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THE UPWARD SPIRAL OF INNOVATION IN NONPROFIT ORGANIZATIONS: BRIDGING THE GAP BETWEEN SOCIAL ENTREPRENEURSHIP AND SOCIAL INNOVATION

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SUMMARY: This paper compares the entrepreneurial and innovative performance of three nonprofit organizations: a humanitarian NGO, an employment coop and a community association. We first examine four dimensions of innovation: the services they provide and the management tools they use as studied by social entrepreneurship; their community and their social impact as analyzed by the social innovation movement. Grounded in these case studies, we then identify four levels of innovation connecting and structuring these four dimensions together: adaptation of “means to an end”, “community mix of means and ends”, “opening of the borders” of the organization and “back to economics”. These transitions participate in what we identify as an upward spiral bridging the gap between social entrepreneurship and social innovation.

INTRODUCTION

“Doctors without borders” is a well known medical NGO mobilizing 600 overseas volunteers. “Dynamic Services” is a business and employment cooperative helping 20 people to become entrepreneurs. “Home” is a community NPO with 30 activities, 60 paid workers and 1500 members. Which one of these nonprofit organizations is the most entrepreneurial? Which one is the more innovative?

Entrepreneurship can be defined as the creation of a new venture based on innovation (Schumpeter 1935; Bygrave & Hofer, 1991). Nonprofit organizations (NPOs) obviously involve the creation of a new venture, but their level of innovation has always been difficult to conceptualize and to measure. Innovation can be defined as the introduction of new ideas and new practices transforming organizations and their environment (Schumpeter 1935 ; Degenne & Forse, 1999). As far as nonprofit organizations are concerned, two bodies of literature address this dimension: the “*social entrepreneurship*” approach and “*social innovation*” movement. Social entrepreneurship is said to have provided nonprofit organization literature with a “second wind” based on innovation. Different definitions come with different borders, the original American approaches of this concept are about the hybridization of new means and new resources in order to achieve the social purpose of the organisation more efficiently (Dees 1998; Johnson, 2000; Townsend and Hart, 2008). The European movement of social innovation emphasizes the collective dimensions of nonprofit organizations and their impact on their territories (Cloutier, 2003; Defourny and Nissens, 2011). Combining views about entrepreneurship in nonprofit organizations, we identify four dimensions of entrepreneurship and innovation in nonprofit organizations: the services they provide, their management, collective action and their social impacts on the territory.

Acknowledging the diversity of NPOs’ innovations, can we compare the level of entrepreneurship of different organizations? This paper explores such questions in practice. The present research is based on three different cases studied through observations, semi-directive interviews and document analysis (Denzin & Lincoln, 1994). Firstly, we briefly examine the four different dimensions of entrepreneurship and innovation studied by nonprofit theory and then present our three cases. Grounded in these fields (Glaser & Strauss, 1968), we propose a new model articulating and ordering the four dimensions, considering a process going from efficiency to social and institutional change.

1. DEFINITION FRAMEWORK

Entrepreneurship is about creating and developing organizations exploring new ways of doing things. We begin this literature review with a multidisciplinary overview of nonprofit organizations establishing four dimensions. We, then, examine the US social entrepreneurship movement and the European tradition of social innovation, we question how entrepreneurship can be brought into each of the different dimensions we identify.

1.1. Entrepreneurship and innovation

Entrepreneurship can be defined as a core of activities related to the creation and development of a venture. The entrepreneur stands, above all, as someone innovating, (Schumpeter, 1935) taking risks (Mill, 1848) and always looking for new business opportunities to seize (Cantillon, 1755; Say, 1803). These approaches introduced by classical authors from past centuries still constitute the heart of entrepreneurship literature. For many authors, these activities are part of the creation process (ex. Gartner and Gatewood, 1992). For others, the entrepreneurial phase carries on as long as the entrepreneur keeps taking risks, seizing new opportunities and developing his venture (Shane and Vankatamaram 2000). The authors from the “classical” approach still want to evaluate the entrepreneurial process in terms of growth. Others argue that all entrepreneurs are not always looking for profit and growth, they can have other motivations, aspirations and abilities, they can imagine and realize different visions (Naffziger and al., 1994 ; Valéau, 2001). For Gartner and al. (1994), entrepreneurship remains a fundamentally idiosyncratic phenomenon.

Authors such as Gartner (1990) have always kept the door of the field of entrepreneurship open to NPOs, but it is only during the last decade that this issue has been institutionalized as part of a new stream of research labelled “Social entrepreneurship” Social entrepreneurship research aims to study a large variety of activities developed along a continuum going from for profit organizations wishing to endorse more responsibility to the non profit sector, even including the public sector trying to become more efficient. (Dees 1998 ; Johnson, 2000 ; CCSE, 2001 ; Townsend and Hart, 2008). Social entrepreneurship was originally defined by Dees (1998, p 4) as organizations *“adopting a mission to create and sustain social value (not just private value), recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.”* Social entrepreneurship is often defined by referring to its goals as, the use of entrepreneurial behaviours for social purposes (Hibbert, Hogg, Quinn, 2002) and an attempt to solve social problems creatively and efficiently (Johnson, 2000).

The social innovation movement comes from a different tradition that can be related to “social enterprise”, a tradition mainly anchored in Europe. Defourny and Nyssen (2011, p5) define social enterprise as *“not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity”*. This definition connects to social innovation. Cloutier (2003, p1) conceptualizes the latter as *“a cooperation between different actors as much as its results obtained, often immaterial and intangible. In the long term, social efficiency can go beyond the initial project, tackling social equilibrium to become a source of social transformation contributing to the emergence of a new model of development.”*

Social entrepreneurship is about looking for efficiency and productivity from an economic and management point of view. Following a sociological approach, social innovation promotes collective action and social change. We now reconnect these two approaches with a multidisciplinary framework of research.

1.2. Non profit literature

The non profit sector has been seen as a major challenge for management sciences, as these have been designed to study “for profit” companies. One of the main issues is the development of a concept of performance that doesn’t refer to the maximization of profit. A second issue consists of considering organisations driven by values as well as goals.

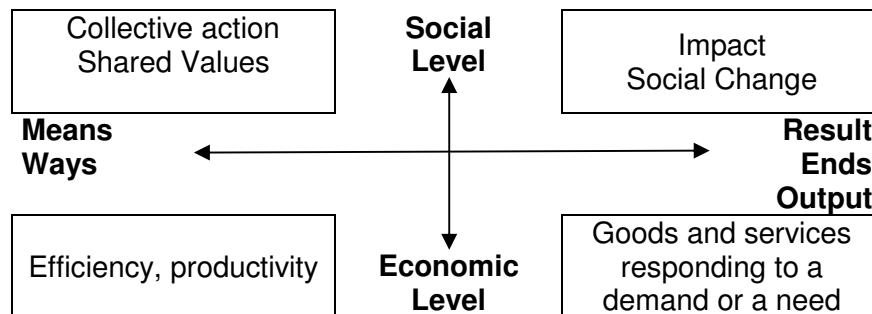


Figure 1. Dimensions of NPO (Valéau, 2003, 2010)

From an economic point of view, NPOs are organisations producing goods and, more often, services supplying demands ignored by the private profit sector and public services (Salamon and Anheir, 1997). With this in mind, the economic view of NPOs is concerned with the added values of this production. One difficulty is the identification of “customers”, as those who pay are not always those who benefit from these activities (Boncler & Valéau, 2010).

Management Sciences try to assess the level of efficiency of these organisations (Herman, 1994; Brudney, 1994). This approach will often involve a ratio confronting the output produced with the means invested. This management approach still wonders how to measure the value of the services provided. Its main inspiration comes from the business world, considering NPOs as organizations almost of the same nature.

The sociological view analyses NPOs as a social network integrating individuals within the society (Laville and Sainsaulieu, 1997). NPOs reintroduce into modern society, a primary socialization similar to that which traditional societies used to provide. This sense of belonging integrates paid workers as well as volunteers (Van Vuuren et al, 2008). According to this approach, the performance of these organisations relies, beyond activities, on the collective dimension of the way they work.

Other sociologists identify NPOs as agents of change: most of them may be more or less directly and more or less explicitly working for a “better world” (Cooperrider and Passmore, 1991). Different NPOs may target different changes: some are trying to change people’s mentality; others want to alter their behaviour. These actions involve very open and sometimes indirect impacts, and as such remain very difficult to measure (Ebrahim & Rangan, 2010).

These dimensions represent different views highlighting different aspects of NPOs' nature and of NPOS' diversity as all of them do not share the same priorities (Valéau, 2003). Indeed each of these four dimensions can be improved, exploring new ways of development. With this in mind, we aim to compare and evaluate three very different nonprofit organizations according to these four set of criteria.

2. METHODS

Our sample is composed of three case studies deliberately chosen for their diversity (Morse, 1994). For comparison purposes, we decided to include Médecins Sans Frontières (MSF, table 1.1.), one of the largest, oldest and most well known humanitarian NGOs, a very small coop (table 1.2.) with 20 paid workers and a budget of 150 000 euros and a bigger community nonprofit organization (table 1.3.) with 60 paid workers and a budget of 880 000 euros.

Table 1. Sample

	Sector	Number of paid workers	Number of volunteer	Number of beneficiaries	Date of creation	Budget in euros
1.1. Médecins Sans Frontières	Humanitarian Action	120	500	Thousands	1960	183 millions
1.2. Dynamic Services	Cooperative	20	5	20	2008	150 000
1.3. Home	Community service	60	20	1500	1988	880 000

The phenomena studied in this research are related to entrepreneurship and innovation. These multidimensional concepts, as defined above, cannot be studied using just one method. For MSF (table 1.1.) and Dynamic Services (table 1.2.), our data collection combined semi-directive interviews, observations and document analysis. Interviews were conducted in the field with members of the board and executive managers that could be identified as part of the entrepreneurial team of the organisation. The interviews always started with an introduction of the NPO, our first question being: "Can you give me an overview of your NPO?"; "Can you identify the important steps that have shaped its development?" Semi-directive interviews were used to induce trust in order to obtain testimonies that were as detailed as possible. These semi-directive interviews were combined with observations allowing us to perceive innovations that may not be identified as such by our respondent. Last but not least, we used documents such as internet sites and transcriptions of official statements. These arte facts played an important part along with observation and interviews. Beyond the information they provided, we analysed them as communications supporting the official and public sense of the innovations observed. The study of Home (table 1.3.) was relatively different as the author has been member of the board for several years. We combined document analysis with participant observation.

Qualitative research is a piece of craftwork that has its limits as well as its strengths and our categories and models may not be absolutely universal. Other research with other samples may discover other elements that could necessitate revisions (Yin, 1984). Statistics would be useful

to measure the frequency and probability of the cases identified. Nevertheless, the propositions formulated in the next section compose a “grounded theory” (Glaser and Strauss, 1967) explaining the diversity of our three cases sample (Guba and Lincoln, 1994).

3. RESULTS

We introduce our results in the form of tables combining documents and discourse from the three organizations under study. We follow the four dimensions defined in table 1: goods and services, management, community and social change. We remain as descriptive as possible, finishing each subpart with perspectives preparing the discussion.

3.1. Innovations in goods and services

Innovation in the business world often values new technologies. Entrepreneurship from the nonprofit world has many examples of new services that don't rely on latter. As stated by the nonprofit organization literature, these services are created to answer needs forgotten by markets and governments. Here are three illustrations.

Table 2. Goods and services

Summary	Cases
2.1. MSF	<i>“Médecins Sans Frontières is an international, independent, medical humanitarian organization that delivers emergency aid to people affected by armed conflict, epidemics, healthcare exclusion and natural or man-made disasters.” (www.msf.fr)</i>
2.2. Dynamic Services	<p><i>“Business and employment co-operatives are the latest thing to hit business incubation. Since they were first started in 1996, a wave of some 70 has sprung up. They are present all across France, have crossed the border - there are eight in Belgium and ten in Sweden - and with EQUAL's help are now spreading further afield.” (http://ec.europa.eu/employment_social/equal)</i></p> <p><i>‘This business and employment coop is designed for entrepreneurs who wish to live on their know-how in a more autonomous manner, yet without creating a business as such. They will be able to become at the same time entrepreneur and paid workers in the sector of home care services. Activities registered are home tutoring, small works, gardening, cooking, administrative assistance.” (www.entreprise-reunion.re/cid96152/dynamiques-services.html)</i></p>
2.3. Home	<i>“Home provides more than 40 activities for 1200 beneficiaries. The activities are available at Home and in the different schools of the neighborhood: English, baby gym, reading, computer, drums, guitar, dance, fitness, football, karate, philosophy, Russian, salsa, career advising, job insertion, chess, teenage camps, etc.” (www.esse-lamontagne.com)</i>

MSF (table 2.1.), also known as “Doctors Without Borders” or the “French Doctors” is known to have, with other NGOs, invented the concept and practice of humanitarian emergency action. A few doctors, including Kouchner et Emmanuelli, two future ministers of the French government went to Biafra and started to help people suffering from starvation. As article 1 of their mission statement asserts (table 2.1.), the innovations consisted of, first bringing the service to places where no one else would, secondly doing so very quickly, thirdly doing so even when the authorities disagreed, and fourthly informing the rest of the world about what was happening. These four values still inspire MSF’s action. These four innovations have become the basis of humanitarian action as we still know it.

Dynamic Services (table 2.2.) is Reunion Island’s first service and employment cooperative. This status defined by European law, is quite new (table 2.2.). Dynamic Services can be identified as a pioneer. A cooperative is an association of persons united to meet their common economic and social aspirations through a jointly-owned and democratically-controlled enterprise (International Co-operative Alliance, 2011). Business and Employment Cooperatives such as Dynamic Services offer prospective entrepreneurs the opportunity to begin their venture as paid workers (Equal, 2007). Their salaries and associated taxes are paid from their revenue, with 12% being given to finance the coop. The latter will in return provide them with full services including offices, insurance, administration, accountancy and training. The so called “paid entrepreneurs” participating in Dynamic Services coop develop their activities within the sector of “home care services” i.e. services that can be performed at the customer’s home such as shopping or gardening (table 2.2.). The French government has targeted this sector as one of the most promising for the coming decade in terms of employment opportunities. Some of these activities, like gardening, have always existed within the informal economy, but others, like home beauty treatments, are more innovative. One of the French government’s objectives is to make this sector as attractive as possible. For example, wealthy customers are able to deduct half of the money spent on these services from their tax bill. As a result they can afford to pay a high enough price for entrepreneurs to be able to cover their taxes and costs and still make enough money to live on. A second measure is to let these entrepreneurs keep their unemployment benefit in addition to their revenues for the first year until their business is on its feet. A third measure involves distributing vouchers to poor families so that they can afford these services. So, we can say that although Dynamic services has not invented the status and its activity, it still stands as a pioneer, in Europe in general and in Reunion in particular.

Home (table 2.3) is situated in the French town of La Montagne, 20 000 inhabitants reported along a 20 km road going across the mountains. This NPO proposes a range of 30 activities from teenage camps to job insertion. Home was created in 1988 and since then has known different teams and periods of development. When the new team took over in 2005, there were no more paid workers and just a judo club left. They invited new clubs to join the structure. Then a first grant from local government meant that four paid workers could be recruited. Since then, every year, Home has explored and added actions in new sectors of activity requiring knowledge of relevant legislation and the acquisition of new skills: sports, child care, teenage care, job search skills, adult training schemes, etc. These activities have been progressively proposed in different localities, including schools, low prices making them affordable for everyone. However, the activities are not innovations in the sense that they already exist elsewhere in the world, but Home made them available locally.

MSF is, without a doubt one of the most entrepreneurial and innovative organizations from the nonprofit world. It has created a new globalized sector. Dynamic Services has not created its own sector but can still be considered as a pioneer, bringing new methods of developing and encouraging enterprise to new territories. Home provides traditional leisure and education

activities, but, one should not say that this demonstrates an absence of entrepreneurship. Just like small businesses (Valéau, 2001), small nonprofit organizations should be respected for what they are. The territory of Home with its population of 20000 people may be modest compared to the number of people touched by MSF, but Home has succeeded in providing a large range of activities and concerns almost one in ten inhabitants. Indeed, Home is the most successful nonprofit organization of in the area and is recognized for having brought a new dynamism to the community.

3.2. Innovations in management

The social entrepreneurship movement recommends that nonprofit organizations should import some organizational practice from for profit organizations in order to become more efficient. Our three cases already give various examples of such importations.

Table 3. Technical & economical means

Case	Illustration
3.1. MSF	<p>« Our aid operations of saving are carried out everywhere as projects. A team follows daily operations and connects with local deciders while in the capital, another team coordinates the different projects. (www.msf.fr)</p> <p>“Running aid operations thousands of kilometers away requires a complex organizations and important means. (...) Médecins Sans Frontières has developped an international network able to raise qualified human resources and important financial means within a few dozen hours.” (www.msf.fr)</p> <p>“Our interventions are totally standardized. Once the intervention is qualified (epidemic, refugees, etc.), a whole set of decisions are determined: the organization of convoys, the material means, the structure of human resources, the organization of the camps, all is planned. Our nonprofit organization learns from all its experiences to develop its competences. This bureaucracy really helps our efficiency. Our nonprofit is able to set up an intervention in less than 24 hours.” (extract from an interview with an msf head)</p> <p>“Thanks to the fidelity and generosity of our donators, our teams act day after day, independently. Thanks to your support that provides us with the means to act in emergency contexts and provide populations with quality medical aid. For 2009, 87,8% of funds raised went to the missions, 6,6 for the cost of fund raising and 5,6 for the organizational costs.” (www.msf.fr)</p>
3.2. Dynamic Services	<p>“You can use the accreditation of the coop to offer tax reductions to your customers. You can benefit from 2,1% VAT, you can concentrate on your activity, administration and accountancy are mutualized. This mutualization will cost you 12% of your income.” (www.entreprise-reunion.re/cid96152/dynamiques-services.html)</p>
3.3. Home	<p>“The organization of Home is based on polyvalence. This polyvalence allows each of our workers to run multiple projects, but also to replace their colleagues when needed. Our management is based on responsabilization: each worker creates and run his their own project. In 2009, we would like to carry on in this direction within more formalized delegation. This development relies on an intensive training policy. Last year, all our workers received training” (extract from the general assembly, 2010)</p>

MSF practices social entrepreneurship in the way they have imported and adapted organizational methods from business (table 3.1.). Division of labor and standardization allow them to control quantity, quality and delay. Yet what is different from Taylor's approach is the empirical approach of their system. To this extent, they seem to be inspired by "just in time" type of for profit organizations. Their structure resembles that of multinational with a mix of centralization to coordinate the action of relatively autonomous local units.

Dynamic services has a rationale of mutualization based on scale economy principles (table 3.2.). The latter recalls the importance of scale economy: sharing overhead charges reduces the costs each entrepreneur has to pay at the end of the month. This logic of mutualization is at work in holding where the parent company often centralizes a large part of the administration. The real innovation here lies in the network approach: different activities run by different entrepreneurs are managed together to save money and become stronger.

Home presents a simple project structure (table 3.3.). Its management could look like progressive forms of management, but like many nonprofit organizations is somehow informal. On the other hand, polyvalence appears as a more deliberate choice with a strong training policy. Each worker receives training in management in order to run the organization and financial aspects of their projects. Polyvalence is also an answer to the obligation of guaranteeing a constant rate of supervision of the children: one adult for 8 children between 3 to 6 years old, and one adult for 12 children between 6 to 18 years old, these adults need to have the required diplomas, which even the secretary possesses.

NPOs did not wait to learn from social entrepreneurship to develop some aspects of rational organization, because like any other organization, they need to acquire resources in order to increase the volume and/or the quality of the services and goods they provide. Our three cases illustrate that NPOs are, somehow, subject to the "physical" law of organized and coordinated action. They naturally innovate in this area too.

3.3. Innovations in community

NPOs are supposed to be more than ordinary organizations, they are expected to realize, to a certain extent, collective action run through democratic actions. Innovations in this dimension can take the form of new kinds of organizations enacting a humanistic utopian vision. We evaluate our three cases from this perspective.

Table 4. Innovations in community

Case	Illustration
MSF	<p><i>“They do so irrespective of race, religion, creed or political convictions. Médecins Sans Frontières observes neutrality and impartiality in the name of universal medical ethics and the right to humanitarian assistance and demands full and unhindered freedom in the exercise of its functions” (www.msf.fr)</i></p> <p><i>“After you start you recognize points: this is our mission, this is not our mission (...). These are things you progressively learn”(extract of an interview with a volunteer from MSF)</i></p> <p><i>“Them (MSF volunteers), they have a strong sense of cohesion ! If you talk one day with one of them, and with another one a month later, you will get exactly the same ideas” (extract of an interview with a volunteer from another NPO)</i></p>
Dynamic service	<p><i>“However, being in a leadership role was not what attracted her to the project, and today, she would like to run the coop on a more collective basis. Entrepreneurs can become co-owners after two years. If they leave to carry on in business on their own, that’s fine, but Corinne would like some of them to stay. Firstly, this would increase the level of revenue and the percentage transferred which would allow her to depend less on subsidies. Secondly, this would also create a dynamic motivating new comers. Finally, even if her management is already very participative, this co-ownership would be the basis of a more formal democracy.”(extract valéau (2011) - case study of Dynamic Services)</i></p>
	<p><i>“Home’s goals is the development of entertaining and useful activities for, with and by the inhabitants of La Montagne. (...) Home’s challenge is to keep growing with a more formal management and while conserving community and a friendly character. Home has become bigger but still intends to remain a public space open to everyone.” (General assembly, 2010)</i></p>

One of the most astonishing characteristics of MSF is the level of commitment of its members (table 4.1.). Volunteers’ discourse reveals the same shared values. Yet, the downside is that volunteers are not totally involved in governance. There is a very strong sense of belonging, but democracy is limited to top management. The organization is dictated by efficiency and political lines are defined according to sensitive considerations.

Cooperatives such as Dynamic Services may not be as altruistic as nonprofit organizations such as MSF, but they have, by nature, a stronger sense of solidarity between members combined with a democratic essence (table 4.2.). Solidarity stands at the root of these contractualized and organized networks: more than ever, all over the world, coops help small businesses to take part in a globalized economy along with multinationals. Solidarity constitutes a necessary union in order to become stronger. Democracy is also written: "One person, one vote !" is the golden rule of coops. Yet, as illustrated by the boss of Dynamic Services (table 4.2), the enactment of this principle cannot be taken for granted. Collective entrepreneurship is a challenge in general, but, this difficulty is even greater in the context of employment and services coops as members are on the verge becoming entrepreneurs: first they are more concerned with the launch of their activity, secondly they find themselves in a learning situation that does not give them the confidence to actively take part in the strategic decisions of the coop. Indeed, these budding entrepreneurs often consider themselves as customers rather than members.

Indeed, Home may be the most entrepreneurial of our three cases in terms of the community dimension (table 4.3.). As stated in its mission statement and reiterated in every general assembly and meeting, Home defines itself as an organization for, by and with the members. Members of nonprofit are all inhabitants of the town. These include paid workers, beneficiaries and elected members of the board. For Home, community is a means and an end. The objective is not only the size of the community, i.e. the number of members but also the intensity of the ties between members as well as their diversity. This community in and around Home becomes a resource as financiers and the local deciders often see this organization as an open access to the population of the town. Part of Home's innovation actually consists in being a big grassroots nonprofit organization able to efficiently run its projects.

Grassroots nonprofit organizations bring some specific added value. But their community and democracy are very different from managerial organizations that can be found in businesses. Yet, when nonprofit organizations grow, community and democracy tend to disappear. The need for coordination takes over as in MSF. Mintzberg (1983) recommended splitting big organizations into small groups. Thus innovation can consist of finding ways to keep the community spirit when expanding. Home has shown that this spirit can be cultivated. Innovation in the community dimension is less material and more complex to appreciate. It confuses means and ends. It is also about who can be part of it. This dimension requires further discussion, as it takes organization beyond the purposive rationality that has been the traditional base of business organization.

3.4. Social innovations in the territory

The fourth dimension of innovation drawn from the nonprofit literature is about social change. This dimension concerns the diffusion of new ideas, new habits, new ideologies and new practices. Nonprofit organizations stand as pioneers promoting ideas as a minority that may eventually become, through exponential development, the norm of a new majority (Degenne & Forse, 1999). For instance, disabled people's right to work used to meet with resistance, but is now well accepted thanks to the work of nonprofit organizations. The same may happen in the future with ecology. This social dimension is the speciality of advocacy organizations, but other NPOs can innovate in this area.

Table 5. Social Innovation in the territory

Case	Illustration
5.1. MSF	<i>"Silence has long been confused with neutrality, and has been presented as a necessary condition for humanitarian action. From its beginning, MSF was created in opposition to this assumption. We are not sure that words can always save lives, but we know that silence can certainly kill. Over our 28 years we have been - and are today - firmly and irrevocably committed to this ethic of refusal. " (...). It will not allow any moral political failure or injustice to be sanitized or cleansed of its meaning. The 1992 crimes against humanity in Bosnia-Herzegovina. The 1994 genocide in Rwanda. The 1997 massacres in Zaire. The indiscriminate 1999 attacks on civilians in Chechnya. These cannot be masked by terms like "Complex Humanitarian Emergency," or "Internal Security Crisis." Or by any other such euphemism - as though they are some random, politically undetermined event. Language is determinant. It frames the problem and defines response. It defines, too, rights, and therefore responsibilities. It defines whether a medical or humanitarian response is adequate. And it defines whether a political response is inadequate. No one calls a rape a complex gynecological emergency. A rape is a rape, just as a genocide is a genocide. And both are a crime" (Extracts from the nobel price ceremony speech)</i>
5.2. Dynamic service	<i>"After 12 years, I felt disillusioned with these kinds of training schemes. I found their objectives too far removed from those of the beneficiaries." "I had no experience of this kind of organization. I found it interesting because the coop retained the commitment and humanistic aspects of nonprofit organizations, but combined with these the economic aspects of business. (...)" "This (the coop) was the connection with my former experience. I knew some people who had training and competences but did not know what to do with them, and they were not psychologically ready, or did not have the management skills, to create a business. What I like about the coop is that I can take them somewhere" (extract of an interview with the creator of Dynamic Services)</i>
5.3. Home	<i>"Home aims to be the place for community building. More and more Home would like to work for education and equality of opportunity. This preoccupation inspires all our activities from after class, teenage camps etc. In our opinion, success does not only depend on ability but also on self confidence, and ambition" (General assembly, 2008)</i>

The impact of MSF on the world has been very strong (table 5.1.). The Nobel price they received in 1999 is as much for the social change they brought as for their interventions. One of the goals of their action was to inform the rest of the world about war and starvation going on in these faraway remote places. But beyond information, MSF's objective is to provoke a reaction. This can happen at four different levels: information relay with journalists and the media broadcasting its messages, fund raising with ordinary people giving money, human resources with hundreds of young people coming to help for a few month or a few years, political action with government, in response to public opinion defending its position in front of other governments and international institutions. Despite MSF's action along with that of many other NGOs, epidemics, starvation and wars still exist, but the rest of the world is more concerned.

As far as Dynamic Services is concerned, we can identify two levels of social change: a spirit of entrepreneurship and the union of small organizations (table 5.2.). Dynamic Services can be connected to a more general movement aiming to make entrepreneurship accessible to poorer people. Following Muhammad Yunus' approach, many organizations try to help poor people that can't find a job to create their own venture. Part of the problem is lack of money and microcredit provides the funds necessary to start a venture. The other part of the problem relates to skills and self-confidence, which is what Dynamic Services tries to give help with. The help and advice this NPO provides often convinces hesitant candidates to take the leap and become entrepreneurs. Following the tradition of cooperatives, Dynamic Services also adheres to the union principal that individuals can defend themselves better when acting together. As a result, Dynamic Services promotes an entrepreneurial spirit within the population, helping its new activities to be launched.

Home's social impact can be found at two different levels: building a community and working for equal opportunities of success (table 5.3.). Home reinforces social ties between the inhabitants of La Montagne. Building community is important in the modern world where strong social ties have been proven to limit deviant behavior and to contribute to psychological balance and well-being. Home's priorities are populations in difficulty, for instance youngsters who have left school too early or the long term unemployed. Providing advice, training and sometimes jobs for these groups reinforces the community, making sure that no one is left adrift.

Our three cases illustrate that the services identified earlier have an impact over and beyond their direct and immediate use for customers. Their social impact is a full part of the innovation they bring to their territory. Therefore, it makes sense that the quantity and quality of these social impacts must be managed. We will now discuss the integration of these four levels of innovation for an overall movement.

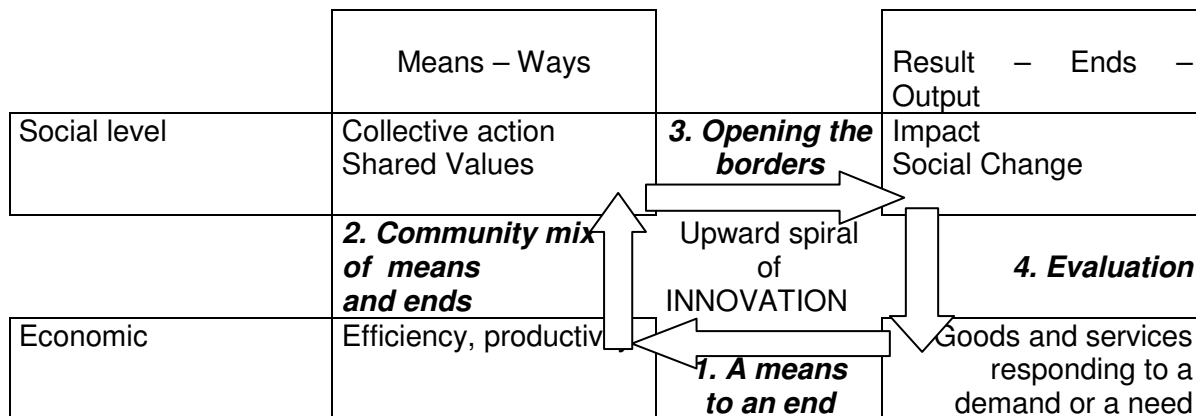
4. DISCUSSION

Obviously, the scale on which these innovations are developed does matter, but, the purpose of this paper is to acknowledge the contribution of more modest nonprofit organizations. Our data confirmed that NPOs' innovation often includes the different dimensions. Yet entrepreneurship is not just the sum of these different developments. These may indeed often contradict each other (Valéau, 2003), they can also be combined in an overall process: an upward spiral of innovation.

In this discussion, we would like to adopt a more holistic approach to innovation in the nonprofit sector. We examine the transitions from one dimension to another forming what we have called "the entrepreneurship and innovation upward spiral" (figure 2.). These transitions constitute in

fundamental changes. In line with Watzlawick's et al (1971) conception of change, we have identified a first level of innovation taking place in a given dimension framework, for instance trying different kinds of management techniques remains in the same "means to an end" dimension. Watzlawick et al (1971) emphasize a second and higher level of innovation consisting of changing the framework itself, for instance the second transition in figure 2 moves the NPO from the "means to an end" dimension to the "community mix of means and ends", these two dimensions involving fundamentally different forms of rationality (Weber, 1922).

Figure 2. Transitions / the upward spiral of innovation



Transition 1. “A means to an end”

Social entrepreneurship has, indeed, opened new doors to NPOs, showing that methods from business can help them to achieve their social ends (Dees, 1998; Townsend & Hart, 2008). Part of the innovation lies in “hybridizations” between private and public organizations, lucrative and nonprofit elements. Social entrepreneurship can be interpreted as an adaptive evolution allowing NPOs to survive within the new conditions of their economic and institutional environment. These new means help them to deal with financiers expecting more reporting in order to evaluate their costs and productivity. Productivity is a reality. All nonprofit organizations can directly or indirectly count the number of actions they produce or the number of beneficiaries they are helping. For our three cases, we were able to provide figures about the services and beneficiaries as well as figures about the resources invested. In addition, evaluation must assess the value of different actions.

Transition 2. “Community mix” of means and ends

We argue that social entrepreneurship is innovative but still remains in the same “means to an end” dimension based on efficiency and purposive rationality (Weber, 1922). A new stream of research has started to value grassroots NPOs, warning about negative effects that “classical” management may have on their community base (Graddy & Wang, 2009; Rothschild & Stephenson, 2009). Collective action is often given as a characteristic of NPOs (Salamon & Anheier, 1997). This transition blurs the separation between means and ends. Building commitment and community within the organization, sharing the same values and goals can be useful for action, but it is also an achievement.

Transition 3. “Opening the borders” and becoming an institutional entrepreneur

Community building is, compared to classical business organizations, very innovative but is still in a “us and them” model. This third transition involves blurring the borders of the organization, sharing its values and beliefs, extending its community all over the territory. This transition leads to the change aspects of social innovation. As in “Institutional entrepreneurship” (Batillana, Leca & Boxenbaum, 2009), it is about changing the social norms that regulate transactions and relations between actors. The innovation consists of introducing and sharing new ideas to inspire new attitudes and actions. This has always been the goal of advocacy NPOs, but we think that a lot of NPOs have a social and political activist background. For instance, MSF has done an incredible job in sharing its refusal of poverty and influencing public opinion, convincing people to finance numerous projects. It has also succeeded in capturing the attention of journalists.

Yet, MSF has not always included beneficiaries within its core community. This is one of the paradoxes of humanitarian NPOs: following Becker’s (1960) logic of identity construction, their altruist identity depends on another’s helplessness. This problem has been partly addressed. During the 80’s, there was a major debate criticizing the paternalist attitude that “giving” or “helping” can involve. New voices put forward the concept of “empowerment”. MSF has made a lot of effort to promote volunteers from countries that are being helped, but cooperatives such as Dynamic Services and Home appear one step ahead of MSF with their beneficiaries acting as volunteers, paid workers and members of the board. These NPOs build and bridge community in and around the organization, becoming agents of a more global change (Passmore and Coopeerider, 1991),

Transition 4. “Back to earth”

Converting people, governments and financiers to a given cause or given course of action is a major entrepreneurial step, but it may be “more of the same” in the world of “inspiration” (Boltanski & Thevenot). Gaining social legitimacy does not exempt NPOs from evaluating their production, and further on their productivity. We refer here to the idea, usually attributed to Einstein, that something that cannot be measured can hardly be improved. Social innovation argues that the added value that NPOs provide is not material, but this does not mean that its impact cannot be evaluated or measured at all. For instance, Home organizes a careers talk every week for 100 school children. The aim is to give them testimonies about different jobs, but also to make them ambitious. The idea of the project came from Bourdieu’s assessment that the probability of someone gaining a high level of qualifications depends on the parents’ jobs. Home first measured the proximity between what job the children wanted to do and the jobs their family were actually doing, then made a second measure after a year in order to assess the impact of the action. Children’s career aspirations were no longer as influenced by their family background. This fourth transition reconnects social change and management.

CONCLUSION

The main contribution of this “upward spiral” framework is to link and to structure different dimensions of entrepreneurship and innovation identified by the two important streams of nonprofit literature that are “social entrepreneurship” and “social innovation”. The limits of this model are related to qualitative research (part 2), this is a grounded exploration, not a validation. The upward spiral presented in figure 2 started with economic services, but it could have started with grassroots community, what matters are the transitions linking productive organization and social change. As these different dimensions cannot always be simultaneously achieved (Valéau, 2003), this upward spiral proposes successive integration taking place within an idiosyncratic pathway of development.

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