Developing a Model of Social Entrepreneurship: A Grounded Study Approach

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Abstract

Within the past decade, much has been written on the topic of social entrepreneurship. However, the extant social entrepreneurship literature is predominantly either conceptual (e.g., Alter, 2006; Nicholls and Cho, 2006; Peredo and McLean, 2006; Praszkier and Nowak, 2012; Weerawardena and Mort, 2006), instructional (e.g., Dees, Emerson and Economy, 2001; Dees, Emerson and Economy, 2002; Jager, 2010; London and Morfopoulos, 2010) and/or documental of case studies of outstanding social entrepreneurs and social enterprises (e.g., Bornstein, 2007; Elkington and Hartigan, 2008). This study offers an empirical contribution to social entrepreneurship theory building by engaging in inductive research.

Given the inductive nature of this study, grounded methodology (Glaser and Strauss, 1967) is used to develop fresh theoretical ideas and perspectives on social entrepreneurship. In particular, the concept-indicator model of theory development proposed by Glaser (1978) is adopted. This model encompasses 4 stages: (1) comparing incidents applicable to each category; (2) integrating categories and their properties; (3) delimiting the theory; and (4) writing the theory.

For this study, in-depth interviews are conducted with ten social entrepreneurs who currently manage their respective social enterprises in Singapore. During the interviews, the social entrepreneurs discuss their motivations, their personal backgrounds, and their perspectives on social entrepreneurship, the social enterprise sector and the social enterprises that they run. The interviews are transcribed, and the contents are critically analyzed and open coded into conceptual categories (Glaser, 1978). Each of these categories assigns a common meaning to multiple data observations (Locke, 2001). These conceptual categories are then further evaluated against data observations through selective coding and integrated with other categories to make further progress in the theory development (Glaser, 1978). The analysis eventually comes to a close when the theory ‘solidifies’ (Glaser and Strauss, 1967), and each category reaches the point of saturation where “subsequent data observations result in no new naming activity” (Locke, 2001).

The form of each interview is semi-structured (Ghauri, Gronhaug, & Kristianslund, 1995). While a fixed set of guiding questions are posed, the actual flow of the interview is open-ended in nature and allows for free responses. The interviews follow the guiding principles of grounded methodology (Glaser & Corbin, 1967; Strauss & Corbin, 1998; Goulding, 2002), such as open sharing, reduced rigidity and minimal guiding. Open-ended questions are used as much as possible to allow generation of unguided answers.

Analysis of the interview transcripts yields seven observations. These seven observations are then integrated to yield five concepts. And these five concepts are in turn further reduced to three key propositions:
- Proposition 1: The motivation for social entrepreneurship is to address existing social gaps.
- Proposition 2: Social entrepreneurship is about creating opportunities to achieve social missions.
- Proposition 3: The desired results of social entrepreneurship are social awareness and empowerment within the community.

A process model of social entrepreneurship can be developed from the three propositions (see the figure below). This model highlights the circularity of the process, from the initial motive of embarking in social entrepreneurship, to its course of action, and finally to the resultant outcome which generates more social entrepreneurial motives.
The motive of social entrepreneurship drives innovation

**MOTIVATION**
Recognition of existing social gaps

The result of social entrepreneurship stimulates further recognition of unmet social needs

**ACTION**
Creating opportunities to address gaps

The act of social entrepreneurship promotes social awareness and empowerment of others

**RESULT**
Social awareness and empowered individuals/groups

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INTRODUCTION

The term ‘social enterprise’ came into use in the 1980s, as an attempt to differentiate traditional, purely non-profit, charitable organizations from socially-oriented organizations that venture into revenue-generating activities (Borzaga & Defourny, 2001; Defourny & Nyssens, 2010). Specifically, social enterprises have evolved from non-profit organizations “for the purpose of doing greater social good and in a revolutionary way” (Lynch & Julius Walls, 2009) by adopting a revenue-generating, sustainable model.

While many definitions of social enterprise have been advanced by scholars, social enterprises essentially refer to the range of organizations that trade for a social purpose. Specifically, social enterprises “pursue business-led solutions to achieve social aims and often reinvest surplus to fuel further community benefits,” (Robinson & Hockerts, 2006).

While it is not difficult to appreciate the purpose of a social enterprise, in reality, it is challenging to clearly differentiate a social enterprise from a purely for-profit business enterprise, and in some cases, from a charity. Some social enterprises appear to behave just like for-profit business enterprises, while others exhibit qualities that are more akin to charities than business enterprises. A prevalent view is that social enterprises lie in the middle of a continuum between for-profit business enterprises and non-profit charitable organizations. Although this is a fairly agreeable and widely accepted view, there is still a conceptual gap in establishing clear distinctions among the three organizational forms.

Furthermore, social entrepreneurs also frequently differentiate themselves from business entrepreneurs. While they share similar characteristics “such as efficiency, dynamism, innovativeness, high performance and economic sustainability” (Wei-Skillern, Austin, Leonard, & Stevenson, 2007), “their motivation is not in doing the ‘deal’ but with achieving the ‘ideal’” (Elkington & Hartigan, 2008).

This study therefore aims to develop a clearer conceptual understanding of social entrepreneurship as a process, so as to better delineate the characteristics of social enterprises and social entrepreneurs. Using the grounded theory approach, a series of theoretical propositions are developed from content analyzing the transcripts of in-depth interviews with ten social entrepreneurs in Singapore.

EXTANT THEORY

Social Enterprises

“The third sector deals with socio-economic initiatives which belong neither to the traditional private for-profit sector nor to the public sector” (Borzaga & Defourny, 2001). Social enterprises are relatively new entities which may be regarded as a subcategory of the third sector. According to the European Scientific Network, social enterprises explicitly aim to benefit the community. While the social sector includes many activities that benefit the society, “traditional social sector approaches have made insufficient headway in addressing many critical social problems” (Wei-Skillern et al., 2007). As such, social enterprises have emerged, with business-led solutions to achieve these social aims (Robinson & Hockerts, 2006).

In differentiating a social enterprise from a business enterprise, the former would have at least one additional bottom-line to address – the social problem that it was created to resolve. In some cases, a third bottom-line such as a positive environmental impact may also be a consideration (Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010). Thus, a social enterprise does not exist for profit, and profitability is just the means to achieve the end (Smith, Barr, & Barbosa, 2008). Inevitably though, as “markets do not do a good job in valuing social improvements for people who cannot afford to pay” (Elkington & Hartigan, 2008), a major challenge arises for social enterprises which seek social value
creation. The challenge lies in the lack of suitable justifications and measurements for social improvement and social value creation.

In one attempt to address this challenge, social value creation is critically explored and “social bricolage is deemed to have the potential of lowering cost, reducing risk and increasing returns and legitimacy of social enterprises, thereby serving as a new form of strategic model for social enterprises” (Domenico et al., 2010). While the model does not serve as a convenient numerical accounting framework for social improvements, it has at least shown that tangible outcomes can potentially be created as a result of seemingly intangible inputs, thereby adding credibility to the endeavors of social enterprises.

**Business Enterprises**

The economic definition of business is “the purchase and sale of goods in an attempt to make profit” (Baye, 2006; Galbraith, 2007). It can also mean “the actual enterprise or establishment, which is used to create profits” (Harrison et al., 2005; Galbraith, 2007). While a business can take the form of a sole proprietorship, partnership or company (Harrison et al., 2005), the underlying aim is still to generate revenue beyond cost, and hence profits, in the long run (Baye, 2006).

Trading is at the root of all businesses, and the earliest notion of business was built around barter trade. From an economic standpoint, a firm is regarded as a nexus of contracts for trading purposes to “provide flexibility in the face of unpredictable events” (Ricketts, 2002; Baye, 2006). The gains from trade originate from the fundamental economic problem of scarcity, and comparative advantage makes trading possible and beneficial (McEachern, 2003). Hence, business enterprises are important in facilitating more efficient allocation and effective use of the limited resources available (McEachern, 2003; Baye, 2006; Galbraith, 2007).

Following the evolution of barter trade to monetary exchange, the ways of doing business have evolved and are now known collectively as business strategies. Strategies are planned decisions used to achieve certain objectives (Baye, 2006; Galbraith, 2007). In business strategic planning, the aim is none other than to maximize shareholders’ value or owner’s equity (Ross, Westerfield, Jaffe, & Jordan, 2009).

Strategy is critical in ensuring the growth of any business enterprise. The proper execution of a growth strategy requires financial, human and social capital (Bloom & Smith, 2010). While both the social enterprise and the business enterprise are value-driven in expediting growth, they are based on fundamentally different types of value and rely on different types of core capital. The value in business enterprises is typically tangible monetary returns. By contrast, social returns are at the core of social enterprises (Hill, Kothari, & Shea, 2010), and financial returns are only there to facilitate and expedite the social cause (Smith et al., 2008). Consequently, given their different operational motivations, social enterprises are less likely to attract much financial capital, and more likely to rely on available human and social capital (Wei-Skillern et al, 2007; Elkington & Hartigan, 2008; Bloom & Smith, 2010), compared to business enterprises.

**Business Entrepreneurship**

Entrepreneurs are finders and exploiters of opportunities (Sahlman & Stevenson, 1992; Rauch & Frese, 2007; Farmer, Yao, & Kung-Mcintyre, 2011) and entrepreneurship is about working towards opportunities with available resources (Sahlman, Stevenson, Roberts, & Bhide, 1999; Morris, Kurato, & Schindehutte, 2001). It is not enough to be merely able to ‘see’ opportunities because entrepreneurship encompasses both the recognition and the pursuit of such prospects (Sahlman et al., 1999; Farmer et al., 2011). When these conceptions are put into real action, regardless of success, entrepreneurship is conveyed.
While entrepreneurship may be a process of pursuing opportunities, it is more than just merely ‘getting it started’. In the extant literature, the study of entrepreneurship tends to fall within three main areas: entrepreneurial management; causes of entrepreneurship; and results of entrepreneurship (Wei-Skillern et al., 2007). There are also many existing models of entrepreneurship. As each of them focuses on a slightly different aspect of entrepreneurship, the models collectively give a good sense of the nature of entrepreneurship as a whole.

The PCDO model by Sahlman (1996) is one management-focused model on entrepreneurship. It stresses the interdependency of the people, context, deal, and opportunity, which the entrepreneur must recognize and manage accordingly in different situations (Wei-Skillern et al., 2007). In the PCDO model, the managerial ability of the entrepreneur is critical and is the key determining factor of success and progress of the entrepreneurial venture.

The five dynamics of the entrepreneurship model by Chung and Ip (2009) highlight the importance of the entrepreneur. In this entrepreneur-centric framework, the core of successful entrepreneurship lies in the personal operating system (POS) of the entrepreneur, accompanied by four other critical dynamics. This model frames entrepreneurship in terms of the skills of the entrepreneur in coordinating available resources in the context of various cultural and environmental forces.

While the Sahlman (1996) and Chung and Ip (2009) models differ in their identification of key factors, they are both entrepreneur-centric. They highlight the crucial role that an entrepreneur plays in controlling and maneuvering available resources in a dynamic environment, thus bringing efficiency and success to the entrepreneurial venture.

The Giessen-Amsterdam model (Rauch & Frese, 2000) describes the causes and results of entrepreneurship, i.e., how individual differences, known as broad and specific personality traits, affect business creation and success. In particular, “specific personality traits such as need for achievement, risk taking, innovativeness, autonomy, locus of control and self-efficacy have higher correlations with business creation and success” (Baum, Frese, & Baron, 2007) and are thus frequently the focus of analyses of entrepreneurial characteristics.

Various other views of entrepreneurship also provide additional support to such entrepreneur-centric models. According to Knight (1921), “entrepreneurs receive a return for bearing uncertainty” (Ricketts, 2002); hence, this view reinforces the risk-taking nature of entrepreneurs. Schumpeter (1943), on the other hand, views an “entrepreneur as a revolutionary, an innovator overturning tried and tested convention and producing novelty” (Ricketts, 2002); this view thus focuses on the innovativeness of the entrepreneur.

**Social Entrepreneurship**

Social entrepreneurship is frequently recognized as the use of innovative business solutions to address social issues (Robinson & Hockerts, 2006; Smith et al., 2008; Goldstein, Hazy, & Silberstang, 2010; Hill et al., 2010). It involves enterprising individuals devoting their efforts to make a difference (Robinson & Hockerts, 2006; Elkington & Hartigan, 2008), and nonprofit organizations reinventing themselves for survival and greater efficiency (Borzaga & Defourny, 2001; Robinson & Hockerts, 2006; Lynch & Julius Walls, 2009). In one working definition, social entrepreneurship is defined “as an innovative, social-value creating activity that can occur within or across nonprofit, business or government sectors” (Wei-Skillern et al., 2007).

In a particular model of social entrepreneurship, the social value proposition is positioned as the core of social entrepreneurship. In this framework (Wei-Skillern et al., 2007), which is an extension of the PCDO model (Sahlman, 1996), people, opportunity and capital serve as the supporting factors that fuel social improvement in the context of dynamic economic, political and cultural environments. As with the original PCDO model, the managerial ability of the entrepreneur is critical. However, in this
case, the success of a social entrepreneurial venture has to be framed in terms of attainment of its social value proposition.

The bounded multidimensional model of social entrepreneurship (Weerawardena & Sullivan Mort, 2006) describes social entrepreneurship as a social value-creating activity. In particular, innovativeness, ability to manage risk, and proactiveness are the critical components of social value creation in a social entrepreneurial venture.

In differentiating between social entrepreneurship and business entrepreneurship, Mair and Marti (2006) assert that “social entrepreneurship differs from business entrepreneurship in the relative priority given to social wealth creation versus economic wealth creation.” Likewise, Venkataraman (1997) argue that social wealth is the main focus in social entrepreneurship, but is only a by-product in business entrepreneurship. However, these arguments seem to imply that social entrepreneurship is merely one form of (business) entrepreneurship. Apart from the social mission, which is the most obvious feature of social entrepreneurship, there seems to be no other distinction between social entrepreneurship and its business counterpart.

Researchers also focus on the personality characteristics and traits of social entrepreneurs, which are proven to be of critical importance by many entrepreneurship studies. Yet, findings such as having a “passion to realize their vision” (Bornstein, 1998) and “possessing special leadership skills” (Thompson, Alvy, & Less, 2000) tend to be applicable to business entrepreneurs as well, and cannot be said to be exclusive to social entrepreneurs. The most distinctive feature of social entrepreneurs – having “a strong ethical fiber” (Drayton, 2002) – is nevertheless related to the social mission, thus implying an absence of significant differentiation from business entrepreneurs, other than having a heart for social causes.

Hence, this study aims to uncover more critical qualities of social entrepreneurs that might significantly differentiate them from their business counterparts. Given the distinctiveness of its purpose, social entrepreneurship warrants new conceptual understandings beyond those of the well-studied business entrepreneurship (Borzaga & Defourny, 2001; Urbano, Toledano, & Soriano, 2010). This study therefore hopes to tease out additional qualities of social entrepreneurs which business entrepreneurs do not possess, and determine how these qualities can facilitate social value creation. The key research question is thus as follows: Is social entrepreneurship merely (business) entrepreneurship carried out with a heart for the social mission, or is there more to it?

**METHODOLOGY**

**Grounded Theory Approach**

The grounded theory approach is a qualitative method most commonly used to develop new theoretical ideas. The approach was developed by Glaser and Strauss in 1967 in their seminal work, *Discovery of Grounded Theory* (Glaser & Strauss, 1967). Subsequently, Glaser and Strauss parted ways and developed their own respective Glaserian and Straussian paradigms for grounded theory. This study follows the Glaserian paradigm and uses Glaser’s (1978) concept-indicator model of theory development as the basis for data analysis. The Glaserian concept-indicator model involves the following four-stage process:

1. comparing incidents applicable to each category;
2. integrating categories and their properties;
3. delimiting the theory;
4. writing the theory.
Grounded theory, as the name implies, is a methodology that develops theory from the ‘ground’ through empirical observations. The grounded theory approach is the exact opposite of the hypothetico-deductive model of research, which generates hypotheses before verifying them with empirical observations (Locke, 2001).

For this study, the empirical data are the transcriptions of interviews with various founders, owners and senior executives of social enterprises. Following the concept-indicator model of theory development, the interview transcripts are critically analyzed and open coded (Glaser, 1978) into conceptual categories (Locke, 2001). These conceptual categories are then evaluated against data observations through selective coding (Glaser, 1978), and integrated with other categories as part of the theory development process. Eventually, the analysis is brought to closure as the theory ‘solidifies’ (Glaser & Strauss, 1967), and each category reaches the point of saturation where “subsequent data observations result in no new naming activity” (Locke, 2001).

Data Collection

This study practices open sampling, with the intention of attaining the best opportunities for collecting the most relevant data (Strauss & Corbin, 1998). With no prior theoretical focus, the only criterion for the choice of interviewees is that they must be founders, owners or senior executives of existing social enterprises. Thus, the choice of interviewees is not limited by other criteria such as the size of the social enterprise, the age of the social enterprise, and the social enterprise model adopted.

A total of thirteen founders, owners and senior executives of social enterprises in Singapore are contacted for interviews. Of the thirteen individuals contacted, ten respond positively to being interviewed. And amongst the ten interviewees, nine of them are social enterprise founders, and the remaining one other interviewee is a social enterprise senior executive who has been with the social enterprise since it was founded.

Each interview takes on a semi-structured form (Ghauri, Gronhaug, & Kristianslund, 1995). While a fixed set of guiding questions is prepared, the actual flow of the interview is open-ended in nature and allows for free responses. An in-depth interview of between one to two hours is conducted with each interviewee. The interviews adhere to the guiding principles of grounded methodology (Glaser & Corbin, 1967; Strauss & Corbin, 1998; Goulding, 2002), and involve open sharing, reduced rigidity and minimal guidance in the interview process. Open-ended questions are used as much as possible to allow generation of unguided answers, thus capturing the true opinions of the interviewees.

Interviewee and Social Enterprise Profiles

The profiles of the ten interviewees and the social enterprises that they run are as follows:

**Social enterprise 1 (SE1) profile**

SE1 has been operational since 2004. It first started out as an enterprise unit of a social services organization, but then became a separate company limited by guarantee in 2009. Currently, it offers various IT services, including IT hardware, IT support, web solutions and internet marketing for small offices. SE1 exists to generate profits which can then be ploughed back to the parent social services organization.

**Interviewee 1 (INT1) profile**

INT1 is an engineer by training. Prior to setting up SE1 as a separate legal entity in 2009, he was the executive director of the parent social services organization. In 2009, he took on the new challenge of becoming the chief executive officer of SE1.
**Social enterprise 2 (SE2) profile**

SE2 was registered in 2006 as a private limited company, although it started out as a voluntary initiative in 2000. The mission of SE2 is to break down the social stigma attached to ‘plus-sized’ women. SE2 was subsequently split into two separate legal entities, SE2A and SE2B, to overcome funding and administrative challenges.

SE2A is concerned with the mental and physical wellness of the ‘plus-sized’ female community. By offering programs and services such as makeovers, dance classes and support group meetings, SE2A seeks to restore the confidence and self esteem of its members.

SE2B aims to meet the clothing needs of ‘plus-sized’ women. It employs single mothers to tailor clothing for ‘plus-sized’ women, thus providing the former with a source of home-based income.

**Interviewee 2 (INT2) profile**

INT2 comes from a corporate background, and has diverse job experiences prior to setting up SE2. She has been a speech and drama teacher, as well as a hair and makeup stylist. She has also worked in the hospitality industry.

**Social enterprise 3 (SE3) profile**

SE3 was established in 2003 as a private limited company. It aims to meet the needs of students in mainstream schools who have learning difficulties and learning disabilities (LDs), but yet do not meet the criteria of special needs schools. SE3 deals with a whole spectrum of LDs, and comes up with appropriate interventions to enable the students to realize their potential. SE3 also channels a significant percentage of its profits to social causes that it believes in, both locally and overseas.

**Interviewee 3 (INT3) profile**

INT3 was a mainstream school teacher before she founded SE3. She is one of a few education specialists in Singapore with qualifications for both mainstream and special needs education. Over the years, INT3 has developed nine special education programs and a set of diagnostic assessment tools, to cater to the needs of students with learning difficulties and learning disabilities.

**Social enterprise 4 (SE4) profile**

SE4 was set up as a private limited company in 2006. Initially, it focused on helping Indonesian individuals with physical and intellectual disabilities to market their handmade batik products in Singapore. Currently, it works with various other marginalized communities (e.g., people living with HIV/AIDS, individuals with psychiatric disabilities, abused women, and abused domestic workers) to produce a range of handcrafted gift items. SE4’s mission is to restore the dignity of the marginalized by providing them with a livelihood generation platform through the sale of their handicrafts. SE4 also runs an outreach and educational program known as ‘Seed Planting’ in some schools, to educate the school students on the challenges faced by various marginalized communities.

**Interviewee 4 (INT4) profile**

INT4 has a corporate background, and used to work in the semiconductor industry. She first started out as a volunteer at SE4. But in 2008, she became the executive director of SE4 when the founder left the social enterprise. INT4 thus considers herself to be the second-generation leader of SE4.
**Social enterprise 5 (SE5) profile**

SE5 was established in 2008 as a private limited company, based on the innovative idea of using biodegradable hangers as an advertising medium. SE5’s product presents a win-win situation for advertisers and end users of hangers, and is also environmentally friendly. SE5 is currently working on more eco-friendly products and designs. It aims to create social value, and not just generate profits.

**Interviewee 5 (INT5) profile**

INT5 is the founding director of SE5. Although he quit his first job in 2008 to set up SE5 in 2008, he currently holds a full-time day job. His full-time job assures him of a regular income, and mitigates the risk of running a social enterprise.

**Social enterprise 6 (SE6) profile**

SE6 was registered as a limited liability partnership in 2008. It sources for handcrafted products made by various disadvantaged families and communities overseas, and sells these products to consumers in Singapore. The sale of these products creates livelihood opportunities for the disadvantaged families and communities.

**Interviewee 6 (INT6) profile**

INT6 is the founder of SE6. Prior to setting up SE6, she worked as a radio deejay. She was born in Kuala Lumpur, lived in Jakarta for a while, studied in Australia, and then completed high school in Singapore.

**Social enterprise 7 (SE7) profile**

SE7 was founded in 2001 as a company limited by guarantee. It serves as an international body, uniting toilet associations and sanitation activists from all over the world. By addressing global sanitation issues, SE7 creates synergies in information sharing and advocacy. It leverages the resources of corporations, foundations and international organizations to sustain its operations. With just a staff strength of 15, SE7 is able to reach a global audience with 235 member organizations from 58 countries. More recently, it has started on a market-based strategy to promote the growth of sanitation businesses that serve the needs of the poor.

**Interviewee 7 (INT7) profile**

INT7 was a successful businessman prior to founding SE7. In 2001, he decided to leave the ‘rat race’ of the private sector, and to focus on doing social good.

**Social enterprise 8 (SE8) profile**

SE8 was set up in 2008 as a partnership involving three youth. It aims to provide free school shoes to children in poor rural regions in China. This is achieved with a ‘buy one give one free’ concept; i.e., for every pair of shoes purchased by a consumer in Singapore, a pair of shoes would be offered free to a disadvantaged child in rural China. The free shoes provided to the children in rural China make it much easier for the children to walk to school every day, thus making education more accessible to them.
Interviewee 8 (INT8) profile

INT8 is one of the three founding partners of SE8. He has just completed his education in a polytechnic in Singapore. At age nineteen, INT8 has already chalked up three years of co-running SE8.

Social enterprise 9 (SE9) profile

SE9 was established in 2004 as a private limited company to create employment for marginalized individuals. It offers catering services, as well as deliveries of packed food. SE9 proactively hires ex-offenders, single mothers and intellectually challenged individuals. The ratio of employees who are marginalized to employees who have been hired from the open job market currently stands at 60:40.

Interviewee 9 (INT9) profile

INT9 was previously a banker. He left the banking sector in 2006 to manage SE9 full-time as its executive director.

Social enterprise 10 (SE10) profile

SE10 was set up in 2002. It is registered as a private limited company. SE10 is an education center that aims to improve the English proficiency of its students. However, its mission is not only to improve the students’ academic performance, but also to expose them to various global social issues and problems, instill greater empathy in them, and inspire them to become change makers.

Interviewee 10 (INT10) profile

INT10 is one of the founding directors of SE10. He oversees curriculum development at the education center. Prior to co-founding SE10, INT10 was a teacher in a government school.

OBSERVATIONS

In line with the first stage of the concept-indicator model of theory development (Glaser, 1978), a series of categories or key observations are derived from content analysis of the interview transcripts.

Observation 1: Monetary rewards are not the main motivating factor for social entrepreneurs.

Most of the interviewees point out that money is important for the survival of the social enterprise. As INT8 puts it:

“…we need to be profitable first and need to be sustainable. Social enterprise is still an enterprise.”

It may even be argued that money is the number one bottom line, as INT9 suggests:

“It has to be for money first, if it is the other way round, then you end up like a charity. The eye for money must be first, pinnacle…

However, INT9 then quickly qualifies that:

“…whether it is money for profit or money for revenue, they are different things.”
Thus, while money is critical for social enterprises to survive, social entrepreneurs are driven by motivational factors other than the desire for personal monetary rewards. This perspective is articulated by INT1:

“…I know I wanted to do something more than making big bucks…for individuals who want to be social entrepreneurs, they must be very clear about their passion and so much driven by it, that they are prepared to move against the tide and do the most ridiculous things to achieve it.”

This perspective is also held by INT2:

“Money cannot be the factor that drives you to do this because you will not see the money. So, if you don’t see the money over a long period, you will just give up.”

“I get no pay! I have not been paid for 5 years!”

“You must believe, you must have the vision and the faith that it will go far. I would say that from day one when I started the social enterprise, though I don’t see the money yet, it has progressed.”

In short, INT2’s comments suggest that personal monetary rewards are not critical in motivating social entrepreneurs to persevere in their social entrepreneurial efforts.

Furthermore, profit maximization is also not the main consideration for the social enterprise. As INT9 suggests:

“…we are not here to make profit; we are here to make money but not profit. If I want profit, I can sack them (marginalized individuals) and hire three foreign workers and I get value for money already.”

In the same vein, INT6 comments that:

“…in the corporate world, you are just making rich people richer, but for social enterprise, you know you are really making a difference in someone’s life.”

Similar sentiments that downplay the importance of personal monetary rewards and enterprise profits are expressed by INT3:

“…should there be any profit, we will channel part of it to social causes. Like last year, we actually channeled about 40% of our profits to a micro financing project in Myanmar.”

“You need to have your passion, and your passion and your dreams must be bigger than yourself and the money.”

“A social enterprise's core purpose is to do social good, to meet the gaps in the society; but at the same time you can make money. The money is just a means to the end, not the end product.”

Likewise, INT8 concurs that:

“My personal take on this is ‘what is the main driving force when you first started the organization?’…I want to make social impact. So, that is my number one: doing good; also I need to do well.”

In summary, monetary rewards are not the main motivating factor for social entrepreneurs, as INT1 aptly asserts:

“When your corporate objective is totally in the same direction as your personal objective, you are likely to be prepared to work for free because everything that you do energizes you…”
Observation 2: When social entrepreneurs see social gaps, they feel motivated to act and to address those gaps.

The second observation is related to the visions of social entrepreneurs. INT7 suggests that social entrepreneurs have to be:

“…believers; dreamers; people who dream and believe in their dreams and would die for them…”

Social entrepreneurs are visionaries who aim to bring social good to the community. They first see the gaps in the current social system, and then determine what needs to be done. The process of recognizing these social gaps takes time, and according to INT2, it requires substantial ground experience and understanding:

“…along the way, I realized one of the major issues that affects the self-esteem of ‘plus-sized women’ is their clothes. Because the clothes are a problem, I used to import them from the United States. Even then, they were very limited in design…”

In a similar vein, INT3 talks about a social gap in children’s education:

“I knew there was a gap that was huge in the market, conspicuous actually; the needs of children with learning difficulties and disabilities were not being met…”

The identification of a social gap is usually followed by detailed investigation and careful framing of the issue. As INT3 elaborates further on children with learning difficulties and disabilities:

“…many of them have a lot of potential, and many of them have mild to moderate learning difficulties and learning disabilities.”

INT6 agrees on the importance of correctly framing the issue:

“We mainly want to help kids, and we find that in order to help kids, we must first help their parents, the adults.”

While social entrepreneurs are not the only ones who see social gaps, most other individuals who are aware of social problems actually do not take the initiative to address them. As INT7 highlights:

“…the failure is when you don’t talk about it, you don’t handle it…yet you are aware that it exists but you leave it alone.”

Thus, social entrepreneurs are unique and they differ from most other individuals. When they perceive social gaps, they feel driven to address them. As INT9 points out:

“The fact that you are addressing a social gap/issue which has not been addressed in the past; it shows that you look at things from a different angle.”

Observation 3: Social entrepreneurs create opportunities to generate social value.

Although social entrepreneurs see social gaps and endeavor to address them through their social enterprises, the world and the market often do not share the same conviction or commitment. As INT1 points out:
“From the social enterprise point of view, these (i.e. social gaps) are your drivers, the strong reasons why you exist, but if you don’t meet your KPIs (key performance indicators), you can only dream about addressing these social gaps.”

Doing social good does come at a financial cost. Although social entrepreneurs aim to create benefits for the community, they do have to deal with the tough realities of sustainability and survival in the market. INT1 highlights the greater challenge of running a social enterprise, compared to running a charity:

“Actually, totally different mindsets are required. A charity requires a mindset that is community-based and very giving. A social enterprise requires a mindset of being in touch with the real world and with the demands and expectations of the business world.”

A social enterprise can be seen as a paradox. The act of benevolence in the competitive business sector is almost an unimaginable proposition. Hence, social enterprises are often misunderstood, and they frequently struggle to survive in the market-driven environment. Regardless of all the difficulties and challenges faced by social enterprises, they ultimately exist to advance social causes. As INT1 articulates:

“…as much as we all want money to meet the bottom-line, it is not just about that. It is actually the mission, the cause or the passion…”

The ability to see opportunities in improbable places is perhaps what makes a social entrepreneur different from a business entrepreneur. Social entrepreneurs seek opportunities to generate social value. In some instances, opportunities are not just presented to social entrepreneurs, but are created intentionally. For example, INT4 shares that:

“Last time, we bought patchwork soft toys with cotton stuffed into them. Now, we tell them not to put the cotton in. We let the individuals with special needs here do it…”

Likewise, INT7 points out frankly that:

“I don’t do operations, I am not operational, and I am not managing. I am creating opportunity and innovating.”

In other cases, opportunities are created unintentionally, as a consequence of some decisions being made. For instance, INT2 shares that:

“…Then, I decided to stop buying from the United States, did my own designs, brought them to Bangkok, and got the dresses made there. Then, it struck me that, rather than me helping women in Bangkok, why do I not help the women back in Singapore who need a home-based job?”

Nevertheless, not every innovative idea results in a viable opportunity, as INT8 points out:

“Sometimes, we don’t get what we want and we have to make do and innovate with what we have…”

To sum up, social entrepreneurs address social gaps and bring about social good by innovating and creating opportunities, both intentionally and unintentionally. As INT10 highlights:

“…for a social enterprise, the level of innovation needs to be higher because the profit margin is lower. And creating social value definitely comes at a price. I find that we need a lot of smart solutions not involving money to address problems.”
Observation 4: Social entrepreneurs have stories to tell.

Observation 4 has a different focus, in comparison to the first three observations. This observation is related to the warm personalities of social entrepreneurs. All of the interviewees show no arrogance and are very willing to share their stories and experiences. According to INT10:

“...a good enterprise comes with a story behind it...it has to be inspirational. This story has to be strong...when challenges come, you have to make the hard decision between social and economic goals; it is only the story that will compel you to go over to the social side.”

Without a strong emotional conviction for a social cause, it is difficult for a social entrepreneur to overcome all the challenges of setting up a social enterprise, especially when there is little or no personal monetary reward. For example, INT1 shares that:

“...I would be just one of many trapped in a disadvantaged position and continue to be stuck in this vicious cycle into the next generation. But I was very blessed that I was given an education...So that made my decision. My decision was to be able to make a difference to the next generation.”

Likewise, INT9’s personal story is the reason why he has ventured into social entrepreneurship:

“...I came from a background in which I was surrounded by the bottom 20% of the population, and I know that the biggest challenge for them is to get a job...”

Sometimes, the social entrepreneurs’ personal stories develop as a consequence of their intentional pursuits. For instance, INT8 shares that:

“I was skeptical and I went on a humanitarian trip myself. That was when I saw with my own eyes how poverty is so real in the rural parts of China, even when people think that China’s economy is booming...”

Likewise, INT4 points out that the genesis of SE4 can be traced to an overseas trip made by SE4’s founder:

“...at that time, he thought how he could help them more. He would go to the overseas destination once in a while, and he would help them by buying their products. Otherwise, they would just sit there and wait for tourists to come. So, he thought why not bring their products out of their country. He could help them market their products in Singapore. So that was how it started...”

At other times, the social entrepreneur’s story centers upon a search for a more meaningful existence. According to INT7:

“I think, for me, it is to search for meaning. I want to feel useful before I die, to do something of that kind.”

Thus, social entrepreneurs do have stories to tell, in relation to why they have embarked on social entrepreneurship. These stories eventually become an important part of what defines these social entrepreneurs, and offer insights into what motivate them towards their social goals.

Observation 5: Social entrepreneurs do not seek to replace existing institutional systems.

The fifth observation suggests some level of congruence between social entrepreneurs’ work and the prevailing institutional systems. While social entrepreneurs aim to address social gaps, they may not
be inclined to replace existing institutional systems that are working quite adequately. Perhaps, it is also an issue of resource limitations, as INT6 aptly puts it:

“I tapped on the existing system and skills because there is no point setting up a new thing and it is really hard to do it alone.”

INT3 concurs:

“…our aim is not to replace the education system. Our aim is to provide support so that they (i.e., students with learning difficulties and disabilities) can cope with the mainstream system.”

While social entrepreneurs are commonly known to be innovators and change makers, they may not seek to remodel systems and frameworks that are already working somewhat. Instead, they are more likely to be first movers in the market, as INT2 points out:

“The strength is probably because we are the pioneers, always with fresh ideas and always very unique…”

In other words, if there are already existing and functional models targeting a particular social problem, there would be limited room for social entrepreneurs to operate in. INT4 elaborates as follows:

“So in Singapore, we work mostly with individuals because Singapore charitable organizations are well-established. The government also encourages charities to set up their own social enterprises, a bit like what we are doing. So, we work with and meet the needs of those individuals who are not beneficiaries of any organization.”

There are instances, though, when social entrepreneurs do attempt to modify existing systems that are deficient. For instance, INT10 explains that:

“Our aim is to kill the tuition market, not to encourage it. Tuition is a symptom. People only go for tuition because the public school system is not working for them…therefore, private tuition entities should not do the same job, but play an enhanced role.”

Observation 6: Social entrepreneurs do not seek to dominate the market.

Social entrepreneurs also come across as non-dominating in the way they carry out their work. INT1 explains the social entrepreneur’s approach as follows:

“…finishes with a successful project and is basically prepared to walk away from it and say you can run it. I am more interested in starting a new one, because the entrepreneurial spirit is about turning a good idea or a silly idea into reality.”

Social entrepreneurs do not have a high level of need for power and do not desire to take credit for the work that they do. They are more concerned about the end state, regardless of who achieves it. As INT2 shares:

“I don’t see anything as a threat. In fact, I welcome people to do what I am doing. To me, that shows that the idea works. I don’t see it as a threat.”

Thus, social entrepreneurs do not seek to dominate the market or to build up power. They are simply creators and movers of socially-driven market solutions. While scaling up and growing the social
enterprise may be one way to further the cause, it is never the core objective of the social enterprise. INT3 paints a contrasting picture of business enterprises:

“…in our field, in the private sector, you only find one to two players, because they don’t like to share.”

This difference is quite obvious. For business enterprises, profitability is affected if there is competition in the market. In the case of social enterprises (where profitability is not the prime concern), having more social enterprises do the same task actually accelerates positive social change, and ‘competitors’ are welcome as long as they are also socially inclined. As INT6 explains:

“I believe that we can work much more effectively and efficiently with other organizations, working in teams and not going in there and setting up my own centre.”

INT7’s opinion on potential ‘competition’ is as follows:

“Even if they are not in touch with us, as we are all doing the same thing, we are collaborators. All we want to do is to advance the mission; the faster the better, and the more people the better.”

INT10 concurs:

“…they wanted to do the same thing. It seems that this is exactly the kind of direction that people want to take. I am glad it has started to work because we did it first. Now, we have a solution for something practical.”

In summary, social entrepreneurs do not seek to dominate the market. Neither are they bothered by the entry of potential ‘competitors’, as the presence of more players means that the social gaps can be addressed sooner.

**Observation 7: Social entrepreneurs create the conditions to enable people to empower themselves.**

Finally, the interviews indicate that social entrepreneurs create the necessary conditions which enable people whom they work with to empower themselves. As INT2 aptly expresses:

“In fact, I need to create another twenty to thirty of me…tonight, I invited a group of people whom I have worked with over the years. I see the progress they have made. They are considered friends, and I am going to get them to help others empower themselves now.”

Clearly, empowerment is critical in advancing a social cause and accomplishing a social mission. And a social entrepreneur creates the opportunities for the empowerment of others to take place. Eventually though, empowerment can only occur if the individual is willing to empower himself or herself. Social entrepreneurs can only take the lead and create the necessary conditions to facilitate the empowerment of other individuals.

Delegation of responsibility is one strategy that social entrepreneurs often adopt to encourage employee empowerment. For instance, INT1 has this to say about the employees of SE1:

“They are actually miniature models of us social entrepreneurs. In their own capacity, they are really driven and motivated.”

Likewise, INT7 observes the following in the employees of SE7:
“They don’t fully know what to do, but they will figure it out. Let them have the full autonomy there. I very seldom go down with them. They figure it out. I send them people who know and then they talk to them. They partner the technology people or partner whoever is there.”

In a similar vein, INT6 has the following comments on the volunteers with SE6:

“…for those who are really passionate about it, they can submit ideas on how to make things better, which is what a lot of volunteers have done in the past, and then we work towards those ideas together.”

In short, social entrepreneurs encourage the people they work with to take ownership of the tasks at hand. Thus, INT7 points out that:

“So, the approach is not to own the subject but to give ownership of the subject to the people.”

Similarly, INT4 believes that:

“Our mission is to teach them how to fish rather than give them fish. And in terms of our vision, we hope that we can restore dignity to the people.”

Encouraging individuals to take ownership also extends to helping the individuals build up their confidence to cope with future challenges ahead. For instance, INT9 comments that:

“We don’t want them to stay here forever. What we want is that when they have worked for two to three years, we ask them whether they can go out (to work).”

Likewise, INT3 points out that:

“We target what we call underlying learning skills. We teach them how to learn, so that would in turn affect how they do in all other subjects.”

In short, the empowerment of others is aptly described by INT8 as follows:

“I always believe that you can’t just give to people; you need to know how you can get them to empower themselves…”

And on a related note, transmitting the passion and drive of the current generation of social entrepreneurs to the next generation is also critical, as INT7 points out:

“…still, we need second-generation leaders. I don’t think it will be a one-person thing; it will be a lot of people and the more the better…”

CONCEPTS

In line with the second stage of the concept-indicator model of theory development (Glaser, 1978), related observations are grouped together to form a series of key conceptual ideas on social entrepreneurship. Specifically, the seven observations are collapsed into five key concepts.

Concept 1: Social entrepreneurship is only motivated by non-monetary social improvement (based on Observations 1 and 2).

This first concept is derived from observations 1 and 2. It brings together the assertions that social entrepreneurs are not motivated by personal monetary rewards and that they are motivated to address the social gaps which they see. While Concept 1 may seem like stating the obvious, the key
idea proposed here is that social improvement is the one and only source of motivation for social entrepreneurs.

While social entrepreneurs’ financial concerns are critical and valid, the need for money exists only to the extent of sustaining the social mission. Personal monetary rewards are not seen as the primary source of motivation for social entrepreneurs. To social entrepreneurs, money is just a means to an end, and the end goal is social improvement for the community. Money is mentioned by social entrepreneurs only because of the current nature of the market. Indeed, without money, it is difficult for a social enterprise to be sustainable.

Concept 2: Social entrepreneurship is about creating opportunities to generate social improvements (based on Observation 3).

Concept 2 is a reiteration of observation 3. Social entrepreneurs create opportunities to address the existing social gaps that they see. While business entrepreneurs exploit available market opportunities, social entrepreneurs need to create opportunities (because if there were obvious market opportunities for social improvement, then social gaps would not exist). Furthermore, the market typically does not value social improvement very much. Therefore, social opportunities in the market have to be developed, more often than not, from scratch through social entrepreneurship.

Concept 3: Social entrepreneurship is about creating social awareness (based on Observation 4).

A deeper understanding of observation 4 yields the third concept. Social entrepreneurs have inspiring personal stories, and are willing to share their stories. Social entrepreneurs’ enthusiasm to share their stories is likely driven by their concern to generate greater awareness of perceived social needs and gaps, and of their efforts to address these gaps and create social improvements. In particular, their stories raise public awareness of the social causes that they engage in, and potentially inspire other individuals to support or get involved in these social causes.

Concept 4: Social entrepreneurship transcends the social enterprise (based on Observations 5 and 6).

The fourth concept is derived from observations 5 and 6. These two observations suggest that a social entrepreneur does not position the social enterprise at the core or as the most important entity. The social entrepreneur’s willingness to work within existing institutional structures and systems, and the social entrepreneur’s lack of desire to dominate the market, both imply that the social enterprise is merely a tool to achieve an ultimate social aim. In short, social entrepreneurship is not about the social enterprise. The social enterprise is just a platform which the social entrepreneur uses to address social gaps and create social improvements.

Concept 5: Social entrepreneurship transcends the social entrepreneur (based on Observation 7).

The final concept is based on observation 7. The social entrepreneur’s quest to see others experiencing empowerment and taking ownership suggests that social entrepreneurship transcends the social entrepreneur. In addressing social gaps and creating social improvements, social entrepreneurs are constantly aware that they need to create conditions that allow the people whom they work with to empower themselves. Social entrepreneurs aim to see people ultimately taking ownership of their lives. Social entrepreneurs also recognize that having more individuals on board to champion specific social causes is a good thing, as social gaps can be addressed sooner. Additionally, social entrepreneurs are keen to inspire and nurture the next generation of social
entrepreneurs, with the drive and passion to emerge as the community’s future change makers. In short, social entrepreneurship is not entrepreneur-centric; i.e., social entrepreneurship transcends the social entrepreneur.

PROPOSITIONS

In line with the third stage of the concept-indicator model of theory development (Glaser, 1978), a series of theoretical propositions are developed through the processes of conceptual reduction and theory delimitation. Specifically, three propositions on social entrepreneurship are derived.

Proposition 1: The motivation for social entrepreneurship is to address existing social gaps (based on Concept 1).

The first proposition posits that the motivation for social entrepreneurship is to address existing social gaps in the community. As concept 1 points out, the driving force of social entrepreneurship is a desire to address unmet social needs and create social improvements. Unlike business entrepreneurship, social entrepreneurship is not driven by monetary rewards and profits.

Proposition 2: Social entrepreneurship is about creating opportunities to achieve social missions (based on Concept 2).

The second proposition postulates that social entrepreneurship is about creating opportunities to achieve social missions. As concept 2 suggests, social entrepreneurship is not about exploiting opportunities to generate profits, but about creating opportunities to address social gaps. By contrast, business entrepreneurship is commonly understood as exploitation of opportunities in the market. Specifically, business entrepreneurs enter the appropriate market segment at the right time, with the aim of maximizing profits.

While both business and social entrepreneurs share common attributes such as innovativeness, proactiveness and risk-taking nature (Baum, Frese, & Baron, 2007; Weerawardena & Sullivan Mort, 2006), these attributes are put to use in very different modes of action. Business entrepreneurs focus on exploiting existing or emerging market opportunities. Social entrepreneurs, on the other hand, understand that existing market opportunities are relevant to profit-making but not appropriate for addressing social gaps. Thus, social entrepreneurs work towards creating opportunities that can help them attain their social missions.

Proposition 3: The desired results of social entrepreneurship are social awareness and empowerment within the community (based on Concepts 3, 4 and 5).

The final proposition posits that the desired results of social entrepreneurship are higher levels of social awareness and empowerment within the community. As concept 3 suggests, social entrepreneurs not only create greater public awareness of the social causes that they champion, but also inspire other individuals to step forward as change makers.

Furthermore, concepts 4 and 5 suggest that social entrepreneurship transcends the social enterprise and the social entrepreneur; i.e., the social enterprise and the social entrepreneur are clearly not the core focus. Social entrepreneurs do not expect their social enterprises to dominate the market, and are willing to work within existing institutional systems to bring about positive social changes. Additionally, social entrepreneurs are mindful of creating conditions that enable others within the community to empower themselves and to take ownership of their lives.
Thus, the desired results of social entrepreneurship are very different than those of business entrepreneurship. In the context of business entrepreneurship, market domination and accumulation of market power are important in enhancing profitability and maximizing the monetary returns of the owners (Jin & Way, 2010; Avishalom, 2010).

**THEORETICAL MODEL**

In line with the final stage of the concept-indicator model of theory development (Glaser, 1978), a theoretical model of social entrepreneurship is proposed. Specifically, a process model of social entrepreneurship is developed from the three propositions (see Figure 1 below). This model highlights the circularity of the process, from the initial motive of embarking in social entrepreneurship, to its course of action, and finally to the resultant outcome which generates more social entrepreneurial motives.

As can be seen in Figure 1, the motivation for social entrepreneurship is derived from the social entrepreneur’s recognition of existing social gaps. This motivation drives the social entrepreneur towards innovative action, specifically, creating opportunities to address those social gaps. The act of social entrepreneurship results in higher levels of social awareness and empowerment within the community. These positive results of social entrepreneurship generates a virtuous cycle of more socially aware individuals recognizing other unmet social needs and feeling motivated to address these social gaps.

![Figure 1: Process Model of Social Entrepreneurship](image-url)

- **MOTIVATION**: Recognition of existing social gaps
- **ACTION**: Creating opportunities to address gaps
- **RESULT**: Social awareness and empowered individuals/groups

The motive of social entrepreneurship drives innovation.
The result of social entrepreneurship stimulates further recognition of unmet social needs.
The act of social entrepreneurship promotes social awareness and empowerment of others.
REFERENCES


