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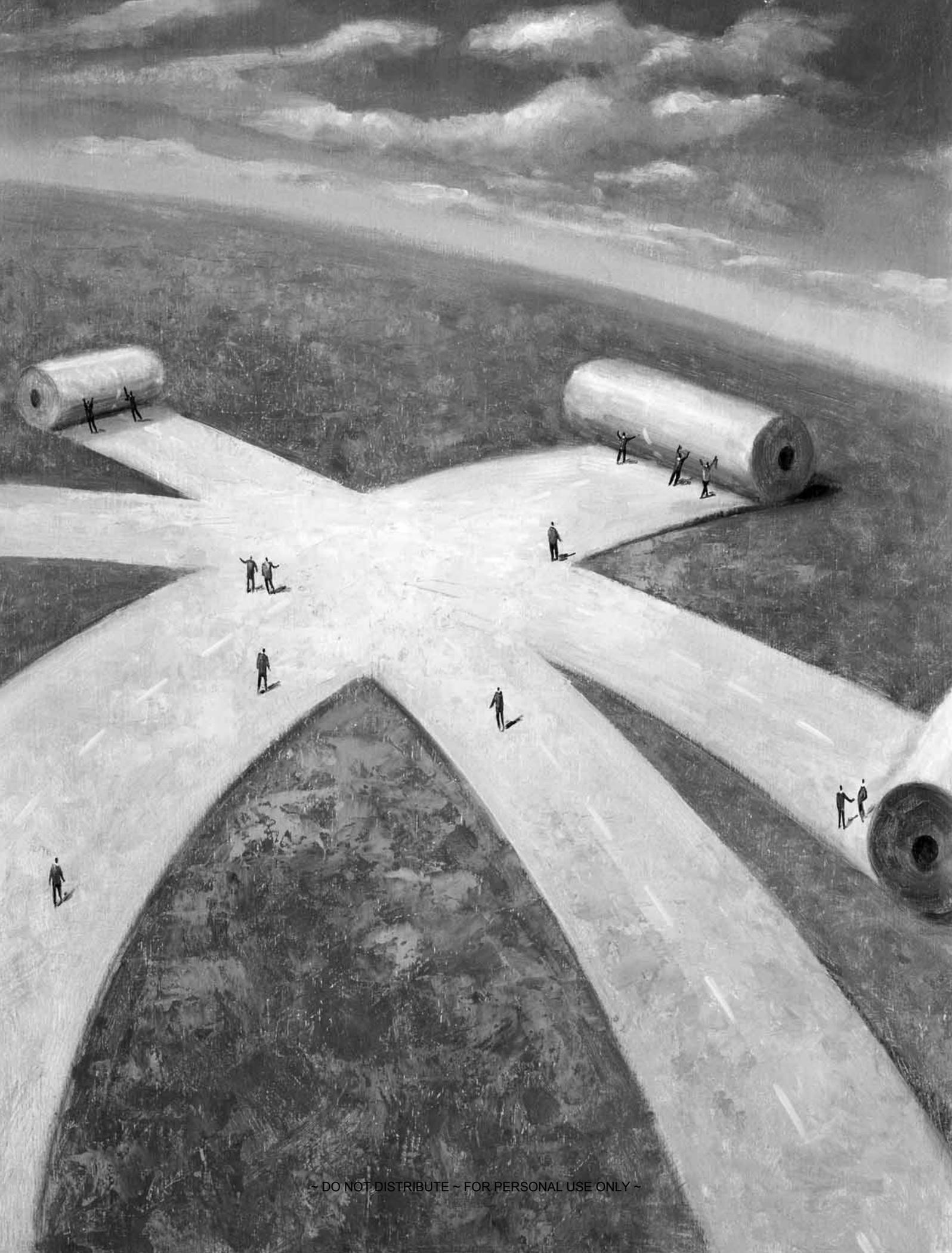
**STANFORD SOCIAL INNOVATION** *review*

## **Reshaping Social Entrepreneurship**

By Paul C. Light

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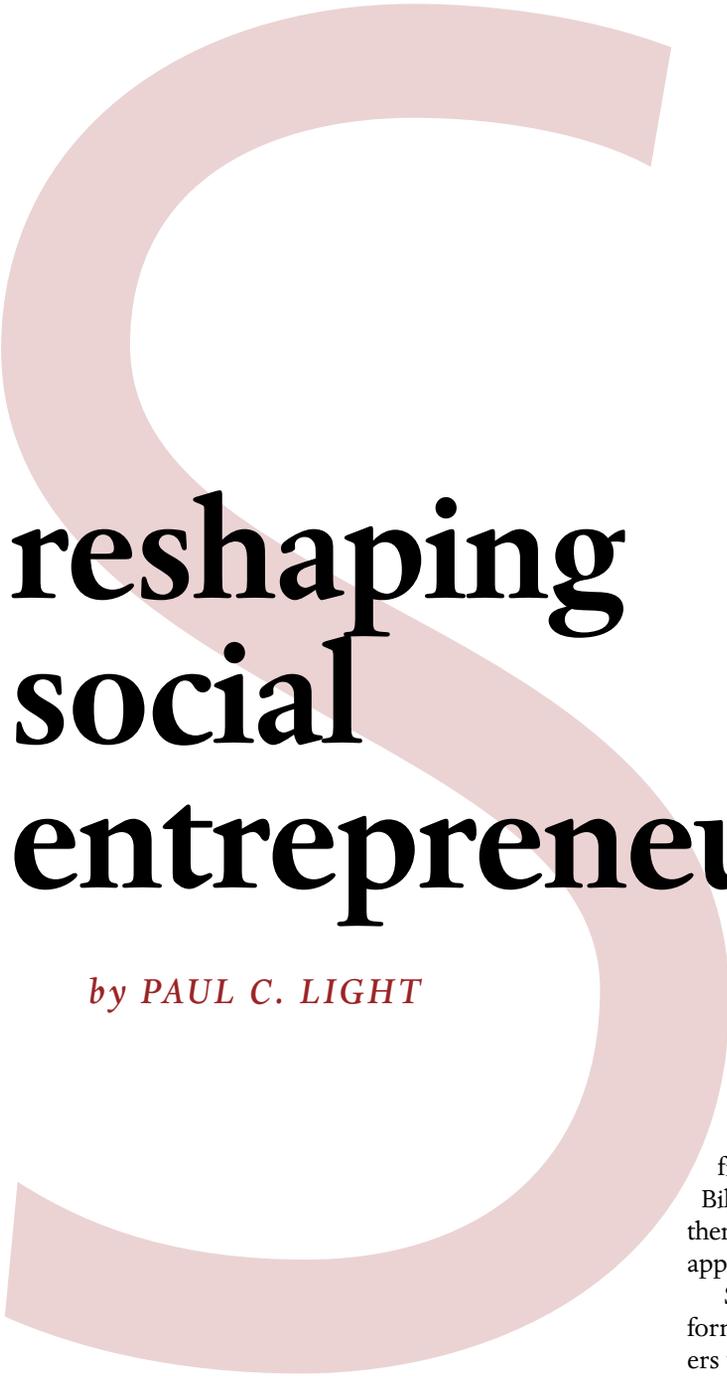
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Social entrepreneurship has come to be synonymous with the individual visionary – the risk taker who goes against the tide to start a new organization to create dramatic social change. The problem with focusing so much attention on the individual entrepreneur is that it neglects to recognize and support thousands of other individuals, groups, and organizations that are crafting solutions to troubles around the globe.



# reshaping social entrepreneurship

by PAUL C. LIGHT

Social entrepreneurship is one of the most popular terms in the nonprofit sector, and also one of the most misunderstood. It has been almost three decades since the Surdna Foundation’s executive director Edward Skloot first used the term “nonprofit venture” and Ashoka’s founder Bill Drayton adopted the term “social entrepreneurship,” yet there is still considerable debate about when and where the term applies.

Some use the term social entrepreneurship to describe any form of moneymaking enterprise with a social mission. Others use it to describe any type of nonprofit organization that is new to them. Still others use the term to make a new case for an old idea.

The most prevalent use of the term social entrepreneurship, however, focuses on the role of the risk-taking individual who, against all odds, creates social change. In this view,

social entrepreneurship is not so much about pattern-breaking change, but about pattern-breaking individuals.

Advocates of this approach argue that this tight definition prevents the expansion of the term to cover every conceivable nonprofit venture, including copying ideas from the nonprofit next door. Hence the search for people who embody Ashoka's definition of social entrepreneurs as *individuals* with "the committed vision and inexhaustible determination to persist until they have transformed an entire system," who "go beyond the immediate problem to fundamentally change communities, societies, and the world."

The problem with such an exclusive definition is that most nonprofits simply do not qualify as social entrepreneurs, even if they are engaged in the kind of pattern-breaking change that promises solutions to intractable problems such as poverty, hunger, and disease. They have the visionary mission Ashoka and others rightly admire, but not the visionary leader. By focusing so much on visionary change agents, prominent advocates of social entrepreneurship have excluded large numbers of organizations that deserve the financial support, networking, and training now reserved for individuals who fit both the current definition of social entrepreneurship and the prevailing model of the self-sacrificing entrepreneur.

### Too Tight for Its Own Good

Focusing on the individual creates a number of biases, not the least of which is a lack of attention to the basic ideas that underlie an organization and its goals. Thus dozens of articles have profiled Muhammad Yunus of Grameen Bank, but few articles have focused on the principles of micro-finance. Dozens of stories have been written about Wendy Kopp of Teach for America, Alan Khazei of City Year, and Vanessa Kirsch of Public Allies, but few have asked how a small corps of teachers might be able to change the prevailing wisdom about the most effective way to teach, how young people can help mobilize communi-

ties, or how to change public opinion about an entire generation.

There are four principal problems with defining social entrepreneurship in a way that puts so much emphasis on individuals. The first is a cult of personality that focuses on individual traits such as achievement, motivation, tolerance for ambiguity, optimism, intelligence, talent, and so forth. This focus strays from what the entrepreneur does to who the entrepreneur is and his or her ability to sell an idea.

Much of the research that underlies this thinking has failed to prove that personality traits contribute to entrepreneurial success, let alone to identify the specific traits that actually matter. Moreover, the available evidence from exemplary social entrepreneurs suggests that success depends less upon personality than it does on teachable skills, such as the ability to activate the public, raise capital, negotiate results, and manage the difficult transitions involved in taking an organization from its initial start-up phase to maturity.

While skills cannot create ambition and perseverance, they can lower just how much ambition and perseverance are necessary for success. And if skills can be defined and taught, there is the possibility that social entrepreneurship need not be so rare in the future. Instead of one entrepreneur in a million, there may be one in a hundred or one in five.

The second bias that comes from focusing on individuals is a tendency to ignore the role of organizations and the resources they provide for pattern-breaking change. Researchers have long known that successful ideas require a mix of talents that is rarely found in one person. Indeed, the most compelling research on business entrepreneurship suggests that successful change requires a stream of capabilities including leadership, management, marketing, organizational design, and finance. Whereas philanthropists almost always focus on the individual, venture capitalists almost always focus on the leadership team and the organization to back it.

The third bias in focusing on individual social entrepreneurs is the potential neglect of the basic pattern-breaking idea. Yet, the notion that ideas might emerge before champions is a staple of both business and nonprofit thinking. Social entrepreneurship might follow a very similar track in which ideas find champions, or vice versa, or in

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which solutions find resources, or vice versa. If true, the most effective social entrepreneur might be one who simply ties the streams together and stands aside – e.g., the Bill & Melinda Gates Foundation, which has married available ideas, markets, researchers, and institutions to address long-standing global problems such as malaria. The key to success is not always in a new idea per se, but in providing the resources to translate ordinary good practice into ultimate success.

The prevailing definition of social entrepreneur also ignores the pipeline of support that might enhance both the amount of social entrepreneurship and its success.

Moreover, this bias doesn't take into account the very real lessons of failure, ignoring a host of questions that might improve the odds of success in the future. For example, are failed ventures fundamentally different in their pattern-breaking potential than those that succeeded? Were they more innovative? Could they have made a bigger difference? How much initial funding would have increased the odds of success? By focusing so much attention on the survivors, the field may be missing the tremendous value of saving more start-ups.

### **Born or Made?**

The prevailing definition of social entrepreneurship involves a series of other narrowing assumptions that reinforce the conventional wisdom that entrepreneurs are born, not made.

The definition assumes that social entrepreneurs almost always reside in the nonprofit sector, perhaps because private foundations must give their dollars to tax-exempt public charities and therefore celebrate the grantees therein. However, there is growing evidence that important social change is occurring in the space between the private and nonprofit sectors, represented by organizations like Grameen Bank and Habitat for Humanity, both of which use elements of the market (microfinance and small mortgages) to achieve results.

Social entrepreneurs are generally seen as building programs and organizations from scratch, not as refining an existing program or overhauling an organization. They are also only rarely viewed as an existing organization that recruits change agents for specific initiatives. Although the

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field does recognize such efforts as a form of “intrapreneurship,” organizational transformations such as CARE’s recent decision to change its mission from hunger relief to ending hunger are rarely considered socially entrepreneurial moves.

Finally, most social entrepreneurs are seen as all entrepreneurial, all the time. Although this view may be helpful in motivating new entrepreneurs, it may also needlessly eclipse entrepreneurial activities at well-established organizations that reconsider their missions at key points in time.

Given this general notion of social entrepreneurship, it is not surprising that advocates might view social entrepreneurship as the exception to the rule, which is perhaps why so many funders look for the kinds of individuals that always operate against the odds. Nor is it surprising to think that social entrepreneurs might be hard to find and study. Although many scholars start their search for entrepreneurs with organizations such as Teach for America, Share Our Strength, Grameen Bank, and so forth, most eventually focus on the founding leader and what he or she did to launch the idea, build organizational capacity, and achieve impact.

### **A Bigger Tent**

Social entrepreneurship may be the most exciting

and frustrating field in public service today. It offers the excitement of breakthrough thinking, compelling life stories, and potentially dramatic progress against daunting global problems such as hunger, poverty, and disease.

On the other hand, it offers few evidence-based insights on how social entrepreneurs can improve the odds of impact. Given a dearth of tools for separating the wheat from the chaff, social entrepreneurs are left with long menus of advice. As a result, they often reinvent the wheel as they struggle to discern lessons from a relatively small number of exemplary peers.

By defining social entrepreneurs as a rare breed, advocates may have created a self-fulfilling prophecy in which these rare breeds toil in relative isolation and obscurity for decades hoping for scale and impact. They only get noticed when they finally achieve “proof of concept,” not when the concept itself needs seed funding.

One way to broaden the number of exemplars is to expand the definition of social entrepreneurship and the locus of socially entrepreneurial activity, while being more explicit about the kinds of activity that qualify as entrepreneurial. The following definition attempts to do both:

*A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems.*

This definition contains six basic assumptions about the sources, goals, and strategies of social entrepreneurs, the socially entrepreneurial organizations that they either build or inherit, or the less entrepreneurial organizations that they change to full-blown socially entrepreneurial purposes.

**Social entrepreneurship does not have to start with individual commitment.** It can also come from small groups or teams of individuals, organizations, networks, or even communities that band together to create pattern-breaking change.

**Social entrepreneurship is more about the idea than the process.** This assumption moves the field

away from questions about *who* becomes an entrepreneur to a focus on *what* they seek, again expanding the number of social entrepreneurs.

**Social entrepreneurship can involve pattern-breaking ideas about not only what gets done, but also how it happens.** This moves the field toward defining entrepreneurship in a broader way that includes organizational and administrative reforms, as well as “using old stuff in new ways.”

**The level of social entrepreneurial activity can vary greatly.** Some individuals and organizations will be very entrepreneurial, while others may restrict their entrepreneurial activity to a particular program or unit.

**The intensity of social entrepreneurship can and does ebb and flow over time.** Circumstances change, varying with economic, political, social, and organizational pressures that might create pauses, stops, and restarts in socially entrepreneurial activity.

**Social entrepreneurs sometimes fail.** Although this is an obvious statement, the current focus on success stories makes the rate of failure impossible to determine. Much as they may *seek* to create pattern-breaking change, social entrepreneurs face serious barriers to success. It is hard to break patterns.

It is easy to see how this definition would produce a longer list of both successful and less-successful cases. It recognizes that social entrepreneurship is often driven by teams and organizations, not just individuals. It recognizes that social entrepreneurship occurs in many different sectors (governments, nonprofits, businesses, and in between), not just in nonprofits. And it recognizes that entrepreneurship can occur in small units within large organizations and in single chapters within large federations, not just in the new organizations that social entrepreneurs often create.

Suddenly, social entrepreneurship can be found almost everywhere, be it in nonprofits or businesses, among individuals or across organizations, within a single individual or between the sectors. Although current award and fellowship programs might yield long lists of names and

organizations for possible study, their lists usually do not contain the names of “sometimes-entrepreneurs” or “on-hold entrepreneurs.” Similarly, case studies often miss the moribund organizations that have suddenly rediscovered themselves, or the self-effacing, media-unsavvy entrepreneurs who prefer to remain anonymous.

By adding these social entrepreneurs, the study of social entrepreneurship can move beyond the search for the proverbial needle in a haystack to methodologies for sorting piles of hay. We will not know what produces social entrepreneurship until scholars collect enough cases and conduct the needed histories to sort social entrepreneurs appropriately. Assuming that such a sorting can be done, one can easily imagine how the resulting knowledge might lead toward the development of signposts of impending change. This knowledge could also lead to appropriate hedging and shaping actions that might help social entrepreneurs choose the right strategies to achieve the pattern-breaking impact.

### Reaching Out

My argument is based on the belief that there are thousands upon thousands of social entrepreneurs either ready to emerge or already working hard to make a difference. Some of these entrepreneurs may need help to become fully engaged, full time. Others may simply need a boost in visibility and financial support to move through scale-up and sustained impact. And still others may need more coaching and teaching. Although there is wisdom in picking winners and losers, there may be many more winners than anyone could imagine, even if they do not match the prevailing image.

The challenge is not to define social entrepreneurship so broadly that it becomes just another word used to disguise business as usual. At the same time, social entrepreneurship should not be defined so narrowly that it becomes the province of the special few who crowd out potential support and assistance for individuals, groups, and entities that are just as special, but less well known.

In the end, the goal should be to uncover the factors that make social entrepreneurship a reality. If these factors suggest that social entrepreneurship is truly the work of a rare breed that

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must struggle mightily to succeed, so be it. At least the conclusion would yield insights on how to make the struggle easier. If, however, research suggests that social entrepreneurship can be a more natural act by a much larger number of people and entities, all the better. Then the field can move forward to create the conditions under which social entrepreneurship can flourish and work its will on solving the great intractable problems of our times. □

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