’ (Mair and Noboa 2006). For others, social entrepreneurship ‘encompasses the notions of “construction, evaluation and pursuit of opportunities” as means for a “social transformation” carried out by visionary, passionately dedicated individuals’ (Roberts and Woods 2005, 49). Social entrepreneurship has also been expressed as an ‘innovative, social value creating activity that can occur within or across the non-profit, business, and/or public/government sectors’ (Austin, Stevenson, and Wei-Skillern 2006, 1). Weerawardena and Sullivan Mort (2006, 22, 32) also use the notions of social

value creation, opportunity exploitation, social mission, innovativeness, proactiveness and risk management behaviour. Stryjan's (2006, 35) definition focuses on the role of collective actors in the resource gathering as 'social entrepreneurship is viewed as a category of entrepreneurship that primarily (a) is engaged in by collective actors, and (b) involves, in a central role in the undertaking's resource mix, socially embedded resources [...] and their conversion into (market-) convertible resources, and *vice versa*'. For Nicholls (2008, 23), 'social entrepreneurship is a set of innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systemically by using a range of resources and organizational formats to maximize social impact and bring about change'. Simply put, 'social entrepreneurship is defined by its two constituent elements: a prime strategic focus on social impact and an innovative approach to achieving its mission' (Nicholls 2008, 13). This proliferation of definitions has gone along with the emergence of empirical studies of social entrepreneurship practices, mainly using a case study approach (Mair and Schoen 2007; Jones, Latham, and Betta 2008; Mair and Martí 2009; Vasi 2009).

The definitional purpose of our study also implies to determine to what extent this concept differs from traditional, commercial, entrepreneurship. Indeed, what defines an element is a set of peculiar characteristics that enable it to be distinguished from other elements, be they commercial entrepreneurship or other non-entrepreneurial social activities. Previous research has shown that entrepreneurship brings about social value by nature, e.g. in creating employment. However, it does not imply that any entrepreneurial initiative pertains to social entrepreneurship. We define social entrepreneurship as the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources.<sup>2</sup> Similarly, any non-profit activity does not necessarily exhibit an entrepreneurial behaviour. Therefore, before studying the different geographical origins of social entrepreneurship, we compare social entrepreneurship to commercial entrepreneurship and we show how social entrepreneurship actually replicated the evolution of its parent field, entrepreneurship. The comparative approach used in the next section will make it possible for peculiarities of social entrepreneurship to emerge.

## 1.2. *Social versus commercial entrepreneurship: two sides of the same coin?*

From an academic point of view, social entrepreneurship shows three similarities with the field of entrepreneurship research in its early days.

First, social entrepreneurship research is still *phenomenon-driven* (Mair and Martí 2006). As it has been the case for the field of entrepreneurship, social entrepreneurship initiatives have first developed among practitioners before attracting researchers' attention less than 20 years ago.

Second, Chell, Haworth, and Brearley (1991), Shane and Venkataraman (2000) and Bruyat and Julien (2001), among others, regretted the lack of a unifying paradigm in the field of entrepreneurship. In his seminal paper, 'What are we talking about when we talk about entrepreneurship?' Gartner (1988) tackled important questions such as 'Has entrepreneurship become a label of convenience with little inherent meaning?' or 'Is entrepreneurship just a buzzword, or does it have particular characteristics that can be identified and studied?' This fuzziness brought up Acs and

Audretsch's (2003) question of whether entrepreneurship is a distinctive domain of research or a discipline-based research. This lack of consensus in the field of entrepreneurship regarding the definition of the entrepreneur and the parameters that constitute the paradigm has been by nuanced Filion (1997). Indeed, from the reverse point of view, entrepreneurship remains one of the rare topics that attract specialists from a lot of diverse disciplines. Consequently, any researcher is influenced by the premises of its own discipline in considering and defining the entrepreneur. Similarly, one can regret that the absence of a unifying paradigm in the field of social entrepreneurship has lead to the proliferation of definitions (Dees 1998a, b). Moreover, 'its boundaries with other fields of research remain fuzzy' (Mair and Martí 2006, 36). Mair and Martí (2006) investigated whether social entrepreneurship is a distinctive field of research or whether it is based on other disciplines. However, let us recall that interdisciplinarity played a key role in the evolution of entrepreneurship, coming from a marginal field of research to a respected one (Dees and Battle Anderson 2006).

Third, academic research in social entrepreneurship is still at the infancy stage (Dees and Battle Anderson 2006; Dorado 2006), as the entrepreneurship field of research was some years ago (Brazael and Herbert 1999). As argued by Dees and Battle Anderson (2006, 39), social entrepreneurship does not currently bear 'the deep, rich explanatory or prescriptive theories that characterize a more mature field of research'. Research in the field of social entrepreneurship could replicate the theoretical evolution of its parent-field. Entrepreneurship is now recognized as an academic field (Bruyat and Julien 2001) and has an important scientific community that has produced a significant body of research (Acs and Audretsch 2003; McGrath 2003). It has managed to go beyond the infancy stage to reach the adolescence stage.

Entrepreneurship has been apprehended from both a functional and an indicative approach (Casson 1982). These two perspectives can also be used to distinguish social from commercial entrepreneurship, following the traditional approaches of entrepreneurship. By commercial entrepreneurship, we mean the capacity to create or to identify business opportunities and to exploit them (Shane and Venkataraman 2000) in a perspective of value creation (Bruyat and Julien 2001).

First, in an indicative approach (Casson 1982), some scholars focused on the differences in the features of the founder of the entrepreneurial initiative. Despite attempts to isolate social entrepreneurs, it seems that they share many characteristics with commercial entrepreneurs: they have the same focus on vision and opportunity and the same ability to convince and empower others to help them turn their ideas into reality (Catford 1998). According to Dees (1998a, b), social entrepreneurs are a 'sub-species' of the entrepreneurs' family. However, although there is a lot of overlap between social entrepreneurs and their commercial counterparts – particularly leadership, vision, drive and opportunism – the main difference is that 'social entrepreneurs usually have a vision of something that they would like to solve in the social sector or a socio-moral motivation in their entrepreneurial focus and ambition' (Nicholls 2008, 20). Social entrepreneurs' acts will always be linked to an objective of social value creation (Dees 1998a, b; Schwab Foundation 1998; Sullivan Mort, Weerawardena, and Carnegie 2003; Sharir and Lerner 2006). As suggested by Thalhuber (1998), it is possible to compare the two types of entrepreneurs according to other dimensions, such as their strengths, their focus, their mission and the way they consider profit: social entrepreneurs draw their strengths from collective



wisdom and experience rather than from personal competences and knowledge; they focus on long-term capacity rather than short-term financial gains; their ideas are limited by their mission; they see profit as a means in people's service that has to be reinvested in future profit rather than an end to be distributed to shareholders. Boschee and McClurg (2003) identified two important ways in which a social entrepreneur differs from a traditional entrepreneur. On the one hand, social entrepreneurs' earned income strategies are tied directly to their mission, whereas the efforts of the latter are only indirectly attached to social problems. On the other hand, social entrepreneurs are driven by a double bottom line, 'a virtual blend of financial and social returns', and profits are reinvested in the social mission. Finally, Brouard (2006) adds that social entrepreneurs put the risk on the organization's assets rather than on personal and investors' funds, and see their freedom limited by donors rather than employers.

As in the entrepreneurship field of research, these scholars have defined social entrepreneurship solely in terms of 'Who the entrepreneur is' (Venkataraman 1997). However, since the works of Gartner (1988), we know that the question of 'Who' is not necessarily the right one to ask. The question of 'How does the entrepreneur act?' could be a way of differentiating the social entrepreneurial process from other social initiatives (Dees 1998a, b). Similar to the indicative approach, in the functional approach, while some research studies (Dees 1998a, b; Mair and Martí 2004) looked at the common features, others opposed social entrepreneurship to commercial entrepreneurship. Some of them (Marc 1988; Roberts and Woods 2005) stressed its innovating side in terms of collection, use and combination of resources in building, evaluating and pursuing opportunities in a perspective of social transformation. For Austin, Stevenson, and Wei-Skillern (2006), the distinction between social and commercial entrepreneurship should not be dichotomous but rather continuous. Therefore, they proposed a systematic approach to compare social and commercial entrepreneurship, based on four differentiating variables: market failure, mission, resource mobilization and performance measurement. Their proposition is four-fold. First, 'market failure will create differing entrepreneurial opportunities for social and commercial entrepreneurship' (Austin, Stevenson, and Wei-Skillern 2006, 3). Second, the mission will be a fundamental criterion to distinguish between social and commercial entrepreneurship. Third, there will be prevailing differences between both approaches in the way human and financial resources are mobilized and managed. Fourth, measuring social performance will be a fundamental differentiator since it will make accountability and relations with stakeholders more complex. Brouard (2006) based his comparison on the role of the entrepreneurial initiatives: social or commercial. For him, the commercial role is represented by two dimensions, namely the presence of commercial exchanges and the allocation of profit. He believes that social entrepreneurship must pay exclusive, or at least main, attention to the social role – the commercial role being accessory. Moreover, he thinks that there can be commercial exchanges, but that the entirety or the majority of the profit has to be reinvested in the social mission rather than distributed to shareholders. The main difference between social entrepreneurship and corporate social responsibility therefore lies in the fact that the latter does not give primacy to the social role although it integrates it.

One could say that the main differences between social and commercial entrepreneurship lie in two main points. First, both aim at very different

targets: social entrepreneurship has an explicit and central social mission, whereas a commercial venture has a mission of profit. Second, the major part of the economic profit generated by the commercial activities of the social venture will need to be reinvested in the social mission, whereas in a traditional commercial venture, profit will be distributed to shareholders or reinvested in the commercial activities of the company. On the other hand, similarities between both can be expressed in terms of the entrepreneurial process, i.e. opportunities recognition, innovation, etc.

The rest of this paper is organized as follows. The next section presents the contexts in which the different schools of thought of social entrepreneurship have emerged. It sheds light on their differences and common views. Then, in Section 3, we review definitional issues in social entrepreneurship. The literature review is organized around the four dimensions of Gartner's (1985) conceptual framework for describing new venture creation: the individual, the process, the organization and the environment. Before concluding and presenting avenues for future research, we propose definitions of the 'social entrepreneur', of 'social entrepreneurship' and of the 'social entrepreneurship organization'.

## **2. The world of social entrepreneurship: Different origins, different schools**

Different perspectives of social entrepreneurship have emerged throughout the world. Their differences could be due to their geographical origin. In the Special Issue of ERD on 'Entrepreneurship and space in the network age', arguing for relating entrepreneurship and society, Steyaert and Katz (2004) highlighted the importance of space in entrepreneurship. Space can be conceived in three senses: discursive, social and geographical. The discursive dimension focuses on the inclusion of cultural, ecological and civic discourses rather than the sole economic one. The social dimension conceives entrepreneurship as a social process that implies multiple actors and stakeholders. Finally, the geographical dimension includes the spatial categories 'in between nations or regions, and neighbourhood' (Steyaert and Katz 2004, 182). This paper addresses these three categories of space. First, our discourse necessarily goes beyond the economic one, as social entrepreneurship implies entrepreneurial initiatives that aim at ecological, cultural and social changes. Second, the issue of a collective process is addressed when studying the role of the figure of the entrepreneur in social entrepreneurship. Third, from a geographical perspective, the role of social entrepreneurship seems to be considered differently on both sides of the Atlantic. Our hypothesis is that it is due to two very different conceptions of capitalism and government's role.

According to Albert (1991), two different expressions of capitalism – that he characterizes as the freedom of price fixation on the market and the freedom of ownership of production assets – have developed on both sides of the Atlantic: the American model is based on individual and financial success, short-term financial profit and their media coverage; the Rhineland model, mainly present not only in continental Western Europe, but also in Japan, gives more value to collective success, consensus (even co-management with employees) and long-term vision. Albert (1991) cites a lot of examples of situations where both views differ. For instance, the European tradition considers the poor man as a victim rather than a culprit, which explains its very organized social security, viewed as a fair consequence of the economic progress. In the US, such an institution would be considered as promoting



laziness and irresponsibility. As a consequence, unemployment benefits are very low, there is no compulsory health insurance and family allowance does not exist. The currently highly criticized American financial system, focused on the stock exchange, is also organized in order to foster 'quick money'. The 'American dream' is based on a high social mobility. According to Albert (1991), a firm is seen as a simple commodity that the owner uses freely and has a profit making function. Therefore, it will not invest in long-term assets (education, trainings, etc.). On the contrary, in the Rhineland model, a firm is considered as a complex community where shareholders' and management's powers are balanced, consensually with employees. Here, employees' professional development is planned through career management policies. Such a community of interests bears an enlarged function from job creation to national competitiveness. The European *affectio societatis* – collective feeling of belonging to the firm – makes the latter play a social role. To sum up, in the American 'now-nowism', money is the goal and things are the means. In the Rhineland model based on shared values of equality and collective interest, money is only a means to reach the goal of creating value. Of course, these models should be seen as the two extremes of a spectrum and reality usually stands somewhere between the extremes.

However, these two very different forms of capitalism could lead to different forms of social entrepreneurship on both sides of the Atlantic. Indeed, governmental actions against exclusion and poverty are better organized and more common in Europe, where public policies traditionally play a central role compared to the government-detached American approach. In the US, poverty is not so much a governmental concern as a moral and charity issue. Therefore, in the US, social entrepreneurship could be considered as a substitute for the Welfare State – a social state that guards for social protection and free negotiation between social partners.

Nevertheless, rather than a dichotomy, our literature review shows that, even within the US, different perspectives of social entrepreneurship have emerged and coexisted. Dees and Battle Anderson (2006) identified two independent schools of thought in the US.<sup>3</sup> On the one hand, the American Social Innovation School focuses on the establishment of new and better means to tackle social problems or to satisfy social needs. Although many people<sup>4</sup> contributed to the birth of the Social Innovation School, one person and his organization were at its root: Bill Drayton and Ashoka (Dees and Battle Anderson 2006). Ashoka was created in 1980 in order to search and bring support to outstanding individuals with ideas for social change. Nevertheless, the term 'social entrepreneur' was not used before the mid-1990s as a substitute for the expressions 'innovator for the public sector' or 'public entrepreneur' which were used before. As these expressions attest, the individual is at the very core of this school's attention. They regard the social entrepreneur as an activist of social change, in line with the Schumpeterian tradition. On the other hand, the American Social Enterprise School of thought focuses on income generation in conducting a social mission. The growing interest of non-profit organizations for new financial sources – the traditional ones being grants and subsidies – motivated the creation in 1980 of New Ventures, a consultancy company, and, consequently, of this movement.<sup>5</sup>

In Europe, attention has been mainly devoted to the concept of 'social enterprise'. As Defourny and Nyssens (2006, 3) argued, 'the increasing acknowledgement of the Third Sector in Europe, together with the broader interest in

non-conventional entrepreneurial dynamics addressing current challenges, led to the emergence of the new concept of “social enterprise”. Two types of definitions can be found in the European literature: conceptual and legal. International organizations as well as research centres have given conceptual definitions. For instance, the Organization for Economic and Cooperation Development defines the ‘social enterprise’ as ‘any private activity conducted in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment’ (OECD 1999). EMES<sup>6</sup> takes the different European national realities into account and defines ‘social enterprises’ as ‘organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits’ (Defourny and Nyssens 2006). The conceptual definitions bear the advantage of not being rooted in a specific national legislation. On the other hand, legal definitions of ‘social enterprises’ have been given by national governments in order to establish clear norms.

One can identify at least three main schools of thought of social entrepreneurship: the Social Innovation and the Social Enterprise Schools in the US; the EMES approach in Europe (Defourny and Nyssens 2008). The next section investigates whether research from different geographical spaces focuses on different elements of Gartner’s (1985) model.

### **3. Review of definitional issues in research on social entrepreneurship**

In Section 1, we have seen that the field of social entrepreneurship shows a lot of similarities with that of entrepreneurship. Social entrepreneurship can be understood as a multidimensional and dynamic construct, just like entrepreneurship. Looking for a global frame of analysis, Gartner (1985) proposed a model that integrates the majority of the variables used in the field of entrepreneurship and their interconnections: the features of the individual(s); the process (actions undertaken by the individual(s) to set up the venture); the organization, which includes the firm’s characteristics and its strategy; and the environment. Applying Gartner’s (1985) model to social entrepreneurship may help to shed light on different aspects of the field. The following paragraphs are organized according to the four variables of the model.

As we will see, these concepts may take different meanings and have more or less importance for each school. Let us first examine the individual characteristics and the importance given to the role of the social entrepreneur by the different schools.

#### **3.1. *The social entrepreneur: Individualistic or collective?***

The social entrepreneur can be broadly defined as an individual whose main objective is not to make profits but to create social value for which he/she will adopt an entrepreneurial behaviour. The main definitions of the social entrepreneur according to each school of thought are compiled in Appendix 1. Regarding his/her role in social entrepreneurship, one main issue emerges from the literature review: is social entrepreneurship individualistic or collective? The individual is indeed more or less central to the different schools of thought.

The Social Innovation School clearly distinguishes itself from the two others by the importance given to the individual in its conception of social entrepreneurship. According to this approach, the social entrepreneur brings new ways of responding to social problems. There seems to be an agreement among the Social Innovation School's scholars on several features of the social entrepreneur.<sup>7</sup> According to these researchers, social entrepreneurs:

- adopt a *visionary* and *innovative* approach (Catford 1998; Dees 1998a, b; Drayton, in Bornstein 1998; Schuyler 1998; Schwab Foundation 1998; De Leeuw 1999; Sullivan Mort, Weerawardena, and Carnegie 2003; Skoll, in Dearlove 2004; Roberts and Woods 2005). In line with the Schumpeterian narrative of entrepreneurship, social entrepreneurs are essentially 'social innovators' (Nicholls and Cho 2008);
- are characterized by a *strong ethical fibre* (Catford 1998; Drayton, in Bornstein 1998);
- show a particular ability to detect *opportunities* (Catford 1998; Dees 1998a, b; Thompson, Alvy, and Lees 2000; Sullivan Mort, Weerawardena, and Carnegie 2003);
- play a key role as 'Society's *change agents*' (Dees 1998a, b; Schuyler 1998; Thompson, Alvy, and Lees 2000; Skoll, in Dearlove 2004; Sharir and Lerner 2006; Chell 2007). The Schumpeterian definition of the entrepreneur definitely is at the basis of this school's conception: social entrepreneurs are considered as individuals who reform or revolutionize traditional production schemes of social value creation in moving resources towards places which offer superior return for Society (Dees and Battle Anderson 2006);
- without being limited by resources currently at hand; otherwise, they gather them and use these to 'make a difference' (Dees 1998a, b; Peredo and McLean 2006; Schuyler 1998; Sharir and Lerner 2006; Thompson, Alvy, and Lees 2000).

To sum up, according to this view, the social entrepreneur is a visionary individual who is able to identify and exploit opportunities, to leverage the resources necessary to the achievement of his/her social mission and to find innovative solutions to social problems of his/her community that are not adequately met by the local system. The Social Innovation School could be somehow compared to the School of Traits in the entrepreneurship field.

However, the centrality of the individual figure in the Social Innovation School does not mean that other schools of thought do not pay any attention at all to the social entrepreneur. For the Social Enterprise School, the initiative must come from a non-profit organization or from the state. Here, the social entrepreneur plays a secondary role, as the one who organizes and manages social-purpose activities. Skoll (2008, xiii) very recently wrote that the focus on 'hero entrepreneurs' is 'effectively the tip of a socially entrepreneurial iceberg' and that 'most social entrepreneurship is in reality the product of groups, networks, and formal and informal organizations'.

For the EMES network, the 'social enterprise' is an initiative that comes from a group of citizens (Defourny 2004) – what Hulgard (2008) calls the 'active citizenship' – self-help dynamics, public-associative partnerships, etc. The EMES

approach does not exclude the possibility for some leaders or charismatic entrepreneurs to play a key role in the organization, but insists on the fact that, generally, these persons are supported by a group whose members are responsible for the public benefit mission of the 'social enterprise'. Social entrepreneurship can also be viewed as a collective action, 'where the social entrepreneur is embedded in a network of support/advice that helps this new way of entrepreneurship succeed' (Hulgard and Spear 2006, 88–89). Spear (2006) found that individualistic entrepreneurship in worker co-operatives is rather the exception than the rule. Moreover, research on community entrepreneurship (Dana 2008; Johannisson and Nilsson 1989; Stöhr 1990) gives more evidence of the collective aspect usually ascribed to entrepreneurship in Europe.

As a result, we can observe that the figure of the entrepreneur is central only to the Social Innovation School, whereas, in the Social Enterprise School, it is of secondary importance, and, in Europe, the focus is rather on collective governance mechanisms and less on individuals.

As in the entrepreneurship field of research, some scholars tried to define social entrepreneurship without referring to the person but to the process. Processual theories of entrepreneurship emerged in a slow motion 20 years ago but since then, the process-oriented character of entrepreneurship has been receiving increasing interest. Arguing for approaching entrepreneurship as a verb, Steyaert (2007) proposed to use the concept of 'entrepreneuring' to refer to process theories within a creative process view. In line with his conception, the next section examines how social entrepreneurship refers to 'inventive human activities' (Steyaert 2007, 453) dedicated to a social change.

### ***3.2. Social entrepreneurship as a process***

According to Chell, Haworth, and Brearley (1991, 49), 'the entrepreneurial process comprises what the individual brings to the situation and the demands of that situation, such as accommodation to the venture, stress, economic and professional value, ethics'. In social entrepreneurship, the main elements brought by the individual are the objective of the organization and, as a result, the impact of this goal on the organization's activities. From a social entrepreneurship perspective, the objective of an organization can be expressed in terms of success of its social mission. As a result, the organization's activities should be in link with its social mission.

The mission definition is at the core of the social venture creation process. Be it expressed in terms of 'social change' (Mair and Martí 2004), 'social transformation' (Roberts and Woods 2005), 'social value creation' (Austin, Stevenson, and Wei-Skillern 2006; Weerawardena and Sullivan Mort 2006) or 'social impact', the social mission is a central element for each of the schools of thought. Appendix 2 presents the numerous definitions of social entrepreneurship that can be found in the American literature. Mair and Martí (2006, 37) view social entrepreneurship as a 'process of creating value by combining resources in new ways'. By 'process', they mean the delivering of services and products but also the creation of new organizations. For the Social Innovation School, social value creation and sustainable social improvements (Mair and Martí 2004; Weerawardena and Sullivan Mort 2006) prevail on profit and wealth generation. For the Social Enterprise School, the pursuit of social goals must also be the first objective of social

entrepreneurship. The social nature of the initiative is guaranteed by the fact that, according to this approach, it is necessarily structured as a non-profit organization. Here, the social mission embraces all the social activities which non-profits can be involved in. Finally, in Europe, social entrepreneurship most often takes place within the third sector (Defourny and Nyssens 2008). According to the EMES network, social entrepreneurship initiatives must have an explicit objective of service to community that embraces social and environmental questions. In the European legislations in general, 'social enterprises' must be driven by their social goals. Despite some differences in the way of expressing it, the three schools of thought clearly agree on the fact that the social mission is at the core of social entrepreneurship.

Some research studies (e.g. Defourny and Nyssens 2008) investigated whether there is an intense link between the social mission and the activities of the organization. Activities are understood as any productive activities of goods or services based on market transactions. Two approaches seem to require a direct link between the means and the end: the Social Innovation School and the EMES network. According to the latter, 'the nature of the economic activity must be linked to the social mission' (Defourny and Nyssens 2006, 12). In Europe, in general, the productive activity is usually related to the mission. In contrast, the Social Enterprise School<sup>8</sup> does not require the link between the organization's social end and its activities to be direct. For the partisans of this school of thought, social entrepreneurship consists in the implementation, by non-profit organizations, of commercial dynamics developed in order to finance their social activities. In other words, according to this approach, profit-generating activities must not necessarily be linked to the social mission of the non-profit organization, whereas, for the other schools, an intense link between the activities and the mission is a central differentiating element.

Having acknowledged the intensity of the social mission in social entrepreneurship, one could wonder what makes social entrepreneurship different from activism. Some authors have included activism in their definition of social entrepreneurship. According to Simms and Robinson (2008, 12), 'an activist is an individual who often uses confrontational action to address an issue'. These authors believe that social entrepreneurs have two 'personalities' (the entrepreneur and the activist) and hypothesize that their primary identity will have an impact on the organizational structure – for- or non-profit. They also think that the social entrepreneur's identity will also have an influence on opportunity recognition, as activists may miss important opportunities for change. Hockerts (2006) gave another role to activism in social entrepreneurship. According to him, three sources of social entrepreneurial opportunity may explain the existence of social entrepreneurship: one of them is activism, along with self-help and philanthropy. Some activists meet their goals of lobbying policy makers through the support of social enterprises. Hockerts (2006) gives the fair trade movement as an example. For Nicholls (2008), activism is at the basis of social entrepreneurship and the organizational boundaries of social entrepreneurship will fall between, 'at one extreme, voluntary activism and, at the other, corporate social innovation' (Nicholls 2008, 13). Adopting a sociological perspective, Vasi (2009) advances that social entrepreneurship is similar to activism in at least two ways. First, they are impacted by the same environmental factors and both 'have to overcome resistance to social change by mobilizing resources, taking

advantage of political opportunities' (Vasi 2009, 161). Second, the outcomes of both are complex to measure and can be expressed in terms of 'the degree to which they have secured medium- and long-term collective benefits for their constituents as well as for the larger population' (Vasi 2009, 161). However, social entrepreneurship and activism also show differences, as the former may consist of individual actions, whereas the latter is restricted to collective movements. According to Catford (1998), what also makes them different is their radical new thinking. For Mair and Martí (2006), it is the organizational context in which social entrepreneurship occurs that differentiates it from activism. For Martin and Osberg (2007), even if social entrepreneurship and activism are based on similar motivations, the nature of the actor's orientation is different. Whereas the social entrepreneur would take direct action, the activist brings about change by influencing others to take action. To sum up, whereas some acknowledge that social entrepreneurs are, in some ways, activists, others distinguish clear differences between both.

The next section presents the way the different schools of thought approach the social entrepreneurship organization and define its characteristics.

### ***3.3. The organization's characteristics in social entrepreneurship***

American and European conceptions of the social entrepreneurship organization are slightly different. In Europe, these are more seen as being part of the so-called third sector. Therefore, according to the European Union's definition, the term 'social enterprise' is embedded in the field of social economy and includes co-operatives, mutuals, associations, foundations, as well as any company aiming at serving society. Main definitions of the social entrepreneurship organization from the different schools of thought are presented in Appendix 3. From our literature review, we observe that the different geographical perspectives mainly differ in the way they approach the enterprise concept, the legal form and the issue of profit distribution.

First, let us analyse the different conceptions of the 'enterprise' in the different schools of thought. By 'enterprise', we mean 'any entity engaged in an economic activity, irrespective of its legal form' (European Commission 2003a). In Europe, researchers of the EMES network elaborated a common definition of the 'social enterprise' in order to analyse the various national realities in Europe. Their definition is based on two series of indicators. On the one hand, four criteria reflect the economic and entrepreneurial dimensions of the social initiatives considered: (1) a continuous activity of goods and/or services production and sale; (2) a high degree of autonomy; (3) a significant level of economic risk; and (4) a minimum amount of paid work. On the other hand, five indicators encapsulate the social dimensions of the initiatives: (1) an explicit aim to benefit the community; (2) an initiative launched by a group of citizens; (3) a decisional power not based on capital ownership; (4) a participatory nature including all the activity's stakeholders; and (5) limited profit distribution. This is not a normative, prescriptive definition but rather an 'ideal-type' (Defourny and Nyssens 2006). According to EMES, 'social enterprises' must bear a significant level of economic risk, which means that the success of the 'social enterprise's' social mission depends on its market performance as much as its ability to obtain public subsidies and to mobilize voluntary resources (Defourny and Nyssens 2006). The Social Enterprise School also considers the organization as central. This approach defines social entrepreneurship organizations



as being non-profit organizations that set up profit-generating activities in order to financially survive and become more independent of donations and subsidies they receive. The main two elements that characterize a social entrepreneurship organization for the partisans of the Social Enterprise School are the fact that it combines (1) a social objective, i.e. creating social value, with (2) an entrepreneurial strategy, i.e. applying business expertise and market-based skills to not-for-profit organizations. This school of thought aims at the sustainability of social entrepreneurship organizations and promotes complete self-sufficiency of non-profits, which can be reached only through income generation and not through dependency on public and private sectors (Boschee and McClurg 2003). Indeed, according to Boschee (2001), the ideal solution to tackle a social need is to answer it autonomously without being accountable to stakeholders. In contrast to the European perspective, the Social Enterprise School only stresses the risks associated with market income.<sup>9</sup> Finally, as mentioned above, the Social Innovation School focuses on the social entrepreneur and his/her qualities, rather than on the organization and its specificities. According to this approach, the 'social enterprise' is an activity set up by a social entrepreneur and there is no mention of any economic risk.

A second important issue that arises from our literature review is the question of the legal organizational form of the social entrepreneurship organization. Does its social mission imply that it cannot exist under any other legal organizational form than the non-profit form? According to the Social Innovation School, the social entrepreneurship organization can adopt either a non-profit or a for-profit organizational form. For Austin, Stevenson, and Wei-Skillern (2006), as well as for Mair and Martí (2004), social entrepreneurship organizations should not be limited to any specific legal form. According to these authors, the choice should rather be dictated by the nature of the social needs addressed and the amount of resources needed. To Mair and Martí (2004), the important element is the entrepreneurial spirit that gives the social initiatives their entrepreneurial nature. This perspective has resulted in the emergence of various hybrid organizational forms: independent, they can generate profit, employ people and hire volunteers, as well as adopt innovative strategies in their pursuit of social change. The advantages of these hybrid organizations include, among others, a higher market response rate, higher efficiency and innovation rates, as well as a larger capacity to mobilize resources (Haugh 2005; Dees and Battle Anderson 2006). On the contrary, at the very beginning of the Social Enterprise School, social entrepreneurship organizations had to be non-profits that used earned income strategy<sup>10</sup> in order to generate revenue in support of their charitable mission. The Social Enterprise School further considered as a social entrepreneurship organization any business that trades for a social purpose (Austin, Stevenson, and Wei-Skillern 2006). Finally, in some European countries, a specific legal form has been created in order to encourage and support social entrepreneurship organizations. Italy legally recognized the 'social co-operatives' in 1991 (Borzaga and Santuari 2001). More than 10 years after the Italian impetus, the British Blair government defined the 'Community Interest Company' as an independent organization having social and economic objectives, which aims at playing a social role as much as reaching financial durability through business (Department of Trade and Industry 2001). This new legal form represents a hybrid organizational type, part not-for-profit and part equity offering limited

company. In 1995, Belgium introduced the status of 'social purpose company'. In Portugal (1997), we talk of 'social solidarity co-operatives', in France (2002) of 'collective interest co-operative societies' and in Finland (2003) of 'work insertion social enterprises' (Defourny and Nyssens 2006). Despite all these newly created legal forms, most 'social enterprises' across Europe still adopt legal forms that have existed for a long time, namely associations or co-operatives, or traditional business forms (Defourny and Nyssens 2008).

Third, often linked to the legal form, profit distribution is another important issue for social entrepreneurship organizations. The Social Innovation School does not impose any constraint regarding profit distribution. According to this movement, if the organization's activity generates benefits, these will preferably be reinvested in the social mission, but this is not a strict obligation. Only the final increase of the social added value is important. In contrast, the Social Enterprise School forbids any profit distribution as, according to the definition of non-profit organizations, social entrepreneurship organizations cannot distribute profit to their directors or members. Profit is therefore entirely dedicated to the social objective. However, the Social Enterprise School has recently recognized social entrepreneurship organizations as 'any business venture' (Alter 2004, 5), which, consequently, authorizes some profit distribution to owners or workers. Finally, the European approach advocates a limit to profit distribution. According to the EMES network, the 'social enterprise', in its choice of the way it will distribute benefits, must avoid a behaviour that would lead to profit maximization. Hence, the 'social enterprise' can distribute profit, but in a limited manner.

The next section examines Gartner's fourth variable, the environmental factors affecting social entrepreneurship.

### **3.4. *The environmental factors surrounding social entrepreneurship***

The issue of the influence of the external environment on the individual, the process and the organization has only received little, if not to say no, attention in the social entrepreneurship literature. However, the large number of different approaches of the phenomenon illustrates the role played by the surrounding social, economic, cultural or institutional environment in conceptualizing social entrepreneurship. One could have expected differences at a continental level because Europe and the US consider the government's role differently. However, there is no clear-cut transatlantic divide in the way of approaching and defining social entrepreneurship. Our analysis of the literature indicates that different conceptions coexist in the US. In Europe, the way of approaching social entrepreneurship is usually presented as homogeneous. However, there are some national legal differences in terms of field of activities, statutes or modes of governance of social entrepreneurship organizations, and investigating the existence of different geographical clusters of social entrepreneurship in Europe could certainly be an interesting future research topic.

**Proposition 1:** *There is no clear-cut transatlantic divide in the way of approaching and defining social entrepreneurship. On the contrary, different conceptions have emerged, even within the US.*

In the next section, we propose definitions of the core concepts of social entrepreneurship.

### 3.5. Fixing definitions

The problem that we proposed to deal with in this paper is the clarification of the meaning of social entrepreneurship and related concepts on basis of geographical and thematic criteria. Since social entrepreneurship has proven to be a complex and multifaceted phenomenon, there is no standardised, universally accepted definition to define the scope of the concept. Nevertheless, in most definitions, social entrepreneurship refers to the management of a system of double equations, being, on the one hand, the social mission and, on the other hand, the commercial activities. Therefore, all definitions should at least illustrate these tensions between the social objectives and the market requirements induced by the commercial activity. Our propositions are the following ones.

**Proposition 2:** *Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources.*

Following what we found in our literature review, we define the social entrepreneur as follows:

**Proposition 3:** *The social entrepreneur is a visionary individual, whose main objective is to create social value, able at one and the same time to detect and exploit opportunities, to leverage resources necessary to his/her social mission and to find innovative solutions to social problems of his/her community that are not properly met by the local system. This will make him/her adopt an entrepreneurial behaviour.*

The concept of ‘social entrepreneurship organization’ is probably the most difficult to define. It does not have clear boundaries whereas it seems to bear an entrepreneurial dynamic in a social value creation spirit. However, in order not to mix the concepts and to distinguish the social entrepreneurship organizations from what the social economy calls ‘social enterprises’, we will call them ‘social entrepreneurial ventures’ (SEVs), borrowing the phrase to Austin, Stevenson, and Wei-Skillern (2006), Dorado (2006) and Townsend and Hart (2008). In our opinion:

**Proposition 4:** *A SEV must encounter three criteria. First, its social mission must be explicit and central. It can be initiated by citizens, individually or in groups. Second, its market orientation must be consistent with its social mission. It takes the form of a continuous productive activity of goods and/or services that generates earned-income. Third, SEVs should not be defined by their legal framework. Some forms of social entrepreneurship can be found in the private for-profit sector and in the public sector.*

Indeed, while many social entrepreneurs adopt a not-for-profit form, social entrepreneurship should not be limited to this form alone and should ‘view the choice of legal form as a strategic decision, not a state of being’ (Battle Anderson and Dees 2008, 156). Consequently, the question of profit is non-determining because SEVs may take the form of for-profit organizations. The focus should therefore move from the form to the purpose.

## 4. Conclusions and future research avenues

Social entrepreneurship can be seen as a source of solutions to certain illnesses of our modern societies. The utility of social enterprises as an instrument for governments

has been recognized, for example, in the UK where a lending agency for social enterprises has been set up. Be it as a way to subcontract public services or as a means to improve these services without increasing the State's domain (Cornelius et al. 2007), social entrepreneurship initiatives are growing in number and importance. Unfortunately, from an academic point of view, research in the field of social entrepreneurship has long remained descriptive and, sometimes, partisan.

Our review of definitional issues has revealed a wide diversity of approaches of social entrepreneurship, social entrepreneurs and social entrepreneurship organizations. From our literature review, we have identified three main schools of thought of social entrepreneurship. Two schools studying the phenomenon from different perspectives have emerged in the US. The Social Innovation School stresses the importance of the social entrepreneur as an individual and focuses on his/her characteristics. The Social Enterprise School claims that this kind of organizations will survive by conducting profit-generating activities in order to finance social value creation. The European tradition approaches social entrepreneurship by creating specific legal frameworks for 'social enterprises'.

One way to progress in the recognition of social entrepreneurship as a legitimate field of research is to go back to its roots. We have shown that social entrepreneurship replicates the evolution path of its parent-field – entrepreneurship – although it bears some peculiarities. As suggested by Nicholls (2008), social entrepreneurship represents a social lens applied to conventional notions of entrepreneurship.

In order to be more systematic in the literature review, we have used Gartner's (1985) model of entrepreneurial creation. Mainly, the first three variables of the initial model were used in order to analyse common points and differences between the different schools of thought. The results of our literature review are summarized in Table 1, crossing the three main schools of thought and Gartner's individual, process and organizational dimensions. This analysis partly follows the methodology used by Degroote (2008).

To sum up, we observed that the figure of *the entrepreneur* (1) is central only to the Social Innovation School of thought that highlights individual profiles, whereas, in the Social Enterprise School, it is of secondary importance, and that, in Europe, the focus is rather on collective models and less on individuals. The *social mission* (2) is clearly acknowledged as the primary objective of social entrepreneurship by all the three approaches. Whereas, the Social Innovation School and the EMES network require a *direct link between the enterprise's social mission and its productive activities* (3), the Social Enterprise School advocates that the link between social mission and income generating activities can be more or less strong. The concept of 'social enterprise' is probably the most controversial (Defourny and Nyssens 2008). Indeed, the *social enterprise* (4) is a key element in the European tradition as well as for the Social Enterprise School but not for the Social Innovation School. The Social Enterprise School only deals with non-profit social enterprises whereas the European tradition imposes some constraints regarding the *legal form* (5). Therefore, linked to the legal framework, profit distribution (6) is almost totally prohibited by the Social Enterprise School and partially limited in the EMES approach in order to protect the primacy of the social mission. The Social Innovation School does not impose any constraint: the choice regarding the legal form and profit distribution should rather be dictated by the nature of the social needs addressed and the amount of resources needed.

Table 1. Summary of the literature review's outcomes.

Variables	Criteria	American tradition		European tradition
		The Social Innovation School	The Social Enterprise School	
Individual	1. The entrepreneur	Central figure	Secondary role	Collective action: 'initiative launched by a group of citizens'
Process	2. The mission	Mission is at the core of the social innovation process	The first objective of social entrepreneurship is to pursue social goals	'Explicit aim to benefit the community'
	3. Link mission-productive activities	Direct	No constraint: social entrepreneurship consists in the implementation by non-profits of commercial dynamics in order to fund their social activities	Direct: 'the nature of the economic activity must be linked to the social mission'
	4. The enterprise	Secondary importance: activity set up by a social entrepreneur	Central: stress on the risks associated with market income	Central: 'significant level of economic risk'
Organization	5. The legal form	No clear constraint: the choice regarding the legal form should rather be dictated by the nature of the social needs addressed and the amount of resources needed	Social enterprises are non-profit organizations (Later: any business that trades for a social purpose)	Some constraints: new specific legal forms have been created to encourage and support social enterprises + in some cases, use of traditional business legal forms
	6. Profit distribution	No constraint	Profit non-distribution constraint (Later: some profit distribution permitted)	Limited: 'organizations that avoid a profit-maximizing behaviour'

Source: Partially adapted from Degroote (2008).

Before starting this study, one could have thought that there would have been a clear-cut transatlantic divide in the way of approaching and defining social entrepreneurship. This assumption could be based on the different models of capitalism that dominate in Europe and in the US and, consequently, their conceptions of the Welfare State. However, in the US, at least two very different approaches of social entrepreneurship coexist and one of these is not very different from the European approach. This suggests that these conceptions, and the resulting definitions, are based on strong social convictions, making it harder to circumvent the concept of social entrepreneurship clearly. This further implies that the contextual factors in which social entrepreneurship emerged should not be ignored. We ended by making propositions for defining social entrepreneurship, the social entrepreneur and the SEV in a way that embraced the main concepts reviewed in the literature on social entrepreneurship.

This paper also raised future research avenues. First, the role of the environment in social entrepreneurship is an issue that needs to be studied, may be on the basis of theoretical frameworks like contingency and new institutional theories. Second, in our comparative analysis with the US, we have sometimes restricted the European approach of social entrepreneurship to the conceptual EMES perspective. However, several different legal perspectives coexist in different parts of Europe. Therefore, a geographical analysis of the different approaches of social entrepreneurship in Europe would be of prime interest to advance the field of social entrepreneurship. The various European situations could result in different clusters corresponding to national, transnational or regional areas. Finally, tensions between the social mission and market requirements have been recognized by numerous scholars as the central definitional element of social entrepreneurship. However, little research has been conducted so far on the way this double bottom line can be managed. Therefore, we suggest that the role of governance structures in managing these tensions should be examined more in depth.

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### **Notes**

1. In North America (the years in brackets correspond to the date of creation of the organization): Ashoka (1980), Echoing Green (1987), The Skoll Foundation (1999) and The Manhattan Institute's Social Entrepreneurship Initiative (2001) in the US; the Canadian Centre for Social Entrepreneurship and the Canadian Social Entrepreneurship Foundation in Canada. In Europe: The School for Social Entrepreneurs in the UK (1997) and The Schwab Foundation for Social Entrepreneurs in Switzerland (1998), among others.
2. We will develop this definition in Section 3.5.
3. The so-called 'American' approaches also include certain authors from the UK.
4. The main contributions to the Social Innovation School have been brought by: Alvord, Brown, and Letts (2004), Austin, Stevenson, and Wei-Skillern (2006), Bornstein (1998), Catford (1998), Dart (2004), De Leeuw (1999), Dees (1998a, b), Dees and Battle Anderson (2006), Dearlove (2004), Dorado (2006), Drayton (2002), Guclu, Dees, and Battle Anderson (2002), Mair and Martí (2004, 2006), Mair and Noboa (2006), Mair and Schoen (2007), Peredo and McLean (2006), Roberts and Woods (2005), Robinson (2006), Schuyler (1998), Schwab Foundation (1998), Seelos and Mair (2007), Sharir and Lerner



- (2006), Sullivan Mort, Weerawardena, and Carnegie (2003), Thompson, Alvy, and Lees (2000), Thompson (2002), Thompson and Doherty (2006), Weerawardena and Sullivan Mort (2006) and Young (1983) (this list is non-exhaustive). In the UK, Leadbeater (1997), Smallbone et al. (2001) and Nicholls (2008) are usually associated with this school, as could be Chell (2007).
5. Main partisans of the Social Enterprise School are: Alter (2004), Boschee (1995), Boschee and McClurg (2003), Cooney (2006), Emerson and Twersky (1996), Haugh (2005), Stryjan (2006) and Tracey and Philips (2007) (this list is non-exhaustive).
  6. In 1996, university research centres and researchers from the 15 Member States of the European Union set up a scientific network whose name, 'EMES', refers to the title of its first research program on the 'Emergence of Social Enterprises in Europe'.
  7. The words in *italic* in Appendix 1 summarize these features.
  8. As well as the British government.
  9. With the exception of the UK where, according to the Community Interest Company legislation, 50% of the total income of a 'social enterprise' must be market-based.
  10. As clearly stated by Battle Anderson and Dees (2008, 145), 'earned income' primarily refers to 'income derived from selling products or services' to contrast with the idea of philanthropic donations or government subsidies.

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# Appendix 1: Definitions of the ‘Social Entrepreneur’

Table A1. Definitions of the ‘social entrepreneur’ according to the different schools of thought.

Author	Year	Page	Social Innovation School
Bornstein (citing Drayton)	1998	37	Ashoka’s social entrepreneur is a <i>pathbreaker</i> with a powerful new idea, who combines <i>visionary</i> and real-world problem-solving creativity, who has a strong <i>ethical fiber</i> , and who is ‘totally possessed’ by his or her vision for change
Catford	1998a, b	96	Social entrepreneurs combine street activism with professional skills, <i>visionary insights</i> with pragmatism, and <i>ethical fibre</i> with tactical trust. They see <i>opportunities</i> where others only see empty buildings, unemployable people and unvalued resources
Dees	1998a, b	3–4	Social entrepreneurs play the role of <i>change agents in the social sector</i> , by: adopting a <i>mission</i> to create and sustain <i>social value</i> (not just private value); recognizing and relentlessly pursuing new <i>opportunities</i> to serve that mission; engaging in a process of continuous <i>innovation</i> , adaptation and learning; acting boldly without being limited by <i>resources</i> currently at hand; and exhibiting heightened accountability to the constituencies served and for the outcomes created
Schuyler	1998	1	Individuals who have a <i>vision</i> for social change and who have the financial <i>resources</i> to support their ideas [...], exhibit all the <i>skills of successful business people</i> as well as a <i>powerful desire for social change</i>
Schwab Foundation	1998		Someone who: identifies and applies practical solutions to social problems [...]; <i>innovates</i> by finding a new product, service or approach [...], focuses [...] on <i>social value creation</i> [...]; resists being trapped by the constraints of ideology and discipline; has a <i>vision</i> , but also a well-thought out roadmap as to how to attain the goal
De Leeuw	1999	261	<i>Rare individuals</i> with the ability to analyse, to <i>envision</i> , to communicate, to empathize, to enthuse, to advocate, to mediate, to enable and to empower a wide range of disparate individuals and organizations
Thompson, Alvy, and Lees	2000	328	People who realize where there is an <i>opportunity</i> to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary <i>resources</i> (generally people, often volunteers, money and premises) and use these to ‘make a difference’.
Guclu, Dees, and Battle Anderson	2002	14	Social entrepreneurs must be able to <i>articulate</i> a compelling <i>social impact theory</i> and a plausible <i>business model</i>
	2003	82	Social entrepreneurs are first driven by the <i>social mission</i> of creating better social value than their

(continued)



Table A1. Continued.

Author	Year	Page	Social Innovation School
Sullivan Mort, Weerawardena, and Carnegie			competitors which results in them exhibiting <i>entrepreneurially virtuous behaviour</i> . Second, they exhibit a <i>balanced judgement</i> , a coherent unity of purpose and action in the face of complexity. Third, social entrepreneurs explore and recognize <i>opportunities</i> to create better social value for their clients. Finally, social entrepreneurs display <i>innovativeness, proactiveness</i> and <i>risk-taking propensity</i> in their key decision making
Dearlove (about the Skoll Foundation)	2004	52	At the Skoll Foundation, we call social entrepreneurs ' <i>society's change agents</i> ': the pioneers of innovation for the social sector. Social entrepreneurs usually have a <i>vision</i> of something that they would like to solve in the social sector
Roberts and Woods	2005	49	<i>Visionary</i> , passionately <i>dedicated</i> individuals
Peredo and McLean	2006	64	Social entrepreneurship is exercised where <i>some person or group</i> aims either exclusively or in some prominent way to <i>create social value</i> of some kind, and pursue that goal through some combination of (1) recognizing and exploiting <i>opportunities</i> to create this value, (2) employing <i>innovation</i> , (3) tolerating <i>risk</i> and (4) declining to accept limitations in available <i>resources</i>
Sharir and Lerner	2006	7	The social entrepreneur is acting as a <i>change agent</i> to create and sustain <i>social value</i> without being limited to <i>resources</i> currently at hand
Nicholls	2008	20	For social entrepreneurs, there is always a ' <i>socio-moral motivation</i> ' or <i>social-mission focus</i> to their entrepreneurial activity and ambition
			Social Enterprise School
Boschee	1995	1	<i>Non-profit executives</i> who pay increased attention to market forces without losing sight of their underlying mission, to somehow <i>balance moral imperatives and the profit motives</i> – and that balancing act is the heart and soul of the movement
Boschee and McClurg	2003	3	A social entrepreneur is any person, in any sector, who uses <i>earned income strategies to pursue a social objective</i>
Tracey and Phillips	2007	264	Individuals who <i>combine social and commercial objectives</i> by developing economically <i>sustainable solutions</i> to social problems. It requires social entrepreneurs to identify and exploit <i>market opportunities</i> in order to develop products and services that achieve <i>social ends</i> , or to <i>generate surpluses</i> that can be <i>reinvested in a social project</i>

Notes: The chronological order has been chosen in order to shed light on the evolution of the concept over time. The EMES approach does not appear in this table as it does not focus on the social entrepreneur.

## Appendix 2: Definitions of ‘Social Entrepreneurship’

Table A2. Definitions of ‘social entrepreneurship’ according to the different schools of thought.

Author	Year	Page	Social Innovation School
Leadbeater	1997		<i>A vast array of economic, educational, research, welfare, social and spiritual activities engaged in by various organizations</i>
Dees	1998a, b	1	It combines the passion of a <i>social mission</i> with an image of <i>business-like discipline</i> , innovation and determination
Alvord, Brown, and Letts	2004	262	Social entrepreneurship creates <i>innovative solutions</i> to immediate <i>social problems</i> and mobilizes the ideas, capacities, resources and social arrangements required for sustainable social transformations
Mair and Martí	2004	3	A process consisting in the <i>innovative</i> use and combination of resources to explore and exploit <i>opportunities</i> that aims at catalyzing <i>social change</i> by catering to basic <i>human needs</i> in a <i>sustainable manner</i>
Roberts and Woods	2005	49	Social entrepreneurship encompasses the notions of ‘construction, evaluation and pursuit of <i>opportunities</i> ’ as means for a ‘ <i>social transformation</i> ’ carried out by visionary, passionately dedicated individuals
Seelos and Mair	2005	243	Social entrepreneurship creates <i>new models</i> for the provision of products and services that <i>cater directly to basic human needs</i> that remain <i>unsatisfied</i> by current economic or social institutions
Austin, Stevenson, and Wei-Skillern	2006	1	<i>Innovative, social value creating activity</i> that can occur <i>within or across the non-profit, business and/or public/government sectors</i> (original emphasis)
Mair and Martí	2006	37	First, we view social entrepreneurship as a <i>process of creating value</i> by combining resources <i>in new ways</i> . Second, these resource combinations are <i>intended primarily to explore and exploit opportunities</i> to create social value by stimulating social change or meeting social needs. And third, when <i>viewed as a process</i> , social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations
Mair and Noboa	2006	122	The <i>innovative</i> use of resource combinations to pursue <i>opportunities</i> aiming at the creation of organizations and/or practices that <i>yield and sustain social benefits</i> . We deliberately do <i>not delimit</i> the definition to <i>initiatives in the non-profit sector</i> and imply a notion of helping behaviour

(continued)

Table A2. Continued.

Author	Year	Page	Social Innovation School
Weerawardena and Sullivan Mort	2006	22, 32	<p>A behavioural phenomenon expressed in a <i>NFP organization</i> context aimed at <i>delivering social value</i> through the exploitation of perceived <i>opportunities</i></p> <p>Social entrepreneurship is a <i>bounded multi-dimensional construct</i> that is deeply rooted in an organization's <i>social mission</i>, its drive for <i>sustainability</i> and highly influenced and shaped by the <i>environmental dynamics</i>. Opportunity recognition is embedded in these three dimensions</p> <p>Social entrepreneurship strives to achieve <i>social value creation</i> and this requires the display of <i>innovativeness</i>, <i>proactiveness</i> and <i>risk management</i> behaviour</p> <p>Social entrepreneurs' behaviour in regard to <i>risk</i> is highly constrained by their primary objective of <i>building a sustainable organization</i> and hence do not support Dees' view that social entrepreneurs do not allow the lack of initial resources to limit their options</p> <p>Finally, social entrepreneurs can indeed remain <i>competitive whilst fulfilling their social mission</i></p>
Nicholls	2008	23, 13	<p>Social entrepreneurship is a set of <i>innovative</i> and effective activities that <i>focus</i> strategically on <i>resolving social market failures</i> and creating new <i>opportunities</i> to add social value systemically using a range of resources and organizational formats to <i>maximize social impact</i> and <i>bring about change</i>. Simply put, social entrepreneurship is defined by its two constituent elements: a prime strategic focus on <i>social impact</i> and an <i>innovative approach</i> to achieving its <i>mission</i></p> <p>Social Enterprise School</p>
Stryjan	2006	35	<p>Social entrepreneurship is viewed as a category of entrepreneurship that primarily (1) is engaged in by <i>collective actors</i>, and (2) involves, in a central role in the <i>undertaking's resource mix</i>, socially embedded resources [...] and their conversion into (market-) convertible resources, and <i>vice versa</i></p>

Notes: The chronological order has been chosen in order to shed light on the evolution of the concept over time. The EMES perspective does not appear in this table as it mainly focuses on the organizational aspect of the social entrepreneurship phenomenon.

### Appendix 3: Definitions of the ‘Social Entrepreneurship Organization’

Table A3. Definitions of the ‘social entrepreneurship organization’ according to the different schools of thought.

Author	Year	Page	Social Innovation School
Smallbone et al.	2001	5	Social enterprises <i>offer a range of contributions to local economic development</i> including providing goods and services which the market or public sector is unwilling or unable to provide, developing skills, creating employment (focusing particularly on the needs of socially excluded people), creating and managing workspace, providing low-cost personal loans and enhancing civic involvement through the number of volunteers involved. The wider social contribution can also include encouraging environmentally friendly practices and offering work and educational experience to young people
Thompson	2002	413	Enterprises set up for a <i>social purpose</i> but <i>operating as businesses</i> and in the voluntary or non-profit sector. However, according to him, the <i>main world</i> of the social entrepreneur is the <i>voluntary (NFP) sector</i>
Dart	2004	415	Social enterprises enact <i>hybrid non-profit and for-profit activities</i>
Mair and Martí	2004	7	Social entrepreneurship can be seen to take many different organizational forms: <i>for-profit, non-profit or hybrid</i>
Austin, Stevenson, and Wei-Skillern	2006	2	Examples of social entrepreneurship can be found <i>within or can span the non-profit, business or governmental sectors</i>
Dees and Battle Anderson	2006	51	A full range of business models available to social entrepreneurs, from <i>purely philanthropic</i> to <i>purely commercial</i> , with <i>many variations in between</i>
Dorado	2006	327	Non-profit, for-profit or cross-sector social entrepreneurial ventures are social because they aim to address <i>a problem</i> , <i>the private sector has not adequately addressed</i> ; they are entrepreneurial because their <i>founders have qualities identified with entrepreneurs</i>
Robinson	2006	95	A process that includes: the identification of a specific <i>social problem</i> and a specific solution (or set of solutions) to address it; the evaluation of the <i>social impact</i> , the <i>business model</i> and the <i>sustainability</i> of the venture; and the creation of a socially oriented <i>for-profit</i> or a business-oriented

(continued)

Table A3. Continued.

Author	Year	Page	Social Innovation School
Thompson and Doherty	2006	362	<p><i>not-for-profit</i> entity that pursues the <i>double (or triple) bottom line</i></p> <p>Social enterprises have a <i>social purpose</i>; assets and wealth are used to create <i>community benefit</i>; they pursue this with <i>trade in a market place</i>; <i>profits and surpluses are not distributed</i> to shareholders; 'members' or employees have <i>some role in decision making and/or governance</i>; the enterprise is seen as <i>accountable to both its members and a wider community</i>; there is a <i>double- or triple-bottom-line</i> paradigm: the most effective social enterprises demonstrate healthy financial and social returns</p>
Weerawardena and Sullivan Mort	2006	21	Social entrepreneurial organizations must clearly address <i>value-positioning strategies</i> , and take a <i>proactive posture</i> as well as providing superior service maximizing <i>social value creation</i>
Mair and Schoen	2007	55, 66	A social venture is an initiative that <i>addresses social needs</i> and/or <i>catalyses social transformation</i> [...] a <i>self-sustained</i> organization <i>creating social and economic value</i> [...], its primary objective is the <i>creation of social value</i> , while economic value creation represents a necessary but not sufficient condition
Seelos and Mair	2007	60	Organizations that overcome significant hurdles in order to serve the poor and <i>build resources and capabilities</i> to achieve <i>primarily social objectives</i>
			Social Enterprise School
Boschee	1995	2	The ventures started by social entrepreneurs typically fall into one of two categories: on the one hand, an ' <i>affirmative business</i> ' is created to provide real jobs, competitive wages and career opportunities and ownership for people who are disadvantaged, whether it be physically, mentally, economically or educationally (the portion of employees who are disadvantaged is typically 60% or higher); on the other hand, a ' <i>direct-service business</i> ' is kids, battered women, etc. [...] almost all of them emerge in some way <i>from the non-profit sector</i>
Boschee and McClurg	2003	5	<i>Non-profits</i> that emphasize <i>earned income</i> , <i>sustainability</i> and <i>self-sufficiency</i> instead of charitable contributions, government subsidies and eternal dependency

(continued)

Table A3. Continued.

Author	Year	Page	Social Innovation School
Alter	2004	5	A social enterprise is <i>any business venture</i> created for a <i>social purpose</i> – mitigating/reducing a social problem or a market failure – and to <i>generate social value</i> while operating with the <i>financial discipline, innovation and determination</i> of a private sector business
Haugh	2005	3	[...] a range of organizations that trade for a <i>social purpose</i> . They adopt one of a <i>variety of different legal formats</i> but have in common, the principles of pursuing <i>business-led solutions to achieve social aims</i> , and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, <i>non-financial goals</i> and their outcomes are the <i>non-financial measures</i> of the implied demand for and supply of services
Cooney	2006	143	Organizations positioned in <i>two different organizational fields</i> – each necessitating different internal organizational technologies – to elucidate the structural tensions that can emerge inside these new <i>hybrid models</i>
			EMES network
EMES network	2006		Organizations with an explicit aim to <i>benefit the community, initiated by a group of citizens</i> and in which the <i>material interest</i> of capital investors is <i>subject to limits</i>

Note: The chronological order has been chosen in order to shed light on the evolution of the concept over time.