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Social Entrepreneurship

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The *Big Issue* case study (page 74) illustrates various aspects of social entrepreneurship (SE). A social entrepreneur, John Bird, identified an opportunity to meet an unmet need and marshalled the resources to create a venture to meet that demand. In 2015 the *Big Issue* generated sales revenue of over £30.6M; it employed 2,000 vendors, sold 85,000 copies per week in the UK (www.thebigissue.org.uk), and has inspired street newspapers in 120 countries world-wide (www.thebigissue.com). Similarly, Grameen Bank, specialising in micro-finance to the poor and founded in 1983 by Muhammed Yunus in Bangladesh, has over 8.349 million borrowers and is a global success story (<http://www.grameen-info.org/about-us/>). In this respect there might seem to be little difference between John Bird and entrepreneurs like Mark Zuckerberg of Facebook. This has led some theorists to propose that social entrepreneurship is a branch of entrepreneurship (Sassmannshausen and Volkmann, 2013). It could be suggested that social entrepreneurship represents a new form of entrepreneurship where personal wealth is not a driver of entrepreneurial activity; rather, the drivers are the personal needs of the beneficiaries and the creation of social value. For example, *Big Issue's* UK website reported that between 2013 and 2014 it successfully met the needs of 5,852 homeless people and delivered life-changing outcomes to them. (<http://www.bigissue.org.uk/about-us/service-outcomes-2014>). Likewise, Grameen Bank has been formative in the economic and social development of 9.4 million of the world's poor through its Micro Finance Institutional Partners (www.grameenfoundation.org, 2015).

This new and exciting subject of social entrepreneurship has established centres of learning at Stanford University, The University of Birmingham, and Glasgow Caledonian University, which has the Yunus Centre, named after the Nobel Prize-winning SE Mohammed Yunus. Significantly, social entrepreneurship is not confined to universities; governments are also giving it increased

attention (Zeyen *et al.*, 2013) and have tried to encourage the practice through economic and social policy initiatives, examples of which are President Obama's launch of the Office of Social Innovation (www.genesysworks.org, 2015) and the UK's Social Investment Roadmap (Gov.uk, 2014). With social entrepreneurship holding an increasingly important stake in the UK economy, indicated by 4.2% of the UK population involved in socially entrepreneurial activity (SEFORIS, 2014), discussion about its practice is essential to scholars and practitioners alike.

This chapter will consider social entrepreneurship and will focus on the similarities and differences between social entrepreneurship and such commercial activities as corporate social responsibility (CSR). It will also spotlight some of the challenges facing academics and practitioners alike when attempting to define SE.

Case study: Big Issue

John Bird was a founder of the *Big Issue*, a magazine set up in 1991 to deal with the impact of homelessness. The magazine is sold by homeless people, who buy it from the publisher and sell it to consumers. The price of the publication is split between the *Big Issue* magazine, which is a social enterprise (a not-for-personal-profit business), and the vendor. The organization's funding comes from income earned from sales of the magazine and from advertising revenue, just like many other publications (<http://www.bigissue.org.uk/news/2014/october/6/setting-record-straight>). Generating profit is a goal, but surpluses are used for social benefit rather than for private gain. In other words, profits from the *Big Issue* are used to generate social value. The social aim of the *Big Issue* is to counter the effects of homelessness and to deal with social exclusion, which is defined as a state of deprivation, characterised by a lack of social and economic opportunities. John Bird seized the opportunity to use a traditional business model to create positive outcomes for homeless people, without thought of personal financial gain. A candid account by John Bird about his motivation to social entrepreneurship and the inception of the *Big Issue* can be viewed at <https://www.youtube.com/watch?v=XTc2Cq6f2BQ>.

Defining social entrepreneurship

Entrepreneurship can be considered a practice, a process and a concept, and social entrepreneurship is no different. Social entrepreneurship is the term used to describe the pursuit of an opportunity to deliver social value. According to Dees (2001:p. 2), "social entrepreneurs are one species of the genus entrepreneur", and the two terms are indeed closely related. The similarities between them are clear from their respective definitions. Timmons & Spinelli (1994) put

forward the notion of the entrepreneurial firm, which is, amongst other things, opportunity- and growth-focused and sustainable, which is remarkably similar to Dees' definition of SE. The distinguishing characteristic of social entrepreneurship revealed by analysing Timmons' and Dees' definitions is the role of the SE as a social change agent, and ultimately as a creator of social value.

Timmons (1994: p. 6)	Dees (2001: p. 4)
Definition of entrepreneurship	Definition of social entrepreneurship
"creating and seizing an opportunity and pursuing it regardless of the resources currently controlled...it is a human creative act...it usually requires a vision...it involves building a team...of sensing opportunities and finding and marshalling resources and ensuring the venture does not run out of money.	"Social entrepreneurs play the role of change agents in the social sector, by: <ul style="list-style-type: none"> - Adopting a mission to create and sustain social value - Recognizing and relentlessly pursuing new opportunities to serve that mission; - Engaging in a process of continuous innovation, adaptation, and learning; - Acting boldly without being limited by resources currently in hand; and - Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created."

Table 5.1: Comparison of definitions of entrepreneurship and social entrepreneurship

Most notable theories of entrepreneurship, including Knight (1921), Schumpeter (1942), Kirzner (1979), Meredith *et al.* (1982), and Timmons and Spinelli (2007), theorise entrepreneurship in ways that sit comfortably with SE. Notably, the creation of the *Big Issue* by John Bird shows that social entrepreneurs exhibit some or all of the character traits mentioned by theorists like Knight, Kirzner, and Meredith and Neck, as well as having an opportunity focus and the ability to effect significant social and economic change, mentioned by Timmons and Spinelli and Schumpeter.

This has led theorists such as Kraus *et al.* (2014) to posit that a key challenge affecting the study of social entrepreneurship is distinguishing it from other types of commercial and charitable activity.

Exercise

Research the Grameen bank and review its activities. How does its business model differ from a typical high street bank?

When does entrepreneurship become social entrepreneurship?

The simplest way to understand the differences between social entrepreneurship and entrepreneurship is to consider the practice of social entrepreneurship. This is best achieved by looking at social entrepreneurs and examining some of the characteristics of the organizations they have founded.

The table below lists four well-known social entrepreneurs and their organizations and identifies two characteristics common to each.

SE	Firm	Social purpose/social need	Social value created
John Bird	The Big Issue	Homelessness and social exclusion	Economic and social benefits to homeless people
Tim Smit	Eden Project	Sustainability and environmental conservation/education	Local wealth, employment and educational outcomes
Jamie Oliver	Fifteen	Youth unemployment	Economic and social advantage, jobs and awareness of youth issues
Mohammed Yunus	Grameen Bank	Alleviation of poverty through the provision of affordable credit	Economic wealth, stability, social advantage

Table 5.2: Social entrepreneurs' defining characteristics

The SEs in Table 5.2 have created commercial ventures to execute a social mission and to create social value. Table 5.3 illustrates the industry sector each firm belongs to and how each organization is funded. Typically, SEs use traditional business models to achieve their aims and the examples presented show that SE is not restricted to a specific industry or sector, having application in business-to-business as well as consumer markets. Social entrepreneurs in general fund their ventures through sales revenue, but not exclusively so, as we will see when we consider Victoria Hale.

Firm	Type of firm	Customer type	Funding
The Big Issue	Magazine publisher	Private consumers	Sales - Trading Income (TI)
Eden Project	Visitor attraction	Private consumers	Sales (TI)
Fifteen	Restaurant	Private consumers	Sales (TI)
Grameen Bank	Financial services	Private consumers and business	Sales (TI)

Table 5.3: SE organizations by industry sector, type of market and funding

Another question to emerge from the analysis is what is the difference between a social entrepreneur and social entrepreneurship? The terms are often used interchangeably, but the easiest way to differentiate them is to say the social entrepreneur practices social entrepreneurship, while the practice of