SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship: Theory and Practice is about the creative ways in which social entrepreneurs solve pressing and insurmountable social problems. Theories of social change are presented to help demystify the "magic" of making an immense, yet durable and irreversible, social impact. Utilizing case studies drawn from various fields and all over the world, the authors document how social entrepreneurs foster bottom-up change that empowers people and societies. They also review the specific personality traits of social entrepreneurs and introduce the new kind of leadership they represent. This book will be valuable to undergraduate, graduate, and postgraduate students while remaining accessible to nonacademic readers thanks to its clear language, illustrative case studies, and guidelines on how to become a successful social entrepreneur.

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Social Entrepreneurship

THEORY AND PRACTICE

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CONTENTS

List of Figures	page vii
List of Photos	ix
Preface	xi
Acknowledgments	xix
SECTION 1. SOCIAL ENTREPRENEURSHIP	1
1 Defining Social Entrepreneurship: An Overview	9
2 Dimensions of Social Entrepreneurship	14
3 Identifying Social Entrepreneurs in Practice	26
SECTION 2. THE DYNAMICS OF SOCIAL CHANGE	31
4 Social-Change Theories and Dilemmas	36
5 Equilibrium and Complexity	50
6 Theory of Social Emergence	65
SECTION 3. SOCIAL CAPITAL BUILT BY SOCIAL ENTREPRENEURS	75
7 Social Capital	80
8 Social Networks: Bedrock of Social Capital	90
9 Personality Traits That Facilitate the Building of Social Capital	107
SECTION 4. A NEW KIND OF LEADERSHIP	121
10 Social Entrepreneurship: A Dynamical Account	123

vi Co	ontents	
11 A New Kind of Leadership		140
12 Addressing Insurmountable Pr	oblems and Conflicts	155
Epilogue: The Past and the Future		169
Conclusion		187
Appendix 1: Becoming a Social Entrep	reneur	189
Appendix 2: The Process of Assessing C	Candidates for a Fellowship	203
Appendix 3: Excerpts from Interviews		209
References		213
Index		225

LIST OF FIGURES

1a	Initial distribution of opinions in the simulated group	page 56
ıb	Final equilibrium of opinions in the simulated group	56
2	The system over time drifts back to the old attractor; the ball	
	is pushed up by an external force and falls back after the force	
	withdraws	61
3	Phase 1: the surface is modified (high hollow) so that the ball	
	can fall into another balance point; a new attractor emerges	
	with the new parameters, let's say, trust and cooperation;	
	phase 2: the ball is pushed to high hollow; phase 3: the new	
	attractor of trust and cooperation gains in strength, while the	
	old one decreases in influence; the new hole over time	
	deepens while the old attractor becomes irrelevant	62
4	Social activists addressing the problem directly; the ball is	
	pushed up by external force within the same old attractor	86
5	Step 1: social entrepreneur building social capital; the	
	beginning of the new attractor	87
6	Step 2: feedback loop between success and social capital; the	
	positive attractor intensifies, and the negative one decreases	
	in power	87
7	Step 3: pursuing the social goal; social capital is the	
	transforming parameter; the new attractor becomes well	
	established	88
8	Groups A and B (8 nodes in each group)	91
9	Structure of relationships after adding more connections	93
10	Random paradigm: nodes have more or less the same	
	degree $= 3$	95

viii

List of Figures

11	Small worlds with internal strong bonds and a few external	
	weak ties that connect all clusters and nodes to the entire	
	network (i.e., to any other node)	96
12	Scale-free network: all nodes are connected through the	
	high-connectivity hubs; the central is a super-hub,	
	characterized by high "betweenness"	96
13	The stages of a vibrant network's development	101
14	The feedback loops involved in the social-capital creation and	
	community development (Bystrzyca Klodzka)	103
15	The network of the flow of information related to social	
	projects in Bystrzyca Klodzka	104
16	The network of mutual support in Bystrzyca Klodzka	104
17	The phases of community development	199

LIST OF PHOTOS

1	Mathematics Festival, Q&A session with the teachers	page 2
2	The joy of the Mathematics Festival	3
3	Munir Hasan at the Mathematics Festival	4
4	Steve Bigari	6
5	Training session at America's Family	7
6	Education program for children initiated by Kaz Jaworski	33
7	Kaz Jaworski	34
8	Reza Deghati	77
9	AINA women's radio	77
10	Afghan girls reading Parvaz in Pashto	78
11	AINA Media Center in Afghanistan	78
12	Megh Ale organizing the River Festival	130
13	River Festival, water-pouring ritual: a Buddhist monk	
	pouring holy water	131
14	River Festival, water-pouring ritual: a Hindu priest pouring	
	holy water	131
15	River Festival guests "Sadhus"	132
16	River Festival guests (b)	132
17	Interfaith water ritual at the River Festival; Christian, Hindu,	
	Buddhist, Jewish, and Muslim religious leaders together	133
18	Lucky Chhetri	146
19	Lucky Chhetri and guide trainees	147
20	Climbing sojourn	147
21	Imam Mohammed Ashafa and Pastor James Wuye	152
22	Touchstone for Hope logo: artists Michelle Nahanee and Joey	
	Mallett (2005) show three phases of the relationship between	
	indigenous and nonindigenous peoples in Canada: before	
	colonization (lower left), residential schools (upper right),	

х

List of Photos

	and the beginning of reconciliation (lower right). The vision	
	of reconciliation painted by two First Nation children, Paisley	
	Nahanee and Chelsey Marie Musqua (upper left)	181
23	Dr. Cindy Blackstock	182
24	A Nepali social entrepreneur, Anil Chitrakar, presenting the	
	course to the Nepali students	190
25	Polish students at Ashoka School for Young Social	
	Entrepreneurs working on a project	190

PREFACE

We usually assume that big social changes require huge resources and investments. There are, however, situations in which large-scale, systemic, and durable social changes have been introduced by individuals who initially have no resources other than their social passion, creativity, and entrepreneurial frame of mind; we can say that, in a way, they create "something out of nothing." Those individuals are called social entrepreneurs, and this book is devoted to portraying and analyzing the specific "magic" of their approach.

Indeed, there is something intriguing about the phenomenon of social entrepreneurship and those who practice it. These unique individuals usually address, mostly with great success, seemingly unsolvable social problems, and in so doing, not only manage to motivate the key players and influence people's mindsets, but also generate a huge impact on the social landscape. They often trigger a bottom-up process, a sort of chain of change, involving and empowering society as a whole.

Peter Drucker (Gendron, 1966, p. 37) captured this social-value creation process in these words: "The social entrepreneur changes the performance capacity of society," meaning that the impact of social entrepreneurship exceeds by far the entrepreneurs' specific areas of interest (e.g., disabilities, education, women's issues, or the environment) by empowering societies to enhance their overall performance.

It is hence understandable that there is an increasing interest in the field of social entrepreneurship among academics and social activists (Leadbeater, 1997; Gentile, 2002; Steyaert & Hjorth, 2006) as well as among many in the private sector (Brinckerhoff, 2000; Martin, 2007). According to Mair, Robinson, and Hockerts (2006, p. 1), "in the past decade 'social entrepreneurship' has made a popular name for itself on the global scene as a 'new phenomenon' that is reshaping the way we think about social-value

xii

Preface

creation." Also, Kramer (2005) says that in recent years, the term "social entrepreneur" has sparked the interest of major foundations and private funders, spreading rapidly throughout the nonprofit sector.

Who are they? What is actually so remarkable about their approach? How do they do it? They seem different from all the other related groups: social activists, corporate social responsibility managers, and professional innovators (Bornstein & Davis, 2010). How do we identify this difference? These probing questions – and the thought-provoking answers to them – are the core motivations for writing this book. Perhaps the best point of departure is to recount the fascinating story of one passionate and multitalented individual who, more than three hundred years ago, was determined to alter the status quo; in so doing, he brought genuine, far-reaching change to American society.

When the United States of America was still a collection of thirteen colonies, there was a young man who couldn't accept the reality that books were a rarity in the "New World" and that reading skills were nearly nonexistent. He was convinced of the power of widespread literacy to bring people together and as a result to be a significant force for social change. When he was as young as fifteen and working at his brother's printing house, he was writing letters to the editor of a local newspaper; because of his young age, however, they were never published. Undaunted, his strong drive to communicate with the public led him to pose as a middle-aged widow, using a pseudonym for a signature; those letters were published, and enthusiastic responses from readers ensued in the form of lively discussions and the further sharing and dissemination of ideas. The impact on society was tangible and confirmed his belief in the value of writing, reading, discussing, and sharing.

Eventually, his masquerade was exposed, and he was forced to leave his job. Without any viable means of support, he moved to the new city of Philadelphia. He could not let go of his profound conviction that communicating through writing was the most powerful vehicle for effecting change, and he was determined to do something big and meaningful to implement this idea.

However, confronted with the reality that there was not, as he had hoped, widespread interest in the pursuit of ideas and intellectual ferment, he came to the conclusion that his first challenge had to be finding a way to increase literacy, to instill in the population a love for books, and – most importantly – to stimulate intellectual activities. Finally, in 1727 at the age of 21, he founded the Junto (defined by Merriam-Webster as "a group of persons joined for a common purpose"), which was devoted to self-improvement,

Preface

serving the public good, and intellectual inquiry. They purchased from England books and other reading materials, which at the time were rare commodities. He inspired the members of the Junto to establish a free lending library - the first in America. Democratic in nature, and created by and for the community of subscribers, with the books chosen because they would be mutually beneficial to the shareholder members, this completely new idea revolutionized the act of reading and sparked a significant movement around discussing books. Within a few years' time, the charter of the Library Company of Philadelphia was established. To this day, it is known as a world-class research library specializing in American history and culture from the seventeenth through the nineteenth centuries. By leading Junto, this young, shall we say, social entrepreneur had triggered the process and eventual growth of intellectual development, which ultimately had a significant impact on a wider swath of society in Philadelphia. He eventually expanded Junto to all the other colonies by organizing the American Philosophical Society (still active and vibrant).¹ Obviously, the institution of the lending library has also survived.

This remarkable man was none other than Founding Father, author, publisher, inventor, scientist, political leader, signer of the Declaration of Independence, elder statesman, philosopher, and perhaps America's first "Renaissance man" Benjamin Franklin. So significant and wide ranging were his many contributions to society that Franklin can be considered a true force of nature. He was, for example, a natural innovator: He created the lightning rod, a new version of glass harmonica ("armonica"), the "Franklin stove," and bifocal glasses; he was also instrumental in improving the lighting of city streets. It is important to note that his fascination with innovations had a strong social component: He wrote that his scientific works were to be used for the improvement of human life.

For example, he coined and initiated the idea of "pay it forward" – the legal concept that a good turn be repaid by performing a good turn to others; through this legal innovation, payment could be channeled to a third party that might in turn use it to meet some social need. In addition, through Junto he established volunteer fire brigades, the first public hospital, and police departments, and he introduced paved streets. He was also the founder of the University of Pennsylvania.

Indeed, his social passion and myriad innovations contributed immensely to the human cultural capital (a term that would be coined three centuries later). The Junto club, together with the subscription library,

xiii

¹ See http://www.amphilsoc.org/.

xiv

Preface

comprised several layers of social innovation: According to Mumford (2002), the first layer was the direct and cumulative effect of the innovation; at a deeper level, the initial pooling of books within the club served as an informal demonstration of how, with the application of creative thinking, enterprises could be mutually reinforced. This model, if expanded, could generate social innovations and cultural capital in American society.

Whereas Franklin's narrative is extraordinary, owing especially to the scope of his contributions to American culture and to the political circumstances of the time, many other social entrepreneurs deserve our consideration. For example, the winner of the 2006 Nobel Peace Prize, Mohammad Yunus, proved that in Bangladesh, one of the poorest countries in the world, social innovations can transform lives, even in communities where hopes for a better life are quite modest if not nonexistent. Mohammad Yunus and his Grameen Bank, with the tagline "banking for the poor," offers micro credits to poor women in the form of revolving loans, which enable them to launch their own small business ventures. Conceived in 1976, the program has resulted in a global proliferation of similar enterprises in rural areas, changing the lives of millions and spreading the microfinance system throughout the world and ultimately empowering the poorest of the poor.

We can point to numerous such cutting-edge social innovations, and we observe that behind nearly every one of them usually stand visionary individuals whose passion, commitment, innovativeness, and entrepreneurial spirit lead them to devise and spread solutions to seemingly insurmountable social problems (Bornstein, 2004). In so doing, they often trigger a ripple effect, a phenomenon that seems to distinguish them from other great leaders and innovators, including social activists, business entrepreneurs, and professional innovators. Grasping this difference is the fundamental challenge of this book.

One of the reasons behind the popularity of social entrepreneurship is that there's something inherently interesting and appealing about entrepreneurs and the stories of why and how they do what they do; after all, these extraordinary people come up with brilliant ideas and against all odds succeed at creating new solutions that improve people's lives (Martin & Osberg, 2007).

The fascination with the stories of social entrepreneurs who are finding solutions for seemingly unsolvable problems seems absolutely natural: There is probably no better way to demonstrate the nuts and bolts of this phenomenon than through following the concrete paths of their process – their thinking, probing, learning by failures, finding new solutions, and spreading what worked – often against all odds, not the least of which is

Preface

dealing with the rigidity of the existing structures they face. Nicholls & Cho (2008) point out that in the literature on social entrepreneurship the main focus is on specific examples of innovative praxis, often underpinned by profiles of "hero" social entrepreneurs. Perhaps this is to be expected, thanks to the immense diversity of those stories. They differ (1) by field (women's issues, renewable sources of energy, environmental protection, working for peace, rural development, combating trafficking, and education, to name a few); (2) by location (saving the endangered culture of high Himalaya mountain settlements, rural community development in post-communist countries, instituting education for girls in the nomadic Maasai tribes in Tanzania, bringing modern technology to children in the Brazilian *favelas*, protecting the rainforest in British Columbia, combating child trafficking in Asia, and more); and (3) by social entrepreneurs' status and cultural backgrounds (educated or uneducated; financially comfortable or extremely poor; able-bodied or physically challenged; age; and gender). Those stories also differ in the available resources and methods used in the concrete circumstances they faced. This diversity both adds to and detracts from the possibility of succeeding in our venture.

On the plus side, these cases are compelling, colorful, often close to "magic" as they reveal how, in seemingly hopeless situations and starting with nothing, those special individuals find brilliant solutions – solutions that begin with the process of creating "something out of nothing," and that "something" gradually revolutionizes the whole field. The negative side, however, is that a distant and neutral position in analyzing these remarkable cases can pose a significant challenge. This challenge is another reason for writing this book: It represents the attempt to create a solid theoretical background; to identify the key factors that render the change lasting and irreversible; to identify the specific personality traits that facilitate the process; to grasp the dynamics of social change initiated by social entrepreneurs; and finally, to provide a roadmap for others who might want to become social entrepreneurs.

We thought that the solution would be the combination of the conceptual path with the case studies, the theory with practice – and that is the rationale behind the title of this book. The idea for writing it came to us when we became convinced that in this diverse and complex field, we had identified some invariable principles. The blend of the authors' practical and theoretical experiences was a crucial factor in the discovery of those invariable principles common to social entrepreneurs.

It is worth mentioning that all the cases described in this book are based on in-person and in-depth interviews evaluating candidates for acceptance

xv

xvi

Preface

as Fellows by Ashoka: Innovators for the Public; the interviews were conducted by one of the authors, Ryszard Praszkier (for the description of those interviews, see Chapter 3). The criteria for selecting cases for this book are mostly based on those personal interviews, and we are glad to present social entrepreneurs from Africa, the Americas, Asia, and Europe. Unfortunately, the criteria didn't allow the inclusion of the equally meritorious contributions of many other outstanding social entrepreneurs.

FOR WHOM IS THIS BOOK INTENDED?

First, the intention is to fill a market gap by providing a suitable textbook for graduate and postgraduate students, as well as for undergraduate seniors who are especially interested in social entrepreneurship and social-change theories and practice. As an academic textbook, it is also intended for social scientists; for researchers in psychology, sociology, and the social and political sciences; and for students and professionals in management, business, and public administration. Moreover, it will serve as a basic textbook for use in courses on social entrepreneurship and social change offered in MBA programs and business schools. The multiple inspirations from the case studies, as well as from the analyses of social change, are equally applicable to the social-service and business sectors, both of which can be serious launch pads for effecting social change. For the latter case - the business sector that is socially conscious - it is thought to be a canonical textbook for training in corporate social responsibility. Finally, the social sector will benefit from useful information on the methodology of introducing social change.

The book takes the reader from the classical definitions of social entrepreneurship through a framework of five pivotal dimensions shaped into a syndromic concept of this phenomenon, followed by a summary of the various academic and theoretical approaches to social change: sociological, psychological, Hellenistic philosophy, complexity theory, social networks, and social capital theories. Then the research is presented. This confirms that social entrepreneurs facilitate durable, irreversible, bottom-up socialchange processes, which prompts us to ask several questions: How do they do it? What personality traits are inevitable for fostering these sorts of change processes? What kind of leadership is involved? The book concludes with a new, dynamical delineation of social entrepreneurship, followed by some reflections on manifestations of this phenomenon in the past as well as predictions for the future. Finally, in a few appendices (following the title's Preface

xvii

promise to cover both theory and practice), the focus is on the practical side.

Section I introduces the phenomenon of social entrepreneurship by presenting two cases that provide a sense of the social entrepreneur's reality. Chapter 1 presents the existing definitions of social entrepreneurship. Chapter 2 introduces its critical dimensions. Chapter 3 contemplates the practical aspects of identifying and distinguishing social entrepreneurs from other social activists.

Section II describes the dynamics of social change. Chapter 4 provides an overview of social-change theories. Chapter 5 introduces complexity theory and the dynamical systems approach in relation to social change. Chapter 6 recounts the social-emergence theory.

Section III focuses on the social capital built by social entrepreneurs. A closer view of the concept of social capital and social networks is provided in Chapters 7 and 8. In Chapter 9, we explore the personality traits that facilitate the process of building social capital.

Section IV explores the unique kind of leadership demonstrated by social entrepreneurs. In Chapter 10, basing our presentation on the dynamical systems theory, a new description of social entrepreneurship emerges; as a consequence, we introduce the new kind of leadership that is beginning to materialize (Chapter 11). In Chapter 12, the reader will get to witness this kind of leadership in practice, displaying the innovative ways social entrepreneurs address insurmountable and intractable social problems and conflict situations.

The Epilogue presents examples of social entrepreneurship from the past and mentions some possible future trends. The Conclusion recaps what has been accomplished in this book. Some recommendations on how to become a social entrepreneur are presented in Appendix 1. Appendices 2 and 3 illustrate the applications of the criteria for social entrepreneurship in practice.

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¹ See http://www.complexsystems.edu.pl.

XX

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