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First Person

Social Entrepreneurship Revisited

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breakthrough change

By Paul C. Light

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Social Entrepreneurship Revisited

Not just anyone, anywhere, in any organization can make breakthrough change BY PAUL C. LIGHT

SOCIAL ENTREPRENEURSHIP IS one of the most alluring terms on the problem-solving landscape today, and is in use even in the new Obama administration. The President is quite familiar with the term and has embraced a first-of-its-kind investment fund for social entrepreneurship.

The question is not whether *social entrepreneurship* is a term in good currency, but what it actually means. This question motivated my three-year search for social entrepreneurship, which was funded by the Skoll and Ewing Marion Kauffman foundations.

Ashoka founder and CEO Bill Drayton first used the term “social entrepreneurship” in the early 1980s, and it continues to inspire images of audacious social change—the kind that sweeps away the old approaches to solving intractable social problems such as disease, hunger, and poverty. Like business entrepreneurship, social entrepreneurship involves a wave of creative destruction that remakes society. Although we will always need traditional social services—even more during times of great economic turmoil—social entrepreneurship focuses on changing the underlying dynamics that create the demand for services in the first place. Instead of treating society’s distress, social entrepreneurship holds hope for eliminating the distress altogether.

Although people generally agree on this broad definition of social entrepreneurship, confusion reigns over the specifics. Some observers believe that the social entrepreneur himself or herself is the linchpin of change, whereas others focus on the idea, the opportunity for change, or the organization that provides the muscle for scaling up to maximum effect. But which one of these four components comes first? Which one is most important for imagining change, launching an idea, accelerating diffusion, and sustaining impact long enough to create a wave of creative destruction?

The answer depends largely on the assumptions underlying one’s notion of social entrepreneurship. My own journey through this thicket of assumptions began with an article I published in the fall 2006 *Stanford Social Innovation Review*, titled “Reshaping Social Entrepreneurship.” In that article, I argued for an inclusive, big-tent definition of the term *social entrepreneurship* that acknowledged the small contributions of many people, groups, and organizations.

Since that time, though, I have drilled through hundreds of articles and books on social and business entrepreneurship, and I have surveyed 131 highly, moderately, and not-too-entrepreneurial organizations.

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And I discovered that many of the assumptions that I rejected in 2006 turned out to be true after all. Whereas I once believed that virtually everyone could become a social entrepreneur, I am now convinced that there are special sets of attitudes, skills, and practices that make social entrepreneurs and their work distinctive from more traditional public service. As a result, I have become much more concerned about how we can identify potential social entrepreneurs, give them the training and support they need, and increase the odds that their work will succeed.

NEW INSIGHTS

Here are four assumptions about social entrepreneurship that I initially rejected, but now accept:

1. Social entrepreneurs are not like other high achievers. I initially rejected the notion that social entrepreneurs bring unique motives,

behaviors, and insights to the socially entrepreneurial process. I assumed, wrongly, that they are deflected into social entrepreneurship by the same kinds of opportunities that exist for any pattern-breaking enterprise.

My research suggests otherwise. Social entrepreneurs appear to make quite deliberate decisions to solve social problems, rather than simply stumbling into their work by accident or circumstance. They are often quite sober about their decision to attack a social problem, and they usually understand the consequences of challenging the status quo.

I also find that social entrepreneurs are driven by a persistent, almost unshakable optimism. They persevere in large part because they truly believe that they will succeed in spite of messages to the contrary. This optimism can border on overconfidence, but is essential to their 24/7 commitment.

2. Socially entrepreneurial ideas are big. There is considerable debate about the proper scale of socially entrepreneurial ambition. Some argue that small-scale change is just as important as global intent, whereas others reserve the term *social entrepreneurship* for grand impacts, such as those that the microfinance movement has achieved.

Through my research, I find that the greatest ideas often start small, but eventually expand to break the social equilibrium. And so although social entrepreneurs should celebrate small-scale changes, they should ultimately aim to diffuse those changes as broadly as possible.

Likewise, when small-scale ideas have potential, funders ought to invest in spreading them. And where large-scale ideas have shown proof of concept, funders should provide the dollars for growth. To date, most of the work on social entrepreneurship focuses on imagination, invention, and launch. But ultimate impact requires scaling up, diffusion, sustained pressure, and navigation of what J. Gregory Dees, professor of business at Duke University, calls the “ecosystem” of change. (See “Cultivate Your Ecosystem” in the winter 2008 issue of the *Stanford Social Innovation Review*.)

3. Opportunities for grand change come in waves. I initially believed that the time was always ripe for sweeping changes. But there is good evidence that socially entrepreneurial opportunities arise during specific punctuations, or focused periods in history. During these periods, the prevailing wisdom weakens, revealing the failure of the status quo to solve problems such as inequality. Having tried for a half century to improve the public schools with little sustainable success, for example, we acquire an appetite for new ideas. These punctuations in history fuel the hope for widespread change and the experimentation that drives it.

Today, the world appears to be experiencing a punctuation of opportunities, which is drawing new funders into the field of social entrepreneurship. No one knows for sure how long these punctuations last—a few years, a decade, or more?—but we do know that these punctuations produce a wave of activity that feeds on itself.

4. Socially entrepreneurial organizations are built to make change. I used to believe that all organizations, big or small, old or young, could

generate social entrepreneurship. But over the past three years, I have found considerable evidence that most socially entrepreneurial organizations, new and old, are different from traditional organizations. They are relatively flat, singularly focused on the idea of change, and often inexperienced in the administrative procedures needed for transparency and tight governance.

These differences from traditional organizations are both strengths and weaknesses. Driven to succeed at all costs, socially entrepreneurial organizations may neglect organizational infrastructure, possibly resulting in underinvestment in measurement and governance. They may also be so committed to their path that they reject the possibility that they could be wrong, with all that entails for wasted motion and delay. Search as I did, I found little interest among social entrepreneurs and their funders in research and development.

Funders seem to prefer new organizations as platforms for change. At best, they dismiss old organizations as incapable of change. At worst, they view them as protectors of the status quo. Yet I find considerable evidence that old organizations can produce change, especially if they are able to rejuvenate themselves. In short, socially entrepreneurial organizations do not have to be new.

TRIED TRUTHS

Although my definition of social entrepreneurship has become more exclusive over the past three years, I still stand by two of my original, more inclusive assumptions. First, social entrepreneurs do not always act alone. Lone-wolf social entrepreneurs can and do succeed, but so do teams, networks, and communities. Even as the field concentrates on finding heroic individuals, the research suggests that teams of experts often hammer together big breakthroughs. Research on small-business entrepreneurship suggests that teams produce more patents than do lone wolves.

I also circle back to my original assumption that old organizations can nurture social entrepreneurship. Creating a socially entrepreneurial organization within an existing structure is no doubt difficult—rejuvenation involves great pain and disruption. But older agencies can harbor social entrepreneurship if they reverse the bureaucratic effects of organizational aging, as well as through incubators, acquisitions, spin-offs, and more general reward and incentive systems designed to provoke new ideas. The challenge is to protect innovations from people within the organization who have a stake in the status quo. There is nothing stopping an existing organization from producing change except itself.

After my own search for social entrepreneurship, I conclude that the concept is definitely real. I have come to believe in a more exclusive definition, but one that allows for more varieties of endeavor. At the same time, I have also come to believe that social entrepreneurs need considerable help to succeed. Just as organizations such as Ashoka provide networks and consulting for their entrepreneurs, schools of public service can offer training for nascent entrepreneurs and executives.

Perhaps it is just naïveté that drives me, but I believe that this punctuation in history can produce a wave of new entrepreneurs who can come together through networks to break down the social equilibrium. The more the better. ■