Rethinking Social Entrepreneurship: The Concept of Social Entrepreneurship under the Perspective of Socio-scientific Innovation Research

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Abstract

The state of research on social entrepreneurship is unsatisfactory. Case studies and quite euphoric self-descriptions, which use actors’ motivation and intention as the origin of the definition of social entrepreneurship, often take the centre stage. Furthermore, the relationship between social entrepreneurship and social innovation remains unclear. The purpose of our paper is a systematic connection of these two aspects. Our main thesis is: from the perspective of socio-scientific innovation research, development, implementation and institutionalization of the concept of social entrepreneurship can be described as a social innovation. Borrowing from Schumpeter, social entrepreneurs create a new type of behaviour, which fulfils an important societal function like the type of business entrepreneur in the economy.

The paper starts with an overview of the current situation and the perspectives of socio-scientific innovation research. Against the backdrop of clear paradoxes and confusion in prevailing innovation policies, the contours of a new innovation paradigm are becoming visible and causing social innovation to grow in importance. The paper then addresses some difficulties when dealing with social entrepreneurship as scientific concept and looks critically at the state of the debate. Subsequently, it analyses social entrepreneurship against the background of findings of innovation research and finally argues that the type of social entrepreneur itself constitutes a social innovation, i.e. an alternative social practice, which spreads widely through the society. Social entrepreneurs are agents of social innovation by acting entrepreneurially in a new frame of reference and thereby inventing, developing and achieving a new social practice in the society.

Keywords: social entrepreneurship, social innovation, new innovation paradigm, social practice, social theory.

Introduction

The state of research on social entrepreneurship is unsatisfactory. Case studies and more or less euphoric self-descriptions, which use actors’ motivation and intention as the origin of the definition of social entrepreneurship, often take the centre stage. “Yet motivations cannot be directly observed, and they are often mixed. As a result, they are not a reliable basis for determining what is social and what is not.” (Phills, Deiglmeier & Miller, 2008) At the same time, the relationship between social entrepreneurship and social innovation remains unclear (Davies, 2014).
The purpose of our paper is a systematic connection of these two aspects. Our main thesis is: from the perspective of socio-scientific innovation research, development, implementation and institutionalization of the concept of social entrepreneurship can be described as a social innovation (Howaldt & Schwarz, 2010). Borrowing from Schumpeter (1964), social entrepreneurs create a new type of behaviour, which fulfils an important societal function like the type of business entrepreneur in the economy. Social entrepreneur becomes a central actor when it comes to initiating and implementing innovations, which explicitly aim at solving social problems. Describing and analysing this development is a task of innovation research targeting the increasing importance and distinct character of social innovation.

The social phenomenon of social entrepreneurship is subject of innovation research, which describes possibilities, but also limits of the concept in its ambivalence, and analyses relationships with other forms of social innovation. By doing so, innovation research contributes to a scientific penetration, conceptual clarification and realistic perception of this phenomenon. At the same time, it makes visible the possibilities and limits of the concept in a complex overall structure of social innovation processes. In this context, cross-sector dynamics play a special role: “Increasingly, innovation blossoms where the sectors converge. At these intersections, the exchanges of ideas and values, shifts in roles and relationships, […] generate new and better approaches to creating social value.” (Phills et al., 2008). Since findings from innovation research point out the systemic character of innovations, strong concentration on social entrepreneurs as individuals responsible for innovations should be analysed critically. Finally, we believe that our approach can help finding important information about infrastructural, political and qualification prerequisites for the concept’s diffusion into the societal practice.

The paper starts with an overview of the current situation and the perspectives of socio-scientific innovation research that have greatly contributed to the development and spread of an enlightened socio-scientific understanding of innovation. Against the backdrop of clear paradoxes and confusion in prevailing innovation policies, the contours of a new innovation paradigm are becoming visible and causing social innovation to grow in importance.

The paper then addresses some difficulties when dealing with social entrepreneurship as scientific concept and looks critically at the state of the debate. Subsequently, it analyses social entrepreneurship against the background of findings of innovation research and finally argues that the type of social entrepreneur itself constitutes a social innovation, i.e. an alternative social practice, which spreads widely through the society. For this reason, social entrepreneurs are agents of social innovation by acting entrepreneurially in a new frame of reference and thereby inventing, developing and achieving a new social practice in the society. The paper ends with some concluding remarks.
A New Innovation Paradigm

It is possible to find many examples that point towards a fundamental shift in the innovation paradigm in the light of the societal change from an industrial to a knowledge and service society and the far-reaching changes to economic and social structures of modern society that this entails. One major feature of these changes is the opening up of the innovation process with respect to society (FORA, 2010). The stakeholders in the innovation process now extend beyond companies, higher education institutions and research organizations. Citizens and customers are no longer merely suppliers of required information (as was traditionally the case in innovation management), but instead make their own contributions to the process of developing new products for the solution of problems. At the same time, innovation—starting with developments in the economic system—is becoming a general societal phenomenon and increasingly affecting and penetrating every aspect of life.

The formation of a new innovation paradigm is also accompanied by a corresponding change in the object of innovation. The innovation paradigm for the industrial society is centred on technological novelties in the sense of product and process innovations that are becoming “styled as the (almost) sole ray of hope for societal development” (Gillwald, 2000; translated by authors). Non-technological and “social innovations, however, are topics that are rarely explored and are almost unknown phenomena, despite the fact they occur everywhere and all the time in social systems” (Gillwald, 2000; translated by authors). Problems such as mass unemployment, erosion of social security systems and intensification of ecological risks cannot be tackled without implementing social innovations. In the face of climate change, raw materials shortages and the extensive, on-going financial and economic crisis, society is being confronted with some profound changes. Against such a backdrop, it is becoming increasingly clear that there is a lack of understanding as to how these changes progress and how they can be shaped.

But what makes an innovation into a social innovation? The substantive distinction between a technological innovation and a social one is the immaterial, intangible structure of the latter. The innovation does not occur in the medium of technological artefacts, but rather at the level of social practice. A social innovation is a new combination and/or new configuration of social practices in certain areas of activity or social contexts prompted by certain actors or constellations of actors in an intentional, targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices[1]. An innovation is therefore social to the extent that it, conveyed by the market or non-/without profit community is spread through society or certain societal sub-areas as a result of imitation practices (Howaldt, Kopp & Schwarz, 2015)[2]. It is transformed according to circumstances and ultimately made routine or institutionalized as new social practice. As with every other innovation, new does not necessarily mean good or, in an extensive and normative sense, socially desirable. Depending on the actors’ practical rationale,
The importance of social innovation for successfully addressing the social, economic, political and environmental challenges of the 21st century has been recognized not only within the Europe 2020 Strategy but also on a global scale and ‘in recent years, social innovation has become increasingly influential in both scholarship and policy’ (Moulaert, MacCallum, Mehmood, & Hamdouch, 2013, 1). However, despite this growing awareness of the significance of social innovation, a sustained and systematic analysis of social innovation, its theories, characteristics and impacts is still lacking. A plethora of vastly diverging subject matters and problem dimensions as well as expectations for resolving them are subsumed under the heading social innovation without appropriate distinctions being made between various social and economic implications, the conditions governing its inception, its genesis and diffusion, and without clearly distinguishing it from other forms of innovation (European Commission, 2013).

Therefore, a key task is elaboration of the particular features of a social innovation concept towards the development of a sound theory (Howaldt et al., 2015), and the establishment of coherent methodologies to identify and promote social innovations. Consequently, empirical research needs to be undertaken in order to classify what can be observed in reality into a typology of social innovation (Howaldt, Butzin, Domanski & Kaletka, 2014)[4].

Rethinking Social Entrepreneurship

Critical Considerations Regarding the State of the Debate.

Often, a scientific publication which addresses the topic of social entrepreneurship starts with the notion that there is a lack of a clear definition and a “coherent conceptual frame with an appropriate theoretical basis” (Lautermann, 2009; translated by authors) behind it. Rather than allowing for an analytical clarification, a multiplicity of partially contradictory definitions clouds a view over the social phenomenon of social entrepreneur. As Alegre (2013) puts it, researchers are still “apparently unable to find agreement on what it means to be a social entrepreneur, to start a social enterprise or to write on social entrepreneurship”.

This has far-reaching consequences for a scientifically sound development of the topic, as Short, Moss and Lumpkin (2009) also indicate: “In sum, this disparity of terminology is troubling because lack of a unified definition makes establishing the legitimacy of a field or construct difficult […]. It also hinders empirical research seeking to examine the antecedents and consequences of social entrepreneurship. For example, failure to consistently measure a social venture’s performance makes comparisons in the level of social entrepreneurship across ventures difficult, and ultimately limits our ability to understand elements that might reliably foster social entrepreneurship.”

Nevertheless, this fact has consequences for the societal practice as well. Regarding the negative practical effects of this insufficient theoretical
penetration of the phenomenon Martin and Osberg (2007) indicate: “If we can achieve a rigorous definition, then those who support social entrepreneurship can focus their resources on building and strengthening a concrete and identifiable field. Absent that discipline, proponents of social entrepreneurship run the risk of giving the sceptics an ever-expanding target to shoot at, and the cynics even more reason to discount social innovation and those who drive it.”

There are especially two aspects, which are still making difficult the development of a scientifically sound definition. The first aspect results from different opinions regarding the question, whether social entrepreneurship can go beyond the non-profit-sector in its goals and outcomes. While according to first definitions in the 1990s social entrepreneurship was seen exclusively within the non-profit-sector, since the beginning of the new millennium attempts aiming at extending the frame for the definition and apply the term “social entrepreneurship” also to profit-seeking entrepreneurship can be increasingly observed. In our opinion, this extension of the understanding of social entrepreneurship is based i.a. on the experience that sometimes classifying an enterprise as non-profit or for-profit is almost impossible. A non-profit enterprise can evolve into a for-profit enterprise without abandoning its mission of creating social values (Phills et al., 2008).

A second important controversial subject refers to the question, how social entrepreneurship differs from common entrepreneurship. What does the term “social” mean in this context? For Martin and Osberg (2007), the goals and not the motivation of an entrepreneur should be seen as the distinctive feature: “To understand what differentiates the two sets of entrepreneurs from one another, it is important to dispel the notion that the difference can be ascribed simply to motivation—with entrepreneurs spurred on by money and social entrepreneurs driven by altruism.” Phills et al. (2008) also argue against defining social entrepreneurship on the basis of motivations, as: “motivations cannot be directly observed, and they are often mixed. As a result, they are not a reliable basis for determining what is social and what is not.” According to Martin and Osberg (2007), the decisive feature is that “the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large.”

A core issue in both debates is the development of an appropriate understanding of the “social” within the concept of social entrepreneurship. In this sense, besides the motivation of a social entrepreneur, Leadbeater (2006) points at the meaning of results achieved by social entrepreneurship: “Another way to define social entrepreneurship would be through outcomes: anyone who creates lasting social value through entrepreneurial activities is a social entrepreneur.”[5]

Still, it remains unclear, what does the term social entrepreneurship refer to. Developing a theoretically sound concept remains an important desideratum of scientific work on this topic: “If the social entrepreneurship field is to progress, the next two decades should be characterized by unity in construct definition and
by examining the social entrepreneurship construct through a variety of established theoretical lenses with clear boundary conditions.” (Short et al., 2009)

The lack of a coherent conceptual frame, described above, is also questioned in a critical manner. Especially, the question about the relationship between the topics social entrepreneurship and social innovation is being increasingly asked (Christmann, 2011). As Christmann estimates, some reservation can be observed among authors from the social entrepreneurship research, when it comes to considering social entrepreneurs’ actions on the same level as other activities in social innovation. According to her, there is a fear that the term and the concept can lose contour, if it is equated with other social innovators and general innovation activities.

The unclear relationship between social entrepreneurship and social innovation constitutes a problem, as the term “social innovation” “is of elemental significance in literature about social entrepreneurs” (Christmann, 2011; translated by authors). But interestingly, a systematic connection between social entrepreneurship and social innovation can rarely be found in literature and uncertainty still prevails. While Nicholls (2012) suggests that all social entrepreneurship and social enterprise are socially innovative, Davies (2014) argues “that this is evidently not the case”. There is a kind of strange co-existence of two research lines, which apparently still have difficulties in moving towards each other.

Thus, how a connection can be made between social entrepreneurship and social innovation, and that both research lines would benefit from it? Like Christmann (2011), we assume that social entrepreneurship research would gain a lot of substance, if it “could loosen itself from normatively conceived motives of its subject of study, the social entrepreneur, and engage in issues of socio-scientific innovation research” (translated by authors).

Social Entrepreneurship in Light of Innovation Research

The diversity of definitions showed above seems to have a constitutive character for this young and dynamic sphere of activity and research field. “On the one hand, it can be understood as openness, on the other hand, as basic uncertainty about the subject. This is true regarding practice as well as scientific research.” (Balgar & Jähnke, 2009; translated by authors) One consequence of this is that an actor-centred perspective on the actions of social entrepreneurs as change agents in the area of societal value creation and in case of solving social problems dominates the discourse and the research in this field.

At the same time, a social innovation concept, sound in terms of social theory, has its perspective on the interfaces of the so far differentiated and largely separate self-referential societal sectors of state, economy and civil society, of their corresponding rationalities of action and regulation mechanisms and at the associated problems and problem-solving capacities. With regards to the question, how these interfaces can be reconfigured in the sense of a
sustainability-oriented governance, established steering and coordination patterns are complemented, extended and shaped by aspects like self-organization, cross-sector co-operation, networks, and new forms of knowledge production (Howaldt et al., 2015). Associated processes of “cross-sector-fertilization” (Phillips et al., 2008) and convergence of sectors (Austin, Guitiérrez, Ogliastri & Reficco, 2007) increasingly make possible something like a “blended value creation” (Emerson, 2003) and, at the same time, they promote a moralization of markets (Stehr, 2007). Such processes of cross-fertilization and rapprochement require and enable vast social innovations, which launch cross-line processes needed for it and bring life into them (Mutius, 2011). The new emerges at the intersections and correspondingly “the link is more important than the thing” (Cova, 1999).

From this perspective of the social entrepreneurship, it is not decisive anymore, whether an enterprise is a non-profit a profit-seeking organization, but rather, whether social entrepreneurship can be implemented and interpreted successfully as a governance innovation, which promotes the social innovation potential within the society on the basis of a blended value creation. In sociological and in innovation research perspective, it is therefore less about an intrasectoral subject of social enterprise as a part of the third sector and not mainly about the actor-centred focus at the social entrepreneur as a “New Hero” in his function as “change-agent for the society” (The New Heroes, 2005). For the view at social entrepreneurs as individual actors not only desists from the fact that they are always involved in (different) networks, but also from the fact that their ability to act and innovation capacity emerges and must be analysed first out of this embeddedness and respective networks structures (Balgar & Jähnke, 2009).

Moreover, such view is in danger of sticking to idiosyncratic phenomena and losing sight of the societal dimension. Also, neither normative definitions nor business-like methods to measure and evaluate social value and what is socially desired (like “social impact assessment” or “social return of investment”) take the centre stage, but rather inter-sectoral discursive processes aiming at an intended creation of new societal practices and institutions in the sense of a comprehensive reassessment and reconstruction of the societal function of economic activity and corresponding formation of a solidarity economy (Kesselring, 2011); and accordingly, at the same time, socially, ecologically and economically sustainable development and a corresponding societal transformation. A definition of what “social” means is, in this connection, less a normative question, but rather an elemental component of the innovation process itself.

For this reason, from the point of view of the innovation research, social entrepreneurship is a part of the formation of a new innovation paradigm, for which “the opening up of the innovation process with respect to society” (FORA, 2010) and along with this an increasing importance of social innovations are the main features.
Social entrepreneurship is not about the problem of the state’s withdrawal and a corresponding compensation of its tasks and functions through honorary activities and philanthropic engagement, but about solving conflicts between the objectives of world improvement and profit-seeking by establishing new social arrangements and through inter-sectoral co-operation between public and private actors, and by doing so increasing the potential for social innovations.

The Type of “Social Entrepreneur” as a Social Innovation

Against the background of the presented considerations, how can the phenomenon of social entrepreneurship be conceptualized from the perspective of an innovation research, inspired in terms of social theory?

Our thesis is: from the perspective of socio-scientific innovation research, development, implementation and institutionalization of the concept of social entrepreneurship can be described as a social innovation (Howaldt & Schwarz, 2010). In this sense, the type of social entrepreneur itself constitutes a social innovation, i.e. an alternative social practice, which spreads widely through the society. For this reason, social entrepreneurs are agents of social innovation by acting entrepreneurially in a new frame of reference and thereby inventing, developing and achieving a new social practice in the society. Borrowing from Schumpeter (1964), they create a new type of behaviour, which fulfils an important societal function like the type of business entrepreneur in the economy. Social entrepreneur becomes a central actor when it comes to initiating and implementing innovations, which explicitly aim at solving social problems. Describing and analysing this development is a task of innovation research targeting the increasing importance and distinct character of social innovation.

Based on a concept of social innovation, sound in terms of social theory, social entrepreneurship can be defined as a new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices.

Insofar, it is a social innovation—in contrast to a new social idea or invention—as, meanwhile, the concept of social entrepreneurship is spread through society as a result of imitation practices. In addition, approaches of an institutionalization—becoming apparent—of this new practice can be detected (e.g. in the area of micro financing).

In view of not normative, scientifically supportable appreciation of the concept it must be stressed that—as with every other social and technological innovation—“new” does not necessarily mean “good”. Depending on the actors’ practical rationale and interests, social attributions for social innovations are generally ambivalent. Precisely the reference to the ambivalence is, from our point of view, an important “benefit” of a scientifically sound approach. By this, there is an opportunity for a realistic, scientifically sound approach to the
concept of social entrepreneurship within the structure of social innovation processes as a whole, without hiding possible negative effects.

Against the background of these conceptual considerations, it is now possible to describe the connection between social entrepreneurship and social innovation. Accordingly, a social entrepreneur is an actor, which through his “entrepreneurial” (i.e. focused on implementation of innovations) activities aims at solving social problems and/or satisfying social needs and establishes a new practice within this realignment and recombination of entrepreneurial activity and social commitment. In this sense, social entrepreneurs are, at the same time, drivers and agents of an important social innovation. Innovations, invented and implemented by social entrepreneurs, can be, in terms of their “essence”, their “material” aspect and their “core” (Rammert, 2010), technological as well as social. The following is important: first, their innovative content (although, initially it remains unclear, how far-reaching it can be conceived) and, second, the reference system (social problems/needs)[6].

Conclusions
The debate about social entrepreneurship constitutes, to a certain extent, an arena, where central questions of the concept of social innovation are disputed. Following our proposal, to consider development, implementation and institutionalization of the concept of social entrepreneurship itself as a social innovation, social entrepreneurs can be understood as actors which invent, develop and achieve a new frame of reference of entrepreneurial action and thereby a new social practice in the society.

Not until a theoretically sound concept is developed, the social phenomenon of “social entrepreneurship” can become subject of innovation research targeting the increasing importance and distinct character of social innovations. This makes visible the possibilities, but also the limits of the concept in its ambivalence, and relationships with other forms of social innovation. At the same time, it helps finding important information about infrastructural, political and qualification prerequisites for the concept’s diffusion into the societal practice. In this sense, social entrepreneurship represents a specific form of social innovation, which has manifold interactions with other forms of social innovations.

According to our understanding of social entrepreneurship as an action and coordination strategy, which uses entrepreneurial principles in order to promote social innovations, we have to do with a new form and resource to bundle societal forces by intervention of coordination forms, which so far have seemed incompatible (Vosse, 2009). From that point of view, social entrepreneurship is not a temporary (social) anti-movement against state and institutions failure, but rather a catalyst for an adjustment and “modernization” of existing governance structures. In light of the rising dysfunction in the processes of differentiation in society that is becoming apparent, social innovations are revealing their unique
power particularly where different social (sub)rationales intersect. This is precisely where the meaning of social entrepreneurship is.

Notes
1. The term relates to the Schumpeterian definition of innovation as a new combination of production factors.
2. The imitative spread of social ideas or initiatives tends to combine with other inventions to form increasingly complex and more widely acting social innovations. Imitation always comprises variation as well, and to this extent imitations constantly bring innovations into social structures and constructs (Howaldt et al. 2015).
3. This process of the development of a new social practice is, as always, focused on the interests of the specific actors, and hence is also about power and the distribution of social opportunities.
4. In recent years, empirical research on social innovation has increased in the European Union, some of the key international projects have been, e.g. TEPSIE, WILCO, SI-DRIVE or TRANSIT.
5. “One way to define social entrepreneurship would be through what motivates the actors, i.e. they want to create social value and put higher value on their social mission than financial one” (Leadbeater, 2006).
6. It is still a question, at what point something new can be called a real innovation (e.g. Martin & Osberg, 2007).

References


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