



Social Entrepreneurship and Social Transformation

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Abstract

This study provides a comparative analysis of seven cases of social entrepreneurship that have been widely recognized as successful. The paper suggests factors associated with successful social entrepreneurship, particularly with social entrepreneurship that leads to significant changes in the social, political and economic contexts for poor and marginalized groups. It generates hypotheses about core innovations, leadership, organization, and scaling up in successful social entrepreneurship. The paper concludes with a discussion of the implications for the practice of social entrepreneurship, for further research, and for the continued development of support technologies and institutions that will encourage future social entrepreneurship. The concept of entrepreneurship has a long history in the business sector. A major theme has been the creation of value through innovation. As applied more recently to social concerns, the concept has taken on a variety of meanings. Some, for example, have focused on social entrepreneurship as combining commercial enterprises with social impacts.

Key words: Social problem, social entrepreneurship, leadership, technologies and institutions

Introduction

The concept of entrepreneurship, long hallowed in the context of business and economic ventures, has been increasingly applied to the context of social problem solving the challenges of finding effective and sustainable solutions to many social problems are substantial, and solutions may require many of the ingredients associated with successful innovation in business creation. But solutions to social problems, such as sustainable alleviation of the constellation of health, education, economic, political and cultural problems associated with long-term poverty, often demand fundamental transformations in the political, economic, and social systems that underpin current stable states. The test of successful business entrepreneurship is the creation of a viable and

growing business, often embodied in the survival and expansion of a business organization. The test of social entrepreneurship, in contrast, may be a change in the social dynamics and systems that created and maintained the problem and the organization created to solve the problem may get smaller or less viable as it succeeds. While the concept of social entrepreneurship is relatively new, initiatives that employ entrepreneurial capacities to solve social problems are not. We have found a variety of initiatives particularly focused on the problems of poor and marginalized populations that have transformed the lives of thousands of people around the world. The practice of social entrepreneurship may be well ahead of the theory – as in other areas of social action. This paper seeks to identify factors associated with successful social entrepreneurship, and particularly with social entrepreneurship that leads to significant changes in the social, political and economic contexts for poor and marginalized groups; in other words, social entrepreneurship that leads to social transformation. We begin with a brief description of different perspectives on social entrepreneurship and the working definition that has guided our analysis of an informal sampling of seven cases. We then describe our methods of inquiry and the issues we used to focus attention across the seven cases. The next section reports the results of comparisons across the cases, and formulates hypotheses about core innovations, leadership, organization, and scaling up in successful social entrepreneurship. The final section discusses implications for the practice of social entrepreneurship, for further research, for the continued development of support technologies and institutions for future social entrepreneurship.

Background

The concept of entrepreneurship has a long history in the business sector. A major theme has been the creation of value through innovation. As applied more recently to social concerns, the concept has taken on a variety of meanings. Some, for example, have focused on social entrepreneurship as combining commercial enterprises with social impacts. In this perspective, entrepreneurs have used business skills and knowledge to create enterprises that accomplish social purposes in addition to being commercially viable. Not-for-profit organizations may create commercial subsidiaries and use them to generate employment or revenue that serves their social purposes, or for-profit organizations may donate some of their profits or organize their activities to serve social goals. These initiatives use resources generated from successful commercial activities to advance and sustain their social activities. Others have emphasized social entrepreneurship as innovating for social impact. In this perspective, attention is focused on innovations and social arrangements that have consequences for social problems, often with relatively little attention to economic viability by ordinary business criteria. Social entrepreneurs are focused on social problems, and they create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems rather than the dictates of the market or commercial criteria. Still others see social entrepreneurship as a way to catalyze social transformation well beyond the solutions of the social problems that are the initial focus of concern. From this perspective, social

entrepreneurship at its best produces small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term. Social entrepreneurs in this tradition need to understand not only immediate problems but also the larger social system and its interdependencies, so that the introduction of new paradigms at critical leverage points can lead to cascades of mutually-reinforcing changes that create and sustain transformed social arrangements. Sustainable social transformations include both the innovations for social impacts and the concern for ongoing streams of resources that characterize the other two perspectives on social entrepreneurship and they also lead to major shifts in the social context within which the original problem is embedded and sustained. While we believe that all three approaches to social entrepreneurship have considerable utility, we are particularly interested in the perspective that emphasizes social entrepreneurship as a catalyst for social transformation in this study. So, more specifically, this study focuses on social entrepreneurship that creates innovative solutions to immediate social problems and also mobilizes ideas, capacities, resources, and social arrangements required for long-term, sustainable, social transformations. Before exploring a broad number of social entrepreneurship cases that vary in location, size, and focus, we chose a small group of cases to give us some initial data with which we could begin generating hypotheses. These cases are widely recognized as meeting the above social entrepreneurship definition – they are all innovative efforts to solve persistent social problems of poverty and marginalization that to some extent have been successful in scaling up their impacts and at least potentially catalyzing social transformation. In comparing the cases, we have focused in particular on four aspects of their experience: the nature of the innovations they have articulated, the characteristics of their leaders, the organization of the initiatives, and the paths chosen for scaling up their impacts. First, most definitions of social entrepreneurship emphasize the innovative character of the initiative. In comparing the cases, we will examine the nature of the innovation in some detail. Not all provision of goods and services amounts to social entrepreneurship, of course. In many cases, replication or expansion of existing services is a valuable solution to a social problem – but not one that necessarily requires social entrepreneurship. When the resources or capacities to duplicate existing services for poor and marginalized groups are not available, creative initiatives that reconfigure existing resources or services for more effective or wider delivery are imperative to serve wider populations such creative initiatives represent social entrepreneurship. We will be interested in the patterns of innovation that appear across cases: Is there a single pattern for success? Are there a variety of forms of innovation that appear to be associated with different kinds of problems or contexts? Second, we will look closely at the characteristics of leadership of socially entrepreneurial ventures. Much of the literature on leadership focuses primarily on individuals and their personal skills or attributes and certainly in Western experience, particular individuals have made major contributions to entrepreneurial ventures. On the other hand, in some contexts, leadership groups may be more important than individuals and focusing primarily on individuals may obscure essential aspects of the initiative we believe that leadership – whether group or individual -- is important in the success of social entrepreneurial ventures. What are characteristics of leaders who found entrepreneurial social ventures? How do they respond to the challenges that emerge over time and as the initiative grows? A third set of issues for investigation is the organizational and institutional features of social

entrepreneurship. Substantial evidence suggests that as initiatives face the challenges of expansion of their impact and sustaining their initiatives, their organizational and institutional features are important factors. We will examine the organizational and institutional aspects of successful initiatives to see if we can identify common patterns. To what extent are there “best practices” that appears across many different cases? How do initiatives expand their operational capacities or evolve their strategies in the face of shifting task and environmental challenges? Finally, we are also interested in the paths by which entrepreneurial ventures expand and sustain their impacts and transform larger systems in which they are embedded. Some studies of expansion of development impacts suggest that reutilizing technology is critical to reaching larger constituencies or that carefully crafting a sequence of gradually expanding projects and programs are critical to successful scaling up. Others suggest that a menu of different patterns for scaling up impacts can be identified, and that the key issues in scaling up involve organizing to fit the strategy chosen. To what extent are different approaches to scaling up visible across the cases? Are there patterns of scaling up that are particularly associated with success in catalyzing long-term changes in social arrangements that shaped and sustained the initial problems

Methodology

This study provides a comparative analysis of cases of social entrepreneurship that have been widely recognized as successful. This study seeks to identify patterns and regularities across successful initiatives. It is a hypothesis-generating rather than a hypothesis-testing approach to a complex and not yet well-understood topic. Comparative analysis of cases can be a useful way of generating hypotheses about phenomena that combine complex phenomena, long-term dynamics, and difficulties in access. Case descriptions provide the kinds of information that allow recognition and assessment of unexpected patterns that would not be captured by more constrained methodologies. The cost of such richness and flexibility is the increased difficulty to make systematic comparisons or to draw unambiguous conclusions.

The cases used in this study are drawn from existing literature and descriptions. The decision to use existing descriptions limits our ability to gain precisely comparable data and also subjects us to the biases of multiple observers. Since the costs of collecting original data for a study that spans four continents would be very high, we are willing to accept these limitations for a hypothesis-generating study. When similar patterns emerge in diverse cases, we can be more confident that those patterns are relatively robust. In our analysis of the cases described here, we will use tables and matrices to enable comparison across cases, a tool used extensively in multiple case analyses. We will focus particularly on patterns that seem to characterize many or most of the cases. We generated information about the cases from published and unpublished reports, internet resources, and interviews with organization members and informed observers. We first used these data to identify patterns related to our four areas of interest in each case, and then constructed matrices that allowed us to compare patterns across cases. The results of this process should be considered as tentative concepts and hypotheses. The cases were chosen to meet the several criteria.

Patterns in the Cases

This section examines the patterns identified across the seven cases across the four aspects of each initiative identified earlier: characteristics of innovations, characteristics of leaders, organizational arrangements, and scaling up approaches. In the analysis that follows, we provide tables with brief descriptions of the characteristics of each case on the dimensions that emerged as important for each of these aspects. We briefly discuss the concepts that emerge from this analysis and formulate initial hypotheses to describe the links between those factors and initiative success.

Characteristics of Innovations

They range from microcredit services provided by the Grameen Bank, to agricultural and tree-planting support from Plan Puebla and the Green Belt Movement, to support for grassroots social movements from SEWA and Highlander, to village development initiatives by BRAC and Six-S. It is not immediately obvious that these innovations have much in common, since they focus on different groups and concern quite different issues.

Characteristics of Leaders

The founders of these initiatives come from rich and poor backgrounds, from industrialized and developing countries. Some founders are individuals and some are teams; some are men and some are women. They include lawyers, professors, managers and grassroots organizers. There are not, in short, immediately obvious and highly visible characteristics that distinguish these leaders by background, country of origin, gender, occupation, or even as individuals or groups. What characteristics do emerge from comparison across these cases as being associated with successful social entrepreneurship leadership that seemed characteristic of successful social entrepreneurs in these cases.

(1) Bridging capacity, that enabled leaders to work effectively across many diverse constituencies,

(2) Adaptive skills, that enabled them to recognize and respond to changing contextual demands over a long term. so that it will be easier to identify characteristics associated with these different forms of core innovation.

Scaling Up and Social Transformation

The patterns of scaling up and the social transformation impacts of these cases are summarized there are substantial differences in the extent to which they have been able to expand and sustain their impacts. Prior analyses of scaling up have identified three major patterns for widening the impacts of successful social entrepreneurship initiatives:

- (1) Expanding coverage to provide services and benefits to more people,
- (2) Expanding functions and services to provide broader impacts to primary stakeholders,
- (3) Activities that change the behavior of other actors with wide impacts and so indirectly scaling up impacts

Discussion and Conclusion

The purpose of this paper has been to identify common patterns across a small set of successful social entrepreneurship initiatives. The data suggests several patterns, which we have framed as preliminary hypotheses. Three general observations are important to further learning about social entrepreneurship and social transformation. First, we recognized differences across the seven cases in the forms taken by the innovations. The characteristics of the three forms we identified—building local capacity, disseminating a package, and building a movement—are quite different. To our knowledge, these patterns have not been identified as clearly in other studies of social entrepreneurship. Identifying other forms and clarifying the differences among these three are important avenues for further exploration. The more we know about the range of forms that social entrepreneurship may take, and the contexts within which such forms are effective, the more it will be possible to design initiatives to fit circumstances in the future. These data already suggest that there are important correlates of the choice of innovation form. Capacity building initiatives were associated with attention to local groups and resource providers, an emphasis on scaling up by group organizing and cultural change leverage, and transformational impacts on cultural norms and expectations. Package dissemination initiatives paid attention to user and disseminator stakeholders, emphasized scaling up through packaged services to individuals that enabled their use of economic leverage, and had transformational impacts on economic outcomes. Movement building initiatives emphasized external relations with allies and political targets used indirect scaling up strategies that affect large-scale actors, and used political leverage to have transformational impacts on both political and cultural contexts. Further research might clarify how these differences and other attributes of different forms of social entrepreneurship innovations can shape outcomes and success in different contexts. Second, the data also suggest that some factors are common across initiatives, regardless of innovation form. Thus, all the initiatives were organized to mobilize and build upon the assets of the poor constituencies they served, and so were able to turn relatively small investments in sustainable activity resourced in large part by poor and marginalized groups. In addition, the leadership capacities for bridging and adaptive leadership appeared to be present in most successful leadership teams across all three forms of innovation. Leaders must identify the key stakeholders that will both assist them and challenge them in creating the kind of transformational change they envision, and they must develop strategies for overcoming the challengers and strengthening the allies, whether they lead capacity building innovations, package delivery programs, or build larger movements. All three innovation forms demonstrated the potential for reaching millions of people and catalyzing high levels of social transformation in

at least one of the 22 cultural, economic or political arenas. Four initiatives – BRAC, Grameen Bank, SEWA, and Highlander– were characterized by both high reach (millions of people) and high transformation impacts. In the first two cases, the initiatives over time created increasingly large and sophisticated NGOs as vehicles for expanding their impacts. In the third, SEWA created local, national and eventually international alliances of membership organizations to mobilize women in the informal sector and respond to their concerns. In the fourth case, the Highlander Center remained small and organizationally unsophisticated – but it built close alliances with much larger and more organizationally complex movements that could use its support to affect major political and cultural changes. High reach and high transformational impact may be achieved through many organizational arrangements, depending on the issues and the roles to be played in expanding the initiative. This exploration leaves many questions unanswered, of course. We do not know, for example, when or how strategically timed financial support can make a pivotal difference to the emergence of a successful social innovation, though the importance of leadership bridging capacity suggests that initiatives may greatly benefit from early access to financial, technical and political support. We do not know what contextual patterns encourage or hinder the emergence of different kinds of innovations, though it is probably not accidental that the two movement building initiatives in our cases emerged in India and the United States, where the dominant political traditions tolerate to some degree political challenges by relatively low power groups. We believe that these results suggest intriguing avenues for further exploration by social entrepreneurship practitioners and researchers. The intent of this analysis is to provoke further exploration of the emerging phenomenon of social entrepreneurship – which we believe can make a great difference in the next century of human and societal development.

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