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Social Entrepreneurship

Simone Ferriani

Dipartimento di Scienze Aziendali

Università di Bologna

simone.ferriani@unibo.it

<http://www2.sa.unibo.it/docenti/simone.ferriani/indexeng.html>

SOCIAL ENTREPRENEURSHIP

Going Mainstream

- Numerous top universities have launched SE programs (Oxford, Duke, Stanford, IESE, Northwestern, NYU, etc.)
- The World Economic Forum has openly embraced SE and the Forum founders (Klaus and Hilde Schwab) have created the Schwab Foundation to celebrate and sustain SE
- Jeffrey Skoll (e-bay co-founder) had devoted the Skoll Foundation to “*inventing in, connecting and celebrating social entrepreneurs*”

SOCIAL ENTREPRENEURSHIP

Going Mainstream

- In 2006 Muhammad Yunus received the Nobel Peace Prize for his life's work in microfinance.
- Fast Company Magazine annually publishes a list of the *twenty-five best social entrepreneurs*. Business Week ranks *America's Most Promising Social Entrepreneurs*.
- Many Social Entrepreneurship awards and grants are cropping up throughout the world

Lots of recognition for Social Entrepreneurs

Ashoka announces the Venture Fund for Leading Social Entrepreneurs



The Lemelson Foundation and Ashoka Announce \$4 Million Partnership at The Clinton Global Initiative



Omydar Network Investing in Social Change



Ashton Awards for Green Energy



Purpose Prize winners named



Skoll Awards for Social Entrepreneurship



- What does social entrepreneurship really mean?
- What does it take to be a social entrepreneur?

ENTREPRENEURSHIP

- **Entrepreneurship** is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities
.....Source: Wikipedia
- ...we define the field of entrepreneurship as the scholarly examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited....(Venkatraman, 1997)

Broad definition

- Entrepreneur = anyone who starts a business
 - L'imprenditore è colui che esercita professionalmente un'attività economica organizzata al fine della produzione o dello scambio di beni o servizi (art. 2082 C.C.).
(someone who sets up an economic activity aimed at the production of goods or services)

Narrow definition

- Entrepreneur = anyone who offers an innovative solution to a (frequently unrecognized) problem.
 - Starting a business is not the essence

- “entrepreneurs innovate, entrepreneurship is the specific act of innovation” (Peter Drucker)
- “the bold and imaginative deviator from established business patterns and practices” (William Baumol)
- “the pursuit of opportunity beyond the resources you currently control” (Howard Stevenson)
- “agent of change within the larger economy” responsible for “the gale of creative destruction” (Joseph Schumpeter).

FROM ENTREPRENEUR TO SOCIAL ENTREPRENEUR

- Social entrepreneurs are one species in the genus entrepreneur. They are entrepreneurs with a **social mission**
 - Social entrepreneurs are “*individual who bring to social problems the same kind of determination, creativity, and resourcefulness that we find among business entrepreneurs*” (Dees, 2007)

SOCIAL ENTREPRENEUR

Some definitions (1)

- *"A social entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to achieve **social change** (a social venture). While a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. Thus, the main aim of social entrepreneurship is **to further social and environmental goals**".*
(Source: Wikipedia)

SOCIAL ENTREPRENEUR

Some definitions (2)

- ▶▶ *"society's change agent: a pioneer of innovation that benefits humanity"* (Source: Skoll Foundation)
- ▶▶ *"Individuals driven by a social mission and a desire to find innovative ways to solve social problems that have been neglected by either the market or the public sector"* (Source: Kauffman Center for Entrepreneurial Leadership)

SOCIAL ENTREPRENEUR

Some definitions (3)

- ▶▶ *“Social Entrepreneurs are individuals with innovative solutions to society's most pressing social problems” (Ashoka Foundation)*
- ▶▶ *A social entrepreneur identifies and solves social problems on a large scale. Just as business entrepreneurs create and transform whole industries, social entrepreneurs act as the change agents for society, seizing opportunities others miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value. (PBS)*

ENTREPRENEUR VS SOCIAL ENTREPRENEUR

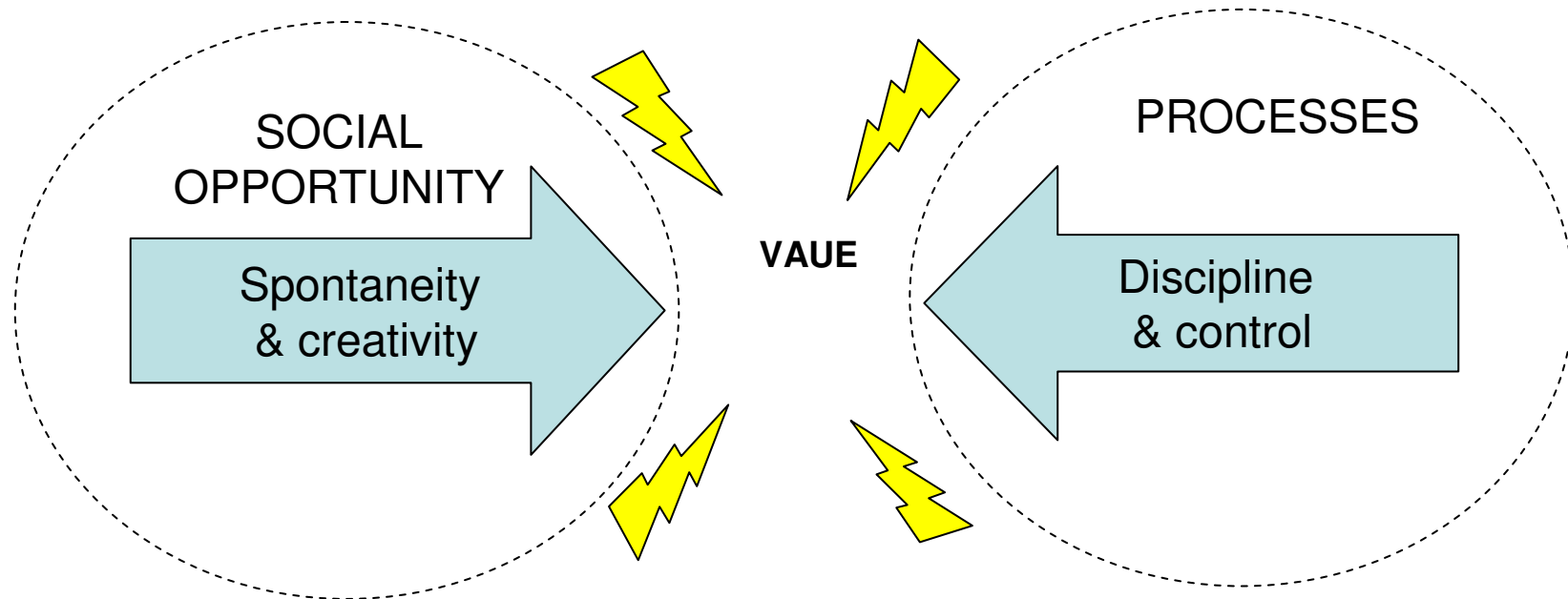
- Central difference is in the value proposition:
 - The traditional entrepreneurial value proposition assumes a market that can pay for the innovation (and may even provide substantial upside for investors)
 - Profit is the key indicator of value creation
 - The social entrepreneur's value proposition aims for value in the form of **large scale**, transformational benefit that accrues to a neglected or highly disadvantaged segment of society or society at large
 - Social impact is the key indicator of value creation
- What drives social entrepreneurs is not doing the “deal” but achieving the “ideal”

THE PROCESS OF SOCIAL ENTREPRENEURSHIP

(source Martin and Osberg, 2007)

- (1) identifying a stable but inherently **unjust equilibrium** that causes the exclusion, marginalization, or suffering of a segment of humanity
- (2) **identifying an opportunity** to address this unjust equilibrium through a social value proposition and **acting** upon it
- (3) **forging a new, stable equilibrium** that releases trapped potential or alleviates the suffering of the targeted group

Social Entrepreneurship a FULL CONTACT Sport

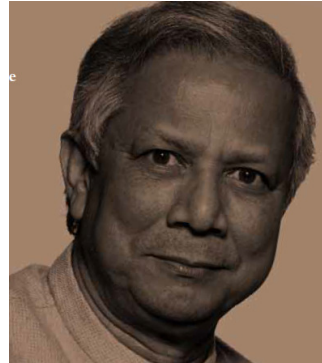


SOCIAL ENTREPRENEURS

how they look like...



Wendy Kopp
Teach fro America



Muhammad Yunus
Gremeen Bank



Klaus and Hilde Schwab
Schwab Foundation and World Economic Forum



Dr Govindappa - *Aravind Eye Hopital*
Largest Eycare Medical Center in the World



Fabio Rosaa
IDEAAS



Victoria Hale
Institute for One World Health



Nicholas Negroponte –
One laptop per child progra

10 PERSONALITY TRAITS OF SEs

(source Elkington and Hartigan, 2008)

1. Try to shrug off the constraints of ideology or discipline.
2. Identify and apply practical solutions to problems, combining innovation, resourcefulness and opportunity.
3. Innovate by finding a new product, service or approach to a social problem.
4. Focus first and foremost on social value creation and, in that spirit, are willing to share their innovations and insights for others to replicate.
5. Jump in before ensuring that they are fully resourced.

6. Have an unwavering belief in everyone's innate capacity, often regardless of education, to contribute meaningfully to economic and social development
7. Show a dogged determination that pushes them to take risks that others wouldn't dare.
8. Balance their passion for change with the zeal to measure and monitor impact.
9. Have a great deal to teach change-makers in other sectors.
10. Display a healthy impatience.

What the IQ cannot measure

There are many skills and abilities that are not measured by SATs, IQ tests, GMATs, and others:

Leadership skill

Interpersonal skills

Team building and team playing

Creativity

Motivation

Learning skills (versus knowledge)

Persistence and determination

Values, ethics, honesty, and integrity

Goal-setting orientation

Self-discipline

Frugality

Resourcefulness

Resiliency and capacity to handle adversity

Ability to seek, listen, and use feedback

Reliability

Dependability

Sense of humor

WHAT MOTIVATES THEM?

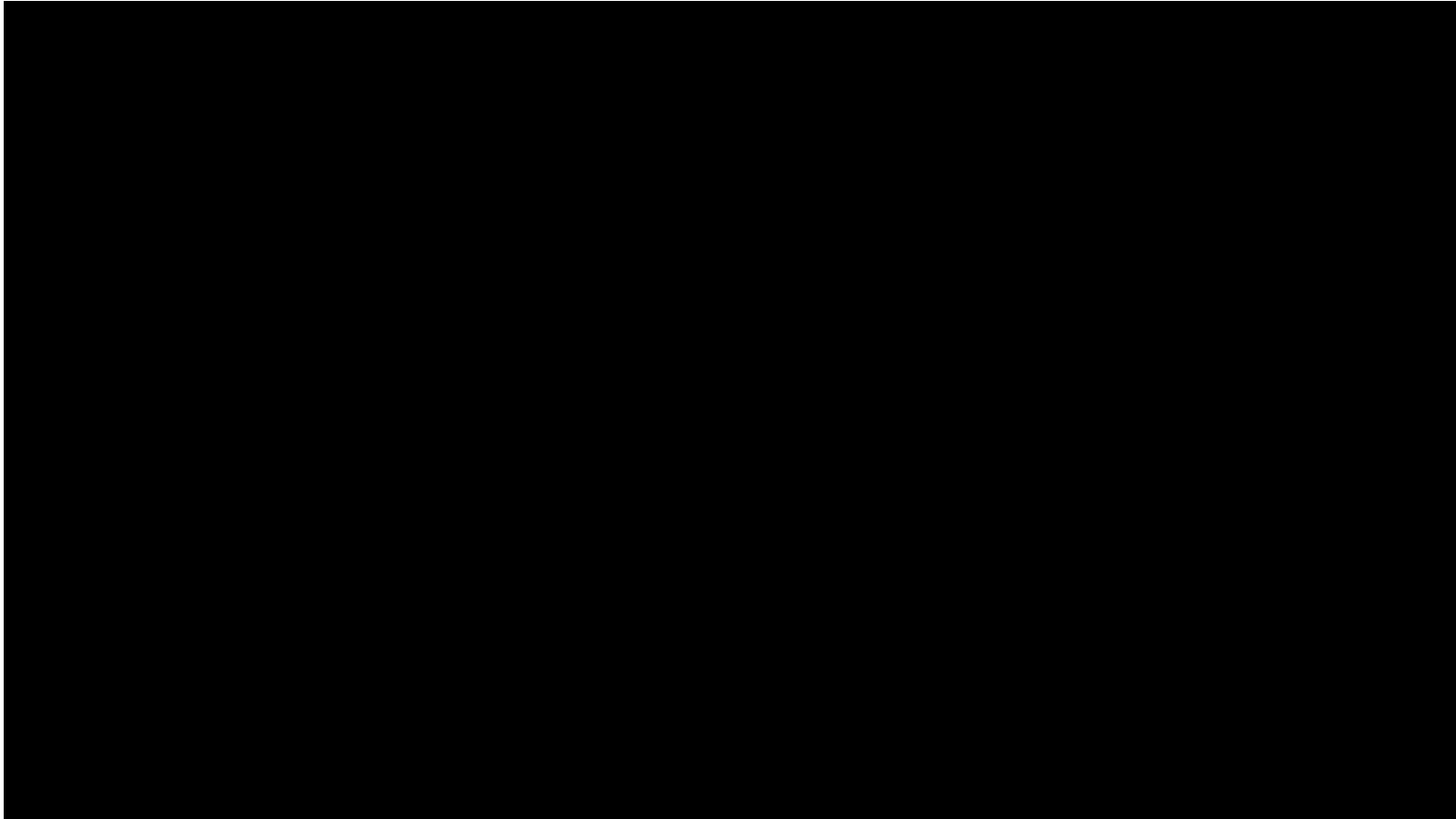
- *“My reasons are purely selfish. I figure I have been put on this earth for a very short period of time. I could apply my talents to making lots of money, but where would I be at the end of my lifetime? I would much rather be remembered for having made a significant contribution to improving the world into which I came than for having made millions.”*

(David Green*, Social Entrepreneur,
MacArthur Fellow and Ashoka
Fellow)

*pioneer in the manufacture and distribution of advanced health care products for patients in the developing world



Social Entrepreneurs: Pioneering Social Change



GOVERNMENTAL AGENCIES vs SOCIAL ENTREPRENEURS

- Why are government agencies ill equipped to effectuate large scale social change? What advantages do SE have over GA (if any)?
 - Have greater freedom of action
 - Can move more quickly than public officials
 - They are not constrained by bureaucratic rules, legislative mandates, political agendas
 - Have access to private resources (private contributions to gov are rare)
 - Sunk costs are lower (more and smaller bets on different efforts)
 - Experimentation is easier and learning faster
 - Ability to move across boundaries (political, jurisdictional, governmental, etc.) more easily
 - E.g. *Medicines Sans Frontiers*

WHAT
SOCIAL ENTREPRENEURSHIP
IS NOT

THE PROCESS OF SOCIAL ENTREPRENEURSHIP

(source Martin and Osberg, 2007)

- (1) identifying a stable but inherently **unjust equilibrium** that causes the exclusion, marginalization, or suffering of a segment of humanity
- (2) **identifying an opportunity** to address this unjust equilibrium through a social value proposition and **acting** upon it
- (3) **forging a new, stable equilibrium** that releases trapped potential or alleviates the suffering of the targeted group

SOCIAL ENTREPRENEURSHIP VS SOCIAL SERVICE

Social Service

- Some committed individual identifies a situation of unjust equilibrium (e.g. orphans in Africa)
- Identifies an opportunity to address it (e.g. school for the children)
- While this may be effective and socially valuable if does not lead to a superior equilibrium. Social entrepreneurship aims at **large scale impact**.
 - The difference is therefore in the outcome
 - “Millions of social service organizations exist around the world – well intended, noble in purpose, and frequently exemplary in execution – but they should not be confused with social entrepreneurship” (Martin & Osberg, 2007).

- *“Social entrepreneurs are not content just to give a fish, or teach how to fish. They will not rest until they have revolutionized the fishing industry”* (Bill Drayton, Founder of the Ashoka Foundation)

SOCIAL ENTREPRENEURSHIP VS SOCIAL ACTIVISM

- Again the premise is a situation of unfortunate equilibrium
- The focal actor is highly motivated to change this situation
- However the actor's action orientation is different.
 - Attempts to create change through indirect action (i.e. by influencing others to take action)
- Activists may or may not create ventures to advance the change they seek

SOCIAL ACTIVISTS

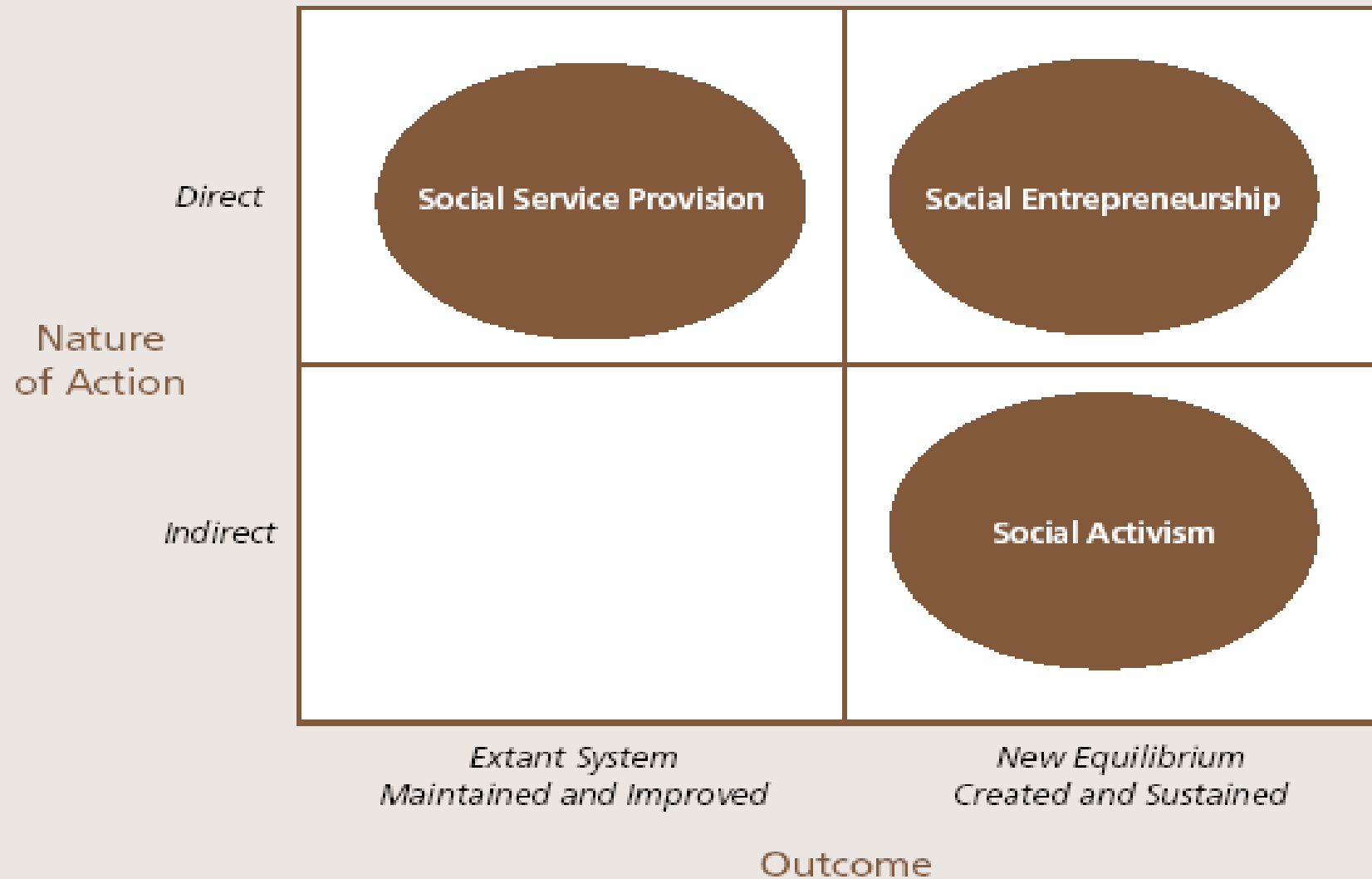
Mahatma
Gandhi

Nelson Mandela

Martin Luther King

Vaclav Havel

PURE FORMS OF SOCIAL ENGAGEMENT



SOCIAL ENTREPRENEURSHIP vs CHARITY

- Today's social entrepreneurs do not see themselves as engaged in "charity" in the traditional alms-giving sense.
 - *"When we want to help the poor, we usually offer them charity. Most often we use charity to avoid recognizing the problem and finding a solution for it. Charity becomes a way to shrug off our responsibility. Charity is no solution to poverty. Charity only perpetuates poverty by taking the initiative away from the poor. Charity allows us to go ahead with our own lives without worrying about those of the poor. It appeases our consciences."* (M. Yunus)
- Even those who acknowledge a need temporary relief tend to view their work as fundamentally different.
 - *They aim to create **sustainable improvement** and are willing to draw on self-interest as well as compassion to do it" (Dees, 2007)*

TO PROFIT OR NOT?

- Note that the key distinctive element is THE PRIMACY OF SOCIAL BENEFITS.
 - What Dees describes as the pursuit of “*mission-related impact*”
- Profit making propositions are compatible with social entrepreneurship
 - “*The future of the world lies in the hands of market based social entrepreneurs. We can create a powerful alternative to the orthodoxy of capitalism – a social-consciousness-driven private sector, created by social entrepreneurs*” (M. Yunus, 2006)
- Social ventures can generate income and they can be organized as non-profit as well as for-profit
 - Many cases fall in the middle ground where hybrid organizations pursue forms of blended value (multiple bottom lines)

Social Enterprise is a Hybrid

	Purely Philanthropic	Hybrid	Purely commercial
<i>Type of Organization</i>	Traditional NGO	Social Enterprise	Traditional for-profit
<i>Motives</i>	Appeal to goodwill	Mixed motives	Appeal to self-interest
<i>Methods</i>	Mission-driven	Balance of mission and market	Market-driven
<i>Goals</i>	Social value creation	Social and economic value creation	Economic value creation
<i>Destination of Income/Profit</i>	Directed toward mission activities of NGO (required by law or organizational policy)	Reinvested in mission activities or operational expenses, and/or retained for business growth and development	Distributed to shareholders and owners

Adapted from Gregory Dees; and Lee Davis and Nicole Etchart.

Hybrid Spectrum



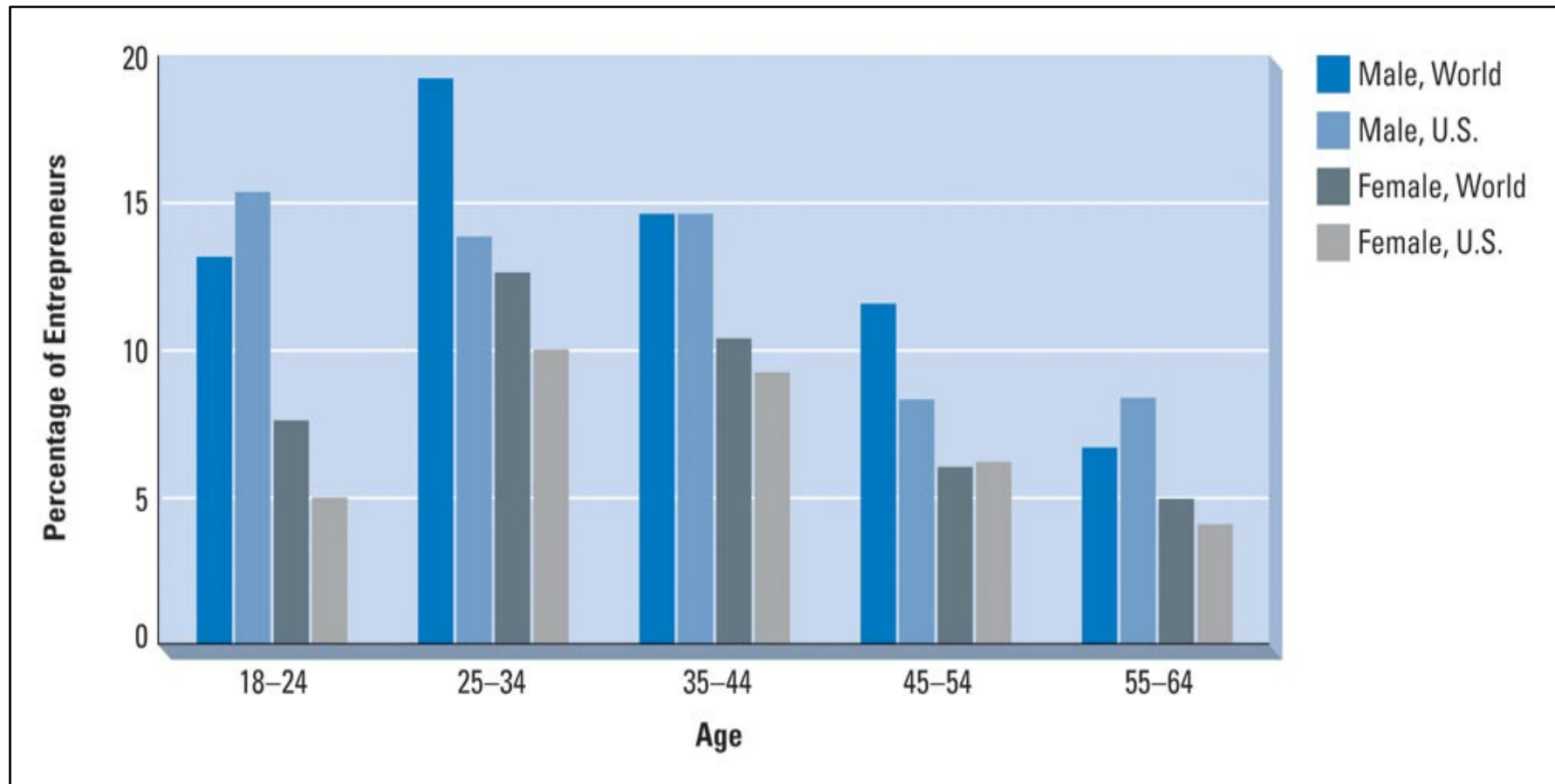
Traditional Nonprofit	Nonprofit with Income-Generating Activities	Social Enterprise	Socially Responsible Business	Corporation Practicing Social Responsibility	Traditional For-Profit
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- Mission Motive
- Stakeholder Accountability
- Income reinvested in social programs or operational costs

- Profit-making Motive
- Shareholder Accountability
- Profit redistributed to shareholders

**IS THERE A PERFECT AGE TO BECOME
SOCIAL ENTREPRENEURS?**

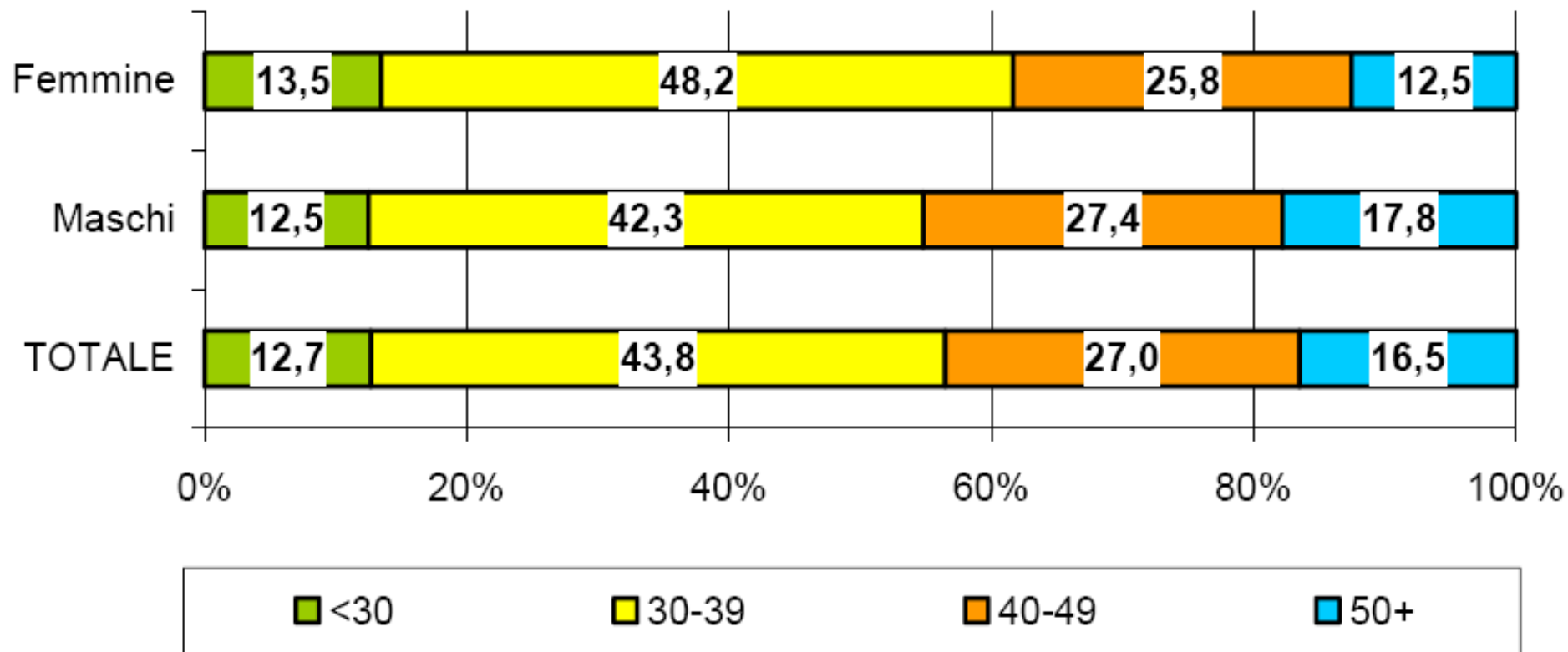
USA



Source: Allen, K. "Launching New Ventures", 3^o edition

IS THERE A PERFECT AGE TO BECOME ENTREPRENEURS?

Italy

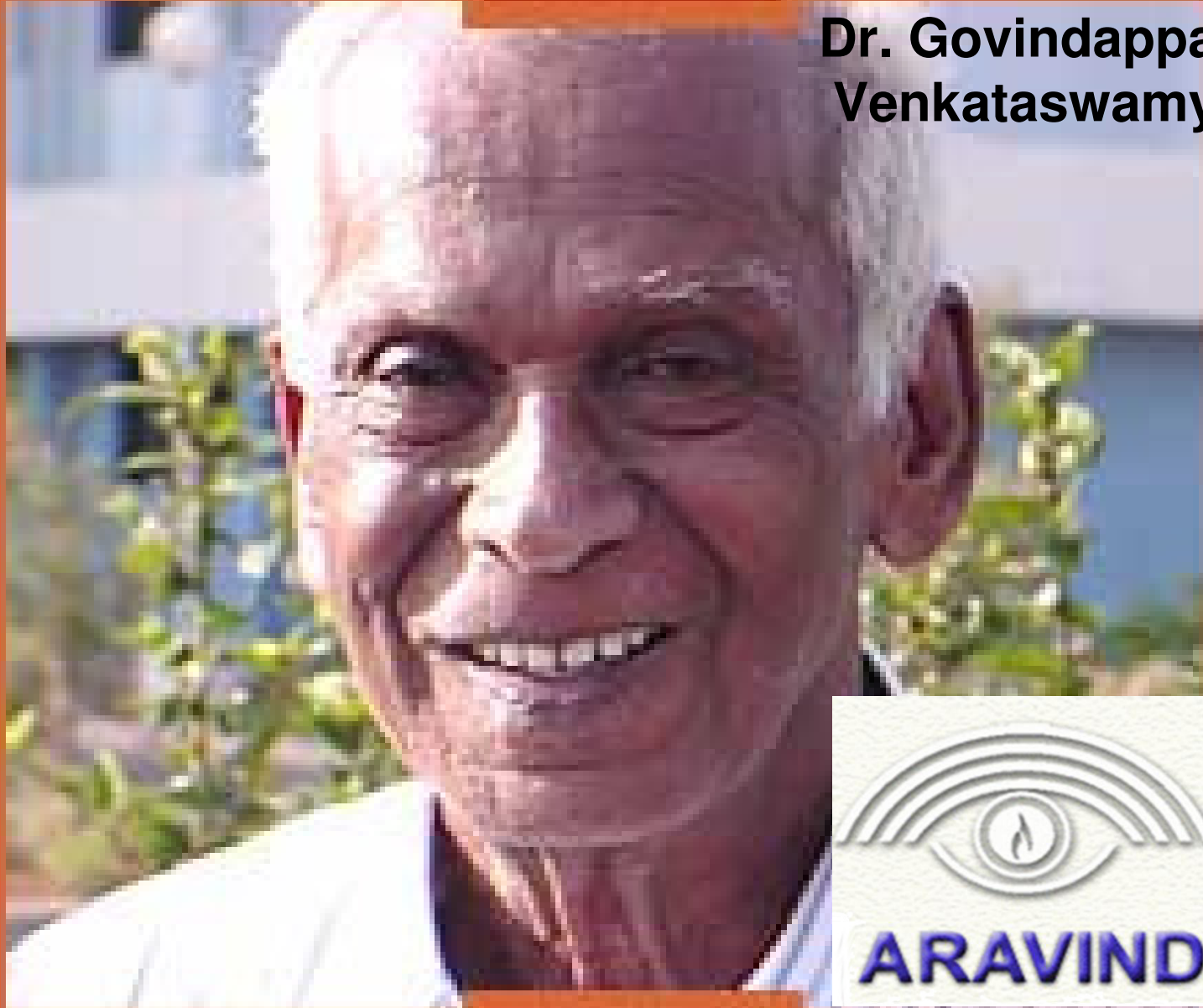


Source: Istituto Nazionale di Statistica, *Le nuove attività imprenditoriali, anno 2005, 2006*

Jessica Jackley



**Dr. Govindappa
Venkataswamy**



10 OPPORTUNITIES FOR SOCIAL ENTREPRENEURSHIP

1. Demographic opportunities

Facts:

- Human population toward 9 billion to 10 billion people
- Age distribution skewing: old vs. young boom nations
- Worldwide migration: from rural to cities
- One of the best ways of reining population growth is encouraging economic development

Examples of successful Social Entrepreneurs

- **Jeroo Billimoria** – Child Helpline International - <http://www.childhelplineinternational.org/>
- **Martin Fisher** – Cooperative Home Care Associates (CHCA), the Paraprofessional Healthcare Institute (PHI) & Independence Care System (ICS) <http://www.chcany.org/>

2. Financial opportunities

Facts:

- The notion that the haves will find ways to gain more and that the have-nots will lose more has been acknowledged since biblical times
- Extreme financial inequality can sow the seeds of insurrections and social cataclysm
- Tools & frameworks for economic justice are weak or nonexistent

Examples of successful Social Entrepreneurs

- **Jeroo Billimoria** – Aflatoun - <http://www.aflatoun.org/>
- **Martin Fisher** – Kickstart - <http://www.kickstart.org/> (0.6% GDP of Kenya GDP & 0.25% of Tanzania GDP)
- **Fazle Abed** – Bangladesh Rural Advancement Committee- <http://www.brac.net/>

3. Nutritional opportunities

Facts:

- True famine, hunger, and poor nutrition have been constants through-out human history
- 862 million people across the world are hungry, up from 852 million a year ago
- Every day, almost 16,000 children die from hunger-related causes-- ONE CHILD EVERY FIVE SECONDS.

Examples of successful Social Entrepreneurs

- **Takao Furuno** – The power of Duck - <http://tinyurl.com/ojdwy7>
- **Hector Gonzalez** – Cuadritos - <http://www.cuadritos.com.mx/> (the largest self-sustaining food bank in Mexico, feeding 100.000 people a day)

4. Resource opportunities

Facts:

- A growing world population will not be a problem if the planet's resources were limitless, but they are not
- Demographic pressures are fostering awareness of the natural resource limits to economic growth
- Example: the UN argues that the conflict in Darfur has been driven by competition for water as climate change bites

Examples of successful Social Entrepreneurs

- **Phil LaRocco** – E+Co - <http://www.eandco.net/>
- **Fabio Rosa** – Ideaas - <http://www.ideaas.org.br/> & the widely replicated Palmares project <http://www.ashoka.org/node/3291>

5. Environmental opportunities

Facts:

- Environmental issues are universal: there is not South-North differences
- Nevertheless, poor populations everywhere in the world re forced to live in the worst circumstances
- The dominant environmental concerns include the immediate of clean water & sanitation, the risks of local & indoor pollution , & vulnerability to natural hazards.
- Other parts of the world: noise, traffic congestion, air & water pollution, long-term climate change,...

Examples of successful Social Entrepreneurs

- **Yan Arthus-Bertrand** – The Earth from the Air - <http://www.wecommunic8.com/earthfromtheair/>
 - **Wangari Maathi** – Green Belt Movement - <http://www.greenbeltmovement.org/>
-

6. Health opportunities

Facts:

- From HIV/AIDS, to malaria, to potential pandemics like SARS or Flu-A, the world problems can seem overwhelming
- In 2006, 11 million children <5 years died from preventable causes
- 4 million babies will not survive their first month of life
- > 1/2 million women died in pregnancy, during labor, or after birth

Examples of successful Social Entrepreneurs

- **Dr. Paul Farmer** – “The Man who will cure the world” - <http://tinyurl.com/aovmpq>
- **Dr. Devi Shetty** – Narayana Hrudayalaya - <http://www.narayanahospitals.com/>
- **Vera Cordeiro** – Resnacer - <http://www.ashoka.org/node/3420>

7. Gender opportunities

Facts:

- There is always an inescapable gender component
- In the 1995 Kobe earthquake, 1,5 times more women than men died
- In the Asian tsunami, death rates for women were 3-4 times those for men
- There are several factors: biological, cultural, economic, or access to health care, education & information technology.

Examples of successful Social Entrepreneurs

- **Wu Qing** – Beijing Cultural Development Center for Rural Women - <http://www.nongjianv.org/english/index.html>

8. Educational opportunities

Facts:

- Few factors are as powerful as education in empowering humans
- In a knowledge society access to education becomes even more important

Examples of successful Social Entrepreneurs

- **Bunker Roy** – Barefoot College - <http://www.barefootcollege.org/>
- **Kyle Zimmer** - First book - <http://www.firstbook.org>
- **Wendy Kopp** – Teach For America - <http://www.teachforamerica.org/>
- **Michael Brown & Alan Khazei** – City Year - <http://www.cityyear.org>
- **Javier Gonzalez** – abcdespanol - <http://www.abcdespanol.com/es/>
- **Liz Maw** – Netimpact - <http://www.netimpact.org/>

9. Digital opportunities

Facts:

- Enthusiasts may talk of “growing up digital”, but the IT revolution has created its own divides
- 80% of people in the world have never heard a dial tone, let alone surfed the Web
- Kofi Annan: *“People lack many things: jobs, shelter, food, health care & drinkable water. Today, being cut off from basic telecommunications services is hardship almost as acute as these other deprivations, & may indeed reduce the chances of finding remedies to them”*

Examples of successful Social Entrepreneurs

- **Rodrigo Baggio** – Committee for Democracy in IT - <http://www.cdi.org.br/>

10. Security opportunities

Facts:

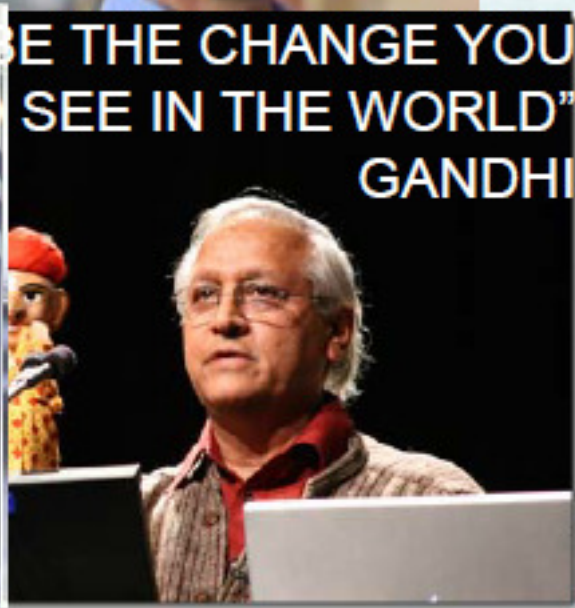
- September 11th terrorism attack changed world security, however this might be an effect of deeper & previous security causes.
- Instead of turning to companies like General Dynamics or Halliburton for security measures, governments should look to social entrepreneurs who recognize address the physical, psychological, social, economic, energy-related, water-related, or environmental security.
- Rich western countries spend up of 25 times as much on defense as they do on overseas aid.

Examples of successful Social Entrepreneurs

- **Pioneer Human Service** - <http://www.pioneerhumanservices.org/>



**"YOU HAVE TO BE THE CHANGE YOU
WANT TO SEE IN THE WORLD"
GANDHI**



*Jose Maria Arizmendiarrleta
1915-1976*