

Shaping Social Enterprise

Understanding Institutional Context and Influence

For Annalise, Sarah, and Daniel

Shaping Social Enterprise

Understanding Institutional Context and
Influence

Edited by

Janelle A. Kerlin



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The call brought in more papers than could be published in the special issue and thus the book includes both the five papers from the issue as well as papers on Romania by Lambru and Petrescu and Sweden by Malin Gawell who had also expressed interest. The book also contains two chapters led by PhD students with my assistance. I met Rosemary Chilufya from Zambia

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Also newly published here is a paper in large part undertaken by Muhammet Emre Coskun that updates the work of Monroe-White. He is also my research assistant and a graduate student in my department. He has my gratitude for the many hours he devoted to setting up and running the multi-level regression analysis needed to capture elements not included in the first version. I am also grateful to Alex Nicholls who showed interest in the book project from the start and was gracious enough to provide the preface.

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Preface

Although the phenomenon is anything but new, scholarly enquiry into social entrepreneurship and social enterprise began in earnest in the early 2000s (Nicholls, 2006). From the beginning, the field was framed as an international, indeed global, set of activities addressing a wide range of social issues across many different contexts (Bornstein, 2004). Several important – international – support networks evolved during this period too aiming at building networks of social entrepreneurs, linking them to supportive institutions and resources, and celebrating their work. Ashoka, the Schwab Foundation for Social Entrepreneurship, and the Skoll Foundation all aimed to have a global reach focused, first, on developing countries and, subsequently, also embracing social entrepreneurship/enterprise in the rich, developed nations (see Nicholls, 2010). This important work was often organized regionally or via country-specific organizational structures. However, despite this, there has been relatively little work done on examining the contextual nuances and comparative institutions of social entrepreneurship/social enterprise within and across countries.

Partly, this has been a legacy of a fundamental assumption that was made early on in the evolution of the study of social entrepreneurship/social enterprise – namely, that the key, determining, variable of its impact, success and distinctiveness lay in it representing a new form of *entrepreneurship*. As a consequence, academic centers and initiatives designed to study, teach, and popularize social entrepreneurship/social enterprise emerged in *business schools* around the world – a setting thought to be best suited to research entrepreneurship. However, over time the assumption that entrepreneurship was the key differentiator of social entrepreneurship/social enterprise has been increasingly challenged and it is now as common to find scholars, practitioners, and policy-makers exploring the meanings and implications of the *social* in this emergent field. One aspect of this new line of research has been a greater focus on contexts, eco-systems, and institutions (Bloom & Chatterji, 2009).

But, what is meant by the *social* here? Of course, this is a slippery and potentially all-encompassing term that can disappear up its own ontology. However, research suggests that for social entrepreneurship/social enterprise, at least, the *social* refers to distinctive (intended) outcomes *and* processes developed to address intransigent or systemic failures in the provision of welfare goods and services and, in some cases, of basic economic development. This means that social entrepreneurship/social enterprise can best be understood as outcome and process innovation addressing social market failures (Mair, Martí & Ventresca, 2012).

The types of innovation developed by social entrepreneurs vary considerably from macro-level, disruptive examples (micro-finance, Fair Trade) that are, in fact, quite rare to more modest, meso- and micro-level, action that focuses on sector-specific issues (low cost solar energy, mobile ante-natal clinics, subsidized cataract surgeries). In the latter case, innovation is often a consequence of developing organizational hybridity – the blending together of logics, discourses, and practices from the third sector, government, and the commercial market – as strategic action. Such hybridity-as-strategy can allow new insights into key social problems that, in turn, can drive new solutions that are not open to the status quo of siloed, sectoral action (Battilana & Dorado, 2010). When hybridity focuses on addressing the effects of unjust or inequitable social relations, then such activity has become known as *social innovation* – a more systemic and structural set of actions that serves to frame, but only rarely represent, the more grass-roots work of most social entrepreneurs (Nicholls & Murdock, 2011; Nicholls & Ziegler, 2015).

So how can the *social* within social entrepreneurship/social enterprise be best understood and analyzed? As was noted above, it has been increasingly recognized that the *social* in this field is contingent and contextual – differing in its boundaries and defining features in different cultural, economic, and geographic settings. One important example of this can be seen in the development of a coordinated policy response – across governments – to develop the social impact investing market (see Nicholls, Emerson & Paton, 2015). Pioneered by the UK government in the 2000s, the value of a policy agenda for social impact investing across nations was established in July 2013 at a meeting hosted by the government in London during the G8 Summit chaired by the United Kingdom. One key outcome was the establishment of a Social Impact Investment Taskforce comprising the G8 countries minus Russia and with Australia included.

This Taskforce worked for a year on building a common set of policy objectives across its member states whilst always recognizing significant local differences in policy implementation. The Taskforce reported back on a raft of issues in 2014 and was considered sufficiently successful to be followed up with a larger Global Social Impact Investment Taskforce encompassing more of the G20 countries and others in 2015/2016.

In late 2016, the World Economic Forum published the results of survey data exploring the Top 10 best countries in which to develop and practice social entrepreneurship (WEF, 2016). This research provided an interesting example of *comparative* country analysis in this field. The data were extracted from a survey conducted by the Thomson Reuters Foundation in 45 of the world's biggest economies as ranked by the World Bank. Each of the country surveys contacted 20 experts focused on social entrepreneurship, including academics, social entrepreneurs, investors, policy-makers, and support network staff. In total, 880 experts were surveyed with 619 responses – of the respondents, 48 percent were women. The questions asked explored the funding, policy support, market development, and access to talent for social entrepreneurship/social enterprise in each country. The survey analysis concluded that the United States was the “best” country for social entrepreneurship followed by Canada and the United Kingdom. However, the research did not attempt to explain why country contexts differed nor how they could be changed better to suit the development of social entrepreneurship/social enterprise.

In the light of these praxis-focused examples, scholarly work on the comparative country contexts of social entrepreneurship/enterprise has been surprisingly limited to date. However, it is in the context of this considerable research gap that the work of Professor Kerlin fits. Kerlin pioneered comparative regional analysis of social enterprise when she edited her groundbreaking book *Social Enterprise: A Global Comparison* in 2009. This widely cited collection built upon an important body of research papers already published by Kerlin (2006) and quickly established itself as the first and most authoritative book on this subject. Central to the research was the development of a Macro-Institutional Social Enterprise (MISE) Framework that considered the roles of cultural, government, economic, and civil society factors – and their inter-relationships – as contextual drivers of diversity in the development of social enterprise in different countries and regions. The research applied the MISE Framework to

establish a series of country/regional models of social enterprise built upon distinctive articulations of the same, key, institutional factors. The collection considered eight contexts: Western Europe, East Central Europe, South East Asia, the United States, Zimbabwe and Zambia, Argentina and Japan.

The new book presented here builds upon the legacy of Kerlin's (2009) work to review and revise the MISE Framework and extend the country analysis to seven new territories: South Korea, China, Romania, Spain, Chile, Sweden, and Australia. In addition, the work on Zambia that was begun in the 2009 volume is revisited and revised here. This new research tests Kerlin's theoretically and empirically grounded framework systematically to look at how informal and formal macro-institutions and micro-level stakeholders together shape social enterprise country models. There is a greater emphasis here on culture as an informal institution than in the 2009 work. Moreover, the country models have been enhanced with two new types based on Asian country analysis. Overall, this new book acknowledges the role of micro-level actors more fully than before. As a consequence, this work represents a significant step forward in helping frame how to analyze and understand the evidenced empirical reality of the many divergent manifestations of social enterprise globally. This work has important implications for the future institutionalization of social entrepreneurship/social enterprise globally as it provides vital guidance to policy-makers, potential funders, and aspiring social entrepreneurs in terms of how best to address "wicked problems" in complex contexts. Professor Kerlin's work also provides rich material for further academic research and study.

The phenomenon of social entrepreneurship/social enterprise is increasingly recognized as offering an important contribution to wider attempts at addressing the United Nations Sustainable Development Goals (British Council, 2016; UNDP, 2016). In order for social entrepreneurship/social enterprise to fulfill its promise in improving the lives of millions, its adaptability and contextual flexibility needs to be understood, codified, and institutionalized. This book represents an important contribution to this endeavor.

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