



GEM

## Social Entrepreneurship & Innovation

Dr. Siri Terjesen

Professor, Florida Atlantic University &  
Norwegian School of Economics (NHH)

[sterjesen@fau.edu](mailto:sterjesen@fau.edu)

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Entrepreneurs (including social entrepreneurs)



for the world

Share ideas and trade with new markets



Bring new ideas home from other places



for governments



Create technology that improves efficiency across the economy

for individuals



Solve socioeconomic challenges and government failures



Create new solutions that improve lives



Provide employment options



Entrepreneurship leads to change...



“Entrepreneurs have the power to create the greatest change for their own countries” – Kofi Annan, former UN Secretary General

# Defining social entrepreneurship

(see also: Dacin et al 2010; Terjesen 2017)

*Social entrepreneurs play the role of change*

**Our definition: individuals who are starting or currently leading any kind of activity, organization or initiative that has a particularly social, environmental, or community objective**

- [A]ny private or public organization that has a social purpose and whose primary purpose is to address a social problem (Zahra et al 2009)
- A social entrepreneur is an individual who identifies and pursues sustainable business ideas in order to address a social problem (Zahra et al 2006)
- Social entrepreneurship is a business activity that aims to address a social problem (Zahra et al 2009)
- Social entrepreneurship is a process of creating new opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner (Zahra et al 2009)

*Exhibiting heightened accountability to the constituencies served and for the outcomes created. (Dees)*

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CSES , the Center for Social Entrepreneurship in Sweden, is Sweden's first incubator for social entrepreneurs. The mission of CSES is to stimulate and support the advance of social innovation in order to promote the development of new companies and organizations that solve pressing social problems. CSES was initiated by SU Incubator and later run as a private nonprofit organization. Axfoundation was part of funding the initiative.

→ CSES defines social entrepreneurship as “Entrepreneurship whose core activities not only provide revenue to owners and employees, but also in a tangible and preferably measurable way benefit individuals and society, locally, regionally or globally.”

<https://www.axfoundation.se/en/projects/cses-inkubator>



**Yrkesdörren – for faster integration of foreign-born people into the Swedish labor market**



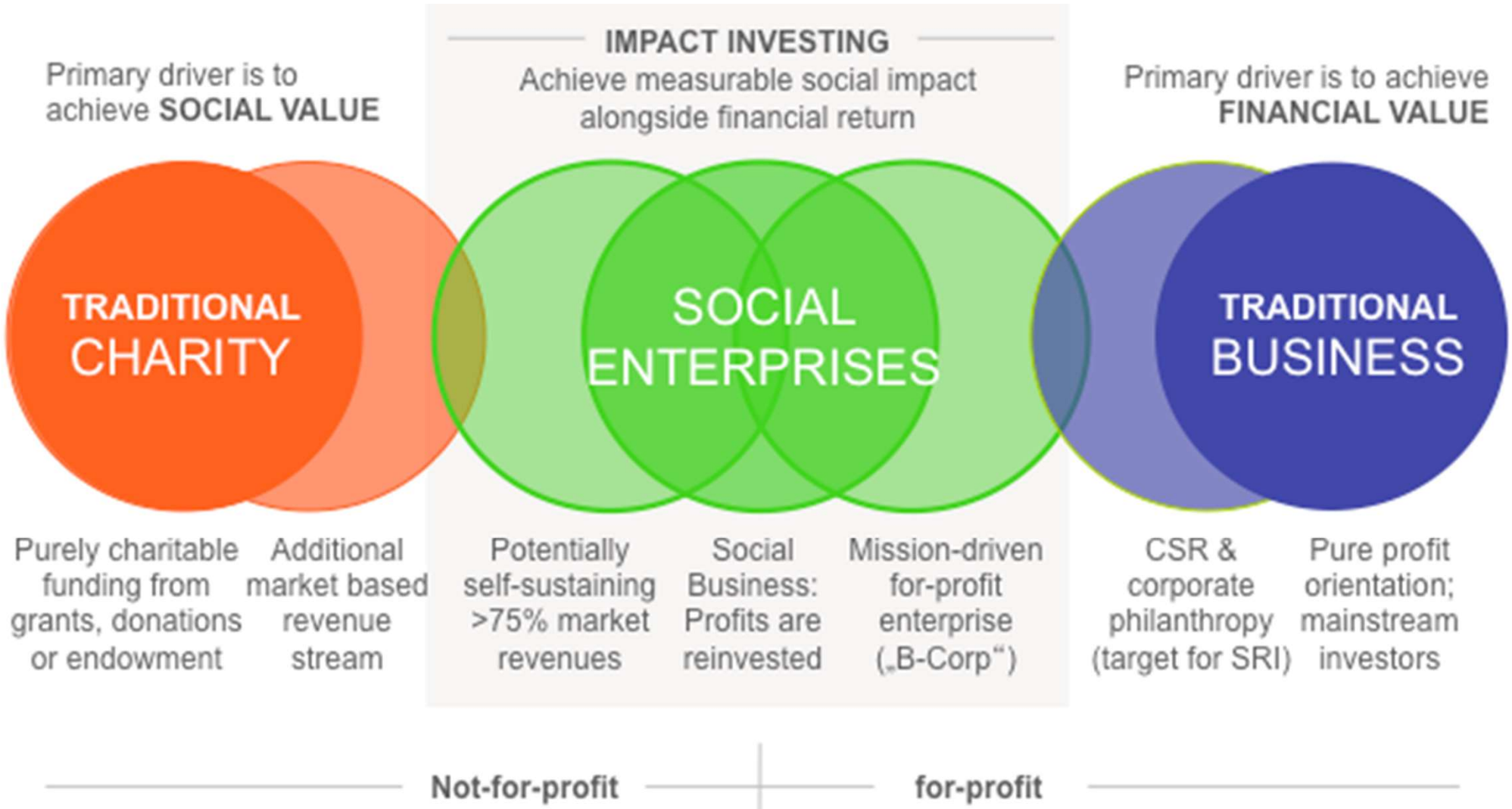
**The First Social Supermarket in the Nordic Countries**

/ Sustainable Production and Consumption

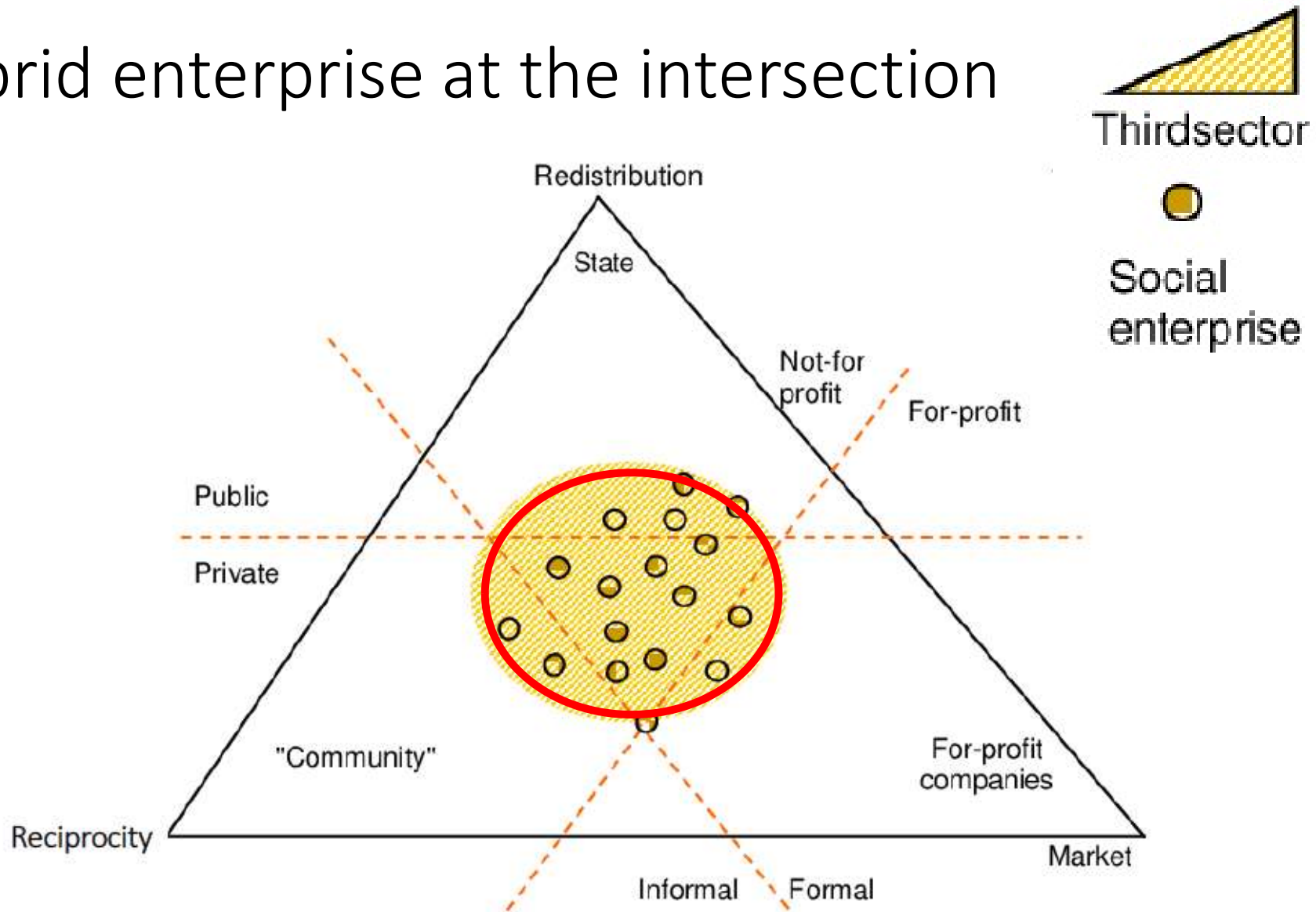


**Drive for Life**

# Spectrum of Social Entrepreneurship



# A hybrid enterprise at the intersection





# Social entrepreneurship is not charity

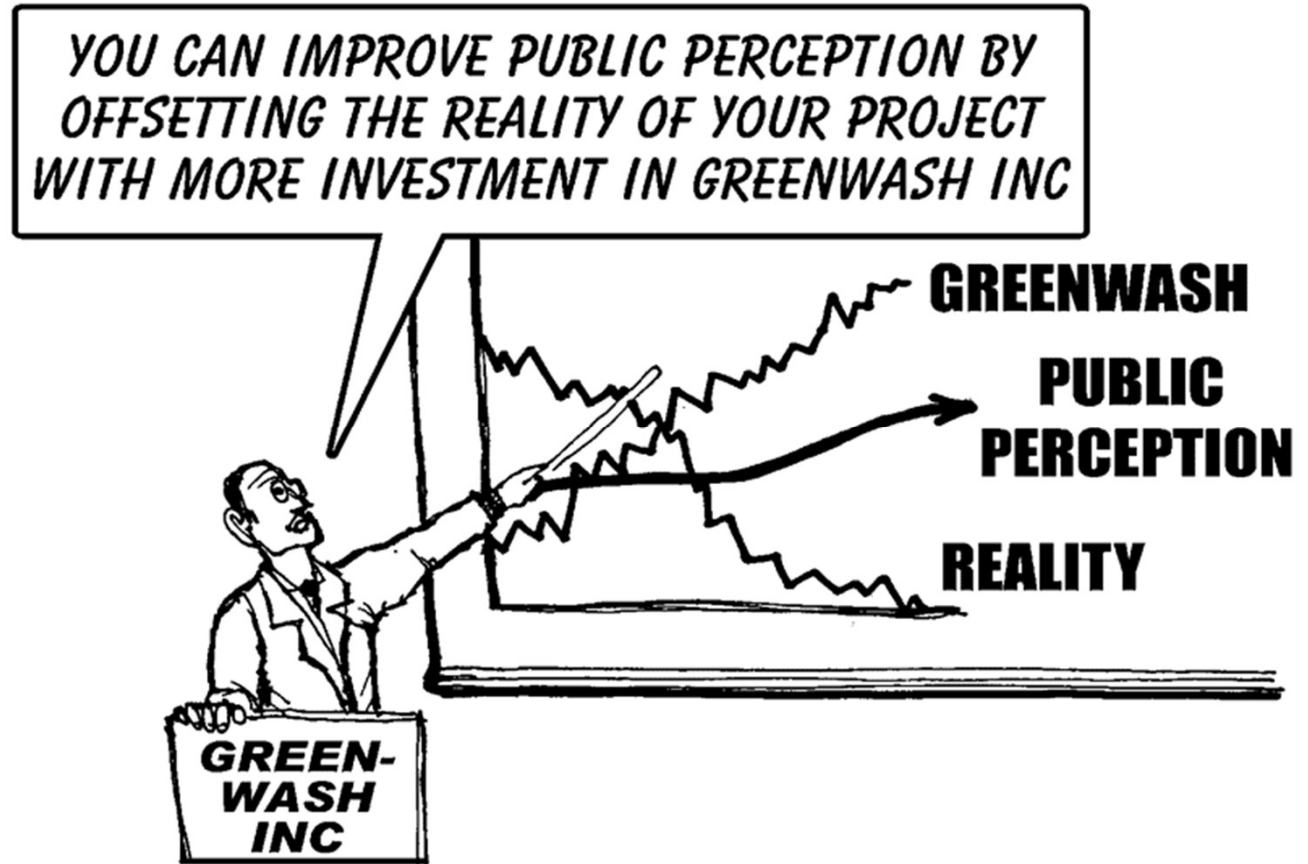


→ **Social enterprises are private businesses**

established by entrepreneurs with an **emphasis on human values** rather than just profit.

*Source: Russell*

# Social entrepreneurship is not greenwashing



# Social Entrepreneurship: Environment drivers

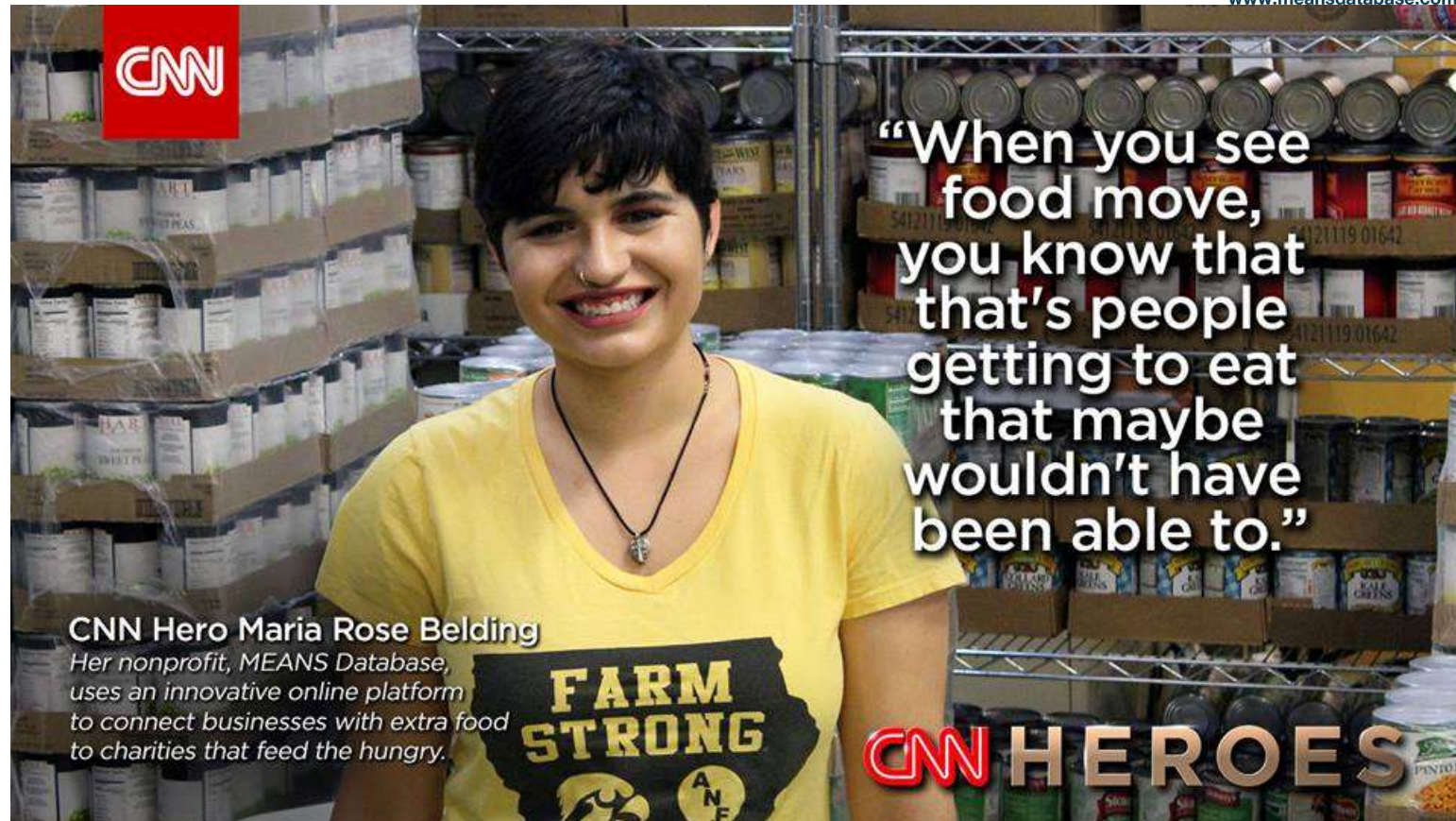
- **Welfare state retrenchment** (Evers, 1990; Hall & Soskice, 2001; Pierson, 2001; Schröder, 2013; Starke, 2006)
- **Market-driven initiative can outperform inefficient state and civil society organizations in capitalist welfare systems** (Austin, Stevenson & Wei-Skillern, 2006; Choi & Majumdar, 2014; Dacin, Dacin & Tracey, 2011; Mair, 2010; Peredo & McLean, 2006; OECD, 2011)
- **Naturally emerge, but SE success strongly shaped by key national constituents' approval of SEs' ability to create more social benefits than state and civil society organizations** (Chmelik et al., 2015; DiDomenico, Haugh & Tracey, 2010; Katre & Salipante, 2012; Nicholls, 2010a, b).



Waste Less, Feed More  
www.meansdatabase.com

# Social Entrepreneurship: Individual drivers

- (1) **Identify a stable but inherently unjust equilibrium.**
- (2) **Identify an opportunity** in this unjust equilibrium, developing a **social value proposition**
- (3) **Forge a new, stable equilibrium** that **releases trapped potential or alleviates the suffering** of the targeted group



Social Entrepreneur: Maria Rose Belding & MEANS Database

# Social entrepreneurship opportunity across sectors

- Food and agriculture
- Environmental
- Housing
- Health and care
- Information services
- Public services
- Financial services
- Training and business development
- Manufacturing



*Source: Russell*

# Myths about Social Entrepreneurship



*Myth: Social entrepreneurs are against business.*

- ✓ Many social entrepreneurs come from business and have succeeded in business

*Myth: The difference between commercial and social entrepreneurship is greed.*

- ✓ Assumes that all commercial entrepreneurs are greedy, and that none are philanthropic.

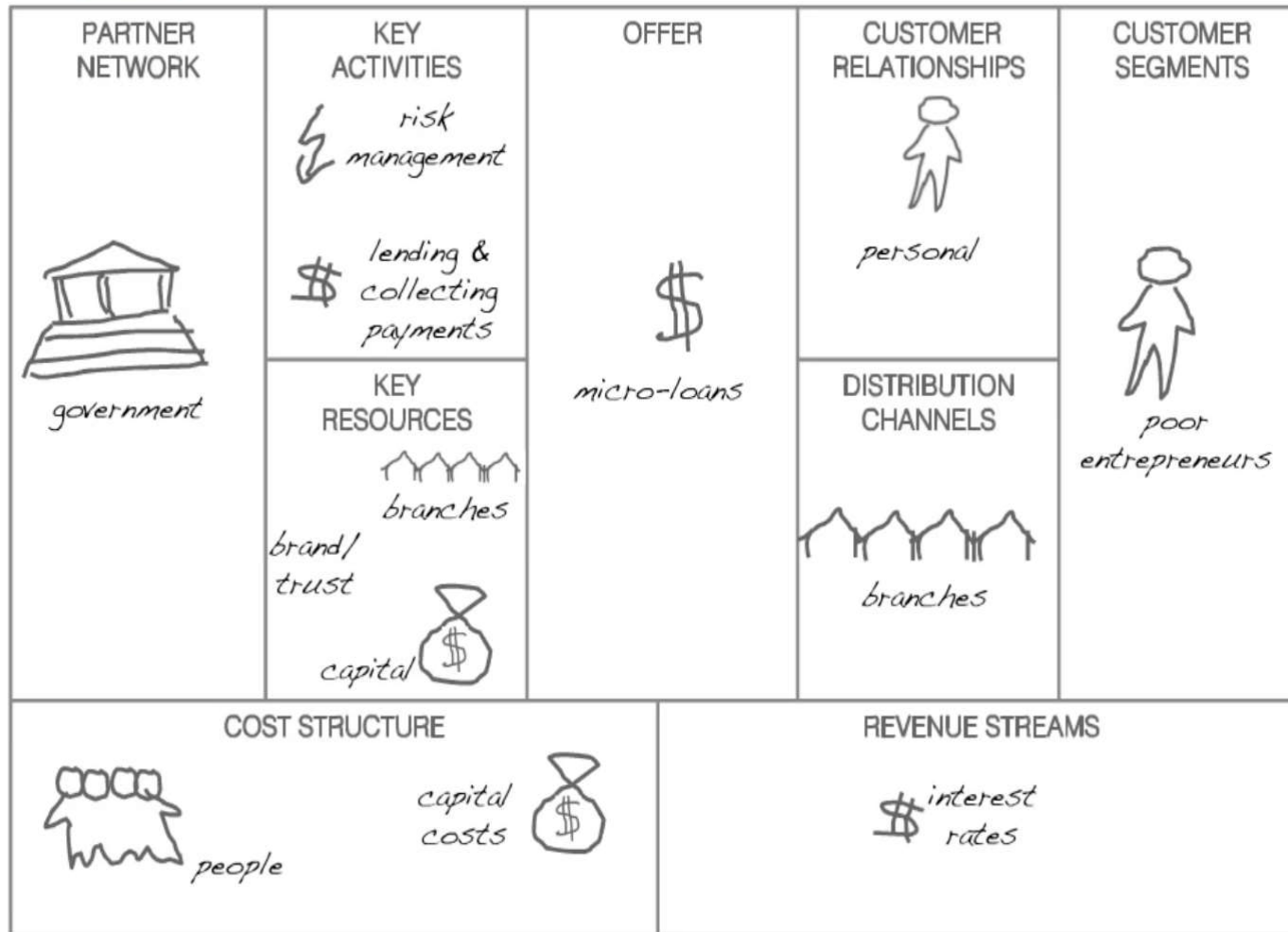
*Myth: Social entrepreneurs run nonprofits.*

- ✓ Some do, some don't – many legal forms support SE.

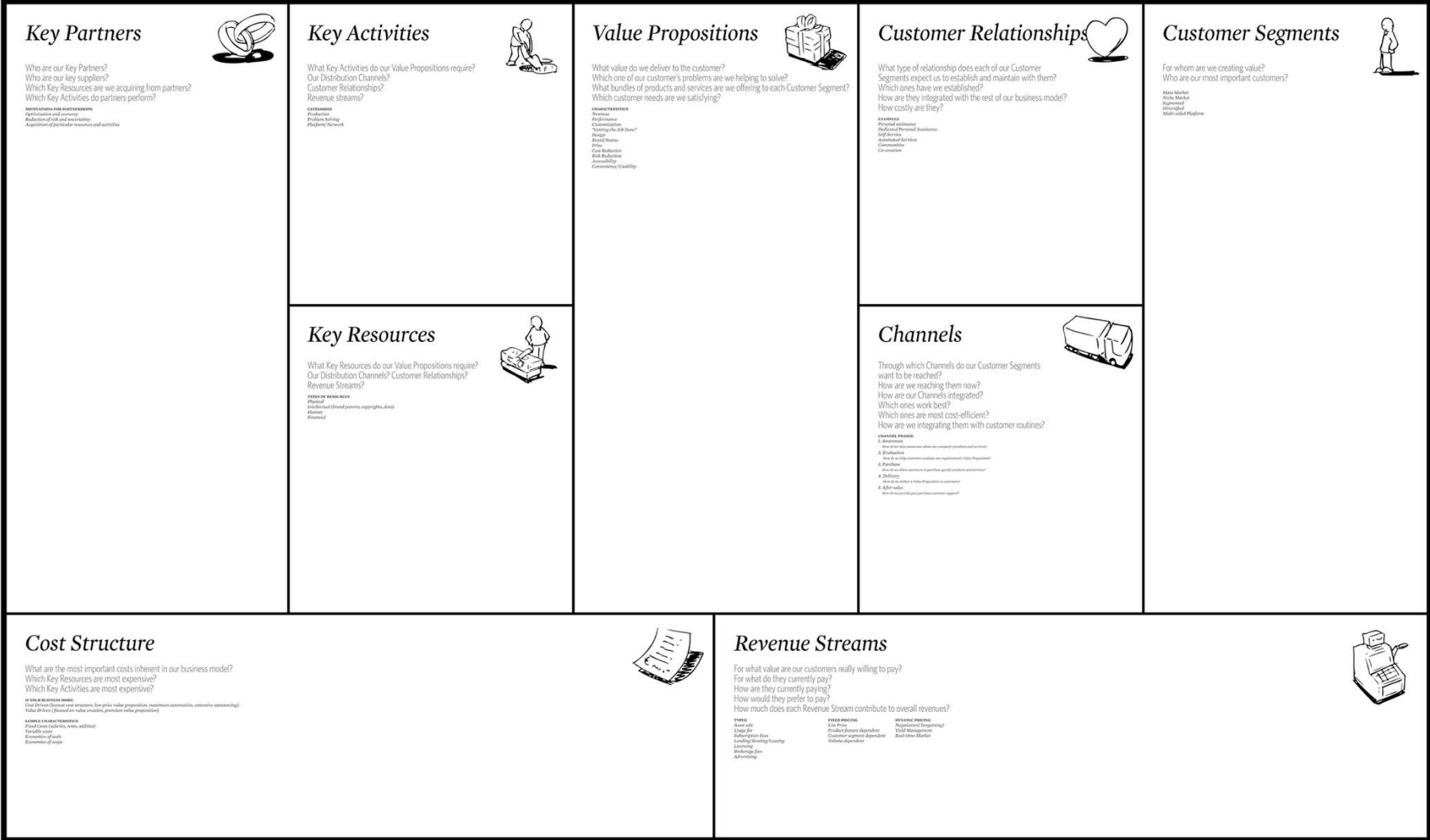
*Myth: Social entrepreneurs are born, not made.*

- ✓ Implies no role at all for nurture, that only innate traits determine who does what.

# **GRAMEEN** 's business model Banking for the poor



# Business Model Canvas Framework





# How to measure impact?

## **Double bottom line**

- Making ends meet (financial → easy to measure?)
- Maximize social impact (mission → hard to measure?)

Broad, imprecise measurements and claims on impact, e.g., “we helped millions of individuals”  
“our product saves lives”

# Social Auditing

- Allows an organization to build on its **existing monitoring and reporting systems**, where it:
  - accounts for its social impacts
  - **reports on its performance** and
  - draws up an **action plan to improve** that performance
- Understand its impact by **engaging with its key stakeholders** and thereby prove its value and improve its performance

## Process:

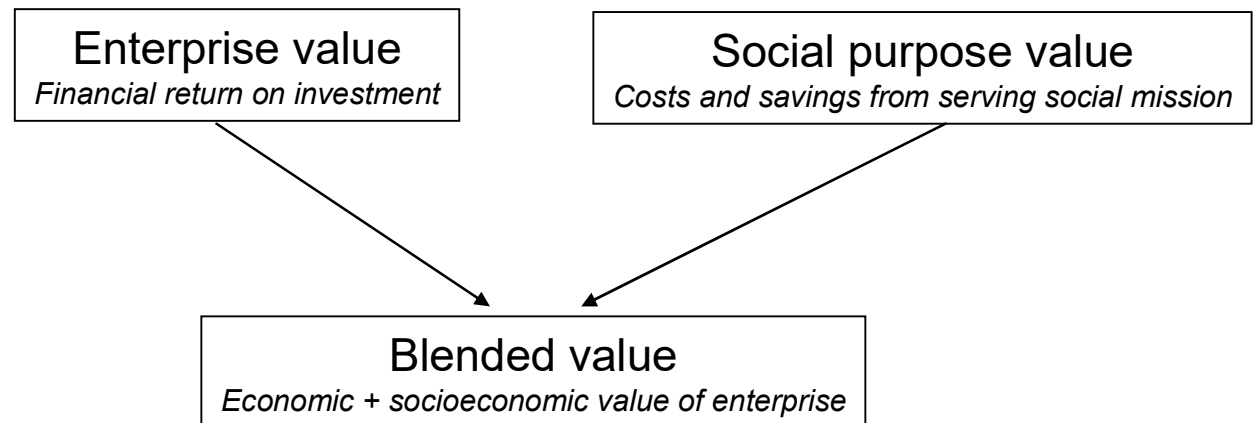
- Clarify what your organization does, what it is trying to achieve
- Collect **quantitate and qualitative** information and **data** which **related to its overall objective and underlying values** (also financial status)

## Which helps to understand:

- **What difference** do we **want** to make?
- **How** do we know we are making a difference?
- **What** is the difference we **are** making?
- **Can we prove** we are made a difference?

# Measuring Social Return on Investment (SROI)

- Builds upon the **Social Auditing and Accounting** approach
- **Social Return on Investment (SROI)** attempts to **quantify both economic and social impacts** of social enterprises through **translating social value into “hard” economic indicators**, i.e. **assign monetary value**
- Different methods pioneered by REDF (see Brooks 2009). Uses two components of SROI:
  - **Enterprise value**
  - **Social purpose value**



# Enterprise and Social Purpose Values

## Enterprise Value

- **Net revenues** (total revenues minus total expenses), measured in dollars
- For **social enterprises**, this is **typically negative**

## Social Purpose Value

- **Impact** of the enterprise on **people's lives**
- This can be measured in **lower welfare costs, higher tax revenues, or other ways** (increase in wages in that region, % increase in employment, increase in GDP per unit)
- **Private donations** show **positive social purpose value**
- But the **costs of obtaining grants and gifts** are **social operating costs**

## • Enterprise Value

- Value of **sales**
- **Cost of good and services sold (COGS)**
- **Operating expenses**

## • Social Purpose Value

- + Grants and gifts
- Fundraising and grant writing costs
- + Social cost savings
- Social operating costs
- + Increase in tax revenue
- Debt carried by social enterprise

Intangibles

= Blended Value

Many important questions...



- How many traditional and social entrepreneurs are in your country?
- What are the characteristics of social entrepreneurs?
- What can governments do to affect the level of social entrepreneurship?
- What can we learn from other countries' social entrepreneurship policies?



But...

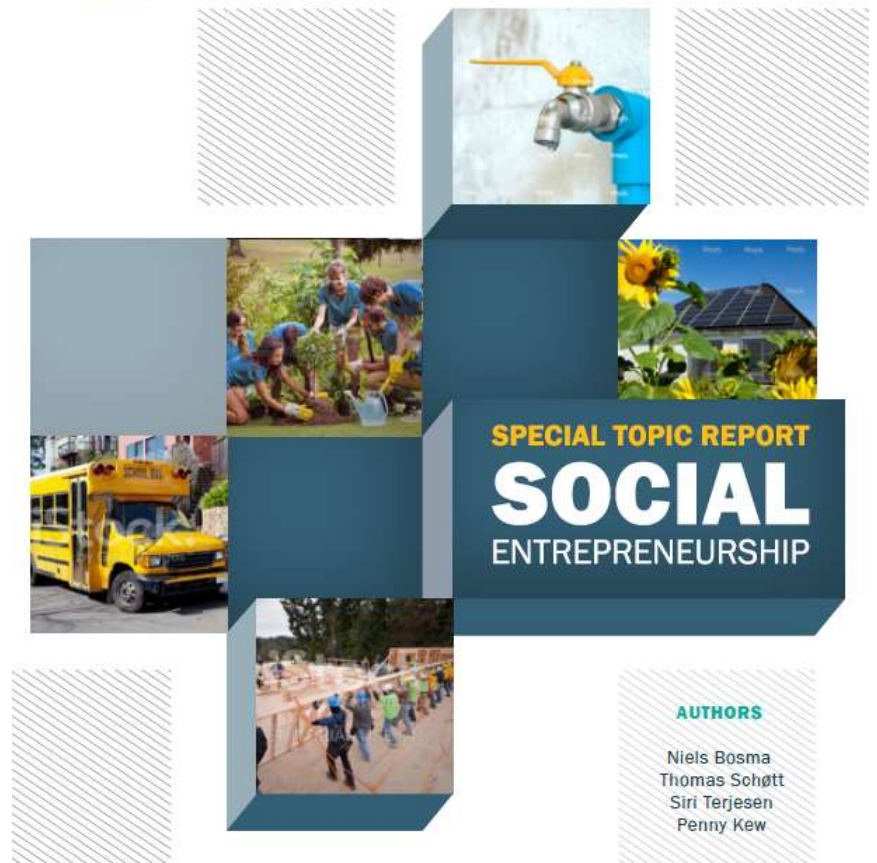
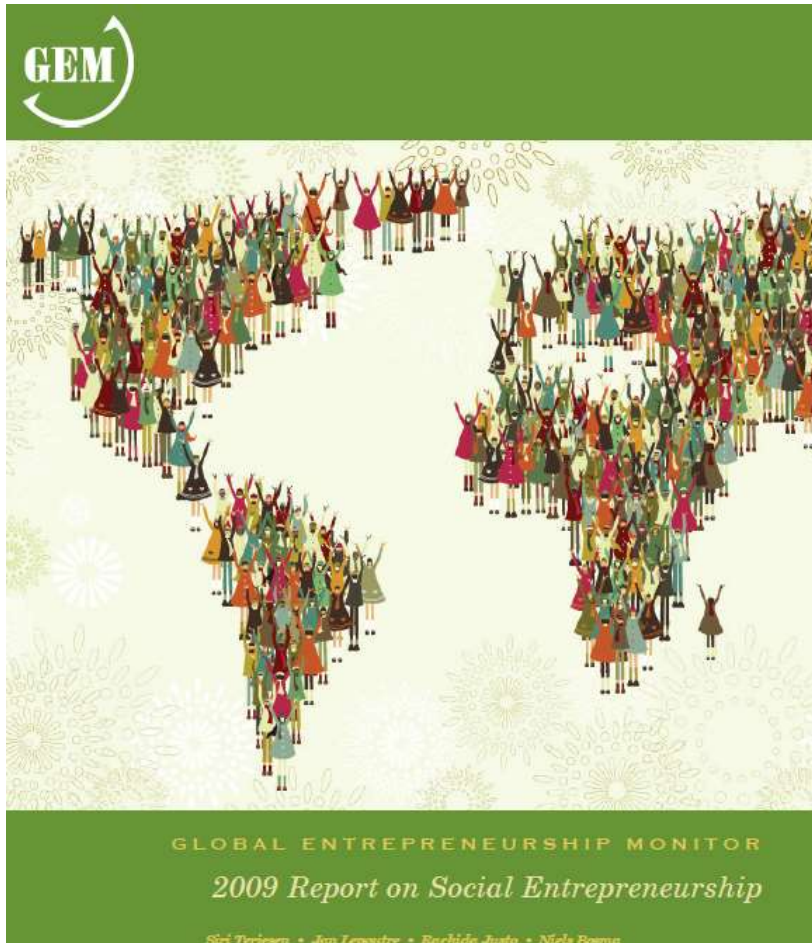
- Vastly different criteria to start ventures around the world; and
- Informal entrepreneurship, particularly at early stages.



To answer these questions... we need to:

- Create a harmonized, cross-national data collection;
- Survey a representative sample of the adult population; and
- Capture traditional and social entrepreneurial activity from initial stages

# Social Entrepreneurship in Global Entrepreneurship Monitor (GEM) (2009, 2016)



# Other Studies

REPORT

February 2017



## Social Entrepreneurship Amongst Women and Men in the United States

Commissioned by



Prepared by  
Siri Terjesen, PhD

Small Bus Econ  
DOI: 10.1007/s11187-016-9747-4



### Taking care of business: the impact of culture and gender on entrepreneurs' blended value creation goals

Diana M. Hechavarría · Siri A. Terjesen · Amy E. Ingram · Maija Renko · Rachida Justo · Amanda Elam

Accepted: 24 May 2016  
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**Abstract** We examine entrepreneurs' economic, social, and environmental goals for value creation for their new ventures. Drawing on ethics of care and theories of societal post-materialism, we develop a set of hypotheses predicting patterns of value creation across gender and countries. Using a sample of 15,141 entrepreneurs in 48 countries from the Global Entrepreneurship Monitor, we find that gender and cultural values of post-materialism significantly impact the kinds of value creation emphasized by

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D. M. Hechavarría  
Center for Entrepreneurship, College of Business,  
University of South Florida, 4202 E. Fowler Ave., Tampa,  
FL 33620, USA  
e-mail: dianah@usf.edu

S. A. Terjesen (✉)  
Management Department, American University,  
Washington, DC 20008, USA  
e-mail: terjesen@american.edu

S. A. Terjesen  
Norwegian School of Economics, Bergen, Norway

A. E. Ingram  
College of Business and Behavioral Sciences, Clemson  
University, 139 Sirrine Hall, Clemson, SC 29634, USA  
e-mail: amy@clmson.edu

M. Renko  
Managerial Studies, University of Illinois at Chicago, MC  
243, University Hall 2211, 601 South Morgan Street,  
Chicago, IL 60607, USA  
e-mail: maija@uic.edu



Hal G. Rainey, Editor  
Siri Terjesen  
Indiana University, Bloomington

Niels Bosma  
Erik Stam  
Utrecht University, The Netherlands

### Advancing Public Policy for High-Growth, Female, and Social Entrepreneurs

Theory to Practice

**Abstract:** Findings from a large and growing body of entrepreneurship research offer insights for public policy and public officials and managers. Entrepreneurship policy is defined as measures undertaken to stimulate entrepreneurship in a region or country. The authors discuss generalizations from empirical research on three types of entrepreneurship activity that are vital for inclusive, sustainable economic growth: high-growth (stressing economic impact), female (inclusive impact), and social (sustainable impact) entrepreneurship. High-growth firms make up a small share of all entrepreneurial activity but create the majority of economic growth. Compared to their male counterparts, female entrepreneurs are fewer in number (one-third of all entrepreneurs) and tend to start ventures with lower financial capital and growth expectations. Social entrepreneurs generally have high levels of education and pursue social objectives, often remedying market failures with innovative solutions. For each entrepreneurship type, the authors provide a definition, empirical generalizations, and implications for public policy.

**Practitioner Points**

- A small group of high-growth firms provide the majority of new economic activities, hence policy makers are encouraged to focus on high-growth entrepreneurship rather than the creation of new firms and self-employment in general.
- To stimulate high-growth firms, governments use a wide range of policy instruments directed at finance, labor market regulations, investment in new knowledge, and opening up new markets.
- Public policy to support female entrepreneurship includes efforts to provide entrepreneurial education and training, entrepreneurial mentors and networks, and child care.
- There is no "one-size-fits-all" blueprint for social entrepreneurship policy because of the vast differences in social venturing prevalence as well as legal and regulatory frameworks, access to financial resources, markets, and training.
- Social entrepreneurship activity is facilitated by dedicated finance programs, which include community investment, program-related investment, and dedicated legal status.

Although scholars and policy makers have a natural tendency to disagree on issues related to economics, they are in remarkable agreement that entrepreneurial activity is essential for economic growth and development. This growing appreciation is mirrored by the manifold efforts of supranational, national, regional, and local policy

though the basic message was brought forward by William Baumol (1990) a quarter of a century ago. Baumol's seminal article uses historical examples to illustrate how the allocation of entrepreneurship depends on institutional settings and how differences in allocations may lead to productive, unproductive, or even destructive outcomes for society.

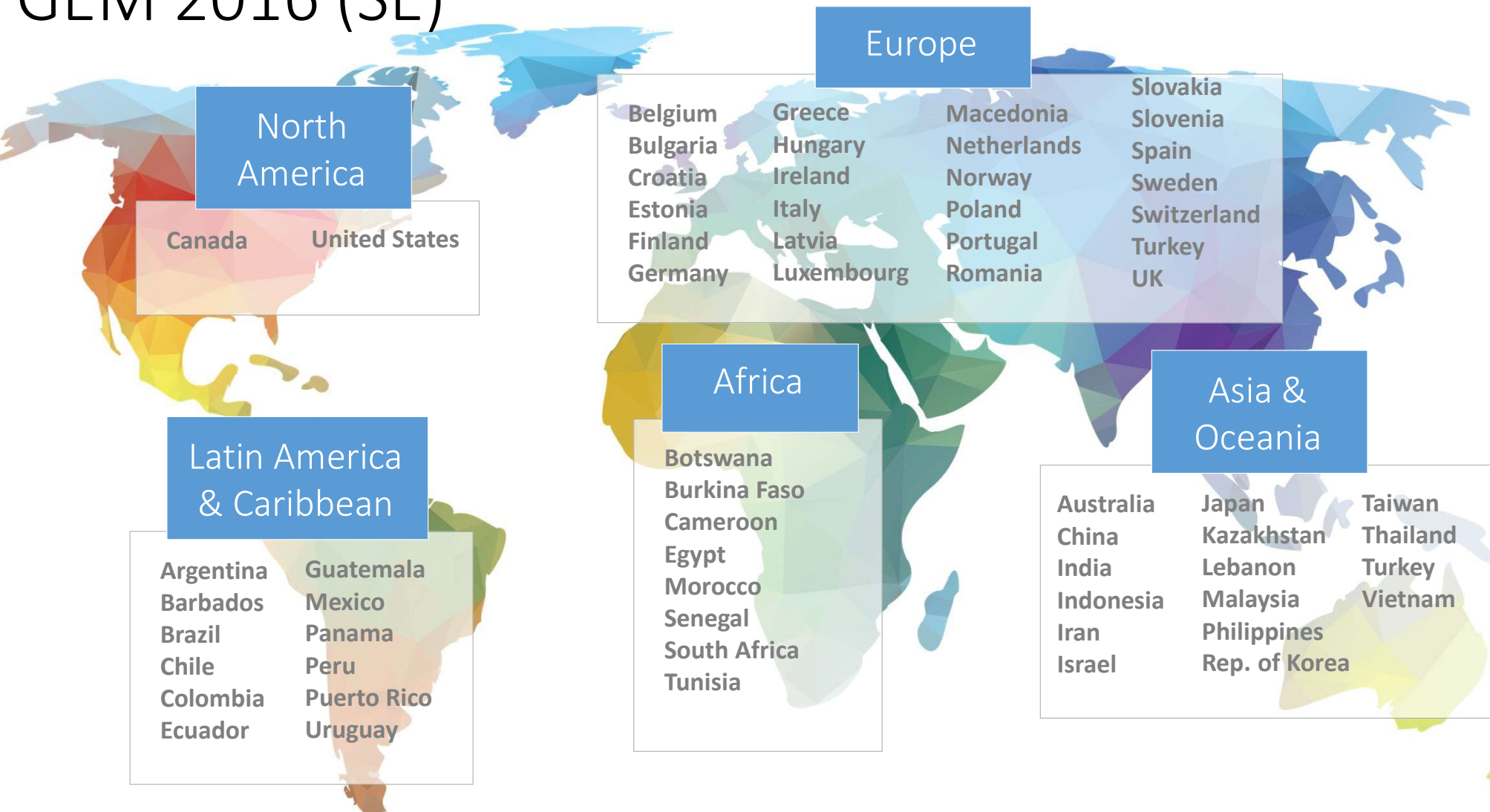
Siri Terjesen is a faculty member at Indiana University, Bloomington and visiting faculty at the Norwegian School of Economics, Norway. Her research on entrepreneurship and strategy has been published in leading journals, such as Strategic Management Journal, Strategic Entrepreneurship Journal, and Entrepreneurship Theory and Practice, and featured in international media. She is project director for the Global Entrepreneurship Development Index's Female Entrepreneurship Index and associate editor of Academy of Management Learning and Education and Small Business Economics.  
E-mail: terjesen@indiana.edu

Niels Bosma is assistant professor at Utrecht University School of Economics, The Netherlands and research fellow at Vlerick Business School, Belgium. His research on entrepreneurship, institutions, and regional development has been published in leading academic journals. He has frequently been consulted by policy makers, ranging from local governments to the European Union and the Organisation for Economic Co-operation and Development. He is co-founder and coordinator of the Utrecht University Social Entrepreneurship Initiative and a board member of the Global Entrepreneurship Research Association, hosting the Global Entrepreneurship Monitor.  
E-mail: n.bosma@uu.nl

Erik Stam is professor at the Utrecht University School of Economics. He has held positions at the University of Cambridge and the Netherlands Scientific Council for Government Policy. His research on entre-



# GEM 2016 (SE)



## North America

- Canada
- United States

## Europe

- Belgium
- Bulgaria
- Croatia
- Estonia
- Finland
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Luxembourg
- Macedonia
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- UK

## Latin America & Caribbean

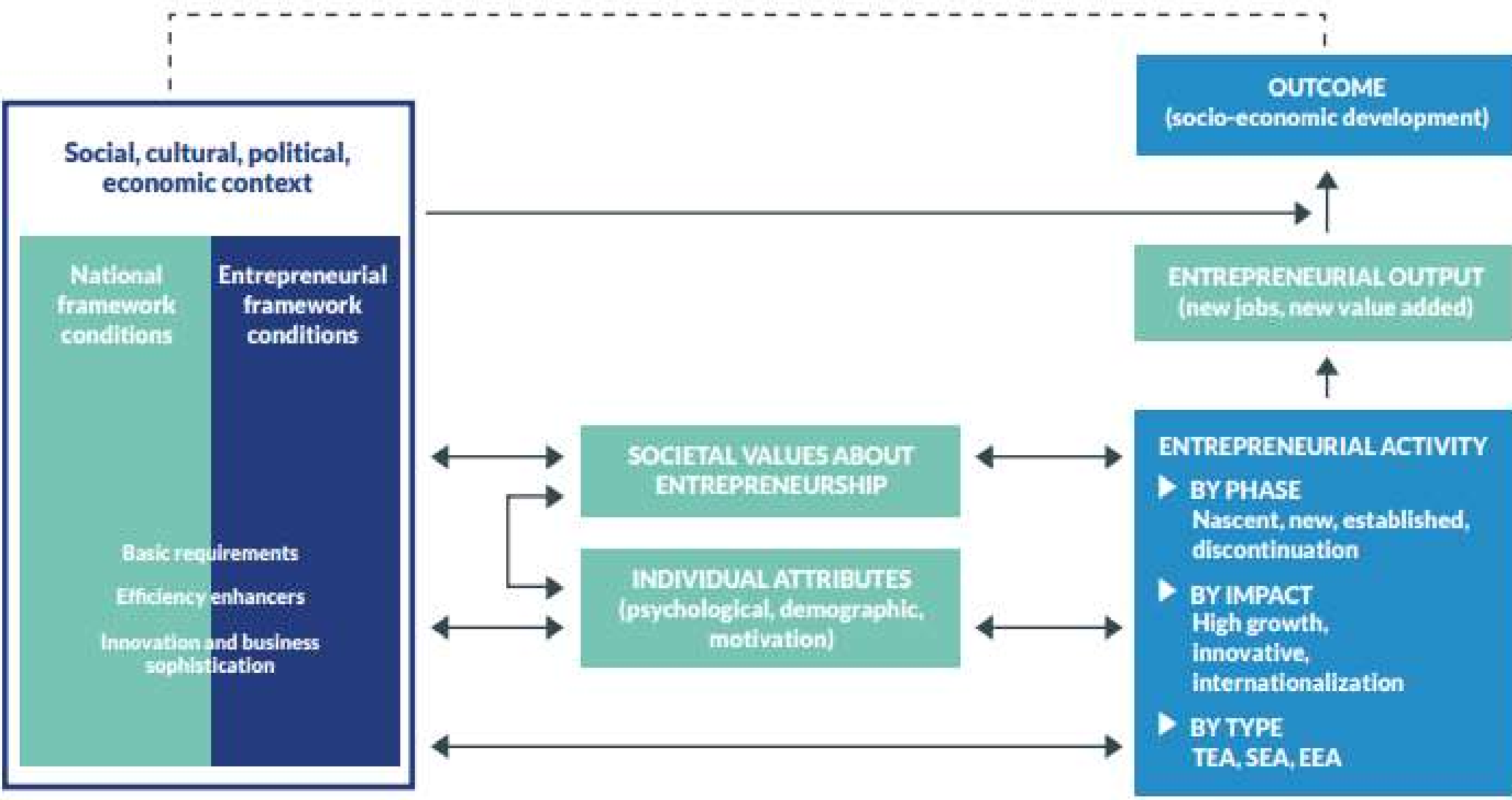
- Argentina
- Barbados
- Brazil
- Chile
- Colombia
- Ecuador
- Guatemala
- Mexico
- Panama
- Peru
- Puerto Rico
- Uruguay

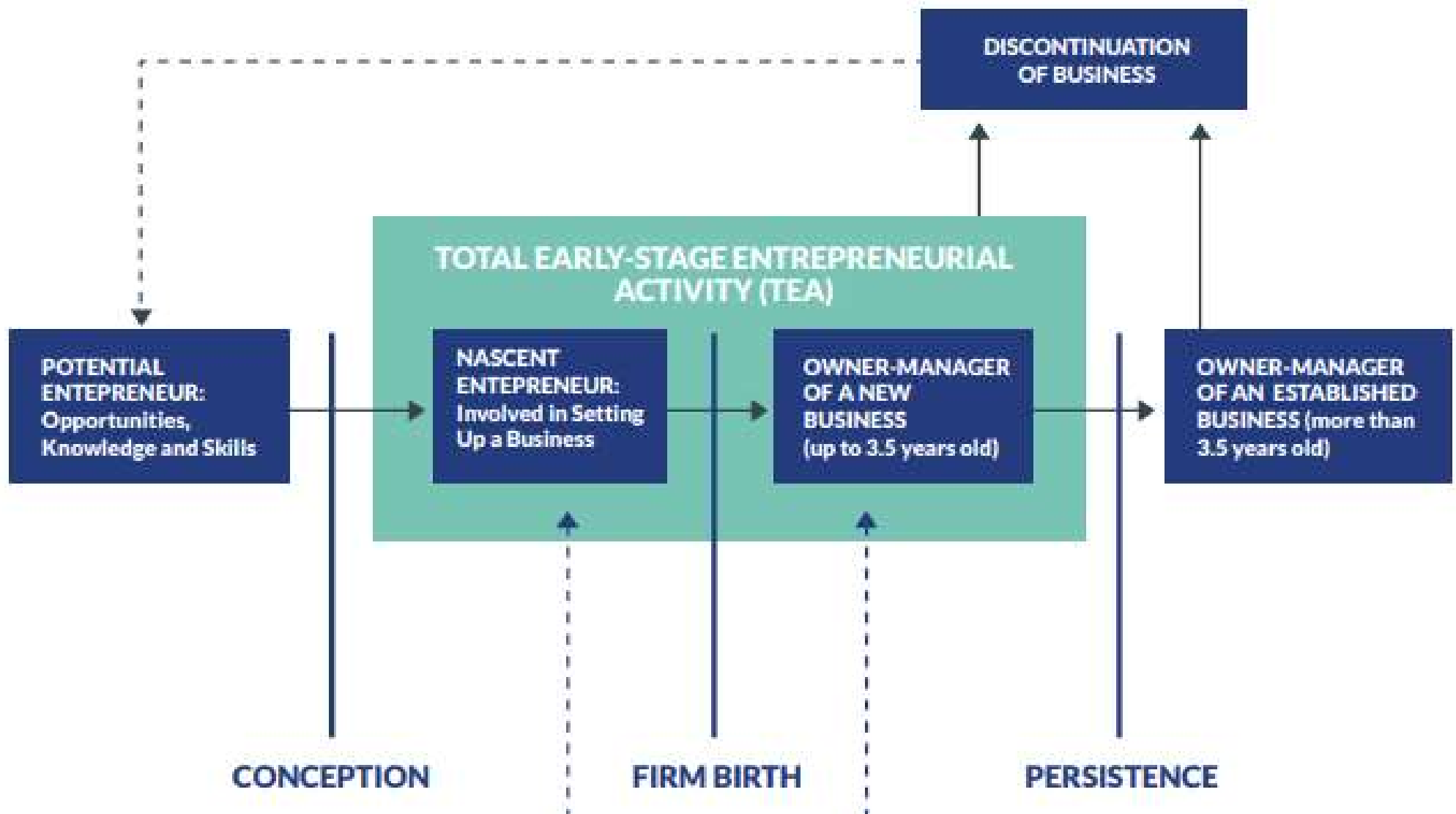
## Africa

- Botswana
- Burkina Faso
- Cameroon
- Egypt
- Morocco
- Senegal
- South Africa
- Tunisia

## Asia & Oceania

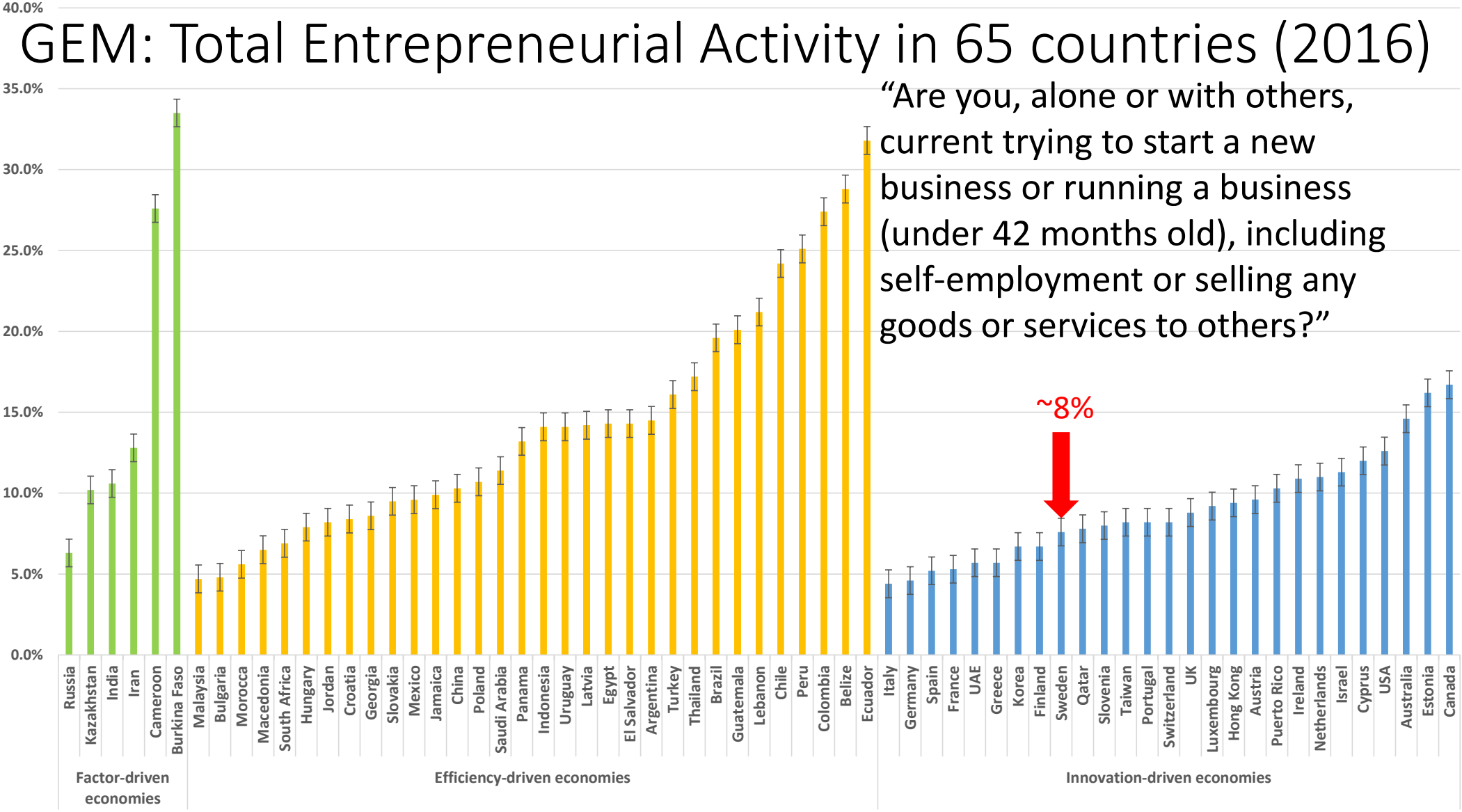
- Australia
- China
- India
- Indonesia
- Iran
- Israel
- Japan
- Kazakhstan
- Lebanon
- Malaysia
- Philippines
- Rep. of Korea
- Taiwan
- Thailand
- Turkey
- Vietnam



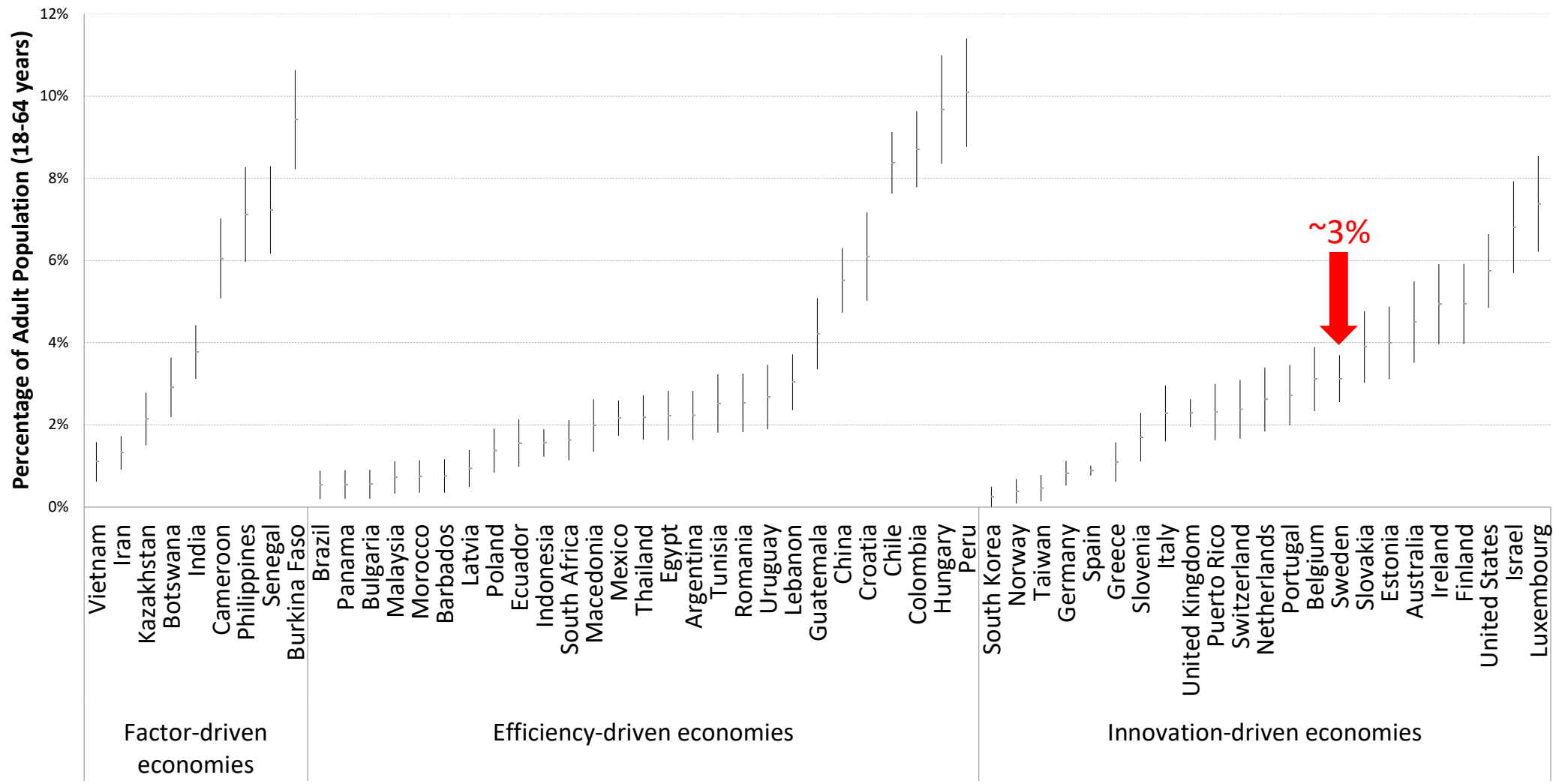


# GEM: Total Entrepreneurial Activity in 65 countries (2016)

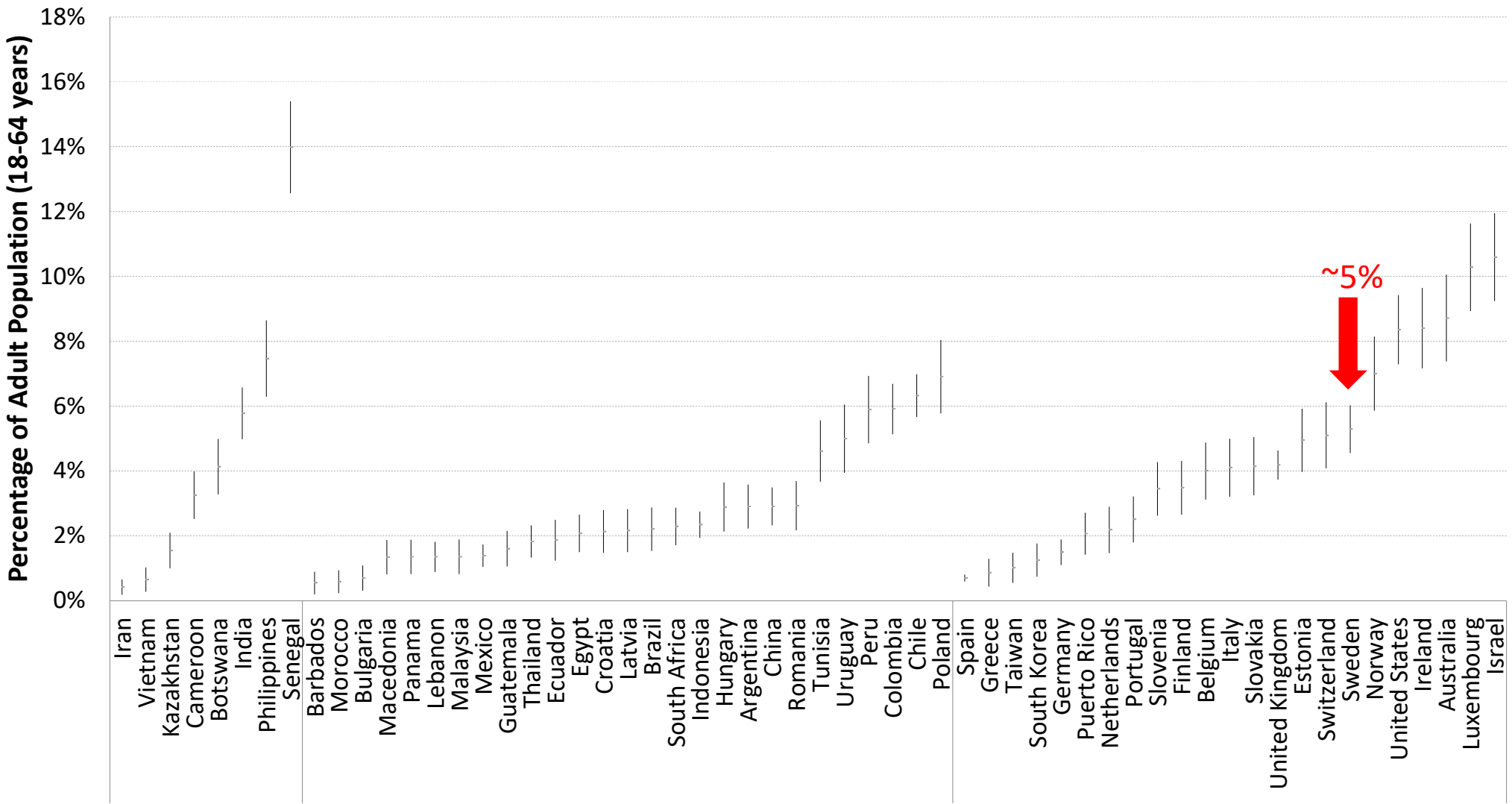
“Are you, alone or with others, current trying to start a new business or running a business (under 42 months old), including self-employment or selling any goods or services to others?”



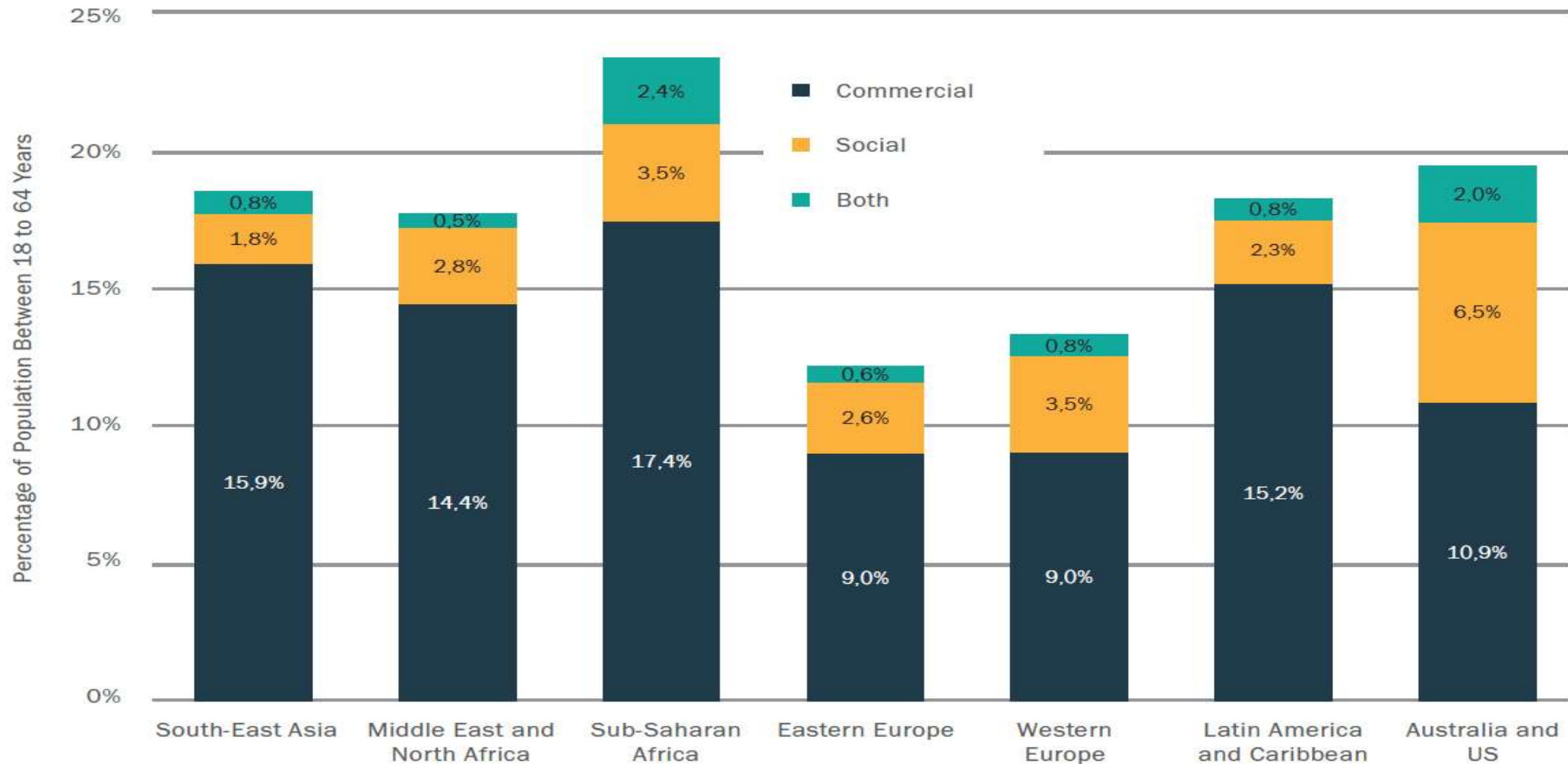
# Prevalence of Nascent Social Entrepreneurial Activity, By Country



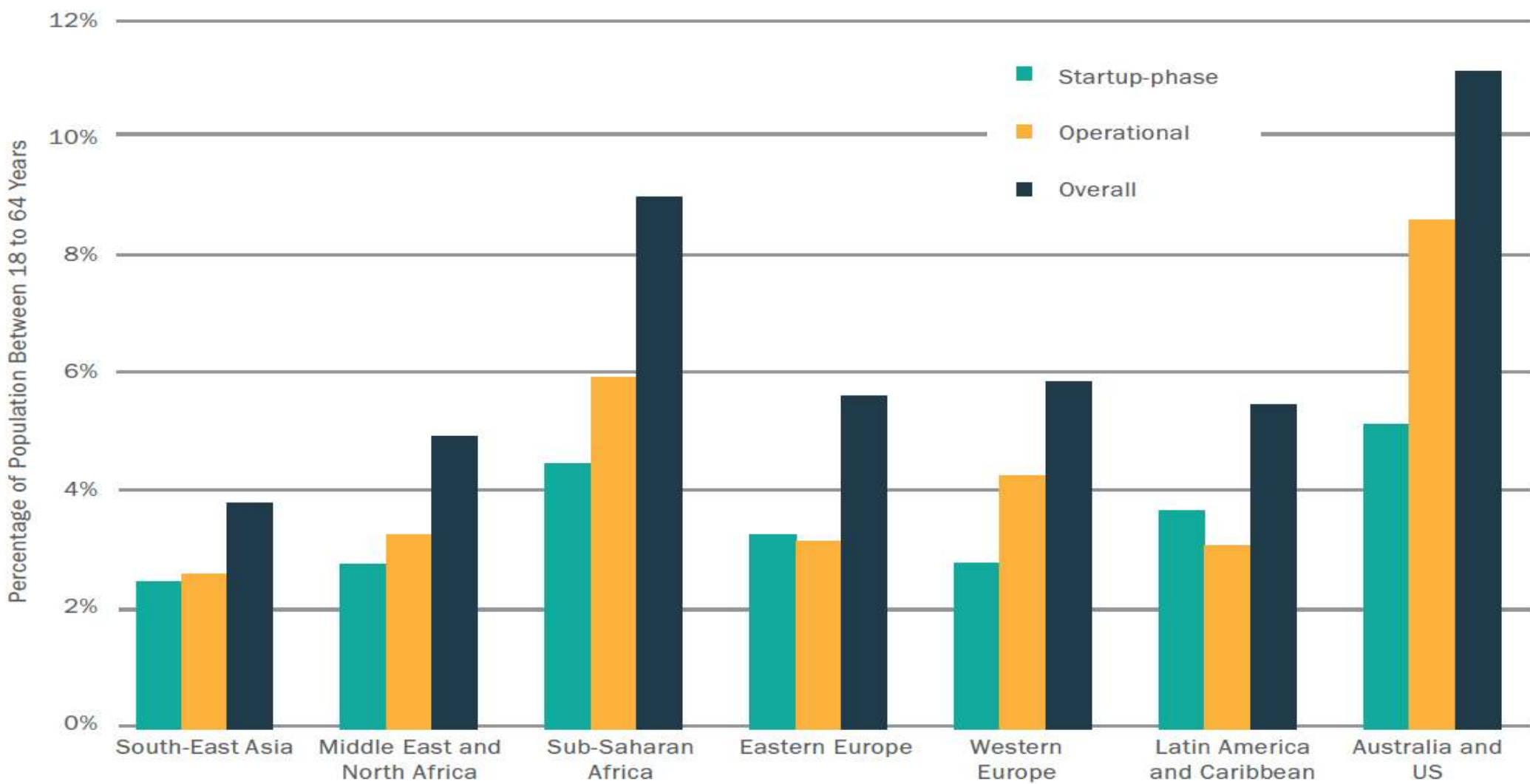
# Prevalence of Social Entrepreneurial Activity by Owner-Managers



# Prevalence of Entrepreneurial Activity in the Startup Phase: Commercial, Social (broad measure), and Both

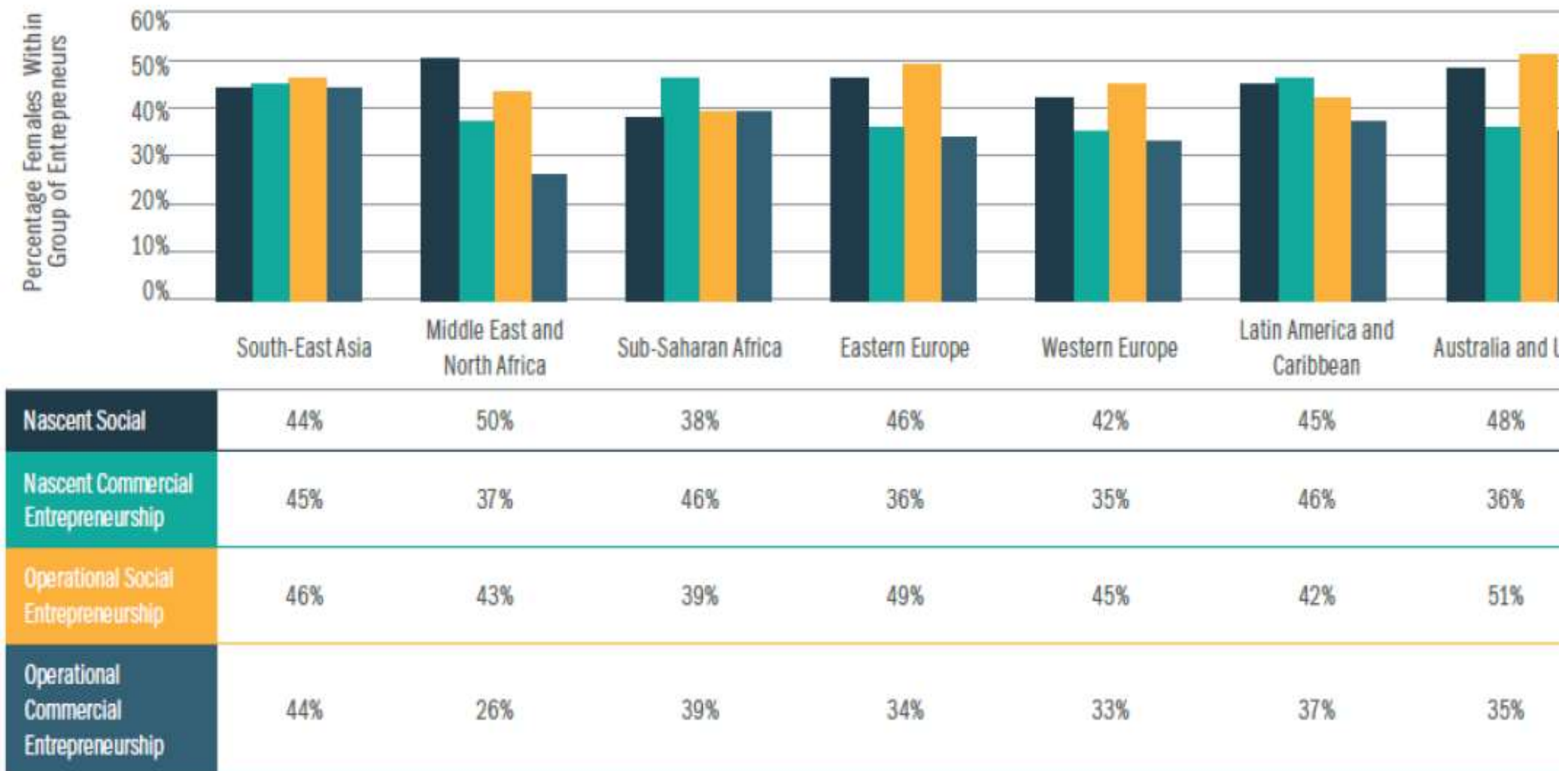


# Prevalence of Social Entrepreneurial Activity by Phase

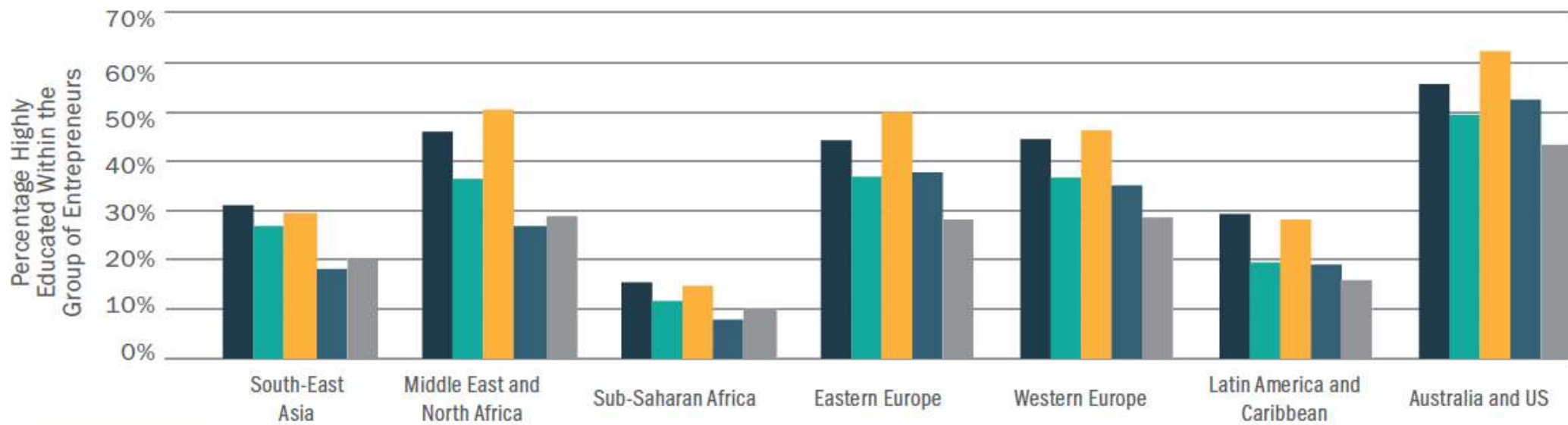




# Global prevalence rates of female entrepreneurship

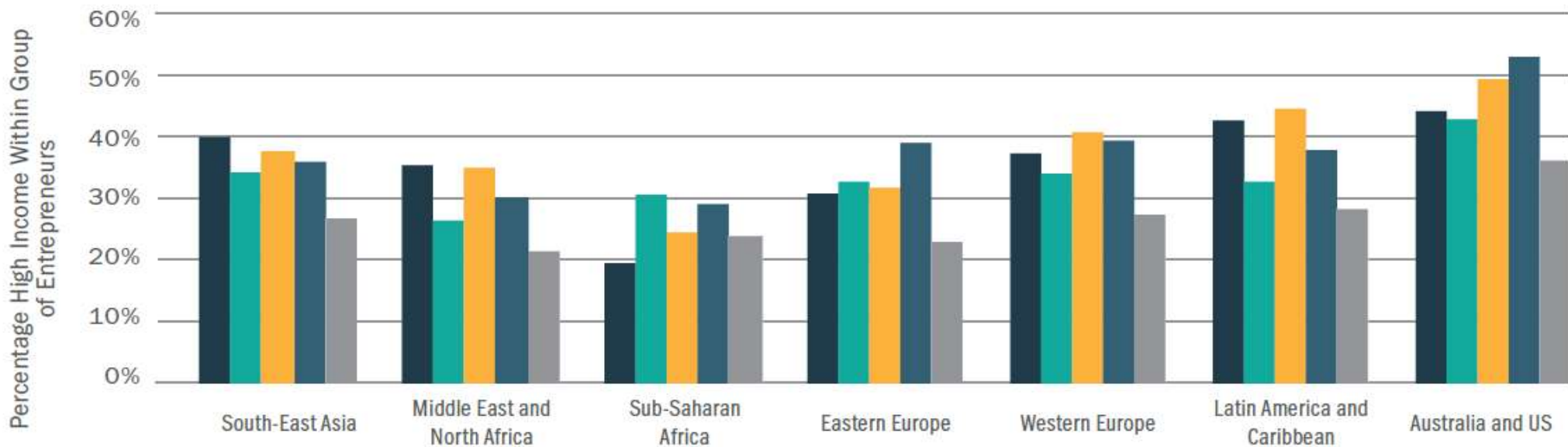


# Global prevalence rates of highly educated entrepreneurs



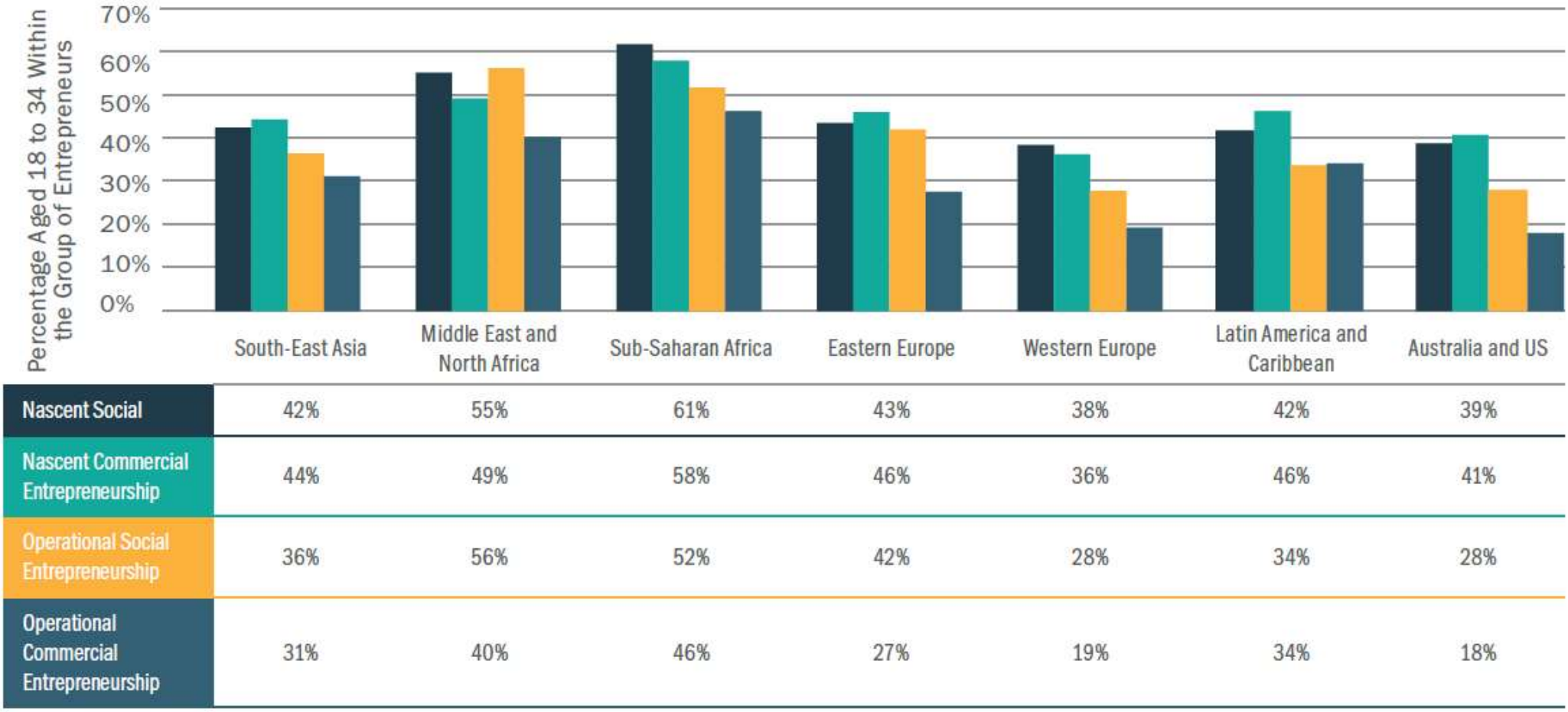
	South-East Asia	Middle East and North Africa	Sub-Saharan Africa	Eastern Europe	Western Europe	Latin America and Caribbean	Australia and US
Nascent Social	31%	46%	15%	44%	44%	29%	55%
Nascent Commercial Entrepreneurship	27%	36%	11%	37%	36%	19%	49%
Operational Social Entrepreneurship	29%	50%	15%	50%	46%	28%	62%
Operational Commercial Entrepreneurship	18%	27%	8%	38%	35%	19%	52%
Adult Population	20%	29%	10%	28%	28%	16%	43%

# Global prevalence rates of high income entrepreneurs

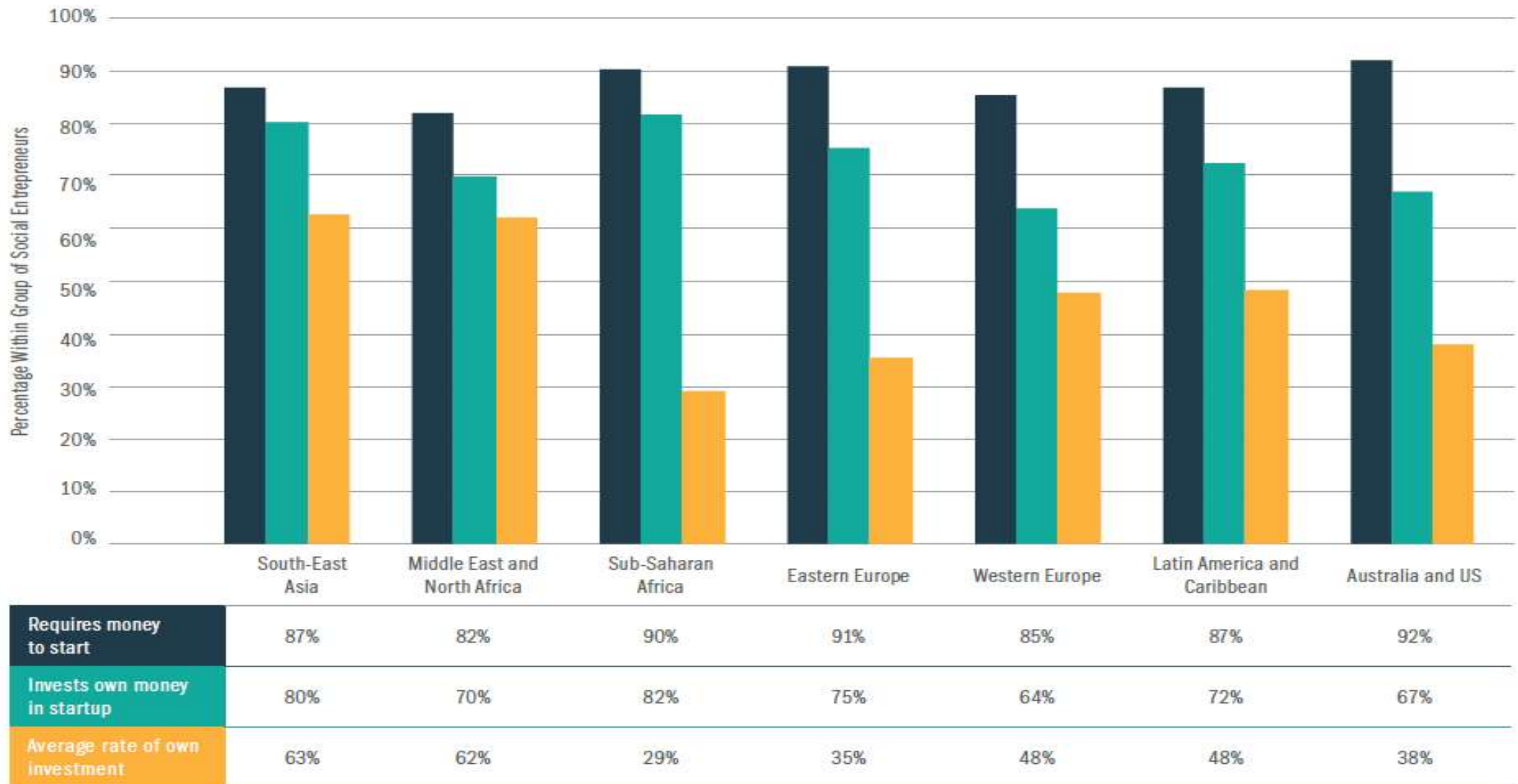


	South-East Asia	Middle East and North Africa	Sub-Saharan Africa	Eastern Europe	Western Europe	Latin America and Caribbean	Australia and US
Nascent Social	40%	35%	19%	31%	37%	42%	44%
Nascent Commercial Entrepreneurship	34%	26%	31%	33%	34%	33%	43%
Operational Social Entrepreneurship	38%	35%	24%	32%	41%	44%	49%
Operational Commercial Entrepreneurship	36%	30%	29%	39%	39%	38%	53%
Adult Population	27%	21%	24%	23%	27%	28%	36%

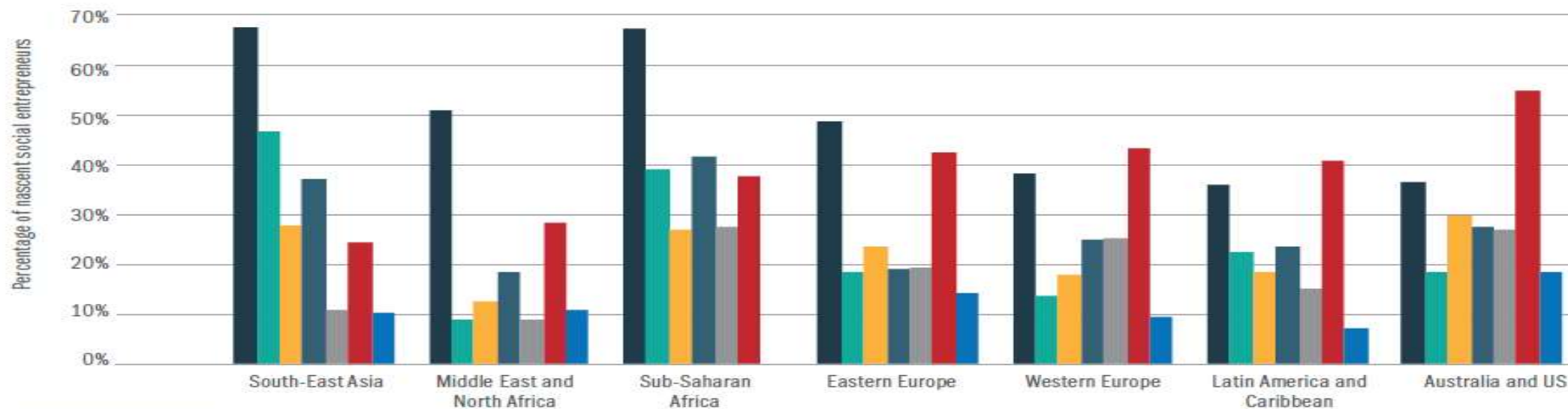
# Global prevalence rates by 18-34 year olds within entrepreneurs



# Funding required for start-up social entrepreneurs



# Other sources of social entrepreneurship funding



Region	Family	Friends or neighbors	Employer or work colleagues	Banks or other financial institutions	Private investors or venture capital	Government programs, donations or grants	Online crowdfunding
South-East Asia	68%	47%	28%	37%	11%	25%	11%
Middle East and North Africa	51%	9%	12%	19%	9%	28%	11%
Sub-Saharan Africa	67%	39%	27%	42%	27%	38%	0%
Eastern Europe	49%	18%	23%	19%	19%	42%	14%
Western Europe	38%	14%	18%	25%	25%	43%	9%
Latin America and Caribbean	36%	23%	18%	24%	15%	41%	7%
Australia and US	37%	18%	30%	27%	27%	55%	18%

# Social Entrepreneurship Policy

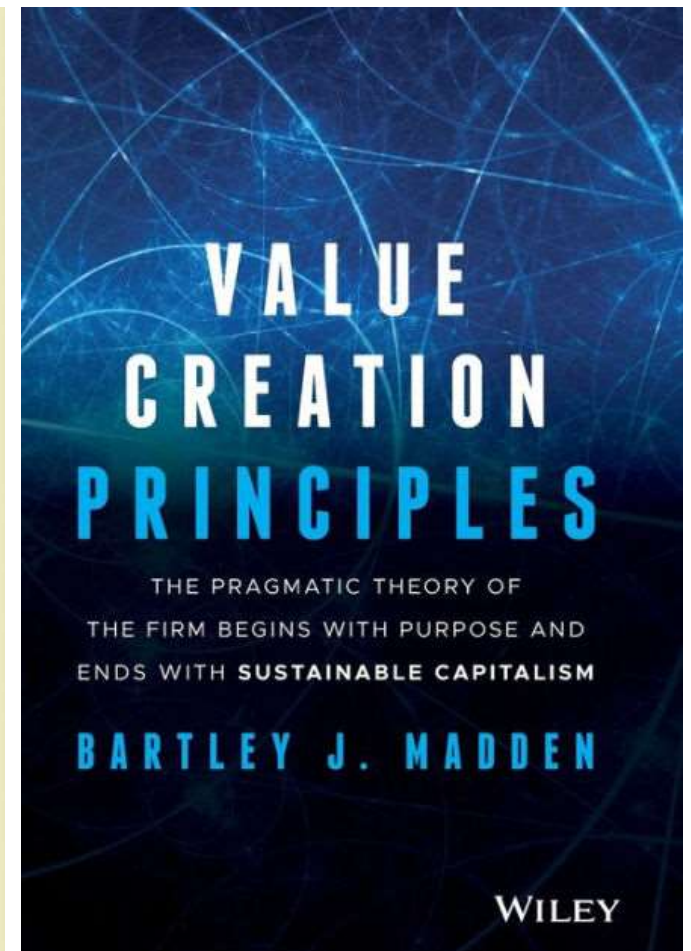
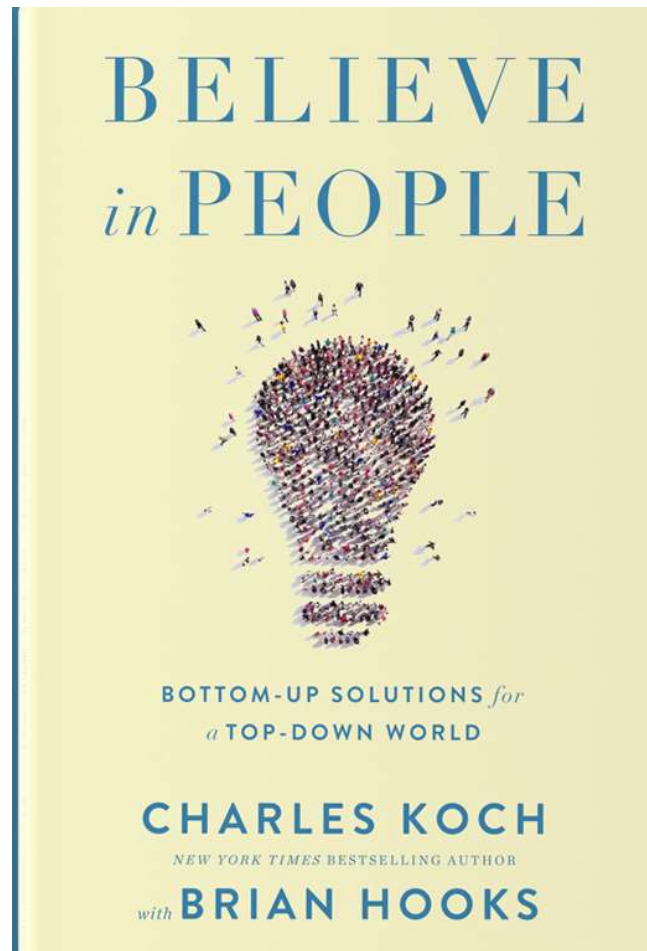
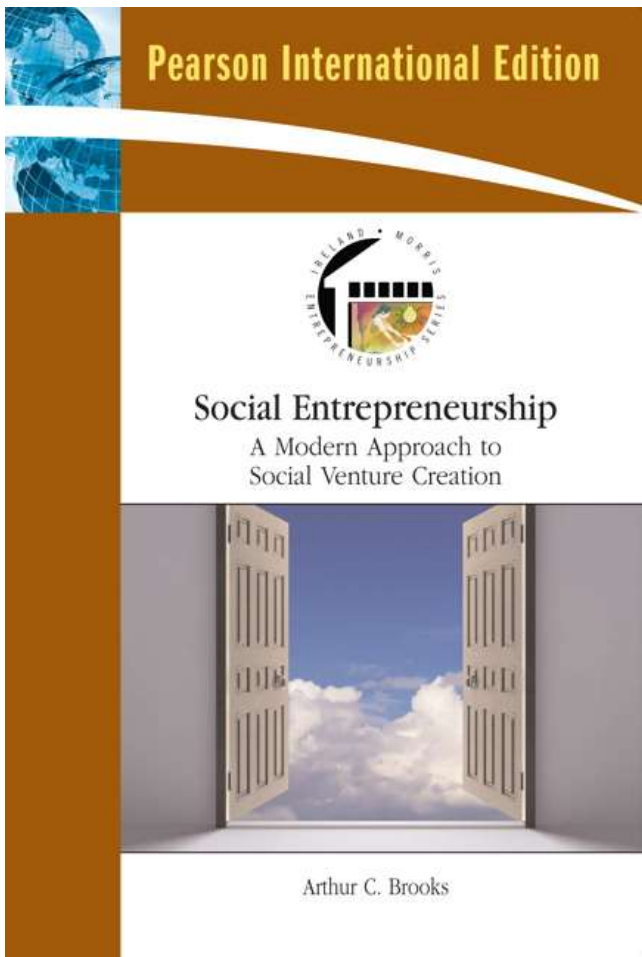
- New business certifications: B-Corps (US, Australia, 48 other countries): meet certain requirements for “social and environmental performance” to stakeholders and pay an annual fee to B Lab certifying agency
- Low-profit limited liability company (3LC): 11 states & 2 Indian reservations: to more easily obtain financing from foundations and private investors
- Community Interest Company (UK): firms that primarily pursue social objectives and reinvest profits into business or into the community

## SE & Public Policy Implications

- Higher SE levels found in countries with:
  - (1) higher levels of economic development,
  - (2) more liberal economies, and
  - (3) higher levels of individualism
- There is no “one size fits all” blueprint for SE: countries should improve entrepreneurial skills sets, financial capital availability, legal and regulatory frameworks
- Other available tools: incubators, growth accelerators, public procurement, social impact measurement, special legal status



# Further reading



## Social Enterprises as Hybrid Organizations: A Review and Research Agenda\*

Bob Doherty, Helen Haugh<sup>1</sup> and Fergus Lyon<sup>2</sup>

The York Management School, University of York, Feboys Lane, York YO10 5GD, UK, <sup>1</sup>Judge Business School, University of Cambridge, Trumpington Street, Cambridge CB2 1AG, UK, and <sup>2</sup>Middlesex University, The Burroughs, London NW4 4BT, UK  
Corresponding author email: bob.doherty@york.ac.uk

The impacts of the global economic crisis of 2008, the intractable problems of persistent poverty and environmental change have focused attention on organizations that combine enterprise with an embedded social purpose. Scholarly interest in social enterprise (SE) has progressed beyond the early focus on definitions and context to investigate their management and performance. From a review of the SE literature, the authors identify hybridity, the pursuit of the dual mission of financial sustainability and social purpose, as the defining characteristics of SEs. They assess the impact of hybridity on the management of the SE mission, financial resource acquisition and human resource mobilization, and present a framework for understanding the tensions and trade-offs resulting from hybridity. By examining the influence of dual mission and conflicting institutional logics on SE management the authors suggest future research directions for theory development for SE and hybrid organizations more generally.

### Introduction

The phenomenon of social enterprise (SE) has attracted the attention of policy-makers and practitioners around the world (Wilson and Post 2013) and the associated rise in scholarly interest is reflected in the growing tally of publications in the academic press about SE as a distinct category of organizations

The authors would like to thank colleagues, the three reviewers and editor for the insightful suggestions that have helped develop this paper. This article is the outcome of a truly collaborative effort and all three authors contributed equally. The support of the Third Sector Research Centre funded by the Economic and Social Research Council, Cabinet Office and Barrow Cadbury Trust is gratefully acknowledged.

\*A free Teaching and Learning Guide to accompany this article is available at: [http://onlinelibrary.wiley.com/journal/10.1111/ISSN1468-2370/homepage/teaching\\_learning\\_guides.htm](http://onlinelibrary.wiley.com/journal/10.1111/ISSN1468-2370/homepage/teaching_learning_guides.htm)

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## Managing Social-Business Tensions: A Review and Research Agenda for Social Enterprise

Wendy K. Smith<sup>1</sup>  
University of Delaware

Michael Gonin  
University of Zurich and University of Lausanne

Marya L. Besharov  
Cornell University

**ABSTRACT.** In a world filled with poverty, environmental degradation, and moral injustice, social enterprises offer a ray of hope. These organizations seek to achieve social missions through business ventures. Yet social missions and business ventures are associated with divergent goals, values, norms, and identities. Attending to them simultaneously creates tensions, competing demands, and ethical dilemmas. Effectively understanding social enterprises therefore depends on insight into the nature and management of these tensions. While existing research recognizes tensions between social missions and business ventures, we lack any systematic analysis. Our paper addresses this issue. We first categorize the types of tensions that arise between social missions and business ventures, emphasizing their prevalence and variety. We then explore how four different organizational theories offer insight into these tensions, and we develop an agenda for future research. We end by arguing that a focus on social-business tensions not only expands insight into social enterprises, but also provides an opportunity for research on social enterprises to inform traditional organizational theories. Taken together, our analysis of tensions in social enterprises integrates and seeks to energize research on this expanding phenomenon.

**KEY WORDS:** social enterprise, social entrepreneur, paradox theory, institutional theory, stakeholder theory, organizational identity, hybrid organizations

**SOCIAL ENTERPRISE RESEARCH** has become increasingly crowded. Only several years ago, a handful of colleagues urged scholars to take social enterprises seriously (Dees, 2007; Seelos & Mair, 2007). Academics responded and organized conferences (e.g., NYU Satter Conference on Social Entrepreneurship), created special issues (e.g., *Journal of Business Ethics*, 2012; *Academy of Management Learning and Education*, 2012), and launched a dedicated journal (*Journal of*

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## Advancing Research on Hybrid Organizing – *Insights from the Study of Social Enterprises*

JULIE BATTILANA\*

*Organizational Behavior Unit, Harvard Business School*

MATTHEW LEE†

*Organizational Behavior Unit, Harvard Business School*

### Abstract

Hybrid organizations that combine multiple organizational forms deviate from socially legitimate templates for organizing, and thus experience unique organizing challenges. In this paper, we introduce and develop the concept of hybrid organizing, which we define as the activities, structures, processes and meanings by which organizations make sense of and combine multiple organizational forms. We propose that social enterprises that combine the organizational forms of both business and charity at their cores are an ideal type of hybrid organization, making social enterprise an attractive setting to study hybrid organizing. Based on a literature review of organizational research on social enterprise and on our own research in this domain, we develop five dimensions of hybrid organizing and related opportunities for future research.

\*Corresponding author. Email: [jbattilana@hbs.edu](mailto:jbattilana@hbs.edu)

†Authors are listed in alphabetical order. Both authors equally contributed.

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**For more information:**  
[www.gemconsortium.org](http://www.gemconsortium.org)

**Dr. Siri Terjesen**  
[sterjesen@fau.edu](mailto:sterjesen@fau.edu)