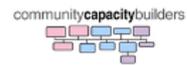


Key Features of the Social Enterprise School Approach



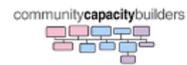
In this lecture we are going to explore the key features of the social enterprise school of social entrepreneurship. This school of thought, like the social innovation school, comes from the United States.

As you will see in this lecture, the idea of nonprofits generating earned income led to this second stream of social entrepreneurship thought.

Social Enterprise School

- also rooted in the body of knowledge of commercial entrepreneurship
 - the commercial entrepreneurship tradition that defines entrepreneurship as the process of creating and managing (new) organisations

Hoogendoorn et al., 2010

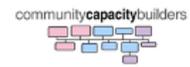


Like the social innovation school, the social enterprise school is also rooted in the body of knowledge of commercial entrepreneurship, but it's the body of knowledge that defines entrepreneurship as the process of creating and managing (new) organisations

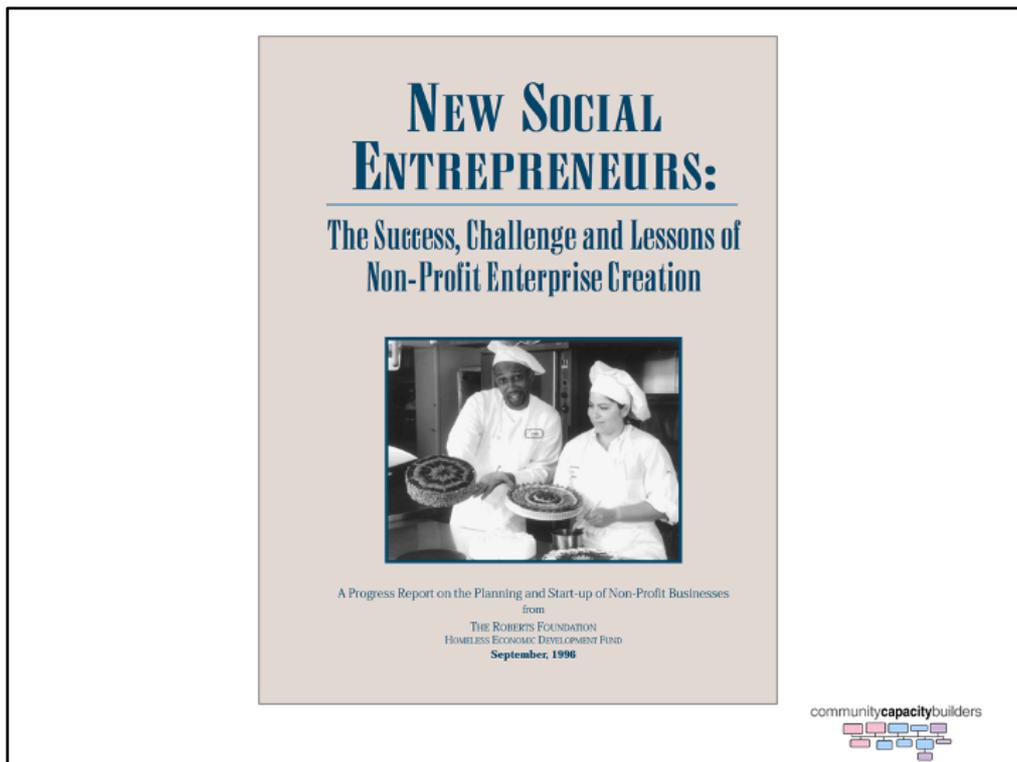
Social Enterprise School



Ed Skloot



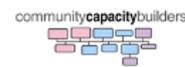
The Social Enterprise School came about in 1980, the same year that Ashoka was founded by Bill Drayton. It is considered to be founded by Ed Skloot when he started the consultancy firm New Ventures to help nonprofits find new sources of revenue (Dees, 2007, p. 24).



The term social entrepreneurship, to describe the social enterprise school, came to prominence quite a few years later, in 1996, when the report 'New Social Entrepreneurs' was released by the Roberts Foundation (Tan et al. , 2005, p. 353).

- *'New Social Entrepreneurs have their roots in the history of community service and development. This history of commitment to social justice and economic empowerment is what feeds their passion for the creation of social purpose business ventures. This commitment to community is strengthened by an equally profound commitment to using the power of free enterprise to redirect economic control back to individuals and organizations which, for the most part, have relied on outside sources for funding and support. This commitment to a "double bottom-line" is at the heart of the New Social Entrepreneur. It forces the non-profit manager to live within a dynamic tension of what makes good business sense and what fulfils the organization's social mission. It is a practice which is clearly evolving and, when integrated with the strategies of the "old" breed, harnesses the potential power of economic self-determination for the benefit of all.'*

Emerson and Twersky, 1996, pp. 2-3



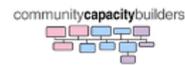
As the quote in this slide highlights, the Roberts Foundation report considers social entrepreneurs to be a new breed of non-profit manager who focuses on a double bottom-line; creating social purpose businesses that use the power of the free market to achieve a social mission (Emerson and Twersky, 1996, pp. 2-3):

'New Social Entrepreneurs have their roots in the history of community service and development. This history of commitment to social justice and economic empowerment is what feeds their passion for the creation of social purpose business ventures. This commitment to community is strengthened by an equally profound commitment to using the power of free enterprise to redirect economic control back to individuals and organizations which, for the most part, have relied on outside sources for funding and support. This commitment to a "double bottom-line" is at the heart of the New Social Entrepreneur. It forces the non-profit manager to live within a dynamic tension of what makes good business sense and what fulfils the organization's social mission. It is a practice which is clearly evolving and, when integrated with the strategies of the "old" breed, harnesses the potential power of economic self-determination for the benefit of all.'

Social Entrepreneurship Driving Forces

- Decreasing public funds available for non-profits
- The recognition that you cannot service people out of poverty; job creation, economic development and access to markets is required to overcome poverty

Emerson and Twersky, 1996



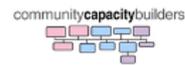
The Roberts Foundation report describes two driving forces behind the rise of social entrepreneurship in the United States:

- Decreasing public funds available for non-profits (Emerson and Twersky, 1996, p. 2), and
- The recognition that you cannot service people out of poverty; job creation, economic development and access to markets is required to overcome poverty (Emerson and Twersky, 1996, p. 3)

Social Enterprise School

- social problems addressed by establishing a nonprofit enterprise described as:
 - ‘an entrepreneurial, nonprofit venture that generates “earned-income” while serving a social mission.’

Hoogendoorn et al., 2010



As highlighted in this slide, the Social Enterprise School considers that a non-profit legal structure is required for social entrepreneurship. The social enterprise social entrepreneurship approach is the only one of the six approaches that we are looking at in this program that specifies a non-profit legal structure (Hoogendoorn et al., 2010).

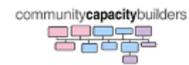
The social enterprise school approach can therefore be considered an institutional change in the non-profit sector – to a trading approach (Dart, 2004, p. 412).

This is very different to the traditional institutional approach of non-profits.

Traditional Nonprofit

- Human service organization
- Framed as voluntaristic, prosocial, and civic
- Funding: a mixture of member fees, government funds, grants, and user fees
- Considered distinct from business organizations

Dart, 2004, pp. 414-415



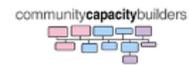
Traditionally non-profits are characterised as being:

- A human service organization
- That is framed as voluntaristic, prosocial, and civic,
- The funding for traditional nonprofits is usually a mixture of member fees, government funds, grants, and user fees, and
- They are considered distinct from business organizations in terms of goals, values, motivators, clients

Social Enterprise Differ from Nonprofit Organisations

- Strategy
- Structure
- Norms
- Values

Dart, 2004, p. 411



So, while the Social Enterprise School considers that a non-profit legal structure is required for social entrepreneurship, it is acknowledged that social enterprise differs from the traditional understanding of the nonprofit organization.

Social enterprise differs from non-profit organisation in terms of strategy, structure, norms, and values (Dart, 2004).

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