

# EXPLORING AN EMERGING FIELD: THE IMPLICATIONS OF GLOBAL SOCIAL ENTREPRENEURSHIP

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## *Abstract:*

*This paper aims to advance the empirical understanding of global social entrepreneurship. Specifically, this paper aims to provide a new social entrepreneurship model, particularly on a global scale, introducing and examining two distinctive cases: Ashoka and Bangladesh Rural Advancement Committee (BRAC). The 'hybrid value chain' suggested by Ashoka demonstrates that how business organizations and citizen-sector organizations can help each other in developing partnerships for various markets and communities in the world, addressing a variety of social needs. Presenting the 'holistic approach to development,' BRAC has been transferring its sustainable model, based on insights from Bangladesh but adapted to the local contexts of the countries, to several countries by creating prospects for the most disadvantaged people to overcome extreme poverty. This paper contributes to the current literature by highlighting how entrepreneurial efforts can create opportunities and launch ventures to satisfy social needs, balancing economic and social imperatives, on a global scale.*

*Keywords: Social Entrepreneurship, Global Entrepreneurship, Global Social Entrepreneurship, Development*

## **1. Introduction: why global social entrepreneurship matters?**

Due to the recent economic recession worldwide, many governments have been forced to reduce their public expenditures and grants, and this has had a negative influence on social services. In contrast, social entrepreneurs are playing an important role in solving enduring, challenging social issues and trying to satisfy urgent social needs. In some ways, social entrepreneurs can help the struggling governments supply social services, satisfying social needs that cannot be fulfilled fully by governments alone. In this respect, it must be very critical to rethink the role of social entrepreneurs in terms of the challenging social issues such as job creation, improving quality of life, and economic development.

It is noted that social entrepreneurship creates initiatives that connect resources across borders to resolve social problems. For instance, ACCION International, Boston-based

nonprofit organization founded in 1961, has been a world pioneer in microfinance and it has helped build 63 microfinance institutions in 32 countries (e.g. Ghana, Nigeria, China, India, Columbia, Ecuador, Mexico, United States, etc.) on 4 continents (<http://www.accion.org>). Another example is Institute for OneWorld Health founded in 2000 in California. Globally, the institute has assembled an experienced and dedicated team of pharmaceutical scientists, identified the most promising drug and vaccine candidates, developed them into safe, effective and affordable medicines, and, then, partnered with companies, nonprofit hospitals and organizations in the developing world to conduct medical research on new cures and manufacture and distribute approved therapies (<http://www.oneworldhealth.org>). The institution challenges the assumption that pharmaceutical research and development is too expensive to create new medicines that the developing world desperately needs.

Thanks to the nature of social entrepreneurship, it can affect economic activity, quality of life, and social welfare on a global scale, increasing the mobility of people, products or services, and capital across borders. In other words, social entrepreneurs can transform local communities through connecting international resources across different economic, political, and policy contexts of different countries or regions.

From a global perspective, however, the existing differences among countries or regions, in terms of economy, politics, and policy, require that social entrepreneurs that operate on a global scale must be innovative enough across the very different contexts of different countries or regions in order to satisfy social needs of specific local communities.

This paper aims to advance the empirical understanding of global social entrepreneurship as an emerging field, using two distinctive cases: Ashoka and Bangladesh Rural Advancement Committee (BRAC). As Dacin, Dacin et al. (2010) point out, the study on social entrepreneurship has focused on conceptual over empirical research. Moreover, scholars and practitioners have not given enough attention to the phenomenon of 'global' social entrepreneurship (i.e. social entrepreneurship in a global perspective) or the implications of internationalization of social entrepreneurship. The study on global social entrepreneurship, empirically as well as theoretically, is scant. In this regard, this paper can contribute to the study on global social entrepreneurship, particularly, in terms of empirical research.

Before introducing the two cases, Ashoka and BRAC, the concepts and boundaries of both social entrepreneurship and global entrepreneurship are defined. Defining the concepts and boundaries of both social entrepreneurship and global entrepreneurship helps understand the nature of global social entrepreneurship, since this new emerging field of global

social entrepreneurship connects and intersects the areas of social entrepreneurship, international business, and global entrepreneurship.

## **2. Defining social entrepreneurship**

Social entrepreneurship has emerged as an important research field, crossing academic disciplines (e.g. management, entrepreneurship, political science, economics, marketing, sociology, education, etc.) and challenging traditional theories in development study. However, its theoretical underpinnings have not been adequately explored and the need for contributions to the theory and practice in this area is imminent. Roberts and Woods (2005) point out that social entrepreneurship, as a field, is at an exciting stage of infancy, short on theory and definition but high on motivation and passion. Social entrepreneurship, recently, is gaining more attention from both scholars and practitioners and this attention can be attributed to the nature of the field. That is, people are becoming more interested in social entrepreneurship because, as Zahra, Rawhouser et al. (2008) indicate, social entrepreneurs are addressing serious social problems on a global scale contributing to social wealth.

Although much of the literature on social entrepreneurship centers on defining the concept (Dacin, Dacin et al., 2010), it seems that there is currently little consensus on the definition of social entrepreneurship. In other words, although social entrepreneurship is gaining popularity, it still means different things to different scholars and practitioners. Most definitions on the existing literature refer social entrepreneurship to "an ability to leverage resources that address social problems" (Dacin, Dacin et al., 2010, p.37). However, there is little consensus beyond this view point. Light (2006) indicates that some use the term social entrepreneurship to describe any form of moneymaking enterprise with a social mission but, in contrast, others use it to

describe any type of nonprofit organization that is new to them. In addition, in defining social entrepreneurship, some focuses on the role of the risk-taking individual who, against all odds, creates social change. In this view, social entrepreneurship is not so much about pattern-breaking change, but about pattern-breaking individuals (Light, 2006). It is, however, argued that under this tight, exclusive definition, many organizations are not qualified as social entrepreneurs, even if they are engaged in the kind of pattern-breaking change that promises solutions to intractable problems such as poverty, hunger, and disease, because they do not have the visionary leader in addition to the visionary mission.

This lack of agreement on the meanings of social entrepreneurship can lead to the conceptual confusion, hindering the cross-disciplinary nature. As Short, Moss et al. (2009) maintain, the disparity of terminology is also troubling because lack of a unified definition makes establishing the legitimacy of a field difficult.

In a broad sense, social entrepreneurship refers to innovative activity with a social objective either in the for-profit sector or in the nonprofit sector (Dees and Anderson, 2003; Emerson and Twersky, 1996; Austin, Leonard et al., 2004), or across sectors (Dees, 1998). However, the narrow definition of social entrepreneurship mainly focuses on the phenomenon of applying business expertise and market-based skills in the nonprofit sector (Reis, 1999; Thompson, 2002).

Although the diverse definitions of social entrepreneurship range from broad to narrow, all the definitions emphasize the underlying drive for social entrepreneurship: that is, creating social value, rather than personal and shareholder wealth. In this respect, it is argued that the definition that holds the most potential for building a unique understanding of social entrepreneurship is one that focuses on the mission of social value creation and its outcomes

(Dacin, Dacin et al., 2010). In addition, the activity of social entrepreneurship is characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices (Austin, Stevenson et al., 2006). In this regard, most definitions of social entrepreneurship, in the academic literature, focus primarily on social entrepreneurship within and across the nonprofit and business sectors (Austin, Stevenson et al., 2006).

To describe the phenomenon of social entrepreneurship in a global perspective, particularly in terms of developing a social entrepreneurship model that can support global sustainable development, a broader conceptualization of social entrepreneurship is adopted for this paper. But, it is noted that social entrepreneurship is not the same thing as charity or benevolence. Although there is a benevolent attitude at the core of social entrepreneurship, it goes beyond this attitude.

In examining social entrepreneurship, defining its intrinsic nature is another critical issue. In other words, whether social entrepreneurship is nonprofit in nature or not needs to be explored more clearly. In essence, it is argued that social entrepreneurship is not necessarily nonprofit in nature. The boundaries of social entrepreneurship are more blurred, as commercial businesses become more socially responsible. Commercial businesses are also increasingly expected to take responsibility more proactively to address social and environmental challenges (Seelos and Mair, 2005). Roberts and Woods (2005) argue that "social entrepreneurship could be seen as a mindset or a paradigm that has a place in any business, be it in the for profit sector or in the voluntary sector" (p.50).

Considering the intrinsic nature of social entrepreneurship, this paper introduces the following broad, encompassing definition: "Social entrepreneurship encompasses the activities and processes undertaken to

discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner (Zahra, Rawhouser et al., 2008: 118). In this definition, social wealth is also defined broadly to include economic, social, health, and environmental aspects of human welfare (Zahra, Rawhouser et al., 2008). Based upon this broad conceptualization of social entrepreneurship, social entrepreneurs discover or create opportunities and launch ventures in order to balance social and economic imperatives, making profits and creating wealth. It is noted that these social ventures can be created both by independent entrepreneurs and by corporations, i.e., commercial businesses.

Social entrepreneurship, as described above, is attracting increased attention both from scholars and from practitioners, and there are many reasons why social entrepreneurship is popular today. On the most basic level, as Martin and Osberg (2007) illustrate, there is something inherently interesting and appealing about social entrepreneurs and the stories of why and how they do what they do. However, there is still uncertainty about what exactly social entrepreneurship means and who exactly social entrepreneurs are, as discussed above in defining social entrepreneurship. It is argued that establishing boundaries and providing examples of social entrepreneurship are critical, because failing to identify the boundaries would leave the term social entrepreneurship so wide open as to be essentially meaningless.

This paper defines and describes social entrepreneurship and social entrepreneurs in a broad sense, particularly in an effort to explain the phenomenon of global social entrepreneurship. The tight, exclusive definition of social entrepreneurship, especially which focuses primarily on the concept of visionary change agent, has excluded large numbers of organizations that deserve financial support, networking, and training from the category

of social entrepreneurship (Light, 2006). Social entrepreneurship does not have to start with individual commitment. It can also come from, as Light (2006) contends, small groups or teams of individuals, organizations, networks, or even communities that band together to create pattern-breaking change. Under this conceptualization, the definition of a social entrepreneur suggested by Light (2006) is also beneficial to this paper: A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how government, nonprofits, and businesses do to address significant social problems. (p.50)

Most definitions of social entrepreneurship in the academic literature, as indicated earlier, focus primarily on social entrepreneurship within and across the nonprofit and business sectors. In addition to the existing definitions, Light's (2006) definition, above, on social entrepreneur includes government sector. As illustrated in the Bangladesh Rural Advancement Committee (BRAC) case below, the activities of social entrepreneurs can support governments in tackling persistent social problems. In other words, social entrepreneurs can work together with governments to address significant social problems. It is argued that there is no need to exclude government sector in defining social entrepreneurs or social entrepreneurship.

Social entrepreneurship is still emerging as a field for an academic inquiry (Austin, Stevenson et al., 2006), although the common features of it are already on many social missions. Essentially, the greatest challenge in understanding social entrepreneurship seems to lie in identifying the boundaries of what the term 'social' means. Many of the attributes and talents of social and conventional entrepreneurs are similar in that both are innovative and possess high amounts of energy, tenacity and resilience, and both are driven by a vision

to which they remain passionately committed (Roberts and Woods, 2005). However, they may differ in their motivation and purpose. In other words, it can be argued that social entrepreneurs are motivated to address a social need, and commercial entrepreneurs are motivated to address a financial need. However, it is also argued that, as Seelos and Mair (2005) contend, when we consider the nature of entrepreneurship, there is no such thing as 'non-social' entrepreneurship. In fact, traditional, commercial entrepreneurship has created the majority of jobs in developed countries that can be considered as an important social function. Social entrepreneurship should not be thought of as existing in a domain of its own, exclusive from other forms of applications of entrepreneurship (Roberts and Woods, 2005).

To define social entrepreneurship more clearly, the key distinctions between business and social entrepreneurship should be explored more thoroughly through future researches. Although this paper agrees to the notion that there is no such thing as 'non-social' entrepreneurship, some scholars may not. It is expected that the investigation between business and social entrepreneurship in terms of defining the term 'social' can lead to developing new ideas and insights about social entrepreneurship, providing clearer boundaries of social entrepreneurship.

### **3. Defining global entrepreneurship**

Global (or international) entrepreneurship is an interesting, cross-disciplinary research field at the intersection of international business and entrepreneurship. The term 'international entrepreneurship' first appeared in an article by Morrow in 1988 (i.e. *International Entrepreneurship: A New Growth Opportunity*) and the article emphasized technological advances and cultural awareness that can be attributed to the opening of foreign markets to new ventures (Oviatt and McDougall, 2005). Thanks to the cross-disciplinary nature of

international entrepreneurship, researchers have drawn upon theories and frameworks from international business, entrepreneurship, anthropology, economics, psychology, finance, marketing, and sociology (Oviatt and McDougall, 2005).

In specific, the research on international entrepreneurship has included the comparisons of entrepreneurial behavior in multiple countries and cultures as well as the organizational behavior that extends across national borders and is entrepreneurial, and these main foci have remained over time (Oviatt and McDougall, 2005). However, it is argued that the field of international entrepreneurship is still fragmented and lacks common conceptual integration, revealing theoretical inconsistencies and conflicting predictions (Keupp and Gassmann, 2009). These problems have limited our understanding on international entrepreneurship. Keupp and Gassmann (2009) argue that these problems can be directly traced to a lack of definition on international entrepreneurship.

Defining global entrepreneurship is still a matter of debate and consensus on the definition remains unclear. An early definition on international entrepreneurship focused primarily on the international activities of new ventures to the exclusion of established firms (McDougall and Oviatt, 2000). The definition on international entrepreneurship has also moved, as Oviatt and McDougall (2005) argue, from a very broad one to excluding nonprofit and government organizations. In conjunction with the definitions on international entrepreneurship that have been introduced by researchers, an important question needs to be asked: that is, in defining international entrepreneurship, do we need to exclude the activities done by established firms, nonprofit organizations, and governments?

As described above, international entrepreneurship is a research field at the intersection of international business and

entrepreneurship. Social entrepreneurship is one of the major interests in the field of entrepreneurship and, as discussed earlier, this paper defines social entrepreneurship in a broad sense, particularly in an effort to explain the phenomenon of global social entrepreneurship. Therefore, social entrepreneurship includes the activities of nonprofit organizations as well as for-profit organizations. Moreover, there is no need to exclude the activities of already established firms, since, in defining social entrepreneurship, the emphasis is on the mission of social value creation, its outcomes, and innovation of an organization, not on the fact that whether the organization is a new or existing one. In essence, to be consistent with the boundaries of social entrepreneurship, the exclusion of established firms, nonprofit organizations, and governments needs to be eliminated in defining international entrepreneurship.

In this respect, the definition on international entrepreneurship by McDougall and Oviatt (2000) is noted: International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations. (p.539)

The primary focus in the field of global entrepreneurship is conducting research on the innovative, proactive, and risk-seeking behaviors of entrepreneurs in a global perspective, comparing the differences with domestic entrepreneurial behaviors. There is no need to exclude the entrepreneurial behaviors of nonprofit organizations, government sector, and established firms to define entrepreneurship in a global perspective.

Although the definition on international entrepreneurship above suggested by McDougall and Oviatt (2000) doesn't limit the subjects of entrepreneurs to small and new ventures, the researchers in the field of international entrepreneurship have also focused mainly on the globalization of small and new ventures (Keupp and Gassmann, 2009). It is argued that the phenomenon

of international entrepreneurship should not be limited by the behaviors of small and new ventures in terms of firm size and firm age. As Keupp and Gassmann (2009) maintain, neither mainstream international business theory nor entrepreneurship theory is confined to the specificities of firm size or firm age. Keupp and Gassmann (2009) explain that: Mainstream IB theory does not make theoretical predictions that are specific to firm size. Also, in the "classical" entrepreneurship domain, definitions of entrepreneurship are not limited to small firms. Entrepreneurship has been defined as the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled (Timmons, 1994: 7) and as the study of how opportunities to create future goods and services are discovered, evaluated, and exploited (Shane & Chrisman, 2000). Entrepreneurship encompasses acts of organizational creation, renewal, and innovation that occur within or outside an existing organization...focuses on newness and novelty in the form of new products, new processes, and new markets as the drivers of wealth creation. None of these conceptual foundations of entrepreneurship depends on firm size-opportunities can be recognized and exploited by both small and large firms, and both new and established firms can focus on newness and innovation. (p.617)

In sum, the area of global entrepreneurship is at the intersection of international business and entrepreneurship, and, thus, the focus on small and new ventures in the research of global entrepreneurship cannot be seen as grounded on the foundations of the two disciplines, i.e., international business and entrepreneurship. It is argued that this knowledge gap may preclude the recognition of the truly underlying theoretical mechanisms of what global entrepreneurship is and how it evolves (Keupp and Gassmann, 2009). In this regard, the future research on global entrepreneurship needs to overcome the current small and new venture-focused

investigation, both theoretically and empirically.

#### **4. Global social entrepreneurship: social entrepreneurship in a global perspective**

Entrepreneurship by new and established organizations is a major source of wealth and job creation, economic and technological growth, and social transformation (Bhide, 2000). In addition, both profit-seeking and nonprofit-seeking social ventures are considered to create jobs and to develop institutions and infrastructures needed for development. In other words, both types of social ventures are all considered to be the engine of economic and social development.

Today, rapid globalization and related forces such as technological innovation have created opportunities for social ventures across borders and many social entrepreneurial activities have become global in nature. In essence, entrepreneurship is empowering people to explore opportunities in distant locations, transforming their energies into worldwide movements to improve social conditions and enhance the quality of human existence (Zahra, Rawhouser, 2008).

In this respect, some scholars have researched on the phenomenon of the internationalization of social entrepreneurship, i.e., global social entrepreneurship. Although global social entrepreneurship is a new and unexplored area in terms of research both by scholars and by practitioners and both empirically and theoretically, the existing researches on the internationalization on social entrepreneurship show that, as Zahra, Rawhouser et al. (2008) describe, social entrepreneurs have become the vanguard of the worldwide transformation by launching new organizations serving a multitude of social needs, thereby improving the quality of life and enhancing human development around the globe. It is noted that socially entrepreneurial activities in a global perspective are growing.

In essence, social opportunities are global in nature and entrepreneurs have become adept in devising innovative solutions and organizational forms to address various global social needs. In addition, the internationalization of social ventures has been aided, in many cases, by other types of organizations such as national governments, NGOs, and international organizations. That is, how social ventures have developed collaborative relations with these organizations is an important issue in understanding the recent phenomenon of global social entrepreneurship.

However, researches have not expressed much interest in examining the phenomenon of global social entrepreneurship or internationalization of social entrepreneurship. It is argued that the internationalization of social entrepreneurship and the increasing number of global social ventures are critical issues deserving greater attention from researchers.

In this regard, this paper introduces two prominent examples which represent the phenomenon of global social entrepreneurship, i.e., internationalization of social entrepreneurship: Ashoka and Bangladesh Rural Advancement Committee (BRAC). This paper contributes to the current literature by highlighting how entrepreneurial efforts can create opportunities and launch ventures to satisfy social needs, balancing economic and social imperatives, particularly in a global perspective.

#### **4.1 Ashoka: Innovators for the Public**

Today, there are several organizations that support social entrepreneurs in innovative ways (e.g. Ashoka, Echoing Green, Ewing Marion Kauffman Foundation, The Lemelson Foundation, etc.). Among them, Ashoka, based in Arlington, Virginia, USA, is a global nonprofit association of leading entrepreneurs, and it is the largest network of social entrepreneurs worldwide. There are about 3,000 Ashoka

Fellows in over 70 countries and they put system changing ideas into practice on a global scale (<http://www.ashoka.org>). As a global community for social entrepreneurs, Ashoka develops models for collaboration and designs infrastructure needed for advancing social entrepreneurship. Ashoka Fellows inspire people to adopt and spread innovations, demonstrating how people can be change-makers.

Ashoka was founded by Bill Drayton in 1980 and he has pioneered the area of social entrepreneurship. Ashoka was founded to identify and support leading social entrepreneurs on a global scale, adopting 'social venture capital' approach. As Tiku (2008) defines, social venture capital is a form of venture capital to businesses socially and environmentally responsible. Social venture capital is intended both to provide attractive returns to investors and to provide market-based solutions to social and environmental issues.

Ashoka has provided start-up financing, professional support services, and connections to a global network across the business and social sectors, and a platform for people dedicated to changing the world (<http://www.ashoka.org>). Especially, Ashoka has designed an approach that offers critical interventions on three levels (i.e. individual, group, sector) in order to ensure that the leading ideas for social change are fully developed and sustained. In specific, Ashoka, first, identifies and invests in leading social entrepreneurs and helps them achieve maximum social impact. This is the individual level. This individual level intervention was designed based upon the belief that social entrepreneurs are the engines of social change and the role models for the citizen sector.

Second, Ashoka engages communities of entrepreneurs and develops patterns of effective collaborations that change the entire fields. This is the group level. This group level intervention was designed based upon the belief that groups and networks

of social entrepreneurs working together can accelerate and spread social impact.

Third, Ashoka creates needed infrastructure, such as access to social financing, bridges to business and academic sectors, and frameworks for partnerships that deliver social and financial value. This is the sector level. This sector level intervention was designed based upon the belief that a global network of change-makers requires tools and support systems to deliver sustainable social solutions (<http://www.ashoka.org>). In sum, Ashoka's approach to global social entrepreneurship can be summarized as follows: (1) supporting social entrepreneurs; (2) promoting group entrepreneurship; and (3) building infrastructure for the sector.

#### **4.1.1 Ashoka Fellows: A Model for Global Social Entrepreneurship**

Ashoka defines social entrepreneurs as individuals with innovative solutions to society's most pressing social problems, ambitious and persistent, tackling major social issues, and offering new ideas for wide-scale change (<http://www.ashoka.org>). Social entrepreneurs solve problems related to social needs by changing the system, spreading the solution, and persuading societies to move in different directions. Ashoka's definition clarifies that social entrepreneurs are realists, although they are also visionaries, ultimately concerned with the practical implementation of their vision above all.

Ashoka Fellows are the core of the organization. As described above, Ashoka currently operates in over 70 countries (e.g. India, Brazil, the U.S., Afghanistan, England, Kenya, Ghana, Nicaragua, Colombia, etc.) and supports about 3,000 social entrepreneurs who are elected as Ashoka Fellows. As Drayton (2006) describes, the Ashoka Fellow election procedure is an intensive multi-round process that engages all potential Fellows in various types of interviews and site visits. Hundreds of individuals are nominated for the Ashoka Fellowship and

only a small percentage of them are elected each year. Ashoka elects social entrepreneurs at various stages in development, while specifically looking for opportunities where Ashoka's resources and networks can assist social entrepreneurs in taking their social mission to the next level.

Ashoka Fellows operate independently or within organizations structured as for-profits, nonprofits, and hybrid entities (Meyskens, Robb-Post et al., 2000). Ashoka Fellows are considered to be successful entrepreneurs, as Meyskens, Robb-Post et al. (2000) indicate, although their scopes and locations differ widely, reflecting the global nature of social entrepreneurship.

Ashoka's mission has evolved beyond catalyzing individual entrepreneurs to enabling an 'everyone a change-maker' world (<http://www.ashoka.org>). Ashoka Fellows has contributed to this evolution enormously. For instance, Ashoka has created the, so-called, 'mosaics' of best practices that map the commonalities and intersections of key principles that guide Fellow's individual solutions (Drayton, 2006). This has been possible as a result of global collaboration. In essence, the mosaics have been disseminated globally and, then, have formed the basis of Ashoka's programmatic initiatives specific to each field of work, such as youth development and environment (<http://www.ashoka.org>).

It is also important to note that Ashoka has promoted the, so-called, 'group entrepreneurship.' In other words, Ashoka not only helps Ashoka Fellows become more successful, but it also helps Ashoka identify cutting edge trends and implement them broadly (<http://www.ashoka.org>). The focus areas that represent the group entrepreneurship include: Ashoka University; Youth Venture; Changemakers; Full Economic Citizenship; Globalizer; Social Investment Entrepreneurs; Law for All; Entrepreneur to Entrepreneur; Ashoka Support Network; Venture and Fellowship;

Empathy; Nutrients for All; and Executive in Residence.

The evolution of Ashoka comes from the recognition that the pace of change is accelerating under today's increasingly interconnected world. Ashoka Fellows working together on a global scale are creating a network of invaluable power. Ashoka facilitates collaboration of Fellows globally, so that they are learning from each other, sharing knowledge and insights, and being better equipped for their work. In essence, Ashoka is recognizing the importance of today's globalization in terms of social entrepreneurship and Ashoka Fellows show how social entrepreneurship can be realized effectively and efficiently under today's globalized world.

#### **4.1.2 Ashoka's Partnership with Global Business Organizations: Hybrid Value Chains**

Ashoka has developed strategic partnerships with leading global business organizations to provide management, finance, communications, and other expertise to the citizen sector. In turn, business organizations are sharing knowledge and opportunities with Ashoka and its network. These strategic partners support Ashoka's social entrepreneurs in many countries, delivering millions of dollars of consulting services each year (<http://www.ashoka.org>). Ashoka's strategic partners include McKinsey & Company, CEB, and Latham & Watkins. Ashoka's approach to partnership with business organizations represents the idea of 'hybrid value chains' that emphasizes the collaboration between for-profit business organizations and mission-focused individuals and organizations.

Drayton and Budinich (2010) contend that, by forming hybrid value chains, for-profit business and citizen sectors can together remake global economies and create lasting social change. That is, the most prominent power of partnerships in hybrid value chain is the complementary strengths of the participants. In specific, businesses

can offer scale and expertise in operation as well as in franchising; in contrast, social entrepreneurs can offer lower costs, strong networks, and a deeper understanding of customers and communities, resulting in new and remarkable products and services in various sectors such as education, finance, and transportation.

Hybrid value chain refers to, according to Ashoka (<http://www.ashoka.org>), a new operating framework for transforming markets by leveraging the strengths of business and social actors. Hybrid value chains spread across the economic spectrum and represent a systemic change in the way business and citizen-sector organizations interact. Ashoka argues that hybrid value chains are collaborations that redefine values in game-changing ways, with each side clearly understanding and willingly accepting the risks and rewards (<http://www.ashoka.org>).

Ashoka has developed hybrid value chains for years and has participated in pilot projects that have showed promising results. For example, the program called *Viste Tu Casa* (Dress Your Home), launched in 2006, is one of the Ashoka's successful realizations of hybrid value chain. Ashoka introduced the executives of Colcerámica (a Colombian subsidiary of Corona, one of the largest building materials retailers in South America) to Kairos, which grew out of a human rights organization that works with people displaced by armed conflict, since Colcerámica wanted to know more about the low income market for ceramics and home products. The two organizations started to collaborate based on their business plan. Specifically, Colcerámica provided the product and the technical and business know-how. In return, Kairos recruited and managed a female sales force. This model generated income for previously unemployed females and pushed the product into the hands of potential customers. In addition, this model reduced Colcerámica's distribution costs and, thus, the company could pay a percentage of its profits to the female

sales force and community partners. Also, other local citizen-sector organizations performed administrative functions in return for a percentage of revenues, which they invested in community projects (Drayton and Budinich, 2010). The sales for the *Viste Tu Casa* program reached about \$12 million in 2009 as it expanded to five of the six largest cities in Colombia, in partnership with citizen-sector organizations. It is noted that the program has helped more than 28,000 families improve their living conditions (Drayton and Budinich, 2010).

As noted earlier, social opportunities are global in nature and entrepreneurs have become adept in devising innovative solutions and organizational forms to address various social needs in a global perspective. In other words, social entrepreneurs are creating initiatives that connect resources across borders to resolve social problems on a global basis. In addition, the internationalization of social ventures can be aided by other types of organizations. In essence, the hybrid value chain suggested by Ashoka demonstrates that how business organizations and citizen-sector organizations can help each other in developing partnerships for various markets and communities in the world, addressing a variety of social needs.

But, it is also noted that social ventures can develop collaborative relations not only with business organizations, but also with national governments, NGOs, and international organizations. From a global perspective, however, the existing differences among countries or regions, in terms of economy, politics, and policy, require that social entrepreneurs that operate on a global scale must be innovative enough across the very different contexts of different countries or regions to satisfy specific social needs in specific local communities as well as to develop collaboration with other types of organizations.

## **4.2 Bangladesh Rural Advancement Committee (BRAC)**

Although Bangladesh became independent from Pakistan after the liberation war in 1971, people in Bangladesh suffered from destruction, violence, and human misery. A Bangladesh account executive working for Shell in London, Mr. Fazle Hasan Abed, decided to do something about this situation. Mr. Abed founded the Bangladesh Rehabilitation Assistance Committee in 1972 with a small grant from Oxfam as a temporary relief project with a regional focus. That is, BRAC'S first mission was to meet the immediate needs of war refugees such as building houses, establishing health clinics, and distributing foods (Jonker, 2009).

The name of the organization was changed to the Bangladesh Rural Advancement Committee (BRAC) in 1974, reflecting a new vision for dealing with a multitude of social problems on a national scale (<http://www.brac.net>). As Seelos and Mair (2005a) indicate, experiences in the early 1970s demonstrated that the relief measures taken by Bangladesh government agencies failed to impact the poor in providing sufficient relief and, thus, different solutions needed to be found through experimentation and learning.

BRAC set up a research and monitoring division to support systematic prototyping, evaluation, and learning in order to roll out programs that worked and limit the risk of failures. Therefore, innovation and learning were integral parts of BRAC'S culture from the beginning.

It is noted that the organization'S operation switched from relief projects to building an organization for the holistic development of the poor, combining skills transfer, improvement of health and educational status, provision of capital, and the opportunistic creation of income-generating activities (<http://www.brac.net>). BRAC charges small fees, sometimes symbolic, in order to become economically self-sufficient as far as possible and to instill a feeling of

ownership that would create positive incentives in the participants (Seelos and Mair, 2005a).

Over the years, BRAC became more sophisticated in segmenting the poor into several levels (i.e. ultra poor I, ultra poor II, moderate poor, vulnerable non-poor I, venerable non-poor II), each with unique needs. BRAC, then, has established customized programs for all levels of poverty and abilities, which have enabled even the poorest to climb a development path that integrates them into social and economic life (<http://www.brac.net>).

Especially, BRAC operates social enterprises that are connected to its development programs and form value chain linkages which can increase the productivity of its members' assets and labor, and reduce risks of their enterprises (<http://www.brac.net>). In addition, BRAC'S ability to operate a large network of people in rural areas was acknowledged by the Bangladesh government and the government increasingly seeks BRAC'S support or even outsources, such as the implementation of large-scale health and education program and a road safety program, to BRAC.

### **4.2.1 BRAC: Self-Financed Organization**

Serving more than 110 million people per year, employing over 100,000 people, and maintaining more than 14 offices in several countries globally, BRAC is the largest nonprofit organization in the world. (<http://www.brac.net>). BRAC coupled its microcredit provision with an elaborate economic development program that ventured into various industries and helped people find employment. It now also runs a commercial bank and a large dairy plant, craft shops, printing presses, shops selling products of rural artists, and other diverse commercial ventures. The profits from these ventures enable BRAC to provide basic health services and to set up schools, adult education and training centers, and even a university (<http://www.brac.net>).

In essence, as Jonker (2009) points out, BRAC's social enterprises generate 80% of the organization's annual budget and these revenues have allowed BRAC to develop, test, and replicate some of the world's most innovative antipoverty programs. In other words, BRAC is now 80% self-financed, despite its many social and health-related activities for which costs cannot be fully recovered (Seelos and Mair, 2005a). BRAC sets about building businesses that would not only help its clients become self-sufficient, but also keep the organization and its programs afloat. The founder of BRAC, Mr. Abed, did not want to rely on donations and foreign aids, although BRAC was attracting them in early years, because they can be unreliable and, moreover, donors would not support the innovations and experiments, supporting mainly already tested projects or programs (Jonker, 2009).

By becoming a self-sufficient organization, BRAC could try out many new ideas, such as oral rehydration program and Aarong Craft Shops. The impact on the social and economic development that BRAC is having is significant. Seelos and Mair (2005a) describe that BRAC has distributed more than \$2 billion in micro-loans, with a pay-back ratio of more than 97%. It has built over 40,000 mainly one-room schools and operates a network of 70 million people in 65,000 villages all over Bangladesh. Between 1980 and 1990, about 2,000 BRAC health workers trained 13 million women in the use of oral rehydration, a cost-effective means of treating most instances of diarrhea. The recent drop in infant and child mortality is attributed largely to this effort. Essentially, its economic development activities have generated more than 5 million jobs (Seelos and Mair, 2005a).

BRAC'S success gives critical lessons not only to Bangladesh, but also to the rest of the world. There are still many critics about social enterprises, particularly because of the perception that most of social enterprises are unprofitable and only few nonprofits can sustain by

themselves through profit-generating activities. However, BRAC's social enterprises have generated enormous profits, benefiting both its clients and the organization itself. The success of BRAC has a huge implication on the fundamentals of social enterprise in terms of self-sufficiency which is critical to the viability and validity of social entrepreneurship.

#### **4.2.2 BRAC on a Global Scale**

Although the majority of BRAC's activities are in Bangladesh, it also has substantial operations in a growing number of Asian and African countries. BRAC works in countries where it can achieve a major impact on reducing poverty and improving livelihoods. In fact, it became one of the largest development organizations in the world.

Specifically, since 1972, BRAC has been delivering successful programs to several countries in Asia and Africa, using its experience to energize and accelerate poverty alleviation efforts. These countries include Afghanistan, Pakistan, Sri Lanka, Liberia, Sierra Leone, Southern Sudan, Tanzania, Haiti, Uganda, and the Philippines. BRAC delivers more than just microfinance, although it uses the microfinance groups as a social platform to deliver scaled-up services in health, education, agriculture, business development, and livestock support based on its integrated approach in Bangladesh (<http://www.brac.net>). In essence, BRAC is transferring its model to several countries to deliver a holistic development initiative based on insights from Bangladesh but adapted to the local contexts of the countries.

In conjunction with BRAC'S holistic approach to development which transfers a model developed in Bangladesh to others countries, adapting to the local contexts, the CFPR-TUP (Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor) program is worth examining. Bangladesh has been trying to effectively mitigate the poverty situation and it is close to achieving the Millennium Development Goal (MDG) by 2015,

particularly in terms of poverty (<http://www.brac.net>). BRAC has been a key constituent for this achievement. BRAC's groundbreaking CFPR-TUP program, initiated in 2002, is specifically designed to meet the needs of ultra-poor households, who are too poor to access the benefit form the traditional development interventions such as microfinance. This program focuses mainly on improving the economic and social situation of extremely deprived women and their households through careful selection, intensive integrated support including asset grants, skill development, personalized healthcare support, and ensuring social security via community mobilization (<http://www.brac.net>). Presenting the holistic approach to development, BRAC has carried out a sustainable model by creating prospects for the most disadvantaged people to overcome extreme poverty. In other words, BRAC has replicated CFPR-TUP program model for countries such as Ethiopia, Honduras, Peru, Ghana, Yemen, Pakistan, India, Afghanistan, and Haiti, providing direct technical services.

### **5. Connecting social entrepreneurship with developments goals in a global perspective**

As discussed earlier, social entrepreneurship is a rich field for the discovery of inspired models of value creation, employing novel types of resources and combining them in new ways (Seelos and Mair, 2005). In essence, social entrepreneurship can offer ideas for more socially acceptable and sustainable organizational forms and strategies which can contribute to development goals, preferably in a global perspective.

As indicated above, the boundaries of 'social' in defining social entrepreneurship need to be examined further for clarity, because the term 'social' means very different things to different people. However, the issue of how to define 'social' in social

entrepreneurship can be overcome through connecting social entrepreneurship to development, particularly sustainable development. Seelos and Mair (2005) maintain that the ambiguity in defining the term 'social' in social entrepreneurship can be overcome by studying social entrepreneurship in terms of achieving sustainable development. In this respect, Seelos and Mair (2005) define social entrepreneurship as follows: ...we define SE as entrepreneurship that creates new models for the provision of products and services that cater directly to the social needs underlying sustainable development goals such as the MDGs.

Seelos and Mair (2005a), additionally, operationalized the abstract notion of sustainable development. Specifically, the authors decompose the notion of sustainable development into three distinct sets of activities aimed at: (1) satisfying basic human needs; (2) creating communities that establish norms, rights, and collaborative behavior as a prerequisite for participating in social and economic development; and (3) translating the more abstract needs of future generations into action today.

The World Commission on Environment and Development (1987) defines sustainable development as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The United Nations, to operationalize this definition, defines a set of Millennium Development Goals (MDGs), based on a resolution adopted by the General Assembly in September 2000. The MGDs include human rights, health, education, and environmental issues. Based upon the definition on sustainable development and its operationalization, i.e., the MGDs, sustainable development, as a minimum, should offer people the basic level of subsistence necessary to live in dignity, and an overall level of consumption and use of resources that does not limit the options available to future generations (Seelos and Mair, 2005a). Despite these

commitments, however, the United Nations Development Programme Human Development Report (2003) indicates that life remains grim for many people in this world and hope for improving their situation is frail.

Traditionally, the efficiencies of markets, combined with the resources and managerial expertise of commercial enterprises, particularly those of large multinational corporations, have been considered to be crucial in achieving the development goals described in MGDs. The European Commission (2002), for example, has called for more direct corporate social responsibility as a business contribution to sustainable development. Despite growing attention to the role of commercial enterprises on the development goals worldwide, however, critics argue that commercial companies have mainly focused on the issues directly related to their financial performance, leaving many social problems and social needs unaddressed. Zahra, Rawhouser et al., (2008) contend the following: Unfortunately, traditional market solutions to persistent social problems are usually impractical, as they are costly, complicated, or unprofitable. This has created a void that is further exacerbated by institutional (e.g., regulatory) failures, where policy makers do not have the will, power, or means to effect reform or induce efficient market-based remedies to reduce persistent social issues. Worse, in some parts of the globe, market and institutional failures are not only commonplace, but they are also perpetuated by state failures where governments are weak and persistent power struggles preclude reconciliation. (p.119)

In contrast, a growing number of social initiatives all over the globe (e.g. Institute for OneWorld Health [USA], ACCION International [USA], CIDA City Campus [South Africa], Sekem [Egypt], Grameen Bank [Bangladesh], Committee for Democracy in Information Technology [Brazil], Appropriate Technologies for Enterprise Creation [Kenya], Entropy International [UK]) has overcome the

obstacles that have prevented businesses from providing services to the poor. In addition to the cases introduced in this paper (i.e. Ashoka and BRAC), all these initiatives constitute the phenomenon that has been referred as social entrepreneurship. Although some of these initiatives are still on a national basis, others, such as ACCION International, Institute for OneWorld Health, Ashoka, and BRAC, are on a global scale. These social entrepreneurial activities are representing a variety of measures in which social entrepreneurship can be actualized, satisfying social needs and resolving social problems, in a global perspective.

It is noted that the two cases of Ashoka and BRAC in this paper demonstrate how social entrepreneurship can create a new model for development, especially on a global scale, satisfying basic human needs that remain unsatisfied by current economic or social institutions. These two cases exemplify the validity and dynamics of global social entrepreneurship.

## 6. Conclusion

Scholars and practitioners have presented a wide range of theories and ideas about entrepreneurship, including social entrepreneurship, and the concept of social entrepreneurship is recently gaining popularity. However, it is argued that, based upon a review of the existing literature, some critical issues in the field of social entrepreneurship are still not fully answered. In this regard, this research paper tries to identify and clarify these unanswered issues, elaborating the answers for them. But, it is acknowledged that a more in-depth research on these issues is required in order to answer them more thoroughly. Therefore, the issues presented in this paper can also be considered as future research agendas.

First of all, this paper aims to provide a clearer definition on social entrepreneurship, identifying its boundaries and providing its examples. The studies on social entrepreneurship have created diverse definitions and

terminologies and, thus, have failed to provide a comprehensive view on what social entrepreneurship is. This can be confusing. To define social entrepreneurship more clearly, this paper investigates the key distinctions between business and social entrepreneurship that can lead to developing new ideas and insights about social entrepreneurship and that can provide a clearer definition on social entrepreneurship.

This paper conceptualizes social entrepreneurship in a broad sense particularly in an effort to describe the phenomenon of internationalization of social entrepreneurship and to develop a social entrepreneurship model that can support development goals on a global scale. Based upon this broad conceptualization of social entrepreneurship, social entrepreneurs discover or create opportunities and launch ventures, balancing social and economic imperatives and making profits and creating wealth. These social ventures can be created not only by independent entrepreneurs, but also by corporations.

Second, researchers have not devoted enough attention to the phenomenon of the internationalization of entrepreneurship (i.e. global entrepreneurship), including the internationalization of social entrepreneurship (i.e. global social entrepreneurship) and the subsequent growing global reach of social ventures. This paper defines more clearly the cross-disciplinary nature of global entrepreneurship as well as global social entrepreneurship, examining the emergence of new global ventures, particularly in terms of the forces shaping the globalization of social entrepreneurship.

As described earlier, social opportunities are global in nature and entrepreneurs have become adept in devising innovative solutions and organizational forms to address various global needs. In this respect, the internationalization of social entrepreneurship and the subsequent

growing global reach of social ventures are critical issues deserving greater attention from researchers.

It is noted that both profit-seeking and nonprofit social ventures are considered to create jobs and to develop institutions and infrastructures needed for development. Thus, both types of social ventures are all considered to be the engine of economic and social development on a global scale.

Globalization, particularly economic globalization, has heightened the importance of global social entrepreneurship in terms of creating wealth and addressing persistent social problems. Several key factors of globalization, such as technological development, have increased the global awareness about the social problems that exist in the world and have also provided opportunities for social ventures to address these problems.

Finally, this paper aims to provide a new social entrepreneurship model particularly on a global scale, introducing two distinctive cases: Ashoka and BRAC. As noted above, the study on social entrepreneurship has mainly focused on conceptual over empirical research. This paper will contribute to the study on social entrepreneurship in terms of empirical research.

Although global social entrepreneurship is a new and unexplored field in terms of research both empirically and theoretically, social entrepreneurs have become the vanguard of the worldwide transformation by launching new organizations, serving a multitude of social needs, thereby improving the quality of life and enhancing human development around the globe. The two cases of Ashoka and BRAC contribute to the current literature by highlighting how entrepreneurial efforts can create opportunities and launch ventures to satisfy social needs, balancing economic and social imperatives, in a global perspective.

In addition, it is acknowledged that other empirical evidences of social entrepreneurship, such as the Institute for

OneWorld Health (USA), ACCION International (USA), CIDA City Campus (South Africa), Sekem (Egypt), Grameen Bank (Bangladesh), Committee for Democracy in Information Technology (Brazil), Appropriate Technologies for Enterprise Creation (Kenya), Entropy International (UK) should also be introduced and analyzed through future

researches in terms of globalization of social entrepreneurship. These cases have also overcome the obstacles that have prevented businesses from providing services to the poor and, thus, can offer valuable data for a new social entrepreneurship model, particularly in a global perspective.

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