



**EKONOMI
HÖGSKOLAN**
Lunds universitet

An explorative journey in understanding Social Entrepreneurship

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Sammanfattning

Titel:	En utforskande resa inom Socialt entreprenörskap.
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Författare:	Fredrik Karlberg och Simon Ryberg.
Handledare:	Leif Edvinsson och Christer Kedström.
Nyckelord:	Socialt entreprenörskap, sociala företag, social ekonomi, social innovation, social ägarstruktur.
Syfte:	Syftet med vår uppsats är att skapa en bättre förståelse för begreppet socialt entreprenörskap samt bidra med nya insikter.
Metod:	Genom ett abduktivt arbetssätt har vi från existerande kunskap, skapat ett nytt teoretiskt ramverk som sedan testats och illustrerats med hjälp av fyra framgångsrika sociala entreprenörer Grameen Bank, Wikipedia, Basta Arbetskooperativ och Jörn Hälsogemenskap.
Teoretiskt perspektiv:	Vi har samlat in existerande material inom området socialt entreprenörskap, i form av böcker, artiklar och internet källor. Publicerat av alltifrån institutioner, myndigheter till ledande aktörer som aktivt arbetar med att främja socialt entreprenörskap.
Empiri:	Det framarbetade teoretiska ramverket har vi applicerat och testat på fyra framgångsrika sociala entreprenörer.
Slutsats:	Vårt huvudsakliga bidrag är att kategorisera ett dimmigt kunskaps landskap. Vi har identifierat och fyra olika kategorier, vilka ofta diskuteras och nämns i anslutning till socialt entreprenörskap; social ekonomi, social ägarstruktur, social innovation och sociala mål. Dessa hjälper till att skapa en bättre förståelse.

Abstract

- Title:** An explorative journey in understanding social entrepreneurship.
- Seminar date:** 2007-01-18.
- Course:** FEK591 Master thesis in business administration, 10 swedish credits. Major in Strategic Management (15ECTS)
- Authors:** Fredrik Karlberg and Simon Ryberg.
- Advisors:** Leif Edvinsson och Christer Kedström.
- Key words:** Social entrepreneurship, social enterprise, social economy, social innovation, social ownership.
- Purpose:** Our aim is to create a better understanding of social entrepreneurship and contribute with new insights.
- Methodology:** With an abductive approach we have categorized the existing knowledge of the concept into a theoretical framework. This haven been further tested and illustrated by four empirical illustrations, Grameen Bank, Wikipedia, Basta Arbetskooperativ & Jörn Hälsogemenskap.
- Theoretical Perspective:** We have gathered the existing material in social entrepreneurship, including books, articles and internet sources. Published by institutions, governments and leading authors that promote for the progress of social entrepreneurship.
- Empirical foundation:** The theoretical framework has been further illustrated by being applied on four successful social entrepreneurs.
- Conclusions:** Our main contribution is creating a categorization of a foggy knowledge landscape. We have identified four different categories around which social entrepreneurship is frequently discussed and mentioned; the social economy, social ownership, social innovation, and social missions. This creates a better understanding of the concept.

1. INTRODUCTION.....	6
1.1 PROBLEM	7
1.2 PURPOSE.....	7
2. METHOD.....	8
2.1 DISPOSITION	8
2.2 WORK PROCESS.....	10
2.3 ABDUCTIVE APPROACH.....	11
2.4 PERSPECTIVES NOT CONSIDERED	12
2.5 MATERIAL	13
2.5.1 ORIGIN AND NATURE OF SOURCES.....	13
2.5.2 CRITICAL EVALUATION OF SOURCES	14
3. THEORETICAL FRAMEWORK	16
3.1 SOCIAL ECONOMY	16
3.2 SOCIAL OWNERSHIP	19
3.2.1 STAKEHOLDER PERSPECTIVE.....	20
3.2.2 NOT-FOR-PROFIT ORGANISATIONS	21
3.2.3 SUSTAINABILITY AND SELF-SUFFICIENCY	22
3.3 SOCIAL INNOVATION	23
3.3.1 THE ENTREPRENEUR AS INNOVATOR.....	24
3.4 SOCIAL MISSION	26
3.4.1 VIEWS ON WHAT IS SOCIAL.....	26
3.4.2 SOCIAL VALUE AND SOCIAL CAPITAL.....	27
3.5 CONCLUDING THE THEORETICAL FRAMEWORK	29
3.5.1 THE SOCIAL ENTERPRISE	30
3.5.2 SOCIAL ENTREPRENEURSHIP	31
3.5.3 GLOSSARY	32
4. CASE ILLUSTRATIONS	33
4.1 CHOOSING ILLUSTRATIONS.....	33
4.2 DATA COLLECTION	35
4.3 GRAMEEN BANK.....	36
4.4 WIKIPEDIA.....	38
4.5 BASTA.....	40
4.6 HÄLSOGEMENSKAPEN LTD. IN JÖRN	42

<u>5. ANALYSIS.....</u>	<u>44</u>
5.1 SOCIAL ECONOMY	44
5.2 SOCIAL OWNERSHIP	47
5.3 SOCIAL INNOVATION	49
5.4 SOCIAL MISSION	51
5.5 SUMMARY	53
5.6 IMPACT BY SUSTAINABILITY & LOWERED TRANSACTION COSTS	55
<u>6. CONCLUSIONS</u>	<u>57</u>
6.1 CLOSING THOUGHTS.....	58
<u>7. SOURCES.....</u>	<u>60</u>

1. Introduction

In the first chapter we will introduce the background and history of social entrepreneurship. The need of a better understanding is presented, leading out in the purpose of our thesis.

“While the concept of social entrepreneurship is relatively new, initiatives that employ entrepreneurial capacities to solve social problems are not. The practise of social entrepreneurship may be well ahead of the theory – as in other areas of social action”

(Alvord, 2002, p. 3)

For a long time people have taken private initiatives to solve problems of a social nature and created new institutions that help people help themselves. In that respect it is misleading when ideas such as ‘social entrepreneurship’ are treated as new phenomenon. There are countless of examples throughout history of people working to solve their communities’ problems in innovative ways; Florence Nightingale, Montessori, the creation of the American university are just a few of these (Mulgan, 2006; Drayton, 2006) and recently the Nobel Prize committee rewarded and brought up the issue of private business initiatives that have changed society and created new opportunities for underprivileged people. The phenomenon has been around for ages, but the theory is lacking.

The first time the term ‘social entrepreneur’ and ‘social enterprise’ occurred officially was in the UK in a magazine called *New Sector* in 1979. It was printed in opposition to the “Thatcherite insistence on the non-existence of society” (Westall, 2001, p. 23). It was claimed by the *New Sector* that there was a new terrain which was market oriented but distinctly social in nature. In 2000 it made its first appearance in a government text in the UK in the report of the Policy Action Team 3 (HM Treasury, 1999) for the Social Exclusion’s unit *Strategy for Neighbourhood Renewal*.

Social entrepreneurship might be looked upon as a contradiction of terms, yet more and more actors of society argue that it is not. The whole idea of how welfare should be created and dispersed has long been a political divider. In fact, it is one of the few remaining political issues which clearly divide the left and the right. The left on the one hand argues that social justice is created through public and state controlled organizations whereas rightists argue for efficiency through privatization. There is little nuance in the debate and neither of the political camps question the perhaps static

framework on which social value is built. Thus, new insights into alternative methods of welfare creation, social entrepreneurship, are of great value.

1.1 Problem

Today there are several ideas that are used to describe the concept. Words such as social economy, social innovation, social organizations and social enterprise are used interchangeably and synonymously with social entrepreneurship. This does not only create confusion, but may also hinder the promotion of new innovative ideas. Yet even more alarming is that the lack of clear cut conceptions and models to understand social entrepreneurship can tempt unscrupulous organizations to capitalize on the positive achievements of serious actors. Furthermore, in the ongoing debate over alternative ways of welfare creation it becomes vital for government to be clear about what social entrepreneurs are, and what they are not, in order to prepare arguments over tax incentives, support or institutional arrangements or such.

Many argue that social entrepreneurship may be important for future progress and sustainability of our society. The problem is; however, that few agree on what social entrepreneurship really is. A very general definition of the concept is that social entrepreneurs look for the most effective methods of carrying out their social mission. This vague description leaves much to wonder for people who want to engage in, understand, and value the phenomenon. A narrower and clear cut definition is desirable. The concept of social entrepreneurship is problematic as the taxonomy is not yet fully developed and the boundaries of where and how the phenomenon appears are unclear.

Before we can decide whether social entrepreneurs are valuable, or desirable, we must create an understanding of what it is. It is vital to create and develop a working taxonomy and knowledge base around the concept before we can discuss its future. A theoretical exploration is thus not only interesting for scholars, but it can also contribute to the work of social entrepreneurs.

1.2 Purpose

- *Our aim is to create a better understanding of social entrepreneurship and contribute with new insights, through a theoretical exploration tested and illustrated by successful and recognized cases.*

2. Method

By exploring the main themes, taxonomy and definitions associated with capturing the concept of social entrepreneurship we will work for a better understanding of the concept. This will be done by reviewing theoretical developments, evaluating them and presenting how we can apply our understanding on four inherently different cases of successful social entrepreneurs.

2.1 Disposition

The theoretical development on social entrepreneurship is all but structured and categorized. Structuring current ideas is partly what we aim to contribute with our thesis which is why we make a conscious effort to present previous writings in a logical and structured manner. Instead of presenting the theory in a chronological order or by author per author after one another we have chosen to divide our literature review in chapters focused on fundamental themes and aspects which are popularly used to define social entrepreneurship. We have done this for two reasons. Firstly, breaking down the concept makes it easier to understand. Secondly, our approach to handling the loose concept has been to circle in on it. Our main idea is to slowly tune in on social entrepreneurship by moving down different levels or as seen in figure 1, circles. Social entrepreneurship is thus first presented from a societal level (social economy), then to organisational level (social ownership), and then down to the actual processes that occur (social missions and social innovations). We have informally named these chapters as the ‘where’, ‘how’, ‘what’, and ‘why’ of social entrepreneurship. Our intention with this is being as pedagogical as possible, yet we are aware that these steps are not as clear cut as they may seem.

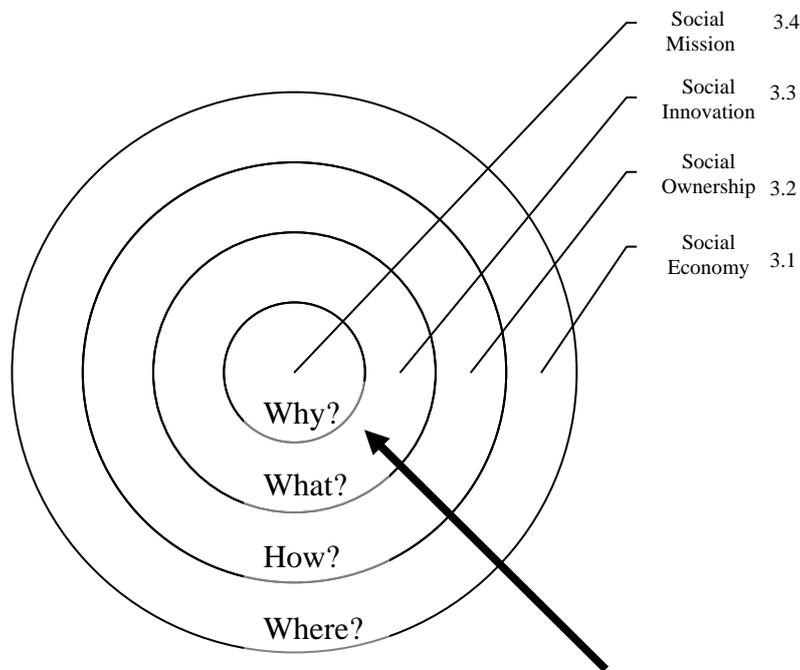


Figure 1. “Circling in on social entrepreneurs”. Disposition of theoretical framework

We will conclude the theoretical review by comparing and contrasting the social enterprise and the social entrepreneurship. Chapter 3.5 thus includes evidence of our own evaluation and perception, as we summarize key concepts as well as compare and contrast the social enterprise and social entrepreneurship. Moving on we will present four case illustrations in chapter four. These illustrations function to generate a better understanding, as they are successful social entrepreneurs and social innovators. These are further discussed in 4.1 Choosing illustrations and 4.2 Data collection.

In our next section, which we call analysis, we will test not the illustrations, but the theory in order to evaluate current ideas on social entrepreneurship. By applying our theoretical review we aim to show the ambiguities and lack of precision in existing

taxonomy. The analysis is followed by a summary in the same chapter we aim to present the difficulties of classifying social entrepreneurs. The summary is followed by suggesting other aspects of social entrepreneurship, not mentioned so much in the literature, that we gather as valuable platforms for the future study of the phenomenon.

2.2 Work process

At the start of our work we worked from a very narrow definition of social entrepreneurship influenced by some of the leading Swedish authors and practitioners (e.g. Palmås, 2003) based on a particular organizational form, mission, and so on. This felt very comforting as we thereby gained a natural limitation to the object of our study. As our research carried on, however, we noticed how such an approach would limit out total understanding of the concept so we slowly realized that it would be neither valid nor valuable.

As the work continued we looked at limiting our research to perhaps one aspect of social entrepreneurship such as social innovation or looking at how social capital is created. Our attempts at defining and elaborating such a mission always came to a halt as we lacked the framework, tools, and language of handling such a concept. We deemed it therefore necessary to explore the theoretical perspective on social entrepreneurship which we soon realized would be a challenge. An exploration by nature calls for bringing in all perspectives and aspects which will render into a wider and generalizing thesis, yet with greater relevance. Realizing the weaknesses of an ambitious literature study, we argue we will contribute more by turning on a small head light rather than flickering a flashlight in a dark room.

Some may argue that social entrepreneurship is a buzz word. We hope to show its potential and contribute to the understanding of it as we consider it, a developing term. As our understanding and knowledge of the concept grew by reading articles, case studies, and perhaps most importantly the writings of true social entrepreneurs we came to realize that the knowledge of it is still under construction. A theoretical revision, or exploration, is therefore of great value.

When exploring the concept of social entrepreneurship we have worked with a theoretical review to cover the broad range of interpretations. This is done on purpose to challenge the concept. We intend to include as many views as possible, as well as different sources; academics, advisors, and practitioners, thereby reaching a theoretical conclusion which will result in a wide interpretation.

2.3 Abductive approach

Our approach to this thesis might be slightly unconventional in both process and method in contrast to other master thesis's. Our interest on the subject was initiated by an idea of what we believed social entrepreneurship was. It seems only fair to admit that our ideas were laden with positive expectation of the concept, like many other authors, but in our case we consider it not be as big of a problem as we are exploring, rather than promoting the concept. Our expectations and ideas were; however, revised back and forth as we started our research on the theoretical contributions on the subject. The main purpose for a long time was for us only to problematize, criticize, and challenge the concept as it has been treated so far. With help from our tutors though, we decided to expand the work by also using cases. Our work therefore takes the following path: from theory (literature review) → empirical illustrations (cases) → theory (theoretical speculations). We have taken this path several times though and both our method and structure is a result from going back and forth between our theoretical review and case illustrations.

2.4 Perspectives not considered

As we aim to cover a field of knowledge in a holistic and all-inclusive manner, limiting our work has been a constant challenge from the start. Making a trade off between an all inclusive descriptive, vague thesis to a more narrow irrelevant one has been one of the greater challenges. It is complicated to find the essence of social entrepreneurship if one does not at least take a glance at most perspectives of it. As our purpose mainly is to explore what it is, we have left out perspectives that may well be interesting and of contributing character but not of priority for our thesis.

We have left out the individualistic perspective completely, not touching on aspects such as leadership, social interplay, qualities of the social entrepreneur, who they are and attitudes of workers. Naturally then, we have therefore excluded carrying out interviews.

Another interesting perspective is looking at incentives schemes and drivers of motivation for social entrepreneurs or workers in social enterprises. Älvenbrandt supposes that social enterprises are unofficial “communities of interest and value fellowships” (2005, p. 63). Such a hypothesis could be tested and discussed in order to classify and understand social entrepreneurs.

We have continually struggled with keeping our focus on business and entrepreneurship often falling into discussions on social science, democracy, and the welfare state. We have tried to exclude these factors as much as possible, yet it is naturally complicated as all of these aspects are intertwined. Social entrepreneurship crosses not only sector boundaries of society but also those of science. What makes social entrepreneurship interesting is its effect on politics, democracy and society, yet our aim has been to study the phenomenon from a business point of view rather than outlining its effects on politics and power from a political science perspective.

2.5 Material

Our strategy and way of handling the concept of social entrepreneurship has much been influenced by the material we gathered at the start of our work. We found that there are only a handful of leading institutions, government, and leading authors that actively promote and work for the progress of social entrepreneurship. A deeper look at the origin and nature of these clusters are necessary to bring an understanding of where the concept stands today, as our purpose is to create a better understanding of the theoretical foundations for social entrepreneurship. In short we have collected our sources from public policy reports from state departments and such, academic writings from leading social entrepreneurship universities, think-tanks, non-profit organizations promoting social entrepreneurship and finally from written experiences and handbooks of successful social entrepreneurs.

2.5.1 Origin and nature of sources

In the backwaters of the privatization programmes of the 80's Great Britain has experienced progress and continue to work for the progress of social entrepreneurship though several institutions and organizations. These range from state departments such as Social Enterprise London and the institute for Public Policy Research, non-profit organizations such as Young foundation, think-tanks like Demos, universities such as the School for Social Entrepreneurs at London Business School and the Skoll Centre at Oxford University. In addition, the new labour party has created new legal forms such as Private Finance Initiative under the wider umbrella term of Public Private Partnership. The British development has a close connection with the perhaps chaotic reform of the welfare state in the 80's and it can be said that the state has been a central actor in retaking the initiative of welfare creation by supporting and creating legal forms in which new types of organizations can act. Having that said, UK is one of the driving forces of social entrepreneurship today with a range of examples of academics, politicians, and entrepreneurs working together, therefore much of our material, naturally, comes from Great Britain. Furthermore, the phenomenon has been popularized and received priority on the political agenda through speeches by Labour members and Tony Blair in particular (Palmås, 2003, page 69).

In contrast to the UK, Sweden has not seen the same progress. In fact the only academic centre at which the concept is actively handled is at the Business centre for Society at Gothenburg School of Economics. Karl Palmås is manager of the centre and can be gathered as a leading academic on the Swedish scene. As for state involvement it is not to the high degree as in the UK, yet there are intentions though. In 2002 the judicial

department ordered a public report, known in Sweden as ‘statlig offentlig utredning’ or SOU, on prerequisites for more successful social entrepreneurs (SOU 2003:98). The findings of the report resulted in a law passed in January 2006 for non-profit organizations in order to ease their mission of carrying out mixed social-income generating ventures. The new legal form, which is similar to that of the UK's, has so far proven to be a disaster.

USA does not have the same history of a developed welfare system and strong influence by the state as UK and Sweden. Therefore naturally theoretical contributions on social entrepreneurship from North America originates mainly from the well renowned universities, in particular; Stanford, Yale, Harvard, Duke and Columbia. J. Gregory Dees of Duke University is one of the most prominent figures on social entrepreneurship much do to his early work such as *Social Enterprise: Private Initiatives for the Common Good (1994)* pioneering the field. Perhaps due to tax levies on non-profit funding and donations there are numerous non-profit organizations promoting social entrepreneurship. Social Enterprise Alliance (www.se-alliance.net) is such an organization, supporting nonprofits and founders seeking to advance earned income strategies. The Ashoka foundation (www.ashoka.org), led by Bill Drayton, is another example of such an organization. Their mission is to develop the profession of social entrepreneurship around the world.

2.5.2 *Critical evaluation of sources*

Much of the materials we have covered in this work have been of normative character rather than descriptive. This is perhaps natural in a developing area of knowledge, but also challenging when performing an exploratory study. Many writings on social entrepreneurship have a practical handbook or step-by-step model approach to social entrepreneurship e.g. Bornstein (2004), Dees (1998), Brinckerhoff (2000), and Palmås (2003). The existing literature on social entrepreneurship has a tendency to be idealistic and not of a descriptive or grounded theory character, e.g. Palmås (2002), Dees (1998), Leadbeater (1998), and Pearce (2003).

It seems also that many authors are trying to sell the concept of social entrepreneurship and very few critics are heard. We believe this originates from the fact that many authors are associated with think-tanks (e.g. Demos), social entrepreneur networks (i.e. Young Foundation), and social entrepreneur schools (e.g. SEL) which exist primarily for promoting the concept. The authors publishing from these types of institutions are mainly academics though with practical experience which makes them valuable and reliable even though all articles haven't passed through peer-review. Pure academic writings are scarce, however, which has made it necessary for us to include other

sources as all ideas on social entrepreneurship are not yet peer-reviewed. The knowledge is perhaps not yet an accepted theory but rather scattered ideas and these do not necessarily spring from universities.

Having this in mind, a mix of different sources give strength for an exploratory study, even though many academic sources are of normative character in the sense that authors define social entrepreneurship as what they want it to be. Even though the concept refers to a general phenomenon it is also a social construction on its own. Writings on social entrepreneurship are thus not all based on grounded theory created through data observations. Instead, most is of normative character which does not make it necessarily less relevant. A constant struggle during our research has therefore been critically examining and evaluating the literature.

3. Theoretical Framework

In this section we will present existing thoughts and theories concerning social entrepreneurship. The concept is broken down into four aspects, even though widely overlapping, in order to clarify and categorize the knowledge, as previously described by our figure of “circling in on social entrepreneurship”.

3.1 Social Economy

In order to grasp the concept of social entrepreneurship it is necessary to outline the realm in which it functions. The term ‘social economy’ itself comes from the French ‘*économie sociale*’ and originates from the start of the 20th century, mainly popularized by the French utopist and co-operator Charles Gide. During the last couple of decades the term has come to incorporate all businesses and organisations that carry out commercial business with a social, yet also having a social function, a mission of contributing to society. The term ‘social economy’ took root for good in 1989 when it became an official EU-term, as a consequence of French lobbying (Roos, 2004, p. 6). EU defines social economy by the different types of organisations co-operatives, mutuals, associations and foundations (ibid.).

In 1998 the Swedish department of culture published the report *Social economy in the EU country of Sweden – tradition and renewal in the same concept*. They gathered, after many inputs, that a short and theoretic definition would have a limited value for many of the actors who would want to understand the term (ibid.). They aimed to describe the essentials of the social economy as made up of typical drivers/purposes, limitation it to not-for-profit organisations, and to bring forward the economic and democratic dimensions. Their result was the following, translated from Swedish:

the social economy is made up of organised activities with primary missions to societal ends, built on democratic ideals and organisationally independent from the public sector. These social and economic activities are mainly carried out through mutuals, co-operations, trusts, foundations, and similar organisational forms. Organisations within the social economy have an interest in membership-value or values for the common good, not profit, as its primary driver.

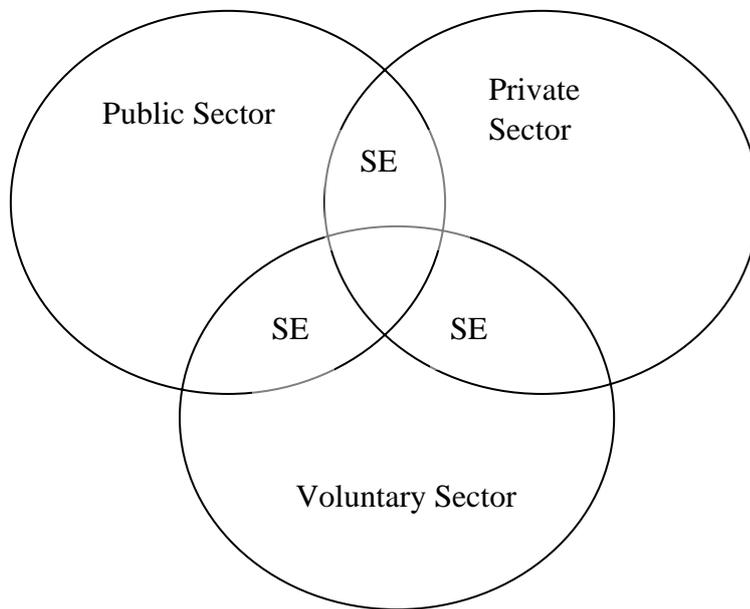
(Kulturdepartementet, 1999, p. 35)

There exists a wide array of definitions of social economy and many authors also use different terms. Bornstein, for example, rather uses the term ‘civic sector’ whereas other refer to it as the ‘third sector’, ‘non-profit sector’, ‘independent sector’, or the ‘alternative economy’ (2004, p. 4). According to Bornstein, this is where social entrepreneurs operate. Westall argues that ‘social economy’ and ‘third sector’ are related terms but not the same as social enterprises. “They are used to denote parts of the economy populated by organisations such as co-operatives, mutuals and not-for-profits” (2001, p. 24). Social enterprises are interesting objects for future research according to Wijkström & Lundström as there exists:

examples of how one in new types of organisations already from the start creatively works with combining aspects of several sectors of society. The organisations that result from this social entrepreneurship can be understood as hybrids or amphibians. These organisations seem to be able to handle the terrain, the social landscape, in a partly new way than what has been possible for other previous organisations.

(2002, page 23)

Leadbeater and Palmås reject from using terms as social economy and non-profit sector when discussing the arena for social entrepreneurship. Instead they point out that western society traditionally has three sectors and that social entrepreneur’s work somewhere between these. According to Palmås society is made up of three fundamental pillars (2003). The first fundament is private sector with profit sharing companies with limited owner responsibility. It is valued for its capabilities of attracting capital and producing goods and services in an efficient manner. The second fundament is the public organization which is not famous for its efficiency, but it can take in account more stakeholders and be managed politically. The third fundament, according to Palmås, is the voluntary sector which excels at engaging citizens in their free time, may it so be sports or knitting. In short, the public sector regulates and distributes, the private sector produces, and the voluntary sector engages and motivates people. As shown in figure no. 2, Leadbeater illustrates how social entrepreneurs operate in a cross-sector manner. In this perspective ‘social entrepreneurs’ are what other entrepreneurs and organisations are not. They are defined as having characteristics of all sectors.



SE - The social entrepreneurs' sector

Figure 2. **Sources of social entrepreneurship** (Leadbeater, 1997, p. 10)

The various views of the perception of what the social economy represent can be illustrated by Tony Blair's public speeches. Shortly after his election in June 1997 he declared his support for social entrepreneurs and then went on to include policemen, schoolteachers, as well as community volunteers and activists, in his discussion about who social entrepreneurs were. Jones & Keogh note on how this is merely one example of the ambiguity and many faces of the social economy (2006, p. 17).

3.2 Social Ownership

Most definitions of social economy, even though they denote a part of the economy, also include a claim that only particular organizational forms qualify as social enterprises (Kulturdepartementet, 1999; Westall, 2001; EU). Commonly co-operatives, non-profits and mutual companies are pointed out as particularly suitable or by definition being social entrepreneurs. A key defining feature thus becomes 'social ownership'. Dees suggests that they do not have to be a particular organisational structure, as long as they serve their stakeholders well:

Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created. Social entrepreneurs take steps to ensure that they are creating value. They seek to provide real social improvements to their beneficiaries and their communities, as well as an attractive social and/or financial return to their investors

(Dees, 2001, p. 4)

Several authors stress the democratic ideals which should make up the social enterprise (Palmås, Kulturdepartementet, SOU, Yunus, Dees). Upholding democratic ideals can be translated from political science to business terms with the somewhat dryer 'applying a stakeholder perspective'. There are; however, several ways of achieving democratic associations and including a wider scope of stakeholders in the decision process.

Social Enterprise London has published a report by Allen (2001) listing a variety of models and organisation form that social enterprises can take:

- *Employee owned businesses* – Create jobs and rescue jobs as part of economic development strategies
- *Credit Unions and community finance initiatives* – Provide access to finance
- *Co-operatives* – Associations of persons united to meet common economic and social needs through jointly owned enterprises.
- *Development trusts* – are key actors in community based regeneration.
- *Social firm* – provides employment and training to people with disabilities and other disadvantaged groups.
- *Intermediate labour market companies* – provide training and work experience for the long-term unemployed.
- *Social businesses* – governed by trustees or owned by a charity, address social needs.
- *Community businesses* – is social enterprises that have a strong geographical definition and focus on local markets and local services.

- *Charities trading arms* – enable charities to meet their objectives in innovative ways such as fair trade companies.

In contrast to other businesses, where owners have strong influence, the social enterprise has additional actors that are included in the decision making processes. Typically these are made up of customers or the employees. Boards or authorities with deciding powers thus are more heterogeneous as well as more complex as all interests should be represented. The diversity of backgrounds of the board members safeguards the social mission.

3.2.1 Stakeholder perspective

Organizations operate in an environment where they need to consider what effect their actions have on others and vice versa. The model below illustrates examples of different stakeholders that might effect or be affected by the organizations’ decision making or operations.

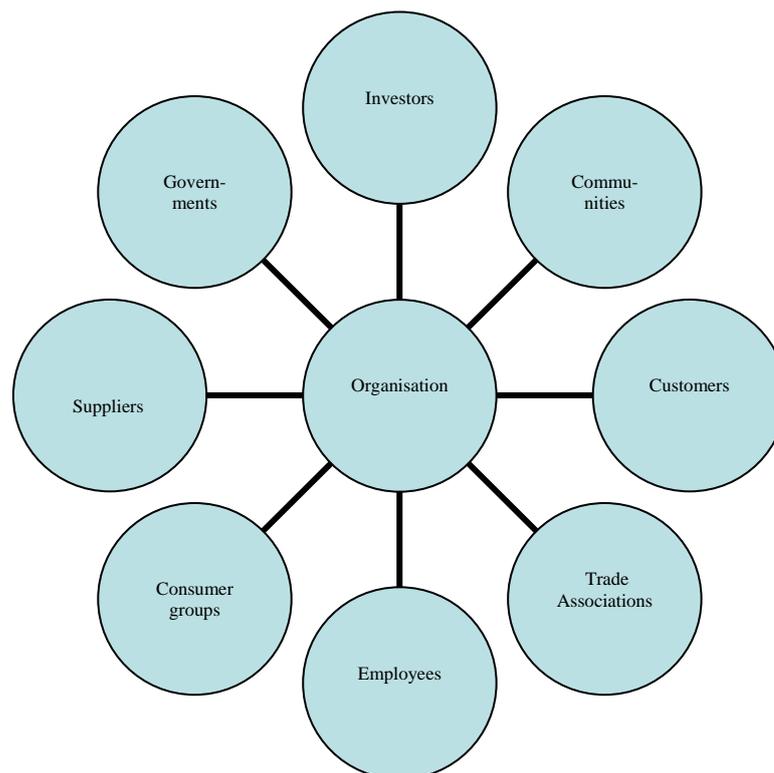


Figure 3. **Examples of stakeholders**

To be able to stay legitimate, the company have to identify and fulfill the demands that is put up by the stakeholders. It is however very difficult to carry out all of the different stakeholders demands. In a traditional limited company stakeholder theory is about identifying and handling key stakeholders, and to maximize their value

The ideal model of social entrepreneurship on the other hand suggests that social organisations should consider the whole range of stakeholders, not only employees, suppliers, or the community (figure no. 3). Social entrepreneurs therefore aim to empower and thereby including as many stakeholders as possible (Dees, 2001).

3.2.2 Not-for-profit organisations

Social enterprises are often defined in the negative. Definitions in the negative are reached by eliminating what social enterprises are not. Bornstein, for example, defines social entrepreneurs in the civic sector as non-profit and non-governmental (2004, p. 4). Important to note though is that social enterprises indeed make profit, which makes not-for-profit a more suitable term for social enterprises. As noted by Joe Docherty, director of Barclay's Bank Urban and Regional Development Unit, "not-for-profit doesn't mean you can't make a profit, just that you don't distribute it to shareholders" (2002, p. 5.) This definition has also characterized much of Sweden's social economy as co-operations and civic organisations during a long period of time have had a strong influence over the social economy thereby highlighting the non-profit aspect as the main characteristic, according to Roos. Not-for-profit has been built-in in most organizations of social entrepreneurs in Sweden (Roos, 2004, p. 9). In contrast to the limited company the not-for-profit organisation has less pressure in satisfying investors' interests. Thereby they have more possibilities to satisfy other stakeholders. Not-for-profits are thus in a sense more legitimate in working for social goals.

As for organizational structure it is argued from many authorities (Kulturdepartementet; 1999, Westall; 2001, and SEL; 2001), that co-operatives, mutuals and other structures arranged to include more stakeholders in a sense are social enterprises to a higher degree. Westall refers to these organisational structures as being social. "Social ownership is being used to refer to ownership by stakeholders other than just outside shareholders as well as referring to the involvement of key stakeholders in decision-making" (Westall, 2001, p. 27). Co-operatives have long tradition in both the UK and Sweden (Palmås 2001, Roos *ibid.*) in both the form of producing co-operatives as seen in Sweden's dairy industry (e.g. Skånemejerier) as well consumer co-operatives in the form of grocery stores (e.g. Konsum). The co-operatives have employees or consumer as main stakeholders.

3.2.3 Sustainability and self-sufficiency

The Social Enterprise is commercial according to Palmås (2001) and also argued most prominently by Muhammad Yunus (2003). Expansion and growth is a result of revenue rather than subsidies and donations. The private company with anonymous shareholders, on the other hand, stands in opposition to the democratic stakeholder perspective since profit is only a means to an end, the social mission. The commerciality serves to uphold the independence from the state, investors, or other interests. Commerciality in a sense serves as a guardian for not becoming dependent on external constituencies. Self-sufficing and self-financing in this respect is therefore a key-word for social enterprises (Palmås, 2001, Westall, 2001). Even though financial profits may not serve the same function or purpose as in private ventures they are still important as they serve to keep the social enterprise independent. Boschee and McClurg oppose Dees's definition on social entrepreneurship written in 1998 it doesn't include earned-income. They argue that the “

non-profit sector has traditionally been driven by a dependency model, relying primarily on philanthropy, voluntarism, and a government subsidy, with earned income as a distant fourth. But social entrepreneurs have turned that formula on its head.

(Boschee & McClurg, 2003, p. 3)

Social entrepreneurs thus mark a shift for non-profits from traditional sustainability through grants, donations, and subsidies to self-sufficiency (ibid).

3.3 Social Innovation

Social entrepreneurs are sometimes defined by being innovative. It is therefore vital to discuss innovation and entrepreneurship and how they relate. A general understanding of the relation between these terms are the stages; invention, innovation, entrepreneurship. An invention is new idea, not commercialised. An innovation is a new idea put in to practise and accepted as valuable. Entrepreneurs exploit innovations and create value by starting new organisations, activities, or institutions. This general distinction is perhaps not clear cut as one would desire which makes a deeper look into its meaning desirable.

Many definitions of social entrepreneurship highlight the innovative character of the social impact. Dees writes that social entrepreneurship is a mix of sciences and social innovation is one of its fundamental and most important pillars (1994). Innovation, on its own, is not necessarily always entrepreneurial though as it might not be carried out in a self-sufficient, independent, manner as described in the previous chapter.

In this perspective, attention is focused on innovations and social arrangements that have consequences for social problems, often with relatively little attention to economic viability by ordinary business criteria.

(Alvord, et. al., 2002, p. 3)

One of the simplest definitions of innovation is “new ideas that work”. Social innovation refers to the same definition with the amendment that the new ideas meet social goals (Mulgan, 2006, p. 11). The Young foundation has created the following definition based on the ideas above:

(Social) Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social

(Ibid.)

This is what differentiates social innovation from business innovation, which generally is more focused on profit maximisation. The Young foundations definition deals primarily with innovations that create organisations and programmes that can be replicated successfully. As such social innovation is exploiting new ideas creating social value making society more efficient.

Leadbeater argues that social innovation is vital to long-term health of the economy by two reasons (2001, p. 12). The first is that innovations are needed to handle new

problems that the welfare state is not suited to respond to. The second reason is economic. All societies with a working welfare system, is trying to reduce the costs of welfare. The only way to succeed in this and maintaining the quality of the welfare is by social innovation (ibid.).

Social innovation is by no means restricted to appear in any particular sector or part of society. For example, in post Second World War the government of Sweden were a driving social innovator in reforming the welfare system.

3.3.1 The entrepreneur as innovator

As previously mentioned, the concept of social entrepreneurship is problematic as there is no single definition that has been commonly adopted. There are, however, leading authors and practitioners from which we draw our definition. J. Gregory Dees at Stanford University has been considered to have written the most commonly quoted definition of social entrepreneurship (Boschee & McClurg, 2003; Jones, Declan & Keogh, William, 2006). Dees describes the concept of entrepreneurship by relating to Say, Schumpeter and Drucker.

‘Entrepreneur’ is originally a French word meaning someone who undertakes a significant project or activity. During the 17th and 18th century the term was used to identify people who in an imaginative way used resources to do things in new ways. Dees refers to the French economist Jean Baptiste Say, who is commonly credited for popularizing the term, who defined the entrepreneur in the 19th century as someone who “... shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Drucker, 1985). That is to say, their work creates value.

Joseph Schumpeter is also credited with being a founding figure of the tradition we still today consider entrepreneurship. He considered entrepreneurs as change agents who stimulate the economy by innovating. Entrepreneurs find technologies and methods; they don’t necessarily invent them themselves, for which they find new ways of productions or new ways of carrying out services. Schumpeter claimed that “the function of entrepreneurs is to reform or revolutionize the patterns of production”

Well-known management guru Peter Drucker draws on the same definition but stresses the aspect of opportunity. Drucker does not see entrepreneurs as people who are directly involved in causing change themselves; rather they are the ones who spot the opportunities in change of technology, social norms, and consumer preference (1985).

Boschee and McClurg, social entrepreneurship advisors at the Social Enterprise Alliance, criticize Dees's definition of entrepreneurship which lacks links to earned income.

Unless a non-profit organization is generating *earned* revenue from its activities, it is *not* acting in an entrepreneurial manner. It may be doing good and wonderful things, creating new and vibrant programs: But it is *innovative*, not *entrepreneurial*.

(2003, p. 1)

Westall, as well as many other authors, seem to use the two terms social enterprise and social entrepreneurship interchangeably, but on the other hand suggest that they are not necessarily the same activities. Whilst you could call the people that start social enterprises social entrepreneurs, not all social entrepreneurs start social enterprises (Westall, 2001, p. 25). According to the School for Social Entrepreneurs in London social entrepreneurs “spot gaps in our social fabric, and create new social institutions and instruments to fill those gaps” (SSE 2000).

Jones and Keogh highlight that many definitions of social entrepreneurship have a tendency of being idealistic and overly positive seeing the entrepreneurs as saviours of all of society's ills. They mainly address Dees's definitions as previously mentioned but also Bill Drayton's, founder of the Ashoka foundation, supporting social entrepreneurs world wide, who writes the following manifest for his organisation on his website.

The job of a social entrepreneur is to recognize when part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.

(Bill Drayton, Ashoka.org)

3.4 Social Mission

According to Dees, the critical difference between entrepreneurs and social entrepreneurs is that social entrepreneurs work with an explicit social mission (2001). We have not found any authors who oppose this claim. However, this makes evaluation complex as value is not seen in the profitability of the enterprise but rather in the social value created. Furthermore, there exist a wide range of definitions of what social value is and how it is created. One the one side one can argue that all businesses exist for a social purpose by employing and working for wealth creation. Most authors argue however that the whole idea of the social enterprise highlights alternative ways of doing business that more directly incorporate social and environmental concern (Westall, 2001, p. 2).

Dees gives an extensive definition of what is social in the social entrepreneur's process. There is, however, little that distinguishes Dees's social entrepreneur from the common entrepreneur. He claims that social entrepreneurs act as change agents in the social sector by behaving in the following ways:

Adopting a mission to create and sustain value the mission of social improvement is critical, and it takes priority over generating profits. Instead of going for the quick-fix, social entrepreneurs look for ways to create lasting improvements.

(Dees, 2001, p. 4)

3.4.1 Views on what is social

Palmås also stresses that a mission that directly addresses social nature is characteristic to the social enterprise. He also adds though, that the meaning of 'social' can be discussed as it can have ambivalent meanings (Palmås, 2003). It can be carrying out services that traditionally are carried out by the state or carrying out services that decrease the social exclusion. According to Palmås we can eliminate what it is not social, despite the problems of defining exactly what it is. Profit maximization and working for financial returns only is therefore not a social mission.

Social enterprises have according to Palmås (2003, p. 47) direct social goals such as:

- Supplying an important good or service for the alkanet/community which cannot be offered under private ownership.
- Enhancing employment abilities for non-employed or socially undermined groups

- Supporting sustained development
- Supporting fair trade

Palmås list of social aims are the exact same as that of Social Enterprise London who also add that providing a service in a certain way which is enabled by the organizational structure may also be a social mission (SEL 2000).

3.4.2 Social value and social capital

Influenced by Dees we have used the term social value as the output created by social entrepreneurs through their social missions. Closely related to the term social value is the concept of social capital as expressed by political scientist Putnam:

Fundamental qualities of social organisations such as trust, norms, and network, which can make society more efficient by facilitating joint actions.

(2003, p. 67)

Social capital refers to the qualities of an organisation that in the future will generate social value, or for that matter also financial value. Social value on the other hand is a somewhat wider term as it includes the result of the social mission on the organisation and society as a whole. Social capital might thus be a valuable indicator of social value created in the future.

Along with Putnam, Charles Leadbeater refines both Dees, SEL's, and Palmås's definition of social value by claiming that it has several meanings referring to output, assets, ownership, and the community. Social entrepreneurs create a social capital, output, in the sense that promote health, welfare, and well-being. This focus on output is shared by many authors in the field and is perhaps what first comes in mind when understanding a social mission (Palmås, 2003; Alvord, 2002; Mulgan, 2006). Leadbeater, on the other hand, adds that they also start with a social capital and further develop it in the form of networks, relationships, and trust. Social, from this perspective, is connections and relations. The organisations in themselves can be said to be social as they have a wider stakeholder perspective than do other private organisations working only for profit. Similar to Dees's claim of a heightened sense of accountability to constituencies, Leadbeater refers to the social as a democratic organization.

Such a definition includes many interpretations of what is social, suggesting that social entrepreneurs do not work in the traditional social sector only. Such a definition of social capital makes the distinction between commercial and social enterprises difficult.

Dees highlight this as he refers to the normative foundations in his definition of social mission:

What counts as a social objective is governed largely by existing social conditions and by normative theories of the ideal society

(Dees, 1994, page)

3.5 Concluding the theoretical framework

Up until now we have handled social entrepreneurs as a person or a process that creates social enterprises. No author, other than Westall, attempts at making a clear cut distinction between these two terms. As we have tried to show in our review the two terms are used interchangeably in the literature. We have not found in the literature a clear distinction, categorization, or evidence pointing to that they are different words for the same phenomenon. A clear division of how these terms overlap and differentiate is desirable when discussing social organisations in order to create a better understanding. We have illustrated the distinction in figure 4. In the following two sub-chapters we conclude how we made this distinction.

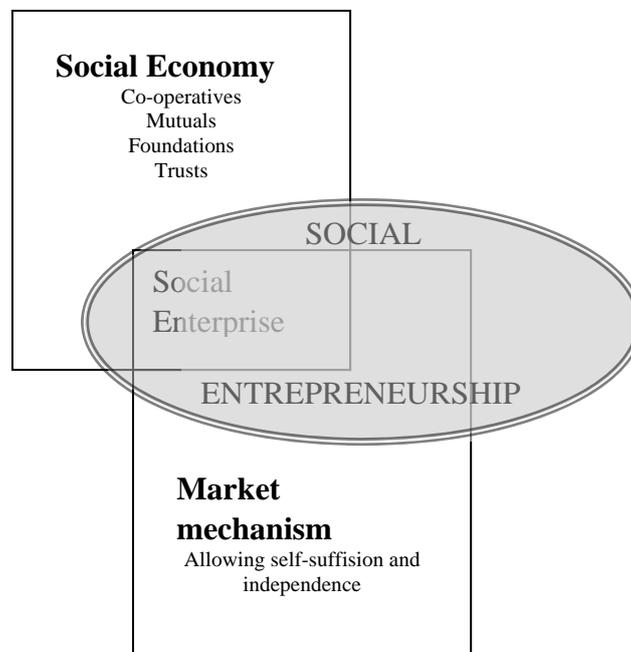


Figure 4. **Social entrepreneurship overlapping the social enterprise**

3.5.1 *The social enterprise*

The social enterprise is the result of one or more social entrepreneurs. The social enterprise according to Westall it is “an umbrella that covers alternative business models and organizations that exist to address a variety of social issues” (Westall, 2001, p. 23). Thus the social enterprise is a formalized, independent structure, with main priority to work for a social ends before financial. The EU and the Swedish Department of Culture’s definition on social economy is therefore a definition on social enterprises. They both define social enterprises negatively as not-for-profit organizations. A common definition of the social enterprise, created by the social entrepreneur, is that an organisation that uses the market mechanism and entrepreneurship in order to achieve social goal (Leadbeater, 2001, p. 10). They are organizations that trade in markets to achieve social aims. These types of enterprises are primarily driven by a social mission such as creating justice, carrying out public services, or diminishing social exclusion by using commercial principles with democratic principles (ibid.).

Roos adds that “the social enterprises acts on the market, but they take a social responsibility through their organizational structure” (2004, p. 9). Central then for the social enterprise is the concept of social ownership model in order to be independent of investors, donors, and public organisations. “Social enterprises are part of the third sector but characterized by being self-financing” (Westall, 2001, p. 24). Palmås also underlines profit as an important tool as commerciality serves to promote independence from state, investors, or other interests (2003, p. 58). Pearce summarizes all these mainstream views in what he calls the social enterprise model, which is similar and almost identical to Dees’s ideas. Pearce has summarized the main characteristics of the social enterprise in a shorter and more concise manner:

- Having a social purpose
- Engaging in trading activities to achieve a social purpose (at least in part)
- Not distributing profit to individuals
- Holding assets and wealth in trust for community benefit.
- Democratically involving members of its constituency in governance of organisation
- Independent organisation with accountability to defined constituency and wider community

(Pearce, 2003)

Corporations that have CSR (Corporate Social Responsibility) strategies can therefore not be called ‘social enterprises’, but they can still create valuable solutions to social

problems in innovate ways. Some cases and activities can thus fall under the distinction of being social entrepreneurial, yet without creating a social enterprise.

3.5.2 Social entrepreneurship

Social entrepreneurship is an umbrella term for social enterprises, social innovators and other actors that seek to catalyze social transformation of the larger social system. Social entrepreneurs mainly and foremost start social enterprises. In addition to create social enterprises, the social entrepreneur can create organisations outside the social economy without limitations to social ownership models or demands of self-sufficiency. The concept of social entrepreneurship is somewhat broader then the concept of social enterprise. The social entrepreneur spots new ways to create social value (Dees, 2001, p. 4) and the social enterprise is one way of exploiting the opportunity the entrepreneur has spotted, but there may be other ways. The concept challenges traditional perceptions on what entrepreneurship is (i.e. Bosch and McClurg 2003), as the entrepreneurial aspect consider new innovating ways of creating social value rather than profit maximization.

Drawing from the literature review we have illustrated the relationship between the two terms social entrepreneurship and social enterprise in figure 4. The circle, which perhaps could be argued to be bigger or smaller, shows that social entrepreneurship may appear in a wider context than merely in the creation of the social enterprise.

3.5.3 Glossary

From our theoretical review we have created a glossary of key concepts. These are simple, general and wide interpretations with the sole purpose of supporting the reader as a point of reference for the further reading of the paper where these concepts will be more deeply explored.

Social Economy The arena, or sector, where social enterprises among others operate to create social value. Also referred to as the third sector, embraces a wide range of community, voluntary and not-for-profit activities. It includes organisations such as cooperatives, non-governmental organization and charities, which are neither private nor public.

Social Ownership The inclusion of multiple stakeholders, through organisation structures that are characteristic of the social economy. Decentralisation of power, democracy, and empowerment are key concept when describing organisations that are socially owned.

Social Innovation New strategies, concepts and ideas that meet social needs of all kinds.

Social Mission An explicit and direct social mission of creating opportunities for solving social problems or creating social capital.

Social Value A broad term referring to value created that makes society more efficient, may it be education or drug rehabilitation independent of market. The term is closely related to social capital which is the qualities an organisation possesses which might generate future social value. Social capital might be considered a tool in the creation of social value.

4. Case Illustrations

In this section we present four cases of successful entrepreneurs. The chapter is introduced by our methodological approach and a discussion of why we do so. Finally, we present the cases one by one.

To fulfil our purpose of contributing to the understanding of social entrepreneurship we consider it not enough to only review the literature but also to illustrate our framework with four successful organisations that to some degree generate social capital in new ways. Our main purpose with this is to highlight the wide field of social entrepreneurship and test the value of the theoretical framework. Since our study is mainly epistemological we are interested in analyzing the nature and scope of knowledge and belief rather than real entities. We therefore use the term illustration to underline that they are merely tools for giving insights to the nature of the knowledge on social entrepreneurship. Our focus is not analyzing the cases per se and finding truth in them.

We have chosen to complement our study with four cases for two particular reasons. Firstly, a case study serves an educational function for the reader. As the knowledge of social entrepreneurship can be said to be rather limited (Dees 1994, Palmås 2003), a theoretical framework may not be enough to reach a better understanding. Therefore examples and illustrations in the form of cases serve a great purpose for our work. Secondly, as we intend to highlight the broad spectrum in which social entrepreneurs engage, it becomes vital to look more deeply at a few numbers of cases in order to pinpoint what makes them entrepreneurial and specifically socially entrepreneurial. As the concept is contended and questioned it is necessary to gain this depth. Using more cases could possibly bring more insights to our work, but we also believe that it could cause unnecessary confusion for the reader. The choice of four cases is a natural limitation in order cover the scope we aim to in the limited time we have.

4.1 Choosing illustrations

Having that said, we have however a particular reason for choosing exactly four cases. This stems from ideas delivered that social entrepreneurship is cross-sector functional. Traditionally goods, services, innovations, financial and social capital is said to be built in government, the business sector or voluntary sector. This whole idea of social entrepreneurship breaks down this idea as it is hard to pin it down to one sector, as it

rather occurs in different mixes of traditional sectors. Our reasoning in choosing cases has therefore involved picking cases which each represent different linkages with traditional sectors as illustrated by figure 5 below, which is a direct development of Leadbeaters illustration in figure 2 “Sources of social entrepreneurship”. Our intention is to create an understanding of social entrepreneurship by including cases that cover the whole spectrum of sectors. Our main idea was that by choosing widely different cases, both sector wise and geographically, we could find common denominators. We have also chosen our cases with consideration that they have been recognized by leading authors in the field to be successful social innovators and frequently referred to in discussions on social entrepreneurship. Finally, our tutors have suggested interesting objects of study which they have considered to be social entrepreneurs.

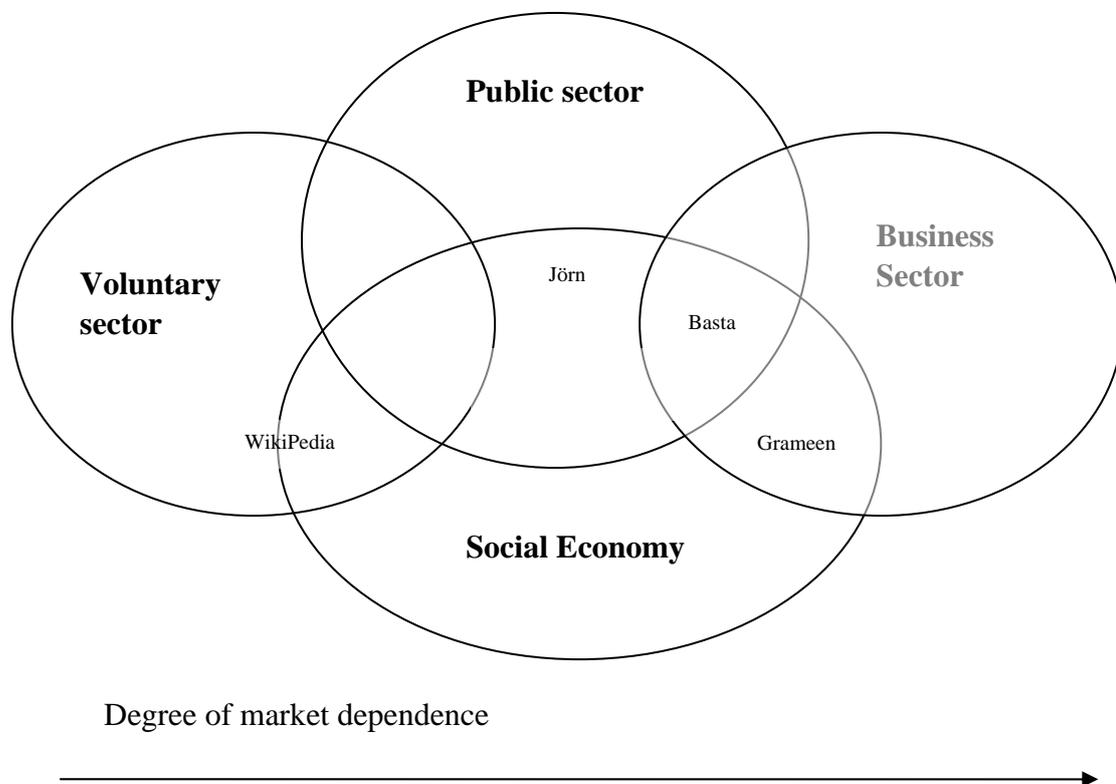


Figure 5. **Wide range of illustrations**

From these aspects we have chosen Wikipedia, Basta, Jörn Hälsogemenskap, and Grameen Bank. Each of these cases are interesting as they operate in a wide array of markets and therefore creating social value in different ways. We believe that this

spread will create a more nuanced and balanced picture. The exact plotting of our illustrations in figure 5 nor the exact distinction of ‘market dependence’ is not important at this point as the figure rather serves to show our intentions of aiming for a wide spread of illustrations.

4.2 Data collection

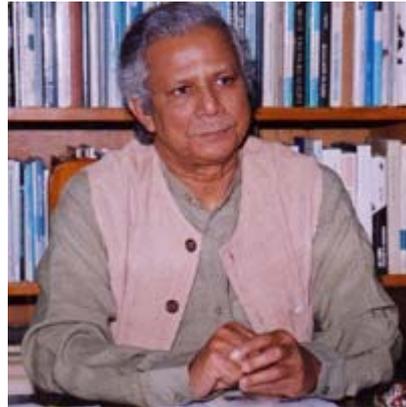
As we are dealing with cases that are well recognized and acknowledged by both business and society as a whole there exists already plenty of secondary data available. Our research of the cases is thus based on a mix of prior cases in academic articles, newspapers, internet sources, and from the experiences of the entrepreneurs themselves. All our data is therefore not of scientific origin. We do not consider this to be a problem, however, as the information we use is mainly of a describing background character. Our aim has in fact been to use illustrations of which the reader already might have come across. Interviews would perhaps give depth and new insights into our chosen cases as well a sense of scientific reliability, but we haven’t found it necessary and it wouldn’t contribute more to our purpose as we have gained the information from several other sources. Our aim is not to evaluate the social entrepreneurs and find best-practise models since our focus rather is how we understand them.

4.3 Grameen Bank

"These millions of small people with their millions of small pursuits can add up to create the biggest development wonder."

Muhammad Yunus

The first steps of creating Grameen bank were taken in 1976 by Muhammad Yunus in Bangladesh. At the time Professor Muhammad Yunus was lecturing economics at the Chittagong University. Every day as he traveled to work, he saw people suffering from poverty, a growing frustration of inability to help his neighbors started to grow. The origin to his vision started of with a chance encounter, one day in Jobra, a village near Chittagong University, where Yunus met a 21-year-old girl named Sufia Begum. Who desperate to support herself had borrowed about 25 cents from moneylenders charging interest rates exceeding 10 percent a day. She used the money to make bamboo stools that, as a condition of the loan, she had to sell back to the moneylenders with a price well below the market price (Yunus, 2003).



Yunus found 42 other people in Jobra stuck in the same situation of poverty trap, and as an experiment he lent them small amounts of money at reasonable rates. In total he lent \$27, about 62 cents per borrower. The result was very pleasing, as all of the lenders repaid the loans. This process convinced Yunus that this success could be replicated across Bangladesh. From this small experiment he created a new industry, the micro-credit system, providing small loans and other business services to entrepreneurs to poor to qualify for traditional bank loans (Westall, 2001).

At first he tried introduce his ideas to traditional banks, and proposed that they also could provide uncollateralized loans to the poorest in society. The response was not what he had hoped for, instead the banks asserted that borrowers never would organize themselves sufficiently to repay, that proceeds from such loans was too small to cover administrative costs and that the last thing the poor needed was the added burden of being in debt (Bornstein, 2004) .

Yunus answered this by founding an institution on his own, Grameen Bank in 1983. His vision was to create a bank that would address the real problems of society. The Grameen bank provides credit for the poorest of the poor in rural Bangladesh, through

4.4 Wikipedia



“Because the world is radically new, the ideal encyclopaedia should be radical, too. It should stop being safe in politics, in philosophy, in science”

Charles Van Doren

Wikipedia is an online encyclopaedia; the name is a combination of the words encyclopaedia and wiki, which refers to it being an open source encyclopaedia where everybody can contribute with new information through the use of the wiki technology. It was founded in United States the 15th of January 2001 by Larry Sanger and Jimmy Wales. Their first creation back in year 2000 was Nupedia, an online encyclopaedia where only a few selected experts were allowed to edit the information. The contributions also had to go through a very complicated review process in order to get published. Nupedia failed to get the breakthrough the founders had hoped for, with only 21 articles published during the first year. What they needed was to create a platform where information could be published and edited in a less complicated way.

In 2001 Jimmy Wales heard about the wiki, a simple software tool that makes it possible to write and edit in collaboration. They decided to start up a side project, based on this new technology with hopes of attracting new contributors to the unpaid project. What they created has become one of the largest communities on the web, with the numbers of visitors doubling every four months. According to comScores.com global rating of websites by unique visitors, Wikipedia had about 150 million visitors in September 2006, making it the sixth most visited website in the world. There are around 200,000 registered users on the English version Wikipedia in July 2006

As noted by Stacy Schiff of the New Yorker, Wikipedia in contrast to traditional encyclopaedias has no physical limitations, it can aspire to be all-inclusive (2006). Currently Wikipedia holds more than six million articles in 250 different languages. The English version holds over 1.5 million articles, and the Swedish about 198 000 according to www.wikipedia.org. To put this in perspective The Encyclopaedia

Britannica, for about two centuries considered the gold standard for reference work, only contains 120 000 entries in its most comprehensive version.

Wales says that he is on a mission to “distribute a free encyclopaedia to every single person on the planet in their own language”. Wikipedia aims to fulfil that by empowering and engaging people in gathering information and sharing it with others around the globe (www.wikipedia.org).

Wikipedia is managed by the Wikimedia Foundation since 2003, a non-profit charitable corporation, based in St: Petersburg Florida USA. Prior to that Wikipedia was owned and received financial support from the soft-core pornography dot-com company Bomis, also founded by Jimmy Wales. No advertising is used to create revenue. This decision has been taken in order to not undermine the creditability. Wales says in an interview with the *The Hindu Business Line* that “Ads are extremely unpopular among the Wikipedia community”, though he adds that it is never said "we will never have ads, the final decision on ads will come from the Wikipedia community itself" (2005). The organization is therefore at the moment totally dependent on donations from the public. In the future there are discussions to license the usage of the Wikipedia trademark for some products, such as books or DVDs.

The donations received are handled and distributed by the board of the Wikimedia foundation. Most of the budget is spent on hardware, but also on employees. Wikipedia has five paid employees in addition to the chairman of the board Jimmy Wales, otherwise they rely on volunteer staff around the world to help keep the organisation running. The foundation owns all the hardware and software needed to publish the information online however the creator of an article retains the copyright

4.5 Basta

Basta workers' co-operative is situated in Nykvarn outside of Stockholm. In the small town where it operates it is one of the biggest employers playing an important role in the county's economy. Basta employs 60 people and of everyone who lives and works at Basta 95 percent has a history of heavy drug abuse as well as a criminal record (Älvenbrandt, 2005, p. 7)

Basta started up in 1994 by five persons who previously worked at a publicly owned treatment home for drug abusers. Prior to their move a long period of planning took place. In particular they visited the highly appreciated and world famous drug addict co-operative San Patrignano on a hill on the Italian coast outside of Rimini, where more than 1,500 former heroin drug addicts live together and produce goods and services in a co-operative company (Hansson & Wijkström, 1995). San Patrignano was founded on basis of the belief that people can outdo themselves and that pride and self-respect is the foundation of a healthy life (Älvenbrandt, 2005, page, 76)

Basta was created out of the idea that socially excluded people can change their own lives. Within the vision of creating an employee managed enterprise there was included a belief in that the creation and operation of an enterprise in itself would be a rehabilitating process (Carlberg, 2001, p. 20).

The operations are centred on the estate like building in Nykvarn where an office, library, and guest house is situated. There several buildings including living housing, shops, and store houses in total accumulating to more than 4000 square meters. The whole Basta property is made up of 54 hectares of forest, parks, and pastures.



The production goals at Basta are under subordinated the goal of offering people a way away from a life of drug addiction. Basta is currently working with an extensive portfolio of products and services. There are 7 division within the company that carry out simple construction, carpentry, narcotic dog training, graffiti cleaning, horse-training, regular cleaning services, and there is also a development centre which carries out courses in social enterprises. Basta does not have any psychologists, therapists or the like in the organization as rehabilitation is considered to be done through the individuals themselves. The employees start the first

year as apprentices and this year is paid by the state either through the social services (socialstyrelsen) or the correctional system. After the first year, the apprentices may chose to either continue their stay as employees or leave. Alec Carlberg, founder of Basta, draws similarities between Basta and the Israeli Kibbutz as Basta is a commercial business, a lifestyle, a community, and most importantly a defence system against drugs and drug addiction (2001, p. 21).

Basta was subsidized by the state and the European Social Fund the first four years, but has since 1998 been self-sufficient, generating an earned income from goods and services produced. The social service or correctional facilities do however pay Basta for the first year of apprenticeship. Carlberg therefore stresses the important incentive for the co-operative to constantly increase its revenues in order not to become dependent on the “first years” as this would create a vulnerable “chain letter system” situation (ibid.).



There is little doubt that Basta has a social mission. Their mere reason for existence is helping socially excluded drug addicts help themselves enter society. This mission is explicit and safeguarded by the democratic organizational structure of the production co-operative. The social mission is very clear and permeates the whole organization. Even though theory suggests that social value, output, or profit may be created in different ways many of these points apply to Basta. First, they serve the community by employing people that most probably would be unemployed. Secondly, they offer a service for the state which it cannot get elsewhere. Finally, social capital is created by creating cohesion, trust, and alliances from living together, as argued by Leadbeater (1997).

Älvenbrandt (2005) as well as the Swedish social service (2001) underline Basta’s activities as a great innovation in treatment of socially excluded drug addicts. The innovation according to them is dual. Basta are innovate both in how they operate and carry out their mission as well as in their relation to the market and other constituencies like the state. First, it is the first facility in Sweden which offers help by self-help. Secondly, it is innovative in its unique relation to the public organizations.

4.6 Hälsogemenskapen Ltd. in Jörn

Jörn is a small town in the province of Västerbotten in Northern Sweden. The population is 2000 and like many other villages in northern Sweden it is shrinking day by day with shops closing and a younger generation moving to the cities for better opportunities. Having that in mind it was no big surprise for the Jörn population when the public local health clinic (Vårdcentral) was decided to be “available at another location” by the regional authorities (Molin, 2002). The reasons given for the decision was lack of physicians willing to move to Jörn and that the clinic wasn’t economically viable. The results were devastating as many members of the community didn’t have cars and the closest clinic would be 80 kilometres away. There was however many strong wills in the community who did not want this to happen.

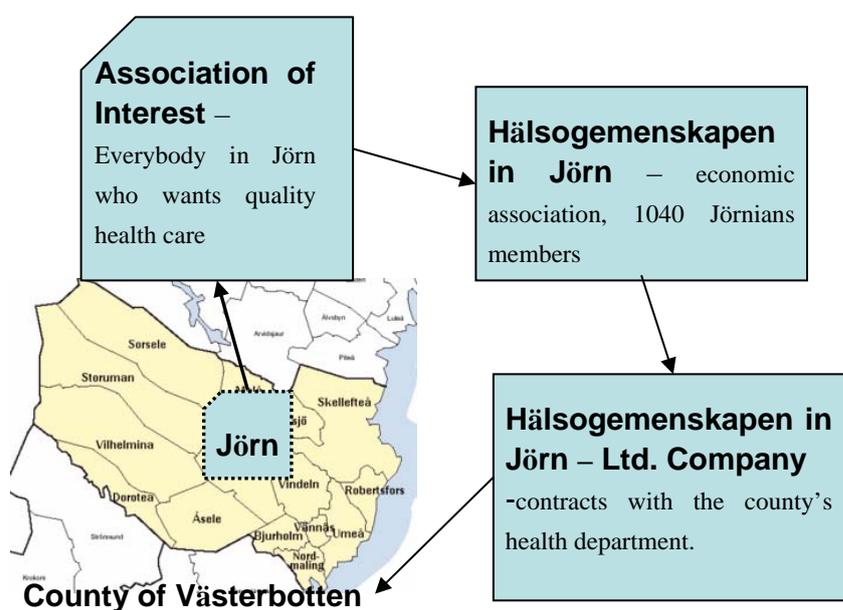


Figure 6. The dual organisation structure in Jörn

As anger grew in the community the commitment did as well and the civic centre filled up for the first time since the 1950's (Palmås, 2004). A collective decision was taken to do something about it. The citizens decided start their own health clinic owned and managed by the citizens. They started Hälsogemenskapen (The health fellowship) which is a private, citizens owned, not-for-profit organization. The Hälsogemenskapen is made up an economic association, where the 1,040 inhabitants of the village are

members. The association in turn, owns not-for-profit limited company that supplies health-services within the scope of the public health insurance (see figure 6).

The 260 thousand Swedish crowns needed for the start up capital were collected by the senior inhabitants who walked around Jörn collecting money (Molin, 2002). The management is now done by doctors and nurses together, whereas the clinic was politically managed by bureaucrats on a central level before. Since the Hälsogemenskapen doesn't share profit with its owners it is able to deliver health-services in Jörn even though the profit in Jörn is lower than for other private hospitals (Palmås, 2004, p. 3). The initiative is thus decentralised enough in order to answer to the citizens needs, and the limited company included in the model ensures a cost efficient organisation (Elbeak, 2004).

The idea came according to Swedish radio from Scotland where a community business is a mix of a co-operative and a private company. First an economic association is started with a specific goal, in the case of Jörn, high quality primary health care. The association in turn then starts a private company that does not share a part of the profit to the stockholders, instead the profit goes straight back to the organization (Höglund, SR, 2002). The community businesses are commercial businesses with social goals that create value for a common good. They aim for fulfilling both social/public as well as economic profit. The financial profit becomes a mean to fulfilling a social goal. A community business has strong links to the public sector, yet it exists mainly on the foundation of an involved community and around a business model.

5. Analysis

In each chapter we apply the cases on the when discussing the four aspects of our theoretical framework. We then conclude with a discussion and a critical reflection on whether the aspect is an appropriate distinction and description of social entrepreneurship. This is followed by summary of the value of existing taxonomy and terminology. Finally, we suggest new aspects and terminology which we gather appropriate descriptions of social entrepreneurship.

5.1 Social Economy

Not surprisingly the cases illustrate that social entrepreneurs do not operate in one particular sector as they all are hybrid organisations in some manner. With help of the model that we created when choosing our illustrations in 4.1 (figure 5) we have plotted the cases to their context, shown in figure 7 below.

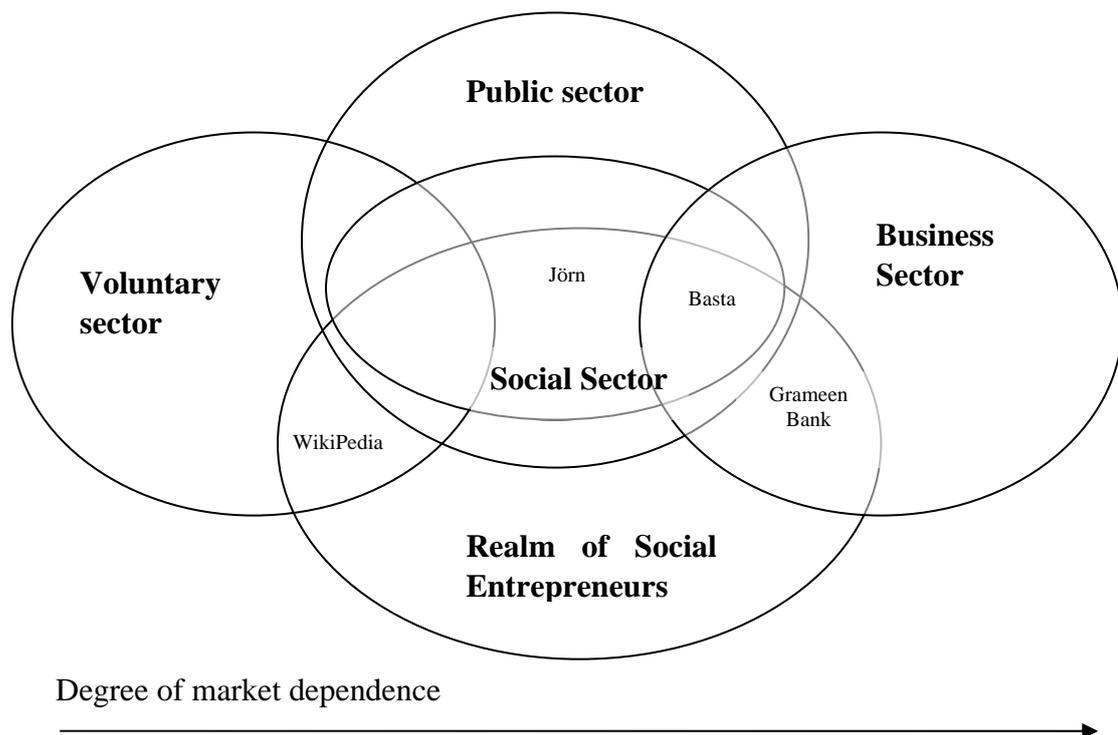


Figure 7. Social entrepreneurs crossing sectors

We have placed Grameen Bank close to the mainstream business sector because it still functions similarly to a commercial bank. Like any other business Grameen Bank is generated on earned-income and has been able function on its own independent from state subsidies and charities. What separates Grameen from commercial banks though is that Grameen Bank re-invests profit in the organisation rather than sharing it with external shareholders.

Wikipedia has strong links to the voluntary sector as all capital created is done so on an ideal basis. Authors that contribute to the open source do not gain anything in return other than self-fulfilment. Furthermore, Wikipedia has actively chosen not to generate income through revenue. This has led up to that we have chosen to place Wikipedia in close connection with the voluntary sector. This would according to Palmås (2003), Pearce (2003), and Westall (2001) make Wikipedia social innovators only, not a social enterprise as Wikipedia does not make use of the market mechanism at all.

Basta is interesting because it has linkages with both the governmental and mainstream business sectors. They generate their income from their own production as well as from contracting services previously carried out by public organisations. Based on this we placed Basta somewhere in between these sectors. Jörn Hälsogemenskap is very simple to plot in the governmental sector because it as taken over a function previously carried out by the state. Their services are no different than those given prior to the state's health clinics relocation. Concluding then, Basta and Jörn Hälsogemenskap, fit the conservative narrow definition of the social enterprise advocated by Palmås and Pearce, where the social entrepreneur is a formally democratic enterprise.

In figure 7 we have also included the circle the 'social sector', i.e. health, education, and other social services, which traditionally have been carried out by the state in the case of Sweden. Basta and Jörn naturally operate here as they are government contractors. However, it is not necessarily here were social capital is created, especially as "social objective is governed largely by existing social conditions and by normative theories of the ideal society" (Dees, 1994) which usually change faster than do the public welfare state. Social sector therefore, is only one part of many in the social economy.

The lower middle circle in figure 7 we have chosen to call the realm of social entrepreneurs instead of social economy. Our theoretical review showed us that social economy only is particular organisation structures. Jörn, however, is a social enterprise and should therefore be included in the social economy yet it is a limited company. The idea of the social economy should therefore be extended to include more alternative models. This line of reasoning will be further developed when looking at social ownership.

Looking at the social economy, particularly through our model figure 7, has helped us in our work by relating cases to each other giving valuable insights to social entrepreneurship, yet we question its value for distinguishing who is a social entrepreneur and who is not. Social entrepreneurs appear with different links to all sectors as illustrated by our choice of cases, but analyzing the social economy does not help us further in understanding social entrepreneurs more than establishing that they are hybrids. Static models of society's pillars, as described by Palmås in 3.2, are simply outdated as tools for understanding these activities. Social entrepreneurs have deconstructed our old perceptions of state vs. capital and have rebuilt something else.

5.2 Social Ownership

The ownership structure varies greatly in the cases. Each of the cases somehow aim to include their stakeholders in the form of employers, customers, patients, users, and lenders in the decision making process. They have created different solutions for involving people associated and affected by the organisation thereby becoming more decentralised. Even though all of our illustrations have a formal structures that according to Allen (2001) make them social enterprises it is not hard to see that there are more dimensions to social ownership than merely structure.

Grameen Bank is as previously mentioned a not-for-profit organisation, but owned by its lenders to 94 percent. Each lender is therefore a stakeholder and can in theory influence the manner in which the bank carries out its business. The bank thus falls under Allen's categorizations of social enterprise structures as it is both a community finance initiatives as well as a community business. Furthermore, the bank has a policy of recruiting employees that have been customers at some point. The aspect of social ownership is further extended by the idea of peer-group collaterals making everyone responsible for each other.

In the case Basta the ownership is co-operative. When the employees have completed their first year of rehabilitation, paid by the state, they become fulltime employees and partners in the organisation. Simply put Basta is owned by its employees, there most important stakeholder.

Wikipedia is run by a foundation called Wikimedia. With open source comes an interesting discussion about ownership, since Wikipedias articles are available for anyone around the world, yet can also discuss whether knowledge can be owned at all. Wikimedia owns and controls the hardware and platform but have little do with the information published on Wikipedia. Wikipedia is dependent on donations from its users. The donors however have no power over decisions how to distribute the financial contribution, which are exclusively taken by the board of the foundation. Wikimedia can thus, even though being a foundation, take decisions not supported by the majority of its users. In a sense Wikipedia is formally centralised and closed organisation, informally though anybody who uses or contributes to it somehow owns and can influence it.

Wikipedia then again serves as a great illustration for the problems of applying existing theory on social entrepreneurship. Westall (2001) and Allen (2001) would define Wikipedia as social owners because it is a foundation, yet we find that it is not the foundation structure of Wikipedia which makes it democratic or social, but rather its

principles of operations. It is the users who generate and edit the material. There is nothing that says that the decentralised democratic force of world wide editors would be less of value had Wikipedia's servers been owned by a limited company. Wikipedia can be interpreted as extremely democratic, community based, and creating social capital, yet the organisation does not make an exact fit with the formal models of social enterprises that we have presented.

Social ownership works as valuable variable for classifying social entrepreneurship. The problem of much writings on determining social ownership is that they measure only what is easiest to measure, structure. This is not enough, as illustrated by Wikipedia. We have established that Basta is owned by all employers through the co-operative model, yet we do not know whether there are internal hierarchies preventing some members from being involved in decision making processes. Organisational structure is a grateful and valuable object of study, but more nuances is desired. Structure is not always the important aspect. Social ownership serves as a guardian for keeping profits within the company and not to external stakeholder, and thus profits are invested in the cause, or the organisation.

5.3 Social Innovation

In the case illustrations, we have seen how social innovation happens on many different levels, in owner structure, new products or management practices. A common denominator is that all the cases in some way have developed an innovation that have generated social value.

Grameen Bank, has constructed an innovative credit system, which makes it possible to grant credits to people that previously have been excluded from the capital market, in particular poor women. By lending to groups of people they have overcome the problem of not having collaterals. Instead, Grameen Bank relies on the social connections of the lending group.

Wikipedia perhaps need no further introduction as for its success as a social innovator. By applying an open source system to an encyclopaedia they have created a knowledge resource available and free for all. The total value this gives to society is hard to evaluate, yet impossible to deny. The innovation is dual in a sense that it not only supplies a free encyclopaedia, but it also allows everyone to contribute in a peer review like system. Its inclusiveness can be linked to other social entrepreneurs who help people help themselves. Even though Wikipedia represents one of the most famous social innovations of this decade, they still haven't chosen to capitalise commercially on the innovation.

Basta's innovation is in short, drug rehabilitation through self-respect through work. By building a platform of business, housing, and secure environment they have created an atmosphere where socially excluded members of society can regain their self-confidence instead of relying on social aids. Basta is a sharp contrast to all other drug rehabilitation facilities in Sweden. By employment they not only give self-respect and value to members but also empower them through the co-operative system. As every employee is a partner power is decentralised

Jörn Hälsogemenskap, quite differently from our other cases, innovates in management and ownership processes. Jörn is the first of its kind, in Sweden, offering health services based on state health insurance in a community owned company. The new ownership model made the services not only available to the community in the first place, but also introduced a system of management where decisions are taken by the community in a decentralised manner. Employees handle day to day operations and the community members govern the clinic's long term strategic alternatives. Power has shifted from being centralised and political to being decentralised, belonging to patients and employees.

Only Grameen Bank can be credited for being truly unique and inventive. Basta, Jörn, and Wikipedia have been inspired by others to some extent; Basta by San Patrignano; Jörn by Scotland's community business model; and Wikipedia by open source systems such as Linux (the PC operating system). Social entrepreneurs thus not need to be neither inventive nor first movers. Instead, they identify where new models, processes, and products can be exploited and create social value. As for Basta and Jörn Hälsogemenskap, in Sweden, both innovations include giving services which previously were inefficient under political control. They therefore are innovators as they have taken new initiatives on solving welfare problems outside the prior rigid sectors of society.

All social innovators are not social entrepreneurs though. Both Palmås (2003) and Boschee & McClurg (2003) would argue that Wikipedia are social innovators, but not social entrepreneurs because of their dependence on donations from the public. Their situation could be interpreted in different perspective though as the public that donates are in fact users and not charities or hand outs. The earned-income distinction therefore becomes problematic. Furthermore, Wikipedia are considering commercializing their trade mark with merchandise, banners and such. This simple but swift move would more than double the financial capital they receive from supportive users.

The link between innovation and entrepreneurship is intriguing and not always clear in the literature. Dees (1994) and Westall (2001) maintain that the entrepreneurial aspect is spotting opportunities. Others, such as Boschee & McClurg stress the commercial aspect and the focus on earned income as they claim organisation might be innovative, but not entrepreneurial (2003, p. 1). Instead of opposing these claims we suggest looking over the taxonomy in order to include both of these perspectives. We argue that one might replace earned income with sustainability as will be discussed further in chapter 5.6.

5.4 Social Mission

The issue of what is social is inherently problematic, in the sense that it is treated ambiguously in the literature. A central discussion when looking at social missions, is understanding how or if social capital and social value relate. Putnam's definition of social capital is both well quoted and encompassing, yet we can see in the literature how the social value is used in a broader sense in general. Somehow the social value creation is treated in more narrow sense as solutions to social problems in the social sector. Dees limits what he calls social value specifically to creating value in the social sector (1998) and Palmås uses a negative definition of social value creation: "a primary goal of financial revenue and growth is not a social mission" (2003, p. 45) suggesting that social value is only measured by the output. Leadbeater and Putnam argue how social capital can be created through ownership, processes, relationships and methods used for the mission. Social value can thus be created at all times of the social enterprise project, suggesting that social value is created in all organizations to some degree, and the means in doing this is exploiting and setting the social capital in motion

Our literature review shows how social value can be viewed in various ways, not only through the final output, allowing an interpretation beyond missions previously carried out by social services common in welfare systems. Putnam's definition of social capital thus opens up for looking at social entrepreneurs also working outside of the social sector, i.e. health care, rehabilitation, education, etc. Social capital has no necessary relation with social sector or the social economy for that matter. Having that said, this is an area which has greater inefficiencies that are common to approach for social entrepreneurs like Basta and Jörn Hälsogemenskap.

All four illustrations in our study have a direct social missions that are superior other interests. This differentiates social entrepreneurs from other entrepreneurs. Many organisations, Shell for example, claim they have a social mission yet this is not their direct, primary objective. Social entrepreneurs operate directly to fulfil their social mission and this is what differentiates them from organisations that claim to be socially responsible through CSR strategies.

Our cases illustrate how social missions can take many forms. Basta empower socially excluded people through employment and an environment offering them to rebuild their own self-respect. Jörn Hälsogemenskap, quite simply, offers health services to inhabitants in a more convenient manner than otherwise would be possible through the public sector. Grameen Bank aims to provide economic means for poor people to help themselves in ways that otherwise would be impossible. By offering lenders to build their own future their social aim thus is to fight poverty. Wikipedia on the other hand,

aims to create a platform for the sharing and creation of knowledge rather than money. Explicitly; however, neither Jörn Hälsogemenskap nor Wikipedia categorize themselves as having social missions claiming to be social entrepreneurs. Nonetheless, they have a large amount of social capital by which they create social value as their main mission.

As we presented in chapter 3.4 social missions can include much more than levitating disadvantaged communities. Often though, it seems that social entrepreneurs appear in such contexts, yet Wikipedia and Basta are examples of social entrepreneurs who operate separate of a specific community in crisis.

The social mission is the prime driver and incentive for all the cases mentioned. Here we find similarities with the voluntary sector which Palmås describes as the sector which excels at engaging people. Social entrepreneurs are not voluntary, however, as they are income generating. The social mission is for Grameen Bank, Wikipedia, Basta and Jörn the primary objective. Having a social mission is a must for a social entrepreneur and therefore makes a valuable distinction.

As mentioned in chapter 3.4 ‘social missions’ range from empowerment, fighting poverty, creating relationships to spreading knowledge. All of these activities, when successful, make society more efficient as Putnam would argue. A common denominator of a social mission; however, is that it somehow raises the quality of life of those involved as well as making a positive contribution to society in general. Neither Grameen Bank nor Wikipedia operate in a traditional social sector like Jörn or Basta. Instead they have found completely new markets outside of what otherwise is considered to be missions for a modern welfare state.

5.5 Summary

Using the classifications we gathered from our literature review gives new insights into social entrepreneurship, but also illustrates the weakness of the existing taxonomy. In table 1 we have attempted to summarize the different aspects of social entrepreneurship on our cases. The table does give some understanding, yet it leaves much to wonder and by presenting it we aim to display the complexities of using clear cut classifications.

Table 1. Looking at social entrepreneurs with available taxonomy

	Grameen	Wikipedia	Jörn Hälsogemensk ap	Basta Arbets- kooperativ
Social Mission	<i>High</i> “Elevating disadvantaged communities with micro-credits” Explicit	<i>Medium</i> “Making possible sharing and creation of knowledge for everyone” Aim to spread knowledge, but do not claim to solve social problems.	<i>High</i> “Enabling Jörnians to serve health services democratically” Explicit Direct	<i>High</i> “Rehabilitation through responsibility and self-respect” Explicit Direct
Social Ownership	<i>High</i> 94% by lenders Mutual	<i>Medium formally</i> Strategic decisions by foundation board <i>High informally</i> Writers own their text Knowledge as a collective good	<i>High</i> Community Business Model similar to mutual or consumer co- operation	<i>High</i> Employment Co- operative
Social Innovation	<i>High</i> A unique invention, with large impact. Model reproduced in the rest of the world.	<i>High</i> Transforming societal perceptions of knowledge ownership	<i>Medium</i> Innovative in Sweden, inspired by Scottish Community Business Model	<i>Medium</i> Innovative in Sweden, inspired by San Patriagno
Social Economy	?	? Hard to evaluate membership value for example	<i>Yes</i>	<i>Yes</i>

With lack of a better way of quantifying the variables we have used the terms high, medium, and low. The values we give in each box tend to be based on our perception, or subjection, of what is social rather than wholly theory based. We cannot say if one mission is more social than the other. Social ownership is also complicated to measure as member influence may be created informally as in the case of Wikipedia. Finally, social economy is not so much a component, but rather a description making it hard to be measured.

Our aim of constructing a table which we dismiss is to show how social entrepreneurship can neither be classified nor measured, at least not with existing taxonomy. By measuring only what can be easily measured; structure, policies, and missions, we are might miss out on the big picture. Social entrepreneurs are social entrepreneurs because they deconstruct the way we look at solving our society's problems or by making society more efficient. They spot opportunities of how we can transform our society and they are not restricted to a particular structure or relation to a particular sector in order to achieve their goals. The key distinction though is the time perspective, the impact, and their independence which elevate them from being social innovators to social entrepreneurs.

Having that said, it seems that there exists a consensus in the literature on what is the social enterprise. We have attempted at illustrating this by figure 8. Again, we are applying our illustrations to variables which are complicated to measure, but this figure shows that it is not as problematic distinguishing social enterprises as social entrepreneurs.

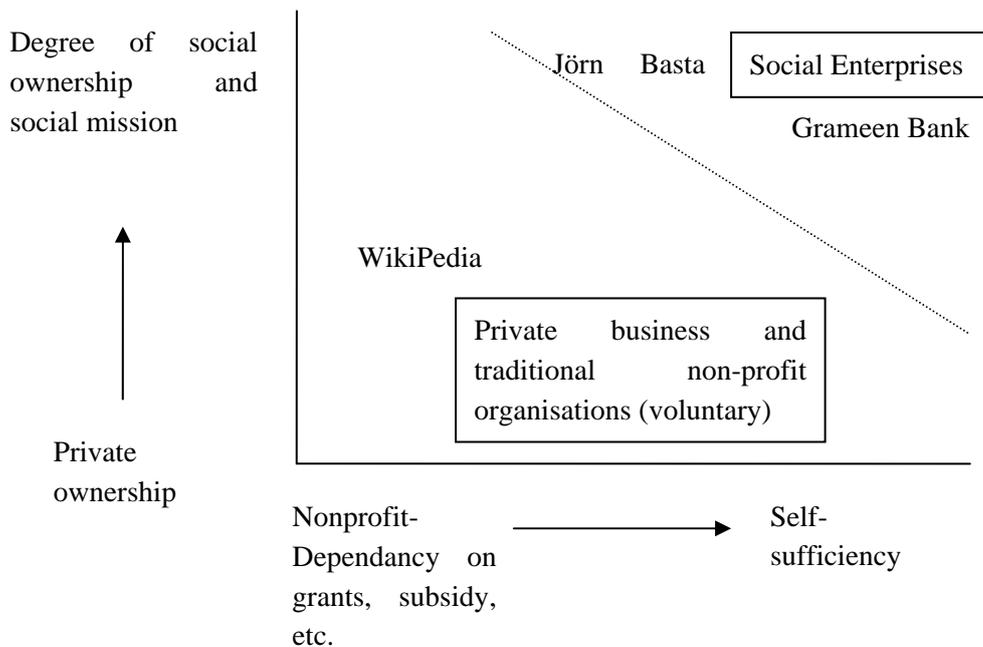


Figure 8. **Finding the social enterprise**

5.6 Impact by sustainability & lowered transaction costs

Existing ideas on social entrepreneurship are neither irrelevant nor invaluable, but we suggest that one aspect, or perspective, is not highlighted enough; success. Social missions are only philanthropic intentions until they have an impact. The impact, or social value created, might be what distinguishes the social entrepreneur from other charities. We can consider the example of micro-credits and ask ourselves whether Grameen Bank would be considered a social entrepreneur had not it been so successful and replicated all over the world.

The aspect of impact closely links to discussions mentioned on self-sufficiency as mentioned by many authors. By not relying mainly on one shareholder may it be the state or volunteerism the social entrepreneur can survive longer by being self-sufficient and thereby being sustainable. Sustainability thus might be a more useful term than earned income or self-sufficiency, as these in fact are means to that end. The market mechanism is naturally a great tool for this end, yet not the only one as illustrated by Wikipedia. Successful social entrepreneurs will use whatever means possible for their institutions to become sustainable.

Understanding impact in turn calls for measuring social value. This is one of the great challenges for promoting social entrepreneurship and support can be found in theoretical developments on Intellectual Capital. Nilsson & Wadeskog, have developed this thought with respect to one of our cases, Basta, in particular. In *Socioekonomiska bokslut för Vägen ut! Kooperativen och Basta Arbetskooperativ* (2005) they have calculated that for each person employed at Basta society saves 1, 2 million SEK. The 1, 2 million could be considered a transaction cost, which Basta saves for Swedish society and taxpayers. By creating decentralised citizen based institutions transaction costs are cut either by making society more efficient in radically new ways or by replacing more costly centralised state institutions. The transaction costs that the social entrepreneurs minimize represent the alternative costs which society otherwise would have paid. Social value is partly transaction costs, but then there are other forms of social value which are not as easily measured such as happiness, family cohesion and security which allows third parties, e.g. family members, to contribute to society. These costs could for example be called friction costs

We have illustrated one way of working with these terms in figure 9. This should be regarded as a humble suggestion to future work concerning social entrepreneurship and our purpose with it, is to show that it is a process not a constant state. This process can be more or less evident as impact, and social value varies. We have plotted our

illustrations in order to display a type of framework which can be valuable for future research and how it can be interpreted.

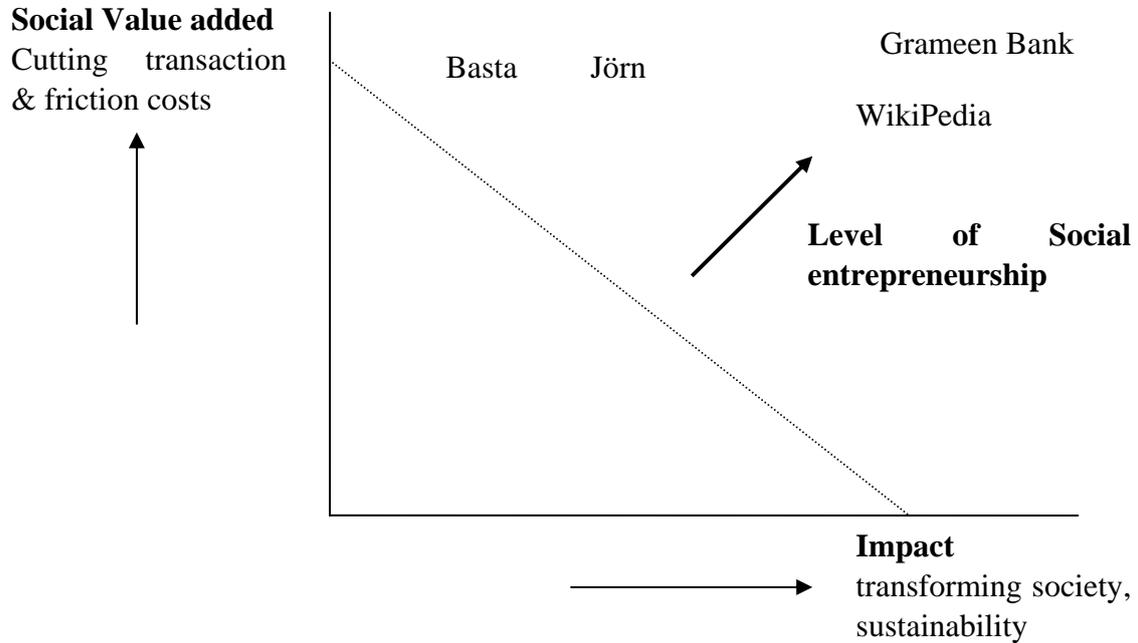


Figure 9. **Speculating: Social Entrepreneurship as a process**

At present, it remains questionable whether it is valuable to use the word social entrepreneur on its own, only, when it can be interpreted without boundaries due to problems of ambiguity and precision in the terminology. Lacking a formalized model will render it to be used as a rhetoric tool to elevate institutions or activities which one sees as important for society, as does Tony Blair. Social entrepreneurs are better understood and given more justice if one also complements with what they actually create. An example of how this could be done could be using words like social enterprises in the social sector for Jörn and Basta. Grameen Bank could be considered a social enterprise on the capital or business market, and those social entrepreneurs that do not fit the theoretical description of the social enterprise, such as Wikipedia, could perhaps be considered social transformers.

6. Conclusions

In this chapter we aim to conclude the key concepts we have found by our theoretical review. We summarize main points which we recommend for future research. Finally, we end with a reflection on the political and emotional chords which our work has struck, making the study even more intriguing.

Looking at our illustrations we have seen that the organisations use different methods, structures, natures of innovation to fulfil radically different social missions. Social value creation can appear on many levels, and through many methods, not only by contracting services from the state's social sector. Social entrepreneurs challenge prior understandings of who does what in society as well as expand the concept of social economy. They prove to show how complicated it is to construct a formalized classification model to describe social entrepreneurs and their enterprises.

Our main contribution is creating a categorization of a foggy knowledge landscape. Previous writings have focused on different aspects of social entrepreneurship. So far this is the only attempt at concluding the scattered thoughts and ideas on social entrepreneurship, into what can be considered the first step of establishing a theoretical framework. The first, and perhaps the most straightforward distinction, that we in fact establish is the one between the social entrepreneur and the social enterprise. The social enterprise is merely one of many forms of social entrepreneurship.

By reviewing the most prominent authors, institutions and practitioners ideas, we have identified four different categories around which social entrepreneurship is frequently discussed and mentioned; the social economy, social ownership, social innovation, and social missions.

Our breakdown creates a better understanding on several levels. We show that even though the knowledge landscape is foggy it is possible to see patterns by putting the perspectives together. We have come closer in clarifying the taxonomy of the field by developing sub-categories under each chapter. By critically questioning the value, meaning, and precision in the terminology that we handle we have initiated a creative process in not only us, but hopefully also the reader, which inspires for future research and opens up for a revision of the taxonomy.

By using case illustrations we have shown how social value is created in an entrepreneurial manner in a wide array of settings. In our analysis we give an example

of how the knowledge of social entrepreneurship may be applied to our cases. We show how these cases may be understood better and categorized according to their context, ownership, financial foundations, and their mission. The analysis; however, has a tendency of being subjective and somewhat abstract as we lack models of evaluating our aspects, as illustrated in table 1. This does not undermine the results of our study though as our constructed framework still helps to create a better understanding of the phenomenon.

A helpful tool of overcoming this obstacle in our study has been the usage of graphic models where seemingly abstract ideas are conceptualized and visualized in a clearer manner than words and language allow them to be. The graphic models display in a powerful way how we have interpreted and analyzed current ideas. We have shown through them that it is possible to gain new insights and a better understanding even though we do not have a complete understanding of how we should evaluate all the parameters of social entrepreneurship. Looking back on our graphic models we can see how they successfully illustrate the lack of a working taxonomy while at the same time contributing with new ideas. A recommendation for future studies is thus using tools like this when developing abstract and imprecise concepts.

We have in chapter 5.6 suggested broader and more inclusive terms which might be more relevant to use when discussing social entrepreneurship; impact, sustainability and cost-efficiency (cutting transaction costs among others). For future research then, we suggest that they apply and develop these types of aspects. Finally, what it all comes down to is, giving the social entrepreneurs the credit they may deserve by establishing an understanding for what they create; social value. Our exploration only goes as far as looking at how they create value through innovations and creative ownerships and this can be interpreted as the social entrepreneurs' social capital. In order to aid future social entrepreneurs we need to find and establish tools where we can measure and identify their output; social value.

6.1 Closing thoughts

During the course of our research we have been struck by how the concept of social entrepreneurs either involves or provokes those we have asked to comment on our work be that our advisors, classmates, family, Palmås or Leadbeater. Many of the people that have commented on our work have had different perception of what social entrepreneurs are and this has been welcoming as this in a sense depicts the field of knowledge in general. Interesting to note, however, is that discussions over social entrepreneurship during our work often has fallen into political debates on welfare systems. In fact it is complicated to speak of social entrepreneurs without political

undertones, whether those are left or right. Even though different discourses suggest the same end, there are different views on why. Leadbeater, for example argues for social entrepreneurship since the state is not capable of efficiently carrying out the social services the public needs. This discourse is therefore a sort of criticism on the western European welfare system. Carlberg on the other hand argues that we need social entrepreneurs to refine and develop our public services in order for them to become more decentralised and thus operating closer to and with the citizens. Social entrepreneurs throw our prior societal frameworks up and down.

When we first accounted the term social entrepreneurship we both had the impression of it being new initiatives in the social sector, prior carried out by the state, such as private health care or private schools. As our work progressed by reviewing the existing writings and theories concerning social entrepreneurship we started to realise that social entrepreneurship can be so much more. Interesting also, is that social entrepreneurship still is a developing term, making us at least feel that we are giving a valuable contribution. Furthermore, right now it is of immediate interest as Muhammad Yunus received the Nobel peace price as we wrote this thesis.

At the start of our work we considered social entrepreneurship as no more than a new fancy buzz word for promoting privatization. Not only have been proven wrong, but we have also come to the insight that it is necessary to understand as the phenomenon happens all around us whether we like it or not. Hopefully we have created a better understanding of this movement which might help others understand, which in the long run will make it easier for further developments making our society better and more efficient.

The beauty of the phenomenon is the successful link it offers between the business community and public interests showing cynics that there might be no right way or best practise for doing the business of business or the business of politics, also showing that these fields can learn from each other. We have slowly come to the insight that social entrepreneurship may never be fully understood, but we do understand that social entrepreneurs are the pioneers in progressing society.

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<http://www.gsb.stanford.edu/csi/>

Columbia Business School: Social Enterprise Program
<http://www2.gsb.columbia.edu/socialenterprise/>

Duke University - Center for Advancement of Social Entrepreneurship(CASE)-The Fuqua School of Business
<http://www.fuqua.duke.edu/centers/case/leaders/resources.htm>

Oxford Saïd Business School: Skoll Centre for Social Entrepreneurship
<http://www.sbs.ox.ac.uk/skoll/>

Social Enterprise Initiative at Harvard Business School Educates leaders by integrating social enterprise-related research, teaching and activities.
<http://www.hbs.edu/socialenterprise/>

School for social entrepreneurs, UK Network consisting of schools at several locations
<http://www.sse.org.uk/network/index.shtml>

Gothenburg school of economics research institute. Centre for Business in Society
<http://www.hgu.se/item.aspx?id=8982>

Organizations promoting and supporting social entrepreneurs:

Ashoka Innovators for the Public, Centre for Social Entrepreneurship
www.ashoka.org

Demos, British think tank, with contributors such as Drayton and Leadbeater.
www.demos.co.uk

Schwab foundation “The voice of social innovation”
www.schwabfound.org/index.htm

Social Enterprise Alliance, a member organizations building effective, more sustainable nonprofits through earned income strategies.

www.se-alliance.net

Social Enterprise London, a social entrepreneurship network working for creating more social enterprises.

www.sel.org.uk

Social Enterprise Unit, UK Public Department recently (2006) moved to the office of the third sector

www.cabinetoffice.gov.uk/third_sector/

Socialt företagande, an EU and swedish government (NUTEK) project for promoting social enterprises in Sweden

<http://www.socialaforetag.nu/>

The Fourth Sector

www.fourthsector.net

Young Foundation

www.youngfoundation.org.uk/

"99 our 68" Karl Palmås' Blog

www.isk-gbg.org/99our68/?p=55

Cases:

Wikipedia

www.wikipedia.org

Basta Arbetskooperativ

www.basta.se

Hälsogemenskapen i Jörn

www.xn--hlsogemenskapen-jrn-gwb80b.nu/

Grameen – Bank for the poor

www.grameen.com

Grameen foundation, spreading the methods of micro credits developed by Grameen Bank. www.grameenfoundation.com