

## **What is the ‘Social’ in ‘Social Entrepreneurship’?**

**Wee-Liang Tan, Associate Professor  
Singapore Management University  
Tanglin P. O. Box 257, Singapore 912409  
Phone: (65) 68220157 Fax: (65) - 68220777  
Email: [wltan@smu.edu.sg](mailto:wltan@smu.edu.sg)**

**John Williams, Assistant Professor  
Singapore Management University  
Tanglin P. O. Box 257, Singapore 912409**

**Teck-Meng Tan, Professor  
Singapore Management University  
Tanglin P. O. Box 257, Singapore 912409**

## **Abstract**

What is social entrepreneurship? In, particular, what's so social about it? In answering these questions we clear the way to determine what motives drive it, how its growth can be encouraged and how we can assess its success or failure. We first propose and defend a definition of social entrepreneurship that intuitively accords with what counts as entrepreneurship and which captures the way in which entrepreneurship may be altruistic. Based on this we defend a taxonomy of different types of social entrepreneurship. Within that taxonomy we then analyse a number of real cases of social entrepreneurship drawn from Singapore.

## ***1. Introduction***

The term ‘social entrepreneurship’ was recently gained prominence with the publication, using the term rich such *The Rise of the Social Entrepreneur* (Leadbeater, 1997) and *New Social Entrepreneurs: The Success, Challenge and Lessons of Non-profit Enterprise Creation* (Emerson & Twerksy, 1996). Prior to this, some of the activities under the rubric of social entrepreneurship were either termed “community development” or those in “social purpose organizations.” There is considerable use of the term in popular literature although academic literature on it is thin (Taylor, Hobbs, Nilsson, O’Halloran and Preisser, 2000). Since that term suggests that entrepreneurship may be aimed at benefiting society rather than maximising individual profits, it appears to promise an *altruistic* form of capitalism that does not evaluate all human activities in business terms. Despite Schumpeter’s pioneering analysis as far back as 1934, the entrepreneur still has an almost totally neglected explanatory role in economics, either as the cause of economic change or as the effect of it. As Baumol so succinctly puts it, ‘the theoretical firm is entrepreneurless – the Prince of Denmark has been expunged from the discussion of Hamlet’ (1968, pp. 66-7). Consequently the ‘social entrepreneur’ has an important but even more neglected explanatory role within economic theory not only as the effect of economic changes within society but also as the *cause of altruistic economic change that benefits society*. Unfortunately there is still no clear analysis of the definition of the phenomenon aside for

attempts by Dess (1998a, 1998b) and more recently (Alvord, Brown & Letts, 2002). Without one, research and policy measures can hardly be introduced with any confidence to develop it, nor can we sensibly measure the success of doing so.

Part of the reason why there is no clear definition of ‘social entrepreneurship’ is that there is no clear definition of ‘entrepreneurship’ either. What is social entrepreneurship? In particular, what’s so social about it? What makes it altruistic? In answering these questions we clear the way to determine what motives drive it, how its growth can be encouraged and how we can assess its success or failure. However, to those more sceptical of an altruistic form of capitalism, the term sounds like a self-contradiction, akin to ‘social greed’ or ‘social chaos’. We first set this right by defending a definition of that term. This of course requires a logically prior definition of entrepreneurship, which in turn requires a definition of the term ‘entrepreneur’. But alas, as Kao points out, the academic community seems to be unable to agree on what entrepreneurship is (1996, p. 213).

One reason for thus clarifying the ‘social’ in ‘social entrepreneurship’ is to understand how ‘social capital,’ understood as ‘features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit’ (Putnam, 1995; Krishna, 2002), contributes to economic development. For as we will see below, entrepreneurship may be

‘social’ in the sense of helping to translate social capital into benefits for society. It is therefore important to identify and clarify that sense, since not every entrepreneurial activity is ‘social’ in that same sense, although every entrepreneurial activity involves society in some way or other. In §2 we examine the nature of entrepreneurship to show that it cannot be defined in terms of moral or social values, nor in terms of corporate, social, industrial, or environmental settings. This provides the basis for §3, in which we then explore possible meanings of the adjective ‘social’ as it qualifies the noun, ‘entrepreneurship’.

## ***2. What is entrepreneurship?***

Before we can distinguish sense in which entrepreneurship may be ‘social’, we need first to examine the definition of entrepreneurship. As we shall see, this is controversial. We ask our readers to bear with our examination which we undertake, not primarily to settle that controversy, but rather to argue for two claims: firstly that we must define an entrepreneur before we can define entrepreneurship and secondly that the term ‘entrepreneur’ must be devoid of moral, social or contextual implications.

The expression ‘entrepreneur’ was not originally a term of art. As Cunningham observes (1996, p.302), it derives from the French ‘entreprendre’, itself derived from the German ‘unternehmen’, both of which

mean ‘to undertake’. In the early 16<sup>th</sup> century, entrepreneurs were explorers employed by the French military. By 1700 they included paid builders of military bridges, harbours and fortifications. So since an undertaking is both a promise and a job, the original entrepreneurs were those contracted to perform risky or dangerous jobs. French economists then extended the term to include people who bore risk and uncertainty in order to make innovations. Unfortunately the expression is now used in a confusing variety of different ways. We therefore first appeal to intuitively plausible examples of what does and does not count as an entrepreneur in order to propose a definition of an entrepreneur that is neither too broad nor too narrow. For instance, we expect most readers to agree that non-academic Sim Wong Hoo, director of Creative Technology, is a paradigm case of an entrepreneur, as is flamboyant risk-taker Richard Branson, or opportunist supplier Ray Kroc, the pioneer of McDonalds in 1955. Then there are clear cases of people who are not entrepreneurs. For instance, a solitary professional gambler plying his trade at the card tables on a paddle steamer on the Mississippi may be enterprising but is hardly an entrepreneur. Nor would we normally use the term to describe a hack manager who successfully opens yet another outlet of McDonalds in New York, however great his risk of failure. By contrast, the *pioneering* ventures of Ray Kroc in 1955 do seem to count as entrepreneurship.

Just as there are unsuccessful businessmen, so there are unsuccessful entrepreneurs, notably Freddie Laker or Virgin Record Branson or Virgin

Vodka Branson<sup>1</sup>. Since ‘failed entrepreneur’ is not a contradiction in terms, it is a mistake to include conditions of successful entrepreneurship in the definition of what an entrepreneur is (*pace* Knight as reported by Kan 1996, p. 157). The same point can be made, *mutatis mutandis*, for ‘immoral entrepreneur’ or ‘illegal entrepreneur’ (*pace* Kao 1996, p. 213) since these are not contradictions in terms either. This is hardly surprising, given that one may speak with perfect equanimity of wicked lawyers or crooked businessmen. The 18<sup>th</sup> century businessmen in Bristol who first began trading cotton for West African slaves to be then sold for tobacco in Virginia, were certainly entrepreneurs, but were hardly ethical. Nor did the Bristolean entrepreneurs (to use a barbarism of American usage) ‘add value’ to society, given the subsequent damage to global health from tobacco consumption (*pace* Kao 1993). Operating the slave triangle today would be illegal as well, but that would not change the essential nature of the business. Fredrick Forsythe’s ‘Dogs of War’ authentically portrays an entrepreneur who sets up a highly complex business organization in order to overthrow a West African government by soldiers of fortune for the purpose of gaining highly profitable mining rights. By contrast, a one-time snatch-thief who grabs a gold necklace is not an entrepreneur. Therefore we should be careful not to build conditions of legal or ethical entrepreneurship into the definition of an entrepreneur. We should further agree that although there is a sense in which some may be ‘born entrepreneurs’, nobody is born one. Nor is anyone likely to remain an

entrepreneur at every waking moment of his life, as Schumpeter observed (1934, p. 78).

Lexicographers are not infallible conceptual analysts, as shown by their divergent definitions of 'entrepreneur'. However, that provided by the Oxford English Dictionary, namely 'the owner or manager of a business enterprise who, by risk or initiative attempts to make profits' still captures much of the nature of the original 16<sup>th</sup> century entrepreneurs in France. One reason why we should hesitate to now apply that definition to them is the fact that they were mere wage slaves. So any profits they made were not the profits of an organised business in any minimally formal sense. This is why neither the Mississippi gambler nor the one-time snatch thief are entrepreneurs, despite the fact that both may profit by risk. But although risk-taking is not sufficient for someone to be an entrepreneur, it is necessary, as Frank Knight observed back in 1921. This is why the casino against which the gambler plays is not entrepreneurial, because it faces no significant long-term risk. Nor is the manger of the latest New York outlet of McDonald's an entrepreneur, since although he may make business profits in the face of risk, he initiates nothing significantly new, unlike Ray Kroc in 1955 (*pace* Long 1996; Drucker 1985 pp. 21-2 makes a similar point). Schumpeter recognises the that an entrepreneur is an innovator, for example by introducing new goods, methods of production, supplies of raw materials or organizations of industry (1934, p.

66). This explains why starting an outlet of McDonald's in Papua New Guinea or even in an extraterrestrial space colony, would be entrepreneurial.

Therefore the definition of an entrepreneur given by the Oxford English Dictionary would be best amended to 'the owner or manager of a business enterprise who, by risk *and* initiative, attempts to make profits'. We should be careful to note that this does not mean that all owners or managers of business enterprises are *ipso facto* entrepreneurs, as the example of the newest McDonalds outlet in New York has shown (*pace* Teo 1991).

Thus the clearest formulation is as follows:

*Definition of an entrepreneur*

A person is an entrepreneur from  $t_1$  to  $t_2$  just in case that person attempts, from  $t_1$  to  $t_2$ , to make business profits by innovation in the face of risk.

He is a successful entrepreneur just in case that attempt succeeds and he is an ethical or legal entrepreneur just in case that attempt is itself ethical or legal. Consistently with this, as von Mises recognises (1996), not all managers, inventors or innovators are entrepreneurs (*pace* Teo 1996. p. 256; Soh-Wee 1996, p. 346), although all entrepreneurs are at least self-employed managers

(in some minimally formal sense) of their own enterprises. This definition has the virtue of according with our intuitions about all the examples above, in including all who are entrepreneurs while excluding all that are not. Moreover, it remains wisely neutral on the question of whether an entrepreneur attempts to profit himself or others since to adapt a point made above, ‘selfish and unsuccessful entrepreneur’ is no more a self-contradiction than is ‘greedy and failed businessman’ (*pace* Long, 1996, p. 1; Kao 1993).

It is now an easy step of logic to define *entrepreneurship*. For any N, where N is a noun-phrase that denotes a type of person, N-ship is the *process* of attempting to be an N. So leadership is the process of attempting to be a leader, in other words, the process of attempting to lead. Accordingly, the definition of entrepreneurship is as follows:

*Definition of entrepreneurship*

Entrepreneurship is the process of attempting, from  $t_1$  to  $t_2$ , to make business profits by innovation in the face of risk.

Since there are degrees of both risk and innovation, it follows that there are degrees of entrepreneurship. Thus the swashbuckling British opium traders were *more* entrepreneurial *before* they introduced their product to new markets in China, because obviously they *then* faced more risk of failing to market it

there. Likewise Sim Wong Hoo was more entrepreneurial than his equally daring competitors precisely because his product was more innovative. Since the vast majority of useful predicates are vague in this respect, it should not dismay us that there will be penumbral cases of entrepreneurship; exactly how minimally risky and innovative must an entrepreneur be?

### **3. What is social entrepreneurship?**

There are a number of ways to apply the adjective ‘social’ to our definition of entrepreneurship, corresponding to whether we think of entrepreneurship *in*, *by*, *for* or *involving* society. We could stipulate that a person is a *social* entrepreneur during a period from  $t_1$  to  $t_2$  just in case that person attempts at  $t_1$  to make business profits *in society* by innovation in the face of risk. But that would be superfluous since any business activity requires a society, however minimally conceived, within which to operate. For every business entrepreneur needs sales or services to consumers in order to make profits and consumers are a sub-society or subset of society at large. Moreover, the stipulation does not capture the desired sense in which entrepreneurship is altruistic.

Secondly we could try saying that a *society* is entrepreneurial from  $t_1$  to  $t_2$  just in case that society attempts from  $t_1$  to  $t_2$  to make business profits by innovation in the face of risk. In other words, we are now identifying a sense

in which entrepreneurship is *by society*. This comfortably fits a narrow business sense of a registered ‘society’ that is also a listed company of ten thousand shareholders or a community of profit making companies, such as a society of Swiss plastics manufacturers. At the other end of the continuum we may think of nations as societies, thus giving social entrepreneurship a political role. Our definition would fit this just as well, provided we are prepared to speak of nations as businesses, as when Singaporeans refer (in a quite non-pejorative way) to ‘Singapore Incorporated’. But once again, this fails to capture the desired sense in which entrepreneurship is altruistic.

Thirdly we could say that a person is a social entrepreneur from  $t_1$  to  $t_2$  just in case that person attempts from  $t_1$  to  $t_2$  to make profits *for society* by innovation in the face of risk. However this is still not quite the sense of ‘social entrepreneur’ that we intend to capture. For consider the case of a philanthropist who innovatively builds a successful rubber-trading business in the face of significant risk of bankruptcy and personal loss. When he dies, he fulfils his life-long ambition of bequeathing a fortune to the Society for the Blind. No doubt such an entrepreneur is altruistic in the sense that he successfully attempts, in the face of risk, to innovatively make profits *for* a segment of society. Nonetheless there is still a sense in which his entrepreneurship is not located within society. For although it is a process *for* the benefit of a segment of society that trivially takes place *in* society, that process *does not involve those that benefit*. This involvement includes

winning the acceptance or cooperation of that segment of society that is to benefit as well as the delivery of social services in a business-like fashion, as we discuss in §4.

Thus our definition of the intended sense of social entrepreneurship is as follows:

*Definition of social entrepreneurship*

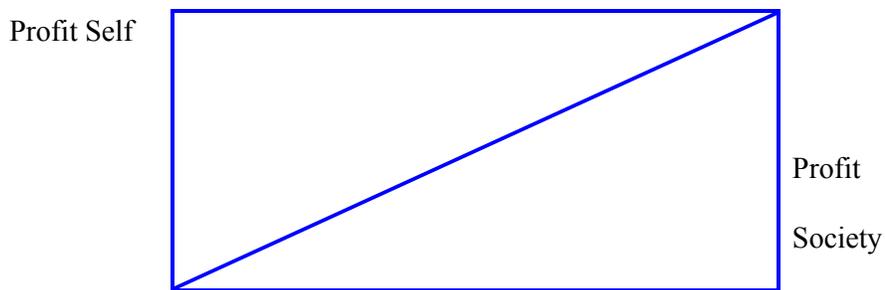
A legal person is a *social* entrepreneur from  $t_1$  to  $t_2$  just in case that person attempts from  $t_1$  to  $t_2$ , to make profits *for* society or a segment of it by innovation in the face of risk, *in a way that involves that society or segment of it.*

In *this* sense, entrepreneurship is still altruistic but even more social. The degree of altruism is increased if we allow the intended profits to include not only cash but also intangible profits such as improved health or less denuded rainforests or if we expand the society intended to benefit beyond nations to include the planet. This formulation can refer not just to individual persons but also to legal entities such as corporations, unincorporated associations and societies. However we would all agree that it is more altruistic for one society to attempt to profit another than it is for a society to attempt to profit only itself. Thus 19<sup>th</sup> century British imperialism is clearly less altruistic than the

Singapore Nature Society or a group of civic-minded individuals who start a part-time taxi service in order to finance the construction of a dance hall for local youths.

Let us therefore confine ourselves to cases of altruistic businesses that are socially entrepreneurial in the sense that they attempt to profit a segment of society by innovation in the face of risk in a way that involves those segments of society. Now consider the entrepreneur whose objective is to profit society in exactly this way. There are only two possibilities; either his objective is to profit *only* society or his objective is to profit society *and himself*. In the latter case there is a continuum of degrees to which his objective is to profit society relative to himself, for example equally. This continuum is represented as follows:

Figure 1. Objectives in Social Entrepreneurship



The first kind of social entrepreneur is clearly more altruistic than the second. Clearly the first would be even more altruistic if he not only forgoes individual profit but also is willing to suffer personal loss. Such an individual would be a creative philanthropist willing to martyr himself for the benefit of others.

Now consider the second kind of social entrepreneur. Is his *primary* objective to profit society or to profit himself? If it is the former then he attempts to *profit society* either by profiting himself or by avoiding personal loss. Such an attempt is the mark of a great leader or someone who believe himself to be one. If it is the latter, as with most of us, then he attempts to *profit himself* or avoid personal loss, by profiting society. This gives us a continuum of social entrepreneurs in six descending degrees of altruism:

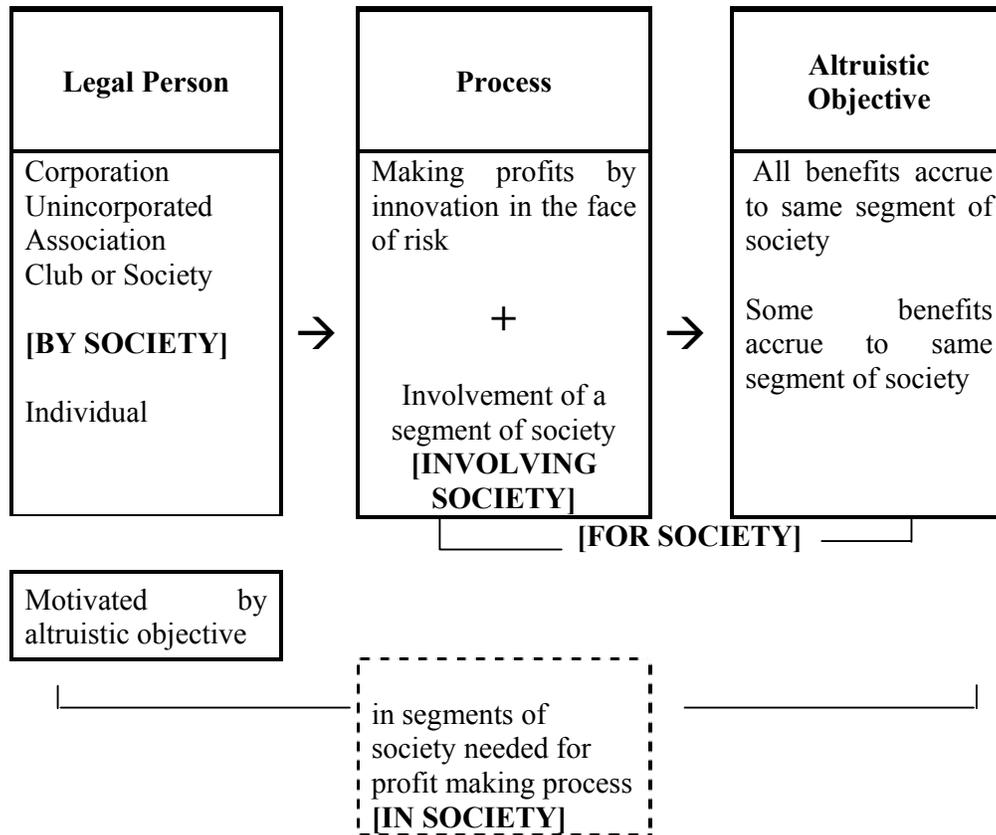
- (1) The person who attempts to innovatively *profit society alone*, in a way that involves that society, at risk of *personal loss*.
- (2) The person who attempts to innovatively *profit society alone*, in a way that involves that society, at risk of *foregoing personal profit*.
- (3) The person who attempts to innovatively *profit society by profiting himself*, in a way that involves that society, at risk of incurring *personal loss*.
- (4) The person who attempts to innovatively *profit society by profiting himself*, in a way that involves that society, at risk of *forgoing personal profit*.
- (5) The person who attempts to innovatively *profit himself by profiting society*, in a way that involves that society, at risk of *personal loss*.
- (6) The person who attempts to innovatively *profit himself by profiting society*, in a way that involves that society, at risk of *foregoing personal profit*.

As we should expect, these decreasingly altruistic forms of social entrepreneurship are elucidated in terms of risk and innovation. For whatever is true of entrepreneurship is *ipso facto* true of social entrepreneurship although not conversely. The extra element of the ‘social’ is provided in two ways. Firstly it is provided in terms of the *altruistic objectives* of the entrepreneurial person or organisation. These come in degrees, depending both upon whether the primary objective is to benefit a segment of society and also upon the extent to which such an organisation is willing to risk loss or profits to itself in the process than it would otherwise have earned. Secondly the ‘social’ is provided in terms of how *that segment of society is involved in this process*, one that excludes charitable donations by philanthropic entrepreneurs.

Our definition of social entrepreneurship may be represented diagrammatically as follows:

Figure 2. Definition of Social Entrepreneurship

**Social Entrepreneur = Legal person engaged in the process of entrepreneurship that involves a segment of society with the altruistic objective that benefits accrue to that segment of society**



The sense in which entrepreneurship may be *by* society is captured by the category of a legal person. Where the entrepreneurs are members of a club or charity, they fall into this category. The fact that any entrepreneur, social or otherwise, must act *in* society is also reflected. The diagram also shows that the segments of society that a social entrepreneur needs in order to make profits, namely his consumers, are not necessarily those he intends to benefit.

In holding this altruistic intention, the profit-making process is *for* that segment of society. Finally, that process *involves* that same segment of society.

Since entrepreneurship, social or otherwise, involves both risk and innovation in the process of making profits for the benefit of a segment of a society, there is a real possibility that these intended benefits may not materialise. This is a consequence of avoiding a definition of entrepreneurship in terms of success, which, as we saw in §2, has the illogical consequence that someone is only an entrepreneur if and when intended profits materialise. By contrast, our diagram reflects the fact that a person is an entrepreneur so long as that person *engages in the process of attempting* to innovatively make profits in the face of risk.

Benefits intended *for* a segment of society may be direct or indirect. Direct benefits take the form of services, gifts and care being directed to a segment of society. Other direct benefits include buildings, scholarships and aid. Indirect benefits include employment, since the entrepreneurial process may involve hiring a select group of people in order to provide services to others. For example, an organisation might employ blind masseurs in order to raise funds for to train and provide for members of the Society for the Blind. Other indirect benefits may take the intangible form of community bonding, community spirit or increased volunteerism on the part of the public.

#### **4. Real Cases**

As we have defined the term, there are a number of categories of social entrepreneurship, namely

- (1) Community-based enterprises
- (2) Socially responsible enterprises
- (3) Social Service Industry Professionals

and

- (4) Socio-economic or dualistic enterprises

By so naming this fourth category we refer to enterprises that successfully incorporate the 'social' in their mission statement. In other words they have the dual objective of not only earning profits but also of conducting non-profit making activities for the community.

The first category includes charitable organisations that are engaged in innovative means of carrying out their social goals involving risk. One such organisation is the Grace Orchard School in Singapore that is a collaboration between two churches and the Presbyterian Community Services to provide funds to a government-aided private school for children with special educational needs (<http://www.graceorchard.org/>). This provision is innovative in two ways. Firstly, it is one of the first private sector ventures into special education. It is private sector in that the government aids the project with the location and the initial capital; the private sector is to provide the

management and long-term financial support and continuity. While the Presbyterian Community Services appear to be funded by the Presbyterian Synod, the truth is it was founded by a number of Presbyterian laity and as an organization part of the synod. However, it runs independently with accountability to the Synod. It seeks public funding from government, donors and members of the public. With the exception of two or three established charities, the provision of special education was previously dominated by the Singapore government. Secondly, the Presbyterian Community Services previously only handled childcare services for working mothers with children from the ages of three to six. But now the task of running a special education school means managing the provision of education to children from the ages of seven to twelve. At the other hand of the spectrum of its activities, the charity is involved with the elderly. In this respect, its enterprise innovates bridging the gap in the services they provide to the young and the elderly. The risk involved stems from the long-term uncertainty of raising community support, recruiting volunteers and hiring professional teachers. The social element lies in the recruitment of volunteers, the *involvement* of the local community in ‘owning’ and accepting the school and providing financial support *for* the school.

The second category includes enterprises like the Banyan Tree Gallery ([www.banyantreegallery.com/](http://www.banyantreegallery.com/)). Banyan Tree Gallery (BTG) is an extension of the social consciousness of the Banyan Tree Holiday Resorts business. Banyan

Tree Holiday Resorts (BTHR) developed environmentally sensitive luxury boutique resorts that are steeped in Asian traditions. Its Phuket resort was a disused 400-hectare tin mining site described in a 1977 United Nations report as being 'too severely ravaged' to sustain development. The Banyan Tree team preserved the remaining trees, planted 800 new ones and transformed the site to include six lagoons stocked with fish, tiger prawns, shrimp and other animals. BTG was founded in 1994 when triangular cushions made by female Thai villagers were incorporated into Banyan Tree Phuket. BTG was set up to promote and market such handicrafts. BTG is innovative in going against current business practice by quoting prices upfront in order to ensure that the producers of such handicrafts have the capital they need to manufacture their goods. In this way BTG 'returns' benefits to society at large. According to reports, some producers earned enough to set up their own factories. The resulting increase in production created wealth in the villages and improved the lives of those who live in them. The social element in the process can be seen in *involving* the villagers as producers and at the same time providing benefit *for* their communities.

The third category may sound strange. However, one has to acknowledge that there are entrepreneurs who make the social service industry into their customers. These individuals are innovative and take calculated business risks but one of their objectives is to pass benefits on to society. An example of this is Northern Leaf Communications (NLC; [www.northernleaf.com.sg/](http://www.northernleaf.com.sg/)), which

was started in mid-1995 as a firm dealing in consumer goods. It became a public relations firm specializing in Internet design, corporate design, marketing communications and the launching of events. Disadvantaged by its small size and needing to penetrate the public relations market, NLC decided to use the charity angle to approach companies after their first successful collaboration with the Children's Cancer Foundation in 1995. The opportunity to work with the Children's Cancer Foundation came about fortuitously when the Foundation approached NLC's owner for help in raising funds and generating awareness of the charity's work. NLC's success in managing this project enabled it to pitch for new projects for non-profit organizations, drawing upon its members' knowledge and skills gained through their personal service as Christian volunteers. At present, its main clients are about twenty non-profit organizations. Since the government community service arm, Community Chest, only funds ten per cent of these, they do not have a lot of financial resources or the capability to organize fund raising projects. NLC offers an attractive proposition to non-profit making clients that couples NLC's business objective with their clients' social goals. NLC offers its expertise to the charities at less than what it would probably have cost the charities otherwise but with the potential of a higher amount raised. NLC organizes everything from the production right down to the corporate writing at no cost to the charities. Instead they are paid 20 to 30 percent of the funds raised. NLC pays the difference if the operational cost exceeds 30% of the amount raised. The 30% limit is based on a guideline provided by the National

Council of Social Services in its Corporate Community Involvement Resource Guide. The National Council of Social Services is the national coordinating organization for voluntary welfare organizations that operates under the auspices of the Ministry of Community Development and Sports. NLC is works closely with the charities in the projects they plan. Their involvement goes beyond the professional fees but is an intimate *involvement* that originates from their beginnings being themselves volunteers in charities. Their work also *involves* the volunteers of each organization without whom the projects would not be successful. Hence we include this case in the third category.

The fourth category includes Transnational Recycling Industries Pte Ltd. This is a modern day equivalent of the rag and bone man, specializing in paper materials, in particular old newspapers and corrugated, computer and mixed waste paper. It extended its business by gathering recyclable materials from households and selling these to a recycling company, with part of the profits used for community projects. As the cost of the materials is zero, and only operational costs are incurred in collecting the materials, Transnational benefits greatly if the quantity of collected material increases. Accordingly, the company aimed to increase the quantity of recyclable materials collected by encouraging awareness of the environmental value of recycling. It approached the Tanjong Pagar Community Development Council (Tanjong Pagar CDC) to collaborate in mounting a recycling programme in the

community. Transnational provided recycling bags to the TPCDC to distribute to the residents. Residents had to place newspapers, clothes, aluminium or tin cans and old electrical appliances in the bag, which was collected at their doorstep on designated days. After sorting, recycling and selling these materials, Transnational contributed a portion of the proceeds to the Society for the Physically Disabled. The Council did its part by offering a community development project that enabled it to help the residents meet the needs of the disabled.

The initial response was poor but improved after efforts in educating residents through talks and posters. A portion of the money collected from the recycled items funded community activities, such as block parties and contributed to the increase in resident participation to 40 per cent of the 150,000 households in 2001 (Goh and McCoy, 2001). In its two years of involvement with the Tanjong Pagar CDC ending 2001, the company had raised over \$200,000 for the Society for the Physically Disabled. Transnational is now carrying out recycling projects in other parts of Singapore.

Transnational innovatively harnesses the *involvement* of the residents in the entrepreneurial process of making profits from recycling. This process is *for* these residents in the sense that recycling is a social activity that has the indirect benefit of building a sense of community. It is also *for* the residents in the sense that it has the direct benefit of supporting a charity within the

community. Finally it is *for* the global community at large in the sense that it has the indirect benefit of conserving the resources of the planet.

## **5. Conclusion**

Defining and clarifying categories of social entrepreneurship has given us a better understanding of what social entrepreneurship is. In so doing we have also clarified the difficult and important idea of entrepreneurship itself. As we have shown, there is more to social entrepreneurship than community-based entrepreneurship. Nor is encouraging social entrepreneurship merely a matter of getting the community to provide for itself through business enterprise. While we want to business leaders to encourage social changes for the better, we should not limit social entrepreneurship to organizations the sole objective of which is to benefit society. For as we saw in §4, there are instances of entrepreneurship that combine self-seeking enterprise with the social that a definition of social entrepreneurship limited to social purpose organizations would omit. At the same time, we have endeavoured to avoid an overly broad definition that would include corporate philanthropists. In defending our account of the ‘social’ in social entrepreneurship, we hope to have usefully determined what motives drive it and thus clear the way for further work on how its growth can be encouraged and its success or failure assessed.

## **References**

- Alvord, S.H., Brown, D. and Lets, C.W. (2002) Social entrepreneurship and social transformation: an exploratory study. Hauser Center for Non-profit Organisations Working Paper No. 15
- Baumol, W.J. (1968) Entrepreneurship in Economic Theory. *American Economic Review*, 58: 64-71.
- Cunningham, J.B. (1996). *Getting Started and Responding to Crisis' in Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley).
- Dees, J. G. (1998a) Enterprising Nonprofits. *Harvard Business Review* 76: 55-67.
- Dees, J.G. (1998b) The meaning of 'Social Entrepreneurship', comments and suggestions contributed from the Social Entrepreneurship Founders Working Group.
- Drucker, P. (1985). *Innovation and Entrepreneurship* (New York: Harper and Row).
- Emerson, J. & Twersky, F. (1996). *New Social Entrepreneurs: The Success, Challenge and Lessons of Non-Profit Enterprise Creation. A Progress Report on the Planning and Start-up of Non-Profit Businesses from The Roberts Foundation Homeless Economic Development Fund* (San Francisco, CA: Roberts Foundation).
- Goh, D. and McCoy, P. (2001) Recycling works - with incentives. *The Straits Times*, 25 March 2001.
- Kan, S. S. (1996) Entrepreneurship, Transaction Costs, and Subjectivist Economics' in *Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley).
- Kao, R. (1996) From General Management to Entrepreneurship. *Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley).
- Kao, R. (1993) Defining Entrepreneurship, Past and Present. *Creativity and Innovation Management*, 2.
- Knight, F. (1921). *Risk, Uncertainty and Profit*. (Boston: Houghton Mifflin).

- Krishna, A. (2002). *Active social capital : tracing the roots of development and democracy*. (New York : Columbia University Press)
- Leadbeater, C. (1997). *The Rise Of The Social Entrepreneur*. (London: Demos)
- Long, W.A. (1996) Why Entrepreneurship? in *Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley), 1-11.
- Putnam, R. D. (1995) Bowling Alone: America's Declining Social Capital. *The Journal of Democracy*, 6(1):65-78.
- Schumpeter, J. (1934). *The Theory of Economic Development* (Boston: Harvard University Press).
- Soh-Wee, C. (1996) Start-up and Early Business Development Challenges Confronting Young Entrepreneurs in Singapore. *Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley).
- Teo, S. K. (1996) Women Entrepreneurs of Singapore. *Entrepreneurs, Entrepreneurship and Enterprising Culture*, eds. Low, A. M. and Tan, W. L (Singapore: Addison-Wesley).
- Taylor, N., Hobbs, R. Nilsson, F., O'Halloran, K. and Preisser, C. (2000) The rise of the term social entrepreneur in print publications. *Frontiers of Entrepreneurship Research*.
- Von Mises, L. (1966). *Human Action: A Treatise on Economics* (Chicago: Henry Regnery).

## Note

1. Branson's successes include Virgin Atlantic, an enterprise that has taken share from giant British Airways in its fifteen-year history. He has built an empire of some 200 companies with combined yearly revenues of an estimated \$4 billion. But his greatest risk to the Virgin name is the 19-month-old rail business, one that caused Deputy Prime Minister John Prescott to call the privatised rail system 'a national disgrace' and to lash out that 'when it comes to railways, I'm no Virgin'.