SOCIAL ENTREPRENEURIAL LEADERSHIP

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ABSTRACT

Social entrepreneurial leaders are persons who create and manage innovative entrepreneurial organisations or ventures whose primary mission is the social change and development of their client group. The social enterprise's activities and its client group's activities can primarily be, either economic or non-economic, but the mission is social change and development. This paper examines research prospects in social entrepreneurial leadership and its relevance to mainstream entrepreneurship research and proposes useful cross-fertilisation opportunities. In doing so it covers the common characteristics and differences of the two types of entrepreneurial leaders, and then examines features of social entrepreneurial leadership behaviour in terms of motivations, risk taking abilities, background, experience, cultural impact, societal impact, abilities, roles, networks, external relations and careers. It also covers issues of partnership formation, innovation, competition, involvement of members, involvement of employees and closure in social entrepreneurial organisations.

Key Words: *leadership, social entrepreneur, ventures, development, change.*

INTRODUCTION

Social entrepreneurial leaders are persons who create and manage innovative entrepreneurial organisations or ventures whose primary mission is the social change and development of their client group. The field of leadership has comparatively inadequately explored the role of social entrepreneurial leaders in the formation, growth, functioning, effectiveness, decline and closure of social entrepreneurial organisations. Cooperrider and Pasmore (1991) have urged that social change organisations be the setting for a research thrust due to their increasing importance in the world. They are, and will be playing, a tremendous role in the upliftment of the disadvantaged, especially in the third world and in the sustainable growth and development of the planet. They can have considerable cumulative impact on society and can lead to economic development apart from

socio-political change.

Low and MacMillan (1988: 141) have suggested that entrepreneurship be defined as the "creation of a new enterprise" and that entrepreneurship research should "seek to explain and facilitate the role of new enterprise in furthering economic progress." Taking this broad definition, the creation of enterprises, (meaning an "undertaking that needs courage or that offers difficulty" according to the Oxford dictionary) with a social mission, whether charity, social action or development oriented, falls in the ambit of entrepreneurial research. Taking a narrower definition for entrepreneurship and excluding the creation of non-innovative organisations, the creation of innovative organisations with a social rather than economic mission, is still a legitimate arena for entrepreneurship research. Yet entrepreneurship research has shown scant interest in this rich, fascinating and socially relevant field. It is true that the two types of organisations may differ significantly in their ideologies, vision, mission, functioning and outputs. On the other hand, the creator or creators of social entrepreneurial organisations may display many of the characteristics and behaviours of the classical "economic" entrepreneurial leader in the process of creating and managing their organisations.

Research in these two areas has progressed almost in isolation of each other, with the gap between them widened by the ideological differences between the two sets of researchers. It is proposed that considerable insights can be gained on both sides, by the cross fertilisation of these two separated areas of research. The study of the process of creating social entrepreneurial organisations has been inadequate, though some efforts have been made to use entrepreneurship concepts and vocabulary in modelling the creation of social entrepreneurial leaders (Swamy, 1990) and voluntary associations (Gartner, 1993). The study of social entrepreneurial organisations can give mainstream entrepreneurship researchers useful insights into the process of evoking values and ideology among members during the organisation creation process. On the other hand, the extensive research on economic entrepreneurship can enrich the study of social entrepreneurial behaviour and processes in social entrepreneurial organisations.

This paper explores this cross-fertilisation opportunity by first identifying the common characteristics of the two types of organisations so that insights from one could be hypothesised or applied to the other. It then identifies the significant differences so that knowledge is not transferred where it is not applicable. Subsequently, it enumerates the similarities and differences between the two types of entrepreneurial leaders while developing several theoretical positions on social entrepreneurial leadership.

DEFINITIONS

Social entrepreneurial leaders can be defined as persons who create and manage innovative entrepreneurial organisations or ventures whose primary mission are the social change and development of their client group. These social entrepreneurial organisations may depend on outside funding for their activities or be self-sufficient by engaging in economical activity in consonance with their core mission. Surplus may be created through such economic activity and used for their social mission. They may also attain self-sufficiency by initiating economic activity among their client group as part of their social mission and retain subsistence funds from the surplus generated.

There can also be primarily for-profit organisations that attempt social change and development through innovative social ventures. To the extent that these are clearly identifiable new ventures headed by an independent innovative venture creator-manager, these can be called social intrapreneurial ventures. The difference between the two is that the former is an entirely new venture initiated by individuals where no organisation existed before, while the latter is a distinct new venture initiated by an organisation from within itself by its own ranks.

Social entrepreneurial organisations may exist in any legal form - societies, associations, clubs, teams, co-operatives or agencies. Three types of social entrepreneurial organisations can be identified. <u>Charitable</u> ones provide relief to the needy and deprived. They are individual oriented, having often a patronistic or moralistic attitude. Their approach arises from a feeling of empathy and a belief in sacrifice often derived from religion. They sponsor ameliorative changes through non-political and non-violent means. The <u>social action</u> ones on the other hand, actively take up issues of politics and justice and attempt to change society, sometimes through political or violent means. The <u>developmental</u> ones aim at initiating economic activities among the deprived by introducing technological and organisational innovation with considerable experimentation, but rarely believe in making core social or political changes. The differences among the three are primarily ideological.

COMMON CHARACTERISTICS

What are the common characteristics of small social entrepreneurial organisations and small economic entrepreneurial organisations? Both are: (a) local efforts in providing innovative products and services which are usually locally developed, (b) both experiment and often make many trial

runs and use a variety of approaches to arrive at viable methods, (c) both have identifiable leaders who are strongly committed to their ventures, (d) both seek to meet local peoples' needs atleast initially and are largely supported by them.

Distinguishing characteristics of small developmental organisations identified by Brown and Covey (1987) are: (a) values and ideologies are critical to organisational life, (b) their mission requires them to differentiate into sub-units linked with multiple diverse external constituencies and (c) they are loosely organised, providing considerable discretion and flexibility to their members. They argue that these characteristics are likely to become more common in successful industrial organisations in future and therefore we need to understand developmental organisations to design and change future industrial organisations.

Small service economic entrepreneurial organisations need to influence multiple constituencies in their external environment while providing services. The importance of shared values and ideologies is increasingly noticed. They need loose organisational structures for flexibility and rapid response and are moving towards closer and long term interaction with their clients. The close parallels between the two types of entrepreneurial organisations, sets the stage for greater understanding of economic entrepreneurial leadership through social entrepreneurial leadership.

Moving to larger organisations, Cooperrider and Pasmore (1991) enumerate the properties of what they call global social change organisations. These large international organisations have small subsidiary units in each nation operating in a remarkably independent manner, quite like small organisations. They are non-hierarchical and collegial in design with widely spread knowledge. Every member understands the nature of the organisation's work and fills a variety of often overlapping roles. They are structured for local responsiveness and to cope with and encourage rapid growth and change. Multi-cultural, with high diversity of membership and high geographical spread, they have transient membership, with people more likely to change rapidly due to the voluntary nature of the task. Often activities are changed to match the interests of members (Cooperrider and Pasmore, 1991). They resemble young economic entrepreneurial organisations and intrapreneurial ventures, except in being multi-cultural and having membership diversity. Greater understanding of the less researched social entrepreneurial organisations may thus be derived from the vast research on economic entrepreneurial organisations

DIFFERENCES

Notwithstanding these similarities, the essential difference between the two is that social

entrepreneurial organisations are committed to "changing their environments" and not "just to producing a product or service sufficiently acceptable to ensure their financial viability" (Brown and Covey, 1987: 65). Though some economic entrepreneurial leaders have contributed to social change (Harris, 1984) it is often a secondary mission. This is seen among some technological leaders, who are committed to improving the quality of life, by creating and introducing appropriate new technological products.

Other differences exist between the two types of organisations. First, values and ideologies are core issues in social entrepreneurial organisations and organisational activity is often justified in value and ideological terms (Brown and Covey, 1987). This is less so in most economic entrepreneurial organisations. Second, the core activities in the former are at the organisational boundaries. Events outside the organisation are often more significant than those inside (Brown and Covey, 1987) to the extent that even goals and missions can be altered by externalities. This is less so in the latter. Third, resource allocation decision-making authority in the former may be located externally. "Ownership" in terms of organisational assets and funding may also be external. Client groups may influence the course of the organisation. In the latter, though part of the funding is external, decision-making authority is largely internal and guided primarily by internal need and secondarily by client group demands. Fourth, success in the former is measured usually in qualitative change terms rather than quantitative growth terms. This often means that when its mission is achieved, the organisation needs to find new missions to legitimise its survival, which is usually not the case with the latter.

These differences are stark between ideal types of social entrepreneurial organisations and economic entrepreneurial organisations, but not between the entire population of such organisations, some of which have characteristics of both.

SOCIAL ENTREPRENEURIAL LEADERSHIP BEHAVIOR

We can gain additional insights by looking at social entrepreneurial leaders - their characteristics and motivations. Are these vastly different from those of economic entrepreneurial leaders?

Our knowledge of social entrepreneurial leaders is inadequate. Impressionistic accounts give indications of the characteristics, motivations, initial actions and learning experiences of these leaders. But no large sample studies exist which can be used for generalisation and comparison. Few case accounts have the rich detail required to make adequate ideographic or content analytical studies. Yet broad hypothesis on social entrepreneurial leadership behaviour can be proposed,

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drawing on case accounts and building on mainstream leadership literature.

Economic entrepreneurial leadership behaviour is complex - requiring the generalist ability to juggle multiple activities and roles. The career is voluntary and requires intense involvement. These leaders have high emotional energy and drive as seen in the tenacity and persistence shown by them during adversity. They tend to experience their venture events as personal events (Bird, 1989). It can be hypothesised that these behaviours are also true for social entrepreneurial leaders. They too are involved in all aspects of their organisation, operating both in the "here and now" and in the long term, with rapid and flexible change in operational focus, without a change in strategic focus.

Motivations

What are the motivations of social entrepreneurial leaders? McClelland's (1967) achievement motivation may not be high among social entrepreneurial leaders. Rather, the motivation to assuage a deep feeling of uneasiness with the status quo may be higher. Other possible motivations are altruism, need to be true to one's values and beliefs, need to match with one's self-concept, and need to be socially responsible. Swamy (1990) found in a case study of a social entrepreneurial leader the urge to fight injustice and the urge to experiment. They may share with economic entrepreneurial leaders a strong need to be in control of their environment. The task risk that social entrepreneurial leaders take maybe quite high, with a high propensity and need to experiment, but the ability to take the risk may also be quite high, given that social experiments are conducted in good faith and both success and failures are rich learning experiences. Uncertainty tolerance is also likely to be higher among social entrepreneurial leaders. They may value the lifestyle, the respect from both the client group and society, and the success of their ventures.

Age and Risk Factors

Younger people may be more willing than middle aged people to risk a few years for building a social venture before they enter the mainstream. The latter faces greater risk in terms of career growth as they may be switching from a mainstream career. Also their familial responsibilities may be considerable. Younger people are likely to initiate social action or developmental activities while older people are likely to initiate charitable ones. The latter may be people who, having been absolved of their familial responsibilities, wish to make meaningful contributions to society. Some of these may be mainstream economic entrepreneurial leaders who, satisfied with their economic growth, wish to contribute socially or build a social image.

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Background and Experience

The backgrounds and experiences of social entrepreneurial leaders prior to their ventures are varied. For many, past work experiences in other social entrepreneurial organisations are both a trigger and a guide. Some have social work education that gives them insights on social change and development. A trigger event in their present career or a psychological upheaval can shift some people towards social entrepreneurial leadership, but it is usually a multi-causal event. Social entrepreneurial leaders can spin off other social entrepreneurial organisations where they had been working earlier, either due to ideological differences or by design. Some social entrepreneurial organisations act as incubators - training people and encouraging them to form their own social ventures in other areas.

Cultural and Societal Impact

Some communities are known to be culturally biased towards economic entrepreneurial leadership and actively promote it socially. Do similar patterns exist for social entrepreneurial leadership? Strong family influences may guide potential leaders towards social entrepreneurial leadership. Childhood experiences may force the choice of a social entrepreneurial career, possibly to make up for inaction by the parents or the community, or through the instilling of a deep sense of values by parents and teachers during childhood. Personal history and psychological build-up may further augment this. A related issue is the societal context that gives rise to social entrepreneurial leadership. Bird (1989) lists the elements of this context: economic, political and technical situation, the *zeitgeist* or the spirit of the times, and the cultural context. These are the context variables which social entrepreneurial leaders work towards changing and which most economic entrepreneurial leaders work within.

Abilities

Some of the abilities Swamy (1990) found in social entrepreneurial leadership are: (a) courage to withstand social censure, (b) sensitivity to feelings of others, (c) ability to persevere, (d) ability to develop and articulate a clear vision, (e) ability to instil confidence in others, (f) ability to think creativity, (g) ability to identify and meet needs of the client group and (h) ability to put in long hours of work. These abilities may be common among economic entrepreneurial leaders also. The two are essentially distinguished by their ideologies, which guide the choice of mission, means and

ends. The actual actions of the two types may not be significantly different, nor the abilities, skills and talents, both physical and mental, required of them.

Roles

Social entrepreneurial leaders take multiple roles in their organisation - creator and transformer of the organisation and initiator of new systems, culture and programs. They do strategic planning, policy making, hire people and provide them mentorship. They face role conflicts between organisational and personal roles, primarily due to the high external influence on their organisations. Role models assume importance in dealing with role conflicts and role ambiguity. The variety of social programs and their changes may require dramatic role transitions.

Networks and External Relations

Building external relations are critical for social entrepreneurial leaders to establish legitimacy with multiple constituencies. Apart from the almost internal client group, other important constituencies are the funding agencies, the government and other social entrepreneurial leaders. Networking with other organisations within their geographical operating area as well as with similar organisations operating elsewhere is crucial for social entrepreneurial leaders in receiving relevant information, mutual learning, getting appropriate personnel, and for joining together for common causes. The family and close networks can provide the much-needed emotional support for social entrepreneurial leaders in the face of tremendous pressure and adverse circumstances. These leaders often write highly supportive and encouraging letters to each other and have meetings to discuss and share their experiences and provide a boost to each others work.

Careers

Social entrepreneurial careers may begin at any stage in the life of the individual. Some stay for long periods in one field of intervention, while others move from one field to other, from passive to active forms, or the reverse. Some take it up as a trial before moving to mainstream employment or business. Movements could be from social to economic entrepreneurial leadership or in the reverse direction. Successful accomplishment of the mission may lead to closure of the venture and career, though social entrepreneurial leaders often initiate parallel ventures. Bird (1989) lists five typical career departure points: from school to venture, job to venture, unemployment to venture, home to venture and venture to venture, which apply to social entrepreneurial leaders also. Costs and

benefits to the social entrepreneurial leader are also similar, with major differences being, poorer economic rewards and possibly higher self-assuaging and guilt reduction rewards for social entrepreneurial leaders. The stress, the long hours of working, and the personal sacrifices required of the two types of leaders is similar.

Venture Movement

Having created a new social venture, the creation of subsequent ventures is guided largely by the client group response, arising out of greater understanding of the client group needs, rather than by pursuing related activities as is common in economic entrepreneurial leadership.

SOCIAL ENTREPRENEURIAL ORGANIZATIONS

Why do social entrepreneurial organisations grow and survive? The most important reason is the establishment of credibility in both the client group and the society at large. The appropriateness of the intervention, and its level in the hierarchy of needs by the client groups, is also important.

Partnerships

Equal partners rarely form social entrepreneurial organisations, as it is difficult to find two equal partners with identical ideological leanings as well as operational propensities. A leader-follower dyad usually results even among otherwise equal partners. Partners can be from graduating school, the work place, common associations or marriage. Complex interactions can occur between them at the operational and ideological levels. While little knowledge exists about partnerships in social entrepreneurial ventures, research on successful partnerships in business ventures indicates that partners share beliefs about and mutually accept the structure of the partnership and partners individually have skills in psychological and interpersonal work (Bird, 1989).

Innovation

Close contact with their client groups can make social entrepreneurial organisations develop innovative locally responsive strategies and systems to resolve deep-rooted social issues and contradictions. While economic entrepreneurial organisations innovate primarily in the product/market and operations areas, social entrepreneurial organisations may primarily innovate in developing new and more effective social change strategies, and strategies to change their environment.

Competition

Differences exist in the nature of competition faced by the two types. An economic entrepreneurial organisation usually faces competition at both input and output sides, at the former, for resources and raw materials and at the latter, from competing suppliers of similar or substitute products or services. Social entrepreneurial organisations face competition largely at the input side, for funds, people and other resources. Competition on the output side is rare for developmental and charitable social entrepreneurial organisations, as the work arena is extremely vast. A degenerate type of competition may exist in major cities having a concentration of social work organisations. Social action social entrepreneurial organisations may face competition from competing ideologies, and from those who are affected by and oppose their words and actions.

Members and Employees

The nature of involvement of members may vary depending on the nature of the task. Some are completely voluntary, with no compensation for services rendered, while others are semi-voluntary, with token or subsistence compensation for full time services. Non-voluntary members, with market compensation for services rendered, form a third type. Building and maintaining employee motivation and commitment to the organisation's mission is important for social entrepreneurial organisations. Apart from facing competition in getting employees, their work force may be transitory even with high motivational efforts. Employee participation in decision making is essential in social entrepreneurial organisations, especially in the middle management and above, due to their high ideological and value content. Often exit can be due to employees not being allowed to participate.

Closure

The question of closure is a complex and sensitive issue in social ventures. Social entrepreneurial organisations need to be extremely careful to prevent a dependency syndrome developing in their client group and also be sensitive to register its presence. Often sensing this dependence may lead to closure of the venture, if the consequences are serious. Sometimes the effort needs to be completed before closure is made Some social entrepreneurial organisations retain the client group while moving to other arenas of intervention.

CONCLUSION

Apart from their social contribution, social entrepreneurial organisations add value by creating jobs, improving utilisation of developmental funds, and empowering their client groups thereby also adding towards economic growth. The study of their creation and creators as well as their management is an important area of research. This unexplored area has tremendous prospects in developing the field of leadership.

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