

Social Enterprise and Entrepreneurship: A History of Ideas, Institutions, and Action*

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ABSTRACT

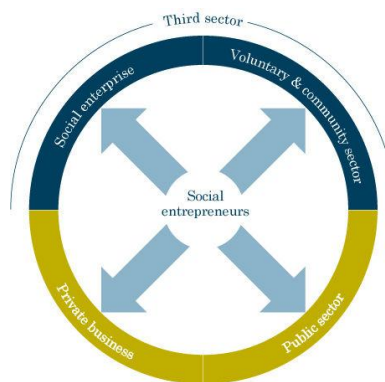
We first define and describe Social Entrepreneurship and Entrepreneurs. We then, review the history of Social Enterprise and Entrepreneurship. We discuss how the movement started and their progress throughout the centuries. Furthermore, we identify main turning points of events that help spread the word about Social Entrepreneur and Entrepreneurship. In order to build a chronology encompassing the greatest and most influential moments of the Social Enterprise it is necessary to go beyond the bounds of any singularly stringent definition of what the social enterprise or social entrepreneur actually embodies in today's terms. To stay within this framework would grossly neglect significant events, people and ideas that are at the heart of what the terms mean and how the modern interpretation and development of the social enterprise has come to be. Using the past, present we attempt to predict the next turning point for the Social Enterprise and Entrepreneurship.

INTRODCUTION

At the starting point, let's us define the Social enterprise and social entrepreneurship. First, we must distinguish between both social enterprise and social entrepreneurship. The two are inextricably intertwined yet separate in meaning. Social entrepreneurship takes the form of individual action or innovation, and can be epitomized in the great thinkers and creators of ideas throughout the course of human civilization.

The social enterprise, on the other hand, are the institutional forms with which these entrepreneurs can utilize in order to take action as a legally recognized entity and to ultimately - as in our case - fit the bill for what the SEA defines as a "social enterprise". That is, "...an organization or venture that achieves its primary social or environmental mission using business methods." (Social Enterprise Alliance**).

The social entrepreneur, as defined by Alastair Wilson with the *School for Social Entrepreneurship in the UK*, "...is someone with entrepreneurial characteristics, traits and abilities using and applying those for social benefit." (2009). Whereas the social enterprise is defined by its structure. That is, by the "legal structure, by the mission and governance embedded in their structure, or by their business model." (Wilson, 2009). The figure below illustrates the different types of structures a social enterprise might take the form of.



(Wilson, 2009).

In effect, the difference between the two is one of institutionalization, in the case of the "enterprise", and the other of course being action, or the "entrepreneurship" aspect. To compile a list of social enterprises adhering strictly to the definition offered by the SEA

above, we would only have a matter of two, three, maybe four decades of time with which to find any examples. By allowing the broader definition of the idea of social entrepreneurship as an integral part of the “enterprise” we can reach back to the earliest examples of these types of people and organizations to see how it is that we have reached our level of understanding and how much it has changed.

However, let us continue our understanding of the institutions of social enterprise into the three sectors in which Wilson defines them. First, we will examine types of social enterprises entirely begun in the private sector. The UK is a great starting point for understanding this type of social enterprise because it has - as a nation - one of the longest standing traditions in the realm of social enterprises. One example that exists in this sector of social enterprise institutions is *The Big Issue*. This is a UK magazine trademark started by a group of ten vendors who now have representation in the African, Asian, and Australian continents. They work to help finance other social enterprise initiatives across the globe and were originally created to offer the homeless community a “hand-up, not a hand-out” approach to make an honest living. (The Big Issue, 2010). This initiative has affected thousands of homeless around the globe, invested in thousands of social enterprises, and does around 6 million pound annually in business. (The Big Issue).

The Eden Project of Cornwall is another good example of a social enterprise in the private sector of Wilson’s model. This is an environmentally geared organization that focuses on charitable givings as well as sustainable growing and education and depend entirely upon donations from private individuals and institutions. A different model compared to that of *The Big Issue*, *The Eden Project* is owned by the Eden Trust, which is a licensed charitable organization in the UK; comparable to that of a 501c3 here in the US. Under the trust is a board of directors, and below them is the different teams who answer to the board, who in turn answer to the trust. (The Eden Project, 2012).

The second sphere of institutions in Wilson’s model is that of the public sector. This section illuminates some interesting points of view concerning government’s role in that of social enterprise. One way of looking at these forms is socially beneficial government policies, such as Medicare for the elderly and Medicaid for the poor in the US. Something that is yet to be seen on a wide scale, however, is governmental support for social enterprise on a large scale to fundamentally change societal problems. Charles Leadbeater makes an

interesting case for the role of government in promoting public policy to support social entrepreneurship to address these problems in his letter to the British Office of the Third Sector, *Social enterprise and social innovation*. He points out that “Although most social enterprises are small, and many are fragile, the sector has attracted growing interest from policy- makers, young people, entrepreneurs, funders and established businesses.” (2007, p. 2).

That interest is testimony to the way that social enterprise addresses weaknesses in the operation of both markets and government.

Events

Circa 2250 B.C.: The ancient Babylonians develop the Code of Hammurabi, the oldest instance of a system of laws that blanketed civil and criminal law. (Harper, 1904).

600 - 508/7 B.C.: Solon administers the first Athenian constitutional reforms (600) that will eventually lead to Cleisthenes’ “radical” democratic constitution (508/7). (Cartledge, 2011).

551 B.C.: Confucius is born during the Hundred Schools of Thought Period in ancient China. His philosophy stressed the inherent need for social justice in society both on the part of the leaders of society and the masses. His philosophy would greatly influence other philosophies in Chinese culture such as legalism and Taoism. Confucianism is arguably the most influential school of thought on China to the present day.

559 B.C.: Cyrus the Great succeeds his father to rule the Persian Empire and become the most beneficent ruler of the world’s largest empire through his respect of conquered nations and advocacy of human rights.

1st Century A.D.: The Apostolic Period of Christianity, considered by the Roman Catholic Church to be the era in which Christianity was founded and its message began spreading.

331: The Edict of Milan is signed into Roman law by Constantine I and Licinius I to declare religious toleration across the entirety of the vast Roman Empire.

1781: Jeremy Bentham publishes *Introduction to the Principles of Morals and Legislation*, the contemporary seminal work concerning utilitarian thought and the “greatest good for the greatest number of people”. (Anderson, 2004).

1799: David Dale hands down the New Lanark Mills to his son-in-law Robert Owen, who

from 1800 to 1825 would embark on one of the most influential social experiments within the context of the Industrial Revolution; a contemporary application of utilitarian society in an otherwise socially-harsh modernizing world (New Lanark Trust, 2012).

1854: The Crimean War erupts and a young British nurse, Florence Nightingale, is charged with a cadre of young female nurses to tend to the wounded behind the front lines in Turkey. Her work there would revolutionize health care and nursing practices over the entire globe. (Florence Nightingale International Foundation, 1999).

1861: John Stuart Mill publishes *Utilitarianism*, and in so doing expounds upon Bentham's previous findings to suggest a more qualitative aspect of human happiness as well as an understanding of the unwarranted inferior position of women in Western society. (Kemerling, 1997).

1897 – 1914: The Progressive Movement incites the creation of "...Child Labor committees, Consumers' leagues, Charities Aids societies, church organizations and women's clubs [which] appeared in all our industrialized cities and states and formed national associations with branches everywhere." (Cochran and Miller, 1961, p.276 – 284).

1915: Mahatma Ghandi returns to his homeland from his studies abroad to join the Indian National Congress and embark on a journey that would lead to his nation's independence and release from British subjugation.

1957: Creation of the European Social Fund (ESF) as "part of the original Treaty establishing the European Economic Community..." (European Social Fund, 2007).

1958: Michael Young publishes *The Rise of the Meritocracy* in the UK and the beginnings of an egalitarian, equal-opportunistic education system are starting to materialize in Western Europe. (Celarent, 2011)

1983: Muhammad Yunus founds the Grameen Bank in Bangladesh and the beginning of microfinance and microcredit. He would go on to receive a Nobel Peace Prize for his work nearly 30 years later. (Stone, 2011).

1998: Social Enterprise London is founded and now represents the largest social enterprise network in the UK with 3,000 members, 1,500 social enterprises supported, 700 jobs created and operating in 9 countries. (Social Enterprise London, 2012).

October 2006: Ceis (Community Enterprise in Scotland) is founded with Gerry Higgins as CEO, also founder of Social Firms UK and founding director of Social Enterprise Coalition (UK). (NESsT, 2012).

2008: The small non-profit organization Social Traders is founded in Australia. (Social Traders, 2012).

September 2-5, 2008: The Social Enterprise World Forum meets for the first time in Edinburgh, Scotland as a collaborative effort to bring together social enterprises from around the globe to further the development of social enterprises internationally. (SEWF, 2011).

*Final Paper will be presented at the conference

**References available upon request