How Social Entrepreneurship Can and Cannot Shape Inclusive Societies

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Overview: How Can Social Entrepreneurship Shape Inclusive Societies?

• **Individuals**
  ‘Inclusive’ in terms of those who become social entrepreneurs

• **Organizations**
  Pathways through which social enterprises create positive social change

• **Regions and countries**
  Contexts that enable or hinder social entrepreneurship
Background: Approach

• Ambition:
  Generalizable insights about social enterprise

• Based on:
  – Analyses of large-scale population-representative databases
    Global Entrepreneurship Monitor (N> 100,000 individuals)
    also EU Flash Eurobarometer merged with independent data from GLOBE, World Values
    Survey, European Social Survey, Polity IV, World Bank, Freedom House etc.
  – SEFORÏS survey database (N=1030 social enterprises)
  – Systematic evidence-review (20 years of evidence)

• Not comprehensive, rather a summary across academic papers
  (see www.seforis.eu/publications)
Individuals:

How ‘inclusive’ is social entrepreneurship in terms of those who become social entrepreneurs?
Gender

• Social entrepreneurship more ‘gender inclusive’ compared to commercial entrepreneurship
  – near gender balance in the creation of social enterprises and at the top of social enterprises (still a small gender gap to the disadvantage of women, varying across countries)

• Yet:
  – Gender gap in pay at the top of UK social enterprises larger than for paid employees although male and female social enterprise directors are equally happy in their jobs
  – Contented female social entrepreneur paradox?

Estrin, Stephan, Vuijc (2014). Do women earn less even as social entrepreneurs? The gender pay gap among UK social enterprise directors. IZA discussion paper, No 8650.
Age

- Likelihood to start a new commercial business peaks in middle age (39 yrs)

Social entrepreneurship

- ‘Age-inclusive’: especially for older individuals, see below
- Particularly so for older women (compared to men, not shown)

Other aspects of (non-)inclusivity

• Compared to commercial entrepreneurship, social entrepreneurship attracts relatively more
  – highly educated individuals (university degree)
  – individuals currently not in employment, and minorities

Positive spillover effects through which social entrepreneurship helps to make business and commercial entrepreneurship more inclusive:

• Individual social entrepreneurs go on to create new commercial enterprises (and social enterprises)
• Similar effects at the national level

Social entrepreneurship attracts **new talent** (women, older aged individuals, the more highly educated) into entrepreneurship rather than competing for talent with commercial entrepreneurship

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Organizations:

How can social enterprises create positive social change?
Positive Social Change (PSC) Framework

Deep-Level PSC Strategies

- **Deep-level Change Mechanisms**
  - Intrinsic motivation
  - Developing capabilities
  - Empowering opportunity structures, social capital

- **Enabling Organizational Practices**

- **Social Impact**
  - Quality: Pervasive, durable and embedded
  - Timing and Reach: Slowly evolving, reach increases over time

Surface-Level PSC Strategies

- **Surface-level Change Mechanisms**
  - Extrinsic motivation
  - Agnostic of capabilities
  - Restructuring decision-environment

- **Loose Coupling with Organizational Practices**

- **Social Impact**
  - Quality: Temporary at 'point of contact' and contingent
  - Timing and Reach: Fast, potentially wide reach

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Positive Social Change Framework:
Change Drivers

MCO as organizing framework for review findings on Change Mechanisms and Organizational Practices
Organizational Practices facilitating deep-level positive social change …

Characterize organizations as open to stakeholder influences, embedded in their communities, relational, strengths-based and purposeful infused with meaning –

Contrasts with much of management research that is dominated by theories conceiving of organizations as closed, guarded, top-down controlled places of rational transactions, focused on shareholders and disconnected from communities

This is also what we see in the SEFORïS survey, fiercely collaborative social enterprises and those exhibiting high levels of ‘social skill’ are more successful in creating social impact …

**Community culture**

Collaborations

Social skill
organization’s ability to create networks, agenda setting, authenticity, etc.

Social impact
• Social capital creation
• Improved lives of/attitudes towards disadvantaged groups, environment, legislation

**shaped by context**

Folmer, Stephan, Kozlinska (2017). The social nature of social impact.
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Regions and countries:

Which contexts help social enterprises thrive? Which contexts create barriers, preventing them from shaping inclusive societies?
‘Crowding in’ or ‘crowding out’?

• Debate on how governments, especially redistributive welfare states, relate to private social initiative
  – Crowding out: Active government/welfare states take care of social needs and hence there is no need for private social initiative (social enterprise, philanthropy, volunteering, etc.)
  – Crowding in: Active government/welfare states broadly signal that it is ‘good to care’ and that social needs are joint, ‘collective problems’

A Model of Solidarity and Social Entrepreneurship

- **Formal solidarity** e.g., organized by the state/government

- **Informal solidarity** – personal involvement contributing to the welfare of others

- **Solidarity in the market** e.g. social enterprises

- **Suggests a ‘crowding in’ or ‘institutional support’ view**

Social enterprises thrive in supportive context (‘crowding in’)

Social enterprises thrive broadly speaking in country/regional contexts characterized by:

- larger redistributive welfare states and cultural support for welfare redistribution ≠
- pro-social cultural values (post-materialism, religiosity) ≠
- socially supportive cultures (weak-tie social capital norms) =
- also strong rule of law =

Common (=) but also distinctive (≠) enablers of social compared to commercial entrepreneurship

Folmer, Rebmann, Stephan (2017). A Model of Solidarity and Social Entrepreneurship
Summary

Social entrepreneurship can shape inclusive societies

• Through attracting individuals into entrepreneurship who are typically underrepresented (e.g., women and older aged individuals)

• Through social enterprises enacting strategies of creating positive social change

• When enabled through supportive contexts
Summary

Social entrepreneurship is no silver bullet ...

• Even though it is more inclusive in terms of who becomes an entrepreneur in certain respects, inequalities may persist for other aspects (e.g., access to higher education, minorities, disabilities) and within social enterprises (e.g. gender pay gap in social enterprises)
  → such inequalities are rarely the focus of attention, but awareness can be a first step to mitigating them

• Triggering positive social change processes is no easy feat, it is contingent on
  – aligning mechanisms to simultaneously develop beneficiaries motivations, capabilities and change their opportunity structures, as well as
  – a set of organizational practices that require a starkly different approach from what we tend to accept as ‘standard management knowledge’

• Some aspects of contexts supporting social entrepreneurship, may have negative consequences for commercial entrepreneurship
In conclusion:
A first step towards understanding how social entrepreneurship can and cannot shape inclusive societies
Thank you!

Please stop by our poster to meet and hear more about collaboration from Emma and Inna!

Dr Emma Folmer

Dr Inna Kozlinska
References


