

Ökologisches Wirtschaften

SPECIAL ISSUE

Social Entrepreneurship

English Edition
December 2009

This Special Issue first appeared in German
in Ökologisches Wirtschaften 2/2009, oekom verlag,
June 2009.



Published by:

Jana Gebauer, Franziska Mohaupt, Rafael Ziegler

Socio-ecological Research Group GETIDOS

Ernst-Moritz-Arndt University Greifswald

Soldmannstr. 23

17487 Greifswald

Germany

Tel. +49 (0)3834- 86 46 90

getidos@uni-greifswald.de

www.getidos.net

Institute for Ecological Economy Research (IÖW)

Institut für ökologische Wirtschaftsforschung GmbH, gemeinnützig

Main Office

Potsdamer Str. 105

10785 Berlin

Germany

Phone: +49-(0)30 - 884 59 4-0

Fax: +49-(0)30 - 882 54 39

E-mail:: mailbox@ioew.de

This Special Issue was set by Eva Wascher.

Citation:

Jana Gebauer, Franziska Mohaupt, Rafael Ziegler (eds.). Special Issue: Social Entrepreneurship. English Edition, December 2009. Originally published in German in *Ökologisches Wirtschaften* 2/2009 (München, ökom verlag).

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Social Entrepreneurship

Introduction to the Special Issue

by Jana Gebauer, Franziska Mohaupt and Rafael Ziegler

Social Entrepreneurship is increasingly attracting attention, not only in anglophone countries but also on the European continent. The literature on social entrepreneurship, and hence the possible teaching materials, are however still limited, in particular in languages other than English.

Thus, this Special Issue first appeared in German to address this lack for a German speaking audience. It includes some distinguished international authors on social entrepreneurship as well as some German voices. Following the publication of the German issue in June 2009, we are glad that we can make these articles available also to the wider English speaking audience.

The authors explore the possibilities and ideas of social entrepreneurs to contribute towards social and ecologically sustainable transformations. Johanna Mair and Kate Ganly offer a case study from the global South, more precisely from Orissa, India's poorest province. They show the mechanisms and processes with which social entrepreneurs make sustainable changes to rural institutions. Ashoka fellows Ursula Sladek and Johannes Hengstenberg (the latter portrayed by Sophie Fabricious) offer perspectives from social entrepreneurship initiatives from the global North. The focus is on the societal benefits of their projects, i.e. the Elektrizitätswerke Schönau and the co2online gGmbH.

The members of the social-ecological research group GETIDOS (1) then discuss four theses regarding the contribution and potential of social entrepreneurship for sustainable development in Germany. They caution against overblown expectation and heroic tales.

Caroline Gebel, Claudia Neusüß and Wolfgang Stark ask whether it is possible to learn social entrepreneurship. Drawing on their experiences from the educational project Enterprise learning journey, they comment on the possibilities of social entrepreneurship in university curriculae mapping expectations, content requirements, teaching formats and frameworks.

James Austin and Ezequiel Reficco explore the role of social entrepreneurs in business enterprises, distinguishing Corporate social entrepreneurship (CSE) from the more familiar concept of Corporate Social Responsibility. In their view, CSE is the more innovative approach for the integration of social and ecological considerations in corporations.

Finally, John Elkington and Pamela Hartigan complete this special issue with a crucial societal question: How can social entrepreneurs together with governments, business, university and foundations advance the necessary societal transformation processes?

Further related materials - an op-ed by Hans-Jürgen Arlt as well as book reviews by Jana Gebauer and Franziska Mohaupt - are not included in this English online version. We kindly ask German-speaking readers to consult the print-version of the special issue.

Annotation:

(1) The research group GETIDOS focuses on the contribution of social entrepreneurs to a sustainable provision of water. It is sponsored by the German Ministry of Education and Research.

Authors and Contact:

Jana Gebauer and Franziska Mohaupt are researchers at the Institute for Ecological Economy Research (IÖW).

Institute for Ecological Economy Research

Potsdamer Str. 105

10785 Berlin, Germany

E-Mail: jana.gebauer@ioew.de; franziska.mohaupt@ioew.de

Web: www.ioew.de

Dr. Rafael Ziegler coordinates the socio-ecological research group GETIDOS

GETIDOS

Ernst-Moritz-Arndt-University Greifswald

Soldmannstr. 23

17487 Greifswald, Germany

E-Mail: rziegler@uni-greifswald.de

Web: www.getidos.net

Small Steps toward Institutional Change – social entrepreneurship in rural India

As the work of the Indian organisation Gram Vikas shows, social entrepreneurs do not only change institutions but also create new ones. Such institutional entrepreneurs can play a central role for institutional change.

by Kate Ganly and Johanna Mair

As change agents, social entrepreneurs tackle persistent social problems that often require innovative solutions in resource scarce environments (Seelos and Mair, 2005). While much research to date has focused on the ‘entrepreneurship’ side of the equation, there have been few studies examining the processes of ‘social’ change that these entrepreneurs and organizations aim to set in motion (Vasi, 2009). One way to conceptualize the role of social entrepreneurs in social change processes is to view them as institutional entrepreneurs (Mair and Marti, 2009), i.e., as entrepreneurial actors who introduce and push through alternative conceptions of social, political or cultural order. This paper draws upon a broader research project based on an in-depth case study of one such entrepreneurial actor, Gram Vikas in Eastern India. The focus of our analysis is on the constitutive effect of Gram Vikas on institutional inequality and social exclusion in its target group, as well as in society at large.

Institutional Entrepreneurs

Gram Vikas has been working with poor and disadvantaged communities in rural Orissa, since 1971. Recently acknowledged as India’s poorest state (Council for Social Development, 2006), Orissa is also home to the highest proportion of the most marginalized groups in the country. Gram Vikas and its founder Joe Madiath have been recognised for their contribution to Social Entrepreneurship by the Schwab Foundation, by the Skoll Foundation as well as by Ashoka. In this article, we will examine the organisation, as well as the rural communities that Gram Vikas works with, as social and institutional entrepreneurs enacting

a process of social change. While poverty levels in the state are extremely high, there is a further subset which remains doubly disadvantaged: the women. For example, almost half of the female population in the state suffers from nutritional deficiency, at least two in every seven married women have experienced domestic violence since the age of 15, and literacy levels among women in Orissa's poorest districts can be as low as 21 per cent (Government of Orissa, 2004). To address these disparities, Gram Vikas has developed an innovative approach that begins to break down longstanding traditional and cultural assumptions about the social position of women and other disadvantaged groups in Indian society. Water contaminated by fecal matter is a major cause of the high mortality rates and persistent ill health in rural Orissa. To address this problem, Gram Vikas initiated the Rural Health and Environment Program (RHEP) in 1991. Its aim was to provide every household in a village regardless of caste or tribal status with piped drinking water and a separate toilet and bathing room. In addition, the RHEP required a man and a woman from every family in the village to be represented in the project. Gram Vikas believed that the sanitation aspect could only be addressed if everybody changed their behaviour: even one family still practicing open defecation would continue to pollute the water table. This intervention allowed Gram Vikas to insist on the organization's underlying goals of equality and inclusion for reasons that did not appear to directly challenge social norms.

Institutional change processes

Despite a national constitution that makes the practice of customs related to 'untouchability' illegal and which guarantees equality under the law to all castes, tribes and genders, cultural practices that make women and some caste groups, second class citizens are still dominant in rural India. More than 30 years of experience has taught Gram Vikas that this is not an issue which can be tackled directly. Our data show that the institutionalisation of a new norm of inclusion occurs over time, in stages and with the active involvement of the villagers themselves. Whilst we do not have the space to elaborate here on the specific tactics and strategies involved, what follows is a very brief description of the four stages we observed.

STAGE ONE - BUILDING CONSENSUS: Resistance to the idea of 100 per cent inclusion as a norm guiding thinking and acting at the local level is inevitable. It is especially strong from higher castes in the village to the participation of lower castes or 'untouchables'. While this presents an initial obstacle it is usually more easily overcome than resistance to the idea of women's participation. In a strongly patriarchal society, which continues to practice restrictive customs

such as purdah, dowry payments and the early marriage of young girls, the idea that women should participate in decision-making does not even cross people's minds, least of all the women themselves. However, Gram Vikas insists that women should make up 50 per cent of the 'General Body', which is created to oversee the implementation of RHEP. While the 'consensus' on women's participation is reached only by the men, it is a necessary step to 'unlocking' the women as a resource previously unutilized at this level of the social structure.

STAGE TWO - MAINTAINING COMMITMENT: In the second stage the village must work towards satisfying the conditions they have agreed to with Gram Vikas in order to embark on the program. This includes collecting a village corpus fund of Rs 1,000 per household. The norm of inclusion is strategically included in the processes that Gram Vikas sets up. The village must actively endorse the ideal of inclusion by working together to solve the problem of how to raise sufficient funds. Some families will not be able to afford this amount and in effect, the richer families end up subsidizing the poorer ones. By the end of this period the Village Executive Committee, made up of five men and five women elected by the General Body, is registered as a society under Indian Law. This enables it to deal with external agencies and to access government development funding in the future. In addition, the corpus fund is banked in a term deposit with the designated purpose of providing future funding for the extension of toilets, bathing rooms and piped water supply to new households in the village. These social-organizational, economic and legal structures embody the meaning of inclusion in concrete entities, which in turn facilitates the collective adoption of meaning and accelerates the institutionalization process of the new norm.

The new norm of inclusion

STAGE THREE - ESTABLISHING INFRASTRUCTURE: This phase sees the actual construction of the toilets, bathing rooms and water tanks but it is not merely physical infrastructure that is being developed. By now meetings of the General Body, the Executive Committee, Women's 'Self Help Groups' (SHGs) and various sub-committees of the RHEP, have become routine. These social-organizational structures committed to establishing equality of access to water and sanitation in the village, are important sources of mediation and moderation during a precarious stage in the process. The villagers are required to provide some of the materials and all of the unskilled labor in building their own toilets and the village water tank, well and pipeline. A long term commitment of this kind will often provoke conflicts and arguments among political factions in the village. Interestingly, it is in this stage that the women begin to collectively exercise political power: when work is derailed by men's quarrels,

there are many instances of women going on 'kitchen strike' and refusing to cook until the work is resumed. Completion of the facilities is a groundbreaking moment for the village, which now has its own 24 hour piped water supply - something that does not even exist in large rural towns. Both the economic and the social commitment to the norm of inclusion are realized in a very tangible and powerful way.

STAGE FOUR - ONGOING DEVELOPMENT: By this stage, Gram Vikas has generally been working with a village for around 3-4 years. During the implementation of RHEP many other activities will have been initiated besides those directed towards water and sanitation: the women will have formed SHGs and begun to access bank credit, many education sessions will have been conducted and the village may have collectively initiated further development projects. The key for Gram Vikas at this point is to maintain the momentum for social development that has been created in the village and to widely diffuse the norm of inclusion by transposing it from the domain of water and sanitation to other areas of village life.

How inclusion is encoded in practice and structure

We see the creation of the General Body and the Executive Committee as vital structures in a progressive institutionalization of the new norm of inclusion. These decision-making bodies at the level of the village open up spaces in which women and marginalized individuals can legitimately participate in the official concerns of the village. Women, in particular, represent latent resources that have been locked in social structure and unable to play a role in the community. Throughout the progression of RHEP, women gain increasing levels of autonomy and agency. As Gram Vikas comments in a report, the visibility of women in community level decision-making and in the public arena increases through a gradual process (Jayapadma and Johnson, 2003). First they step out of their homes and participate in group meetings; then they form SHGs and travel outside the village to access bank loans or to negotiate with officials; as a result of the confidence gained, they may begin to take responsibility for other projects in the village until eventually they may even be elected to local government posts. For these women, the practice they have had in their daily lives of both participating and being included enables them to fulfil in their own right, government positions that have been reserved for women candidates, rather than simply fronting for men who hold the real power. Institutional change happens slowly. However, even the occurrence of men and women meeting together in the same space to discuss the same topics is a significant change in rural Orissa. The alternative structures based on inclusion, such as the general body and

executive committee, provide alternative templates that point to unimagined solutions for some of the villages' biggest problems. In turn, these structural models unlock and redeploy resources such as the social and political capital of the women and other marginalized actors.

Conclusion

We study how institutional change is possible in an 'extreme' context where actors are affected by lack of autonomy and where social exclusion is the dominant norm guiding thinking and acting. Unfortunately, such extreme contexts are still the reality in too many places. The focus of our investigation lies in how an entrepreneurial actor introduces a new norm – inclusion – and, together with the target group - the rural community - creates collective meaning around that norm. The dissemination and institutionalization of the new norm across different domains and its penetration of daily practices, creates a shared collective understanding that not only produces 'taken for grantedness' but also significantly alters the conditions for acting and thinking, thereby enabling sustainable social change.

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Authors and Contact:



Johanna Mair is Professor for Strategic Management at IESE Business School and has received the Ashoka Faculty Pioneer for Social Entrepreneurship Education in 2007 from the Aspen Institute.

Kate Ganly is a researcher with the IESE Platform for Strategy and Sustainability. She studied Anthropology and Development (MSc) at London School of Economics.

IESE Business School,
University of Navarra,
Av Pearson 21,
Barcelona 08034, Spain.
E-Mail: KGanly@iese.edu; JMair@iese.edu.

Democratization of Energy Supply

As a cofounder of the Schönau power stations, Ursula Sladek has shown that a democratization and ecologization of energy supply is possible. Thanks to the Ashoka network, others may benefit from the successfully applied approaches and ideas.

by Ursula Sladek

When I was elected as a social entrepreneur by the international organization Ashoka in 2008, this incident gave me a reason to look at the Schönau power stations and at our business concept in terms of social entrepreneurship. Are the Schönau power stations a company that works with innovative means towards a sustainable solution of a social problem? Are our solutions system-changing and possessed by a strong belief in the power of the individual initiative?

Autonomous Energy Supply

Generally, energy suppliers do not represent social changes. But this is exactly the claim on which the Schönau power stations have been founded. The energy supplier, which is the citizens' property, is working on the decentralization and democratization of energy supply, on involving the citizens in the whole value-added chain and on inspiring them to be initiative and take things into their own hands. This is the truly innovative aspect of the Schönau power stations. They do not fit the image of a classical supplier, but are working systematically on involving citizens and electricity customers. In 1986, after the MCA (maximum credible accident) in Chernobyl, a parent's initiative was launched in the small Black Forest town of Schönau. This initiative started the fight against atomic energy and for a future-oriented, climate-friendly energy supply. The local electricity supplier became a permanent obstacle for the citizen's activities - no matter if they were concerned with energy saving or the support of environment-friendly electricity generation systems. Thus, the idea of buying the electricity grid of Schönau, and consequently determining its general framework in the future, came into being. The initiative was neither put off by two referenda nor by excessive demands of several million euros. And thus, in 1997, a citizens' initiative took over the electricity grid and the muni-

unicipality's supply - an incident that is unique in Germany. The newly founded power stations were primarily committed to ecological and democratic objectives instead of profit maximization. In 1998, the liberalization of the German energy market took place. The Schönau power stations very quickly seized this opportunity and supplied all customers of Schönau exclusively with electricity from renewable energies and cogeneration. Schönau was the first municipality in Germany to be free of atomic and coal electricity. The corporate philosophy of the power stations in Schönau is based on ecological guidelines that do not only imply the renouncement of atomic and coal electricity and the promotion of renewable energies, but also the reduction of power consumption and the support of cogeneration.

A Network of Good Ideas

One year later, in 1999, when the electricity market was opened up to household customers, the Schönau power stations had the chance to spread their corporate philosophy by the national sale and promotion of clean electricity. The Schönau power stations are famous for a consistent ecological attitude that set trends long before the term ecology became a household name for energy suppliers. Because of its focus on grass-roots democracy, the concept of the Schönau power stations has the potential to be realized in many different ways and on a broad basis. With its admission to the worldwide network Ashoka, the Schönau power stations have the opportunity to spread their ideas far beyond Germany's borders. The network also provides the Schönau power stations with new ideas and partners and can be inspiring for their work in many ways. It does not matter which social problem is involved: often, the same methods lead to success. Thus, the community of Ashoka Fellows is like a huge amount of good ideas and effective implementation strategies from which all its members may benefit.

Author and Contact:



Ursula Sladek is cofounder and director of the Schönau power stations.

Elektrizitätswerke Schönau (EWS)
Friedrichstraße 53/55
79677 Schönau
Telefon: 076 73 / 88 85 - 0
Fax: 076 73 / 88 85 - 19
info@ews-schoenau.de
www.ews-schoenau.de

The article was translated by Daniela Langer.

Pragmatic Arguments for Climate Protection

With his campaign *Klima sucht Schutz* (Climate searches for protection), the Ashoka-Fellow Johannes Hengstenberg turns citizens into energy savers. To him, the spread of his innovative approaches is more important than his position as a social entrepreneur.

by Sophie Fabricius

According to Ashoka, social entrepreneurs are defined as men and women with innovative concepts for the solution of social problems. Dr. Johannes Hengstenberg, Ashoka-Fellow since 2007, turns citizens into energy savers and thus contributes to the solution of one of the most urgent social problems: climate change. After the turn of the century, Hengstenberg founded the charitable consulting firm co2online. The campaign *Klima sucht Schutz*, which he initiated in 2004 is funded by the federal environment ministry. With the free interactive energy saving guidebooks, the heating mirrors and the energy saving account, he shows that climate protection does not only concern science, the government and companies, but that every single person can make a contribution and even save money. Using this practical argument, he also reaches persons with no primary interest in ecological matters.

Transparency of Results

The innovative aspect of Hengstenberg's approach is the ongoing evaluation of his own work. Thus, the campaign's effect on the process of carbon dioxide reduction is continuously recorded and published. For this purpose, there exists a daily analysis of user numbers based on data from evaluations of the most used guidebooks and of written heating reports. More than 2.7 millions of house owners and tenants who have used the guidebooks on the internet since the launch of the campaign have avoided nearly 3.5 million tons of carbon dioxide. The always up-to-date overview on the campaign's homepage makes the fight against climate change tangible and concrete. The data are also evaluated with regard to social and economic effects. Up to now, a turnover of more than a

billion euros was initiated for industry and trade. An additional factor is the employment effect of about 17,000 ‘person years’. Hengstenberg emphasises: “The measurement of the effect that our work exerts on other people, for example tenants, house owners, employees in industry and trade, is the linchpin of everything.” Johannes Hengstenberg handed on the energy saving guidebooks to hundreds of partners in Germany who are able to offer the know-how for free and under their own name to visitors of their portals. Thus, co2online always works in the background and lets their products speak for themselves. This also corresponds with Hengstenberg’s understanding of his position as social entrepreneur: “As for my work, I present myself only towards a restricted circle of persons as a social entrepreneur. It is important to me that our work is generally appreciated and not that much my position as social entrepreneur.” According to Hengstenberg, the societal function of the social entrepreneur is a practical one: “In my opinion, social entrepreneurs can only cover a specific part of economic activities because the company’s objective has to fit its management. Of course, social entrepreneurs are an essential element of our society because they repair those damages their profit-oriented colleagues have caused.”

Abundance of Social Enterprises

The great willingness of facing the social, economic and ecologic challenges surprises even Hengstenberg again and again: “Today, there are worldwide so many social enterprises – a few years ago, I would never have thought this to be possible.” Hengstenberg considers the Ashoka network as a great opportunity to further develop one’s work with the help of other social entrepreneurs and their initiatives. “I consider the service that Ashoka renders for its fellows, for example regarding sponsorship by third parties, as overwhelming and excellent.” Meanwhile, Ashoka’s international support helped Hengstenberg to establish cooperations in Ireland and France.

Author and Contact:



Sophie Fabricius has been working since 2007 at the co2online GmbH and is a media team member of the campaign *Klima sucht Schutz* since 2009.

co2online gemeinnützige GmbH
Hochkirchstr. 9
10829 Berlin
Tel.: 030 / 76 76 85 24
E-Mail: sophie.fabricius@klima-sucht-schutz.de

The article was translated by Daniela Langer.

Of Future Founders and Heroic Tales – Social Entrepreneurship and Sustainable Development

In the long run, social entrepreneurship and especially the cooperation of social entrepreneurs provide a high sustainability potential. In the short run, a warning must be issued about alleged heroic tales and overdrawn expectations.

*by Rafael Ziegler, Jana Gebauer, Marianne Henkel,
Justus Lodemann, Franziska Mohaupt and Lena Partzsch*

As a contribution to the discussion of the still young history of social entrepreneurship (SE) in Germany, we want to discuss the relationship between SE and sustainable development by means of four theses. The theses examine an idea, which has held a prominent place in the self-conception of modern economies: private vices and public benefits. According to Bernhard Mandeville in the ‘Fable of the Bees’, private vice produces societal advantage. A common laissez-faire interpretation of this idea is that the vice of avarice, part of human nature, leads to economic growth and growing societal wealth. Thus, individual avarice is legitimised in society as a whole. Its social and ecological consequences, however, increasingly make private avarice a societal burden. Instead of economic growth, sustainable development is considered as a model of societal advantage. Against this backdrop, it is not difficult to see why social entrepreneurs have very quickly come to be seen as new rays of hope: they use entrepreneurial means for social and maybe also sustainable ends. Thus, private virtues and (new) public benefits?

Social Entrepreneurs manifest an Ethos of Sustainability

1. PRIVATE VIRTUES, PUBLIC BENEFITS? By setting social goals, social entrepreneurs manifest an ethos that does not separate economy and society, the individual person and the state, but abolishes this distinction or, in any case, tries to do so. The electricity rebels of the Schönau power stations (portrait in this issue) merge the interests of the community and local enterprise by means

of an entrepreneurial, grass-roots democratic impetus. A famous reader of the 'Fable of the Bees' describes the utopian energy coming along with this abolition as follows: "Only when the real, individual man re-absorbs in himself the abstract citizen, and as an individual human being has become a species-being in his everyday life, in his particular work, and in his particular situation, [...] only then will human emancipation have been accomplished" (Marx 1844). In this sense, the electricity rebels fuse work and abstract citizenship. That sounds promising and titles like 'How to Change the World' or 'Vision Summit' refer to the high and possibly excessive expectations towards SE (Bornstein 2004; FU Berlin 2008). Visions of the good, however, only exist in the plural; values and development concepts have to be weighed; and they often stand in contradiction to each other. Due to this value pluralism, the question of the social aspect and of the sustainability potential of SE is not trivial. This question does not only concern the different value concepts and considerations of social entrepreneurs and their stakeholders, but also the public discussion of development scenarios and individual contributions to them.

Contribution to societal Sustainability Goals

2. PRIVATE VIRTUES, PUBLIC BENEFITS? With respect to sustainable development in Germany, public benefits can be specified in terms of the goals set in the national sustainability strategy. The potential of individual SE contributions is directly evident. Thus, the social entrepreneur Hengstenberg (portrait in this issue), with his co2online-initiative, adds to the national strategic goal of reducing greenhouse gas emissions by 21% until 2012 (compared with 1990). To our knowledge, an empirical study concerning the contribution of the SE-initiatives to these goals is still outstanding. The contribution of entrepreneurial initiatives to societal goals also raises a methodological challenge. Societal goals on a national and especially on an international level are usually 'thin simplifications': quantitative one-dimensional indicators for example necessarily abstract from local cultural and ecological environments (Scott 1998). Yet, SE begins in these 'thick' local contexts and is closely linked to individual biographies, local history and chance. Precisely because social entrepreneurs are innovative, direct work on these national 'thin' goals is unlikely. As a result, there is the challenge to relate the contribution of these initiatives to national and international goals, and to trace the impact of micro level action on the macro level.

Bottom-up Integration

3. PRIVATE VIRTUES, PUBLIC BENEFITS, SUSTAINABLY? Even ‘thin’ goals are difficult to achieve. A lack of integration caused by ministerial or in-house divisions of labour and departmentalized thinking often leads to failure and counter-actions. In this light, the thematic indeterminacy of SE might turn out to be an advantage. Ashoka is, for example, not an environmental organization that promotes ecopreneurs - the organization support ‘changemakers’. It selects and promotes social entrepreneurs without a thematic filter. Social entrepreneurs think and act on the basis of the problems identified by them and enter into a dialogue, for example as Ashoka fellows, in order to find possible solutions. Thus, the possibility of bottom-up integration emerges. The societal impact of such bottom-up integration, especially in the context of cross-sectoral strategies, will depend not least on successful communication with established actors such as corporations, charities and ministries, as well as on whether among these actors there will be Corporate, Charity, or Ministry Social Intrapreneurs (see the contribution by Austin/Reficco in this issue). In the long term, the biggest challenge is to develop models that bring together the innovative approaches of different actors in a way that mutually strengthens them and that promotes integrative approaches that do not fall back to sectoral silos.

Innovation Funding as an Instrument

4. PRIVATE VIRTUES, PRIVATE VIRTUES? The economic growth in the second half of the 20th century has provided governments and corporations with the means to advance social initiatives, for example by providing seed capital. The determined support of SE by the state and business can indirectly promote sustainable development and new forms of added value.

As part of a new corporate philanthropy, however, there is a risk that SE becomes a fig leaf from which patrons braid themselves a halo. Without social changes within the corporations themselves, the new philanthropy may effectively be a new legitimisation of the old, tradition-ally accumulated wealth and of the social inequality it relies on. SE would stand for a new separation of the social and economic sector.

State funding of SE is not structurally based on social inequality. But it requires a renunciation of power: the promotion of innovations that have not been envisioned by the state and political parties, i.e. the promotion of unpredictable social-ecological initiatives.

Summing up, the potential of SE for a sustainable development rests in our

view first on an improved prioritisation of goals compared to solely profit-motivated players. The centre of attention is not private advantage, societal advantage is. Since the classic growth models are increasingly less persuasive, this is also a structural and not just a moral remark: non-monetary forms of added value are increasingly in the focus of attention. Secondly, some social entrepreneurs already contribute to societal sustainability goals. Thirdly, the thematically unspecified selection of social entrepreneurs by the supporting organisations offers the possibility of bottom-up integration by means of a non pre-structured, problem-focused dialogue among innovators. Fourthly, a targeted promotion of SE by established societal actors is possible, and thus also the further strengthening of SE. In the short run, a warning must be issued about excessively high expectations, heroic tales and exaggerated claims. If the expectations towards social entrepreneurs are formulated all too conventionally, the specific potential of this player will be garbled by expectations of 'business as usual', and so will the specific requirements of a policy for SE.

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Authors and Contact:

Dr. Rafael Ziegler coordinates the socio-ecological research group GETIDOS. GETIDOS studies the contribution of SE to a sustainable water supply. He wrote this article together with the other GETIDOS members.

GETIDOS

Ernst-Moritz-Arndt-University Greifswald

Soldmannstr. 23

17487 Greifswald, Germany

E-Mail: rziegler@uni-greifswald.de

Web: www.getidos.net

The article was translated by Daniela Langer.

Setting University Education on its Head – Social Entrepreneurship in the University Curriculum

Many people already bring with them skills pertinent for social entrepreneurship. However, their abilities are often compromised by conventional education patterns. Through an unorthodox 'Learning Journey' these can be rediscovered.

by Carolin Gebel, Claudia Neusüß and Wolfgang Stark

The concept of 'social entrepreneurship' stands for a creative approach to social innovation addressing societal problems. At the same time social entrepreneurship can lead to a new, socially responsible business model that focuses beyond market liberalism and profit maximization (Bornstein 2004; Yunus 2008). Social entrepreneurs are the democratic engines of society: They combine entrepreneurial engagement and innovative pragmatism with a desire for revolutionary social change. In the sense of Schumpeter's general definition of entrepreneurship (Schumpeter 1993), the challenge is to identify societal bottlenecks and to finding creative solutions. Social entrepreneurs challenge societies to focus on the real social benefits that are created by economic systems (Dees 2002). If we do not want to wait for the spontaneous emergence of people with this special entrepreneurial approach, then we should ask whether it is possible to teach and promote the skills required for social responsibility and innovation.

Monodimensional specialization

Political, social and cultural hierarchies are an obstacle to social innovation as its economic behavior exclusively focuses on profit maximisation. These patterns of specialization and a lack of connectivity can be found on all levels of the educational structure. In particular the German university system, which never was reformed radically, produces more and more specialists and future market leaders with a monodimensional focus, but a lack of serious 'professional capacity'. Social responsibility and community engagement seem to be given credit only as temporary marketing concepts. Innovative ideas for future

societal challenges require, however, the exact opposite: the active and systematic cooperation between all social actors from business, social, ecological, cultural initiatives and institutions, from state and local authority.

Developing entrepreneurial attitudes

If we consider the skills of well-known social entrepreneurs, it becomes clear that many of them did not have much business knowledge (Faltin 2008). What is it then, that characterizes a social entrepreneur? And what is the implication for education and training? Education for social entrepreneurship has to meet three requirements:

- The development of an entrepreneurial ability that is capable of identifying potentials and imbalances of society.
- A keen sense of identifying opportunities for entrepreneurial action within societal challenges.
- The ability to connect diverse points of views and cultures in teamwork.

Regarding the very different target groups who can profit from social entrepreneurship, specific priorities have to be developed. Students of all disciplines especially need practical experience. People who act in an intuitive entrepreneurial way need better methodological tools based on scientific knowledge to focus more strongly on their strategy. Many people already bring with them a particular skill-set in social entrepreneurship. However their abilities are often compromised by conventional education patterns. Therefore it is not so much necessary to teach these skills, but to provide opportunity for their rediscovery. The approach of a corporate 'Learning Journey' encourages the development and training of the necessary competences for social entrepreneurship in a community and as part of a shared learning experience.

Learning social entrepreneurship?

To act on this assumption, as well as considering the fact that many university graduates do not acquire these key skills - or not to any satisfactory level - we developed the interdisciplinary research project 'Enterprise Learning Journey,' which took place in 2007/2008 at the organizational development lab of the University of Duisburg-Essen. The aim of this enterprise was to develop and test a prototype of a practical training for social entrepreneurship. This enterprise was inspired by the *Team Academy Finland*, which is following a similar principle. Since 1993, more than 900 students attended the *Academy* and founded at least 90 companies. This model has inspired others in England,

France and Spain. The participating actors understand themselves as part of a lively and dynamic European network. They all share a deep dissatisfaction with the development of university education due to the Bologna process in Europe. Despite all rhetoric in the debate of education policy, the university education is increasingly moving away from the ideal of a reflexive training for more social responsibility. During the academic year 2007/2008, we inverted the current idea of university and set its educational approach on its head (Käufer/Scharmer 2000). Above all this means:

- Learning to value one's own and the ideas of others and testing them promptly
- Promoting creativity, entrepreneurial and interdisciplinary action as well as the ability to reflect
- Learning not only from theory, but also questioning the theory from a practical point of view

The metaphor of 'journey' is an important theme in our work. It expresses the core element of entrepreneurial action: staying 'en route' - in our personal perceptions, in our individual development and in our actions. Within this 'Learning Journey' we jointly developed an entrepreneurial mindset, as individuals and as a team, by using creative and experientially based teaching and learning methods. Furthermore the invention of a social entrepreneurial innovation has been prepared within the team. The central focus for the design of this field study has been provided by the principle of the learning organization and the 'U'-model of Scharmer (Scharmer 2007; Senge 1996).

The prototype 'Enterprise Learning Journey'

In the first phase of the program, the method is based on concepts from biographical work, self-management and the analysis of potential. By formulating personal learning goals and developing a joint contract, we build the foundation for learning and action within the team. During the second phase, we work with approaches using empirical social research. Participating observation, expert interviews, supplemented by creative exercises of training awareness are the central methods here. The letting go of past assumptions and the questioning of previous judgements and contexts is an important first step.

The third phase is about building teams that critically examine and reflect the previous patterns of problem solving as well as connecting observations and experiences. On this basis they develop medium term-oriented goals and more complex projects and activities. In this phase, we create the space to generate

creative ideas in a team and open up for new enterprises.

The presentation and discussion of the teams' different experiences, especially in the fourth and fifth phases, leads to more awareness for potential as well as borders and patterns of teamwork. The aim is to increase the flexibility within the management of team activities and improve professionalism, efficiency and quality assurance. It is about becoming proactive and using these experiences for the development of enterprises. In the sixth phase, at the end of the intensive course, the students have developed their own social entrepreneurial project. The prototype of 'Enterprise Learning Journey' in Essen concluded with an event during which the students reflected on their acquired learning experiences and presented the project ideas that they had generated. Further accompaniment of activities through coaching and designed learning processes was not part of this prototype. It is however advisable for a sustainable boost of tangible social enterprises.

All six phases are supported by coaches - experts from businesses, social institutions and social initiatives. In the beginning there are individual coachings and praxis, such as joint field work, that develop initial starting-points for new business projects. After the third phase, the accompanying coaching follows for the newly formed teams with concrete business ideas. The experts provide valuable advice and support for the learners' personal and entrepreneurial development. On request, the coaches and experts arrange further contacts, e.g. to potential cooperation partners. The experience of past 'Learning Journeys' shows two dimensions to be particularly fruitful and vital: the early use of action-learning as well as learning and working in a team. According to the students, the team process and the diversity of the group (because of cultural background or differing gender and disciplinary approaches) where valuable learning experiences (3). Furthermore, the importance of an appropriate space - in time and place - was considered a necessity to promote creativity and entrepreneurial action.

Creating a new Cultural Landscape

The experiences from the pilot project show that students require new key competencies for such a program. These include the development of a reflexive attitude as well as sense of social responsibility, the ability to work in an interdisciplinary environment and taking advantage of diversity. Becoming proactive and instructing oneself are also core skills. Furthermore, the acquisition of competencies needed in teamwork, the early practical orientation and development of a thorough sensing and ability for self-reflection, also in terms of develo-

ping a culture of learning and error, are important elements. This qualification profile as well as the substantive focus on social entrepreneurship represents a major cultural challenge for current (university) curricula. In 2008 we received additional incentive and encouragement for a continuation of the 'journey' due to the 'best practice' prize for university innovation awarded jointly by the Donors' Association for German Science, and the Federal Association of German Employers.

Many factors speak in favour of a continuation of 'Enterprise Learning Journey'. These include the encouraging experiences at the University of Duisburg-Essen, including the positive responses of students via their individual and team-oriented 'lessons learned', the great commitment of volunteers in the prototype as well as substantial public interests. It requires the development of appropriate Master's courses and a vigorous re-examination of extra-occupational qualifications. Also, for the teachers in this field, it is important to open up and develop new competencies that adequately support students as a coach and 'travel guide'. It is conceivable and advisable to push a further development within the context of European co-operation with several universities and training institutes. Given the current global environmental and economic crises, we are well advised of promoting, as well as politically demanding an entrepreneurial approach, which is oriented towards our society in a socially responsible and sustainable way.

Annotation:

- (1) Regarding the qualifications of known social entrepreneurs see the fellows selected annually by the Ashoka network; www.ashoka.org
- (2) www.tiimiakatemia.fi
- (3) In 2008 we held a second pilot project at Girne American University in (North-) Cyprus. The exceptional diversity of the teams offered considerable learning impulses and emphasized the importance of intercultural competence.

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Authors and Contact:



Carolin Gebel mainly advises complex and fastly grown companies and organizations in processes of change as well as in matters of personnel and potential development, e-mail: gebel@gebel-beratung.de, internet: www.gebel-beratung.de

Dr. Claudia Neusüß is working with profit and non-profit organizations as well as professionals and managers in processes of strategic change. She is co-founder of the Berlin Weiber-Wirtschaft eG and currently visiting professor at the Technical University of Berlin at the Faculty of Economics and Management, e-mail: neusuess@aol.com, internet: www.claudia-neusuess.com

Prof. Dr. Wolfgang Stark is professor of organizational psychology and organizational development at the Department for Education Sciences at the University of Duisburg-Essen, director of the Lab for Organizational Development - Org.Lab, initiator of UNI-ACTIVE, the Center for social learning, e-mail: wolfgang.stark@uni-due.de, internet: www.uni-aktiv.org, www.orglab.de

The article was translated by Tanja von Frantzius

Corporate Social Entrepreneurship

Corporate Social Entrepreneurship (CSE) is a process aimed at enabling business to develop more advanced and powerful forms of Corporate Social Responsibility (CSR).

by James Austin and Ezequiel Reficco

CSE emerges from and builds on three other conceptual frameworks: entrepreneurship, corporate entrepreneurship, and social entrepreneurship. CSE's conceptual roots begin with Schumpeter's vision that nations' innovation and technological change emanate from individual entrepreneurs with their *unternehmergeist* generating 'creative destruction' of old ways with new ones (1942). Schumpeter had projected that the engines of entrepreneurship would shift from individuals to corporations with their greater resources for R&D, which did happen. However, over time corporate bureaucracy was seen as stifling innovation.

Generating economic and social value

To remedy this, a focus on Corporate Entrepreneurship within companies emerged, with Covin and Miles (1999) defining it as "the presence of innovation with the objective of rejuvenating or redefining organizations, markets, or industries in order to create or sustain competitive superiority.' In parallel, the concept of Social Entrepreneurship emerged. Dees (1998) defined it as 'innovative activity with a social purpose in either the private or nonprofit sector, or across both'.

CSE integrates and builds on the foregoing concepts and has been defined by Austin, Leonard, Reficco, and Wei-Skillern (2006) as "the process of extending the firm's domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value.' The fundamental purpose of CSE is to accelerate companies' organizational transformation into more powerful generators of societal betterment.

Another concept that is usually referred to as focusing on the voluntary integration of societal aspects into the business strategy is Corporate Social

Responsibility. While significant progress is being made in involving companies in CSR, most firms have not been able to significantly integrate CSR into their organizations. CSE is not another form of CSR but rather a process for invigorating and advancing the development of CSR.

The analysis that follows is based first on an in-depth qualitative study of two companies that were considered to be pioneers in the practice of CSE: The Timberland Company, maker of outdoor apparel and accessories (Austin, Leonard, and Quinn 2006), and Starbucks Coffee, a prominent specialty coffee company (Austin, Wei-Skillern, and Gendron 2004). These studies were supplemented with a review of practices of dozens of other companies.

Key Elements of CSE

As the case studies revealed, CSE aims to produce a significant and comprehensive transformation of the way a company operates. The following elements are central to that process:

ENABLING ENVIRONMENT. For companies to move from their old approach to CSR to the CSE approach they must adopt an entrepreneurial mindset and cultivate an entrepreneurial environment that enables fundamental organizational transformation. This can only happen if top leadership champions the change. This requires a powerful vision of where the CSR revolution is taking the company and why it is vital to the organization's success. That vision and strategy must also be accompanied by changes in the company's structures and processes. There must be performance measurement indicators for the economic and social value generated and the incentive and reward system must be aligned with these indicators. Through these 'guidance systems' top management helps to assure that operating performance is aligned with professed commitment to social value creation. With the entrepreneurial culture these companies seek to create internal synergies in their decision-making processes and thus rely heavily on cross-functional teams. When companies engage in CSE, management teams also need to be filled by persons with the primary responsibility of creating social value.

THE CORPORATE SOCIAL INTRAPRENEUR. The CSE process is powered by multiple change agents or Intrapreneurs. Social and corporate entrepreneurship differentiate the roles of the social or corporate entrepreneur from the role of managers. Both are distinct and usually sequenced: the former is a change catalyst for the launching of start ups, the latter is critical for seeing these initiatives through and implementing them. In CSE, on the other hand, both roles coexist permanently; corporations need to be entrepreneurial in order to

innovate and go beyond their traditional managerial approaches. The key vehicles for moving the company to a more advanced state of CSR are individuals within the enterprise who are focused on fostering and bringing about internal organizational transformation and innovation.

There are some defining characteristics of CSIntrapreneurs. They are internal champions, continuously advocating for the integration of social and business value as a central tenet for the company. They are good communicators as well as listeners, particularly articulate about the rationale and importance of the transformation. They are creators of innovative solutions: new resource configurations, actions, and relationships. They are catalysts for change, who inspire and create synergies in the work of others. They are coordinators, able to effectively reach across internal and external boundaries, mobilizing, and aligning interests and incentives. They are perceived as useful contributors who support the success of others. Finally, they are shrewd calculators; cognizant of the realities of the corporate environment, they are cost-conscious and mindful of the bottom line.

CORPORATE PURPOSE. Getting organizational values right is vital to advancing CSR. The CSIntrapreneurs need to ensure that social value generation – fulfilling social responsibilities – is seen as an essential component in companies' mission and values statements. The CSE process aims to ensure that the words are translated into action. The values-based organizations see themselves as trustworthy, moral agents, capable of generating trust based on sustained ethical behavior and innovative solutions to social problems. Their goal is not just to comply with the law, or to be responsive to key stakeholders: they seek to lead through example, to exceed expectations, and to set new standards. In these organizations, social values are not viewed as a shiny patina meant to embellish the „real“ company, but rather as a structural component, a cornerstone of their organizational identities. Values were not adapted to an existing strategy, but the other way around. This feature empowers individuals and unleashes their creative energies. Substantial levels of adherence to shared values bring down the costs of coordinating the work of different organizational units and facilitate working across departmental lines.

Timberland, in a fundamental move, formulated a set of values: humanity, humility, integrity, and excellence. A Timberland Human Resources manager noted, „The awareness of values is what we are trying to raise with folks. It's no longer going to be acceptable just to get the business result.“ The company translated these values into action through an exemplary Corporate Volunteering Program.

VALUE CREATION AND THE DOUBLE RETURN. CSE aims to ensure that the very purpose of these corporations migrates from one of maximizing returns to investors to optimizing returns to stakeholders, with those being defined as groups who are significantly affected by company actions and who can in turn impact the company. The underlying premise is that serving such a broader constituency will make the company more sustainable. This amplified purpose means that the company is producing both economic and social value. In this approach organizations' social value creation is not treated as something separate or peripheral. On the contrary, it is imbedded in a larger and transparent accountability system that reports performance to the internal and external stakeholders. We are witnessing the emergence of a multitude of such indicators, standards, and codes. The CSE approach aims to ensure that these measures of performance have parity with the traditional ones and become part of the corporate DNA.

CO-GENERATING VALUE. A vital part of the value generating strategies is collaborating with other organizations - businesses, civil society, or governmental. These alliances are the vehicles for achieving what the CSE definition referred to as extending the firm's domain of competence and corresponding opportunity set through innovative leveraging of resources outside its direct control. Strategic alliances that combine complementary core competencies can create new resource constellations that enable innovative solutions to long-standing social and economic problems.

CS Intrapreneurs are constantly reaching out to leverage these resources outside their direct control, building internal and external bridges. The aligning of company agendas with those of external groups to create social value becomes an institutional habit, engrained in the company's culture, and carried out through CSE.

In the words of Sue Mecklenburg, Starbucks Vice President of Business Practices, partnerships allow the company "to extend our reach to areas where we have interests, but perhaps not influence or expertise. It's a real extension of what we can do, and often what we would like to do, or what our customers expect us to do". In partnership with NGOs, Starbucks developed new production techniques and reformulated its basic coffee procurement criteria and procedures to generate value on all sides: the farmers', the environment's, and the company's.

The Challenges and Opportunities of Applying CSE

The penetration of the social realm into corporate strategy has gathered momentum in the last years. By now, most well-managed companies have adopted the practices and certifications de rigueur in their industries. But much remains to be done. If companies are to move their CSR activities from satisficing behavior and take their commitment to society and the environment to the next level, they will need to rethink their current approaches to CSR. CSE, like all entrepreneurship, is not about managing existing operations or CSR programs; it is about creating disruptive change in the pursuit of new opportunities. It combines the willingness and desire to create joint economic and social value with the entrepreneurial redesign, systems development, and action necessary to carry it out.

Accelerated organizational transformation faces a host of obstacles well-documented in the change management literature. Because CSE expands the core purpose of corporations and their organizational values, it constitutes fundamental change that can be particularly threatening and resisted. Furthermore, it pushes the corporation's actions more broadly and deeply into the social value creation area where the firm's experiences and skill sets are less developed. The sought for disruptive social innovations intrinsic to the CSE approach amplify this zone of discomfort. However, these challenges are superable, as experiences in innovative companies reveal. Furthermore, it is continually becoming more evident that values-based leadership, synergistic generation of social and economic value, and strategic cross-sector alliances are key ingredients to achieving sustainably successful business. The CSE process will contribute to our collective quest for superior organizational performance and societal betterment. This is the great opportunity and action imperative.

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Authors and Contact:



James E. Austin is the Harvard University Eliot I. Snider and Family Professor of Business Administration, Emeritus and was Co-Founder and Co-Chair of the Harvard Business School's Social Enterprise Initiative.

Ezequiel Reficco is a Professor in the School of Management at the Universidad de Los Andes in Colombia. Between 2002 and 2004 he was a Post-Doctoral Fellow at Harvard Business School, and a member of its Social Enterprise Initiative.

Harvard Business School
Soldiers Field Road
Boston, MA 02163
Tel. 617 495-6497
Fax 617 495-8736
jaustin@hbs.edu
ezequiel.reficco@gmail.com

Seventy Percent Crazy

Social Entrepreneurs have ideas that are as effective as they are crazy. For the implementation of these ideas they require conducive framework conditions. Various societal actors can in different ways support social entrepreneurs.

by John Elkington and Pamela Hartigan

A few years ago, Muhammad Yunus – the world’s leading social entrepreneur, founder of the revolutionary Grameen Bank, pioneer of microfinance, and winner of the 2006 Nobel Peace Prize-described his breed to us as ‘70 percent crazy.’ It’s extraordinary how often his fellow entrepreneurs have told us that they have been called crazy by the media, by colleagues, by friends, and even by family members (Elkington and Hartigan 2008). But they are crazy like the proverbial fox. They look for – and often find – solutions to insoluble problems in the unlikeliest places. They are driven by a passion to expand business thinking to reach people in need. In attempting to bridge the great divides between privileged populations and the poor, they address the critical challenges where traditional markets fail and map out future markets where most of us would only see nightmarish problems and risk. But their efforts need to be supported by all levels of government, by business, by the financial markets, and by civil society’s organizations and ordinary citizens – that is, by each and every one of us. In this paper, we want to show what this support may look like.

Market Research for the New Century

It is clear that the world faces epochal challenges—from outright conflict, terrorism, and weapons of mass destruction; to poverty and hunger; to the threat of global pandemics and, perhaps the biggest issue of all, climate change. But, tackled in the right way, today’s crises will lead to tomorrow’s solutions, and the size of the potential market opportunities is staggering (Elkington et al. 2009). There are an estimated 4 billion low-income consumers, constituting a majority of the world’s population, and they make up what is called the ‘base of the (economic) pyramid,’ or BOP. BOP markets are far from small: in total, these markets are thought to be worth some \$5 trillion. An ever-expanding body of research is exploring how to use market-based approaches to better meet

their needs, increase their productivity and incomes, and empower their entry into the formal economy. But how can mainstream business, financial, and political leaders best come to grips with these emerging trends in value creation? Three answers immediately spring to mind. First, they can experiment with new business models, as much of the BOP literature suggests. Second, as leading business thinkers have long argued, a can-do attitude is much more likely to succeed than don't-do, won't-do, or can't-do mind-sets. And, third, it makes sense to track down, study, and work alongside can-do and we-can-work-out-how-to-do-it innovators and entrepreneurs who are already hard at work on developing real-world solutions. That is what the two of us have been doing since the turn of the millennium – identifying, studying, networking, and supporting some of the world's most successful social and environmental entrepreneurs.

Who are they?

There is no standard-issue entrepreneur, but there is a consensus on what entrepreneurs do. Through the practical exploitation of new ideas, they establish new ventures to deliver goods and services not currently supplied by existing markets. Social and environmental entrepreneurs share the same characteristics as all entrepreneurs – namely, they are innovative, resourceful, practical, and opportunistic. What motivates many of these people is not doing the 'deal' but achieving the 'ideal'. And because the ideal takes a lot longer to realize, these entrepreneurs tend to be in the game for the long haul, not just until they can sell their venture to the highest bidder. Social and environmental entrepreneurs operate across a spectrum of enterprises, from the purely charitable to the purely commercial. But because many of the markets they address are immature, they tend to skew toward the nonprofit end. Many of the most interesting experiments take place in the middle ground, however, where hybrid organizations pursue new forms of blended value and where better-off customers sometimes subsidize less well-off customers. The central idea with blended value is that businesses – whether for-profit or non-profit – create value in multiple dimensions, economic, social and environmental. So a key challenge for twenty-first century investors and managers will be to boost the attractiveness to all key stakeholders of the value blends they create.

Helping Entrepreneurs do more, better, faster

Social Entrepreneurs' endeavors are transformative, not palliative, with the power to catalyze and shape the future. But they will need to be helped if they are to replicate and scale their evolving solutions at a suitable pace. In the

following, we review key ways governments, business, foundations, academia and development agencies can support social entrepreneurship (SE).

Governments should

- provide tax incentives and innovative financial instruments that encourage citizens, banks and pension funds to invest in social enterprise.
- simplify regulation and reduce bureaucracy, arbitrary decision-making and other inefficient practices.
- ensure that the mechanisms whereby all enterprise, including social enterprise, is regulated are applied consistently, that they are administered by professional bureaucrats, and that they are adjudicated by a fair and transparent judiciary.
- improve the rules and processes for obtaining access to credit.

Business should

- recognize social entrepreneurs' comparative advantage and potential as reservoirs of market intelligence, on-the-ground experience and novel business models.
- be financially innovative and develop strategies and programs to boost the flow of capital available to social entrepreneurs via community development institutions, funds of funds, social venture funds, the creative use of secondary markets, and tax-exempt bonds.
- create incentives for employees who wish to invest their skills in support of social entrepreneurs.

Foundations and other funders should

- think long-term and show patience, persistence and consistency since it takes decades for real social transformation to occur.
- provide working capital for human resources and infrastructure to support the backbone of an enterprise's operations, and not just 'projects'.
- contribute more than money and provide help for strategic planning, board and executive recruitment, and leveraging relationships to identify and attract additional resources.
- help reform the social capital market and create a fair, trustworthy and transparent.

- standardize and simplify reporting requirements.
- avoid reinventing the wheel, unless it's absolutely necessary - and otherwise support the adaptation of successful innovations spearheaded by effective social entrepreneurs.

Academia should

- equip students early on with entrepreneurial thinking and competencies for creative problem solving and team leadership as well as adaptability, ethics and commitment to excellence.
- promote interdisciplinary programs and overcome the separation of the social and business sectors.
- work closely with intermediary organizations to expose students to the experience of accomplished social entrepreneurs.
- stimulate national and global networks of young social entrepreneurs across – and beyond – university campuses around the world.
- actively support social entrepreneurs with market and operations research.

Multilateral and Bilateral Financial and Development Institutions

- expand public-private partnerships (PPPs) to systematically include social entrepreneurs.
- stimulate entrepreneurial cultures by a) ensuring cooperation between department heads and social entrepreneurs and b) providing incentives for internal 'intrapreneurs' to put forward innovative ideas, including support for further development and implementation.
- increase transparency by using agency websites to publicize projects in the pipeline-and areas where expertise or other help will be needed.
- use their influence to legitimize the work that social entrepreneurs do, particularly at the country level.
- train, brief and inform their headquarters and field staff raise awareness of the potential of social entrepreneurship.

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Authors and Contact:



John Elkington is Co-Founder & Director of Volans, a for-profit company, dedicated to the business of social and environmental innovation and Co-Founder and Non-Executive Director of the strategy consultancy SustainAbility.

Dr. Pamela Hartigan was until recently Managing Director of the Schwab Foundation for Social Entrepreneurship, in Geneva, and is now Director of the Skoll Centre for Social Entrepreneurship at Oxford University and a Non-Executive Director of Volans.

Volans Ventures
2 Bloomsbury Place
London WC1A 2QA
United Kingdom
Website: www.volans.com
Email: john@volans.com (John Elkington)



The research group GETIDOS at the University of Greifswald



and at the Berlin Institute for Ecological Economy Research (IÖW)



is sponsored by the Social Ecological Research program



of the Federal Ministry of Education and Research.



We kindly thank Ökom Verlag for giving us the permission to publish this Special Issue on Social Entrepreneurship as an English Edition.

