Social

Entrepreneurship

Jacqulean Salib, Mengli Chen and

Chien-Chung Huang

RUTGERS
School of Social Work

中国公益研究院
China Philanthropy Research Institute

Social Entrepreneur and Social Entrepreneurship

Social entrepreneur is a mission-driven individual who uses a set of entrepreneurial behaviours to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable.

This definition combines four factors that make social entrepreneurship distinct from other forms of entrepreneurship. Social entrepreneurs:

1. are mission-driven. They are dedicated to serve their mission of delivering a social value to the underserved.

2. act entrepreneurially through a combination of characteristics that set them apart from other types of entrepreneurs (see table on the next page).

3. act within entrepreneurially oriented organizations that have a strong culture of innovation and openness.

4. act within financially independent organizations that plan and execute earned-income strategies. The objective is to deliver the intended social value while remaining financially self-sufficient. This is achieved by blending social and profit-oriented activities to achieve self-sufficiency, reduce reliance on donations and government funding, and increase the potential of expanding the delivery of proposed social value

Adapted from Abu-Saifan, S. (2012). Social Entrepreneurship. Technology Innovation Management Review, 2, 22-27.

Unique and Common Characteristics of Profit-Oriented Entrepreneurs and Social Entrepreneurs

Unique Characteristics of the Profit-Oriented Entrepreneur	Characteristics Common to Both Types	Unique Characteristics of the Social Entrepreneur
• High achiever • Risk behavior • Organizer • Strategic thinker • Value creator • Holistic • Arbitrageur	• Innovator • Dedicated • Initiative taker • Leader • Opportunity alert • Persistent • Committed	• Mission leader • Emotionally charged • Change agent • Opinion leader • Social value creator • Socially alert • Manager • Visionary • Highly accountable

Source: Abu-Saifan, S. (2012). Social Entrepreneurship. Technology Innovation Management Review, 2, 22-27.

How Social Entrepreneurs Generate Change in the Social Sector

In order to generate change social entrepreneurs must have and "entrepreneurship spirit", they do this by:

- Committing to a mission in order to create and sustain social value

- Seeking opportunities that will benefit the mission

- Engaging in a process of learning more about the issue, constantly finding new ways to create change

- Staying committed, regardless of limited resources.

- Taking accountability for the community it serves and for the outcomes created

Praszkier, R., & Nowak, R. (2011). Social Entrepreneurship: Theory and Concept. Cambridge.

Dimensions of Social Entrepreneurship

Praszkier and Nowak have identified five dimensions that make up Social Entrepreneurship. Although many entrepreneurs may be advanced in some aspects of the five dimensional model, you must meet all 5 of the dimensions in order to be considered a social entrepreneur. The dimensions include:

- **Social mission-** An issue that needs to be addressed (aging, disabilities, education, health, environment etc.)

- **Social innovation-** Once the entrepreneur chooses a mission, they come up with new approaches to make changes.

- **Social change-** Creating changes that are long term

- **Entrepreneurial spirit-** This is important since it is the driving force of change

- **Personality- "**Pattern breaking individuals" a risk taking personality that does not give up is important in order to create social change.

Praszkier, R., & Nowak, R. (2011). Social Entrepreneurship: Theory and Concept. Cambridge.

Theory of Social Change

Praszkier and Nowak state that there are at least four basic categories of theories which include: Evolutionary, Conflict, Structural-Functional, and Social-Psychological. Each theory describes how social change happens, how it is defined, how social change is modified, and how the mind set of people in the community structures social change.

- **Evolutionary-** Social change happens overtime, evolutionary theory describes how social entrepreneurship evolves from a place of misanthropy and isolation leading to a place of economic and civil development.
- **Conflict-** Social change can be understood in terms of tension and conflict between the group and the individual.
- **Structural-Functional-** After establishing social relationships, social entrepreneurs start looking for ways to modify their structure, procedure, and laws in order to thrive. Social systems have several structural components, leading the relationships among those component to become functions
- **Social-Psychological-** Physiological factors are key in change since societies are made up of people who's mindsets, beliefs, and prejudices contribute to how societies are structured.

Praszkier, R., & Nowak, R. (2011). Social Entrepreneurship: Theory and Concept. Cambridge.

How to Move from Theory to Practice

For **s**ocial change to occur and remain successful social entrepreneurs must be able to move from theory to practice by: coming up with a mission, finding ways in which they can implement their mission, constantly coming up with innovative solutions in order to maintain change, and creating an impact for those living in the community in which the entrepreneur wishes to create change.

- **Mission, vision and organizational values:** The mission is what drives social change and the purpose of the organization, it addresses the issues within it's targeted community. The enterprises vision is what guides the enterprises decisions.

- **Entrepreneurial opportunities and innovation:** Entrepreneurial opportunities is a combination of both vision-oriented factors and crisis-oriented factors. Opportunity exploitation represents the starting base for organizations to innovate within the social sector.

- **Entrepreneurial model:** Social entrepreneurs combined nonprofit and business culture when creating their vision. They are constantly learning and coming up with innovative solutions in order to enhance the general impact.

- **Social outcomes and social welfare impact:** Social entrepreneurs create employment for those who come from low income backgrounds and for those who are considered "at-risk", this contributes to the improvement of life conditions, the well-being of communities and the level of social integration.

Perrini, F., & Vurro, C. (2006). Social entrepreneurship: Innovation and social change across theory and practice. Social entrepreneurship, 23(1), 57-85.

Social Entrepreneurial process
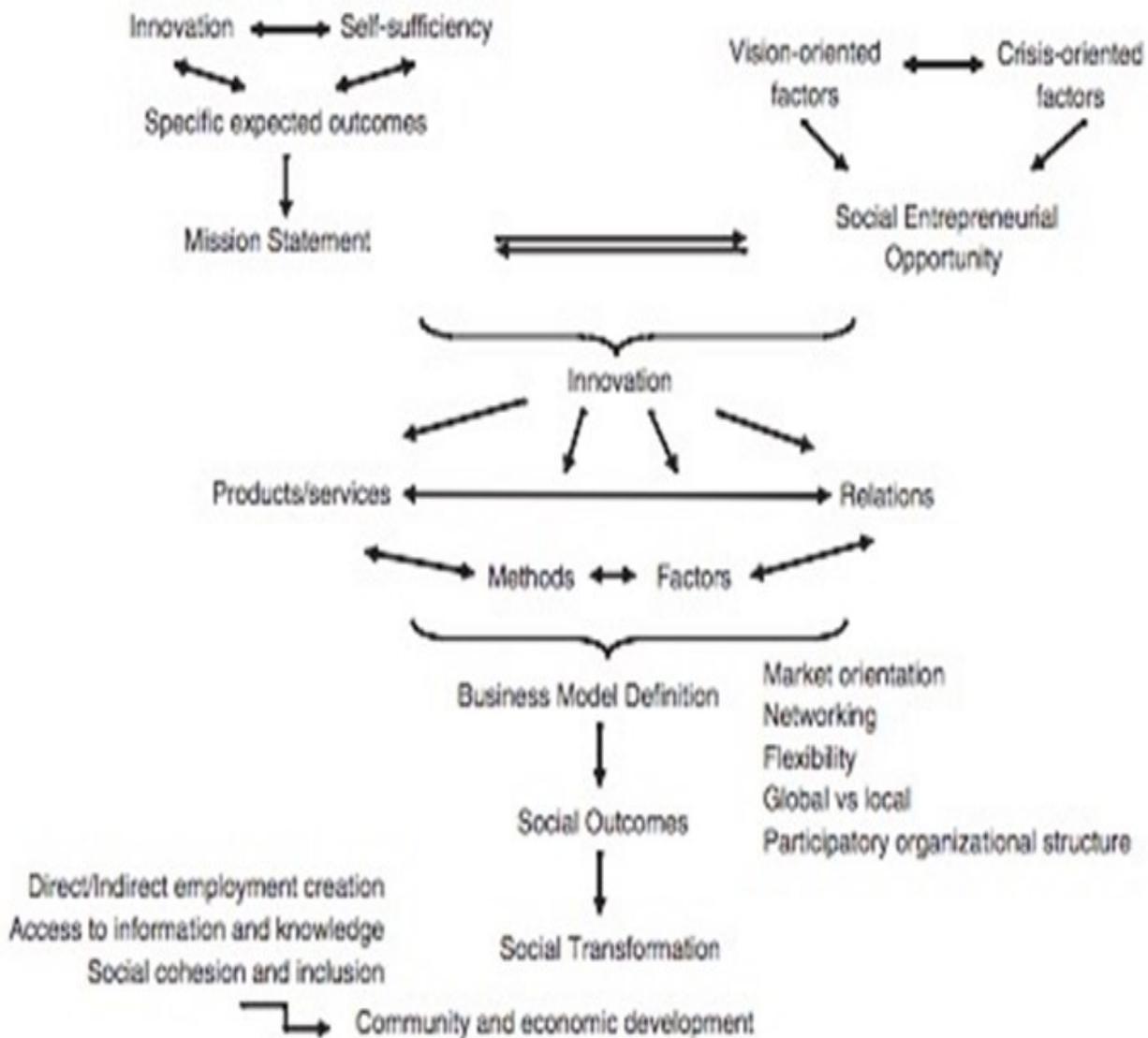
Source: Perrini, F., & Vurro, C. (2006). Social entrepreneurship: Innovation and social change across theory and practice. Social Entrepreneurship, 23(1), 57-85.

Dilemmas Associated with Social Change

There are many conflicts that occur when creating social change ranging from where and how change occurs to the types of approaches needed to create change. Praszkier and Nowak note four crucial dilemmas associated with social change:

- **Is the process of social change endogenous or exogenous:** Does change come from inside the groups or societies or does it come from outside

- **Is social change inevitable or contingent:** Is change constant or does it happen occasionally.

- **Are people the basic motor of social change or is it society:** Do people trigger change or do rules and stratification.

- **Does social change take a materialistic or idealists approach:** Should research be limited to analyzing action between and among people or by analyzing beliefs and ideas.

Praszkier, R., & Nowak, R. (2011). Social Entrepreneurship: Theory and Concept. Cambridge.

Case Studies

Edna Ruth Byler: Ten Thousand Villages

Background: Ten Thousand Villages is an independent nonprofit charitable organization founded by Edna Ruth Byler in 1946. Byler created a market in North America for products made by artisans in developing countries with the belief that she could provide sustainable economic opportunities for them. The company has grown to a network of over 390 retail outlets selling Ten Thousand Villages products throughout the United States. Ten Thousand Villages is a Fair trade company, the company builds long-term buying relationships that provide artisans a fair price for their work

Mission: Ten Thousand Villages' mission is to create opportunities for artisans in developing countries to earn income by creating buying relationships in North America. Their mission also includes ensuring that they create a better environment by meeting the triple bottom line which includes economic, environmental and social sustainability.

 Program Description: When an artisan product is ordered Ten Thousand Villages pays the artisan 50 percent of the orders price, once the order is shipped the artisan gets the remaining balance.

Impact: From 2008-2013 Ten Thousand Villages was named one of the "World's Most Ethical Companies" by the Ethisphere Institute and Forbes Magazine. Their 2014/2015 Annual report, noted that Ten Thousand Villages made $27.6 million in sales, however, their total expense were over $29.3 million, including a 7.6 million purchase expense and 19.7 million maintenance (e.g. rent, retail stores, marketing, administration, and e-commence). At the end of March 2015, Ten Thousand Villages had an asset of $21.3 million. . Their success within the past year has impacted over 20,000 artisans in over 30 countries, allowing them to provide their families with housing, education, medical care, and food.

Employee Testimonials: On the website Glassdoor.com several employees reviewed their experience working for Ten Thousand Villages. One employee noted "As a fair trade company, it's about paying artisans fairly and treating them with respect in a healthy work environment." Another employee stated: "Very ethical company with a positive mission that really does help people in developing countries." Although many enjoyed their time working at Ten Thousand Villages, others reported feeling that corporate did not treat employees opinions with respect when it came to their areas of expertise. One person stated "The desperation of the company as expressed though marketing completely undermines the value of artisan's work."

Retrieved from:

http://www.tenthousandvillages.com/

https://www.glassdoor.com/Reviews/Ten-Thousand-Villages-Reviews-E335366.htm

Wendy Kopp: Teach for America

Background: The consistent academic outcomes of low income kids and the long term effects of poverty and racism encouraged Wendy Kopp to create Teach for America in 1989 as her senior thesis at Princeton University. Wendy believed in order to address the problem of inequality in the school system, more leaders had to make it their priority to create change, and be grounded in the issues at the classroom level. Wendy's solution was to recruit high performing college grads to teach in high-need rural and urban schools. In December of 1989, Wendy recruited 100 part time students from 100 universities to start up Teach for America.

Mission: Teach of America's mission is to enlist, develop, and mobilize a surplus of promising future leaders to strengthen the movement of outstanding educational equality.

Program Description: Teach of America takes on a 3 step approach:

- **Enlist-** They recruit diverse individuals to become teacher in communities that are poverty stricken. Teachers make a two year commitment and are hired by their partner public schools around the country.

- **Develop-** They train and support their members in the practices of great teachers and leaders. Teachers work diligently with their students and their students parents, creating opportunities for students.

- **Mobilize-** Teachers who join Teach of America get back as much as they put in, after their two years are up they utilize what they have learned from working with their students to help them choose their paths forward. Many choose to stay in the classroom, while others peruse politics, school leadership, non-profit work and advocacy. Their paths connect, expand, and strengthen the movement for educational equality.

Impact: In the past 25 years Teach of America has reached a network of more than 50,000 leaders across America. Although many argue that Teach Of America recruits are not experienced enough to

teach students in high-need schools, studies show that Teach of America member and alumni have shown to be just as effective in promoting student academic achievement if no more than teachers who have been teaching for a longer period of time in the same schools.

Rtrieved from:
https://www.teachforamerica.org

Carol Chyau and Marie So: Shokay

Background: Shokay was founded by Carol Chyau and Marie So in 2006. Carol Chyau and Marie So were graduate students from Harvard Kennedy School. During their field research in southwest China for a business competition, the two girls found that though yak fiber is considered a premium fiber whose softness is comparable to cashmere, the yak fiber market was not fully recognized due to limited resources and the difficulties of working with raw material. The families from the village that Carol and Marie did their research in, owned about 30-40 yaks. People from the village generally incurred an annual income of $400, they had little knowledge on how to collect yak down, clean them and maintain its quality. The founders saw yak fibers as an untapped market, they also noticed its scalability and marketability, and so decided that they would create a business out of it.

Mission: The enterprise focuses on supporting the underdeveloped area of China by increasing the economic income of families and providing trainings to the community. On the other hand, as a social enterprise, Shokay is more than a charity, they strive to be known for their high quality products they produce rather than what they do with their money.

Practice: Shokay collects yak fibers as raw material from Tibetan herders in western China's Himalayan Qinghai region in Tibet or Qinghai province. They get the fibers from the shoulders of the yak and try to segment the highest quality of fibers. To guarantee good quality, the enterprise also cooperates with the local government to train local herders how to collect yak down. After the direct sourcing of yak, the knitting process is completed by a women's cooperative in Shanghai's Chongming Island. The products are designed by professional clothing designers to meet the demand of the high-end market. The finished products such as: knitwear, shawls, scarves, and accessories are sold worldwide. 1% of the profit is reinvested into herders to assist them with further trainings and programs in local communities

Impact: Shoaky is the world's first socially responsible textile brands that develops soft knitwear products from yak down. Its products are now sold globally online and in over 100 stores in 10 countries. Their fair-trade practices help increase rural Tibetan herder incomes by 10 to 30 percent. The trainings has also provided an increase in the capability of herders. The fifty women in Chongming Island's, who were previously unemployed, also benefited from the program and gained an income.

Retrieved from:

Interview with Carol Chyau of Social Enterprise and Yak Lifestyle Brand Shokay http://greeninitiatives.cn/blog-description/interview-with-carol-chyau-of-social-enterprise-and-yak-lifestyle-brand-shokay

Shokay – Empowering Impoverished Communities with Fiber, Melissa Ip, 04 Jan 2012, retried from http://www.socialenterprisebuzz.com/2012/01/04/shokay-empowering-impoverished-communities-with-fiber/

Interview with Carol Chyau: From "social enterprise" to "sustainable fashion", Yibing Ma, 5 July 2013, http://story.china30s.com/7260.html

Resources

Dart, R. (2004). The legitimacy of social enterprise. Nonprofit Management & Leadership, 14(4), 411-424.

Perrini, F., & Vurro, C. (2006). Social entrepreneurship: Innovation and social change across theory and practice. Social entrepreneurship, 23(1), 57-85.

Roberts, D., & Woods, C. (2005). Changing the world on a shoestring: The concept of social entrepreneurship. University of Auckland Business Review, 7(1), 45-51.

Praszkier, R., & Nowak, R. (2011). Social Entrepreneurship: Theory and Concept. Cambridge.

Social

Entrepreneurship

Jacqulean Salib, Mengli Chen and Chien-Chung Huang

RUTGERS
School of Social Work

中国公益研究院
China Philanthropy Research Institute