SOCIAL ENTREPRENEURS

Mobilisers of Social Change

Edited by David Crowther
and Farzana Quoquab

DEVELOPMENTS IN CORPORATE GOVERNANCE AND RESPONSIBILITY

VOLUME 18

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DEVELOPMENTS IN CORPORATE GOVERNANCE AND RESPONSIBILITY

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EDITED BY

DAVID CROWTHER
Social Responsibility Research Network, UK

And

FARZANA QUOQUAB
UniversitiTeknologi Malaysia, Malaysia

United Kingdom – North America – Japan
India – Malaysia – China

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LIST OF AUTHORS

Anisah Lee Abdullah	Universiti Sains Malaysia
Nor Liza Abdullah	Universiti Kebangsaan Malaysia
Fauziah Sh. Ahmad	Universiti Teknologi Malaysia
Shabir Ahmad	Imam Abdulrahman Bin Faisal University, Saudi Arabia
Wan Mohd Hilmi Wan Ahmad	Universiti Kuala Lumpur, Malaysia
Sylvia Nabila Azwa Ambad	Universiti Teknologi MARA, Malaysia
Ishtiaq Bajwa	Imam Abdulrahman Bin Faisal University, Saudi Arabia
Chinmoy Bandyopadhyay	Xavier Institute of Management, India
David Bara	University of East London, UK
Emma Bara	WeCanAccess Ltd, UK
Nupur Chopra	National Institute of Fashion Technology, India
David Crowther	University of Bedfordshire, UK
Michael M. Dent	Sunway University, Malaysia
Fardeen Dodo	University of Bologna, Italy
Jamie P. Halsall	University of Huddersfield, UK
G. P. T. S. Hemakumara	University of Ruhuna, Sri Lanka
Fuzirah Hashim	Universiti Kebangsaan Malaysia
Cordelia Mason	Universiti Kuala Lumpur, Malaysia
Jihad Mohammad	Qatar University, Qatar
Nur Saadah Muhamad	Universiti Kebangsaan Malaysia
Nor Syamaliah Ngah	Universiti Teknologi MARA, Malaysia
Roopinder Oberoi	University of Delhi, India
Farzana Quoquab	Universiti Teknologi Malaysia
Mohd Radzuan Rahid	Universiti Kebangsaan Malaysia
Lukman Raimi	Universiti Brunei Darussalam (UBD), Brunei
Ruslan Rainis	Universiti Sains Malaysia

Subhasis Ray Xavier Institute of Management, India
Harleen Sahni National Institute of Fashion Technology, India
Zarina Abdul Salam Universiti Teknologi Malaysia
P. N. Sankaran
Shah Saquib Basel Institute of Commons and Economic, Switzerland
Michael Snowden University of Huddersfield, UK
Ramotu Sule Yaba College of Technology, Nigeria
L. G. D. S. Yapa Universiti Sains Malaysia

INTRODUCTION: SOCIAL ENTREPRENEURS AND SOCIAL CHANGE

David Crowther and Farzana Quoquab

ABSTRACT

This chapter discusses the origins of social entrepreneurship and the history. It sets this within our understanding of the current world, postmodern breaks with the norms of the market and definitions and redefinitions of community within society. It discusses a number of features and theories which may explain the way such enterprises have become more significant with society and have permeated the globe. In doing so, this chapter acts as an introduction to this volume and sets the scene for the extended discussions which comprise the remaining chapters in this volume.

Keywords: Social entrepreneurs; circular economy; organisation; markets; community; postmodernism

INTRODUCTION

Social entrepreneurship is not a new concept. The objective has always been to benefit society, normally in the form of the local community, rather than simply to provide profit as a reward for undertaking activity. This profit motive is the foundation of the capitalist system and has been legitimated by the market system as a return for undertaking risk although many have argued that the risk/reward ratio is seriously out of balance and needs addressing. Social enterprise started as an alternative and its origin can be traced to the founding of the Rochdale Society of Equitable Pioneers in 1844 (in United Kingdom). They established a consumer-based organisation to enable mill workers and their families to be fed with good quality food and to counter the exploitative practices of the mill

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owners. In doing so, they founded the cooperative movement and led to governmental legislation culminating in the passing of the Truck Acts from the 1840s onwards and still in force today.[1]

Since this time various forms of local community-based enterprises have continued to exist throughout the world, and many are organised along cooperative lines (Kleer, 1985). Similar forms of organising have existed throughout history but in advanced capitalist societies they tend to be viewed as deviant and 'alternative' (Crowther, Greene, & Hosking, 2004). This said, some of these organising practices have become so widespread that they could be said to have achieved some economic significance in modern societies (North, 1995). In this chapter we focus upon one 'alternative' form of organising namely social entrepreneurship. In doing so we reflect upon the argument of de Bettignies (2000) – reflecting and also in part lamenting Fukuyama's (1992) argument concerning the end of history – that globalisation has led to the dominance of the market as a mode of engagement to such an extent that no alternative exists – and in part acclaiming that this seems no longer to be true. The aim of the chapter is to explore this issue concerning modes of engagement and to argue that the dialectic established by de Bettignies (2000) between markets and communities can be transcended to provide a real alternative to the global dominance of the market. In order to do this we explore both the theory and the practice of such organisations while drawing upon their experience in the evaluations from the contributors to this volume. Even though more formal modes of organising tend to occur, these are very often different from those adopted by economic enterprises within the formal economy. We explore how the processes and practices of and participation of individuals in such schemes in various parts of the world are co-constructed (Woolgar, 1996).

Social entrepreneurs are considered to be a catalyst of social change. Usually they approach a social problem with entrepreneurial spirit, reframing challenges and aim to create social value. Such entrepreneurs greatly differ from other forms of entrepreneur in terms of judgement capacity, pro-activeness, innovativeness and entrepreneurial spirit. Indeed it can be argued that they differ from other forms of entrepreneurs in their primary motivation which is to effect social change rather than to make profit and benefit themselves, and this could be why community enterprises and cooperatives feature prominently in such forms of organisation. They are often associated with social innovation and ascribed as transformational leaders due to their contribution in finding and initiating the positive change in solving social problems.

Such enterprises can be considered to be the originators and drivers of the circular economy (Seifi, 2021). There exist a number of small businesses which have adopted a nature-centric approach to business and tried to fit their operations into an ecologically sustainable business model. Interestingly Kearins, Collins, and Tregidga (2010) describe some such organisations depicting how they are not always successful in achieving such ecological sustainability for a number of factors. They also assert that such businesses are all small in size and describe them as visionary, thereby accepting that this is not the norm. Such models are not of course appropriate for extractive industries which must be large

in scale and cannot readily be ecologically sustainable although Emel, Angel, and Bridge (1995) suggest some steps which are being taken toward greater sustainability in environmental effects. Networking seems to be a key part of any such strategy (Heuer, 2011) which seems to be a common form of organising among small scale enterprises but not among larger ones. It seems to be recognised that achieving sustainability will require some form of market transformation but Smallbone (2004) concludes that this is a consequence of achieving sustainability rather than a driver for change. The circular economy is one approach to this change and is based upon a combination of recycling and reusing but Wilts (2017) points out that this is problematic to actually implement. At the moment therefore it remains a fashionable concept rather than any real solution although Haji and Slocum (2019) have proposed the repurposing of disused oil rigs in the Gulf of Mexico to extract cobalt from the sea and thereby create material for batteries.

THE POSTMODERN ENVIRONMENT

The postmodern environment has been argued (Crowther & Duty, 2002) to be one in which organisations are becoming increasingly susceptible to temporal pressures, brought about by the compression of space and time. Thus business organisations have found themselves having to adjust many of their operational features in order to cope or just to survive. The crisis that this new age has brought about seems to have become an accepted part of life. This is manifested particularly in the fact that business organisations accept that they have to adapt, to become more organic and flexible. It is generally accepted that the speed of change will continue to increase in the future, and that what will be required of organisations is the ability to create flexible structures in order to operate effectively. Harvey (1990) argues that the compression of space and time has been brought about through development in technological and informational architecture of society. This has the effect of removing the imperative for territorial boundaries from organisations and thus providing an opportunity for the redefinition of the concept of organisation in terms of organising local structures for the provision of local goods and services. The implication of this is that organisational structures need no longer be dictated solely by the need for transaction cost minimising models of service provision, and the ability to define themselves afresh for the provision of individual goods and services becomes possible (see Crowther & Cooper, 2001).

This redefinition of organisation contains within itself one of the inherent contradictions of a postmodernist view of the world, namely, that between the borderlessness of any organisation and the extreme territorial inclusion/exclusion criterion adopted for performance evaluation and reporting systems within the boundary or the organisation as a whole. Therefore the success of organisations, as measured by performance indicators, usually of the accounting variety (already charged with irrelevance due to their limitations (Eccles, 1991)) ignores several crucial factors of that performance in a postmodern

environment (Crowther & Duty, 2002). This has the effect of polarising organisations away from a unified focus in their operating and reporting structures, as the organisational boundary collapses in significance, and to expand the concept to inclusion in an expanded environment for some purposes while at the same time shrinking the concept of locality of operations for other purposes (Radhakrishnan, 1994). This interpretation suggests that different spaces are needed for different histories and that a dominant model of the organisation within society has no rational meaning. When considering the question of organisations, and the identity of constituents of such an organisation, and their relationship with the macro culture and with societal structure, this implies that the local structure has dominant importance to the individual constituents of the organisation and that any sense of community, in terms of operating environment, is defined circumstantially. Thus an individual considers him/herself to be a member of an organisation as a community for a particular purpose and a member of a different organisational community for different purposes, with this identity being defined in terms of commonality of interest for specific purposes rather than being an overriding part of any definition of the organisation. Social enterprises arguably inhabit such a postmodern world by their adoption of alternative business practices.

A postmodernist view of organisations and their behaviour is that they are sustained by the rules governing their existence and by the resource appropriation mechanisms which apply to them rather than by any real need from the people who they purport to serve (Barnett & Crowther, 1998). Thus the legitimation of their very existence is not founded upon this redefinition of organisational identity and community need. Rather, this redefinition of community, for organisational and transaction enaction purposes, suggests that a very different type of organisational structure is needed, and indeed exists, in order to cater for the needs of the individual constituents of that organisation who aggregate for one common purpose while atomising (or aggregating with different individuals) for others. Such a structure of organisations has been defined by Heckscher (1994) as a post-bureaucratic structure with its rationale for continuing existence not being through self-referential normalising mechanisms but rather through the maintenance of an interactive dialogue, based upon consensus, with the individual members of the stakeholder community which the organisation exists to serve. Thus the social entrepreneur network acts as a dialogue machine both within the network itself and through its interface with other stakeholders when acting as an integral part of the circular economy. This organisational structure can be extended to exclude a territorial basis for existence (Nohria & Berkeley, 1994) whereby the organisation, through the use of informational and communicational technology, need to be little more than a virtual organisation existing in a virtual environment as the need arises. Thus the continuing existence, either temporally or geographically, of any organisation, as a unit of service provision, has no meaning in its own right, as the organisation has no purpose other than the provision of the functions mandated to it by the stakeholder community, in its widest definition, which it serves. Such an instrumental view of organisations and their constituent parts would be radically different from existing paradigms and

interpretations, but this would be fully consistent with any postmodernist definition based within the concept of the revised stakeholder community (Hosking, Greene, & Crowther, 2002).

Similarly Popper (1945) argues that present trends do not necessarily continue into the future and that any amount of empirical evidence and economic or sociological analysis does not change this lack of predictive power of past data. For a self-organising society of course this is not an issue as actions arise without any need for forward planning and the prediction of the future. In this respect therefore it is argued that the postmodern networks under consideration are inherently more stable than traditional organisations.

The argument of Derrida (1978) provides the motivation and means to integrate the analysis of strategy formulation and operational activity necessary to the successful operating of an organisation in this postmodern environment with the requirements of the organisation as a whole, as manifest for the need for traditional decision making procedures. Thus rather than seeking to develop two independent operational structures – postmodern at an operational level and traditional at an organisational level – it is desirable to integrate these two structures into one to meet all needs. This can be achieved through a recognition of the working of a self-organising postmodern network to become manifest in the organisational structure and procedures, thereby recognising that the continued existence of the organisational boundary, deemed irrelevant to any postmodernist analysis, is a crucial feature of any modernist interpretation of the organisational environment (Crowther & Cooper, 2002).

The Dominance of the Market

According to de Bettignies (2000, p. 171), the current era is one of totalitarian liberalism in which the economics of the market dominates and:

> …has taken over the progress for the planet, the modernity 'enmarche' (against which it is vain to resist). There is no alternative. It is the market which is now hailed as capable of producing a classless society (the utopia is coming back) comprising an extended middle class – prosperous, apolitical, excluding both the poor and the very rich.

He describes this as ideologically fundamentalist and contrasts it with the concept of community which he considers (p. 177) '…could help fellow men to cope with the present and contribute to building a better society for the future'. For de Bettignies, these are mutually exclusive alternative modes of engagement that he characterises as opposing poles of a dialectic. It is our argument that this dialectic is a false one and that social enterprises form an alternative mode of engagement which encompass the features of both. It is therefore our intention in this book to explore this argument in terms of this dialectic.

One reason for the dominance of the market is based upon the primacy given to consumerism. Marcuse (1964) argued that consumerism was becoming increasingly pervasive in society, leading to the creation of the 'One Dimensional Man', a theme he explores in the book of the same name. This became a mantra of the New Right which was parodied by the 'greed is good' label attached to that

era. An earlier theorist of consumerism, Veblen (1899), coined the term 'Conspicuous Consumption', which described the way that the 'Nouveau Riche' consumed particular items in order to denote their social status. Such conspicuous consumption – or more recently conspicuous absence of consumption – is very prevalent and noticeable in the current environment. In recent years, the emergence of postmodern thought has elevated the discourse of consumerism to centre stage in social theory. In terms of attempting to make sense of consumerism, work by a number of commentators points to how goods can act as communicators (see, for example, Bourdieu, 1998; Douglas & Isherwood, 1980).

One interpretation of postmodernism is the notion of the collapse of the difference between high culture and mass culture; such a trend was noted, with considerable antipathy, by the Frankfurt School. The dissolution of the difference between high and mass culture is evident in the art world, where 1960s Pop Art not only challenged the notions of what constituted art, but also led to the spillover of art into everyday life, through its use, inter alia, in television advertisements.[2] Nava (1997, p. 57) has argued that 'there is a new stress on display and the visual', with the process being heralded, more generally, as the 'aestheticization of life'.

Baudrillard's (1988) analysis of society supports many of these propositions, although he would regard theorists such as Bourdieu (1998) as outdated. A characteristic of Baudrillard's position is that he regards the 'sign value' of commodities as being of prime importance. This is predicated on his assertion that we are in a society in which the mode of production has given way to the mode of consumerism. This epochal shift is for many the basis for claiming that we have moved into a new Post-Modern era; Lash and Urry (1994, p. 123), for instance note that 'The aesthetic component in manufactured products (and services) has in particular come to the fore in recent time'.

In understanding Baudrillard's (1988) position, however, the basis of the argument is that when purchasing, for example, a pair of trainers we are not buying them for 'use value' but rather we are buying them because of the signs and symbols attached to them. This is a point supported by Featherstone (1991) who argues that 'goods [act] as communicators not just utilities'. For instance, the purchase of Nike trainers is made not because of their use value but because of their sign value, their cultural capital, which in this case is the image of top sport superstars starring in visually arresting adverts.[3] The signs associated with consumption can be explained in terms of cultural capital as acting 'as a positional good, a store of economic, social and cultural value' (Lash & Urry, 1994, p. 289). Moreover, Lash and Urry (1994) note that the objects possessing cultural capital can be subject to juridification, by being turned into intellectual property.

This is an important insight into the nature of consumption, and moreover, it has profound implications: for instance, while certain images are attached to a product, this in itself, leads to the suppressing of other images. Thus an item of clothing may conjure up a spectacularly fashionable image which then, according to Baudrillard (1988), becomes hyperreal. This can serve to suppress, or to write out of the text, factors germane to the production of the said item; e.g. it may have been produced in horrendous conditions in the less developed

world (see Burrell, 1997). Other aspects of the dominance of the market are epitomised in the focus upon short termism (Coates, Davis, Longden, Stacey, & Emmanuel, 1993; Marsh, 1990) and the concentration of power within globalised corporations.

Community as an Alternative to the Market

For de Bettignies (2000) the market and community are set in opposition to each other within a dialectic of market organisation. For him the definition of what is meant by the market is so readily understood as to need no definition. Community, however, seems to be in need of a definition, and he adopts a communitarian definition relying upon that provided by Bellah (1986). We consider these assumptions as being overly simplistic and, having considered aspects of the market, we now turn to what is meant by community.

According to de Bettignies (2000), an alternative to the market is the concept of community. What then does or could the concept of community mean? One answer is that the concept of community building is very much a feature of alternative modes of organizing, and Crowther and Cooper (2001, 2002) have documented this feature among New Age travellers. The concept of community has been widely used to enable understanding of the structure of society, but the meaning of the concept tends to be elusive (Plant, 1974, 1978). According to Bell and Newby (1971) community thus 'tends to be a God word' and has at times escaped intellectual rigour, being perceived either as a lost ideal past or as a future to be aspired to.[4] Thus

> …below the surface of many community studies lurk value judgements of varying degrees of explicitness about what constitutes the good life. (Bell & Newby, 1971, p. 16)

A central image of community has been that of the small, unitary (homogeneous) entity, custom-devised and sharing both physical place and *commonality of interest*; the ideal model here is that of the pre-modern rural village, characterised by a spiritual bond to place, friendship, kin and blood relationships – affective and emotional ties of the kind to be found in Tonnies' (1957) ideal type, Gemeinschaft. Arguments that community has been lost in modernity stem from such views and a belief that a concentration upon rationality and individual rights, along with the dislocation caused by urbanisation and industrialisation have led to the loss of emotive ties. In turn, the search for community turned to new settings – in the urban centres and workplace – via sociological investigation. Communities now could, for example, be identified in city neighbourhoods.

The above outlined attributes of community are used by outsiders rather than by insiders. 'Insider' constructions of the meaning(s) of participation – beyond that sharing the view that they are members – often are unknown. In particular, it remains to be found out whether participants share any of these constructions of community other than a sense of membership. We shall explore possible differences between outsider and insider constructions of community throughout this book as we consider social entrepreneurs and their enterprises. In so doing we shall open up the possibility that participation could have multiple meanings and

that it could still make sense to talk of community even when this is so. This introduces a rather different idea of community – an essentially *pluralist* vision such as Tonnies concept of *Geschellschaft*. In a pluralist view, for example, physical propinquity is not required for 'community' to exist. So, for example, modernity is held to have changed constructions of community from those emphasising 'wholeness' of place to ones emphasising 'communality' or 'social togetherness regardless of physical distance' (Scherer, 1972, p. 13). The latter could be understood as communities that 'bind man *socially* whilst allowing him to be physically free' (Scherer, 1972, p. 13 – echoing Max Weber's concept of 'community without propinquity'). Community can exist in the rural village and the urban city, in groups, associations, universities etc. Community now can be viewed as a socially constructed reality that can exist regardless of size (see, for example, McMillan & Chavis, 1986) or physical location.[5] To conclude, it is in participants' constructions of belonging that community can be identified.

CONCLUSIONS

In recent years the world is facing different aspects and levels of social problems. Such entrepreneurs have therefore arguably become more desired and hereby have attracted significant research attention. Indeed the world has seen many more such entrepreneurs, driven by the need to address a wide range of problems. There has been a more general noticing of such a form of business, and they seem to have attracted approval from society, governments, the media as well as from consumers and the general public. This seems to be a global phenomenon which shows signs of expending rather than shrinking. Consequently perhaps such a form of organisation will become the norm rather than a minority form attracting just a few deviants, as it has been perceived for the last nearly 200 years. Time will tell about this, but it is important enough to attract much research to increase our understanding and the durability of this form of organisation.

Given the rise of existence of social enterprises as a form of organisation in a global way, it seems timely to revisit the research into these and to develop our understanding. This book is intended to do this and deliberately re-examines theory and understanding, looks at reactions to global events and looks at such enterprises around the world. In doing so, our intention is to increase our understanding for the future.

NOTES

1. In essence these acts prevented employers from paying their workforce in anything other than coin of the realm. Previously the less scrupulous had paid their workforce with tokens redeemable at the shops which they also owned at prices determined by them – obviously an unethical form of exploitation.

2. The spillover between art and everyday life is particularly evident in the work of the contemporary 'artist' Ken Done. Done spent much of his career as a graphic designer, painting in his spare time. After growing critical acclaim of his work, he devoted himself full-time to art and has been notable for his works hanging in galleries whilst at the same