The Unique Contribution of Social Entrepreneurship to Business Ethics

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Social entrepreneurship has flourished in both practice and scholarship. While practitioners grapple with the challenges of managing a double- or triple-bottom line, scholars have been consumed with studying this phenomenon (i.e. Dees, 2007). In entrepreneurship and organizational theory, several recent publications integrate the articles in this field, and highlight the proliferation of social enterprise research (i.e. Dacin, Dacin, & Matear, 2010; Zahra, Gedajlovic, & Neubaum, 2009).

Two different approaches dominate social entrepreneurship research: 1) adopting traditional business models to understand social entrepreneurship and 2) developing case studies which provide descriptive details with limited theoretical implications. By reducing social entrepreneurship to traditional entrepreneurship focusing on specific social and environmental needs (Dacin et al., 2010), scholars following the first trend identify many similarities between traditional entrepreneurship and social entrepreneurship, such as the process of identifying opportunities and finding innovative ways to exploit them (Dees, 2001). Yet these articles tend to overlook the potentially distinct aspects of social enterprises. As a consequence, little effort is made to discuss the implications of social enterprises’ unique features for traditional business theory and practice, especially regarding business-society relations.

In contrast, the second trend in social entrepreneurship research highlights the unique features of this phenomenon, such as its entangled social and economic objectives. Publications in this stream grasp social entrepreneurs’ specific conception of business as an endeavor strongly rooted in one's broader life project and societal context (see Bornstein, 2004). However, these articles are often highly descriptive, offering limited theoretical insights or implications for other fields of management. Consequently, important observations arising from social entrepreneurs’ conceptions of business and business-society relations have not informed organizational theory more broadly.
These two research streams suggest a paradoxical view of social entrepreneurship, in which this field is both within and outside mainstream business. Social entrepreneurship is close enough to business to be included in traditional management theory. Yet, at the same time, the unique characteristics of social entrepreneurship prevent its thorough integration in traditional management frameworks. In many ways, this paradox mirrors the experience of the social entrepreneur, who seeks to adopt elements of traditional businesses, while honoring distinct attributes of this field (Bell, 2011). Moreover, this paradox suggests an unexplored opportunity - to allow the unique features of social enterprises to inform organizational theory more broadly.

In this paper, we seek to bridge this gap. Specifically, we show how social entrepreneurship, because of its paradoxical within-outside position, can inform the field of business ethics. To do so, we highlight three attributes of social entrepreneurship 1) the role of the social entrepreneur in a broader societal context, 2) the conception of business-society relations, and 3) the need to manage conflicting objectives. In exploring these three unique aspects of social entrepreneurship, we answer calls by scholars of business-society and business ethics for bolder stands regarding alternative business models (see e.g., the 2011 special issue “Where is Business Ethics,” in Business Ethics: A European Review, 20(3)).

First, behind most social entrepreneurship projects lies an entrepreneur with a specific understanding of life, society, and business (see Bornstein, 2004; Dees, 2001). A closer look at the way social entrepreneurs embed their work into a broader social context can contribute to understanding the emergence of ethical organizations. Specifically, this context helps link a life narrative that includes both social aspirations and economic desires with ethical behavior at work (see Miller, 2005). Further, studying social entrepreneurs answers calls from business ethicists for inspiring testimonies of ethical management and increasing managers’ moral imagination (Nash, 2000; Rorty, 2006; Werhane, 2006).
Second, social entrepreneurs have a specific conception of the relations between business and society and of the roles and responsibilities of economic actors as part of the broader society (see Granovetter, 1985; Mair & Martí, 2006; Thompson, 2002). In this view, social values are not merely constraints on business activities, but on the contrary can be seen as opportunities and drivers of entrepreneurship. Rather than trying to artificially address social demands through CSR programs disconnected from a firm's core business, social entrepreneurs naturally combine, at the heart of their endeavor, multiple and sometimes conflicting social and economic objectives. Consequently, understanding social entrepreneurs' conception of business-society relations addresses calls for more radical reflections on the role of business within the broader society (e.g., Heugens & Scherer, 2010; Marens, 2010).

Finally, as the entanglement of social and economic objectives within social enterprises implies tensions between normative and utilitarian concerns, successful social enterprise leaders are likely to excel in managing projects with multiple, conflicting values and objectives (see Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003). Traditional managers can learn from social entrepreneurs who position themselves at the crossroads of multiple objectives and who develop a space in which the explicit discussion and management of value conflicts is possible. A closer study of their personalities, as well as the tools they use to address value conflicts, can provide important insights into ethical decision-making processes in all types of businesses.

Understanding these aspects of social entrepreneurship offers unique insight into this important phenomenon and simultaneously expands our understanding of traditional business. In this way, we highlight that while traditional business can inform social entrepreneurship, the opposite is true as well.
References