Turun yliopisto
University of Turku

# SOCIAL ENTREPRENEURSHIP
## – Believe in it or not!

Master´s Thesis
in International Business

Author:
Jonathan Renda

Supervisors:
D.Sc. Birgitta Sandberg
M.Sc. Valtteri Kaartemo

22.1.2014
Turku

Turun kauppakorkeakoulu • Turku School of Economics

CONTENTS

LIST OF FIGURES

LIST OF TABLES

# 1 INTRODUCTION

Innovation is the commercialization of an invention (Scocco 2006). Companies make enormous investments in the innovation of products, services or business models. As an illustration of this situation, most of the big European companies increased their investments in R&D these last years for staying competitive, despite the current economic turmoil (European Commission 2011). Nevertheless, innovation is not only about new items or technologies.

Lately, a new attention has been paid on the idea that innovation can also focus on people and society rather than only considering business innovation. This different concept of innovation has been called social innovation. It refers to innovative actions and services whose purposes are meeting social necessities and that are mainly created and promoted by groups having social interests. (Mulgan, Tucker, Rushanara & Sanders 2007, 8.) One form of social innovation is called social entrepreneurship.

## 1.1 Definitions of social entrepreneurship

Different definitions for social entrepreneurship have been proposed and academics are still discussing about a common connotation. Dees (1998, 1) for instance, considered as the father of social entrepreneurship education, said that social entrepreneurship joins the excitement of a social task with the representation of an enterprise in terms of control, innovation, and eagerness in achieving common commercial activities. Soon after, Fowler (2000, 645) added that social entrepreneurship is about cases where the economic actions are specifically intended to create constructive social outcomes, and where extra revenues produce social advantages, and preferably generate horizontal, vertical, forward or backward economic connections. More precisions have been given in 2003, when social entrepreneurship has been defined as multidisciplinary assembles including the appearance of typical behavior to reach the social mission, a consistent coherence of goal and activity in the context of moral complication, the capacity to identify social value-creating prospects and major decision-making features of innovation, being proactive and risk-taker. (Mort, Weerawardena & Carnegie 2003, 76.) In 2005, it has been stated that social entrepreneurship generates new patterns for the supply of products and services that directly concern human necessities which are not answered by present economic or social bodies (Seelos & Mair 2005, 243-244). In 2007, social entrepreneurship has been explained as the performance of answering to market imperfections using transformative, economically viable innovations with the purpose of resolving social troubles (Wolk 2007, 1). Social entrepreneurship is the formation and responsible care of a business enterprise aimed to encourage a particular social mission or reason in a

situation of different parties' involvement (Murphy & Coombes 2009, 327). One of the most recent descriptions is a commercial entity serving a social purpose, and which takes multiple legal forms as co-operative, a limited company or a community interest organization (Blundel & Lockett 2011, 7).

This profusion of definitions has been ironically commented by Burns (2013), managing director of Roberts Enterprise Development Fund, who said that with the growing popularity of the concept, there are almost as many definitions of the concept as there are people acting for it. In this work, the definition of Wolk (2007, 1) is privileged because it encompasses the reasons for social entrepreneurship and the innovative solutions to particular problems described in the paper are also included.

## 1.2 Promises and critics

Social entrepreneurship appears as positive and growing in popularity if we consider the following tremendous example. Muhammad Yunnus, a professor from Bangladesh, received the Nobel Peace Prize in 2006 for having created the Grameen Bank which gives micro-credits to the poorest ones (Nobelprize 2006). Facing worldwide problems as economic crisis, poverty or social protests, economic and social actors in the public and private sector (governments, enterprises or non-profits) seem overwhelmed, when social entrepreneurship appear as a new potential solution to these troubles (Sud, VanStandt & Baugous 2009, 201).

However, despite the growing popularity of social entrepreneurship and hopes in it in countries such as the UK or the USA, the movement is still in its infancy in many European nations as Finland for instance (Finnfacts 2011). Furthermore, the term social entrepreneurship appears as an oxymoron. How indeed can a business be in the mean time and in reality, social and profitable? Moreover, most of the books dedicated to social entrepreneurship are very fond of the movement without really taking a certain critical distance with it. Social entrepreneurs are thereby frequently presented as some kind of exceptional individuals undoubtedly making something good for the entire planet. Finally, direct complaints towards social entrepreneurship are growing, including in the developing countries. For example, some villagers in Bangladesh have claimed to have been harassed by the Grameen Bank representatives as they were unable to honour their credits to the social bank (France 24 2008).

## 1.3     Gaps and research question

Considering these diverse aspects, a gap actually seems to exist between the promises of social entrepreneurship and its limits. Differences appear between some kind of idyllic optimism from some persons in favor of social entrepreneurship and its actual challenges or even risks. In this situation, it is then difficult to have a clear opinion about social entrepreneurship. The research gap in this study is subsequently about the difference between these two positions on social entrepreneurship. The present work aims to present the two facets of social entrepreneurship: the optimistic one and the more cautious consideration. The current paper will then try to answer to this question: shall we believe in social entrepreneurship? Believing in social entrepreneurship is obvious as it is a fact existing in reality and not a kind of myth impossible to be proved. Believing is more used here about agreeing with social entrepreneurship by accepting it, legitimizing it, and perhaps supporting it. Believing in social entrepreneurship is also important because any new, innovative and humanistic socio-economic phenomenon needs more than statistical data to exist and grow. The human factor as in believing is then essential. In order to respond to this issue, the assets and the limitations of social entrepreneurship will be considered. This demarche – as a way of analyzing the phenomenon – will be done in considering social entrepreneurship potentialities and actual "myths" in different contexts. In other terms – and as some kind of sub-question – what are the reasons for believing or not in social entrepreneurship taking into account the advantages and possible risks of it in the business, public, and third sector? These studying parts have been chosen as social entrepreneurship is at the crossroad of the three different sectors (Ridley-Duff & Bull 2011, 73).

An assumed critical approach is not meant to deconstruct social entrepreneurship. Business certainly has a role to play in social issues. The current paper is not following the idea of Milton Friedman (1970, 32-33, 122-124) that "*the social responsibility of business is to increase its profits*". The critics in this thesis are used on the contrary, to demystify social entrepreneurship in order to completely understand it. This approach could give other views to persons interested about social entrepreneurship – as entrepreneurs, politicians, social workers, employees in NGOs, academics, students or simple citizens – but who would still hesitate about the meaning, extent and use of it. Nothing is absolutely black and white, and the reality of social entrepreneurship would certainly lie in some grey area. Considering advantages and drawbacks of social entrepreneurship are anyhow some sort of contribution in the legitimate public debate concerning current socio-economic global concerns.

The empirical part of this work will consist in interviewing actors or observers of social entrepreneurship to give their opinions. These persons are active in the entrepreneurial, academic or public sector. They may be for or against social entrepreneurship but

can in any cases at their level, bring interesting information about believing or not in social entrepreneurship. These people could emphasize some critics or bring possible alternatives to the current debates. They are then proficient in the subject and can judiciously speak about it. It is hoped indeed that their contributions will bring precious information in the critical discussion presented in these pages to reduce the gap between some idyllic views and realities connected to social entrepreneurship. This research does obviously not pretend to exhaustively cover the topic of social entrepreneurship and gives truths about this theme. It is once again a tiny input to bring more ideas about social entrepreneurship to persons favourably considering or not this subject.

In the final part of this study, the reader will be able to evaluate the personal thoughts of the paper's author on social entrepreneurship.

The main reason for choosing this topic has been the long interest of the writer in alternative economic and social systems as social economy, cooperatives, alternative currencies or fair trade. This work could obviously be useful to persons interested in or active in social entrepreneurship. Anybody considering the potential opportunities and risks of applying economic principles in social issues could be interested. However, the research is not only meant for these categories of people. It could also and again raise the attention of any entrepreneur, manager, student, politician, consumer or citizen. In short, anyone in any field who is going beyond stereotypes by using both their emotional and critical brain.

# 2     SOCIAL ENTREPRENEURSHIP IN THE BUSINESS CONTEXT

## 2.1     Social entrepreneurship in the entrepreneurship perspective

### 2.1.1     *A genuine entrepreneurship*

Social entrepreneurship can be considered as an inclusive entrepreneurship by the definitions given to social and traditional business entrepreneurship. Many points between the two kinds of entrepreneurship are indeed matching one another. The actors of social entrepreneurship are for instance – within the social framework and mission – persistently trying to look for new prospects in a procedure of permanent innovation, adjustment and learning process regardless of the limited resources (Dees 1998, 4). In defining social entrepreneurship, Dees (1998, 1) directly follows the entrepreneurship theorists. For instance, the economist Jean-Baptiste Say was one of the first to use the word entrepreneur. The term is originally French and means a person who undertakes. Say (1821, 41) stated that the entrepreneur transfers the economic assets from a field of lower productivity to a higher one with a greater return. Say meant that entrepreneurs create value. Social entrepreneurs produce value too, but this added value has a social character. In the middle of the twentieth century, Joseph Alois Schumpeter regarded entrepreneurs as innovators. Schumpeter (2003, 132)[1] clearly wrote that the meaning of entrepreneurs is to modify or even radically change the model of manufacture by using a creation or, more commonly, an untested technological opportunity for producing a new product or making an old one in a new manner, by opening up a novel source of supply of materials or a new channel for products, by restructuring an industry. The invention and innovation process described by Schumpeter is then at the heart of the social entrepreneurship concept too. The likeliness between traditional and social entrepreneurship are also found in the Drucker's conception. Drucker (2007, 25)[2] emphasized characteristics of the entrepreneur by the search for innovation or change based on the opportunity aspect. In his book Innovation and Entrepreneurship he stated: "*This defines entrepreneur and entrepreneurship – the entrepreneur always searches for change, responds to it, and exploits it as an opportunity.*" For Drucker (2007, 25) then, the entrepreneur constantly looks for change, reacts to it, and exploits it as a prospect. As it was previ-

---

[1] The English book edition was first time published in 1943 by Allen & Unwin, London.

[2] The first edition was published in 1985 by Harper & Row, New York.

ously mentioned, instead of focusing on problems, social entrepreneurs – as most of the other entrepreneurs – are looking for opportunities. Social entrepreneurs try not to be limited by their resources. As many entrepreneurs do, they assemble the assets from others in order to achieve their entrepreneurial goals.

### 2.1.2    *Redefinition of the concept and values of entrepreneurship*

Social entrepreneurship is really different – meaning better – as entrepreneurship for its defenders by its core mission and raison d'être. Comparing business and social enterprises, the major distinction would be about the core objective. It means what the company is attempting to get the most out of. Social entrepreneurship would primarily aim to care about some social problems that are not being considered or mishandled by other organizations (Bornstein & Davis 2010, 30). In any case, business entrepreneurs cannot be mingled with social entrepreneurs because they create some specific social needs. The goal is different. This essential social purpose has been described by researchers as for instance Thompson and Doherty (2006, 362) who listed the genuine characteristics of social enterprises. Social enterprises must then have first a social objective. They own property and capital used to create some sort of collective or mutual benefit. They then follow the market rules but – contrary to traditional enterprises – their profits are not necessarily redistributed to shareholders for instance. Associates or personnel have furthermore some authority on the direction of the firm. The social enterprise is responsible for its associates and the targeted group being served. It concretely means that the well-being of employees is considered. Customer care is additionally taken very seriously. Transparency is characterizing the business operations in the social entrepreneurship activity. The social organization is also concerned with the limited impact of its activities on the environment (Suomalaisen työn liitto 2013). These genuine characteristics are summarized and illustrated by the following figures:

*Creating social good in business &*
*service sector*

Minimizing environmental impact                    Customer oriented

*Limited profit distribution*                    *Transparency*

Employee well-being
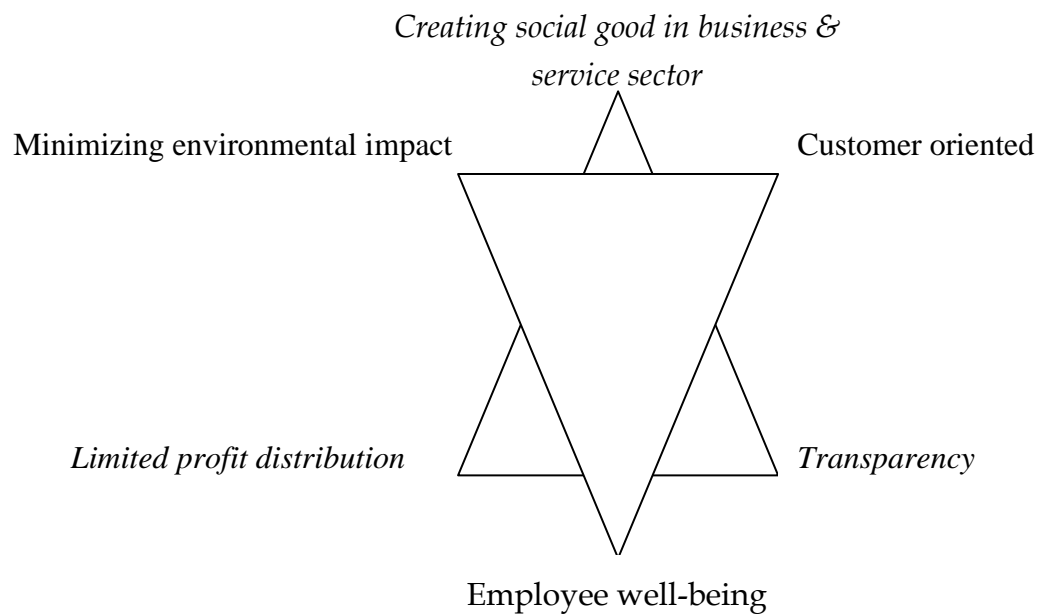
Figure 1          A diamond model of social entrepreneurship (Suomalaisen työn liitto
                  2013)

   Figure 1 illustrates the focus on the creation of social good in business and service
sector, the limited profit distribution and the transparency. These points are the major
pillars in the social entrepreneurship model and concerns. Other matters are considered
but less emphasized as the environmental impact of the organization's activities, the
customers' care or the employee well-being.

   One more special characteristic concerning social entrepreneurship is the balance
that must be found between creating social results and maintaining a viable financial
system. Besides, social entrepreneurship has a long term social impact – compared to
other businesses – as shown in the following figure.

High Growth Entrepreneurship

Transformational Entrepreneurship

Small Business

Social Entrepreneurship

Economic impact

Long term social impact
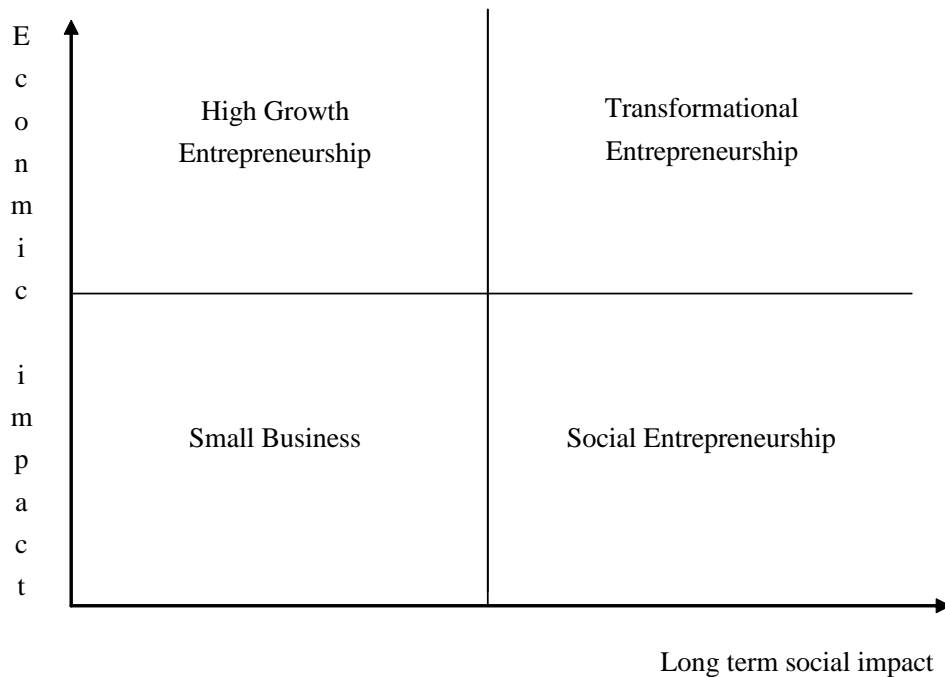
Figure 2      A map of socio-economic value creation (Marmer 2012)

Figure 2 shows that social entrepreneurship differentiates itself from other sort of entrepreneurship. Small businesses have limited economic and social impact. High growth entrepreneurship has a significant economic impact but the long term social result is limited. Social entrepreneurship on the contrary has some real long term social impact. Nevertheless, it is fair to admit that social entrepreneurship does not represent the optimum entrepreneurship system considering figure 2. Social entrepreneurship indeed does not reach good performance in terms of economic output. In this sense, transformational entrepreneurship would perhaps seem a model to follow at some point to both perform socially and economically well for social entrepreneurship.

Davis (2002, 7) has even stated that social entrepreneurship by its focus on ethical honesty and social returns – rather than making profits – redefines the concept of entrepreneurship. The core concepts of entrepreneurship as the *creative destruction* (Schumpeter 2003, 132) or even at a macro-level the *invisible hand* (Smith 1776, 488-489) would be questioned by social entrepreneurship. Enterprises in this social framework would not indeed act for the good of society in an unconscious way but these type of organizations would be created with a definite social purpose. Furthermore, social entrepreneurship does not include the term destruction but emphasizes on the creation process of social activities as previously considered. It would imply that the principles of collaboration prevail over the traditional rules of competition in business life. All these original factors would make social entrepreneurship promoter of a new type of entre-

preneurship. This kind of entrepreneurship would even be very innovative by precisely including cooperation as in *open collaborative innovation* for instance. Open collaborative innovation is about the creation of projects where different actors cooperate and share in an open way what they are working on. It has been used in high-tech projects or for the rise of new sports in which many volunteers collaborate in sharing free information (Baldwin & Hippel 2009, 9). The same spirit of entrepreneurship and innovation is boosting and is being developed in the principles of social entrepreneurship.

Social entrepreneurship is also very innovative in entrepreneurship as being diverse in terms of legal existence and forms. Different legal statuses for social enterprises exist in diverse European countries. These different forms are illustrated by the next figure:
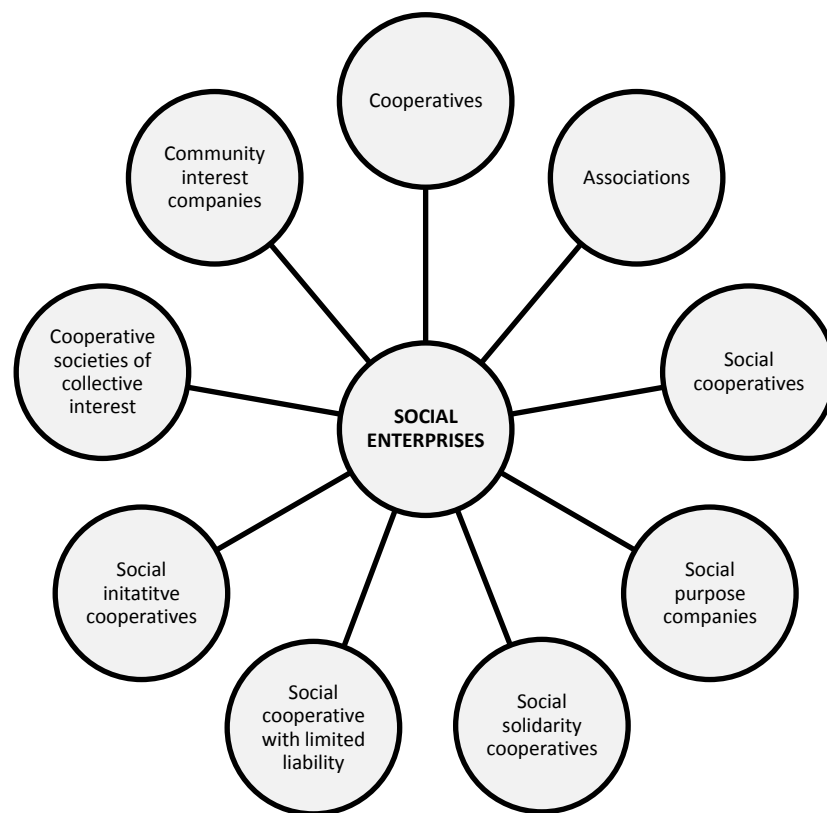


Figure 3        The different forms of social enterprises in Western European (Kerlin 2009, 18-19)

*Cooperatives* and *associations* are the most common legal forms of social enterprises. Other legal statuses yet exist in different European countries. Italy was the first country to create the status of *social cooperatives* in 1991. Two types of these social enterprises exist. First, the social enterprises acting in the social and health care area. The second ones are focusing on delivering employment to persons in need. Belgium introduced the legal term *social purpose companies* in 1996. Portugal launched in 1998, the *social solidarity cooperatives*. Greece created *the social cooperatives with limited*

*liability* in 1999. The same year, Spain made *social initiative cooperatives* for the reintegration of the excluded ones. In 2002, France introduced the form called *cooperative societies of collective interest*. In the UK, *community interest companies* emerged in 2004. Different statuses exist then for social entrepreneurship according to the country.

Social entrepreneurship – in considering these previous points – really seems different, innovative and even revolutionary at some stage. These factors could nevertheless be moderated facing the entrepreneurship reality. After presenting the advantages of social entrepreneurship in the entrepreneurship context, the following points describe the limits or drawbacks of it in the same sector.

### 2.1.3    Communication and financial limits

Mainly focusing on the success and promises about social entrepreneurship could almost cause to forget that social enterprises as any other businesses can fail. A lot of books about social entrepreneurship are indeed written on successful social businesses and very seldom on the failing enterprises. Failure in the social area is actually hardly ever considered. Some social entrepreneurs are so convinced by the obvious success of their cause that they can claim social entrepreneurship as being an activity in which *everybody wins*. This position is created by the *goodness message* spread by social entrepreneurship leading to the myth that good actions must necessarily pay off because they are *humanly useful* or fair. (McGlade 2013.) However, the hyper positive state of mind is going pretty much against one of the principal sides of entrepreneurial activity which precisely lies in the lack of certainty. (Anderson 2012.) In other terms, entrepreneurship is everything but certain. Some social entrepreneurs assert furthermore that many social enterprises are actually unsuccessful. Nevertheless, instead of hiding this reality, the experience could be useful to learn from it and eventually succeed. Successful social entrepreneurs can fail several times before really innovating. (Cahalane 2013.) Events around social entrepreneurship often include competitions prizing the best presentations and not the most promising or realistic projects (Lewis 2013). As the sector is still young, some fear may exist in repelling the investors if failure is openly spoken among the actors of social entrepreneurship (Cahalane 2013).

This factor reveals another gap or myth between again the communications made around social entrepreneurship and the mere reality of it. Social entrepreneurship may be different in some parts as previously explained but as for other for-profit ventures, the way for succeeding is truly arduous. Dealing with a social enterprise includes in fact all the constraints of operating a commercial business, in addition to care about a second base line in social matters. The creation of a social enterprise requires endurance, resilience, plus pro and reactive skills as for any other entrepreneurs (McGlade 2013). In this

sense, the very definition of social entrepreneurship could lead to some misinterpretation. It has been indeed formerly alleged that social entrepreneurship needs to make enough profits in order to reinvest them in social actions. The main economic concern of social enterprises would then be to survive without greatly caring about financial results. Nonetheless, a solid accounting system – as for any other enterprises to survive and grow – is indispensable (Burns 2013). Anna Whitty, leader of a social enterprise called community transport organisation (ECT), revealed this lack of discipline as the main cause of her company's failure. She mentioned for instance the over-diversification of activities, the blurred mission and the firm's expansion mainly based on debt (Cahalane 2013). The financial aspect of social entrepreneurship ought indeed to be demystified. It is not that appropriate to think that setting off a social enterprise demands negligible investment. Considering the different and multiple costs, as for instance start-up charges, early losses, and capital investment required, any social enterprise – as any similar business enterprise – cannot begin, survive and grow without a certain financial investment (Burns 2013). As many social entrepreneurs often underestimate real costs, necessary economies of scale are often not realized (Edgington 2011).

Difficulties of numerous social enterprises – that can lead to failure – in contrast with an extra positive communication may also come from other factors as inappropriate assessment tools.

### 2.1.4    Assessment tools and status limits

Another issue and gap precisely lies in the complex model and evaluation success of social entrepreneurship. The difficulty is in the combination of social and economic goals. There is no appropriate tool to evaluate both of these issues together, and specifically, the necessary compromise between them. It means that profitable results do not automatically implies social returns or the other way around. This situation could lead social entrepreneurs to be less careful in leading their business due to the different stakeholders' interests to follow or the impossibility to simply evaluate the social success. In the traditional entrepreneurship context, entrepreneurs assess their achievement by financial returns after their investment. It is pretty simple for the business world (Burns 2011, 99.) In other terms, the social goal as intrinsic value of social entrepreneurship generates bigger issues to evaluate than the performance of the company. As a matter of comparison, commercial enterprises can count on concrete and countable standards of performance as economic indexes, market shares, customer contentment or quality. These outputs are conventional, quantifiable and common in terms of success evaluation. On the other hand, the social change is more difficult to estimate due to the non quantifiable, multi causal, temporally changing and subjective characteristics (Aus-

tin, Stevenson & Wei-Skillern 2006, 3). A social-enterprise is different from general business enterprises as no common method of social evaluation exists (Hills & Pfitzer 2013). One may propose general assumption as for example that the success should be evaluated considering the positive change in individual's life (Burns 2013). This assessment may nevertheless appear as too vague by not including professional scales or measurements. According to Hills & Pfitzer (2013) some standards to gauge the social and environmental impact of companies in their activities have been created as the Sustainability Accounting Standards Board, the Impact Reporting and Investment Standards (IRIS) or the Global Impact Investing Rating System (GIIRS). These tools are yet scattered and do not reflect the specific social results of social enterprises.

Social entrepreneurship is characterizing itself as being strongly socially concerned compared to business entrepreneurship. It makes this kind of entrepreneurship so special and even humanly better or nicer than traditional entrepreneurship for some commentators. However, the difference between social and business entrepreneurship is not that simple and is at least not static. Objectives of the entrepreneur can change over time. The great difference or opposition between the social and for-profit entrepreneurs would in fact be inappropriate (Williams & Nadin 2011, 118). The dichotomy rather exists in the concepts than in the practice of entrepreneurship (Austin et al. 2006, 3). The status and purpose of the enterprise may once more vary with time. What starts as a business entrepreneurial corporation may transform itself into social enterprise or the other way around. In fact, many social entrepreneurs are more interested by profits with experience and time. Furthermore, social and commercial goals are usually mixed in entrepreneurs' mind and plans. (Williams & Nadin 2011, 118, 125.) No entrepreneur is obviously either purely social or commercial. Overall, one may say that business entrepreneurship is also useful for the entire society by creating new products and services, employment or even by paying public taxes (Austin et al. 2006, 3). Without saying that each person creating some company is a social entrepreneur; every business entrepreneur has anyway and partly a relative positive social impact. About this last point, some had even written that basically, profits are an indication for corporations that they are generating social value to people. (Prada 2012.) In a more general point of view and on the other hand, some entrepreneurship academics may doubt that entrepreneurship by itself can create something good. It is not really the raison d'être of entrepreneurship *to be good* – as described by social entrepreneurship for being good for organizations, non-profits or the entire society – and it can even be destructive by some activities (Sameeksha & Acs 2007, 9). The reference in this case to the well-know *creative destruction* defined by Schumpeter (2003, 132) is obvious in the entrepreneurship context.

Besides, it is worth mentioning that the status and concerns of the entrepreneur vary according to the location of the business. In United Kingdom for instance, a study illustrated the fact that entrepreneurs in cities would be more profit driven. On the contrary,

rural areas would count more social oriented entrepreneurs. (Williams & Nadin 2011, 124.) In other terms, disadvantaged rural regions are more likely to create some social entrepreneurship compared to wealthy urban districts. The status and action of social entrepreneurship is then not static and is being more complex than it is often presented in the sort of mythical image and this according to human, temporal and spatial factors. Social and business entrepreneurship are not in opposition with each other and one would not be *nobler* than the other. Furthermore, entrepreneurship rules apply to social entrepreneurship which is not an exception in this field. The status of social enterprises is in fact often difficult to determine. As previously considered, there are different forms of social enterprises (see chapter 2.1.3). This mix of organisational status partly comes from the position of social entrepreneurship at the crossroad of the public, private and voluntary sector as illustrated in the following figure:
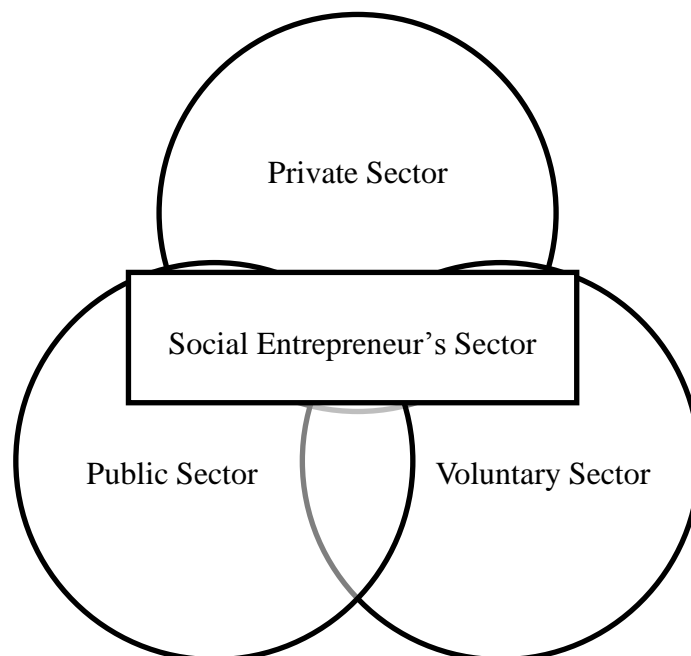
Figure 4        Social entrepreneurship at the crossroad of different sectors (Ridley-Duff & Bull 2011, 73)

Figure 4 clearly illustrates the fact that social entrepreneurship is at the very centre of the three main socio-economic activities among the private, public and third sector. Social enterprises can be in contact with private entities, public offices or non-governmental organisations for instance. This special position makes its specificities for good and bad. In this case, social entrepreneurship can then combine all the advantages and drawbacks of the three sectors. Not belonging to one specific area can again be disturbing to clarify the real status and role of social enterprises.

## 2.2     The social entrepreneur

The social entrepreneur is first of all an entrepreneur. For this reason, beyond the definitions given about the entrepreneur (see chapter 2), it is interesting to remind the main characters usually given to this type of economic and social actor.

### 2.2.1     *The entrepreneur's characters*

Different kinds of entrepreneurs exist and no list can in an exhaustive way sum up their personalities. The following traits are a certain view of what entrepreneurs may have in common compared to the rest of population. Many academics and professionals have described the characters of the entrepreneur. According to Burch (1986, 28-29) there are several characteristics belonging to the entrepreneur, illustrated by the following figure.



Figure 5      Characters of the entrepreneurs (Burch 1986, 28-29)

    *A desire to achieve* is first defining the entrepreneur. The person wants to make something through the enterprise. They are *hard-workers* and often workaholics. *Nur-*

*turing quality* describes the fact that they will very carefully care about their organization until it can stand alone. Entrepreneurs *accept responsibility* in a moral and accountable way. They are *reward oriented* as they appreciate results for their efforts in terms of money but also social recognition and personal achievement. By being mainly *optimistic,* entrepreneurs can think that everything is possible. These persons are *excellence oriented*, meaning that they want to achieve something exceptional. Entrepreneurs are good *organizer* as bringing together different elements to make the organization working. Finally, they are *money oriented* to keep alive and develop their business.

### 2.2.2    General facts about social entrepreneurs and given attributes

The 2011 Global Entrepreneurship Monitor Report on Social Entrepreneurship gives us different interesting information about social entrepreneurs. Males are in general more likely to start a social enterprise but the gender difference is less important than in traditional businesses. Besides, the gender gap is less significant according to the parts of the world. An equal number of women are opening social ventures in Finland, the USA, when more female are social entrepreneurs in Argentina, Israel or Russia (Terjesen, Lepoutre, Justo & Bosma 2011, 4). Globally, it revealed that most of the social entrepreneurs have at least a minimum education but even in most of the cases; higher education level. It is especially true in South America, Caribbean and Europe at some level (Terjesen et al. 2011, 5). About the global location of social entrepreneurs, the next figure gives us interesting data:
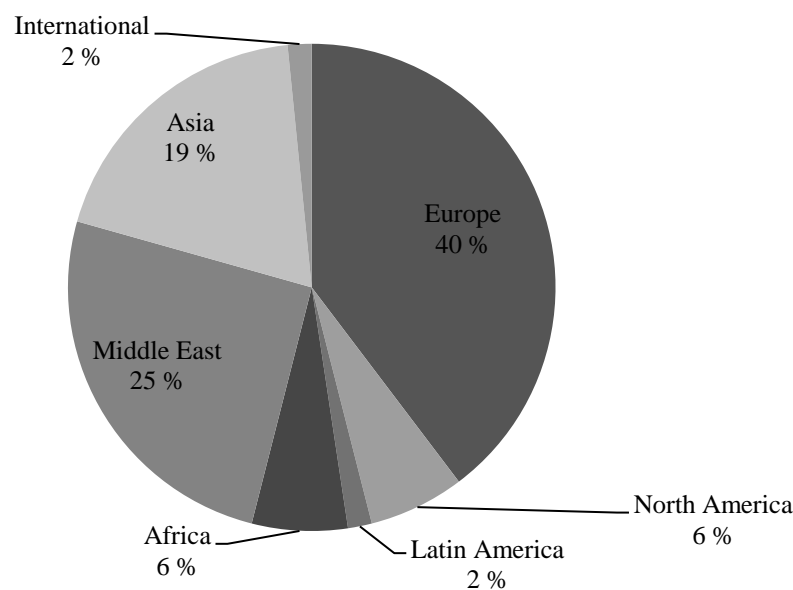


Figure 6          Percentage of social entrepreneurs networks per region (Bernard 2012)

The pie chart does not give us direct information about the number of social enterprises in the different world region. It is a picture of the organizations coordinating the work of social entrepreneurs. Nonetheless, the importance of these networks illustrates somehow the reality and the intensity of social entrepreneurship worldwide. It is then interesting to notice that the highest numbers of social entrepreneurs' networks are in Europe, followed by Asia and the Middle-East. Africa is at the same level as North America when Latin America stands behind. Social entrepreneurship seems then more organized and dynamics in general in these leading regions.

About their social status, a majority of social entrepreneur is self-employed. The others are part time active or still have the student status (Terjesen et al. 2011, 5). Social entrepreneurs can share similar characters with common entrepreneurs (see chapter 2.2.1). However, they are some sort of specific entrepreneurs. Dees (1998, 5) described social entrepreneurs as a *rare breed of leader*. According to Bill Drayton, chairman and founder of an organization promoting social entrepreneurship called Ashoka; "*social entrepreneurs are not content just to give fish or teach how to fish. They will not rest until they have revolutionized the fishing industry*" (Light 2008, 4). Beyond the industry, these sorts of entrepreneurs try to change the entire society. They have long term objectives and must be reckless confronted to the numerous hurdles on their way. Bornstein (2007, 1) adds in the same way that social entrepreneurs are persons having innovative approaches to face important issues and are persistent in the quest of their dreams. These persons will not be discouraged by refusals but will continue to act until their ideas are taken into consideration. Successful social entrepreneurs are often praised for their leadership skills. For instance, they would be able to deal in an efficient way among different kind of communities. They would also have adaptive abilities allowing them to distinguish and react to the changing demand on a long period (Alvord, Brown & Letts 2004, 271). Social entrepreneurs would then have exceptional qualities indeed, in order to inspire others with very innovative ideas, as well as achieving outstanding things with limited financial resources. Social entrepreneurs are determined and ambitious (Thompson, Alvy & Lees 2000, 331).

On a more personal point of view, people involved in social businesses often have the motivation in fulfilling their life's purpose. It is very possible that a personal accident or experience will guide their decision to become social entrepreneur or to work in a certain field. For instance, a person having either family members who are disabled or being themselves disabled will probably be involved in the social business for handicapped people. The characters of social entrepreneurs are perhaps to be found in the construction of the individual's personality. Many social entrepreneurs developed empathy since their childhood, when they stood up against unfair situations at school, for instance. They often had a grown-up person as teachers, priests or parents giving them moral guidance. (Bornstein & Davis 2010, 29.) Overall, people becoming social entre-

preneurs know that they will not become rich with this activity. Personal wealth is obviously not their main motivation. They are first of all dedicated to their mission as Colin Crooks, manager at the social enterprise Green Works commented: *"I´m here to stop furniture filling up landfill, not to boost profits so I can holiday in Barbados"* (Robertson 2008).

According to these qualities, social entrepreneurs really seem belonging to a special *breed of leaders*. Their description made in many studies is yet different than the reality of their work and personality.

### 2.2.3 *The generation gap and the myth of the lonely savior*

The first gap is about the age of most of social entrepreneurs. Many social entrepreneurs lack some experience in the social or business field in general because the majority of them is pretty young (Stuart 2012). The most likely population to be involved in social business is youngsters between 18 and 25. On the other hand, the persons closed to get retired (55-64 years old) are the least possible ones to start a social enterprise (Terjesen et al. 2011, 5). Youth is full of vigor, idealism and courage but they obviously suffer from a lack of experience. Older business professionals would be needed to temper this enthusiasm and bring more expert skills to social entrepreneurship (Mas 2012). McGlade (2013) confirms this need for experience as he admitted that his business failed because he had previously never been active for a start-up business or in the social enterprise sector. He added that without having the accurate experience, it is doubtful to succeed.

Social entrepreneurship is a long term involvement, meaning that social entrepreneurs need to be totally implicated in the business. Scott Harrison, the leader of a social business in New York delivering clean water in Africa, explained that the biggest mistake most people make, is that they are half-in, half-out (Dubois 2011). Being totally involved is obligatory considering that social entrepreneurship is a long term dedication, with many arrests and dissatisfaction (Bornstein & Davis 2010, 30).

Social entrepreneurs should be highly committed and have leadership skills, but they are not super heroes. A major failure of the current qualitative researches is that they are very inclined toward heroic entrepreneurs. (Nobel 2012, 1.) Corporate Social Entrepreneurship should include team work, meaning that CSE is not about *one-man show*, but has to be considered and lived through the organization (Spitzeck, Pirson, Amann, Khan, & Kimakowitz 2009, 256). Putting your ego away seems necessary in this sense. Otherwise, it could even lead to the failure of the enterprise. (McGlade 2013.) These social leaders neither have necessarily great charisma nor unlimited confidence. They can learn to be entrepreneur as most of the people, implying that – as previously men-

tioned – they also learn from their own mistakes. They must be good listeners in order to obtain the most precious information and bring together different parties inside or outside their business, and get the skills of others for things they cannot make by themselves. (Bornstein & Davis 2010, 27-28.) Once more, behind each social entrepreneur is a group of people working to realize the entrepreneur's vision. Social entrepreneurship is first of all a collective action made to solve troubles of communities (Edgington 2011). The myth of a one man job is again shaken by the simple reality of the ground belonging to social entrepreneurship. The individualistic heroic vision spread by academics of social entrepreneurship has even been called *a messianism without a messiah.* Social entrepreneurship by its so-called novelty and success stories would then constitute a quasi new religion led by new active leaders coming to the rescue of a passive crowd in pain. Social entrepreneurs would be untouchable because they are good and right against some evil as they would be in the same time keeper of virtue and morality (Dey & Steyaert 2010, 85, 91-92). This unconscious but interesting consideration of the social entrepreneur by some grand narrative including political messages – that can be found in a certain amount of papers dedicated to the topic – would prevent any debate or critics around social entrepreneurship. It does not help the development of social entrepreneurship because it is again keeping it in the mythical part. Social entrepreneurship would be in this sense similar to a fetish. The most important would not be what is being produced but what is being told. It means what most of us wish to believe in because. It is the perfect contrary to some facts and figures that could easily lose us as being complicated in some journals or researches. (Anderson 2012.)

After studying the characters of the social entrepreneurs including his/strengths and limits, the next section will focus on major groups for any business represented by the employees and the customers of social entrepreneurship. Considering these two groups is essential to fully research social entrepreneurship.

## 2.3     The workforce and the demand of social entrepreneurship

### 2.3.1     The employees of social entrepreneurship

Employees in social entrepreneurship as in any enterprise matter for the success of the business. One positive particularity of these persons is that many of them put great importance on non-financial rewards or their work (Austin et al. 2006, 3). It is indeed easy to conceive that some people feel useful in their job for working in a social organization helping persons in need. Besides, employees in the social entrepreneurship consideration stand at a special position (see figure 2). The principle of social entrepreneurship is

– as previously seen – creating some organisation having an external social impact. However, social enterprises could be considered as a social model for their own employees. This would be an answer to the situation experienced by many employees as diseases caused by jobs. Indeed, stress, anxiety and depression connected with work for example are the first reasons for sickness and sick leave – sometimes prolonged – among employees (Collis 2013). These facts are easily found in other developed countries with the growing global working competition. Social enterprises are not idyllic places to work in but at least their principles include the wellness of their staff. The well-being of employees officially matter for social entrepreneurship. Additionally, social enterprises have some real social benefits on workforce standards by creating employment. Social organisations are corporations acting in the same style as other enterprises, but they also give employment possibilities for the persons having difficulties to find a job because of their disability or long-term unemployment. Social enterprises create jobs, rehabilitate some categories of persons, offer trainings and improve worker participation (Nieminen 2007, 9).

Social enterprises offer some sort of additional motivation to their employees as formerly considered. On the other hand, this kind of motivation from workers could also lead some of them to consider their activity more as a goodwill action than a real professional duty. This possible behaviour has been noticed by Colin Crooks from Green Works – a British company recycling office furniture – as some workers do not still realize that the overall enterprise do not make things to throw away. He insisted by saying that all staff has to act as in a serious business, as professionals (Robertson 2008). A relative weakness is that many social enterprises must count on volunteer work for the vey basic key functions in fund raising for example or even at a managerial level (Austin et al. 2006, 8). Social enterprise may be a comprehensive entrepreneurship but, as already observed, it has a lack of resources. These difficulties in assets mobilization lead to the inability to hire the best employees (Austin et al. 2006, 8). Social entrepreneurs cannot do as commercial entrepreneurs who most of the times have financial means to hire and keep the best talents. The competition from traditional businesses with more financial, technical and professional means is another handicap. This lack in getting the best wage-earners or even simple professionals could certainly explain in some part the difficulties for social entrepreneurship to grow. In addition and as formerly considered, many social entrepreneurs suffer from being short in professional experience, plus they hire more on sensitivity or availability than talent. It is a common mistake made by a consequent number of social entrepreneurs to rather hire the most passionate about the social mission than the best skilled for the job. This is a real issue when it is about making necessary profits like in the case of social entrepreneurship. (Jensen 2012.)

Another important group to consider when talking about social entrepreneurship are the customers.

### 2.3.2    *The customers of social entrepreneurship*

Most of the studies, researches, books about social entrepreneurship are focusing on the social entrepreneurs and omitting in the meantime the consideration for consumers. Current and potential customers seem essential if – as we previously considered in the several definitions (see chapter 1) – the activity of social entrepreneurship is based on profits.

Furthermore the customer oriented approach is one component of social entrepreneurship (see figure 1). Only a few researches yet exist about the behaviours of the different consumer classes which are active in social business activities or get some profits out of it, including in social entrepreneurship (Hibbert, Hogg & Quinn 2005, 160). Many social entrepreneurs could indeed assume that customers will purchase their products or services because their organization stands for a noble cause. On the contrary, it has been proven that customers consider first the quality; price and service of a product before eventually buying it for the social cause (Burns 2013). The same experience happened to Zack Rosenberg who created DoGoodBuyUs, an Internet site selling items produced by social organizations. One of these organizations sold expensive and low quality package which did not attract customers (Jensen 2012). The focus is not on what the social entrepreneur wish, but on what the others as potential customers want (McGlade 2013).

Knowing the audience to make people want to buy the product from the social enterprise would make the social organizations competitive versus traditional business organizations (Jensen 2012). A research has been made by the Big Issue. Created in 1991, the British social enterprise is producing a magazine sold by homeless people keeping the benefits of their sales (The Economist 2012). Results of the study revealed that among the persons buying the Big Issue in Scotland, approximately 75% do so to first help the homeless ones. Only a quarter of the respondents admitted to buy for the contents of the articles. Guilt was even the main feeling mentioned by buyers. Quality of the paper or its communication would then seem a minor topic considering these results. In the very same survey though, messages around the Big Issue is nevertheless critical. The main reason for stopping to buy the magazine for example was that some sellers used drugs with their profits. Being mistreated or harassed by the vendors was also mentioned by consumers. (Hibbert et al. 2005, 165, 170). The development of social entrepreneurship is also made possible by the quality of the staff who received a real

practice to provide a good service or product (Parasuraman, Zeithami & Berry 1985, 47).

Another problem and paradoxical situation in the same time is the weak awareness of consumers or the public in general for social entrepreneurship. A growing amount of people are willing to purchase products and services which are socially responsible. On the other hand, few of them exactly know what it is social entrepreneurship or simply never heard about it (Field 2013).

# 3 SOCIAL ENTREPRENEURSHIP IN THE PUBLIC CONTEXT

## 3.1 Social entrepreneurship at an academic level

### 3.1.1 The academic enthusiasm

A driven factor for social entrepreneurship is the rising interest in the academic world. Academic organizations have remarked the growing interest around social entrepreneurship, and have started programs dedicated to this topic (Hockerts, Mair & Robinson 2010, 101). A growing number of universities in Europe or in America for instance are indeed offering courses or full degrees in social entrepreneurship as the demand from students exists. The so-called *millennial generation* is very enthusiastic about social entrepreneurship. Students interested in this topic want to make something meaningful with their life by doing the world a better place in using social entrepreneurship (Lehner 2012, 71).

For these enthusiastic students, many minor courses exist about social entrepreneurship which may soon become major ones. Nowadays, more than thirty business schools from Babson to Berkeley propose minor classes in social entrepreneurship. This phenomenon is significant considering that the topic was almost unknown a few years ago (Galinsky 2012). As Stephen Hodges, president of the Hult Business School in London said: "*nowadays, business students are much more socially concerned than their forerunners*" (Guttenplan 2011). This academic interest in social issues within the degree programmes is illustrated by the following figure:
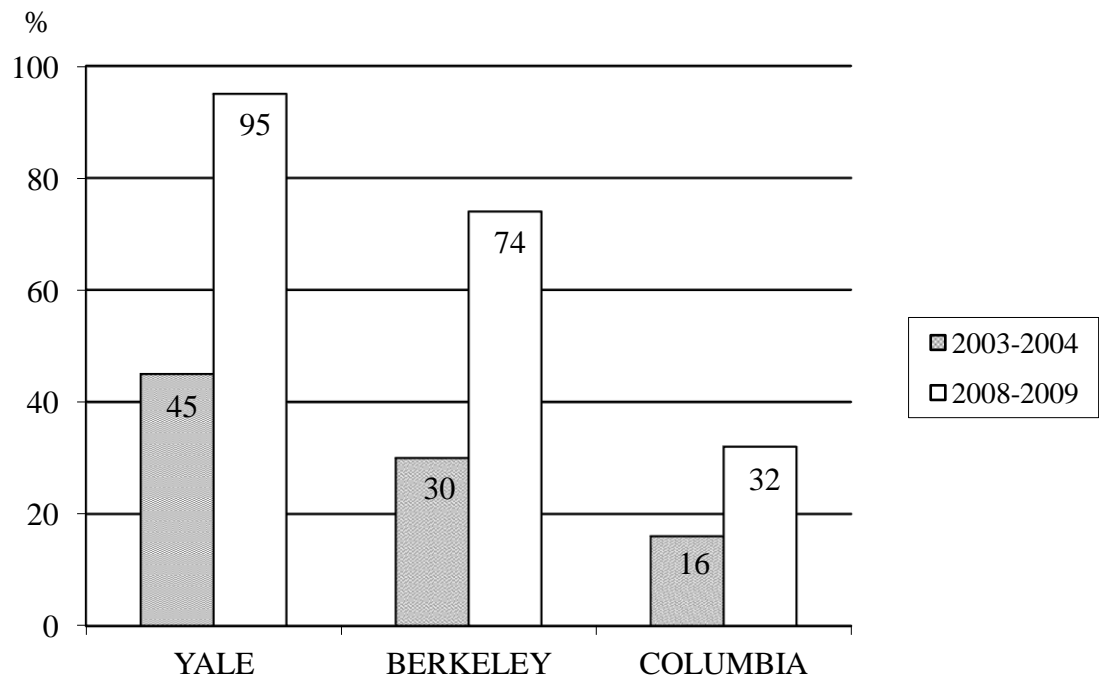
Figure 7        Courses at top MBA schools that include social benefit content (Smith & Driscoll 2013)

This figure shows that between 2003 and 2009, the average in social goal courses increased up to 110%. More precisely, the evolution in Yale was 109%, then 146% in Berkeley and 100% in Columbia. These results illustrate the real interest for social content teaching from the top schools and the academic world in general (Smith & Driscoll 2013).

Social entrepreneurship became a global movement on the entrepreneurship and academic point of view. The today's students will be the managers and entrepreneurs of tomorrow. It is then possible to imagine that thanks to these different degrees, the rise of social entrepreneurship in the global economic, political and societal world will be confirmed. The precarious job situation of youngsters between 20-30 years old is a reality for many in Europe. In the meantime, it could also spur some business students to become entrepreneur due to the lack of job offers, as in France for example. Gilles Babinet, a young serial entrepreneur described it as; *fifteen years ago, in HEC* (Haute Ecole de Commerce, International Business School), *no student dared to become entrepreneur.* Today, they are between 6% or 7% to plan opening their company in the two years after their graduation. It is a significant evolution. Some of these students could also possibly become interested in social entrepreneurship. (Brafman 2012.) The enthusiasm around social entrepreneurship among students may be refreshing for the academic world. It has however its limits too, and these are discussed in the following section.

### *3.1.2    The professional realism*

As Galinsky (2012) – the senior vice president of a global non-profit called Echoing Green – noticed; not everyone can become social entrepreneur. In this case, no one would take care about the work on the field. Galinsky (2012) is here speaking about the work needed in communication, accounting or fundraising among many other activities involved in social entrepreneurship as in many other enterprises.

Young people – without necessarily becoming social entrepreneurs – can act for a positive social impact in many ways. It is possible for them do so in a special organization, in public administrations or in big corporations at any level. (Galinsky 2012.) Most among the young generation, wish to do good socially and environmentally speaking, in their future job. They would even accept to earn less for a more meaningful professional activity (Net Impact 2012). Again, it does not mean that these young persons want, need and can become social entrepreneurs as Galinsky (2012) stated. Besides, the view that social entrepreneurship is the unique way to improve the world can be misleading. Once again, young workers – as other categories – can apply their altruism in different manners (Jensen 2012).

The interest around social entrepreneurship is yet real in the academic world. A growing number of students are fond of this topic. Nevertheless, the financial situation of the youngsters is not really helping them to study new *risky* topics with perspectives of lower salaries as social entrepreneurship. Prestigious British universities propose indeed social entrepreneurship studies but they also raised their fees. For instance, in England, universities are now able to charge tuition fees of up to £9.000 per year. The government has in fact decided to transfer the studying cost from the state to students. (Coughlan 2010.) There might be a difference between the will and the possibility to study social entrepreneurship. Future managers may not become social entrepreneurs for these practical reasons.

Besides, as considered earlier, social entrepreneurship already suffers from a lack of experience among its leaders (Stuart 2012). Inciting a growing number of students to become social entrepreneurs would then not represent the best solution for developing social entrepreneurship. Social entrepreneurship raises debate in the academic environment and more generally in the public area as illustrated in the following section.

## 3.2 Social entrepreneurship in the public debate

### 3.2.1 The social entrepreneurship need in public affairs

The idea and practice of social entrepreneurship has these last years really interested some public actors. They would consider social entrepreneurship as a way of partly solving social difficulties. In the public sector, social entrepreneurship can take place in new and innovative social services under the state or individual initiatives setting up new entities within the social economy framework (Hibbert et al. 2005, 159). In this perspective, one may even advance that there is no real difference between social entrepreneurship and public social services. State wants indeed to answer to society's needs as social entrepreneurs aim to do the same in its own way. Social entrepreneurship would not be similar to public actions for some of its defenders but necessary as being better. It would be superior as having a more innovative approach of social dilemmas. Social enterprises – contrary to governmental actions – run from the bottom up (Bornstein & Davis 2010, 34). Social enterprises before being made by *exceptional individuals* are mainly organizations creating a new system. These organizations in the social business are usually more reactive and more flexible than traditional public services. According to Oxfam, businesses as social enterprises do have a major act to play in putting people out of poverty. Small-size but sustainable activities have shown their utility in assisting people to improve their conditions of living. These enterprises are able to provide much more than national public authorities can in aid by creating new job possibilities (Akwagyiram 2008.)

Social entrepreneurs are more often in direct contact with the community they aim to help. They know the reality of certain difficult social situations as habitually living in the concerned environment. Indeed, public strategies frequently lack a tempered evaluation for details on the field. Another feature is that any alteration at the local stage may engage a long term procedure. It means that public authorities have often a short term calendar in mind, connected to the next election terms. (Bornstein & Davis 2010, 35.) Furthermore, the government action can be sanctioned by electors contrary to social entrepreneurs who can act more freely with creative ideas. One mentioned the fact that politics cannot act for the poor because they usually live in a better environment. For this reason, they can simply do not understand them. Social entrepreneurs would be more effective because many are active for their direct neighbourhood where social problems exist (Latham 2001).

State and social entrepreneurs can work together. Social entrepreneurs can help social workers when they experience the limits of their tasks. In other words, it means reducing the *public burden*. In time of debt crisis for many European states, social en-

trepreneurs can represent an alternative to public spending. This situation of scarce public money would call for more entrepreneurial initiatives in the social field. (Dees, Emerson & Economy 2001, 12.) For some promoters of social entrepreneurship, governments must create incentives in the legal, fiscal and communication areas to encourage the entire private sector in turning into the social entrepreneurship considerations and wanted outcomes (Chua 2011).

Considering the debt crisis and the lack of solution or reactivity from traditional public services facing some issues, social entrepreneurship would then be one solution. Others are however more sceptical and critical about this idea.

### 3.2.2 *The social entrepreneurship risks in public affairs*

Social entrepreneurs have been criticised by some for being too idealistic and denying the major role of politics in fighting poverty. Social entrepreneurs would underestimate the importance of establishing stable and fair political rules. Such rules are essential against corruption for instance for a healthy development of the entire society. The bottom-up approach would be limited in terms of real social results and too naïve by mainly involving goodwill actions without big plans (Stuart 2012).

Besides by denying the political power, social entrepreneurship applied at a large scale would be even damageable for the entire economic, social and political rules. Some commentators have indeed wondered if social entrepreneurship could be called the *Trojan horse of liberal globalisation* for acting in the progressive destruction of the Welfare State (Schwarz 2010). These worries have not been published in a highly protective economy where social entrepreneurship is quite unknown. It has been expressed in the UK, known for its pretty liberal economic system and its high number of social enterprises. The concern would be then worth considering. In fact, these worries came partly as a reaction to the Cameron's declaration following the Third Way of Tony Blair in 1997. The current British Prime Minister claimed that social enterprise is a core practice to consider in "*a deep and serious*" reorganization of public services or even for a "*big society reform*" (Hampson 2010). A growing opening to market-based practices and business-likes processes in social field, plus an increased turn towards the privatization of public activities (Dees et al. 2001, 12-13) by delegating social missions to social entrepreneurs would diminish the role of the state in education, health and institution building (Fernando 2010). The main difference and problem is that entrepreneurs are not elected as in democratic regimes. Democracy is a structure of government where people select their leaders by voting for them during elections. Furthermore, in a Welfare system, services are given to assist people having difficult living conditions and financial problems without considering the profits the State could do, contrary to the

private sector's logic. At some point, pushing further, the concept and application of social entrepreneurship would take from citizens a certain power of decision. The threat would be a mercantile mind-set that would prevail over public solidarity. It seems to involve a real choice of society.

Social entrepreneurship is not a negative thing but it involves some risks – justified or not – that could worry some leaders or citizens and explain their reluctance to develop it. It would require in this sense a closer cooperation with public instances without replacing them in order to look for more innovative approaches leading to sustainable progresses (Dees et al. 2001, 12).

Another reason that could partly explain the slow development of social entrepreneurship would be the cultural differences.

### 3.2.3   Social entrepreneurship and cultural aspects

Most of the governments in Europe – contrary to the European Union instances – do not greatly support social entrepreneurship. This situation could come from the opinion about social entrepreneurship often considered as a foreign or alien term not adapted to the traditions of *welfare state*, common in many European countries since the mid-twentieth century. This is the case for instance in Germany where social entrepreneurship is seen as an imported word not in accordance with the *social market economy* established after World War II. (Defourny & Nyssens 2008, 207.) As a paradox, many individual organizations have been long active in the social sector in Germany, but they do not consider themselves as belonging to the social entrepreneurship milieu. They are rather called cooperatives and are run in a collaborative rather than purely mercantile way. The legal framework for social enterprises does not really exist in Germany as in many other countries.

The grand narrative presenting the romantic and innovative *super hero* could also represent some artificial cultural incursion in internal affairs (Nicholls 2006, 106). This image particularly fit the American culture where individualism is much more celebrated than generally in European countries and especially in the Scandinavian cultures (Steyaert & Hjorth 2006, 103).

Besides, the Welfare State institutions and tradition greatly vary between the American system and European nations, including among them in the European Union for instance. As a consequence; private social actions as social entrepreneurship are not easily accepted and applied in this kind of system. State is taking care of social services without requiring the individual assistance of citizens or private organizations. The situation in Sweden is very interesting to consider in this sense. There is a public monopoly for financing the welfare activities and even a negative behaviour for private

charities (Steyaert & Hjorth 2006, 38). It has even been claimed that *there is no third sector in Sweden*. This last sentence seems a bit radical as social entrepreneurship is also somewhat emerging in Sweden with real innovative initiatives as social entrepreneurship incubator. However, it illustrates at least the challenge for social entrepreneurship to integrate some national particularities. (Steyaert & Hjort 2006, 38.)[3]

In Finland, as previously mentioned, the movement is in its infancy and the status of social entrepreneurs is not that specific (Finnfacts 2011). It is indeed stated in the 2003 law that can be considered as social enterprise, any organisation having at least 30% of its employees having disabilities or being long-term unemployed (Sosiaalinen yritys 2010). It leads that some companies are registered as social entrepreneurship in Finland without really being innovative or bringing some major social change.

---

[3] Original source: James, E. (1989) *The private provision of social services: A comparison of Sweden and Holland*. In James, E. (ed.), *The nonprofit sector in international perspective.* Oxford University Press, Oxford.; Boli, J. (1991) *Sweden: Is there a viable third sector*. In Wuthnow, R. (ed.) *Between States and Markets.* Princeton University Press, Princeton, NJ.

# 4 SOCIAL ENTREPRENEURSHIP AND THE THIRD SECTOR

## 4.1 Definition and importance of the third sector

The third sector has been until now more commonly defined under the voluntary sector's term. It is the area of the economy constituted by non-profit organizations, different from to the public and private areas. The Office of the Third Sector (OTS) describes the third sector has including voluntary and community associations (together with faith organizations), charities, social enterprises, cooperatives of any size, together with trade unions. The term third sector is actually quite recent. In the past, people have rather used the notion of social economy instead of the third sector (Bridge & O´Neill 2013, 160).

The third sector matters in the socio-economic activities of different countries. In the UK for instance, the voluntary sector annual income represents £38.3 billion, employs 2.6% of the workforce and counts 162.000 organizations (Skills third sector 2010). In France, according to the official bureau of statistics called Insee, the social economy or third sector stands for 10% of the total French employment with 2.3 millions wage-earners. 200.000 enterprises are acting in the social economy, responsible for 10% of the French GDP (Youphil 2013). In Italy, it has been evaluated in 2005 that 200.000 persons worked in cooperatives – including 15.000 of them disabled – representing €4 billion of annual turnover (Maranzana 2007). In Finland, the third sector has been one of the most vivid labour market segments. These last twenty years the third sector employment has risen by 70 %, plus the number of employer organizations has doubled. The third sector employs 5% of the total Finnish active population meaning 77.000 full-time employees in 2011 (Työ- ja elinkeinoministeriö 2013a)

Social enterprises are key actors inside the third sector (Martin & Thompson 2010, 18). They tend to have a growing influence within the third sector.

## 4.2 The trend towards marketization and social entrepreneurship

These last twenty years, the third sector has been marked by the phenomenon of the so-called *marketization*. It means that non-profit organizations are applying the manners and principles of the private market. (Eikenberry & Kluver 2004, 133.) One of the results of this evolution has for instance been the rise of new kinds of non-profit organizations activating for-profit tools in order to achieve non-profit goals (Schuman 2001, 2). These kinds of organizations are obviously referring to social entrepreneurship.

Over the last decade, the appeal of social entrepreneurship has continuously grown. The concept of social entrepreneurship is at the very centre of debates about the evolution perspectives of non-governmental organisations (Anderson 2012). Leaders of non-profits have even placed social entrepreneurship as an example of management (Eikenberry & Kluver 2004, 133). The accepted belief of entrepreneurship has gradually become a reference standard in the development speech (Dey & Steyart 2010, 87).

In order to understand this trend, it is essential to consider the history of development aid. The marketization and entrepreneurial spirit or manners within the third sector – as the introduction of social entrepreneurship for example – were in some way, an answer to the failures in the development programmes since the post-war area. The decolonisation process led to institutionalise development aid through organisations as the International Monetary Fund or the World Bank. This system mainly based on economic growth has delivered contrasted social results and has even been called *neo-colonialism* by some for imposing new rules and letting enormous debts to poor countries. After the so-called *lost decade of development* in the 1980s with forced privatization and liberal economic programmes in developing countries, the Millennium 2000 Development Goals and the 2005 Paris Declaration aimed to emphasize own management from countries in demand for results and common accountability (Aid Watch 2010). The United Nations Development Programme report called *Unleashing entrepreneurship: making business work for the poor* clearly stated that privatization and market means were a way to tackle poverty in developing countries. Some years earlier, the president of the World Bank claimed that microcredit programmes have helped millions of people in the world to go out from poverty. (Brigg 2001, 245.)

As previously mentioned in this paper, one of the most current famous social entrepreneurs is precisely Muhammad Yunnus who lends small amount of money via the Grameen Bank to poor persons in rural areas of Bangladesh in order to start their own activities. (Nobelprize 2006.) Social entrepreneurship would then bring real advantages.

## 4.3 Advantages and drawbacks of social entrepreneurship for the third sector

### 4.3.1 *Advantages of social entrepreneurship for non-profits*

Development would then be more efficient if based on some kind of *performativity* including concrete profitable results and practices (Dey & Steyart 2010, 90). Social entrepreneurship would be in this sense much more appropriate than traditional NGOs because composed and organized by professionals knowing their business. These entre-

preneurs would be better than those in the usual voluntary sector typically marked as having goodwill but ineffective and sort of amateurish (Grenier 2002, 19). They would be effective because, in addition to tackle poverty, they could change the rules of the game in business and society (Anderson 2012).

Overall, the engagement of non-profits in market areas or the inclusion of social entrepreneurship in the third sector are following the same trend or goals and bring different benefits. Among these advantages, it is possible to mention a considerable amount of financial resources from markets, increased innovation due to higher competition and better considerations for customers' needs (Schuman 2001, 10). We can finally mention that in the development context and in a global economy with fast changes at multiple levels, social entrepreneurship would give possibilities to organizations to act far and fast enough compared to traditional ways from non-profits (Anderson 2012).

Other differences and advantages with traditional NGOs lie in the fact that activists usually seek to gain transformations by acting on deciders of public institutions or on public society. On the other hand, social entrepreneurs follow a bigger set of possibilities, together with creating institutions for promoting solutions (Grenier 2002, 19). Contrary to activists' *possible behaviour*, social entrepreneurs do not look for direct confrontation with public or private organizations. On the contrary, they search agreement and ways to work together. In other words, social entrepreneurs frequently combine outside- and inside oriented tactics to bring change. Confronted to new environmental and global economic pressures, a lot of business leaders are panicky and distrustful. To get them to break with the past, it is not enough to condemn them or boycott their companies. The future can be built with these managers by cooperating and competing in a social entrepreneurship framework. (Bornstein & Davis 2010, 38-41.) Social entrepreneurship is rich in alternatives and promises but also include a certain amount of limits.

### 4.3.2   Utility doubts

Social entrepreneurship promises to bring many good things – and partly do it in a lot of cases – including in the third sector. The numerous successful stories as previously considered would prove that social entrepreneurship is effective. Nonetheless, there is first no sufficient confirmation or empirical research that the ideas and practices of social entrepreneurship do actually fully work in reality. Social entrepreneurship – or at least the entrepreneurial practice – became the *buzz word* among managers of non-profits but most of the very same leaders considered it as a vague notion and a difficult subject to precisely define or apply (Anderson 2012). It is indeed arduous to be involved in a topic not completely understood.

It seems furthermore ironic to apply entrepreneurial principles for non-profits which raison d'être is precisely to palliate the negative consequences of the market (Anderson 2012). Social entrepreneurship has also been criticised from a non-profit perspective for being too utilitarian. The entrepreneurship by focusing on the products and results would act as a common business (Grenier 2002, 20) and would exclude some people in needs as considering them first as customers and not as population in need. Besides, it appears that globally, the social entrepreneurship movement focuses more on the ideas than on the ends (Edgington 2011). In other terms, it is as if the concept of social entrepreneurship was more important to develop than solving the social problems themselves.

Social entrepreneurship would be considered as a fetish or a kind of myth with its own heroes. It would in fact reintroduce some fresh believes in the late capitalism's disenchantment with a new messiah (Dey & Steyaert 2010, 92). Considering the current economic turmoil and negative effects of globalisation, this need or wish for new heroes would be reinforced.

Looking at social entrepreneurship as better than non governmental organisations and as being more professional or effective (Grenier 2002, 19) would again be questionable for some. As previously considered, for two decades now, non-profits are getting more entrepreneurial. The novelty of social entrepreneurship in this field is then not absolutely genuine as some promoters of the principle could pretend so. Furthermore, following this logic, one may say that social entrepreneurs could miss the opportunity of learning from the experience and networks established by NGOs.

### 4.3.3    *Concerns about the micro-credit practices*

At last, the micro-credit activity as model of social entrepreneurship due partly to the fame of Muhammad Yunnus reached some limits too, as illustrated by real critical cases. For example, as microcredit imposes pure mercantile rules, the system has ruined within communities some traditional social customs as simple exchanges or solidarity (Dey & Steyaert 2010, 94).

Another cultural change is the shaken gender hierarchy because most of the time microloans are only given to women. The answer from some men losing their traditional social authority or role in this situation can be domestic violence. (Schuler, Hashemi & Badal 1998, 148.) Gender equality has to be taken into consideration but specific cultural sensitivities matter too.

Far from liberating women in rural communities, some have denounced the microloan system as a debt-trap (Sharma 2002). It would lead poor people into chronic poverty by taking multiple credits and trying to reimburse the existing loans. Some

women may even have chosen suicide as they were unable to pay their debts (Levin 2012, 112). More prosaically, these loans are commonly not reinvested in entrepreneurial activities due to their modest amount but utilized instead for daily consumption (Coleman 1999, 133).

As formerly mentioned non-profits were initially made to compensate the negative effects of the market, reinforced in a global context. A certain contradiction seems then to exist within the social entrepreneurship sector when for instance the Grameen Bank established a partnership with the French food company Danone for which goal is clearly business oriented in targeting the huge commercial potential of the Indian market. (Melik 2009.)

Besides, the assumption that poverty can be tackled by transforming the poor in entrepreneurs rather than giving them paid jobs is going against the entire history of economic development according to Vijay Mahajam, leader of an Indian financial rural institution. The high economic growth of Bangladesh, thanks for instance to the clothing or fish industry is indeed developing more the country than the micro credit system. (Tucker 2006.)

# 5 MATRIX OF PROMISES AND LIMITS OF SOCIAL ENTRE-PRENEURSHIP

Table 1        Strengths and weaknesses of social entrepreneurship

| | Strengths | Weaknesses |
|---|---|---|
| **Business point of view** | • Genuine entrepreneurship<br>• Redefines the concepts and values of entrepreneurship<br>• Diversity of legal forms<br>• Educated entrepreneurs<br>• Reckless entrepreneurs<br>• Passionate people<br>• Personal motivation<br>• Innovative entrepreneurs<br>• Personally motivated employees<br>• Customers concerned by social issues | • Communication<br>• Financial discipline and resources<br>• Assessment tools<br>• Blurred status<br>• Too many young entrepreneurs<br>• Lack of experience<br>• Forgetting that it is a team work<br>• Not the best managers or employees<br>• Mainly volunteers<br>• Lack for job consideration<br>• Customers' care |
| **Public point of view** | • Academic enthusiasm<br>• Flexible<br>• Quick<br>• Knowing social problems on the ground<br>• Reducing the public debt<br>• Public support | • Lack of professionalism<br>• Threat for public services<br>• Threat for democracy<br>• Alien concept |
| **Third sector point of view** | • Personally motivated employees<br>• In the marketization process of NGOs<br>• Real entrepreneurs as professionals<br>• Financial resources<br>• Agreements with the business world | • Ill defined position<br>• Excluding some persons in need because of the business side<br>• Used as a kind of global fetish<br>• Cultural shocks with fragile population<br>• Negative side effects<br>• Questionable development logics<br>• High compromises with multinationals |

The table 1 sums up the different strengths and weaknesses of social entrepreneurship in the three main socio-economic sectors.

As previously presented, social entrepreneurship is positive for the business sector. It is indeed a genuine entrepreneurship bringing something really innovative by its values, principles and different forms. Social entrepreneurs are also very motivated. They have skills of any entrepreneur plus the passion of their mission giving them extra possibilities. The employees of social enterprises may also have extra motivation to do their tasks. Customers buying goods and services from social enterprises are often socially committed and concerned.

On the other hand, social entrepreneurs may be less careful in business realities. They may be suffering from a lack of professional experience because the majority of them are freshly graduated. Team work may be omitted in the social entrepreneurship presentation for the iconic standard of one man's job. Employees may also need additional reasons to be totally involved in the activity. Most of the customers would first consider the social issues and overlook the quality of products or services. The multiple statuses of social enterprises can make unclear their existence and functioning. The difficulty of results' assessment also makes at some point, social entrepreneurship challenging in the private sector too.

Social entrepreneurship could help public authorities. It may indeed be more flexible than traditional public services. In the very same logic, social enterprises may be faster in acting than common administrations led by the state. These qualities may be the result and positive fact that social entrepreneurs are closed to the persons in need. Overall, social entrepreneurship may represent a partial solution for reducing public spending. States in debts could use more often private actors as social entrepreneurs for social or health care missions.

Threats in the public field do however exist. Social entrepreneurship could indeed dangerously take public prerogatives of governmental organizations. The very notion and meaning of public service may be damaged by the *privatization of society*. Similar worries could let some to think that social entrepreneurship may lead to weaken the democratic institutions. Private leaders would indeed replace public representatives in dealing with services for the entire community.

The third sector could benefit from social entrepreneurship for its professionalism and business skills. Non-profits may use social entrepreneurship to be more performing within their missions or programs for instance.

Yet, weaknesses in the third sector exist too. Some population in need could actually be excluded by the market or business principles. Compromises with big corporations partly responsible for social and economic disorders may seem inappropriate. Social entrepreneurship could also impose some strict models to specific local cultures. Fight-

ing poverty using the entrepreneurship model has not been widely accepted and verified in the development history.

# 6    METHODOLOGY

## 6.1    Critical research

The main characteristic of the current research is to be critical. The term critical comes from the idea of critique, which was used in different modes by Immanuel Kant and Karl Marx. A lot of Marx's texts have for subtitle *a critique of*, as the famous *Capital, a critique of political economy* (University of Strathclyde). The Marxist view mainly critics the main ideology dominating some groups. In the case of the current work, the main ideology is that social entrepreneurship is only considered on a positive way at the expense of groups as students, communities or citizens.

Mertens (2005, 16) rather employs the expression *transformative paradigm* including neo-Marxism, feminism, plus concerning other disadvantaged groups as disabled or immigrants. This method aims to question the reader. Things and ideas are not always as they seem and they should not automatically be taken for granted. On the other hand, criticizing academic works or theories does not automatically – and in most of the times – mean rubbishing them. This was one of the main remarks from the chapter 1 of this paper. Criticizing is not intended to *deconstruct social entrepreneurship* but to better understand it by being more fair or objective. It is in fact a sort of careful and balanced evaluation in order to improve the subject (Blaxter, Hughes & Tight 1996, 219). One had defined this kind of approach by calling it a *critical realism*. It means that considering the hidden realities, a critical approach is necessary to reveal them (Fisher 2010, 21).

Critical research according to Fisher (2010, 21) is a legitimate method for researching in the business and management field. There is no common meaning about the term critical. It reveals in any cases, a sign of higher intellectual challenge because persons using it are going beyond the common and accepted ideas. Critical research is more asking for an analytical study rather than a merely descriptive one (Hackley 2009, 11). Critical research reveals that most of the management theory is ideological without any attempts to contest them. The goal is to reproduce some established economic or social order using a dominant opinion. (Hackley 2003, 143.) Nevertheless, critical research is not anti-capitalist. It is mostly focusing on some situations where influential organizations, media or academics could mislead simple citizens, customers or employees (Hackley 2009, 144). It is assumed for critical researchers that no idea – even the most appealing or the nicest ones – is innocent. An idea is always political and means something by having consequences or representing some interests. (Hackley 2003, 147.)

Critical researcher tends to construct an interactive and reflexive dialogue with the reader. It proposes in the current paper not radical but new or innovative ways of think-

ing. As an example, in most of the business schools, marketing principles are taken for granted by students without considering their validity or ethic. Nevertheless, the majority of these business concepts – still valid nowadays – are coming from a certain group of managerial gurus after the Second World War in Western countries to take advantage of other groups. They carried some ideology barely contested these last years. In this ideology, discourse or used words, matter a lot as described by the French philosopher Michel Foucault. (Hackley 2003, 144, 149, 154.)[4]

A particular rhetoric helps to establish and spread some ideas. In this sense, about social entrepreneurship, certain expressions as *new heroes* or *changing the world* spread some sort of ideology. Social entrepreneurship as defined in chapter 1 is by itself a sort of critic to a certain type of ideology. It is nevertheless and precisely the role of a critical approach to keep it as an alternative model and not as an uncontested ideology. Academic researches aiming to study common rules of business success by adopting a non-critical approach may bring poor or futile results. On the contrary and as a paradox, critical researches by questioning established ideas can fairly uncover non investigated issues or untapped solutions eventually leading to a commercial success. These researches may be more effective than traditional academic works. Using critical research would then be beneficial to social entrepreneurship to correct its minuses and doubts expressed around it. (Hackley 2003, 158.)

## 6.2    Qualitative research

The present work is aimed to focus on a qualitative research. Qualitative data are typically the most suitable for the empirical part in critical research studies (Hackley 2003, 144).

Besides, as in the case of the writer of the present thesis, this model of research is particularly helpful for new researchers (Jacob 1989, 231). Qualitative research is an effort to realize how persons consider their world (Maanen 1979, 520). Qualitative researchers are undeniably concerned in understanding the signification people have built which is one more time how these persons feel and consider their environment (Merriam 2009, 13). This type of research offers various and unusual manners in considering a topic (Jacob 1989, 231). This specificity belongs to the current critical work aiming to offer some alternatives to the common views about social entrepreneurship.

---

[4] Original source: Foucault, M. (1977) *Discipline and punish: The birth of the prison*, trans. A. Sheridan, Pantheon, New York.

Furthermore, qualitative practices not simply suggest new points of view, but raise new issues, give possibilities to answer these problems and recommend untapped explanation (Jacob 1989, 231). This originality and new possibilities are again directly connected to the goals of this work about social entrepreneurship. The choice of a qualitative research has been made because the writer of the work wants to know the reasons for the current phenomenon about social entrepreneurship. Qualitative research indeed often – but not always – aims to focus on a little amount of cases, which are carefully examined. Consequently, the quantity – one more time – matters less than the quality of the information gathered.

The main point of qualitative research is to come up with new hypotheses not to show if they are either or not correct (Karhukorpi 2005, 59). In the current paper too, the number of persons questioned matter less than the quality of them. In order to understand a situation on a critical perspective, the knowledge and expertise of a few experts is needed. These people have knowledge about social entrepreneurship in a managerial or academic way. The process of the topic studied is more important than the results themselves. The researcher him/herself must have analytical, descriptive skills but also a great deal of imagination to consider new perspectives (Karhukorpi 2005, 59.)[5] These descriptions perfectly match with the aim of the present research by trying to understand the process of social entrepreneurship and not merely the results. New considerations are hoped to appear thanks to the intellectual efforts of the writer and the precious contributions of the persons interviewed.

## 6.3    Interviews

In qualitative research, different methods of data gathering exist for creating descriptive text as focus/discussion groups, analysis of published texts and interviews (Hackley 2003, 155). This last method was chosen to gather the research data.

Interviewing as the common method in Master's Thesis in the business area was used. The planning was very important in the current interviewing process as it was needed to categorize and prioritize subjects of questioning as well as questions and interviewees themselves. Questions were meant to be pertinent and asked to bring some relevant information for the study. The point was to let experts freely speaks about the topic. Nevertheless, pre-coded elements were needed for the writer of the work to stay on the subject and not speaking about something else either too general or going out of

---

[5] Original source: Eskola, J. – Suoranta, J. (1998) *Johdatus laadulliseen tutkimukseen*. Vastapaino: Jyväskylä.

the scope of interest. This was the reason for asking experts in the present work, questions aimed at some specific areas as the business, public and third sector in the social entrepreneurship context. In the current paper then, semi-structured interviews were chosen to again guide the interviewee in some aspects but also let the person freely comment on the topic. (Fisher 2010, 175, 183.)

An important matter was to use simple and direct language. Planning interviews´ schedule and select the persons to be interviewed mattered too. These people were meant to have some knowledge and/or experience about social entrepreneurship in the field of businesses, public organizations or non-profits. It means that the prior potential interviewees were persons running a social enterprise, academics or public actors. Negotiating time and place for the interview was of course considered. (Fisher 2010, 183-184.) Preferably, the interviewer of this study did let the possible interviewee choose the time and place for the interview to maximize the chances of getting some of their time. Using an audio recorder would have been useful even though the technical capacities could have been challenging to reach in the current case. Furthermore, taping take a consequent amount of time for transcribing and interpreting. Taking notes, made by the writer of this work, gave immediate results and avoided worrying about the technical aspect of acquiring a recorder or sorting, classifying and examining the data gathered. (Blaxter et al. 1996, 154.) The interviews were not planned to be made by telephone but on a face to face basis. Reaching people out of the near environment of the interviewer has been considered by using programs as Skype or VoipBuster.

Keeping a diary did help the author of the thesis to follow the progresses of his interviews and quickly consider the outcomes of the meetings for an early interpretation (Fisher 2010, 189). The questions themselves concerned and were formulated according to critical points described in the theoretical part of this paper (see chapter 2, 3 and 4). For instance, in the business sector, interviewees were asked to answer to the generation gap issue (see chapter 2.2.4). In the public field, respondents were asked about the possible negative effect of social entrepreneurship on Welfare State (see chapter 3.2.2). For the third sector, experts were invited to give their opinions about the risks of using social entrepreneurship for non-profits (see chapter 4.3.2). All the critical points to be considered has been covered in the interview form (see appendix 1). A sort of connection has then been aimed and possibly reached between the theoretical and empirical part.

Ten persons in total have been interviewed from October 2 to November 11, 2013. These people have different background and occupations. Their common point and hence the reason for questioning them was their theoretical and/or practical knowledge about social entrepreneurship. They were academics, managers of organizations, active in the public sector or leading some social enterprises. It means that their competencies and activities were covering the three main areas of interest concerning social entrepre-

neurship in the business, public and third sector. These positions, skills and knowledge were the main reasons for interviewing them.

The original category of specialists interviewed was then academics. One of the very first interviews took place in the actual university of the writer of the thesis with a researcher whose previous activities included social entrepreneurship. Pekka Stenholm is senior researcher in Institution and Entrepreneurship at Turku School of Economics. The interview took place on October 7, 2013. The author of the current thesis already had some informal discussion with this researcher in the beginning of the year 2012. It concerned at this time, the general situation of social entrepreneurship and especially in Finland. Dr. Stenholm seemed then a precious contact in the current research and he indeed accepted to discuss about the critical matters connected to social entrepreneurship. Other academics from Turku who studied and published official papers about social entrepreneurship were contacted. This is the case for instance, for two professors in Turku University of Applied Sciences. Piia Nurmi (interviewed on October 21, 2010) and Tiina Jaatinen (interviewed on October 8, 2013) who graciously granted the author of this work some of their time to comment the different statements on social entrepreneurship. Piia Nurmi is a project director for environment and economics at the Turku University of Applied Sciences. Tiina Jaatinen is teaching, researching and being entrepreneurially active in a responsible business including social innovation. Their contributions would undeniably bring interesting insights about the research considering their knowledge in the field of research. Hanna Duvnäs, who was interviewed on October 9, 2013 – has also been considered for interviewing as Pekka Stenholm already recommended her for having written academic articles together about social entrepreneurship. Hanna Duvnäs is a researcher at Åbo Akademi in Turku. She is writing about social entrepreneurship, particularly in connection with social innovation. This innovative side linked with social concerns has already been expressed with the work of Tiina Jaatinen. It is confirming the attention brought in the introductory part of this paper (see chapter 1) about the importance of social innovation. It is furthermore in connection with the study field of the Master's Thesis writer in Global Innovation Management. Another academic has also been proposed by persons already contacted as useful contact. Eeva Houtbeckers is teaching in Aalto University in Helsinki. She was interviewed on October 21, 2013. Houtbeckers is researching about social entrepreneurship in the sustainable development context. Academics are privileged speakers because in addition to perhaps apply the concept of social entrepreneurship, their normal activities focus on thinking it in different manners. It was then supposed that they would be able and concerned to respond to the critics towards entrepreneurship.

Another group of persons for being interviewed was obviously the social entrepreneurs themselves. A couple of entrepreneurs have been contacted in the direct environment of the researcher, but unfortunately without a great rate of success despite several

attempts. A special attention has been paid to contact persons in the direct environment of the research place. The intention was to realize as many interviews as possible in real physical situation, on a face-to-face basis. As Finland and Turku in particular does not count a great deal of social enterprises, the choice was afterwards limited. In addition, it has been difficult to select social enterprises as the official list in Finland (Työ- ja elinkeinoministeriö 2013b) includes many organisations that actually do not really match in the studied definitions (see chapter 1). This particular point will be discussed in the results section. On a total of four social enterprises contacted, two positively answered. The name of the first company is HeseHelp which is a social entrepreneurship created by the Finnish corporation Hesburger. The responding person for HeseHelp is Annamaaria Ylinen. The fast-food restaurant chain opened a social entity in 2012 for improving the integration of long-term unemployed persons, especially the young ones. She was interviewed on October 16, 2013. The second person interviewed was Timo Vahtonen on October 10, 2013. He is now manager in the ELY-Centre for helping firms finding suitable job candidates, especially those currently unemployed. Timo Vahtonen has been leading a social entrepreneurship called Hot-hanke in Turku. Its aimed according was originally to help in the working integration of the elders.

Following the same logic as considering the business, public and third sector, some leaders in the third sector were contacted. Saila Tyykyläinen from the trade union called Suomalaisen Työn Liitto (Association for Finnish Work) was recommended by some future interviews as being proficient in the topic. Saila Tyykyläinen was interviewed on October 17, 2013. The organization in Turku called Boost was also contacted. It helps students to create their own companies by offering offices, advice and organizing conferences. The entrepreneurial side was interesting to consider. Erika Halonen, the chairwoman of BoostTurku indeed had interesting positions on social entrepreneurship. Erika Halonen was interviewed on October 2, 2013. In this area, the CEO of the Turku Science Park, Rikumatti Levomäki has been contacted. His strategic position among innovative enterprises in Turku made his comments worth mentioning. Despite his busy schedule, Mr. Levomäki accepted to answer to the research points on November 11, 2013. Science Park is not a typical non-profit but its aim is working with and coordinating different organizations for the interests of diverse groups or local authorities. This was the main reason for categorizing it in the third sector.

Finally, actors in the political debate were considered. Due the absence of concrete contacts and visibility between politics and social entrepreneurship, only one person was contacted with a positive result. Unfortunately, due maybe to the difficulties of questions or busy schedule, this person did not confirm the wish to answer to the research questions.

Below is a table giving a general picture of the interviewees including some information about them as the organisation they are active in, their names, titles and affiliation considering the field of study.

Table 2          Information about interviewees

| Organisation | Name of the interviewee | Title | Affiliation |
|---|---|---|---|
| BOOST Turku | Erika Halonen | Community Manager | Third Sector |
| Turku School of Economics | Pekka Stenholm | Senior Researcher | Public Sector |
| Turku University of Applied Sciences | Tiina Jaatinen | Project Manager | Public Sector |
| Åbo Akademi | Hanna Duvnäs | Researcher | Public Sector |
| ELY-Centre | Timo Vahtonen | Project Manager | Business Sector |
| Hesehelp | Annamaaria Ylinen | Personnel Manager | Business Sector |
| The Association for Finnish Work | Saila Tykkyläinen | Development Manager | Third Sector |
| Aalto University | Eeva Houtbeckers | Researcher | Public Sector |
| Turku University of Applied Sciences | Piia Nurmi | Project Manager | Public Sector |
| Turku Science Park | Rikumatti Levomäki | Chief Executive Officer (CEO) | Thrird Sector |

The table shows – as previously mentioned – that most of the interviewees can be categorized in the public sector. The third and the business sectors are less represented considering the number of people falling in these categories. Most of the interviewees are managers even though they can work in universities. The other respondents are strictly researchers. There is one CEO. Overall, these people are in charge of concrete projects related directly or not to social entrepreneurship. They are also thinking and conceptualizing social entrepreneurship. The order of presentation in this table is based on a chronological basis from the first to the last interview.

## 6.4     Method of analysis

Method of analysis in the present paper concerned different things as memos. Ideas or particular thoughts on the topic appeared at any time. This was the reason to always

have some book note to write these thoughts. Keeping a learning diary was also useful to better evaluate the work and evaluate the evolution of it. (Fisher 2010, 197.)

Connoisseurship and criticism method were used to interpret the results (Fisher 2010, 198). The main point was to give a real interpretation of the data or information that has been gathered in connection with the topic and with a critical approach. The author planned to receive and classified the responses according to the points of study. On the contrary, results were planned to be included in the different sectors studied. For instance, the answer about the role of social entrepreneurship for the public sector came from a person in the business sector. It was done according to a cross-disciplinary analysis. Cross-disciplinary classes or researches are about links, interrelations and exchanges between different sectors of knowledge. (Avraham 2006.) The main topic is social entrepreneurship but the connections are multiple as respondents were asked to answer about the entrepreneurial, political or ethical aspects.

Content analysis was useful in the current work as analysis method. First, it was done in order to study the very earning of the information taken and discourse analysis. Second, it was made to take into consideration the forms that could influence the interviewees (Fisher 2010, 201, 203.)

## 6.5     The process of interviewing

The interviews took place in Finland and for most of them in Turku for reasons of convenience due to the fact that the writer of the thesis is precisely living in Finland in the city of Turku. The request for interviewing was sent via email briefly describing the interviewer background and current status – with some résumé in attachment in some cases – and the purpose of the research, plus the real profit to obtain opinions from proficient people.

Most of the contacted individuals, positively answered to the demand. The persons unable to meet were contacted via some communication tools on the Internet as Skype or VoipBuster. In most of the cases, the questions were not sent in advance to the future interviewees. This method would insure the authenticity of answers as the persons would have to immediately respond to the questions without previously researching the topic. However in some situations, the persons interviewed asked to receive in advance the questions or a sample of them as they were unsure to be able answering to the subject of interest. Convincing individuals to grant some of their time incited then sometimes the interviewer to send some questions before the actual interviews. This was done in some limited cases. The place of interviewing was let at the disposal of the interviewees. It took place most of the time on their working place. It means for instance that when meeting a researcher of the Turku University of Applied Sciences, the inter-

view took place at the school's building. The same situation occurred when interviewing some persons active in certain organizations; the meeting took place in his/her main office. The interviews last from forty minutes to one hour and fifteen minutes. It was a suitable time to acquire the main information from the interviewees. Furthermore, this duration also let some possibilities to discuss other points outside of the planned questions.

The interviewees were in any cases invited to take as much time as needed to answer. Not answering to some points because of the insufficient knowledge about a particular point or a certain reserve on sensitive areas was obviously a possible option let at the disposal of the respondent. Before going in depth to the principal matters of the interview; a sort of general message was presented to the future interviewees to remind them the main concern of the research. This message has been presented as following:

> *Social entrepreneurship has gained a growing interest these last times among the business, public and third sector. The phenomenon raised some debates. There are some people for social entrepreneurship and some against. The point is that social entrepreneurship is often described as a nice and revolutionary movement able to change the world. However, some critical points as the mere reality of entrepreneurship or the possible negative effects of social entrepreneurship for instance are often not mentioned. The main research question is after comparing positive and negative comments; shall we believe in social entrepreneurship?*
>
> *Your opinion about the following critics matters. What would you briefly answer to the critical opinions about social entrepreneurship? You can agree or not with the proposed statements. You can have an opinion or not about it. Could you please include sometimes, possible concrete examples to illustrate your view?*
>
> *The statements or critics about social entrepreneurship concern three main sectors: business, public and third sector. These declarations come from different academics, business professionals or politicians knowing social entrepreneurship. They have been collected according to an academic method.*

The interviewer mentioned that some statements may seem unconventional, if not even provocative. The main point of the critical research was then again mentioned that the concern was not to demolish social entrepreneurship but to create some debate in order perhaps to reinforce it. The majority of the interviewees found indeed interesting this approach. They agreed in fact for most of them, that the positive side of social entrepreneurship was too often considered regardless of the actual problems.

The interviewees were after that one more time secured that they could answer according to what they really think in without any constraints or judgement of any kind. Their skills and familiarity with social entrepreneurship movement was confirmed by asking them in the beginning of the interviews their connection with the movement (see appendix 1). This question would also give more information to the writer and the reader of the work. The first question about background information varied according to the respondent. Thus, an academic was not asked about his organisation as working in a university but directly about his/her lectures in connection with social entrepreneurship. On the other hand, a manager would be asked if his/her organization has any connection with social entrepreneurship. Besides, these slight differences, the main questions about the critical points towards social entrepreneurship were similar for each interviewee. The design and order of the questions asked about the points of critics considered the three sectors; business, public and third sector. More precisions and illustrations of these points are to be found in the appendix section of this paper.

# 7 RESULTS FROM THE INTERVIEWS

The speakers' words have been changed as little as possible. In this sense, the answers from the interviewees are faithfully reproduced. They reflect directly the quote from the experts or a very similar summary of them. In any cases, the core idea has been transcribed. A special interest – as a necessity in the transcription task – has been paid to make results accessible for the reader. Analysis is then quite easy and understandable. Spoken language using abbreviations has been written in a correct academic way.

The current part called *results of interview* is transcribing the answers from the interviewees according to the different sections of interests following the cross-disciplinary analysis. It is then divided in three main parts with the business sector, public sector and third sector. Within these three sections are the global reactions of interviewees to the points of critics about social entrepreneurship.

The reader can notice that the number of sub-sections is more important in the business sector than in the public sector. The main reason is that regardless of the political or ethical considerations, the current thesis mainly focuses on business and managerial interests. The field of study is precisely economics with in addition public and philosophical considerations.

## 7.1 The business sector

### 7.1.1 The business negligence

Interviewees were first asked to answer to the critic that social entrepreneurs are sometimes very much convinced by the goodness of their action and mission. It would then lead some of these entrepreneurs to be careless about the managerial, commercial or financial difficulties and realities connected to any business. In this sense, social entrepreneurship would even omit the possibility to fail. These points have been presented in the chapter 2.1.3 Communication and financial limits.

On these critics, many interviewees agreed that this trend from social entrepreneurs of not being realistic enough – in a business point of view – may indeed exist. In the general opinion of the experts interviewed, social entrepreneurs would not yet take care enough into consideration some business realities. Some interviewees were explaining this fact as social enterprises – among other non-profit organizations – do actually not generate profits to make their entity working but use public funds from public offices for creating some activities. The business logic would then not be respected in this consideration. Others were clearly stating that "*the problem is that many people starting*

*some social entrepreneurship do not necessarily have business skills"*. It means that a consequent amount of social entrepreneurs have goodwill and skills in the social or health care fields but not enough in the business sector. Social values are again not sufficient to lead any organization. This remark can be connected to the professional realism described in the chapter 3.1.2.

On the other hand, the persons interviewed also tempered this reproach about the so-called *business negligence*. Social entrepreneurship is anyway a young movement in Finland. More time is needed to make it much professional in the business perspective. Some organizations as the Association for Finnish Work are precisely acting for training social entrepreneurs. Social enterprises are dealing as real enterprises for some interviewees. Failing in business can be caused by different factors and concern any kind of enterprises.

Furthermore, social values cannot be denied or despised as it is the raison d'être of social entrepreneurship. The main goal of social enterprises is not meant to perform as an efficient business following a formal economic model but *"simply to put back on their feet some people in need"*.

By claiming these statements, the interviewees also agreed with the positive points connected to social entrepreneurship described in the theoretical part of the study as a *genuine entrepreneurship,* plus a *redefinition of the concepts and values of entrepreneurship* (see chapter 2.1.2).

### 7.1.2    *The unclear status*

The second point of questioning was about the different statuses under which social enterprises could exist. As previously illustrated in the study, these different forms may be due to the special position of social entrepreneurship at the crossroad of different sectors (public, private and voluntary sector). Nevertheless, as social enterprises could be enterprises, non-profit organizations or a branch from some public offices could lead to blur their visibility as mentioned in theory in 2.1.4 Assessment tools and status limits.

The existence and the problem of having different statuses for social enterprises have been admitted by some of the interviewees. It has been stated that *"because of their different statuses, social enterprises are hard to find and study"*.

Nonetheless, this situation has been explained by some of the experts by the particular Finnish case. In 2003, a law was passed in Finland about social entrepreneurship. This law was not adapted to the Finnish model or even to the principles of social entrepreneurship. It states for instance that a company is considered as a social entrepreneurship when employing at least 30% of disabled or long-term unemployed persons. This law has indeed already been mentioned in the theoretical section 3.2.3 Social entrepre-

neurship and cultural aspects. Some of the interviewees observed that the status of social entrepreneurship has been better defined in Finland after the official law, by creating the status of *yhteiskunnallinen yritys* (also translated as social enterprise in English). The criteria for being considered as *yhteiskunnallinen yritys* is to reinvest at least 50% of the profits in social aims, taking transparent decisions, caring about the employees' well-being and that leader is concerned with social issues. These criteria are summed up and clearly presented by the Diamond Model of Social Entrepreneurship input in theory (see chapter 2.1.2). It means that – for most of the experts interviewed – far from adding confusion to social entrepreneurship, the new statuses given to social entrepreneurship on a national or local consideration are clarifying the real mission and nature of the concept.

The persons interviewed mainly did not consider these different statuses as a real problem. On the contrary, "*these multiple forms could also allow social entrepreneurship to act in different areas*". These opinions are more likely following the theoretical section 2.1.2 Redefinition of the concept and values of entrepreneurship about the *richness* of social entrepreneurship as diverse in terms of legal existence and forms.

### 7.1.3   The difficulty to assess results

An additional point of critics was presented to the interviewees about the evaluation of social enterprises. The success of social enterprises would indeed be difficult to assess in the absence of a standardized tool to evaluate socio-economic results as argued in 2.1.4 Assessment tools and status limits.

On this statement, the almost full majority of the interviewees answered in the same way. For them, evaluating the success of any organization is difficult to reach. Results are furthermore uneasy to establish if it includes services to some groups of persons. The difficulty to assess the results of social entrepreneurship may then exist. Nonetheless, this critic and issue could concern any organisation in the public or private field. Besides, some experts mentioned the existence of tools to evaluate the social impact. They for instance referred – in Finland at least – to social accountings as *sosiaalinen tilinpito* and *sosiaalinen tilinpäätös*. As social enterprises are real business, their evaluation of results is simple for other interviewees.

The difficulties in assessment really exist for the experts. Yet, their approach was quite close to the description made by the figure 2 mainly revealing the positive long term social impact of social entrepreneurship.

### 7.1.4 Entrepreneurs are social entrepreneurs

The respondents were then asked to react on the declarations from some in the business or public field stating that any entrepreneur is a social entrepreneur is as long as he/she creates jobs, activities and paying taxes for the benefit of the entire community. (Austin et al. 2006, 3).

The interviewees admitted the real social impact from business enterprises. References to big companies providing shelters, activities and health-care assistance existed in the industrialisation years of Finland. Other experts mentioned that it may only be a question of rhetoric. Enterprises with strong social characters exist and have always been existed. They are just not called social enterprises.

Yet, a consequent number of respondents agreed more on the specificity of social entrepreneurship rather than on its normality compared to other businesses. The main mission of social entrepreneurship and raison d'être makes it special as already described in *the general facts about social entrepreneurs and given attributes*. The experts insisted again that being a social entrepreneur is more than paying taxes or making profits. The difference with the other entrepreneurs then really exists.

### 7.1.5 The myth of the new hero

Interviewees were asked to comment the critics about the image given to social entrepreneur. This entrepreneur would indeed be a sort of new hero able to change the world thanks to his exceptional qualities. These critics have been described in the point dedicated to *the myth of the lonely saviour* (see chapter 2.2.3) when social entrepreneurship is mainly the result of a team work.

Academics and managers generally recognized the lack of consideration for the team work. Acting with the group is very important. Yet, the opinions were also that this way of presenting the activities did not especially belong to social entrepreneurship. Nowadays, in very individualistic societies, heroes are always displayed in many fields.

This individualistic approach also belonged to a specific school of social entrepreneurship for one expert. Different approaches of social entrepreneurship indeed exist for the interviewees which can also be more collectivist. Many of the experts insisted on the fact that in any cases, great leaders are also needed in social entrepreneurship. It means again that "*people who can inspire and lead are necessary*". The main role of the entrepreneur – including in social entrepreneur – should then not be denied as "*the entrepreneur takes (voluntarily) risks, not a worker*". The persons interviewed would then more likely agree with the positive given attributes given to the social entrepreneur presented in theory (see chapter 2.2.3).

### 7.1.6    Employees are less qualified and motivated

The matter of the social entrepreneurship's workforce directly referred to the critics about *the employees of social entrepreneurship* (see chapter 2.3.1). According to this theoretical base, interviews were asked to tell their opinions about some personnel who would be less qualified than in traditional business enterprises because social entrepreneurs lack financial resources to hire the best employees. In this sense – and as it has been previously mentioned in theory – social entrepreneurs would hire the most passionate ones rather than the most qualified persons. Furthermore, as the example of *Green Works* (Robertson 2008) previously illustrated in this study, some workers would not take seriously enough their activities because they are often volunteers working for some charity in their mind.

Some interviewees agreed that by hiring the most enthusiastic ones, a risk could exist in only thinking in one "*dogmatic*" way and forgetting business realities. Yet, common reactions to this critic were different. In general, the experts emphasized the point that passion is good and even needed in any organization. Far from being negative, employees with passion would be the first to be hired in the opinion of the professionals. In addition, "*being passionate does not mean a lack of competencies*". Volunteers may be more careful and motivated to fulfil some mission. The major opinion from the experts would match with the positive aspect of social entrepreneurship's employees as some persons would be motivated by something else than financial rewards. This special motivation described in theory (Austin et al. 2006, 3) has been confirmed by the interviewees. Academics or managers indeed stated that the persons working in social enterprises may be more motivated than other employees. The main reason would be that their professional position helped them to reintegrate society after some long period of unemployment for instance. An interviewee even stated that social entrepreneurship is a serious business. Volunteers may exist but they cannot be mingled with professionals or wage-earners.

Overall, commentators mentioned that it is difficult for any sort of organization to motivate enough their working staff. Once more, interviewees in general noticed that recruiting the best talents is challenging for every corporations. It is especially true when these enterprises are just starting or are small companies. Social entrepreneurship would then not be so particular in front of the other organizations for the interviewees.

### 7.1.7    Carelessness for the demand

The persons interviewed reacted on the critics made towards *the customers of social entrepreneurship*. Based on the example of the survey led by the Big Issue presented

earlier (The Economist 2012), people would in general purchase products and services from social enterprises on a pity feeling. They would just want to help the poor ones without caring that much about the quality of the product they buy. The main interest of this situation was to ask interviewees if they consider as normal or sustainable a business model based on a social feeling rather than a direct satisfaction of buyers by offering quality products.

In general and in addition to this point, social entrepreneurs would not take enough into consideration the demand side. Most of them would mainly care about their ideas or mission, neglecting the needs or wishes from customers.

This social concern for buying goods or services has been admitted by interviewees. It can indeed happen that people are solely purchasing with the idea to help. Yet, there is nothing wrong with this reality for most of the persons interviewed. They here mentioned that the vast majority of purchases are based on feelings or emotions. These can be love, performance need, comfort or care for others. Social feelings are – besides the business perspective – not expressly negative ones.

More radically, the common reaction from the experts was that any organization cannot last if it proposes poor quality products or services. In their opinions, consumers in general are not ready to buy anything with a low quality even taking into consideration the emotional side. In addition to that, some of the experts did notice that "*products from social enterprises may also be better in quality as they are more ethical*". They meant that because they have to be more socially and environmentally friendly, social enterprises must automatically offer products better in quality. The price would reflect the care for the workers and the customers.

Social entrepreneurs may indeed not consider with a sufficient interest the demand side. It may come from the public funds received by some social enterprises. These organisations would then not need to focus on the consumers. This opinion was not shared by many interviewees. They would say – for a few of them – that social entrepreneurs are professionals listening to the market needs and changes. One intervenient also mentioned that "*more time is needed for social entrepreneurship to be fully efficient including for customers*".

In general however, academics or managers questioned, added a particular reply to this supposed careless for demand. They did not *blame* or centre on social entrepreneurship. They did on the contrary affirm that this issue concerns any business corporations. The interviewees meant that "*many enterprises do not enough consider customers*". Organizations in general are simply careless about consumers. The situation is especially true in Finland where customer service would not be yet fully developed.

One last interesting remark was made about this issue as according to researchers, "*the social enterprise competitive advantage is often their close relations with the company's local communities*". Social entrepreneurs would even be better than their com-

petitors because more in connection with the communities they serve. This strong concern with the persons in need has been noticed in the section 3.2.1 social entrepreneurship need in public affairs. It also represents a perfect transition to the next section on reactions concerning the public sector.

Before considering the public sector and as a sort of synthesis of the business sector, it is already possible to say that for the interviewees in general, social entrepreneurs are professionals with great diversity of organizations and unique characters. Their challenges as evaluating their results, caring about the demand or motivate their employees is not specific to social enterprises but belong to any business entities in general. Social entrepreneurship would even have more qualities than other leaders as being inspirational and closer to the needs of the communities they serve.

## 7.2 The public sector

In this section, the interviewees expressed their opinions about critical statements concerning social entrepreneurship in the public sector.

### 7.2.1 The academic enthusiasm in question

The people interviewed reacted at this point on the *professional realism*'s already expressed in the chapter 3.2.1. The main concern was that a growing number of universities are strongly inciting youngsters to become social entrepreneurs when they could be socially active in other ways (Galinsky 2012).

The experts revealed an interesting and untapped point concerning this critic. For most of the managers and academics interviewed, this point is actually referring to a particular cultural situation. They meant that this trend is possible to be observed in the USA for instance where the entrepreneurial and competitive spirit is extremely developed. Nonetheless, the situation is really different in Europe and especially in Finland. The general opinion was that students in Finland were not really inclined or incited to even become entrepreneur. Being social entrepreneurs would be then even less considered in this perspective.

Furthermore, the interviewees were doubtful about the so-called *academic enthusiasm* described in the theoretical part. Social entrepreneurship is overall a new topic. The number of related topics, courses or diplomas is once more very limited in Europe in general or in Finland in particular.

Globally, the opinion towards this academic enthusiasm's critic was that in any cases; "*entrepreneurial knowledge is always useful*". Learning about entrepreneurship

is positive. Besides, the interviewees noticed a positive virtue in the teaching of social entrepreneurship as "*it is also training young ones to be critical with the mainstream system*". Students would then be more critical with common economic ideas thanks to social entrepreneurship.

The academic enthusiasm is not yet a reality but it would be largely positive.

### 7.2.2    The generation gap

The critic discussed in this section related to critical points in theory (see chapter 2.2.3) was that a lot of social entrepreneurs do not have enough experience in the social or business sector because most of them are pretty young.

The concern about generation gap was not shared by the majority of the interviewees. Running a business without experience may be difficult for some. Nevertheless, the average young age of social entrepreneurs is an asset for social entrepreneurship. The general opinion was that youth is full of vigor and eager to learn.

Once more, the interviewees mentioned that this issue was not specific to social entrepreneurship. Young ones may miss experience but they can find precious help from *veteran* managers if needed.

### 7.2.3    The threat for Welfare State and democracy

Another factor already expressed in the theoretical part was the threat for Welfare State. Social entrepreneurship by giving authorities to private actors in public areas such as social or health care issues would increase the privatization or *marketization* of society (Dees et al. 2001, 12-13). This trend would act against the collective and general principles of Welfare State.

An additional concern has been asked to the interviewees following the same idea. Social entrepreneurship could eventually *act against democracy* by taking power from public representatives elected by citizens. In *the social entrepreneurship risks in public affairs*, an analogy has been expressed at this point by calling social entrepreneurship, the *Trojan horse of liberal globalization* (Schwarz 2010).

Most of the interviewees found this critic very challenging to answer to. This type of concern seemed somehow new and perhaps unlikely or even provocative for the majority of them. Some experts mentioned that political matters were not their main field of knowledge. For these reasons, very few actually reacted on this point. At least, the respondents mainly agreed that social entrepreneurship – far from being a threat for the public activities or for democracy in general – could assist the Welfare State in attempt-

ing to serve the entire community. Public authorities are already using private actors. The main customer of social enterprises is usually the State itself as some interviewees noticed. Social entrepreneurship collaborates with public organisations for the common good in the general opinion of the persons interviewed.

### 7.2.4 The exclusion of some populations

Academics and managers who accepted to comment critics on social entrepreneurship were then invited to answer to a particular concern. Social entrepreneurship in social services would exclude some population. The main reason would be that some persons would not match in the business plan. The official goal of public organizations would be on the contrary to serve anyone regardless of profits' considerations.

Few interviewees agreed to say that because of the necessity of performing well for doing profits; social enterprises can be quite picky regarding the people they choose to serve. However, many interviewees did not agree with this critic towards social entrepreneurship. The major opinion was that social entrepreneurship does not exclude some persons. Social entrepreneurship is a concept and reality made to integrate those let aside by the common system. The raison d'être of helping the weakest ones with social entrepreneurship is real and valid for the persons interviewed.

### 7.2.5 An alien concept

The last remark made in the public sector was that social entrepreneurship would be an artificial alien concept. Social entrepreneurship would come from some certain liberal Anglo-Saxon schools of thinking. This concept would go in opposition with the cultural specificities of certain countries where Welfare State is strong as in Finland or France. The respondents commented this critic about *social entrepreneurship and cultural aspects* considered in theory (see chapter 3.2.3)

The interviewees agreed on the fact that most of the theories or even activities around social entrepreneurship mainly come from foreign academics and entrepreneurs. In this sense, it is better to slowly introduce social entrepreneurship in Finland for instance.

Despite this careful approach, several experts thought that even being a foreign concept, social entrepreneurship is nevertheless positive. The general view was that social entrepreneurship was flexible enough to be adapted to any culture as it is proved in many cases. Social entrepreneurship is different according to the country or the environment.

Besides, a very interesting point from the interviews was that "*social entrepreneur-ship exists and already existed in different places under different names*". In United Kingdom, organizations with strong social values and objectives are nowadays called social entrepreneurship. In other countries, these sorts of social enterprises are called cooperatives, foundations, associations or fair trade companies. It is mainly a question of rhetoric and methods but their final goals are similar to help people through one organization.

Concerning the public sector, the persons interviewed do not in general share the worries expressed by the possible negative consequences of social entrepreneurship. The concept is useful to public authorities and does neither represent a threat for democratic institutions nor a process of exclusion for some population. The academic enthusiasm is also related to the places of teaching. Social entrepreneurship and the countries welcoming it are flexible enough to make the system working. Once more, above and beyond the concept, the practice of social entrepreneurship already exists for a long time under different forms.

## 7.3     The third sector

The last area to be studied has been the third sector. It mainly concerns non-governmental organizations or charities.

### 7.3.1     Difficult application

The first point to be discussed was that social entrepreneurship could not be applied by some non-governmental organisations. The reason – as explained in the theoretical part – is that the concept or its application would not be fully understood or clears enough for most of the mangers in the third sector (Anderson 2012).

On this point, many interviewees agreed to say that there are still boundaries between non-profits and the business world. They meanly meant that "*implementing business principles in non-profits remains very difficult*". The main opinion was that managers in the third sector must acquire more managerial or business activities. Supplementary information about social entrepreneurship was again needed for the interviewees. Better definition and simple principles about social entrepreneurship were still points to act on for the experts. More time was once more needed to reach this level. It also meant additional time to implement the process and its practices in the third sector among all.

### *7.3.2    Damages prevailing over benefits*

The final point within the business, public and especially third sector was presented as social entrepreneurship would cause more damages than benefits to the populations in need in the developing countries. It would be so by for instance giving access to multinationals to some markets in developing countries with partnership for which they could never have entered in, e.g. The Grameen Bank making some deal with Danone which gives the multinational organization the possibility to sell to the poor ones in Bangladesh and India (Melik 2009). Social entrepreneurship promoters in poor countries would also neglect specific cultural aspects of the communities being served or imposing some strict rules as in some microfinance cases, e.g. women taking micro-credit have to follow strict rules going against their traditional cultures leading among all to conflicts between genders (Schuler et al. 1998, 148). The pressure to reimburse credits with high interests is real and could in some cases lead to suicides (Levin 2012, 112). Besides, the economic system of decreasing poverty by making people entrepreneurs has never been proven in the history of development. The recent examples of economic and social development as in China or Bangladesh were mainly made possible by the installation of factories employing wage-earners.

Due to the sensitive topic and one may say *particular cases*, not everyone answered to this critic. One common answer was that anyhow, all kind of businesses must obviously respect the cultural and national backgrounds of communities being served. The situation can also vary from country to country. It has again some strong cultural meaning and differences according to the place of the social entrepreneurship application.

The respondents also insisted that the cooperation with multinationals includes some risks but can generate great benefits too. The social enterprise by collaborating with a big company can influence it in a positive way as more funds can be allocated to social projects. Social matters can indeed be considered more than in a usual trade partnership. The social entrepreneurship must just be careful in not loosing their mission and values in this deal. An interviewee especially mentioned the example of the Barefoot College where the local population was involved by participating to the decisions of the school. This is a real case of respecting the others' culture.

Overall and as a summary of the third sector, interviewees considered more positive than damageable the impact of social entrepreneurship within the third sector. It depends again for the experts the way you consider activities connected to social entrepreneurship. Cultural factors matter here too about this point. Some people or cultures will focus on positive achievements when others will consider more the lacking parts.

Social entrepreneurship regarding the *marketization* of non-profits described in the theoretical part (see chapter 4.2) would increase this trend. However, it would improve this business development of non-governmental organizations by including social con-

cerns to the managerial necessities. Worries about the micro-credit practices as presented in the last section about limits of social entrepreneurship for the third sector exist for the interviewees. Patronizing or harassing populations in need is obviously not an option in the development concerns. The need to coordinate better and develop social entrepreneurship was in this sense an obligation for the respondents.

In order to have a clearer picture of the study and its outcomes, the following table synthesises the general results from the interviews.

## 7.4    Synthesis of the answers from the interviews

Table 3        General reactions towards the critics

| *Critics about social entrepreneurship* | *Most common answers* |
|---|---|
| Business negligence | Negligence may exist but professionalism is real and it is still improving with time |
| Unclear status | It can be unclear but different statuses are more of an advantage |
| Difficulty to assess results | Any organization dealing with people have difficulties in assessing results |
| Entrepreneurs are social entrepreneurs | Social entrepreneurs are special kinds of entrepreneurs |
| Myth of the new hero | Team work is important but leaders are needed in social entrepreneurship |
| Employees less qualified and motivated | Employees are not less qualified and may be more motivated |
| Carelessness for the demand | Common for many businesses. Entrepreneurs have a special link with customers |
| Academic enthusiasm in question | That depends of the country of teaching. Learning entrepreneurship is positive |
| Generation gap | Youngster have other assets as motivation |
| Threat for Welfare State and democracy | Social entrepreneurship is more assisting than threatening public authorities |
| Exclusion of some populations | Poor people are included |
| Alien concept | It is flexible enough to be adapted |
| Difficult application for non-profits | Any business concept is challenging for non-profits but they can learn |
| Damages over benefits for some groups | The concept must be carefully applied |

Table 3 illustrates the general opinions of the interviewees according to every point of critics in each sector. It is interesting to notice that globally, the experts do not agree with the statements proposed to them. Critics are legitimate for the persons interviewed but they prefer to take more distance with the topic as considering it as overall positive and on the way to become more professional and performing. Current problems of social entrepreneurship may be turned into advantages. Social entrepreneurship is not the only sector facing these sorts of troubles and more experience will make it better.

More comments on these points as well as general conclusions for the Master's Thesis thesis are to be found in the following sections.

# 8 CONCLUSIONS AND EVALUATION OF THE STUDY

## 8.1 Conclusions

The main research question from the very beginning of this work and the raison d´être of it was: shall we believe in social entrepreneurship? According to the results of the interviews, it seems that the answer is positive. As stated at the beginning of the paper, the truth – if there was any – is not black or white and would stand more in some grey area.

In this sense, the problems and critics existed for the respondents. The interviewees indeed agreed that the status of social entrepreneurship is not clear enough. The evaluation of results is not yet appropriate. Individualism is too emphasized and the demand side not enough considered. Every entrepreneur has also at some point some positive social impact. The concerns about Welfare State prerogatives and the risky deal with multinationals are also something to care about for the respondents.

Despite understanding these concerns, the experts considered that the critics are not only concerning social entrepreneurship. Many of the statements could in fact be related to the business world or society in general. Most of the commercial organizations do actually not care enough about customers. Nowadays, *heroes* in every field are celebrated in individualistic societies. The fear to see too many social entrepreneurs seems not justified as students in general are in general even not interested in launching their own company. Passion and emotion are not negative because it occurs in any businesses and does not make it less professional. The threat on the public service or democracy is not so real for the interviewees as social entrepreneurship exist to help people in need.

More distance with these critics is in fact needed for the persons who answered. Some risks may exist on the long term but positive outcomes are more likely to happen than negative ones. It means that for instance, as social entrepreneurship is a new concept, more time is still needed to define and apply it better. This positive trend already happened in Finland for the experts. Social entrepreneurship may be an alien concept and its application questionable according to for instance the 2003 law on social entrepreneurship in Finland. Nonetheless, in this country precisely, the capacities of adaptation of social entrepreneurship have been proven by the creation of a special and better status called *Ytheiskunnallinen yritys*. The new term is more concrete and better adapted to the local realities. Social entrepreneurs are also becoming more professional thanks precisely to some special public training. Again, if social entrepreneurship is led by public concerns and adapted to specific local issues, there are no reasons to fear it. Social entrepreneurship would not be so damageable for the society and *the worst that could happen* could be some organizations going to bankruptcy. Social entrepreneurship

could not be blamed for all possible damages previously described and would anyway not constitute a sort of panacea for all the social issues. As a conclusion then, there are more reasons to believe in social entrepreneurship – at least in a mid and long term period – than not believing in it.

On a personal point of view, between the critical points in the theoretical part and the more positive ones in the empirical results, a radical answer about believing or not in social entrepreneurship is difficult to state. Any new system or ideology generates great hopes but also legitimate fears. The purpose of this work was mainly to balance the two sides when it seemed that the positive expectations were more discussed than the possible risks.

The writer of the thesis was somehow relieved and surprised to see that social entrepreneurship is not a *floating* and totally free concept irretrievably applied by some *extreme do-gooders*. The concept and its reality are thought by professionals in the public and private sector. Governments or managers are trying to regulate, adapt and improve social entrepreneurship for the business or common benefit and according to the cultural specificities of each country. Social entrepreneurship could indeed be an interesting tool if it becomes more professional but still guided by its passionate social purpose. The images of a super hero changing the world by his/her own willingness has also been demystified and made more common by the experts who considered it as belonging to a certain school of social entrepreneurship but admitted that great leaders are yet needed. Under these conditions, the writer of this study would say that believing in social entrepreneurship is possible. There is no strong statement in completely believing in it. Yet, without being a great defender of the concept at this stage, the author of the Master's Thesis is more convinced by the utility and possibility of social entrepreneurship.

As it has been said in the very first pages of this work and from some interviewees, this form of business has been existed for a long time. Cooperatives, non-profits, social values within one organization or Fair Trade are expressing this wish to improve things at some point. At least it could make people thinking a bit more in their productive and consuming roles. As long as these generous principles do not become some sort of obligatory rules causing more damages than benefits, there are more reasons to believe in them for anyone who cares and thinks a bit. The most important may precisely not believing in the mean represented by social entrepreneurship but more in the end aiming to do something good and useful in any form. At least, the belief of the writer of the Master's Thesis lay in that position and possibilities offered by social entrepreneurship.

The study could bring some sort of contribution in the theoretical implications of social entrepreneurship. First, any writing about this topic is useful as social entrepreneurship as a concept is quite new and not many researches – compared to other topics – has been done on it. It is also giving some original and unexpected consideration on social entrepreneurship. Originality and unexpected considerations mean that the study did not

try to promote or simply present social entrepreneurship as in most of the papers dedicated to it. The current work can be used to explain social entrepreneurship, to criticize it or even to defend it by anticipating the possible negative remarks. It could perhaps make the subject more *mature* by considering new perspectives and making it more realistic. Being more realistic signifies not only thinking the possible positive outcomes but also the means to reach this goal and likely negative effects. It may lead to make social entrepreneurship clearer at some point in the many definitions of the concept.

Concerning managerial implications, the Master's Thesis attempted to concretize social entrepreneurship by facing its difficulties of application for managers, customers or employees. Public authorities or politicians can consider social entrepreneurship with its advantages or drawbacks. Working on these points, could improve the application of social entrepreneurship in the business world. On a more general point of view, the Master's Thesis is a contribution for anyone having some thoughts on the current global challenges. Some after reading this research could admit or not social entrepreneurship as a possible solution to social and economic troubles. Far from being a pro or con social entrepreneurship tool, the present document simply invites the reader to think about his/her situation and the near or further environment.

Future possible researches could focus on the social entrepreneurship application from country to country. The cultural factors in approaching and practising social entrepreneurship seem to also be a key of its success and development. In this way, interviews from persons outside Finland or Scandinavia could be considered in another research. These potential interviewees would give other perspectives about social entrepreneurship. On a more general point of view, social entrepreneurship in order to grow should perhaps consider some alliances or study some organizations that started this kind of social actions long ago. The idea here is to think about the religious entrepreneurial organizations. Most of the Christian organizations actually have a long experience as some sort of social enterprises like the Salvation Army or Fida in Finland with second-hand shops for example. These shops are doing the same activity as the social enterprise Ekotori. The Church of Bethel is also offering some accommodations to the homeless in exchange of following some rules and has been quoted as a sort of social enterprise. Social entrepreneurs should maybe put aside their fear for proselytising or theological considerations because religious social entrepreneurs have some qualities to share like for instance the experience, the networks, the facilities, the communities and the financial means. On the other hand, social entrepreneurs can bring their strong fresh motivation and their expertise in business. In the end, the purpose of the two groups is similar. Whether it is called social entrepreneurship or faith-based organisation, the main point is to help people.

## 8.2    Limitations of the study

The persons who accepted to answer considered in general positively the critics. They found them interesting and original. Statements may have seemed difficult too in some points for some of the interviewees. In fact, the main difference between the theoretical part presented by the questions during the interviews and the empirical results gathered by the answers from the *experts* is the difference between the macro and micro perspectives as previously mentioned. Most of the asking was about social entrepreneurship in general and the replies were more focusing on Finland in particular. This factor does not make the study irrelevant as interviewees still considered the social entrepreneurship specificities. They just mainly focused on facts and examples happening on their direct environment with concrete cases instead of being too theoretical. This specificity could in some view makes the current research more concrete and less arguing about very general matters. It reinforces the validity of the Master's Thesis but sincerely obliged an adaptation of the conclusions according to this difference. This sort of adaptation and unexpected points of views from the theoretical perspectives concerned the cultural factors too. The current work is in reality coming from the mind of a French student having some particular politico-social positions mainly using some Anglo-Saxon sources of information to question in majority persons from the Scandinavian sphere. The adaptations in conclusions were in this sense needed as the cultural differences obviously acted. Respondents were also rising new and interesting points not previously thought by the writer of the Master's Thesis. This point made the research worth considered as the *experts* contributions were real in their originality.

The original idea was also to interview individuals having strong critics about social entrepreneurship. However and unfortunately, despite looking for this kind of respondents and asking the interviewees for these contacts, nobody answering to this particular criterion has been found. Additionally, a greater number of people have been contacted than the actual results. The original intention was to receive more answers. Regrettably, despite real efforts, the amount of interviews stagnated to the present results. The competencies, skills and knowledge of the respondents, compensated in a way the relative modest number of them. In other words, the qualitative data matters more in studying critics about social entrepreneurship than the quantitative results. The persons interviewed were indeed professors, researchers, and managers or chairman of boards. Considering their qualities and positions, their comments are valid.

Besides, it has been pretty easy in Finland to reach these people and obtain positive answers for interviewing. The interviewing process has been a real pleasure for the author of the Master's Thesis thanks to the time granted, the quality of the answers and the friendly environment for interviewing.

70

# 9 SUMMARY

This study is about social entrepreneurship. It does not intend however to follow the trend of most of the articles or books written about the topic. Positive sides and promises of social entrepreneurship are usually presented without considering the limits or possible problems connected to it. In this sense, a gap seems to exist between two visions of social entrepreneurship; the hyper positive and the more cautious ones. The current Master's Thesis is more of a critical paper. Its aim is to consider advantages and drawbacks of social entrepreneurship. The purpose of this approach is not meant to deconstruct social entrepreneurship but on the contrary to better understand it by taking every side into consideration. The main purpose is to give new information and perspectives to the reader in order to comprehend it and eventually believing or not in social entrepreneurship. Hence the main research question is: "Shall we believe in social entrepreneurship? Responses to this principal research question are also made possible by answering to the sub question: what are the reasons for believing or not in social entrepreneurship considering the advantages and disadvantages of it in the business, public, and third sector?

In the theoretical part of the Master's Thesis, these advantages and drawbacks of social entrepreneurship in the three sectors of study are presented. The data sources for theory are mainly academic articles plus books about entrepreneurship, social entrepreneurship or humanism in business. Opinions from managers of social enterprises, researchers studying the topic or politicians are also used for presenting the two sides of social entrepreneurship.

Ideas from theory are that in the business context, social entrepreneurship exists as a real kind of entrepreneurship even able to redefine the concepts and values of many enterprises. On the other hand, social entrepreneurship seems not so realistic in terms of communication and business discipline. Assessment tools and multiple statuses add to the difficulties in applying social entrepreneurship. Social entrepreneurs are also unique sort of entrepreneurs by their special skills, personal attributes and experience. The generation gap yet with a lack of experienced managers in social entrepreneurship may represent some drawback. Presenting social entrepreneurs as the new heroes able to change the world is also at some point neglecting the team work and realities on the field. In the public sector, an opposition seems to exist between the enthusiastic academic world and the mere obligations of the market. Social entrepreneurship can assist public offices in their mission. It means reducing the public debt for States by using flexible organizations knowing people in need. Some however fear that the continuous use of private actors using market rules within social services may lead to decrease the power of Welfare State or even exclude some population in need. Cultural shocks are considered too in applying a concept coming from countries with liberal socio-economic models to

places where the public action is still important. The third sector can use social entrepreneurship to become more professional in applying new business rules and generate more capital for its actions. Using social entrepreneurship directly follows the trend of *marketization* for the non-profits. Yet, social entrepreneurship is difficult to be applied by non-governmental organizations as not fully understood by their managers. Concerns are also real in imposing some strict model to local populations. The system would then create more damages than benefits in some developing countries.

The empirical part of this study uses a critical approach. It is justified by questioning the mainstream ideas about social entrepreneurship. This critical approach is applied with a qualitative research. The desired information could not have been found via a quantitative method. The main source of data in the empirical part has been gathered through interviews. Experts in the public, business and third sector have been asked to answer to critics about social entrepreneurship previously exposed in theory. Their responses would confirm or not the worries about social entrepreneurship and eventually help in believing or not in social entrepreneurship. Their opinions would also give new perspective to the study. The respondents – ten of them in total – were academics as professors or researchers, managers of social enterprises or of non-profits, plus one CEO. They have been chosen for their thoughts, studies or practices of social entrepreneurship or even business entrepreneurship. The method of analysis for the results consists of a cross-disciplinary method. It means that the answers are analyzed from sector to sector of studies and not from person to person.

The answers were that the business negligence is recognized at some point for the interviewees. Social entrepreneurship is nonetheless a sector made by professionals. The general idea from the *experts* interviewed is that social entrepreneurship is a new movement. People making and thinking social entrepreneurship needs more time to improve it. This positive view on the current state and future of social entrepreneurship is made possible for different reasons. First, the multiple statuses of social enterprises are not a problem but a chance for acting in different areas under different forms. The difficulty to assess results is true for any organization offering services to people. An appropriate assessment tool will be eventually used for this purpose. The people interviewed considered that due to their special social mission, social entrepreneurs are unique sorts of entrepreneurs. Far from creating exceptional individuals, social entrepreneurship needs – as any other movement – strong personalities able to lead teams of volunteers or employees. This last category of persons may be more motivated to work for social enterprises than careless in their tasks as they have been socially excluded by the common system. The so-called *pity feeling* from the customers is not completely justified as emotion is a strong factor in purchasing in any business, plus goods from social enterprises maybe from a great quality. Social entrepreneurship is and will continue to assist public institutions and their representatives aiming to serve most of the people in need.

The over representation of youngsters is a vitality sign for social entrepreneurship and a positive indicator for its future development. Overall, young people are not so interested in becoming entrepreneurs but it would not be a negative issue. The third sector can benefit from social entrepreneurship by studying it better and care more in applying it by respecting local cultures.

The empirical part of the study does not then confirm the critics presented in the theoretical section. There would be more reasons to believe in social entrepreneurship than not believing in it. These conclusions are valid considering the number and qualities of interviewees. Advantages would prevail over drawbacks. The author of the paper is ready to accept this statement of professionals. Critics – even the most unlikely ones – are however always useful to question any accepted idea in order to create some debate and improve the performance of social entrepreneurship for instance or any other movement raising great hopes but facing mere realities.

The main conclusion is that speaking about social entrepreneurship or any other social organization, the goal is more important than the means. The major point is to assist at some level, people in need. This aim can be reached by social entrepreneurship for instance. Rules and realistic points of views from every side must just be taken into consideration.

Implications for future research would be studying the possible connections between social enterprises and faith-based organizations. Mutual benefits could come from experienced religious organizations having network or financial capacities and social enterprises offering business skills or new motivation to do well via business.

# REFERENCES

Aid Watch (2010) *A brief history of aid.* AID/WATCH. <http://aidwatch.org.au/where-is-your-aid-money-going/what-is-aid/a-brief-history-of-aid>, retrieved 6.9.2013.

Akwagyiram, A. (2008) How effective is social enterprise. BBC News. <http://news.bbc.co.uk/2/hi/uk_news/7559138.stm>, retrieved 15.5.2012.

Alvord, S. H. – Brown, L. D. – Letts, C. W. (2004) Social entrepreneurship: Leadership that facilitates societal transformation – an exploratory study. *Journal of Applied Behavioral Science,* Vol. 40(3), 260–282.

Anderson, F. O. (2012) Social entrepreneurship as fetish. Nonprofit Quarterly. <http://nonprofitquarterly.org/management/20140-social-entrepreneurship-as-fetish.html>, retrieved 13.6.2013.

Austin, J. – Stevenson, H. – Wei-Skillern, J. (2006) Social and commercial entrepreneurship: same, different or both. *Entrepreneurship Theory and Practice*, Vol. 30 (1), 1–22.

Avraham, M. (2006) Cross-disciplinary theories for cross-disciplinary teaching. Cross-disciplinary Teaching and Learning. <http://www.cdtl.nus.edu.sg/brief/v9n5/sec3.htm>, retrieved 9.10.2013.

Baldwin, C. – Hippel, E., von (2009) Modelling a paradigm shift: From producer innovation to user and open collaborative innovation. Working paper. Harvard Business School, Boston, Massachusetts.

Bernard, C. (2012) Surveying networks of social entrepreneurs. KPMG. <http://www.kpmgfamilybusiness.com/surveying-networks-of-social-entrepreneurs/>, retrieved 5.9.2013.

Blaxter, L. – Hughes, C. – Tight, M. (1996) *How to research.* Open University Press, Ballmoor, Buckingham.

Blundel, R. – Lockett, N. (2011) *Exploring entrepreneurship. Practices and perspectives.* Oxford University Press, Oxford.

Bornstein, D. (2007) *How to change the world. Social entrepreneurs and the power of new ideas.* Oxford University Press, New York.

Bornstein, D. – Davis, S. (2010) *Social entrepreneurship. What everyone needs to know.* Oxford University Press, New York.

Brafman, N. (2012) La génération Y existe-t-elle vraiment. Le Monde. <http://www.lemonde.fr/societe/article/2012/05/18/generation-y-du-concept-marketing-a-la-realite_1703830_3224.html>, retrieved 22.5.2012.

Bridge, S. – O'Neill, K. (eds.) (2013) *Understanding enterprise, entrepreneurship and small business.* Palgrave Macmillan, Basingstoke, Hampshire.

Brigg, M. (2001) Empowering NGOs: The microcredit movement through Foucault's notion of dispositif. *Alternatives: Global, Local, Political*, Vol. 26(3), 233–258.

Burch, J. (1986) *Entrepreneurship.* John Wiley & Sons, New York.

Burns, K. A. (2013) Five social enterprise myths, dispelled. Fast Company. <http://www.fastcompany.com/social/myths.html>, retrieved 12.6.2013.

Burns, P. (3rd ed.) (2011) *Entrepreneurship and small business. Start-up, growth and maturity.* Palgrave MacMillan, Basingstoke, Hampshire.

Cahalane, C. (2013) Why we must talk about failure in social enterprise. The Guardian. <http://www.theguardian.com/social-enterprise-network/2013/feb/11/failure-social-enterprise>, retrieved 11.6.2013.

Chua, R. (2011) On social entrepreneurship and the role of the state. Being globally responsible conference. <http://bgrc.ceibs.edu/?p=1086>, retrieved 15.5.2012.

Coleman, B. E. (1999) The impact of group lending in Northeast Thailand. *Journal of Development Economics*, Vol. 60(1), 105–141.

Collis, H. (2013) Stress and anxiety are the most common reasons for sick leave - and men are more likely to be off longer than women. Daily Mail. <http://www.dailymail.co.uk/health/article-2349574/Stress-anxiety-common-reasons-sick-leave--men-likely-longer-women.html>, retrieved 20.7.2013.

Coughlan, S. (2010) Students face tuition fees rising to £9,000. BBC News. <http://www.bbc.co.uk/news/education-11677862>, retrieved 15.5.2012.

Davis, S. (2002) Social entrepreneurship: Towards an entrepreneurial culture for social and economic development. Ashoka. <https://www.ashoka.org/files/yespaper.pdf>, retrieved 7.5.2012.

Dees, J. G. (1998) The Meaning of Social Entrepreneurship. Center for the Advancement of Social Entrepreneurship. <http://www.caseatduke.org/documents/dees_sedef.pdf>, retrieved 12.4.2012.

Dees, J. G. – Emerson, J. – Economy, P. (2001) *Enterprising nonprofits. A toolkit for social entrepreneurs*. John Wiley & Sons, New York.

Defourny, J. – Nyssens, M. (2008) Social enterprise in Europe: recent trends and developments. *Social Enterprise Journal,* Vol. 4(3), 202–228.

Dey, P. – Steyaert, C. (2010) The politics of narrating social entrepreneurship. *Journal of Enterprising Communities: People and Places in Global Economy*, Vol. 4(1), 85–108.

Drucker, P. F. (2007) *Innovation and entrepreneurship.* Elsevier Ltd, Oxford.

Dubois, L. (2011) How to become a social entrepreneur. Inc. <http://www.inc.com/guides/201105/how-to-become-a-social-entrepreneur.html>, retrieved 3.5.2012.

Economist, the (2012) *The Big Issue magazine: help the homeless.* The Economist. <http://www.economist.com/node/21542406> retrieved 3.4.2012.

Edgington, N. (2011) The problem with social entrepreneurship. Social Velocity. <http://www.socialvelocity.net/2011/06/the-problem-with-social-entrepreneurship-guest-post/>, retrieved 17.6.2013.

Eikenberry, A. M. – Kluver J. D. (2004) The marketization of the nonprofit sector: civil society at risk. *Public Administration Review*, Vol. 64(2), 132–140.

European Commission (2011) *Top European corporate R&D investors set to increase innovation efforts by 5% a year.* European Commission – Press release. <http://europa.eu/rapid/press-release_IP-11-957_en.htm>, retrieved 21.5.2013.

Fernando, J. L. (2010) The myths behind microfinance. Forbes. <http://www.forbes.com/2010/12/09/microfinance-myths-muhummad-yunus-entrepreneurs-finance-jude-fernando.html>, retrieved 10.7.2013.

Field, A. (2013) Consumers like social responsibility – but they aren't sure what a social enterprise is. Forbes. <http://www.forbes.com/sites/annefield/2013/04/05/consumers-like-social-responsibility-but-they-arent-sure-what-a-social-enterprise-is/>, retrieved 10.7.2013.

Finnfacts (2011) *Social innovations are on their way.* Good News from Finland. <http://www.goodnewsfinland.com/archive/themes/social-innovations/social-innovations-are-on-their-way/>, retrieved 12.3.2012.

Fisher, C. (3rd ed.) (2010) *Researching and writing a dissertation. An essential guide for business students.* Pearson Education Limited, Harlow, Essex.

Fowler, A. (2000) NGOs as a moment in history: beyond aid to social entrepreneurship or civic innovation. *Third World Quarterly*, Vol. 21(4), 637–654.

France 24 (2008) *The crushing burden of micro-credit.* France 24. <http://archive.is/wYtN>, retrieved 17.6.2013.

Friedman, M. (1970) The social responsibility of business is to increase its profits. *New York Times Magazine,* 13.9.1970, 32-33, 122-124.

Galinsky, L. (2012) Why not everyone should be a social entrepreneur. Dowser. <http://dowser.org/opinion-why-not-everyone-should-be-a-social-entrepreneur/>, retrieved 5.7.2013.

Grenier, P. (2002) *The Function of Social Entrepreneurship in the UK.* The ISTR Conference. Cape Town, South Africa, July 2002. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.198.9090&rep=rep1&type=pdf>, retrieved 11.4.2012

Guttenplan, D. D. (2011) Business schools with a social appeal. New York Times. <http://www.nytimes.com/2011/01/24/education/24iht-educLede.html?pagewanted=all>, retrieved 12.5.2012.

Hackley, C. (2003) *Doing research projects in marketing, management and consumer research.* Routledge, Abingdon, Oxon.

Hackley, C. (2009) *Marketing. A critical introduction.* Sage Publications Ltd, London.

Hampson, G. (2010) Cameron says social enterprise is key to Big Society reform. Pioneers Post. <http://www.socialenterpriselive.com/section/news/policy/20100518/cameron-says-social-enterprise-key-big-society-reform>, retrieved 10.7.2013.

Hibbert, S. A. – Hogg, G. – Quinn, T. (2005) Social entrepreneurship: Understanding the consumer motives for buying the big issue. *Journal of Consumer Behaviour*, Vol. 4(3), 159–172.

Hills, G. – Pfitzer, M. (2013) Social Enterprises need a solid measurement system. Harvard Business Review. <http://blogs.hbr.org/cs/2013/03/social_enterprises_need_a_soli.html>, retrieved 11.6.2013.

Hockerts, K. – Mair, J. – Robinson J. (2010) *Values and opportunities in social entrepreneurship.* Palgrave Macmillan, Basingstoke, Hampshire.

Jacob, E. (1989) Qualitative research: A defence of traditions. *Review of Educational Research*, Vol. 59(2), 229–235.

Jensen, T. (2012) Common mistakes made by social entrepreneurs. The start up garage. <http://thestartupgarage.com/common-mistakes-social-entrepreneurs/> retrieved 18.6.2013.

Karhukorpi, J. (2005) *Coping with change in the gym: challenges of post-acquisition integration in SATS Finland.* Master's Thesis. Turku School of Economics, Turku.

Kerlin, J. A. (ed.) (2009) *Social Enterprise. A global comparison.* Tufts University Press, Lebanon, New England.

Latham, M. (2001) *Social entrepreneurship and the Welfare State.* The Social Entrepreneurs Network Conference. Canberra, Australia, June 29, 2001. <http://www.partnerships.org.au/Library/social_entrepreneurship_and_the_welfare_state.htm>, retrieved 10.3.2012.

Lehner, O. M. (2012) *Social entrepreneurship perspectives. Triangulated approaches to hybridity.* Academic dissertation. University of Jyväskylä, Jyväskylä.

Levin, G. (2012) Critique of microcredit as a development model. *Journal of Undergraduate Research at the University of Tennessee*, Vol. 4(1), 109–117.

Lewis, J. (2013) Are social entrepreneurs failing to fail. Huffington Post. <http://www.huffingtonpost.com/jonathan-lewis/are-social-entrepreneurs-_1_b_2646308.html>, retrieved 2.8.2013.

Light, P. C. (2008) *The search for social entrepreneurship*. The Brookings Institution. Washington, D.C.

Maanen, J., van (1979) Reclaiming Qualitative Methods for Organizational Research: A Preface. Administrative Science Quarterly, Vol. 24(4), 520.

Maranzana, G. (2007) The social economy in Italy. Disability Information Resources.<http://www.dinf.ne.jp/doc/english/conf/int_seminar/seminar2007 0128/kouen1_siryou1.html>, retrieved 19.9.2013.

Marmer, M. (2012) Transformational entrepreneurship: Where technology meets societal impact. Harvard Business Review. <http://blogs.hbr.org/cs/2012/04/transformational_entrepreneurs.html>, retrieved 2.9.2013.

Martin, F. – Thompson, M. (2010) *Social enterprise developing sustainable businesses.* Palgrave Macmillan, Basingstoke, Hampshire.

Mas, I. (2012) Four gaps in social entrepreneurship. Echoing Green. <http://www.echoinggreen.org/blog/four-gaps-in-social-entrepreneurship>, retrieved 18.5.2013.

McGlade, M. (2013) Lessons from a failed social entrepreneur. Harvard Business Review. <http://blogs.hbr.org/cs/2013/02/lessons_from_a_failed_social_e.html>, retrieved 18.5.2013.

Melik, J. (2009) Danone's yogurt strategy for Bangladesh. BBC News. <http://news.bbc.co.uk/2/hi/8100183.stm>, retrieved 7.5.2012.

Merriam, S. B. (2nd ed.) (2009) *Qualitative research: A guide to design and implementation.* John Wiley & Sons, San Francisco, California.

Mertens, D. M. (2nd ed.) (2005) *Research and evaluation in education and psychology. Iintegrating diversity with quantitative, qualitative and mixed methods.* Sage Publications Inc, Thousand Oaks, California.

Mort, G. S. – Weerawardena, J. – Carnegie, K. (2003) Social entrepreneurship: towards conceptualisation. *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 8(1), 76–88.

Mulgan, G. – Tucker, S. – Rushanara, A. – Sanders, B. (2007) *Social Innovation. What it is, why it matters and how it can be accelerated.* The Young Foundation, London.

Murphy, P. J. – Coombes, S. M. (2009) A model of social entrepreneurial discovery. *Journal of Business Ethics*, Vol. 87(3), 325–336.

Net Impact (2012) *Talent report: What workers want in 2012.* Executive summary. <https://netimpact.org/docs/publications-docs/NetImpact_WhatWorkersWant2012.pdf>, retrieved 20.5.2013.

Nicholls, A. (2006) *Social entrepreneurship. New models of sustainable social change.* Oxford University Press, Oxford.

Nieminen, A. − Kohonen, S. − Markkanen S. (2007) *Supported path to employment − Social entrepreneurship is a resource.* Juvenes Print Oy, Tampere.

Nobel, C. (2012) Beyond Heroic Entrepreneurs. Harvard Business School. <http://hbswk.hbs.edu/pdf/item/6905.pdf>, retrieved 12.3.2012.

Nobelprize (2006) *Muhammad Yunus, Grameen Bank.* The Nobel Peace Prize 2006. <http://www.nobelprize.org/nobel_prizes/peace/laureates/2006/press.html>, retrieved 21.5.2013.

Parasuraman, A. − Zeithami, V. A. − Berry, L. L. (1985) A conceptual model of service quality and its implication for future. *Journal of Marketing*, Vol. 49(4), 41−50.

Prada, D. (2012) Every entrepreneur is a social entrepreneur. Brown Daily Herald. <http://www.browndailyherald.com/2012/02/14/daniel-prada-12-every-entrepreneur-is-a-social-entrepreneur/>, retrieved 25.5.2013.

Ridley-Duff, R. − Bull, M. (2011) *Understanding social enterprise. Theory and practice*. Sage Publications Ltd, London.

Robertson, C. (2008) Social entrepreneurs: green and good. BBC News. <http://news.bbc.co.uk/2/hi/business/7497810.stm>, retrieved 9.4.2012.

Sameeksha, D. − Acs, Z. J. (2007) *A theory of destructive entrepreneurship.* Jena Economic Research Papers. <http://zs.thulb.uni-jena.de/servlets/MCRFileNodeServlet/jportal_derivate_00085818/wp_2007_085.pdf>, retrieved 25.5.2013.

Say, J. B. (1821) *A treatise on political economy; or the production, distribution, and consumption of wealth*. A. and R. Spottiswoode, London.

Schuler, S. R. − Hashemi, S. M. − Badal, S. H. (1998) Men's violence against women in rural Bangladesh: undermined or exacerbated by microcredit programmes. *Development in Practice*, Vol. 8(2), 148−157.

Schwarz, R. (2010) Social enterprise, Trojan horses and the secret restructuring of UK public services. ClearlySo. <http://www.clearlyso.com/blog/695/>, retrieved 20.5.2013.

Schuman, C. (2001) The non-profit sector and the market: opportunities and challenges. The Aspen Institute. <http://www.gdfe.org.ar/files/Doc15%20Aspen%20The%20Nonprofit.pdf>, retrieved 5.8.2013.

Schumpeter, J. A. (eds.) (2003) *Capitalism, Socialism and Democracy*. Taylor & Franis e-Library, London.

Scocco, D. (2006) Invention vs innovation. Innovation Zen. <http://innovationzen.com/blog/2006/07/26/invention-vs-innovation/> retrieved 21.5.2013.

Seelos, C. – Mair, J. (2005) Social entrepreneurship: Creating new business models to serve the poor. *Business Horizons,* Vol. 48(3), 241–246.

Sharma, S. (2002) Is micro-credit a macro trap. The Hindu Business Line. <http://www.thehindubusinessline.in/2002/09/25/stories/2002092500810900.htm>, retrieved 11.6.2013.

Skills third sector (2010) *The UK Civil Society Almanac 2010: Workforce.* Skills – Third Sector. <http://www.skills-thirdsector.org.uk/documents/NC652_Workforce_mini_almanac_03.pdf>, retrieved 19.9.2013.

Smith, A. (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations.* W. Strahan *&* T. Cadell*,* London.

Smith, M. K. – Driscoll, G. C. (2013) The rise of Social Entrepreneurship in B-Schools in Three Charts. Harvard Business Review. <http://blogs.hbr.org/cs/2013/02/the_rise_of_social_entrepreneu.html>*,* retrieved 3.9.2013.

Sosiaalinen yritys (2010) *Social enterprises in Finland.* VATES Foundation. <http://www.sosiaalinenyritys.fi/sofi_english>, retrieved 5.9.2013

Spitzeck, H. – Pirson, M. – Amann, W. – Khan, S. – Kimakowitz, E., von. (2009) *Humanism in Business*. Cambridge University Press, Cambridge, New York.

Steyaert, C. – Hjorth, D. (2006) *Entrepreneurship as social change. A third movements in entrepreneurship book.* Edward Elgar Publishing, Northampton, Massachusetts.

Stuart, E. (2012) Young, idealistic and unconventional: Can social entrepreneurs change the world. Desert News. <http://www.deseretnews.com/article/865556049/Young-idealistic-and-unconventional-Can-social-entrepreneurs-change-the-world.html?pg=all>, retrieved 17.6.2013.

Sud, M. – VanStandt, C. V. – Baugous, A. M. (2009) Social entrepreneurship: The role of institutions. *Journal of Business Ethics*, Vol. 85(1), 201–216.

Suomalaisen työn liitto (2013) *The Finnish social enterprise mark.* The Association for Finnish Work. <http://www.avainlippu.fi/en/symbols/finnish-social-enterprise-mark>, retrieved 3.9.2013.

Thompson, J. – Alvy, G. – Lees, A. (2000) Social entrepreneurship – a new look at the people and the potential. *Management Decision*, Vol. 38(5), 328–338.

Thompson, J. –Doherty, B. (2006) The diverse world of social enterprise: A collection of social enterprise stories. *International Journal of Social Economics*, Vol. 33(5/6) 361–375.

Terjesen, S. – Lepoutre, J. – Justo, R. – Bosma, N. (2011) Global entrepreneurship monitor: report on social entrepreneurship. Executive summary. The Global Entrepreneurship Research Association (GERA), <http://www.gemconsortium.org/docs/download/376>, retrieved 12.3.2012.

Tucker, J. A. (2006) Microcredit or macrowelfare: The myth of Grameen. Mises Daily. <http://mises.org/daily/2375>, retrieved 11.6.2013.

Työ- ja elinkeinoministeriö (2013a) *Palkkatyössä kolmannella sektorilla.* Työ- ja elinkeinoministeriön julkaisuja 20/2013. <http://www.tem.fi/ajankohtaista/julkaisut/palkkatyossa_kolmannella_sektorilla.98033.xhtml>, retrieved 7.7.2013.

Työ- ja elinkeinoministeriö (2013b) *Rekisteriin merkityt sosiaaliset yritykset 11.11.2013 mennessä.* Työ- ja elinkeinoministeriö. <https://www.tem.fi/index.phtml?s=2567>, retrieved 13.6.2013.

University of Strathclyde. *What is critical research.* University of Strathclyde, Humanities & Social Sciences. <http://www.strath.ac.uk/aer/materials/1educationalresearchandenquiry/unit4/whatiscriticalresearch/>, retrieved 25.9.2013.

Williams, C. C. – Nadin, S. (2011) Beyond the commercial versus social entrepreneurship divide: Some lessons from English localities. *Social Enterprise Journal,* Vol. 7(2) 118–129.

Wolk, A. (2007) Social entrepreneurship and government: A new breed of entrepreneurs: developing solutions to social problems. <http://www.community-wealth.org/_pdfs/news/recent-articles/01-08/report-wolk.pdf>, retrieved 2.4.2012.

Youphil (2013) *L´économie social et solidaire représente 6% de la valeur ajoutée en France.* Youphil. <http://www.youphil.com/en/node/6636>, retrieved 19.9.2013.

APPENDIX 1        INTERVIEW GUIDE

**SURVEY ABOUT CRITICS TOWARDS SOCIAL ENTREPRENEURSHIP**

General information about the interviewee, his/her organization and social entrepreneurship:
   A.    Could you please very shortly present your organization and your position in it?
   B.    Does your organization have any connection with social entrepreneurship as supporting or studying it?
   C.    Are you personally interested in social entrepreneurship? Did you already act for it or studied the phenomenon? Could you give some examples?

Questions about the specific field of research:

Social entrepreneurship has gained a growing interest these last times among the business, public and third sector. The phenomenon raised some debates. There are some people for social entrepreneurship and some against. The point is that social entrepreneurship is often described as a nice and revolutionary movement able to change the world. However, some critical points as the mere reality of entrepreneurship or the possible negative effects of social entrepreneurship for instance are often not mentioned. The main research question is after comparing positive and negative comments; shall we believe in social entrepreneurship?

Your opinion about the following critics matters. What would you briefly answer to the critical opinions about social entrepreneurship? You can agree or not with the proposed statements. You can have an opinion or not about it. Could you please include sometimes, possible concrete examples to illustrate your view?

The statements or critics about social entrepreneurship concern three main sectors: business, public and third sector. These declarations come from different academics, business professionals or politicians knowing social entrepreneurship. They have been collected according to an academic method.

**THE BUSINESS SECTOR**

1. Social entrepreneurs can be so convinced by the goodness of their actions that they tend to be careless about the financial difficulties and realities connected to any businesses, including the possibility to fail.

2.
    a. The visibility of social enterprises is unclear due to their multiple possible statuses (enterprises, NGOs or public offices).
    b. plus the success of social enterprises is difficult to assess in the absence of a standardized tool to evaluate socio-economic results.

3. Any entrepreneur is social as long as he/she creates jobs, activities and paying taxes for the entire community.

4. The social entrepreneur is often described as a new hero to solve social issues when social entrepreneurship is more often about the work of an entire team.

5.
    a. Social entrepreneurs often hire the most passionate and not the most skilful employees because they lack financial resources.
    b. Plus these employees do not seriously consider their activity as they are often mere volunteers.

6.
    a. The customers of social entrepreneurship would buy the products or services mainly on a pity feeling because the quality is not there.
    b. Furthermore, social entrepreneurs would not consider enough the customers' demand.

**THE PUBLIC SECTOR**

7.
    a. A growing number of universities are preparing to become social entrepreneur when not everyone is meant to be social entrepreneur.
    b. Plus, many social entrepreneurs lack experience in business as being freshly graduated. There is a generation gap with a lack of elder persons with professional experience.

8. Social entrepreneurship would be:
    a. *a tool to dismantle Welfare State* by allowing private organizations taking public prerogatives in social services.
    b. acting against democracy by taking power from public representatives elected by citizens.

9. Social entrepreneurship in social services would exclude some population who would not match in the business plan when the goal of public organizations would be to serve anyone regardless of profits' considerations.

10. Social entrepreneurship would be an artificial alien concept from some certain liberal Anglo-Saxon schools going in opposition with the cultural specificities of certain countries where Welfare State is strong as in Finland or France.

## THE THIRD SECTOR:

11. Social entrepreneurship could not be applied by some non-governmental organizations because the concept or its application is not fully understood or clear enough for some mangers in the third sector.

12. Social entrepreneurship would cause more damages than benefits by
    a. giving access to multinationals to some markets in developing countries with partnership for which they could never have entered, e.g. The Grameen Bank making some deal with Danone, which gives the multinational organization the possibility to sell to the poor ones in Bangladesh and India.
    b. Neglecting specific cultural aspects of the communities being served or imposing some strict rules as in some microfinance cases, e.g. women taking micro-credit have to follow strict rules going against their traditional cultures, leading among all to conflicts between genders. The pressure to reimburse credits with high interests is real and could in some cases lead to suicides. The economic system of making the poor ones becoming entrepreneurs has never been proven in the history of development. Poor ones would remain poor in this way.

13. Do you have something to ad about social entrepreneurship or any comments about the previous assumptions?

14. Would you know some people who could answer to my questions about social entrepreneurship? For instance some business people, organizations or politicians interested in social entrepreneurship or having an opinion (especially) critical about it?