



Aalto University  
School of Business

# Creating social change with new organizations and existing organizations

Minna Halme

Jan 24, 2019

# Agenda

- Creating change with the help of new organizations:  
Social entrepreneurship
- The concept of social entrepreneurship & frameworks  
for understanding it
- Creating change with large organizations:  
Intrapreneurship
- Exercise: Me as a change-maker



# WHAT HOW WHO

Today it is about  
the who

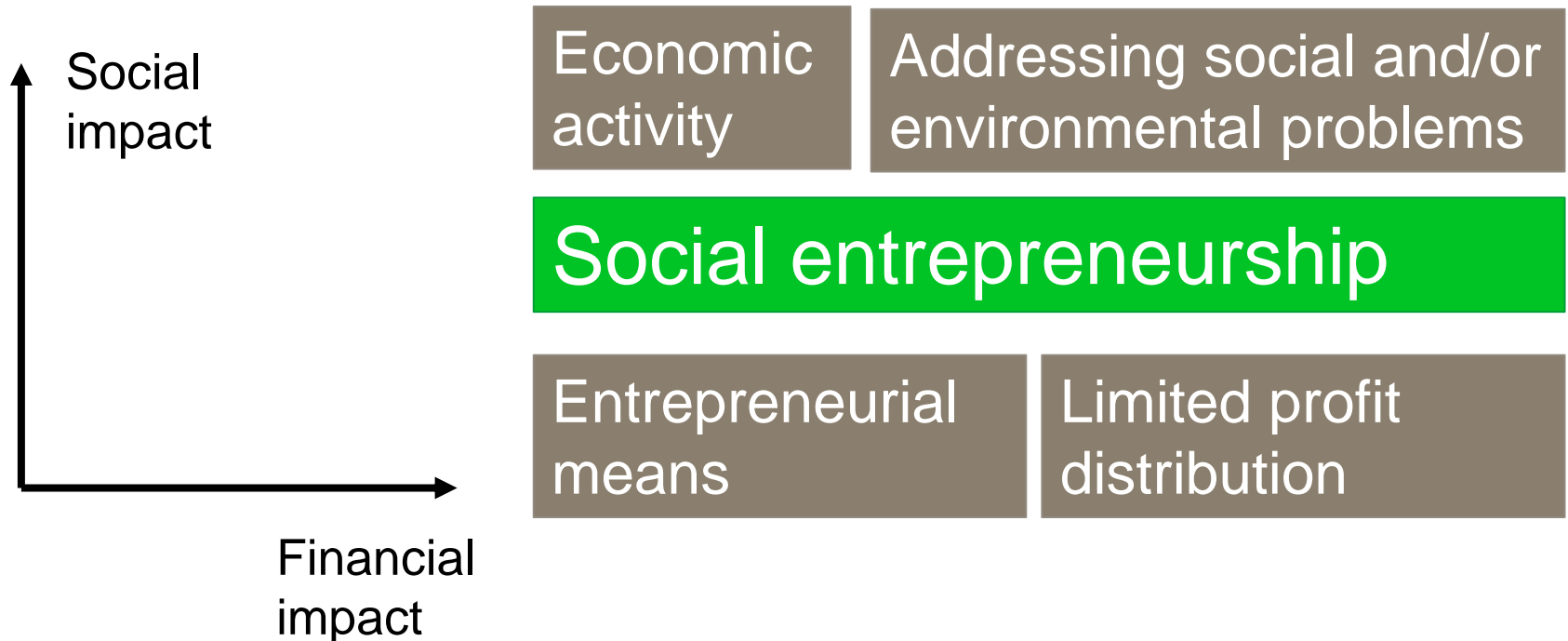


# Social entrepreneur

- What is social entrepreneurship?
  - Economic activity to pursue social goals and implement social change
  - Elusive concept: "I don't necessarily know how to describe it, but I know it when I see it"
- Who are they?
  - Social entrepreneur: A person who tries to solve social problems using entrepreneurial skills and means
  - Schwab Foundation on Social Entrepreneurs

# Elements of social entrepreneurship

- Social entrepreneurship = economic activity to pursue a social objective and implement social change (Mair et al. 2012)





# What does social entrepreneuring involve? (Mair et al. 2012)

1. Defining the problem or need: **Issue domain**
  2. Identifying the **target constituencies**: who are the beneficiaries, clients, actors with critical resources vis-a-vis the mission
  3. Selecting the **activities**
- These need to be supported with **justifications of the proposed solutions**



# Where is the social impact?



- Type 1 – Social-input are e.g. Fairtrade organizations where social input is in how materials are bought/acquired or the suppliers treated
- Type 2 – Social-process are e.g. work integration social enterprises that employ people with disabilities
- Type 3 – Social-output are enterprises that have the social value in the output e.g. Aravind, Boond, Loop

# Social mission & business relation



Business activities are

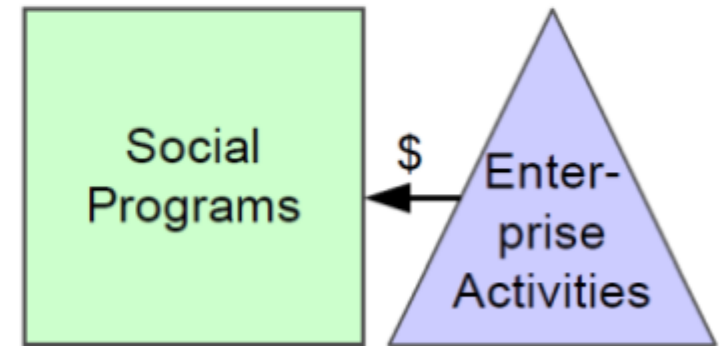
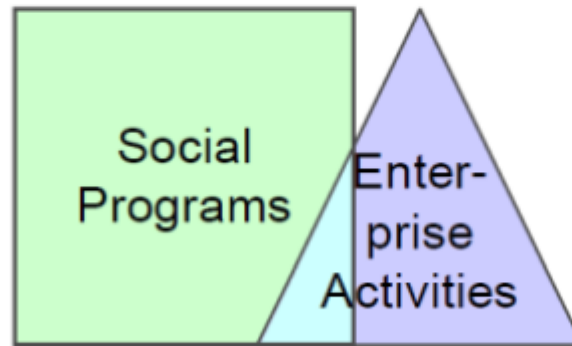
TOMS

One for One



← Mission Motive

Profit Motive →




Kim Alter, 2004: Social enterprise typology

Source: Kim Atler (2007) *Social Enterprise Typology*



# General business models of social enterprises



- Non-profit ventures
  - Hybrid non-profit ventures
    - Blends non-profit and revenue-generating for profit strategies
  - For-profit social business
    - Many of these are environmental businesses
- 

Source: Elkington & Hartigan 2008

- Read more: [A Neoliberal Takeover of Social Entrepreneurship?](#)  
*Stanford Social Innovation Review, Sept. 19, 2016*

# In Finland

- Work-integrated social enterprise is the only legal form of social enterprise.
  - These can receive benefits from the government if
  - At least 30% of employees are disabled or long-term unemployed
- Social enterprises tackle social or environmental problems. Granted by the Association of Finnish Work. Criteria:
    1. Contribute to social good
    2. Uses most of its profits to contribute to social good
    3. Openness and transparency of business activities



# Becoming a social entrepreneur?

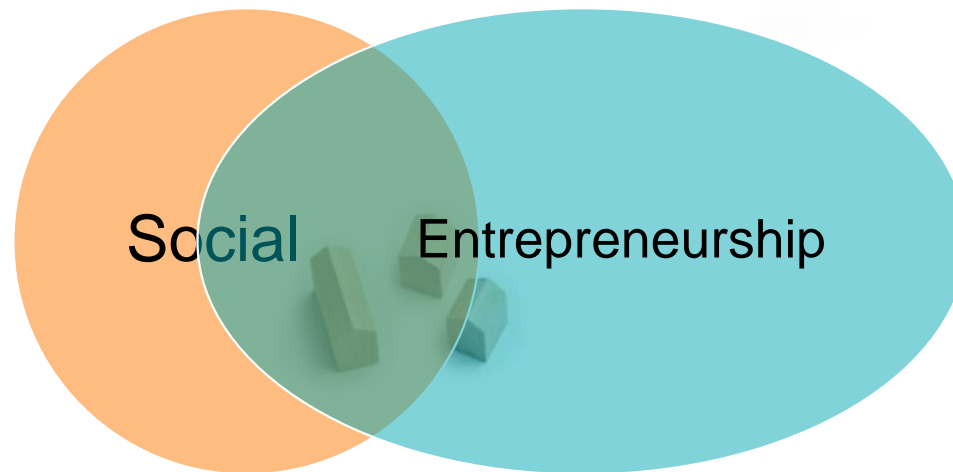
- Let's hear Wendy Kopp's story



- To provide an excellent education for kids in low-income communities.
- Although 16 million American children face the extra challenges of poverty, an increasing body of evidence shows they can achieve at the highest levels

(Source: Teach for America, Solvable problem)

# It's not black and white



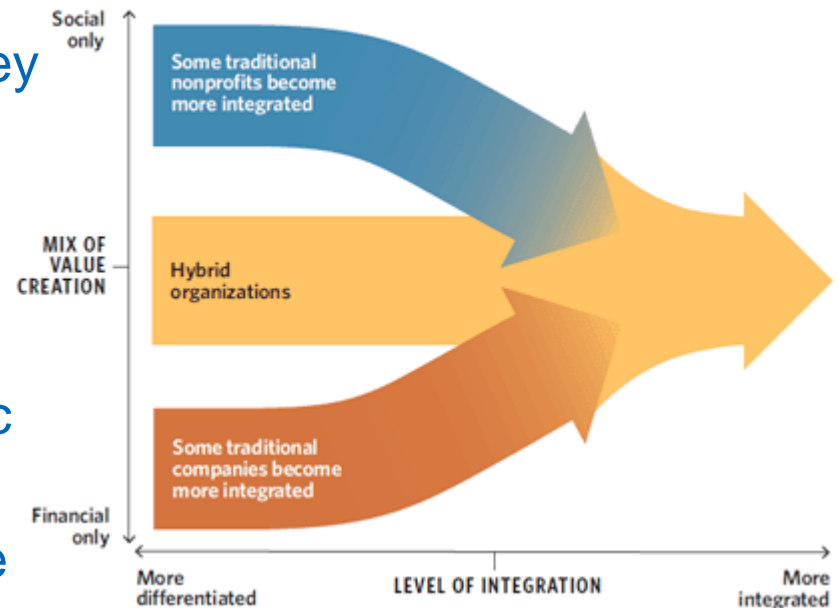
- Also "ordinary" entrepreneurs can have other goals than profits only
- Entrepreneurship and social entrepreneurship are not mutually exclusive
- What does Mair et al. write about differences of social entrepreneurship to other forms socially beneficial action?
- Who gets to label social enterprises? Enterprises or outsiders?
- Why do some entrepreneurs with social mission opt out from being called social entrepreneurs?



# Mission drift

- Social enterprises but together two types of goals, social mission and pursuit of profitability. In this sense they can be called hybrid organizations.
- Hybrids can be great platforms of innovations, but
- Hybrids also must strike a delicate balance between social and economic objectives, to avoid “mission drift”
- Mission drift = a focus on profits to the detriment of the social good.

## The Hybridization Movement



Battilana et al. 2012. In Search of the Hybrid Ideal.  
*Stanford Social Innovation Review*.



# Guidance for social entrepreneurs by Greg van Kirk

1. Be true to your desired outcomes
2. Set something in motion (inspiration comes from action and not vice versa)
3. Get from symptoms to the problems – finding the root causes & tackling them
  - Greg Van Kirk is co-founder of Community Enterprise Solutions
  - CE Solutions co-creates locally-owned social enterprises with aspiring social entrepreneurs in South America.
  - offer villagers access cook stoves, vision solutions, solar energy solutions, water purification buckets, and more
  - train community groups how to form their own banks, teach villagers how to design their own technologies, and provide consulting for other local organizations doing important work in communities.



# Big social transformations

Or mundane everyday activity?

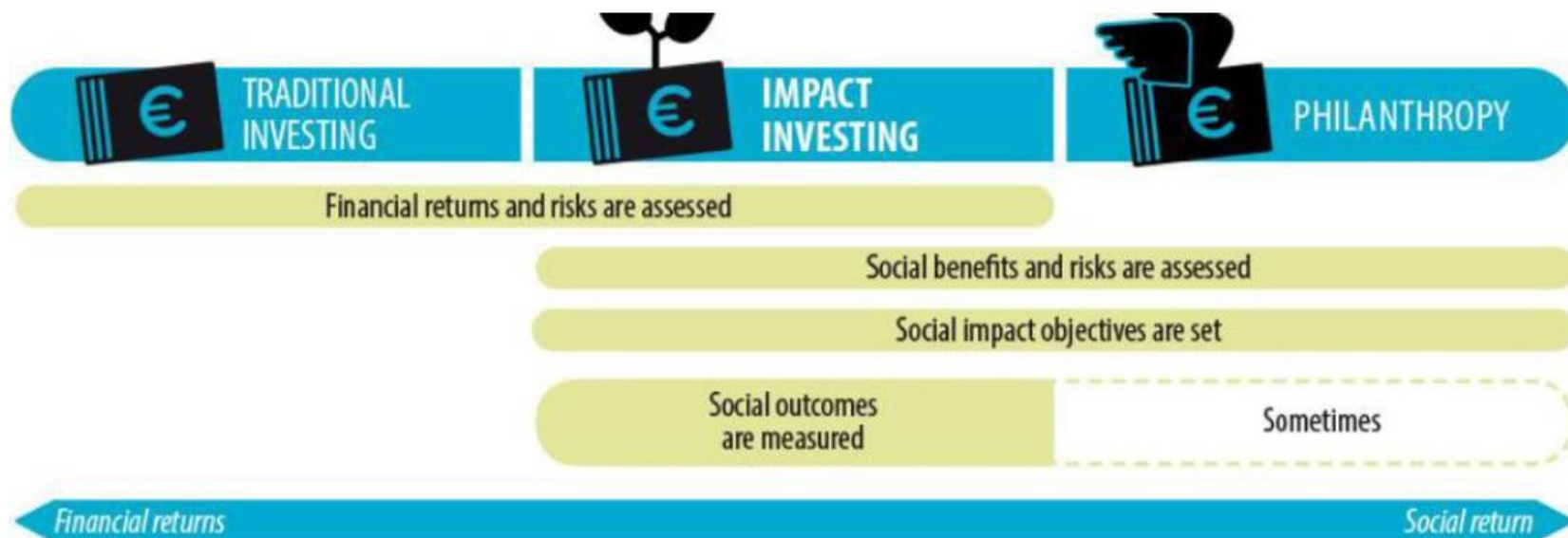
How to change the world  
2010



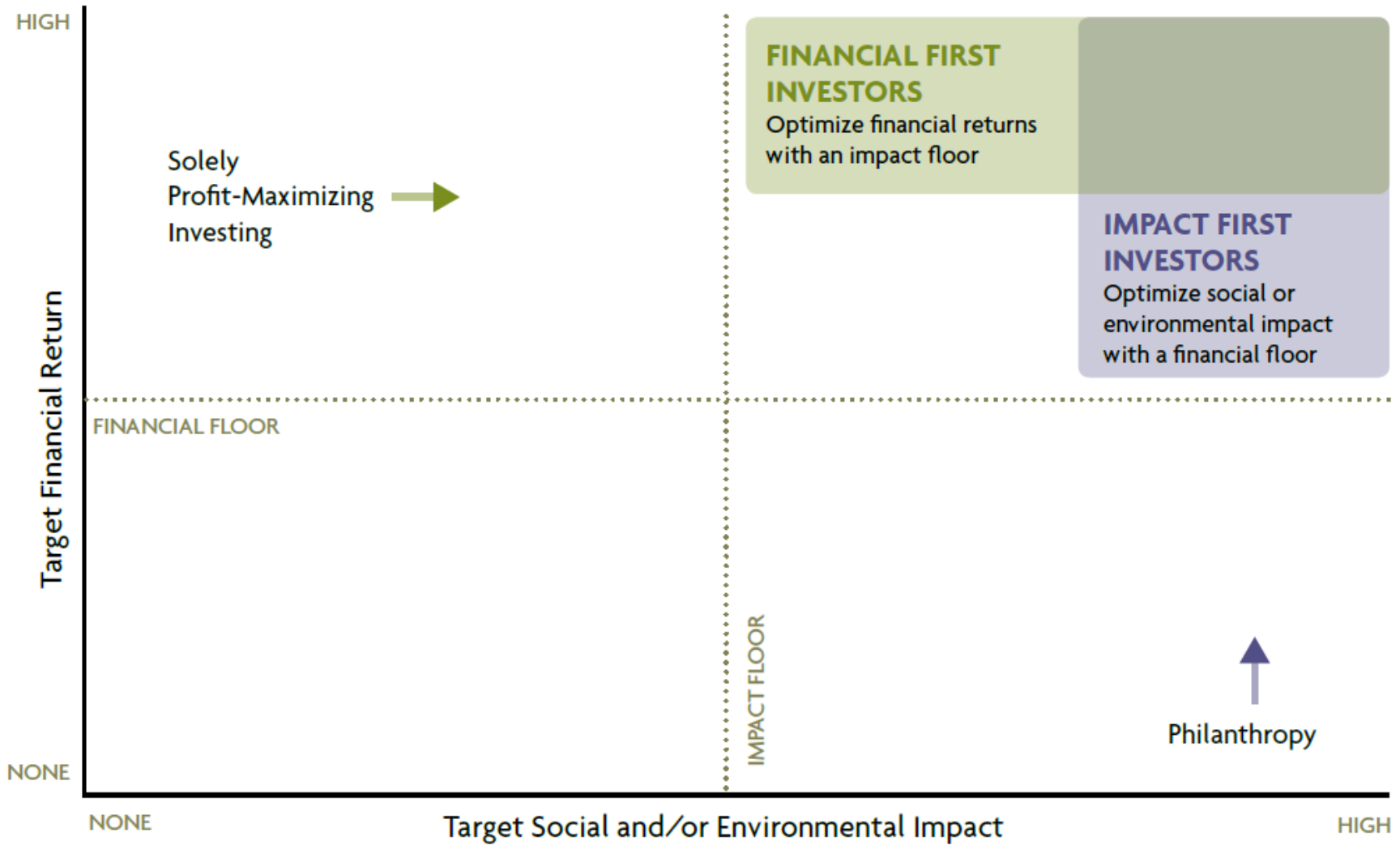
# Impact investing as an enabler of social entrepreneurship



2009 report from research firm the Monitor Group estimated that the impact investing industry could grow from around US\$50 billion in assets to US\$500 billion in assets within the subsequent decade.



# Segments of Impact Investors





# Intrapreneurship

Acting entrepreneurially inside a large organisation

Social intrapreneurship – acting to achieve social or environmental aims

“Unreasonable people” need organisational support

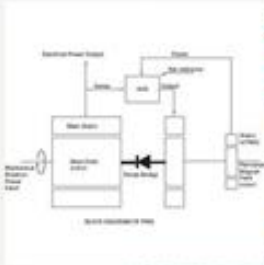
**> increases organisational innovation capacity**

# ABB mini-hydro power in Ethiopia



5. Provides power plant modules

3. New type of containerized hydropower generator (0.3 – 1MW) with a simple mechanical design. Low costs, possible to standardize for several sufficiently similar sites.



4. A local development company supports energy cooperatives with tech design & financing.

2. Mini-hydro power plant to own & operate by energy cooperatives

1. "Free falling water" in Africa -> rapids and falls



# Nokia Village Connection in India

Starting point: lack of connectivity in remote rural areas

GSM operator



Duration based fee for calls outside of village

Flat fee for calls within village

Village

Village 1 entrepreneur



User



Flat fee

Voice service  
SMS service  
Internet



User

User

Franchising agreement



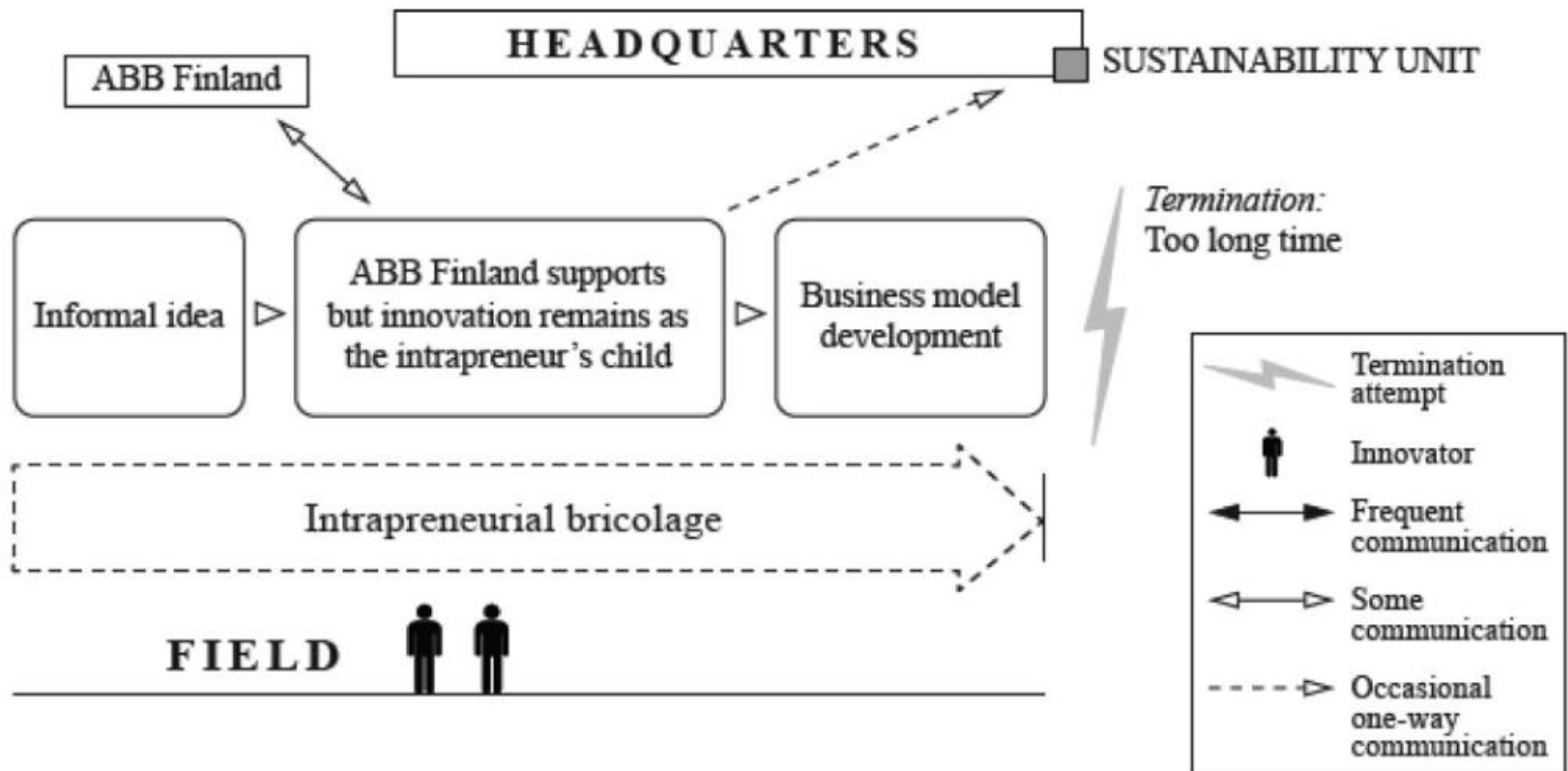
Village 2



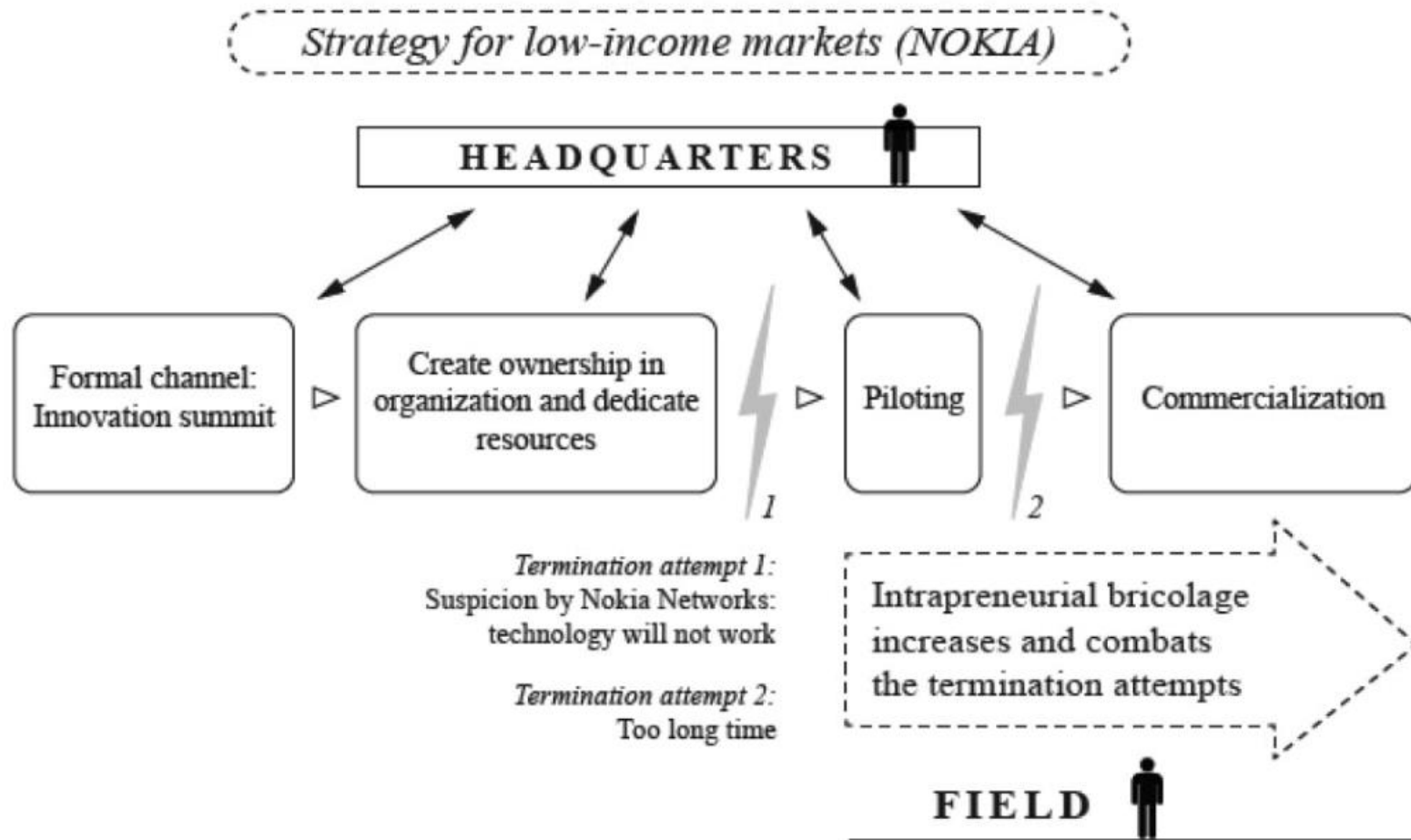
Village 3

# ABB innovation process

*No strategy for low-income markets (ABB)*



# Nokia innovation process





# Intrapreneurial Bricolage

| <b>Contemporary understanding</b>  | <b>Our findings</b>  |
|--|--|
| The greatest challenges of BOP business are due to the unknown and challenging markets         | The greatest obstacles to innovation are inside the corporations   |
| MNC's are particularly well suited for BOP business due to their resource intense environments | Promoters face resources scarcity<br>-> resort to bricolage, making do with what is at hand (typical of SME's) |
| There is high level strategic support for inclusive business                                   | Promoters lack organisational support<br>-> intrapreneurship drives the initiative                             |

# Takeaways

- Social entrepreneurship is an elusive concept
- Social enterprises need to balance social and economic goals
- Social enterprises involve a wide array of business models from non-profit to for-profit enterprises
- Acting entrepreneurially inside large organisations can be called intrapreneurship
- Intrapreneurs often promote innovations, and should be supported
- Bricolage; "making do with what is at hand" is a useful concept for understanding how social entrepreneurs and intrapreneurs mobilize (often scarce) resources

# Many ways to be a change maker

Entrepreneurship

Radical/  
critical

Diplomatic/  
Collaborative

Large institution