Social Entrepreneurship

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To Act as if and Make a Difference

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Preface

After more than 20 years of studies of entrepreneurship, by and large in business (theoretically as well as practically), Björn Bjerke (one of the authors of this book) had an opportunity in August 2003 to study in more detail a special type of entrepreneurship, which has come to be known as social entrepreneurship. Bjerke did not know much about the phenomenon in the beginning, but was very interested to learn what it was. The possibility was provided through a research grant from the Swedish Knowledge Foundation and he was free to set up the Research Project as he liked. It proved to be a challenge and a rewarding research trip. This trip consisted of two stages. Mathias Karlsson (the second author of this book) joined Bjerke at the second stage. This stage started in 2008.

This book tells the story about what we think we have learnt on this research trip. In other words, it is about social entrepreneurship.

We will talk about the work behind the book as the Research Project and the two parts of this project as Stage 1 and Stage 2. A brief summary of the project is provided in Appendix 1.

THE STRUCTURE OF THIS BOOK AND ITS IDEA

This book is built up as a number of sections. Chapters 1 to 5 outline our basic concepts. Chapters 6 to 8 provide some summarizing analyses and draw conclusions from our work. The main part of the book ends with Chapter 9, where we discuss some theories in more detail and reflect on some general ideas that we have picked up from research elsewhere, and which have guided our work. Appendix 1 provides a more detailed description of how the Research Project was designed. Appendix 2 provides a comment on the possibilities of and limitations to one of the subprojects that we studied in Stage 2 of the Research Project. Appendix 3 provides a description of some social entrepreneurial activities which we came across during our research trip, but which we did not study in detail during the Research Project. Appendix 4 provides an input to the role women can play in social entrepreneurship.

It is possible to write *about* entrepreneurship (that is, discuss the content and the importance of entrepreneurial phenomena), *for* entre- preneurship (that is, discuss what is required and what is necessary to *become* an entrepreneur) or *in* entrepreneurship (that is, discuss what is required to become a better entrepreneur, if you already are one). This book is a book *about* entrepreneurship or, more precisely, a book *about* *social* entrepreneurship in general with focus on such social entre- preneurs that operate within the citizen sector of a society in more or less public places.

1.   Our new society

THE SUBJECT OF ENTREPRENEURSHIP

Entrepreneurship as an academic subject has existed for about 300 years. During the first 250 years or so, only economists were interested in the subject. Entrepreneurship has, however, never been part of mainstream economics.

It might be of some interest to bring up four classical researchers from a time when only economists were interested in entrepreneurship, and to present their ideas of what entrepreneurship is all about. The reason is that their ideas are still with us, somehow. They are Richard Cantillon (1680–1734), Jean Baptiste Say (1767–1832), Joseph Schumpeter (1883–1950) and Israel Kirzner (b. 1930).

Richard Cantillon, an Irish banker, who most of the time worked in Paris, was the first to give the concept of entrepreneurship an analytical content. In his book *Essai sur la nature du commerce en general*, which was published posthumously in 1755, the entrepreneur was given an acknowledged role in economic development. Richard Cantillon, like most economists after him, was mainly interested in the entrepreneurial function and not so much in the entrepreneur as a person. He felt that the entrepreneurial function was to *take risks* in the sense that the entre-preneurs buy at given prices without knowing which prices will prevail later when sales are made. This approach sees the entrepreneur as something of a trader.

The French economist Jean Baptiste Say (1855) made a distinction between three economic activities in a society: (1) research that generates new knowledge, (2) entrepreneurship that applies this new knowledge and (3) workers that are involved in production. Say claimed that entrepreneurs bring production factors together and organize business firms. Say saw the entrepreneurial function as to *build production units*.

The person who is often seen as the most influential classical scholar of them all within entrepreneurship theory is Joseph Schumpeter. Schumpeter was born in Austria but worked his last 20 years at Harvard University in the US. To Schumpeter the critical function of the entre-preneur was *innovation* – to introduce new products, processes or

organizational units (see, for instance, Schumpeter, 1934). Schumpeter's intellect included many areas: apart from economics, he was familiar with classical history, law, history of arts and sociology. He contributed with many new ideas to the theory of entrepreneurship, among others:

- He claimed that the main mechanism in economic development is *creative destruction*, that is, entrepreneurs in their interest in what is new will, more or less voluntarily, destroy existing market mechanisms and market shares in order to build new ones.
- He also claimed that people stop being entrepreneurs *when they have introduced an innovation*. Entrepreneurs may then eventually continue as 'just' leaders and owners of small businesses, that is, administrators of what was once an innovation.

According to Israel Kirzner, entrepreneurs are, above all, *alert to business opportunities* that might appear, that is, they look for imbalances in the economic system that can be exploited to start entrepreneurial operations (Kirzner, 1973).

By building on the works from these theorists it is common today to discuss entrepreneurs in terms of taking risks, building production units, innovating and/or being alert to different opportunities for starting entrepreneurial operations. Since the 1960s, entrepreneurship has been mainly of interest to business scholars and related social science scholars. Some important contributions are:

- Theories for technological development (Donald Schon, 1930–97),
- Behavioural research (David McClelland, 1917–98),
- Sociology (William Gartner, b. 1953),
- Small business research (David Birch, b. 1937; David Storey, b. 1943).

Donald Schon (1983) pointed out the importance of what he referred to as *champions* of all technological development. He came up with the following four conclusions:

1. At the outset, new ideas face strong resistance. Schon claimed that a social system's resistance to change can sometimes be extremely forceful. He called this the *dynamic conservatism* of the social system.
2. To overcome this resistance, *selling the idea* becomes vital.
3. People representing the new idea work mainly through the *informal* rather than the formal organization, at least to begin with.
4. Typically, *one person* acts as a champion for the idea.

David McClelland tried to come up with a picture of individual motivation in the context of management and entrepreneurship. According to him, people in those areas are motivated by three principal needs: (1) the need to achieve, (2) the need for power and (3) the need for belonging. The relative importance of these three needs varies between different people according to McClelland. He claimed that entrepreneurs are primarily driven by a *need for achievement*. McClelland also stated that societies where the need for achievement is a norm are developing more dynamically than other societies. He wrote a classic book on this theme, *The Achieving Society*, which was published in 1961.

William Gartner, a sociologist, claimed in a seminal article (1988) that it is fruitless to ask who the entrepreneur is. According to him, the important question is: 'How are organizations created?' He defines entrepreneurship as the creation and establishment of new organizations.

David Birch presented pioneering work about the importance of small businesses in *The Job Creation Process* (1979). He claimed that in a country like the US, most new jobs are created by small firms. This conclusion was contrary to the established, taken-for-granted, understanding at that time that big companies are the machines of the economy in all important aspects in that country.

David Storey, a British scholar, is a contemporary with David Birch. He refers to himself as a small business researcher, not as an entrepreneurship researcher. He points out (Storey, 1980) that:

- Whether a small firm is growing or not is very much up to the entrepreneur/founder.
- The government is important for the development of the small business sector in a society.
- There are major differences between the frequencies in establishment of new firms in different regions of a country.

Entrepreneurship is now a multidisciplinary subject. The phenomenon can be, and is, studied from many different points of view, from that of the economist, of the sociologist, of the financial theorist, of the historian, of the psychologist, of the anthropologist or of the geographer, just to name a few. Furthermore, much research on the topic probably still takes place in business-related areas and is market-based, but, increasingly, the interest in the topic is broadened to other sectors of the society (we will have much more to say about this as we move on in this book).

TWO VIEWS ON ENTREPRENEURSHIP

Interest in and research on entrepreneurship has increased exponentially during the past ten years or so. It is also possible now to see different theoretical orientations and their differences. Two important orientations, containing definitely different 'views' on the subject of entrepreneurship in the society at large, are (Bridge et al., 2003):

1.   *The narrow view*: Entrepreneurship is basically an economic phenomenon and is a matter of tracing and exploiting opportunities and of creating something *new*, thereby satisfying *demand in different markets*, new or not. Some representatives of this view are, for instance, Dees et al. (2001), Amin et al. (2002) and Dart (2004).
2.   *The broad view*: Entrepreneurship belongs to the whole society, not only to its economy and is a question of creating something *new* and thereby satisfying *demands and/or needs*, new or not. This view is represented by, for instance, Hardt (2002), Hjorth and Steyaert (2003), Johannisson (2005) and Bjerke (2007a).

Some authors refer to this as the American (US) and the Scandinavian view (for instance, Bill et al., 2010). There are often differences in the definition of the phenomenon in US and Scandinavian textbooks. First some US examples:

> Entrepreneurship is the process whereby an individual or a group of individuals use organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled. (Coulter, 2001, p. 6)

> An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalize on them. Although many people come up with great business ideas, most of them never act on their ideas. Entrepreneurs do. (Zimmerer and Scarborough, 2002, p. 4)

> Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks – in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion. (Kuratko and Hodgetts, 2004, p. 30)

Compare this with some Scandinavian definitions:

> Entrepreneurial processes are about identifying, challenging and breaking institutional patterns, to temporarily depart from norms and values in the society. (Lindgren and Packendorff, 2007, p. 29; our translation)

> Entrepreneurship is tangible action as creative organizing in order to realize something different. (Johannisson, 2005, p. 371; our translation)

> Entrepreneurship = to satisfy user values and/or needs – new or old – in new ways. (Bjerke, 2007a, p. 17)

So, the broad view defines entrepreneurship less specifically than the narrow view. Some consequences for approaching, tracing and describing entrepreneurship in the two views are:

1. The broad view, unlike the narrow one, does not find it necessary to specify what personality and which behaviour is *generally* associated with (successful) entrepreneurs. The broad view stresses the outcome of the entrepreneurship process more than anything else.
2. The narrow view claims that entrepreneurs are something of an elite; the broad view does not.
3. Similarly, the broad view does not say that entrepreneurship is to perform extra-ordinarily, which the narrow view does.
4. The result of entrepreneurship, according to the broad view, is normally not very radical. The narrow view commonly asks for more. Most entrepreneurship results, according to the first view, are better seen as more or less constructive imitations of what exists already and they do not have any major effect on our lives as customers or citizens. For this reason it would, with the broad view, possibly be better to talk about the entrepreneur as a 'maker' instead of as a 'creator' (compare below and Chapter 9).

It is possible to express it such that the broad view of entrepreneurship attempts to make *conceptualizations*, that is, 'summaries' without specifying the limits (compare Latin *concipere* = summarize), rather than as *definitions*, which point out the 'limits' in terms of what should be included and what should be excluded (compare Latin *definire* = draw a limit). In this spirit the authors of this book, representing the broad view, want to conceptualize *entrepreneurship as satisfying user values and/or needs by new businesses or operations* (by, along the broad view, improving on and renewing one's own situation, generally together with other people, for the common good and not exclusively doing this by finding and exploiting opportunities, which is the narrow view).

Another important difference between the two views is that in the case of the broad view, when trying to understand business entrepreneurs and entrepreneurs in other sectors of the society than in its economy, it is necessary to understand that the different groups, at least partly, function through a different logic. Nilsson (2003), for instance, makes a clear distinction between entrepreneurship research in the economy and other entrepreneurship research. This means, among other things, that *business entrepreneurs satisfy market values by starting new businesses, while social entrepreneurs satisfy social values by starting new activities*.

This book is about *social entrepreneurs* in general and about *citizen entrepreneurs* in particular. This does not mean, of course, that we claim that only some people are members of the society or that only some are citizens. What we claim is that to be *entrepreneurial means to 'act as if' and 'make a difference'* (to 'act as if' and 'to make a difference' are concepts that we will return to), which not everybody does.

'Social' in languages such as English and French has a double meaning in the sense that it may either refer to something related to the society at large or something associated with something more restricted, that is, social benefits, social services and the like. In order to point more clearly at the former, sometimes 'societal' is used instead of 'social' in English. In languages such as German or Swedish, there is normally a clear difference between 'societal' (like 'gesellschaftlich' in German) and 'social' (like 'sozial' in German). As this book is written in English, we do not stress possible differences in the meaning of the word 'social'.

There are many schools in entrepreneurship, schools which most of the time have the ambition of *explaining* the phenomenon. Some examples of this are (Bjerke, 2007a, Chapter 3):

- Macro and micro schools.
- Schools with the ambition to map the entrepreneurial process.
- Schools building either on the supply or the demand in the economy.
- Schools discussing the phenomenon psychologically or behaviourally.

There are a growing number of attempts to try to *understand* entrepreneurship instead. Some such examples are (Bjerke, 2007a, Chapter 4):

- To look at entrepreneurs as *sense makers* (Weick, 1995; Sanner, 1997).
- To look at entrepreneurs as *language makers* (Bjerke, 1989; Normann, 2001).

- To look at entrepreneurs as *culture makers* (Redding, 1993; Bjerke, 1999).
- To look at entrepreneurs as *history makers* (Spinosa et al., 1997).

Chapter 9 discusses interpretations and understanding of the word 'entrepreneurship' in more detail.

In spite of its long academic history, there are still many *myths* around the concept of entrepreneurship (Bjerke, 1989, pp. 526–7; Timmons, 1999, pp. 47–8; Coulter, 2001, pp. 8–9; Kuratko and Hodgetts, 2004, pp. 30–33). It is, for instance, a much discussed subject whether *you are born an entrepreneur or not*. Some commentators claim that entrepreneurship primarily is a matter of inborn qualities. Others claim that entrepreneurship comes forward under favourable external circumstances, that is, when cultural, family and social conditions are propitious. Our opinion is, even if there is no general agreement on the issue, that entrepreneurial qualities cannot be compared with such congenital talents as an ear for music or a strong skeletal structure. We have seen entrepreneurship appear under such differing circumstances and implemented by so many different people that we are inclined to say that, in principle, practically anybody could be an entrepreneur in the general sense of being enterprising.

One common opinion is also *that venturing out often leads to failure*. Considering that entrepreneurship means to do something differently (to 'act as if' and to 'make a difference' as we call it) and to do something which is, at least partly, new and that many activities associated with entrepreneurship cannot be planned to any major degree, entrepreneurship is often a question of taking risks. It is so, however, that even if the entrepreneur is not unwilling to take a risk, entrepreneurship is more of a calculated risk taking than a shot in the dark. Furthermore, there are situations where, if the entrepreneur is to succeed, risks have to be minimized and sometimes even avoided. It is even possible to say that entrepreneurship never fails, even if mistakes can be made, if the entrepreneur uses his or her false steps as moments of learning.

We often hear that *all you need as an entrepreneur is a good idea*. As we see it, a good idea is only one part of the equation to become a successful entrepreneur. To get an understanding of existing requirements wherever you are in the entrepreneurial process, to systematically attack possibilities when you start and to take on challenges as you continue can also be key ingredients in succeeding as an entrepreneur. But it shows again and again that the entrepreneur's own qualities (even if, as mentioned, these 'qualities' are not generalizable) are more decisive than anything else in an entrepreneurial success. It is a common statement that

it is better to combine a top quality entrepreneur with an idea of less quality than the opposite. A good idea can always be frittered away, but a good entrepreneur can achieve miracles with an inferior idea.

It seems to be a common conception that *the most important thing for an entrepreneur is to have access to money*. It is true that much financial capital may be needed when undertaking a major entrepreneurial project. It is also true that many entrepreneurial attempts may fail due to shortage of such capital. It is, however, not correct to claim that money is the decisive factor to succeed when undertaking something new in the first place. There are many entrepreneurial start-ups that take place *as if* the necessary resources were there (we will come back to the concept 'as if'). Furthermore, money is for the entrepreneur what paint and a brush are for the artist – dead matter in itself, which in the right hands may create inimitable results. Furthermore, it may be so in a problematic stage of an entrepreneurial project that lack of financial resources may be a sign that other circumstances like leadership qualities, degree of motivation or imagination and willpower are not what they should be.

It is common to hear the statement that *entrepreneurship only takes place in small contexts and in small organizations*. Entrepreneurship is not something that takes place only when an activity initially takes place (which is normally small, at least in the beginning). It has become increasingly obvious in our modern society that every activity, in order to survive, no matter what age and size, must renew itself from time to time, at least to some extent, and this has to occur even if the activity has expanded (what is required in our society today will be discussed later).

To summarize so far, the authors of this book want to claim:

- Most new entrepreneurial activities start without any formal plan.
- To be entrepreneurial is not something that only an elite does – we all behave entrepreneurially from time to time.
- Most entrepreneurial start-ups do not lead to any radical results but to modest improvements in daily lives.
- The most important driving force for entrepreneurial people is not money but knowledge (in the wider sense of it) and a 'damn it' attitude.

OUR MODERN SOCIETY

We could call our modern society an *entrepreneurial* or a *postmodern society*. This society is a changing society; there are not many fixed points left. This can be noticed in all areas: politicians must live with big

variations in their opinion polls, we are constantly reminded of a turbulent world around us through our TV screens and the big corporations often disappoint us by their lack of ability to keep up employment and repeatedly by their unethical behaviour. But to say that change is part of our everyday life is not enough. *Changes* are also *of a different kind*. They contain *genuine uncertainties*. These kinds of uncertainties cannot be eliminated, nor decreased by more careful planning. Our *changes have changed* (Ferguson, 1980). It is also so that more and more parts of our modern society are influenced by change. The *number of exceptions* is increasing.

Only the fact that we (to an increasing extent) have to cope with more changes which cannot be forecast or totally eliminated by more planning can justify the label *an entrepreneurial society* for the world of today. It is now necessary to be constantly prepared to renew ourselves if we do not want to be left behind. As new courageous acts are made under circumstances where it is impossible to precisely forecast profit or loss, it makes the entrepreneur 'the sovereign inventor and explorer' (Hébert and Link, 1982, pp. 45–7). This is another aspect of 'as if' (a concept that we will return to several times in this book), that is, in this case to act 'as if' it is possible to forecast the consequences of one's act.

But new kinds of changes are not the only things characterizing our modern society. Among other things, IT technology and other technologies now play a larger role. Castells (1998) has even provided a date for and localized the start of what he calls 'the new economy':

> The new economy emerged in a certain point in time, the 1990s, at a given space, the United States, and around/from specific industries, mainly information technology and finance with biotechnology looming on in the horizon. It was in the late 1990s that the seeds of the information technology revolution, planted in the 1970s, seemed to come to fruition in a wave of new processes and products spurring productivity and stimulating economic competition. Every technical revolution has its own tempo for diffusion in social and economic structures. For reasons, that historians will determine, this particular technical revolution appeared to require about a quarter of a century to retool the world – a much shorter span than the predecessors. (Castells, 1998, pp. 147–8)

Technology is more than information technology (IT), but it is this technology that is most widely associated with our modern society. IT can be defined as the infrastructure and knowledge necessary to make information quickly and easily accessible (increasingly it applies to the software and the communication services that link the hardware).

However, IT is not essentially about new firms in a new sector but about new conditions for the whole economy:

> The popular distinction between the old and the new economy completely misses the point. The most important aspects of the new economy is not the shift to high-tech industries, but the way that IT will improve the efficiency of all parts of the economy, especially old-economy firms. (*The Economist*, 2000, p. 13)

IT is central to our modern society. It moves faster and faster. It invades all sectors; all that can be digitalized will be. It has created completely new industries (for instance, e-commerce, information services online and mobile communication) and it eases boundaries between nations, industries, companies, goods and services, working time and leisure time. In addition to lowering prices, IT has four other noteworthy features (*The Economist*, 2000, p. 10):

- It is pervasive and can boost efficiency in almost everything a firm does, from design to marketing and accounting, and in every sector of the economy.
- By increasing access to information, IT helps to make markets work more efficiently.
- IT is truly global.
- IT speeds up innovation itself, by making it easier and cheaper to process large amounts of data and reducing the time it takes to design new products.

IT can give the same advantages to small firms as to big ones but, as we have noted already, not only IT but technology in general is characterizing our modern society. Technology occupies a strategic role like never before. 'Technology has become our culture, our culture technology' (Kelly, 1998, p. 49). Technology increases the rate at which our economy is changing and it is spread at an accelerating rate (Coulter, 2001, pp. 34–8).

Society has also become a *knowledge society*. Drucker said a long time ago (Drucker, 1969, p. ix) that *the only* meaningful resource (at that time) is knowledge. We have seen that 'knowledge workers' are the dominant group in the workforce. The economy is about services as never before.

> Economies are increasingly based on knowledge. Finding better ways of doing things has always been the main source of long-term growth. What is new is that a growing chunk of production in the modern economy is in the form of intangibles, based on the exploitation of ideas rather than material

things: the so-called 'weightless economy'. In 1900 only one-third of American workers were employed in the service sector, now more than three-quarters are. (*The Economist*, 2000, p. 29)

One interesting aspect of knowledge is that it does not obey the traditional economic laws of scarcity. It does not matter how much knowledge is used, *it is still not used up*! One may even claim that *the more you share it, the larger it becomes*.

The most important aspect is, however, not knowledge and competence in itself but who is carrying it and has the ability to use it. Many of the change agents which are of interest in this book, that is entrepreneurs, are of this kind.

Furthermore, we should not forget in our modern society that getting rid of old habits may be equally important, *maybe even more important*, than learning new ones.

Another aspect of our modern society is that *relationships and networks are becoming more important*. Contemporary society is under-pinned by all-encompassing networks; network is the primary symbol of our modern society (Holmberg et al., 2002, p. 13). One characteristic of the new info-technological paradigm

> is *the logic of networks* in every system and arrangement of relationships using the new information technology. The network morphology seems to be well suited to the increasingly more complex interaction and the unpredictable patterns of development emerging through the creative power of this inter-action. (Castells, 1998, pp. 92–3)

Our new entrepreneurial society is based on networking 'because under the new historical conditions, productivity is generated through and competition takes place in a global network of interacting business networks'. (ibid., p. 99)

> By transforming the processes for managing information, the new information technology is influencing the activity field of all human beings and makes it possible to create an infinite number of connections between separate areas as well as between different elements and agents of various operations. A network-based economy emerges with far-reaching internal interdependencies which is increasingly more able to apply its advances within technology, know-how and business organizations on technology, know-how and organizing businesses themselves. Such a virtuous circle should lead to improved productivity and efficiency, given the right conditions in terms of equally dramatic organizational and institutional changes. (Castells, 1998, pp. 99–100)

We mentioned earlier in this section that there is a kind of change in our modern society, a kind of change that contains genuine uncertainties. It is possible to see the network logic as an answer to such a situation, because the network economy has moved 'from change to a situation where everything is in a state of flux' (Kelly, 1998, p. 144).

Understanding how these networks are working is the key to understanding how our new entrepreneurial society is working, and the greatest profits in this society are, to a large extent, found in researching and exploiting the power of decentralized and autonomous networks and building new ones. It is even possible to say that the network economy is changing our identities. What matters today is whether a person belongs to 'the network' or not (Kelly, 1998). At the same time, the more high-tech we become the more 'high-touch' we need (Naisbitt et al., 2001).

We will have more to say about networking when we discuss it in connection with public entrepreneurs in Chapter 7.

Globalization is a concept which is often mentioned when we talk about our modern society. We not only need each other more as humans; we also need each other more *as nations*. Our new modern society is global because its central activities and its components are organized globally (Castells, 1998). Jonung (2000) associates this new globalized economy with a free and extremely fast flow of ideas, information and capital, a flow which, to a large extent, is a result of the IT-revolution. Others, such as Eriksson and Ådahl (2000), discuss the new economy in somewhat more political terms, using the market economy (with the US as a forerunner) as a model. The supporters of this thesis claim that the globalization process facilitates high economic growth for all participants. Its opponents claim, on the other hand, that it is increasing the rifts between rich and poor countries.

At any rate, global markets add to our inability to make meaningful forecasts. They have, furthermore, gone hand in hand with the fact that limitations of physical distance and actions in our companies and organizations as well as limitations of time have, by and large, disappeared. 'The linear time-regime of industrial society has been substituted by a time which has no beginning or end, which operates worldwide in real time and without respect to geographical demarcations' (Benner, 2002, p. 136). The winners in the competition between participants in our modern society often seem to concentrate on being the fastest rather than being the fittest (Bjerke and Hultman, 2002).

Finally, *the view on capital* has changed in our modern world. We speak less and less of financial capital and more and more of human capital, social capital, cultural capital, structural capital and visual

capital, for instance. We will later separate and discuss in more detail one type of capital which is more and more in focus when discussing social entrepreneurs, that is, *social capital*.

Bell (1974) identifies five primary characteristics of our post-industrial society:

- Changes in the economy which lead to a focus on service rather than production.
- Changes in the social structure placing higher value on professional and technical skills.
- Changes from the practical to the theoretical as a source of ideas and more stress on research and development compared to principles for its implementation.
- Changes in controlling the technology and a greater interest in technological changes.
- A kind of intellectual technology related to advanced information systems.

We would like to summarize the situation in our modern society in the following way:

- Most societies are a product of history. This does not mean that they are best suited to solve the present and future problems.
- The analytical units in the society of today are not traditional production factors but reflecting human actors (Storper, 1997).
- Innovation cannot be planned in advance to any essential degree. It is a result of what may look like random meetings of different 'pictures'.
- Interpretations and constructed pictures are steering people, not 'reality' as such (if it even exists) (Öhrström, 2005, p. 64).
- Successful societies of today keep away from imitating and copying forces faster than they are able to copy new development (Öhrström, 2005, p. 64).
- The society cannot successfully be renewed from the top or from the centre. For this to be done, continuous learning by all key actors at all levels is necessary.

Maravelias (2009) takes a somewhat related tack on the subject of modern societies to the last point above, concentrating on freedom. In traditional societies, *freedom as autonomy* was celebrated by all who could. In modern societies, we have another understanding of freedom, *freedom as potential*, which implies that we become entangled with the

environment and that such intimate interaction is celebrated – because without it, the potential of doing and accomplishing things does not exist (de Carolis, 1996).

This has, as we see it, several consequences. It will be harder to see how power is exerted. Furthermore, as the opportunities to exploit possibilities are so different in societies today, we may have *increased inequality* nowadays. If this is so, social entrepreneurs, acting locally, become even more important in our modern society. Maybe the large increase in the number of social entrepreneurial activities is a sign of that, after all, more and more people want to use their possibilities as citizens in the society.

We are absolutely convinced that, in order to understand 'our modern society' it is crucial to understand what this book is about, that is, *public entrepreneurship* (which is one aspect of citizen entrepreneurship, which in turn is one type of social entrepreneurship, as we will see).

The reader will notice that several of the social entrepreneurial projects that are described in this book are directly influenced by circumstances in our modern society that are described above.

THE GROWING CITIZEN INVOLVEMENT

By social entrepreneurship we mean all entrepreneurial activities in the society which are not limited only to private profits. These exist to a large extent in the business sector but above all in the public sector, and to an increasing extent in the third sector, what we refer to as the citizen sector. This citizen sector was strong during the nineteenth century, but expansion during twentieth century placed it in the backseat. During the latest 30 years the trend has changed, however, and this has led to a revival of the citizen sector (sometimes denoted as *the social economy*) for three reasons (the discussion here follows Murray, 2009):

1.   The user has also become his or her own producer to a large extent.
2.   Increased social imperatives exist.
3.   The green revolution has been harder to avoid.

The User has also Become His or Her own Producer to a Large Extent

The user (the everyday consumer) has, to a large extent, become his or her own producer; he or she is more active today in being part of coming up with and adding value to what he or she thinks he or she needs. The

consumer has become what Toffler calls *prosumer* (Toffler, 1980). What has become critical to him or her is now how different kinds of support and possibilities are designed to have a manageable normal day rather than being a passive receiver of service and support by the society. *The support economy has taken over from the commodity economy* as an organizing principle (Maxmin and Zuboff, 2002). The production in the society (in the wide sense of it) is no longer clearly going on in a separate sector that produces goods and services to other parts of the society for them to choose from, but the whole arrangement is to an increasing extent built up around the user. A transformation of relationships between consumers and markets and between the citizens themselves has taken place. The production process is to a decreasing extent a linear process where the consumer is the end of the chain. The decisive middle hands are these days those who have the knowledge and the confidence to put together the relevant support packages. They are the ones who put the knowledge economy together.

The institutional consequences of this are far-reaching: systems are now organized around households. These households have not been isolated from each other, however, but have become connected in a variety of shapes – physically, virtually, discursively and emotionally – rather than built up around centralized institutions. The spread of mutual interest and support groups has become a pattern during the last 30 years – connected through the Internet or by various kinds of events and study groups. This is a long way from the passive consumer and the mechanical worker of the early twentieth century. The modern society positions every household by itself *and* in cooperation as kind of '*living centres*' in distributed systems – the vitality of the whole becomes dependent on the vitality of the individual innumerable components. This justifies new questions being asked about what permits and what prevents households from being participants (feeling a kind of inclusiveness), questions of what the relationships and possibilities (access) look like, questions about how dwellings are to be built and where they are to be placed, questions about necessary skills and working times (and working places) for individual citizens today, questions about tax design and tax reliefs, just to mention a few. The society of today is simply incompatible with long working hours in one place with minimum wages, with compensation only in money and with an educational system that is not suited to the specific and very varied skills of modern life.

Increased Social Imperatives Exist

Secondly, the pressure has increased on the state-driven system that is supposed to provide social services. One type of pressure comes from the sheer size and growth of demand for such services. In many industrialized countries there are dramatic growing trends in, for instance, obesity, chronic disease and demographic ageing, each of which have been described as time bombs.

These trends constitute a double challenge on existing structures. First of all there is a growing mismatch between social service as it has traditionally been given, and new needs – hospital care was, for instance, in most countries originally built up to handle acute rather than chronic diseases. At the same time the chronic diseases are those that are expanding at the moment. Furthermore, it has proven difficult to combine increased service needs with necessary cost efficiency. Schools, hospitals, nursing homes and prisons have cost structures which, to a large extent, are fixed and are difficult to reduce in a more work-intensive service.

As a result of this, these sections of the society require an increasingly larger part of the national resources. With ruling trends the major players (both in terms of value added and employment) in the economies of the Western world in 2020 and beyond will not be cars, ships, steel, computers or personal finances but will instead be health, education and care. The public and the citizen sectors, as well as the environment, will no longer be tributaries to the business sector but instead will be the main streams of the society and central for the employment and the economy of the country as a whole. And this will be a major financial issue.

Two responses to these challenges have existed. The generally most common policy-based approach has been to try to design technical solutions in order to upgrade those institutions where service is given. In the case of hospital care, for instance, those industrial models which once were associated with Henry Ford and later Toyota have been adapted in order to try to speed up the patient flow through hospitals. Costs have been cut through outsourcing and repeated efficiency drives. Hospitals have become bigger and more specialized. Prices have been set on what once was for free and quasi-market arrangements have been established in order to bring in economic discipline among personnel and others concerned. But the pressure has continued to increase relentlessly. As far as health and some other social issues in general and environmental issues in particular are concerned, the most effective answers have been of a preventive nature, but these have, as we know, proven to be very difficult to establish in the public sector and on markets the way they look today.

Another approach has also arisen to try to cope with the problems. This approach is still more or less at an explorative stage, but is nevertheless turning out to be more and more important. During the past ten years or so a number of attempts have appeared to involve citizens and the civic society as partners in public service. Ministers have occasionally acted as champions to bring the citizen sector into areas related to health and similar general social issues. They have welcomed the assistance of parents in schools and of patients in the governance of hospitals.

Those who work in public service as well as some politicians have become very aware of the apparent disconnections between social institutions and many issues and needs that exist among those who use the service. They admit that active citizens are central to many of the big social issues. To those having chronic diseases, households and their supportive networks are central components of what have been the primary producers of service.

In these cases citizens are active agents, not passive consumers. They need resources and abilities and much more support and relationships than existing social services can provide. Together with the pressure on costs that exists, these are factors behind what could be called a *co-designed public service* and the acknowledgement of the role that the third sector organizations play in providing service to citizens.

Persistent voices

At the same time as public authorities have tried to involve citizens it is obvious that the latter have, to a large extent, radically changed attitudes as members of the society. It was a highly recognized report from Stanford Research Institute which in 1978 gave the wider public a hint about a fundamental shift among consumers (Murray, 2009, p. 13). The research in question was led by Arnold Mitchell, the consumer futurist, who made a distinction between *outer-directed consumers* who are primarily directed by external acceptance and social position, and *inner-directed consumers*, that included narcissistic, experiential and socially conscious consumers. When the former were two thirds of the population, the latter had grown to 20 per cent and were seen as a development away from the outer-directed consumers. This report calmed the fear that existed among some major companies that the generation after 1968 to a large extent would stop consuming commodities available in a market. This generation instead became the start of what was known as the *postmodern citizen* – as a producer and/or as a consumer – who is interested in matters of identity, the meaning in life and self-employment rather than consumption of standardized products. The French social

analyst André Gorz called it *a new subjectivity*, which is moulded around the supply and demand of the economy as it looked at the time (Gorz, 1999). To the postmodern, individualized citizen life becomes a formation process, where career has to step back to different projects and where the picaresque becomes as important as the plan.

Post-Fordist manufacturing was partly an answer to these changes. It was an industrial revolution by itself, which made it possible for companies to manage complex links of supply and which allowed them to respond to a very different and varied demand. At the end of twentieth century the postmodern consumer became used to a varied economy, which was oriented towards consumers, with fast food and quick fashion changes. This shift indicates a change from an economy dominated by concrete goods and services to an economy centred around service, information and communication – what is sometimes referred to as a *cognitive capitalism*. The means of production become subordinated by the communication codes. This is a world where images, symbols, culture, ideology and values take the driver's seat. Production and circulation of these codes, which are mainly situated in cities, also means there are rather different types of production culture and labour demand. The development towards an individualized public service is also an aspect of these trends, as well as the shift in the cultural policy from delivering finished cultural products to enabling an expressive life (Murray, 2009, p. 14).

This is the personal cultural economy. But there is another significant development of cooperation. The disjunction between the existing sensitivity of the active citizen and the insensitive organizations that came up in an earlier period – companies, public bureaucracies, mass-political parties and the state church – has led to a multiplication of different social movements and of citizens that take the issue into their own hands. In several areas these have been leading social enterprises and innovators during the past 30 years or so.

These changes are not only influencing the 'rules of the game' within which different authorities and the public market operate. They have opened the very game itself to new social initiatives, to a more active role for the citizens to play on the field and to new value-based necessities.

As movements they gain support from different parts of the society, both from those inside authorities and those outside. All activities in these movements start voluntarily and they remain that way. Many of them involve personnel who are paid by donations or grants or start their own initiatives within the market economy.

There is a new awareness, a commitment in what is being produced and how this is done, in using one's possibilities as a citizen, consumer

and worker in order to decide on one's own what is meaningful. It is a movement that goes from passivity to action. And out of this come value-based initiatives, some within the citizen sector, but there are also those that are seen in the market or start from the public sector. As a movement this wave has developed its own form of network organization, its own mixture of paid work and voluntarism and its own culture. It is a source of a great variation of social innovations as well, which in many cases are focused on those issues which authorities and the market have not been able to handle successfully.

It is these enterprising and innovative citizens that this book is about. We call them, depending on where they appear, social entrepreneurs, citizen entrepreneurs or public entrepreneurs.

Distributive production and the social economy

These developments are in many ways running in parallel with those distributive systems that emanate as an aspect of new technological possibilities. They are not completely determined by the new technology – there are examples that predate that – but the new technologies are doing much to reinforce and facilitate them. Technology also plays a role in supporting and multiplying these trends. This is partly because one characteristic of these systems is that they contain a strong element of mutuality.

The arguments here are of two kinds (Murray, 2009, p. 17). First of all there are a number of difficult-to-manage social issues which demand an increasingly larger slice of the economy of a country, which neither the public sector nor the market have had the ability to solve in a satisfactory manner. Secondly, there are a great number of new initiatives both from within the public sector and from the households, cooperative and voluntary organizations as well as from the citizens themselves more directly that are characterized by a kind of distributive system, which to a large extent are possible due to new technology. These distributive systems are part of what is often called the social economy, which is consequently very important for these innovations and for the service and those relationships that come out of them.

The Green Revolution has been Harder to Avoid

The environmental movement of today is an example of the praxis and the type of organizations which exist with the new social movements, and which also may be seen as one example of the renewed social economy. Those who are involved have set an agenda for the twenty-first century (Murray, 2009, p. 17) – concerning energy, food, waste, transport and the

whole subject of well-being and lifestyle. In each and every one of these the citizen networks have developed their own political economy with protests, production and consumption. They have created a strong wave of alternative technologies, of new forms of consumption and distribution, which now constitutes its own international microeconomy.

Many of these innovations have now been taken up and been reinforced by the markets and the public economy. The large companies and the public institutions have often found it difficult to graft those distributive microsystems in their structures, even if some have succeeded in doing so.

THE DEPLOYMENT PERIOD

There are consequently reasons why those entrepreneurs who, with a social interest in mind, act outside or inside business to get a larger role in the society. But what does the deployment period look like – that period which to a larger and larger extent is to bring us into the new society?

Social entrepreneurs are not a new solution by themselves but are a necessary part of it due to the relentless growth of social and environmental issues which governments as well as the markets the way they look today are unable to stem (Murray, 2009, p. 19). These issues can no longer be confined within the economy of the state, but have consequences for the way production is organized in the market and the way in which production and consumption take place at home.

The shift to a network paradigm has the potential to transform the relationships between the organizational and institutional centres and their peripheries. The new distributive system is not managing the complexity from the centre, but is done in a complex but distributive way more and more from outside this centre – to household and service users and in the work places to local managers and workers. Those who are in the margin have something that those in the centre can never have: knowledge of the details – what is specific to a time, a place, with special events and, in the case of consumers and citizens, with needs and wishes. This is the potential. But to realize this, a new kind of commitment is required with and for users. New relationships at work and new terms of employment and compensation are necessary.

This concerns those who operate in the private market. But it is, in a way, of greater importance to the so-called authorities. At the moment the economy is divided between a hierarchical and centralized state, a number of companies that exist in different markets and a number of

small organizations and informal associations and groups (which are citizen based). But the important thing is that the new techno-economical paradigm connected to the new social movements makes it possible to think of this distribution in a new way – a distribution that makes it possible to combine the energy and the complexity of a distributive responsibility with the integrating capacity of modern systems societies, which contain a strong citizen sector and intimate connections between this sector and the public sector and the market sector.

Substantial structural reforms and institutional changes are necessary in order for a society of this kind to function effectively. Needed are new infrastructures, tools, platforms and means to distribute resources, new kinds of organizations and maybe above all new ways to link the formal and the informal economies to each other. This means a far-reaching programme and realized informal initiatives to social innovations on a scale that has not been seen since the second half of the 1800s. The existing crisis provides possibilities for social innovative activity – which so far has been marginalized – to take place next to private innovation activities on the society's stage.

This book is a contribution to the discussion about how to design the innovative activities of this new society.

2. All these entrepreneurs

ENTREPRENEURSHIP IN DIFFERENT PARTS OF THE SOCIETY

Most entrepreneurship scholars today, like ourselves, do not want to limit entrepreneurship to specific personal traits or specific (for instance, economic) behaviour. The broad view of entrepreneurship (which we authors belong to) claims, furthermore, more distinctively that entrepreneurs can be found in the whole society, not only in its economy. Johannisson, for instance, (2005, p. 27; our translation) puts it such that 'enterprising is something that belongs to all kinds of life' or 'the market is too small an arena for entrepreneurship, only the whole human existence is big enough' (p. 39; our translation).

We see three sectors in the society, which are (Figure 2.1):

- The public sector;
- The business sector; and
- The citizen sector (or 'the third sector').

It is also so, as we discussed earlier, that only part of these sectors consists of entrepreneurs, that is, people who 'act as if and make a difference', people who are a bit more proactive than most others in satisfying other people's demand and/or need through new businesses or new activities over and above just being employed in the public sector, running a business or being a citizen. These are shown within the broken lines in Figure 2.1.

It is possible to associate the above types of entrepreneurs with three different types of places where they operate (compare Bjerke, 2010):

- In institutions in the public sector;
- In markets in the business sector; and
- In private or public places in the citizen sector.

The public
sector

E(p)

The business
sector

E(b)

The citizen
sector

E(c)
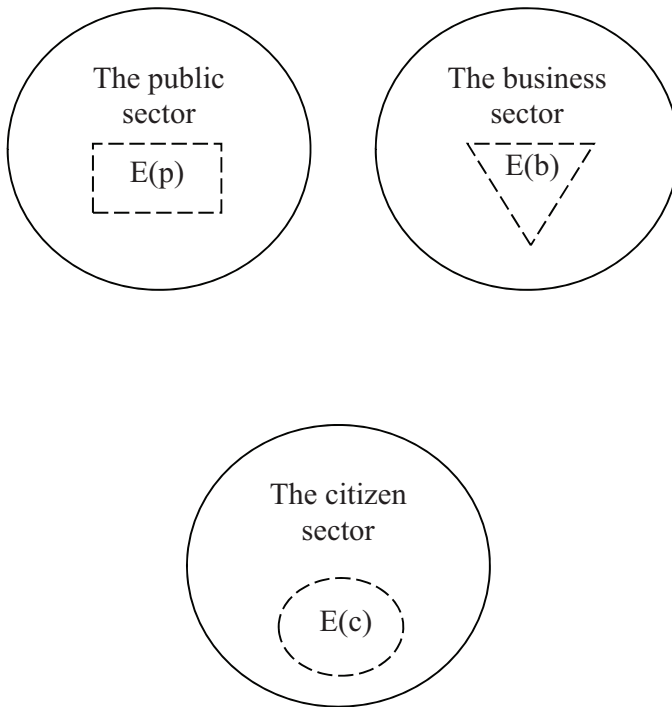
Note: E(p): entrepreneurs in the public sector; E(b): entrepreneurs in the business sector; E(c): entrepreneurs in the citizen sector.

Figure 2.1   The three sectors of a society

By doing this we get three kinds of entrepreneurs in a society:

- *Entrepreneurs in the public sector* – people employed in different institutions in the public sector, who 'act as if and make a difference' for the common good at the same time as they are employed there.
- *Business entrepreneurs* – enterprising and innovative people, who are financially driven and who focus on demand in different markets and try to satisfy these through new products and services.
- *Citizen entrepreneurs* – enterprising and innovative people, who are idea-driven and direct their interest towards social needs through new activities. This can take place in private places (for instance, in sheltered workshops at elderly people's homes) or in public places

outside the public sector or in markets (for instance, in public squares, in public lecture events or on the Internet).

This broad classification is in line with the statement made by Steyaert and Katz (2004), when they (1) say that entrepreneurship takes place in many different places and in different situations; (2) claim that these places and situations are political in the wide sense of the term; and (3) state that entrepreneurship is a question of everyday activities rather than a result of an elite group. It is also possible to put it the way Berglund and Johansson do (2008, p. 2; our translation):

> To see that entrepreneurship in fact expresses itself in a variety of places, and not only locate it to so called incubators or science parks. To see that people through their entrepreneurship create a variety of values for the society and not just the economic ones which so easily come in focus.
>
> The society needs all actors; it has been much focus on the industry. (R.H., participant in Stage 1 and part of Stage 2 of the Research Project) (More information on the people involved in the Research Project can be found in Appendix 1.)

Compare these statements with what we earlier referred to as the broad and narrow views of entrepreneurship.

It is important to realize that Figure 2.1 is meant to illustrate that not all that takes place in the society is entrepreneurial. There are so many activities in the traditional social sectors *that are not entrepreneurial*. To put it differently, it is, of course, possible to be a citizen, be employed in the public sector and/or run a business *without being enterprising*. Furthermore, entrepreneurial activities take place where many non-entrepreneurial activities also take place. *Institutions* are associated with the public sector, *markets* are associated with the business sector and *private and public places* are associated with what is sometimes called *the third sector* (our name for the third sector is *the citizen sector*).

If we 'stress' the entrepreneurs in Figure 2.1 we get Figure 2.2. We see all *entrepreneurs* in the public sector and all *entrepreneurs* in the citizen sector, but only some business entrepreneurs, as *social entrepreneurs*, which are the shaded fields in Figure 2.2. We see all entrepreneurs as social entrepreneurs who are not run by a profit motive but by a social idea or entrepreneurs who next to their profit motives have a clear objective to satisfy non-commercial citizen needs in a society. The rest we see as *business entrepreneurs*, that is, the majority of entrepreneurs in the business sector.
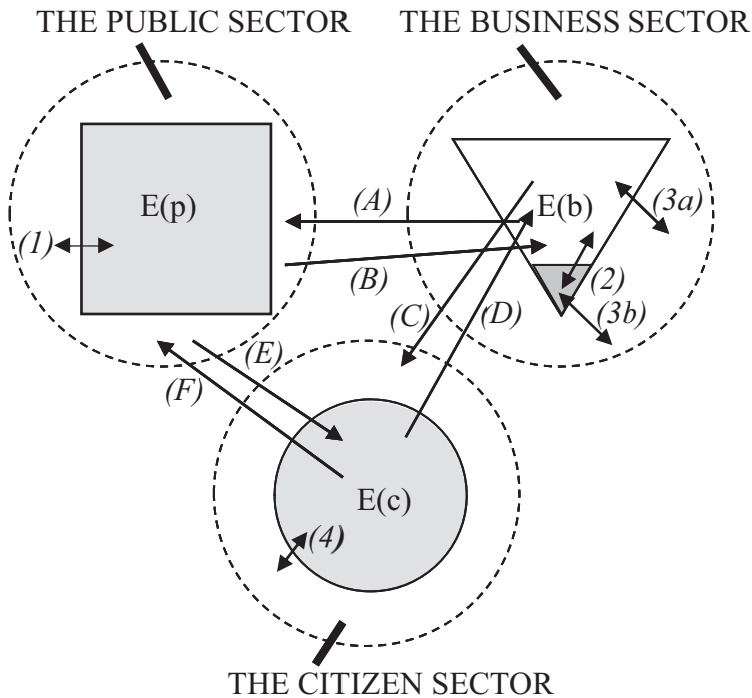
Figure 2.2   Entrepreneurs in different sectors of a society

There are all kinds of connections between the different entrepreneurial parts of Figure 2.2 and between these parts and the rest of the society. For instance:

- From or to *entrepreneurs* in the public sector and *other parts* of the same sector. This can be people who go from 'just being' employed in this sector to coming up with *new* ways to perform their tasks or people, who after having done so go back to 'just' administer them as part of their employment (these connections are marked *(1)* in Figure 2.2).
- From or to *entrepreneurs* in the business sector to *social entrepreneurs* in the same sector. This can be business entrepreneurs who change their entrepreneurial ventures in a more socially oriented direction or social entrepreneurs within the business sector who after having developed new socially oriented activities within the business sector move into running them in a more commercial,

but still entrepreneurial, way (these connections are marked *(2)* in Figure 2.2).

- From or to *entrepreneurs* in the business sector and other, non-entrepreneurial parts of the same sector. This can be traditional business people who move between being entrepreneurial business people and being non-entrepreneurial business people *(3a)* and socially oriented business entrepreneurs who move between being socially oriented business entrepreneurs and being non-social non-entrepreneurial oriented business people *(3b)*.

- From or to *citizen entrepreneurs* (that is social entrepreneurs in the citizen sector) to other parts of the citizen sector. This can be people who have run citizen entrepreneurial ventures as a project and who move to 'just be' citizens or citizens who move from what it means to be a citizen and start citizen entrepreneurial ventures (as citizens) (these connections are marked *(4)* in Figure 2.2).

- There are several possible connections *between* the different sectors. Some examples (which are also marked in Figure 2.2) are:
  A. *From market to institution*: A consulting company, who helps a local community with its place marketing.
  B. *From institution to market*: A local community, who privatizes its waste disposal management.
  C. *From market to private or public place*: A company, which applies Corporate Social Responsibility in a more tangible way.
  D. *From private or public place to market*: An organization, which is mainly operated by volunteers, assists women to start their own businesses.
  E. *From institution to private or public place*: Three employees in a local community, who start a soccer club among teenagers.
  F. *From private or public place to institution*: Two citizen entrepreneurs, who run a seminar in a local community, where the participants are members of a locally dominant political group.

- Finally, there are several different possibilities to a *cooperation* between the three sectors (entrepreneurial or not) (there are no such connections marked in Figure 2.2).

A model similar to the one in Figure 2.2 has been suggested by Nicholls (2006). It is given in Figure 2.3.
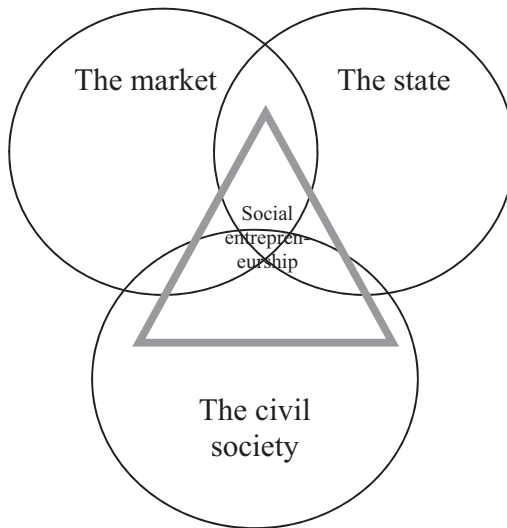
Figure 2.3   The three estates of society

A clear difference between Figures 2.1 and 2.2 compared to Figure 2.3 is that in Figures 2.1 and 2.2 different entrepreneurs are seen as clearly separated from each other while social entrepreneurs in Figure 2.3 bridge over the traditional sectors of the society. We prefer Figures 2.1 and 2.2 for at least two reasons:

1.   Even if social entrepreneurs in general may appear in any sector of the society and even if it is common that social entrepreneurs are bridging the different sectors of the society (the reader will find many such social entrepreneurs in this book), we assert that those social entrepreneurs that operate in the citizen sector are somewhat different. Furthermore there are lots of citizen entrepreneurs who are not running a business of any kind and are not employed in the public sector. It is easy to think that those scholars who stress that social entrepreneurs *always* bridge the different sectors of the society only look at those social entrepreneurs who in fact do so. This kind of bridging is also common in many countries, where the public sector is not that large as it is in countries like Sweden. Many citizen entrepreneurs do not enter other sectors, but 'act as if and make a difference' *just being citizens*, that is, not being business entrepreneurs or publicly employed. The Research Project

on which this book is based has to a large extent worked only with these citizen entrepreneurs. To stress planning and organizational skills for all entrepreneurs, good knowledge of management and marketing plus efficiency, effectiveness and economic effects is to neglect the political and ideological functions of social entrepreneurs (Parkinson and Howorth, 2008). It is not adequate to apply the views of business entrepreneurs to the views of social entrepreneurs, in our opinion. This is 'disarming' the social entrepreneurs from the possibilities of coming up, in their own way, with more or less innovative solutions and suggestions, and to keep their distance from business entrepreneurs and to other parts of the society (Cho, 2006).

2.   We also claim that business entrepreneurs and social entrepreneurs build on *at least partly different logic*, which cannot be combined in any straightforward or simple way.

As stated on several occasions, in all entrepreneurial situations it is necessary:

- 'To act as if': for instance, not to act only within the limits given by being employed in the public sector, by being a business person or by being a citizen but over and above this to come up with new solutions to satisfy demand or need (it does not matter if you do it in the same sector or move to another one). Another aspect of this is that entrepreneurs can never be appointed. They have to act from their own free will. A third way to phrase this is to say that entrepreneurship is never about what is already done or finished but always about something which is 'on its way to become something' (Gartner et al., 1992).

- 'To make a difference': to be noticed as somebody providing a solution to a problem, which is new to other people who are interested in using that solution, and not just a normal result of what we do for a living, for instance, by being employed in a specific position. To make a difference can in the case of a business entrepreneur mean either to make it possible for more people to get access to some popular goods or service or to diffuse the use of new goods or services. In the case of social entrepreneurs it can mean ensuring that more people get reasonable welfare, or coming up with innovations for how social need is satisfied.

It is relevant in this context to realize that 'increasing the connections between entrepreneurship and society, we get the chance to see the new

multiverse of entrepreneurship with its variety of social, cultural, ecological, civic and artistic possibilities' (Steyaert and Katz, 2004, p. 193). There *are* however, as aforementioned, limits on applying the results of research on business entrepreneurs onto social entrepreneurs, for instance, to citizen entrepreneurs:

- Even if social entrepreneurs and business entrepreneurs are good at networking, social entrepreneurs exploit network relations *in a much broader field* (Dennis, 2000; Blundel and Smith, 2001; BarNir and Smith, 2002).

    It is important for a social entrepreneur to have access – access to the possibility to be able to make a difference. (I.H., participant in Stage 2 of the Research Project)

    In the commercial world it is possible to succeed without a network. You can sit in your cellar – create a product that you can sell. This is not possible for social entrepreneurs. (I.S., participant in Stage 2 of the Research Project)

    We have no center, but we have a wide access. (R.H., participant in Stage 1 and part of Stage 2 of the Research Project)

- Social entrepreneurs use their networks not only to leverage resources and strengthen their own ventures, which is primary to business entrepreneurs, but also *to deliver impact and to create new social value* (Nicholls, 2006, p. 225).

    In order to improve what you are doing, it is necessary to connect new people which are good at things which you are not yourself. (J.M., participant in Stage 1 and Stage 2 of the Research Project)

- Social entrepreneurs operate in *a more diversified and dynamically strategic landscape* than traditional business entrepreneurs do (O'Gorman, 2006). Even if they never compromise their social mission, social entrepreneurs are looking for alliances and cooperative possibilities where they can easiest find them. Many social entrepreneurs work *at the same time* with local governments, welfare institutions, volunteering groups and banks (Nicholls, 2006, p. 225).
- Social entrepreneurs often show *a much larger variation* in the form of organization under which they operate than do business entrepreneurs (ibid., pp. 225–6).
- Economies of scale are *not as obvious* for social entrepreneurs as they are for business entrepreneurs. The former may often get maximum impact by remaining small and local and through deepening their activities rather than broadening them (ibid., p. 226).

- Social entrepreneurs are often looking for a social space where traditional business activities and the public sector *have not* shown any major interest and they improve on and create new social capital through institutional or gradual improvement and innovations (ibid.).
- Social entrepreneurs are often very *politically involved* (which is not the same as working for a specific political party) and they are often more *effective activists* and/or *campaigners and catalysts of a wider social change* than is the case for business entrepreneurs (ibid.).
- The urge to change the terms of engagement within their own sector, not for their own benefit but *for the benefits of their stakeholders*, often marks social entrepreneurs out as quite distinct from business entrepreneurs (ibid.).
- The primary interest behind an increased participation in their own interest areas as social entrepreneurs is not to gain themselves, but *for those in which they are interested to benefit from it*.

  > What makes the difference is that we do this freely. The commercial sector is different; there you are employed to do things. We also have constantly to involve others that want to do this freely as well, otherwise the project stops. (I.S., participant in Stage 2 of the Research Project)

- The ultimate aim (even if it may not be attainable) for social entrepreneurs is to do so well that *they are no longer needed*. This is not the case for business entrepreneurs (ibid.).

  > We succeed in what we are doing if we are able to make them stand on their own. (I.H., participant in Stage 2 of the Research Project)

- Paton (2003) asserts that social entrepreneurs and business entrepreneurs live *in different-meaning worlds*. To bring the business venturing mind to social entrepreneurship could undermine the strength of social entrepreneurs (Krashinsky, 1998), neglecting the dialogical and political praxis which is central to social entrepreneurship (Cho, 2006).
- The important interest among social entrepreneurs is to stress the satisfaction of different *needs* while for the business entrepreneurs it is to stress the satisfaction of different *demands*.

  > Social entrepreneurs are those who define needs, look at how they can find solutions and dare to try. (H.L., participant in Stage 1 and Stage 2 of the Research Project)

As we know, the academic subject of entrepreneurship is about 300 years old and has, until recently, mainly been of interest to economists. Most entrepreneurship theories are therefore based on the economic discourse (Steyaert and Katz, 2004). Most entrepreneurship theories do not position themselves *in place or in time*, that is, they are very ahistorical and not specified in terms of in what culture they are valid. Some examples:

> Many entrepreneurs are not directed by what seems to be facts, become more committed when they make decisions and investigate the circumstances and underestimate the time and cost needed to succeed. (Baron, 1998, p. 280)

> As an entrepreneur, you have the freedom to make decisions, you can experience feelings of achievement and pride, you are accountable only to yourself, and you have the opportunity to tackle a wide variety of challenges using a wide variety of skills and talents. (Coulter, 2001, p. 23)

> To succeed as an entrepreneur requires a higher-than-average amount of self-discipline and perseverance. Entrepreneurs don't give up easily, and they tend to stick doggedly to a concept until something or someone convinces them that it's time to move on to something else. (Allen, 2010, p. 30)

Three things become natural with these types of theories:

- To look at 'growth' as something primary (Coulter, 2001; Wickham, 2006; Allen, 2010).
- To see 'opportunity recognition' as a distinct and fundamental entrepreneurial behaviour (Gaglio, 1997; Kirzner, 1979; Stevenson and Jarillo, 1990; Venkataraman, 1997).
- To view entrepreneurship as a (special) type of management (Drucker, 1985; Stevenson and Jarillo, 1990; Wickham, 2006).

These theories are most of the time based on an attempt to explain entrepreneurship. There are also, as mentioned, attempts to understand entrepreneurship (more about explaining and understanding entrepreneurship is found in Chapter 9). Additional to the view of entrepreneurship as finding and exploiting opportunities (the narrow view), it is possible (as mentioned earlier) to view entrepreneurship as *continuously creating one's own situation* (the broad view), that is, to be entrepreneurial in a wider, more human sense rather than in a narrow, economic sense.

Market is above all (at least traditionally) a *space-based* concept but entrepreneurship research has increasingly started to stress the importance of *place* (more about entrepreneurship theories related to space and place in Chapter 9).

The public sector can be seen in terms of space as well as in terms of place. It has created a space for itself in the economy by requiring people in a society to pay taxes, tariffs and charges to an amount that in a country like Sweden is more than half its gross national product (GNP). At the same time, activities in the public sector (entrepreneurial or not) take place in institutions like schools, hospitals, courts and public political and quasi-political offices at national, regional and local levels. Movements like labour unions and producers' and consumers' cooperatives have today become rather institutionalized and may very well be seen as belonging to the public sector (or to the business sector in the latter case), even though they once started in the citizen sector.

Entrepreneurship at the central political level can be seen as *a more collective form of entrepreneurship* that focuses on broader actions and outcomes as a response to changes characterizing the global age (de Bruin, 2003), and entrepreneurship is stressed at a national government and political level. It is, however, rather clear that there is a need for new terminology to be developed to better convey the nature of the state and to conceptualize the reconfiguration of the role of the state in our modern society. The 'welfare state' concept is now outmoded. Jessop (1994, p. 251) argues that 'a Schumpeterian workfare state is more suited in form and function to an emerging post-Fordism state'. Similarly, Audretsch and Thurik (1999) observe that industrialized countries have changed from the '*managerial economy*' of the previous industrial era to a knowledge-based '*entrepreneurial economy*'. De Bruin (2003) suggests the term '*the strategic state*':

> The strategic state could be the principal actor in laying the foundations for building a strong, socially inclusive economy within the globally connected world. (p. 156)

Some small city-states are doing just that. According to Pereira (2004), the Singaporean government has chosen to evolve from a development to an entrepreneurial state.

According to Osborne and Gaebler (1992) there are ten characteristics that describe *the new form of entrepreneurial government* in general. These are to support competition, empower citizens, judge activities through their results, be driven by objectives, redefine clients as customers, prevent problems from arising rather than provide services afterwards, concentrate on generating resources rather than using them, participative leadership, prefer markets to bureaucratic mechanisms and to focus on catalyzing all sectors to solve citizen problems.

According to so-called conventional wisdom organizations in the public sector cannot be innovative. Bureaucracies are normally regarded as lacking the competitive spur that drives businesses to create new products and services. Their rules are regarded as squeezing out anything creative or original. From the point of view of outsiders their employees are thought to be penalized for mistakes made but never rewarded for taking successful risks. So, while business develops new computer chips, iPods, ever more modern aeroplanes and wonder drugs, the slow and stagnant public sector acts as a drag on everybody else, so people say.

This opinion can be found everywhere, but it is at odds with the history of innovation (Mulgan, 2007, p. 4). Two of the most profound innovations that have been made during the last 50 years are the Internet and World Wide Web. Both, however, came out of public institutions: the Defense Advanced Research Projects Agency (DARPA) in the first case and the European Organization for Nuclear Research (CERN) in the second. If we look even further back in history, business was not very innovative during the early part of human history, at least not until the end of the 1800s. The most important innovations came instead in communications, material and energy from wealthy patrons, from governments and from the military. The idea that business and markets are central to innovation in society, or are 'innovation machines', to use Baumol's phrase (Baumol, 2002), is, in a historical perspective, rather new.

Even today the caricature of public institutions as stagnated enemies of creativity and innovation is disproven by thousands of public employees around the world who, for example, have discovered new ways to combat AIDS and have created innovations that promote health in other respects, for instance through, vaccinating large sections of the population, education or the application of new methods.

There are, however, good reasons to doubt the public sector's ability to be innovative. Innovators succeed normally in spite of, not because of, dominant structures and systems. Too many good ideas lead to frustration, are filed in registers or are simply forgotten. Public services remain bad at learning new models – even if they exist in their neighbourhood – and only a small number of governments have any role, budget or structure that is devoted to innovative issues as their *main task* within welfare, security, health and the environment. It is in fact so that even if they say they support innovation, there is no government that has anything remotely near an army of public employees to inspect and to monitor, or for that matter to support, technological research and development (Mulgan, 2007, p. 4).

Pressure on the public sector to renew itself is mounting however. We have already mentioned that in twenty-first-century economies, the largest sectors will not be cars, steel or even IT; in the advanced economies the largest sectors will instead be health and care. Education accounts for 5–10 per cent of GNP. Health and care, both for children and the elderly, is growing fast and already constitutes 5 per cent of GNP in some economies. These are all sectors where government is the major player, either as provider, funder or regulator, and they are all sectors where innovation takes place in a very different way from how it was done in dominating economies during the last century.

Public institutions cannot be institutionalized or planned to any major degree, but there are many things that governments can do to improve on the chances of new ideas being introduced to improve value for the public. They can do more to cultivate and scan the background from which new ideas come; they can recruit innovators who have proven to be successful; they can deliberately design and test promising new ideas; they can provide markets for solutions and outcomes and they can create space where radical new ideas can evolve (Mulgan, 2007, p. 5).

Citizen entrepreneurship takes place in different *places*. In Chapter 4 we will discuss such citizen entrepreneurs that operate in public places – we call them *public entrepreneurs*. First, however, we want to try and clarify what we mean when we say that the fundamental expressions that characterize entrepreneurs are 'to act as if and make a difference'. This will be addressed in the next chapter.

3. To act as if and make a difference

We have, on a number of occasions, talked about entrepreneurs as people who 'act as if and make a difference'. Let us try to clarify more exactly what this expression means. We start by discussing the differences between 'to behave' and 'to act'; this will prove to have several similarities with 'to explain' and 'to understand', which will be discussed in more detail in Chapter 9.

TO BEHAVE

If a human activity is seen as *behaviour* it is looked at as observable, that is, it can be perceived empirically according to classic behaviourism. 'Behaviour' is used by many social scientists as an umbrella term for all human activities. This may lead to confusion, however, if it is not clear whether 'behaviour' or 'action' is referred to. We therefore suggest 'activity' as an umbrella term and 'action' and 'behaviour' as two possible ways to look at human activities.

When looking at a human activity as behaviour, all non-observable aspects of this activity are neglected, as it is then necessary to try to explain what is going on using observable 'stimuli' and observable 'responses'. Every object in the environment then represents a potential 'stimulus'. In empirical research an object is described as a 'stimulus' if it gives a behavioural reaction. 'Response' is then defined as 'something a human person does' (Watson, 1970, p. 6). To reduce human activities to observable processes should, according to the behaviourist Watson and his followers, make a consistent application of (natural) science methods on society possible. The ambition with behavioural science is then to define behaviour causally within the framework of scientific theories such that, given specific 'stimuli', a corresponding response from a human being can be predicted in a deterministic and general way.

Theories for cognitive behaviour constitute a development of classic behaviourism, because behaviour is then no longer described only in terms of stimuli and responses. 'Stimuli' are here transferred *through* reflection, cognition and awareness and are not until then seen as behaviour. The cognitive (motives, needs, attitudes, levels of aspiration

and so on) is seen as a perceptual filter for 'stimuli'. Stimuli are now in turn described in terms of information. In these theoretical terms human behaviour is explained as responses to stimuli, which are chosen selectively in the social and environmental milieu and which are passing through cognitive processes and become information.

We do not want here to go into any extensive analysis of the consequences of the behaviouristic view for entrepreneurship. It is enough to say that its basic scientific orientation is to see the environment as a cause. In this view entrepreneurs live in a *world full of circumstances*. Bodies react in a more or less deterministic way and their reactions are determined voluntarily only to some extent. Those who represent this view observe that the subjective perception of the environment sometimes differs from 'objective' facts. The reasons for *why and how* different perceptual filters appear are, however, not studied any further.

TO ACT

From an 'action' perspective the situation is seen in a different way. 'Action' can generally be defined as a reflecting and intentional activity: a 'freely' performed activity which is goal-directed. It takes place in mental activity. An action can be defined in its simplest form as 'intentionally effecting or preventing a change in the world' (von Wright, 1971, p. 83). An action can also 'designate the outcome of this ongoing process, that is, the accomplished action' (Schutz, 1962, p. 67). If a human activity is to be denoted an 'act', this is not only one aspect of 'reflexivity' which we find in cognitive behavioural theories, but is also a *purposeful* result.

We do not mean that there are any human activities which lack a conscious intention at the time one acts. It is necessary here to decide whether a conscious and free act becomes so routinized that it is no longer necessarily planned consciously. If this is the case the activity can be described as a kind of 'quasi behaviour'. We claim that simple behaviour (physiologically and biologically conditioned reflexes) is hardly relevant in a social context in general or an entrepreneurial context in particular.

'Quasi actions' are, on the other hand, described by Habermas (1984, p. 12) as the 'behavioural reaction of an externally or internally stimulated organism, and environmentally induced changes of state in a self-regulated system'. By this Habermas means processes which can be described 'as if they were expressions of a subject's capacity for action',

which in reality can be described as activities of a mechanism which itself is not capable of providing any cause of its actions. This can be compared with von Wright's distinction between 'quasi causal' (causal descriptions of intentional action) and 'quasi teleological' (intentional descriptions of causal processes in the sense of functional explanations) activities (von Wright 1971, pp. 84–5 and 58).

An action involves four *processual sequences* (often not very explicit and not necessarily following each other):

1. *Action project*, that is, formulating/creating the purpose. This is often a preparatory and foresighted process in a given situation. During this process the subject is considering suitable means to reach his or her goals and sometimes the general and justifiable expectations from other members of the society that must be met.
2. *Definition of the situation*: a thinking sequence in terms of the intended goal. A certain situation is structured. Accessible means (physical and social) relevant for the purpose are determined and chosen here. Non-accessible elements relevant to the purpose constitute 'limitations'. The situation is interpreted according to specific values and norms. Sometimes, when the meaning of the elements of the situation is problematic, a rationalization of their significance is necessary.
3. *Realization of action, or realization of the 'subjectively imagined goal'* (Girndt, 1967, p. 30). This is the applied sequence of the action, through which a situation is changed or prevented from being changed. Sometimes even the technical component (the goal-means relationship), the legitimacy of the action and even the meaning component may be problematic at this stage.
4. *The consequences of the action*: the intended and non-intended consequences of the action constitute the new situation. This new situation is relevant to the agent and for other agents. This changed situation can be relevant to come up with a 'new' goal-means relationship and to reinterpret evaluations and norms as other prerequisites. There is a discussion whether, in order for an action to be worth its name, its consequences should be part of the action itself, which in von Wright's and Schutz's definitions above are included in 'application', or whether the consequences should be seen as a result of the action.

These sequences might not be observable by others (as an intellectual attempt to solve a problem) or they might be 'open, directed at the external world' (Schutz, 1962, p. 67). Behavioural theory explains the

human activity as determined by stimuli, while action to action is purposeful and meaningful. The entrepreneur lives in the latter case, in a world full of *meaning*, not circumstances, as in the case of behaviour. When concentrating on individuals' mental processes, cognitive behaviourism is not very adequate when conducting research in a social milieu, because it assumes that the meaning context for socially relevant activities can be reduced to individual stimulus-behaviour. It consequently cuts off the social context. Problems do therefore arise at best in terms of individual cognitive dissonance. The meaning context in the social world can, as we see it, only be considered if we look at the members of the society as purposeful and not just as 'responses'. Action theory provides a frame to do this; behavioural theory does not.

The basic structures for action have been taken up and developed by Max Weber. He constructed conceptual distinctions which cover the different forms that purposeful action can take. 'Action' is seen by him as the basic unit in the socialization process and can therefore be seen as the 'atoms' of a social universe. Those are the smallest units that can be studied in the society, in the social world. With this view it is sometimes so that the most interesting units for the social scientists could be the actions themselves, not the agents, the actors or the individuals. The agents are then the prerequisites for action to take place, but not the units to be studied as such.

Recently, a group of theories has arisen which deals with how action in a network is carried out. These theories are labelled *Actor Network Theories* (ANT). They have had some influence in criticizing the market as a fundamental arena for economic behaviour and might seem to be of some interest when discussing entrepreneurship activities. It started with Kuhn (1962) and his devastating critique of the naïve opinion of the relationship between natural scientific knowledge and nature (that is, the view that such knowledge reflects the true state of nature), and was backed up with the assertion (for instance Winch, 1958) that social science is fundamentally distinct from natural science. It led a group of sociologists to venture into the citadels of scientific activity – laboratories – to watch scientists at work (Murdoch, 2008). Their ambition 'was to create a legitimate space for sociology where none had previously been permitted, in the interpretation or explanation of scientific knowledge' (Shapin, 1995, p. 297). The resulting ethnographic studies dealt a further blow to the generally accepted simple correspondence between natural science knowledge and nature. They showed that scientists used a number of means to bring nature 'into order' in the laboratory (Hacking, 1983). Such means were technological instruments, such as 'inscription

devices' (Latour and Woolgar, 1979), which transform material substances into figures and diagrams; literary techniques of persuasion, used within, for instance, scientific papers (ibid.); and political strategies, which might include coalition building in order to mobilize resources (Knorr-Cetina, 1981).

Researchers come up with new knowledge; so do the entrepreneurs, because they come with something new. One could therefore question if it is adequate to see either of these two categories as rational agents in the sense that they in an objective way select the most effective roads forward to reach a clearly formulated goal, or that they constitute some kind of 'invisible hands' in Adam Smith's sense (1776/2007). They should be rather seen as business driven (business entrepreneurial) or idea driven (social entrepreneurs) 'visible hands'.

ENTREPRENEURS ACT, THEY DO NOT BEHAVE – FURTHERMORE THEY ACT 'AS IF'

In general we have the opinion that entrepreneurs, maybe above all social entrepreneurs, should be seen through 'action'-eyes, not through 'behaviour'-eyes. As the headline of this chapter says (and as we have mentioned a couple of times), entrepreneurs not only act 'as if', but they also want to 'make a difference'. To make a difference means to make a difference *to users*, to come up with new products and/or services to consumers in the case of business entrepreneurs or come up with new arrangements leading to new solutions in the case of social entrepreneurs, either by providing more people with their fair share of basic social necessities or coming up with new innovative solutions in social matters, satisfying old or new needs (thereby eventually also being part of these solutions and gaining self-esteem for oneself). This means more than *just being* employed in the public sector, being a business person or being a citizen. We can draw two conclusions from this:

1. A person is most likely entrepreneurial only from time to time or maybe even just once.
2. Many, if not most, entrepreneurial efforts are pursued part time.

An entrepreneur has, of course, all the right to benefit from the results of his or her entrepreneurial achievements, for instance by managing them and reaping the rewards even after having been entrepreneurial, and will probably also often do so.

To act 'as if' not only means to act as if you already have those resources you need to act, that is, acting in such a way that your action will attract the interests of others (of which some might be users), thereby creating *more* resources than when you start ('resources' should here be seen wider than just money or financial means but also voluntary contributions from others, time, joy, commitment and solidarity). Other aspects of 'as if' here could mean:

- to act 'as if' you can better forecast the future;
- to act 'as if' you already are on the road of success, even if you have only just started.

There comes no message from above, you have to act on your own. (R.H., participant in Stage 1 and part of Stage 2 of the Research Project)

There is a metaphor that can be useful when discussing entrepreneurs when they are successful (Bjerke, 2007a). Such people have to have four parts of their body actively involved:

- the *head*, that is, to have some ideas about what is required to be entrepreneurial in the specific case. We can call this to *know*.
- the *heart*, that is, to *want* to be entrepreneurial.
- the *stomach*, that is, to have the guts to *dare* to take on something new.
- the *feet*, that is, to start to *move*.

All these parts must be there. If one of them is missing the entrepreneurial effort will not function very well. If you do not 'know', it will be a blind fumbling. If you do not 'want', it will be an act against yourself. If you do not 'dare', something constructive will hardly take place. The fourth part, that is, 'feet' means that you do something. This is another example of the necessity of looking at a venturesome person as somebody *acting*, not as somebody *behaving*.

This metaphor is not to be seen as if the two authors of this book have, better than other researchers, found the formula for how you should generally best act in order to succeed as an entrepreneur. Rather, the metaphor is to be seen as a special way of working with pictures, what Max Weber calls to work with *ideal types*. He also calls them *pure types*. One famous example of this is his three domination types, which were legal domination with bureaucratic administrative staff, traditional domination and charismatic domination. Weber says you rarely find them

in their pure types in reality but there are combinations, transitions and deformed varieties of these ideals (Weber, 1975).

Weber stressed that ideal types are kinds of utopian conceptions which stress only some aspects of reality and make them more understandable. He claimed further that they should not be seen as averages or maps from reality. He asserted that they should not be looked at as results of, rather as means in, the research process (Ljungbo, 2010, p. 411).

4. Different kinds of citizen entrepreneurs

WHY IS THERE A THIRD SECTOR?

Westerdahl (2001) provides three proposals to why there is a *citizen sector* (a *third sector*, a *social economy*):

- *The vacuum hypothesis*: The stagnation and even shrinkage of the public sector and (in some cases) decline in large areas of the business sector has created a space for other actors. This hypothesis is, according to Westerdahl, the most important one of the three.
- *The glocal hypothesis (the identity hypothesis)*: At the same time as we are experiencing more globalization we also note a greater wish for local and regional identity.
- *The influence hypothesis*: We are experiencing an increased questioning of the public sector's handling of tax revenues connected with a wish of a greater influence over the way in which this is done.

Thus the three hypotheses – if they are correct – show that the transformation of society currently under way in the Western world exhibits certain development features suggesting a probability that, whether by necessity or by voluntary commitment, certain social elements of the economy will assume increased importance for certain actors. This makes it possible for activities conducted under social-economic forms to expand. The extent to which these activities can make use of this potential for expansion is determined primarily by their strength, their competitiveness and the attitude towards them of other actors in society. (Westlund, 2001, p. 435)

Estimated *employment* in the third sector is 8–10 per cent in Western Europe (somewhat less in Sweden due to its large common sector and considerably more in, for instance, Greece). Studies show that the *increase* of employment in the third sector is increasing in the whole Western world. Between 1980–90, the increase was 40 per cent in France, 36 per cent in Germany and 41 per cent in the US (Salomon and Anheier, 1994) and in 20 Western European regions the increase was 44

per cent (Westlund and Westerdahl, 1997). All numbers are very uncertain here (and in a sense misleading) due to, among other things, *the large proportion of part-time work in the citizen sector* (Vasi, 2009, p. 169) and its many *volunteers*. The so-called not-for-profit sector in the US (which refers to all social entrepreneurs, not only those in the citizen sector) is much higher than in Europe and is estimated at 7 per cent of GNP, which is probably twice as high as in Great Britain (Burns, 2007, p. 454).

> In almost all industrialised countries, we are witnessing today a remarkable growth in the 'third sector', i.e. in socio-economic initiatives which belong neither to the traditional private for-profit sector nor to the public sector. These initiatives generally derive their impetus from voluntary organizations, and operate under a wide variety of legal structures. In many ways they represent the new or renewed expression of civil society against a background of economic crisis, the weakening of social bonds and difficulties of the welfare state. (Defourney, 2001, p. 1)

> The third sector constitutes a free arena where you can develop as free individuals and create the foundation of the good society some way or another. (I.H., participant in Stage 2 of the Research Project)

> What is missing in the integration is the people's support. The local government and the universities are working with structural issues but none at the people's level. (I.H., participant in Stage 2 of the Research Project)

SOCIAL ENTREPRENEURS AND CITIZEN ENTREPRENEURS

As mentioned already there is a *difference between social entrepreneurs and citizen entrepreneurs*. By *social entrepreneurship* we mean all entrepreneurial activities in society, no matter where they are going, which are not run for private profit reasons but which aim at satisfying different social needs (possibly in combination with an interest in profit).

As the reader may have noticed, we have found a reason to separate three sectors in society and their associated types of situations, where entrepreneurship takes place. The sectors are the public sector with its institutions, the business sector with its markets and the citizen sector which contains different private and public places. The social entrepreneurial activities that take place in the citizen sector we refer to as *citizen entrepreneurship*.

So, there is social entrepreneurship taking place in the public sector. One example is a business school which is presented as entrepreneurial

(Lundqvist, 2009), even though most of the university can hardly be called entrepreneurial. Social entrepreneurship also takes place in the business sector; for instance, there is natural social responsibility with small business firms, according to Sundin (2009). There are, however, studies in Great Britain, for instance, which state that the social contributions made by small business firms often stop with the economic contributions (ODPM, 2003, Chapter 2). In the same way it is possible to say that most citizen activities are not entrepreneurial, even if some of them are. We can summarize by saying that all *entrepreneurial* activities that take place in the public sector and the citizen sector can be called so, but that *only some* entrepreneurial activities that take place in the business sector should be seen as socially entrepreneurial.

Nicholls (2006, p. 229) provides a list of contexts for social entrepreneurship (Table 4.1). Referring to this table we want to speak of social *entrepreneurs* only in the first case (grassroots) and to some extent in the next three cases (institutional, political and spiritual), however, only before they have become too institutionalized. The fifth case (philanthropic), we do not count as *entrepreneurial* at all, because it does not contain any *new* solutions (even if such attempts may be financed through this channel).

Social entrepreneurs (or citizen entrepreneurs) are not new in society. We just have to think about names like Florence Nightingale and Mahatma Gandhi. What is new now, however, is that the amount of social entrepreneurial activities is much bigger than ever before (Bornstein, 2004, pp. 3–6). There are also, according to Nicholls (2006), studies in, for example, Great Britain that show that the number of newly started social entrepreneurial projects there is larger than the number of newly started pure business entrepreneurial projects. During 2003 it is estimated that 6.6 per cent of the adult population of Great Britain was involved in some kind of activity which had a purpose or use to the society as a new or ongoing operation. This was higher than what the GEM (Global Entrepreneurship Monitor, 2007) estimated the business entrepreneurial start-up activities to be in Great Britain, which was 6.4 per cent. Among other things a new social entrepreneurial minister was appointed in Great Britain in 2001.

It has been claimed that the concept '*social entrepreneur*' first appeared in the literature of Banks (1972). There are many who assert that the Englishman Michael Young (1915–2002) is the world's most successful social entrepreneur (for instance, Mawson, 2008). He started more than 60 social enterprises during his lifetime, started a number of 'Schools of Social Entrepreneurs' in Great Britain and its first university for distance learning (Open University). Open University is an example of

Table 4.1   Contexts for social entrepreneurship

Origins	Social market failure	Means	Ends	Example
Grassroots	Lack of institutional support	Critical social innovation	Coordinated creation of social capital through local/ community action	Housing associations
Institutional	Changing social landscape	Normative social innovation	Social entrepreneurship champions new social institutions	Open University
Political	Retreat of centralized government control from society	Market socialism	Introduction of enterprise/ private sector market philosophy into public sphere	Public–private finance initiatives (e.g. London Underground)
Spiritual	Decline of church influence in society	Commercial- ization of congregation- and church-based activities	Revitalize role of faith in public affairs	CAFOD/Fair Trade Foundation
Philanthropic	Lack of finance for development of social capital	Foundations coordinating charity giving as social entrepreneurial start-up funding	Link business and social innovation	Skoll Foundation and community education

what we (in Chapter 1) referred to as a distributive system. Its first student applications were in 1970, the year Intel was born, so they were pioneers for a new type of education using old communication technology. The Web has greatly extended the range of its interactions – through forums, chat rooms, peer-to-peer-contacts, accessible material and videos. Over 180 000 students are now interacting with this university from home. There are 16 000 conferences, of which 2000 are run by students with 110 000 participants. Its websites for student guidance have 70 000 hits per week. With a turnover of £420 million a year, Open University is an example of a new form of social multinational operating

in 40 countries with 4000 full time and 7000 part time staff. It is worth pointing out that the Vice-Chancellor has been one of the top managers in Microsoft's education product group (Murray, 2009, p. 15).

Historically areas in which social entrepreneurs operate have been (Nicholls, 2006, p. 228):

- poverty alleviation through empowerment (for example, the micro-finance movement);
- healthcare, ranging from small-scale support for the mentally ill 'in the community' to larger-scale ventures tackling the HIV/AIDS pandemic;
- education and training, such as widening participation and the democratization of knowledge transfer;
- environmental preservation and sustainable development, such as 'green' energy projects;
- community regeneration, such as housing associations;
- welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects;
- advocacy and campaigning, such as Fair Trade and human rights promotion.

Nicholls (2006, p. 230) positions (Figure 4.1) social entrepreneurship by level of community involvement and level of strategic engagement with social need.

There are many suggestions as to what names should be given to those we refer to as citizen entrepreneurs:

- Social entrepreneurs (Boschee, 1998; Brinckerhoff, 2000)
- Community entrepreneurs (De Leeuw, 1999; Johannisson, 1990; Johannisson and Nilsson, 1989; Dupuis and de Bruin, 2003)
- Non-profit entrepreneurs (Skloot, 1995)
- Civic entrepreneurs (Henton et al., 1997)
- Idealistic entrepreneurs (Piore and Sabel, 1984)
- Mundane entrepreneurs (Rehn and Taalas, 2004)
- Public entrepreneurs (Hjorth and Bjerke, 2006).

There appear to be more definitions of a social entrepreneur or something similar than definitions of a business entrepreneur. It can be loosely defined as: 'Social entrepreneurship combines the passion of a social mission with an image of business-like discipline, innovation, and

	Low	High
High	Cooperatives	Social entrepreneurship
Low	Conventional private sector enterprise	Conventional public sector welfare

Level of strategic engagement with social need

Figure 4.1   One positioning of social entrepreneurship

determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley' (Dees, 1998, p. 1) or 'Social entrepreneurship is the use of entrepreneurial behaviour for social rather than profit objectives' (Burns, 2007, p. 454). An example of a Scandinavian defin- ition is 'a social entrepreneur is a person who takes an innovative initiative in order to develop functions which are useful for society' (Gawell et al., 2009, p. 8; our translation). So, citizen entrepreneurship or social entrepreneurship are far from *unambiguous* concepts. Furthermore, there is no (and there probably will never be) *neutral* view of what a citizen entrepreneur is doing and what he or she should do. Among other things *political* aspects always come in here by necessity (Steyaert and Katz, 2004, p. 180; Boddice, 2009, p. 137). Citizen entrepreneurship is always by its very nature a political phenomenon (Cho, 2006, p. 36).

> Social entrepreneurship is political; you want a lot of people to feel good. (I.H., participant in Stage 2 of the Research Project)

CITIZEN ENTERPRISERS AND CITIZEN INNOVATORS

According to Greiner (2009, pp. 174–5) it is possible to see *two kinds of citizen entrepreneurs*: 'citizen enterprisers' (for instance, Borzaga and

Defourney, 2001; Martin and Thompson, 2010) and 'citizen innovators' (for instance, Steyaert, 1997; 2004; Bornstein, 2004). It is often so, however, that the concept 'citizen entrepreneur' (or equivalent) is used either without specifying which of the two is referred to or as an umbrella term that deliberately encompass both possibilities (Greiner, 2009, p. 175). But it is not easy to separate the two. Citizen enterprisers normally mean to be innovative as well, even if it is not part of the name itself. There are, furthermore, studies showing that not only citizen innovators but also citizen enterprisers are interested in local issues, collective and private actions, local communities and local political fights (Dey and Steyaert, 2010, p. 98). In Sweden, the citizen entrepreneurial issue is different from most other countries; citizen enterprising issues are to a large extent managed by the public sector through its different institutions. The authors of this book are Swedish scholars, and we have therefore been more interested in citizen innovators than in citizen enterprisers, that is, citizen entrepreneurs that act in the citizen sector with the logic which exists in different *public places* (compare the definition of social entrepreneurs by Gawell et al., 2009 above). By public places we refer to *physical, virtual, discursive and/or emotional* arenas which, in principle, every citizen has access to and which, still in principle, every citizen should feel responsible for. We refer to them as *public entrepreneurs*. We will discuss them further in the next chapter (please note that public entrepreneurs does not refer to entrepreneurs operating in the public sector, but entrepreneurs operating in public *places*, places which, by the way, are often publicly owned. We refer to the former entrepreneurs as *public sector entrepreneurs*). Citizen enterprisers, who have sheltered workshops and the like or people's homes as their operative location, do not usually operate in *public* places. Protest movements like Attac or Reclaim the City are operating in public places (for a discussion of Attac in Swedish as an entrepreneurial movement, see Gawell, 2009), but it is possible to make a distinction between *value creating citizen entrepreneurs* and *critical citizen entrepreneurs* (Nicholls, 2006, p. 235). We are more interested in the former (even if it is hard to draw a strict line between the two).

Nicholls (2010) argues that he can see *three* types of social entrepreneurs in the scientific discussion: (1) the hero that solves difficult social problems; (2) the one who successfully uses business entrepreneurs' methods to solve social problems, and (3) social entrepreneurs with their own logic based on the values of the local community and social justice.

There are many suggestions as to what could be meant by social entrepreneurs as *citizen entrepreneurs*:

- social enterprisers
- entrepreneurs in the social economy
- participants in associations
- participants in protest movements
- business entrepreneurs devoted to Corporate Social Responsibility (CSR)
- cultural activists
- proponents of fair trade
- environmental activists
- managers of public events
- public entrepreneurs.

All of these are generally not what we call public entrepreneurs or, to put it differently, can only be considered public entrepreneurs in some cases. We will, as mentioned, discuss them further in the next chapter.

Another type of entrepreneur of interest here is what could be called *local community entrepreneurial magnets* (citizens who are able to attract entrepreneurs to start or move their entrepreneurial ventures to the community of the citizens in question without necessarily being entrepreneurs themselves). Some differences between them and business entrepreneurs can be seen in Table 4.2 (Johannisson and Nilsson, 1989, p. 5; the authors refer to what we name local community entrepreneurial magnets as just *community entrepreneurs*).

Table 4.2   Differences between business entrepreneurs and community entrepreneurs

Business entrepreneurs	Community entrepreneurs
Look at society as a means to reach personal goals	Look at the development of society as an essential goal
Strengthen their own self-esteem and competence	Make conscious and assist in building self-esteem and competence within other citizens
Put themselves at the top of their organization	Participate as coordinator at grass-root level
Look at authorities and other stakeholders in society as obstacles and threats if they do not serve the entrepreneurs' own purpose	Approach authorities and external actors as potential supporters and supplier of resources
Exploit opportunities to build their own network	Use and build arenas where different networks can be connected

It has been suggested that social entrepreneurs as citizen entrepreneurs can express themselves *in at least three different ways* (Vasi, 2009, pp. 160–61):

1.   Some initiatives focus on *disseminating a package of innovations* needed to solve common problems. This form of entrepreneurial activity attempts to serve widespread needs because it assumes that 'information and technical resources can be reconfigured into user-friendly forms that will make them available to marginalized groups' (Alvord et al., 2002, p. 10). Once such packages are constructed by various experts – a difficult task, because it requires substantial creativity to adapt materials and resources for low-cost usage – they can be disseminated by individuals and agencies with relatively few resources.

       It is always about improving what we do. If we don't, we do not exist anymore. It goes hand in hand. (J.M., participant in Stage 1 and Stage 2 of the Research Project)

2.   Some initiatives involve *building capacities* or working with marginalized populations to identify capacities needed for self-help. This approach is based on two main assumptions: local groups possess the best knowledge about which issues are most important, and local actors may solve their problems if they have access to more resources and better capacity to act. Therefore, entrepreneurship directed at capacity building requires paying special attention to local constituents and resource providers.

       It is only a matter of time and commitment to do it. (J.M., participant in Stage 1 and Stage 2 of the Research Project)

3.   Some initiatives focus on *mobilizing grassroots groups* to form alliances against abusive elites or institutions. As noted by Alvord et al. (2002), the assumption underlying this approach is that marginalized groups can solve their own problems if they have increased access to political institutions. This form of entrepreneurship is highly politicized and may involve activities that challenge powerful antagonists.

       I want to see something realized. (J.M., participant in Stage 1 and Stage 2 of the Research Project)

There are many that assert that social entrepreneurs have their roots in the history of *local service and development* (Grenier, 2009, p. 199). Citizen entrepreneurship can even be seen as a universal attempt in a

society to answer to the specifics of local needs (ibid., p. 199). It is this local history that feeds their passion for creating activities of importance to society (Emerson and Twersky, 1996, pp. 2–3).

One question that a social entrepreneur should constantly ask is 'Why am I doing this?', placing emphasis on 'I' and 'this'. To do something *for* somebody else neither explains why it is *you* who does it, nor how something came to be characterized as a 'problem' (Boddice, 2009, p. 148).

> Enjoying life is important to me. (J.M., participant in Stage 1 and Stage 2 of the Research Project)
>
> I have thought about: What the heck are you doing? Because it is the only thing I am doing. I am doing it even though I do not look at it as a job. It is a kind of mission in life, which I do not think about, because I think it is fun. (J.M., participant in Stage 1 and Stage 2 of the Research Project)
>
> If my project goes well I feel it even before it can be said. (J.M., participant in Stage 1 and Stage 2 of the Research Project)

One unsolved issue in social entrepreneurship (unlike in business entrepreneurship) is how to measure its *effect*. A number of qualitative and quantitative measures have been suggested recently. The most recognized one is a model for 'social return on investment' (SROI) which was suggested by Roberts Enterprise Development Foundation (REDF) in the US (Emerson, 1999) and then refined in England by New Economics Foundation. These measures have not, however, in any way been generally accepted (REDF has even, according to Nicholls, 2006, stopped using SROI). There are consequently few agreed-upon or even available benchmarks or 'best practice' for the effect of social entrepreneurial operations. The establishment of the effect of social entrepreneurial operations will, therefore, continue to be open for criticism and discussion. One major problem in this context is that a limited and quantitative objective of many social entrepreneurial operations may lead to operational shortsightedness and an inability to focus on more basic social structural issues in their planning and implementation strategies. This may reduce their long-term results as well as their sustainability.

Finally, there are many negative trends in our society, for instance, lower participation in elections, higher contempt of politicians and decreased involvement in the civic society. Whether social entrepreneurs will be able to counterbalance these negative trends is a very open question.

Examples of how different groups in society may need citizen entrepreneurial achievements are shown in Table 4.3 (Dees et al., 2002, p. 143).

Table 4.3   Communities likely to work with and need citizen entrepreneurs

Types of communities	*Defining features*
Geographical	Historically isolated and under-resourced or abused areas
Marginalized	Stigmatized groups often viewed as nonconformist particularly with regard to work, personal and residential maintenance and sexual practices
Age groupings dependent on working population	Populations segmented by virtue of their need for services, support and control they seem unable to provide for themselves
Special interest groups	Affiliations that advocate for recognition, preservation or expansion of issues or entities that cannot speak for themselves
Groups that self-identify through religious, ethnic, racial or national membership	Alliances built through a sense of common history, often shared hardships and hopes for a better future
Affiliate groups aligned through pursuit of similar activities	Devotion to what are often leisure activities or specialized ways of carrying out particular types of work

5. Public entrepreneurship – what is it?

We have on several occasions mentioned the concepts 'public entre-preneur' and 'public entrepreneurship'. Let us devote this chapter to more precisely describe what, and start by describing what they are *not*.

WHAT PUBLIC ENTREPRENEURS ARE NOT

A public entrepreneur is not the same as *the American discourse concerning social entrepreneurship*. Much (if not most) research on social entrepreneurship is done in the US and the American social entrepreneurship discourse, like the narrow (American) view on entre-preneurship in general, is very dominant, even outside the US. Social entrepreneurship in the US (as well as elsewhere) is based, of course, on prevailing social circumstances at a place, and on the role social entrepreneurs are seen to occupy in society. Catford (1998, p. 97) serves well as an illustration of how the 'problem' is phrased:

> Traditional welfare-state approaches are in decline globally, and in response new ways of creating healthy and sustainable communities are required. This challenges our social, economic and political systems to respond with new, creative, effective environments that support and reward change. From the evidence available, current examples of social entrepreneurship offer exciting new ways of realizing the potential of individuals and communities into the 21st century.

The ideal model that is ruling the discussion of 'social entrepreneurship' in the US is one where millionaire CEOs, retiring from their professional careers, or owners who have sold their businesses and made a handsome profit, move into the 'non-profit sector' and apply their former successful business ways to solve social problems. 'Increasingly, entrepreneurially minded nonprofit leaders are bringing the tactics of the private sector to the task of solving social problems. And with good cause: they need the cash' (McLeod, 1997, p. 102). This means looking at solutions to social problems only, or at least primarily, in economic terms – as business solutions. The entrepreneur is here reduced to an economic agent with

expertise in business problem-solving, and the social sphere is unproblematically described in terms used by the business sphere:

> Social entrepreneurs have the same core temperament as their industry-creating, business entrepreneur peers but instead use their talent to solve problems on a society-wide scale. (Drayton, 2002, p. 32)

So, descriptions of social entrepreneurs in the US, apart from being individualistic, are most often based on comparing them with business entrepreneurs. Differences between social entrepreneurs and business entrepreneurs, however, are not centred on discussing fundamental social orientation or attitudes to the broader society, but are centred on matters like long-term versus short-term focus and profit as private means versus profit as means to broaden the business objectives (Thalbuder, 1998; Westlund, 2001). In summary, social entrepreneurs in the US are seen as having a social objective while blending social and commercial methods: 'Social entrepreneurs share many characteristics with commercial entrepreneurs. They have the same focus on vision and opportunity, and the same ability to convince and empower others to help them turn their ideas into reality – but this is coupled with a desire for social justice' (Catford, 1998, p. 96). Schuyler (1998, p. 1) argues that social entrepreneurs are 'individuals who have a vision for social change and who have the financial resources to support their ideas and who exhibit all the skills of successful business people as well as a powerful desire for social change'. Boschee (1998, p. 1) presents social entrepreneurs as 'non-profit executives who pay increased attention to market forces without losing sight of their underlying mission'.

Various forms of *motivation for social entrepreneurship* are identified in the American literature. As an example, Cannon (2000) presents three general types of people who become social entrepreneurs. The first of the three are individuals who have made a lot of money elsewhere, for instance in business, and want to give some of it back to society to further social goals. The second type is 'recovering social workers' who are looking for a more effective approach than the existing social support system. The third of the three are a new breed that have emerged from a business school or come from a similar educational line with social entrepreneurship in mind.

As a summary of the above American view of social entrepreneurship, we can say the following:

- The models are targeting entrepreneurs as individuals.
- The models are very rationalistic. If somebody is of the right

quality as a person and applies the correct set of activities, he or she will make it as an entrepreneur, social or not.

- Entrepreneurs are presented as super-persons. Only some people can be entrepreneurs.
- Along the same line, entrepreneurship is presented as extraordinary activities, not everyday tasks.
- Entrepreneurship should, in the eyes of many scholars, use as much as possible of management and marketing; the more the better. A social entrepreneur is seen as a somewhat other type of entrepreneur, but he or she will still succeed the best if he or she applies formal management and marketing principles.

Those social entrepreneurs we have worked with (mostly public entrepreneurs) hardly fit this American view. Our experience from research in this area (in Sweden) is:

- Social entrepreneurs see themselves as members of a team. They are very humble people and they look at their associates and partners as the major contributors to their success.
- They have no formal overall plan for what they are doing and they apply very little of 'scientific' management and marketing. Had they had such a plan and had they tried to apply too advanced business tools, they may not even have succeeded as well as they have. They look at their situations more as taking active responsibility for what they are doing and practice what they preach, rather than telling others what to do or carrying out market research among 'users'.
- They would probably have felt very uncomfortable had they worked in a formal organization.
- They just do what they do naturally somehow. They find it difficult afterwards to describe in any detail what they have been doing and why.
- They look at what they are involved in as the most natural thing to do in societies of today and they are very surprised that not more people are doing what they are doing.

A number of statements from the EU indicate that *the social economy* is given increased attention as a means to create employment (Westlund, 2001, p. 431). The definition of social economy selected by the EU confines it to four types of organizational forms, which are Cooperatives, Mutuals, Associations and Foundations (CMAF). For a long time in Europe, social economy was the same as the national economy, in line

with what was meant by social economy in the concept's 'native country', France. It seems to have been used there for the first time in 1830, by Charles Dunoyer in his paper *Nouveau traité d'èconomie sociale* (Bartilsson et al., 2000). Eighteenth century France was marked by violent class conflicts. Economic thought in France became focused on 'finding a compromise, on restraining the market and crass individualism by launching the pedagogical and political programme which came to be known as *l'èconomie sociale*' (Trädgårdh, 2000, p. 6). During the nineteenth century the leading social economists there directed their attention towards measures for social peace and reduced class conflicts, often in a conservative, paternalistic spirit. Profit-sharing was one of the methods advocated. The social economy was regarded as the alternative both to the crude free market economy and to state socialism. As well as cooperation, the social economists worked for the growth of related organizations such as 'mutual' associations of diverse kinds, that is, savings banks, credit banks and educational organizations (ibid.).

Given the historical connotations associated with the term 'social economy', the usefulness of the term is sometimes questionable, at least in some societies. Furthermore, the alternative meaning of social as 'societal' is often lost in some languages, including the Germanic group. Other terms suggested are non-profit sector, not-for-profit sector, solidarity economy, alternative economy and the third system.

We do not find the EU definition of the social economy very useful for the type of social entrepreneurship with which we have been working. 'Our' entrepreneurs are not restricted to any specific organizational form. Furthermore, it is easy to see all the four types of organizations covered by the EU definition in other sectors of the society than the citizen sector. One could also question whether activities like some cooperatives and savings banks are 'social' activities today.

Finally, we find it questionable to refer to the situation, in which public entrepreneurs are operating, as an 'economy', at least in the market sense of the term. The pervasive neo-classical conceptualization of the 'market' often fails appropriately to capture the negotiated and democratic structures of a properly functioning civil society (see, for instance, Spinosa et al., 1997).

A much discussed and researched area in the society today is *Corporate Social Responsibility* (CSR). Our opinion is that this has become a rather watered down subject. First of all, to be socially responsible as a corporation or as any member of the society is *not* the same as not being *irresponsible*. It is, as we see it, to ask of every citizen, group or organization in the society today to behave responsibly. Furthermore, to be socially responsible as a corporation is not the same as, for instance,

sponsoring sports which are not related to one's own business activities, devoting a given percentage of one's profit to build schools in a poor African village where it is not possible to find one single customer or business partner, or starting a foundation to allocate millions to deserving research. That is *charity* (not to be despised in itself)!

Social entrepreneurs that we have studied, 'our' public entrepreneurs, are not involved in corporate social responsibility in the way the term is normally understood, nor have they anything to do with charity.

It has been mentioned before that there are two kinds of citizen entrepreneurs, that is, social enterprisers and social innovators (public entrepreneurs). Defourney (2001, pp. 16–18) suggests four criteria as far as the economic and entrepreneurial dimensions of social enterprises are concerned:

- A continuous activity producing goods and/or selling services.
- A high degree of autonomy.
- A significant level of economic risk.
- A minimum amount of paid work.

He adds five criteria to encapsulate the social dimensions of social enterprises:

- An explicit aim to benefit the community.
- An initiative launched by a group of citizens.
- A decision-making power not based on capital ownership.
- A participatory nature, which involves the persons affected by the activity.
- Limited profit distribution.

According to the same source, social enterprises appear to engage in one of two different activities:

1. *Work integration*. From the traditional sheltered workshops in the context of passive labour-market policies to new work-integration social enterprises as tools of active labour-market policies to the same group of workers.
2. *Social and community care services provision*. Enterprises initiated by citizens to spread social welfare to more people, for instance, to homeless people, to the elderly and to parents.

Public entrepreneurs discussed in this book do not fit in here for three reasons:

1.   Public entrepreneurs do not devote themselves to work integration
      or to providing social and community care services, but to building
      citizenry.
2.   Public entrepreneurship can hardly be characterized as 'a continu-
      ous activity producing goods and/or selling services', which social
      enterprisers do, according to Defourney (2001).
3.   Social enterprisers operate mainly in private or semi-sheltered
      places; public entrepreneurs do not.

To repeat what was said in the last chapter, we are not so much interested
in social enterprisers but more in social innovators, that is, public
entrepreneurs. These two groups handle, in a sense, two different social
problems and should not be mixed together. As we see it:

> Social enterprisers identify service gaps and efficiently mobilize resources to
> fill them. In doing so, however, they may privilege addressing symptoms over
> resolving more fundamental root causes, such as social inequality, political
> exclusion, and cultural marginalization. (Cho, 2006, p. 51)

WHAT PUBLIC ENTREPRENEURS ARE

Let us instead look at what *public entrepreneurs are and what they do*.
As we have mentioned on several occasions they are a kind of citizen
entrepreneur, that is, social innovators. Citizen innovators normally
operate in public places. By public places we mean *physical, virtual,
discursive and/or emotional arenas* which, in principle, all citizens have
the right to participate in and which all citizens should feel responsibility
for. A public place is a piece of actual, material as well as immaterial,
space. It should not be confused with the public realm, that is, state
property, or with the public sphere, a notion from political philosophy
and translating the German expression *Öffentlichkeit*. Public places are
'reasonable utopias' because there is nothing impossible in its principle,
except for the risk that some of citizens might refuse co-presence with
others. A public place is a fundamental and fragile expression of urban
society. It is a place where what is called *civilry* is created and *civilty* is
practised. Public entrepreneurs are creating *citizenry* through various
social innovations, which are things that are often missing in local
communities and which are thought to be a marginal matter or believed
to concern only a few (Hjorth and Bjerke, 2006, p. 120; Hjorth, 2009).
Talking about 'public entrepreneurship' means to make some activities in

societies more 'public' and opens the door for a new discussion of entrepreneurs as a social force (Hjorth and Bjerke, 2006, p. 99).

Public entrepreneurs are social entrepreneurs but this statement requires some elucidation (compare Hjorth, 2009; Hjorth and Bjerke, 2006). Public entrepreneurs are seen in the innovative group of citizen entrepreneurs (citizen entrepreneurs are, as we know, social entrepreneurs operating in the citizen sector of the society), not in the enterprising group. Social entrepreneurs are in general, and citizen entrepreneurs in particular, commonly seen as people who are correcting such unsatisfactory states of the society through social entrepreneurship. Public entrepreneurs do not, first of all, devote themselves to such corrections, but try to make more people in a society feel that they are part of that society instead of feeling alienated. That is, they devote themselves to building *citizenry*. It is not a simple matter to determine what is meant by citizenry, of course, but it can, in principle, be seen as 'a collective engagement (affective relation) that generates an assemblage (a project, a group of people)' (Hjorth, 2009, p. 216). Social entrepreneurship is today used primarily when discussing how to 'fix' problems with a withering 'welfare state' (Dreyfus and Rabinow, 1982), including 'reinventing government' (Osborne and Gaebler, 1992). Public entrepreneurs do not try (at least not first of all) to make the institutions' job better or to replace the market, but as *citizens who involve other citizens* in developing the social capital in a society in order to passionately increase the inclusiveness and decrease the amount of alienation there. (The limits between 'fixing problems', 'developing the social capital' and 'increase the inclusiveness and decrease the amount of alienation' are not very clear, of course.)

> This is what is central in public entrepreneurship, to create participation and access. (I.H., participant in Stage 2 of the Research Project)

> People should be able to participate in the creation and the execution of welfare, leisure time and culture. The difficulty is to find the balance in responsibility. (R.H., participant in Stage 1 and part of Stage 2 of the Research Project)

> Shortage of participation is the root of much evil. (I.H., participant in Stage 2 of the Research Project)

One might think that *social exclusion* (the opposite of 'inclusiveness') is a clear and distinct concept, but that is far from the case (Blackburn and Ram, 2006). First of all, we should make a distinction between a 'strong' and a 'weak' version of the concept:

> In the 'weak' version of the concept, the solution consists of supporting
> excluded people's unprivileged conditions and support their integration in the
> mainstream of the society – 'Stronger' versions of this concept are also
> stressing the role of those who lead to exclusion and consequently attempt to
> find solutions that decrease their power. (Blackburn and Ram, 2006, p. 74)

Secondly, from the government view and from (more or less) public
institutions it has been claimed that the 'solution' would be to start more
citizen enterprises, where the concept of 'enterprise' is seen as an
essential, not to say a decisive, factor in our new society. Unfortunately,
the concept of 'citizen enterprises' is not very clear.

There are those who claim (for instance, Spinosa et al., 1997) that the
concept 'market' does not adequately catch those negotiation processes
and those democratic structures that exist in a well-functioning citizen
arrangement. Furthermore, theoretical views like *convention theory*
(Wilkinson, 1997; Renard, 2002) and *analysis of networks* (Callon, 1986,
1999; Latour, 1993) have further challenged and provided new pictures of
how economic mechanisms function in our world. (Convention theories
are about how world trade of many fruits and vegetables is more
controlled by governments and agreements than by market forces. We
will discuss the actors network further in Chapter 7). It is therefore not
surprising that established entrepreneurial models can only (to some
extent) be used to understand citizen entrepreneurs (Nicholls, 2006).

We do not believe that it is enough to increase the number of so-called
citizen enterprises. Citizen innovators, that is, public entrepreneurs,
should be given more attention, the way we look at it.

> Within social entrepreneurship it is necessary to build the boat at the same
> time as you sail it. (I.H., participant in Stage 2 of the Research Project)

The *public sphere* in a society is the arena for interventions in the society
that link the institutionally structured public sector with the mundane
everyday practical maintenance of citizenry in the civic society (Hjorth
and Bjerke, 2006, p. 109). This is where the public entrepreneurs are
operating. In complex societies 'the civic society consists of the inter-
mediary structure between the political system on the one hand and the
private sectors of the lifeworld and the functional systems on the other'
(Habermas, 1996, p. 373).

> I believe that 'the public sphere' is at stake. We urgently need new ideas and
> tactics for imagining what the public should be today, and for exploring how
> we can act as citizens in order to enhance individuals' quality of life. My
> ambition is to contribute to this by elaborating on what I will call a public

form of entrepreneurship which can create a new form of sociality in the public realm. The purpose of such a development is to re-establish the social as a force different from the economic rather than being encompassed by it. Entrepreneurship is then re-conceptualized as a sociality-creating force, belonging to society and not primarily to business. I also make use of an analysis of entrepreneurship as distinct from management, the latter being focused on efficient stewardship of existing resources and social control, while the former is animated primarily by creativity, desire, playfulness and the passion for actualizing what could come into being. Public entrepreneurship is a term thus meant to emphasize the creative and playful as central to entrepreneurial activity. (Hjorth, 2009, p. 207)

It is great to get a personal satisfaction and that is not given from only what is big but also from what is small. To help a human being can be as important as having done something great. (I.H., participant in Stage 2 of the Research Project)

Citizenship is a composite concept that includes individuals and groups, and discussions of citizenship always have to deal with rights and values and social practice in which forms of citizenship are practised (Petersen et al., 1999). Citizenship in today's society is less of an institution and more of an achievement. Citizenship is therefore a matter of identity. Public entrepreneurs are citizen achievers and builders of citizen identity in the community at large or in smaller sub-communities.

Spinosa et al. (1997) is an example of an attempt to discuss the entrepreneurial aspects of citizenship. In their discussion, social changes are created by 'virtuous citizens' as well as by entrepreneurs. To become a public entrepreneur starts with what they call a 'virtuous citizen'. The point in this case is not a universal virtuousness, however, but a locally based praxis. To practise 'virtuousness' is, in their opinion, only meaningful if it is based on the ability to translate universal values to the local history–cultural context (Hjorth and Bjerke, 2006, p. 115).

Examples of public entrepreneurial activities are (compare Thompson, 2002):

- Remobilizing depleted social areas.
- Setting up agencies for support and advice.
- Reutilizing buildings and resources for social purposes.
- Providing 'suitability training'.
- Generating means for some common good issue.
- Organizing voluntary operations.
- Generating or supporting cultural activities that are not commercial.
- Generating or supporting sports activities that are not commercial.

We claim that it is important, if the ambition is to catch public entrepreneurship, to identify who is the public entrepreneur in a specific project (or which people, if there are several). This does not mean that, in comparison with entrepreneurship in general, we are better at deriving the personality behind public entrepreneurship. To identify specific individuals is, furthermore, not always possible or of interest in all citizen activities. However, even if it is possible to speak about *public entrepreneurs as an organization or an activity*, it should in our opinion be possible to identify those persons who are the champions in them. Among others, this is one reason why we assert that charity is not a public entrepreneurial activity. It is often very difficult to identify any public entrepreneur there. Furthermore, we do not see charity as public entrepreneurship because charity is normally satisfying existing needs without using any new methods.

The great entrepreneurial scholar (in his case discussing business entrepreneurs) Joseph Schumpeter claims that a person is a business entrepreneur only when he or she is building up a new venture and stops being it when this is done. He or she is eventually changing into becoming an administrator of his or her own venture. This is possibly even clearer for public entrepreneurs, that is, they are visible mostly at the beginning of a public entrepreneurial project. Also, when the public entrepreneur has gone, the public entrepreneurial activity in question may struggle to survive. This close connection between the public entrepreneur and his or her ambitions means that public entrepreneurship often goes on as a project.

It is furthermore so that public entrepreneurship is often small scale and always local. If a project becomes too big, it may be difficult to continue to be a public entrepreneur (it is, however, possible to continue by being an administrator in Schumpeter's sense).

Social entrepreneurs, and then public entrepreneurs as well, develop new organizational paradigms in order to involve more people in essential needs and they look at resources not only as financial ones (even if, like anybody else, they cannot live on air alone). This can, for instance, be seen with Leadbeater (1997, p. 8) in his definition of social entrepreneurs:

> Social entrepreneurs are identifying underused resources – people, buildings, equipment – and find new ways to use them to fulfill social needs.

Thompson et al. (2000, p. 328) also supports this view in his definition of social entrepreneurs as:

> People who realize that there is a possibility to satisfy some social need which the public sector does not want to or is not able to manage and who collect the necessary resources (in general people, often volunteers, money and facilities) and use them to achieve results.

But, as mentioned, there are two types of citizen entrepreneur: citizen enterprisers who want to compensate for deficiencies in the public sector, and public entrepreneurs who instead are happy to cooperate with the public sector to build citizenry.

Concepts like 'social entrepreneurship' and 'citizen entrepreneurship' (and then probably 'public entrepreneurship' as well) are often criticized because:

- They are not clearly formulated.
- They are so dependent on support from outside.

We hope this book helps to clarify the confusion with this concept.

6. The entrepreneurial local community and public entrepreneurs

LOCAL GOVERNMENTS

The functions of the local government can be viewed differently (Herbert and Thomas, 1997, p. 123). Sharpe (1976) has identified three major functions of local governments as promoting liberty, participation and efficient service provision. Local governments provide liberty by countering a lack of local responsiveness usually associated with overcentralization. Participation in the local is also considered likely to be enhanced by some form of local elections. Finally, local governments are considered most likely to maximize the efficiency of service provision since they can assess local needs better by being close to the point of service delivery.

There have been several stages in local developments because urban systems have looked different over the years (Herbert and Thomas, 1997, pp. 77–9).

The Pre-industrial Stage: An Urban Nucleus

In the period prior to large-scale industrialization, most cities were small. They normally had populations of less than 50 000 and a rudimentary form of economic, social and political organization. Their transport technology was equally rudimentary. Because of the limitations of transport facilities, influence in cities was restricted to providing urban services for a relatively localized population and, even if the city also provided commercial, religious, social or political functions for a wider hinterland, the frequency of visits by long-distance travellers and the associated functional interrelationships between the city and the outer limits of its hinterland was still low. The city tended to be a distinct urban nucleus loosely related to a wider rural area and to other cities.

The Industrial Stage: Urbanized Area

In the early stages of industrialization, particular resources were localized. Some towns could grow in size because of the natural advantages that they possessed. Transport started to become more efficient due to canals being built and railways being constructed. They provided more efficient means of intercity contacts, principally for the transport of industrial materials and finished products. This increased the linkages between towns with complementary industrial structures, as well as between industrial towns and market areas. Towns became much larger than their pre-industrial counterparts, although they retained their relatively compact form. Low status housing gravitated markedly to areas of industrial employment and new industrial areas and higher status residential suburbs tended to develop along the public transport routes radiating outward from the city centres, creating a distinctly tentacular urban form.

The Post-industrial Stage

The post-industrial period is characterized by a considerable increase in the speed and efficiency of communications. One particular explanation for this was the development of the telephone. Also, the rapid growth in the number of motor vehicles changed the emphasis of inter-urban transport to the private car. These changes reduced the constraint of distance on the development of economic and social linkages both between and within cities. A significant section of the more mobile labour force has gravitated to residential areas in more attractive areas at greater distance from their work. This has led to a suburbanization of often large areas of land around major cities. In effect, more dispersed forms of the 'urbanized region' have become more dominant features of the urban system.

It has frequently been asserted that Western urban centres are now being managed, organized and governed in different ways, leading some to proclaim the emergence of a 'new urban politics' (Cox and Mair, 1988; Kirlin and Marshall, 1988). According to Hubbard and Hall (1998, pp. 1–2), it appears that the new urban politics is distinguished from the 'old' by the ways in which politics pursued by local governments are being steered away from the traditional activities associated with them. This reorientation of local government is characterized by a shift from the local provision of welfare and services to more outward-orientated policies designed to foster and encourage local growth and economic development. These policies are supported and financed by a diverse array of new agencies and institutions, as public agencies try to promote

economic growth. Such cooperation with the private sector has seen local governments taking on entrepreneurial business characteristics – risk taking, inventiveness, promotion and profit motivation – leading many commentators to refer to the emergence of *entrepreneurial cities* (Mollenkopf, 1983; Judd and Ready, 1986; Gottdiener, 1987; Harvey, 1989).

However, with respect to local government entrepreneurialism, cities are very different from firms (Leitner and Sheppard, 1998, pp. 31–2). Local governments are defined by their territoriality: they are legally fixed in a place, with boundaries that can be extended only with difficulty. In contrast, firms' ties to a place are contingent, depending in the final instance on considerations of profitability. Furthermore, the political structure of local governments is very different. Firms are institutions governed by their owners, with a hierarchy of authority overlaying intra-firm networks. Local governments also have a hierarchical structure, but their corresponding urban centres are complex communities and networks of public and private institutions and civil society, in which lines of authority are not dictated from above but depend in the final instance on democratic processes – the ability of governing authorities to gain legitimation in the eyes of urban residents. Finally, firms may have relatively straightforward economic goals with profits often as the bottom line. Local states are not primarily responsible for making profits, but are supposed to be concerned for the welfare of their residents.

Most research in entrepreneurship concerns business. There are, however, distinct differences between business situations and local government situations, which are summarized in Table 6.1 (Westerdahl, 2001, p. 40).

Table 6.1   Differences between businesses and local communities

Businesses	*Local communities*
Economical, quantifiable values	Social values which are stressing meaningfulness (which cannot be measured quantitatively)
Clear organizations	Loose connections in networks which have neither obvious extension nor form
Present standardized economic reports	Participate in bringing narratives into the open in order to strengthen local identity
Act according to general economic principles	Lean towards what is meaningful in the local context

Source: Westerdahl, 2001, p. 40.

THE INCREASED INTEREST IN LOCAL GOVERNMENTS

Some reasons for the increasing interest in local governments are:

1. The bases of central control of an economy have changed (Mac-Kinnon et al., 2002).
2. Small and medium-sized communities have shown themselves better at managing the modern society in geographically concentrated areas – in spite of globalization in the world (Porter, 1998).
3. Nearness has proven itself to reinforce productivity and innovation (ibid.).

Three developments have influenced local urban centres today, influences that should be seen as possibilities, not as threats (Hall, 2005):

● *Post-industrialization*. With Daniel Bell's book *The Coming of Post-Industrial Society* (1974), the concept of the *post-industrial society* made a name for itself in public debate. In this classic work, Bell describes how the American society is changing from an industrial to a service society. Information and communication technology, knowledge and a new organizational paradigm (the 'network society') constitute important parts of this society. It is in 'hot', urban places where ideas are created and disseminated (Sernhede and Johansson, 2005, p. 10). In these urban centres there are, however, in parallel with the growth of a well-situated middle class which is adapting to the new knowledge-intensive economy, new types of poverty and 'social exclusion'. The middle class is developing a demand for a number of new services (cleaning, gardening, painting, handicrafting and so on). These are provided by the less educated workforce which for different reasons has not been able to adapt to the new economy. The post-war welfare state is transformed, among other things, by new concepts as far as urban development is concerned, where in the beginning the expansive industrial suburbs were part of a national effort of modernization, inclusion and social cohesion. However, nobody walking around in a city today can avoid meeting people who are begging. To those who bring themselves out in the peripheries of the large cities, meeting other kinds of stigmatization and alienation is even more tangible (ibid., pp. 10–11). The reports about the conditions in many modern suburbs are not edifying. Many modern societies

have developed to a situation where the most exposed groups are no longer positioned at the lowest rung of the ladder. They have been placed outside the very ladder itself (Sernhede and Johansson, 2003).

- *Globalization*. The form of globalization that we talk about here, and which is referred to in the contemporary globalization debate, is a new form of global economy (totally different from colonial times) which developed during the second half of the 1970s. This new form is based on multinational corporations, on new forms of communication and on the free flow of financial capital (Hall, 2005). The old relationship between periphery and centre is no longer valid the same way as before. Yesterday's division between developed and less developed regions at a global level is more complex today. Subordination, misery and hunger in the so-called developing countries exist today in urban centres in the Western world. This new order is neither less cynical nor less brutal (Sernhede and Johansson, 2005, p. 18).
- *Migration*. Migration, the global relocation of people, has caught and transformed most cities in modern countries. The migration processes during the latest decades have brought the Third World to all Western metropolises.

Post-industrialization, globalization and migration, as described above are seen in cities and urban centres, among other things, in the following way (Johansson and Sernhede, 2005):

- Newly rich people are getting together in attractive suburbs ('the new underclass') and that part of the population with money to spend settle down in the inner city (so-called 'gentrification').
- It is more and more a matter of 'we' and 'they', that is, more social exclusion for many groups of the population.
- The inner city is transformed from manufacturing, work and trade to tourist attractions and exclusive apartments.

The new, post-industrial economy, globalization and migration has not only created new class constellations, tensions and interfacial conflicts but also led to new strategies for how the dominating levels maintain and reinforce the social order. In a similar fashion the subordinated and excluded develop new forms of resistance. All these tendencies are seen and are possible to identify in the city space (Sernhede and Johansson, 2005, p. 22).

Necessary *changes in local governments* today are:

- From *service providers* to *leadership* ('community-manship'?).
- From *administration* to *governance*.
- From *office management* to *acting on arenas, where venturing citizens* ('public entrepreneurs') *participate in various action nets*.

It is increasingly clear that it is not possible in a local community or a city to reach sustainable development by copying successes elsewhere, but only by connecting to and building new networks locally and outwards and to base this on what is unique and organic in their own situations, pointing this out in all possible ways: so-called 'place market-ing' (see, for instance, Ekman and Hultman, 2007). What has become a classic centralized government programme in many countries should be replaced by attempts to create territorial specializations which cannot be copied in other places. They circle around a mix of specific local conditions which, seen as a totality, only exist in one place. Under such circumstances competitive advantages can be created continuously (Öhrström, 2005, p. 65).

THE ENTREPRENEURIAL CITY

Learning to be an entrepreneurial city involves, among other things (Painter, 1998, pp. 268–9):

- The acquisition of specific skills, such as those associated with place promotion, auditing, commercial accounting and negotiation with private sectors of society (the business and the citizen sectors), when preparing funding applications from outside.
- The development of new self-understandings which might involve, for example, a subordination of the role of 'welfare provider' to that of 'business supporter', or the role of 'bureaucrat' to that of 'strategic leader'.
- Acquiescence (rather than active resistance) in the face of centrally imposed requirements to shift to more entrepreneurial practices of governance.
- The acceptance of change and of 'challenges' as inevitable or even desirable, in contrast with a previous expectation of stability.

Inspired by Soja (1996), it is possible to talk about three kinds of city places. The *first* place is the physical aspects of the city, like public

spaces, amusement parks, shopping malls, gated communities as well as shanty towns or other islands of poverty. This place is perceived. The *second* place is rather conceived. It is a product of the creative artist, the artful architect, the utopian urbanist and the philosophical geographer, among others. This is a kind of imaginary city, constituted by an abundance of images and representations (Hubbard and Hall, 1998). The *third* place is the *directly lived* place, an enacted city. This third place is the most interesting one in entrepreneurial studies, as we see it. To use Beyes' (2006, p. 170) words: 'A theatre of entrepreneurship has a lot more to offer than commerce and economic drive'.

A common trend in local government in many countries has been greater activism in promoting local approaches to local conditions (place marketing) (Dupuis et al., 2003). Urban places may phenomenologically be regarded as potential 'directly lived places' – as potential sites for reorganizing the established and crafting the new. 'Communities have within themselves the ability to foster entrepreneurship by defining it at the level of every person and every interaction' (Steyaert and Katz, 2004, p. 191), or to phrase it differently, 'crossing research on entrepreneurship and entrepreneurial cities with thoughts on and observations of socially produced places' (Beyes, 2006, p. 255). However, researchers seldom consider the lived culture of entrepreneurial cities or the changing textures and rhythms of everyday life in their work (Hoggart, 1991, p. 184).

Traditionally, one perspective developed in Western industrial societies is that local governments had a strong 'managerial' role in controlling land-use planning and providing local services (Herbert and Thomas, 1997, pp. 124–5). This reflected a liberal-democratic and welfarist tradition associated with a strong Keynesian-type of state control over national economies. Since the mid-1980s, however, with the growth of global competition, the economic sovereignty of the nation-state has declined and most Western governments have had to be more mindful of market forces. Most local governments have moved towards a neoliberal mode of operation whereby 'unproductive' public service expenditure has been cut in order to make more capital available for private investment. Also, local government is being replaced by a broader conception of 'local governance' where a kind of combination of common, private and voluntary agencies deliver services once provided by the local government. In this situation, local government becomes only one of many forces affecting the local environment and local service delivery system, and local development in the modern urban centre is increasingly influenced by market forces and quasi-autonomous non-governmental organizations (NGOs).

In these complex new conditions relatively little is known empirically about the precise way in which the new forms of local governance function. However, we know of some examples where local governments have been characterized as changing from 'provider' to 'enabler' and the 'managerialism' of the industrial era is being replaced by a post-industrial 'entrepreneurialism' (Mayer, 1995; Davoudi, 1995). Jessop (1996) suggests, for instance, that entrepreneurial governance has become the dominant response to urban problems because this discourse appears particularly attractive to those urban centres caught in a seemingly downward spiral of deindustrialization and decline.

Similarly, the notion of urban entrepreneurialism currently enjoys wide popularity among academics, especially in urban geography, where the examination of urban politics and local socialization forms a logical outgrowth of the localities studies which came to prominence in the 1980s (for example, Cooke, 1989). A huge interest in the emergence of entrepreneurial forms of urban politics has been displayed by planners, sociologists and cultural theorists, particularly as the reassertion of space in social theory has heightened awareness of the ways in which locality-specific factors mediate more general processes of economic and social change (Soja, 1989). More about the concepts of 'space' and 'place' in social research can be read in Chapter 9.

There appears to be a broad agreement that urban entrepreneurialism is essentially characterized by the proactive promotion of local economic development by local government in alliance with other private sector agencies (Hubbard and Hall, 1998, p. 4). Therefore, it seems that urban entrepreneurialism can be defined through two basic characteristics; first, a political prioritization of pro-growth local economic development and, second, an associated shift from urban government to urban governance.

The interest in this subject started by drawing attention to the increased involvement of the local state in the proactive encouragement of economic development. In this sense, entrepreneurialism has been described as distinctive political culture (Graham, 1995). The objectives of entrepreneurial policies are there described as inherently growth-oriented: creating jobs, expanding the local tax base, fostering small firm growth and attracting new forms of investment. The aim of such policies is to promote the comparative advantages of the city relative to other cities that may be competing for similar forms of investment.

The current ubiquity of such entrepreneurial policies throughout the advanced capitalist world is now indisputable, and it is possible to conclude that an entrepreneurial attitude has infiltrated even the most recalcitrant and 'conservative' urban centres (Hubbard and Hall, 1998, p. 7). According to Eisenschitz and Gough (1993), what appears to have

been crucial in encouraging this widespread adoption of entrepreneurial policies is that they apparently offer something for all local governments, irrespective of political ideology. 'In short, the idea of the internationalization of economic activity, the increased geographical mobility of production and investment, and the rising power of transnational corporations appear to have instilled an edgy insecurity at all levels of the urban hierarchy, with urban governors and representatives feeling obliged to adopt suitable policies to attract capital investment given their perception of an increasingly competitive global economy' (Hubbard and Hall, 1998, p. 7).

The 'generic' entrepreneurial model of governance is reliant on specific boosterist policies. Local governments are allocating increasingly high budgets for advertising and promoting the centre as a favourable environment for business and leisure (Savitch and Kantor, 1995). Also, marketing of place seldom restricts itself to presenting the existing virtues of the city, but seeks to redefine and reimage the city, weaving in specific place 'myths' designed to erase the negative iconography of dereliction, decline and labour militancy associated with the industrial place (see Watson, 1991; Barke and Harrop, 1994; Dunn et al., 1995).

In place marketing, like in many other kinds of marketing, it does not make much sense to distinguish between the 'myths' and 'realities' of the urban centre. The images of the place presented in the brochures, adverts, guidebooks and videos come to define the essence of the place as much as the place itself. This is even more evident in the promotion of various prestige projects, described as 'flagships' or 'megaprojects', which are aimed at improving upon the perceived success of the rejuvenation of some other places.

These spectacular, large-scale urban projects have attracted attention when discussing entrepreneurial cities. Less substantially, but often highly publicized, some public art has also been fabricated as the entrepreneurial urban landscape is made increasingly playful, blurring the distinctions between entertainment, information and advertising (Hall, 1992; Miles, 1997). Place promotion is sometimes criticized by academics precisely due to a supposed dualism of image and reality implicated by projects of place promotion (see Burgess and Wood, 1988; Watson, 1991).

As image assumes ever greater importance in the post-industrial economy it is becoming increasingly apparent, however, that in the actual shaping and production of urban centres, it is necessary for them to present positive images of themselves to the outside world. Similarly, programmes of economic development are becoming driven more and more by image-enhancing initiatives. Narratives of entrepreneurialism often include place promotion.

It is in this context important to understand the differences between the processes of selling and marketing urban places. The distinction between 'selling the city' and 'marketing the city' is crucial in understanding the relationship of place promotion to urbanization.

In this light, 'the *cultural* transformation of urban centres into "spectacular" places of (and for) consumption, populated by a harmonious and cosmopolitan citizenry, has sometimes been hypothesized as perhaps the most important element of entrepreneurial forms of local politics' (Hall, 1998, p. 28). However, even if the conscious manipulation of city image is principally designed to make the city more attractive to *external* investors, it is important to realize that it also plays an *internal* role in fostering local support and civic pride, potentially gathering widespread support for entrepreneurial policies (ibid.). Perhaps the manipulation of urban place has become the most important aspect of activities among urban governors and their coalition partners in the modern entrepreneurial era.

The new type of urban policy not only involves the state of the local place but also a large number of business and citizen actors (Leitner, 1990; Graham, 1995). Inevitably, the new type of speculative projects and initiatives which are sometimes so central to the new type of entrepreneurial policy is underwritten by actors outside the groups employed by the local government. The rapprochement between political and business communities, as manifest in the bewildering array of partnerships, networks and development corporations, is another reason making it harder to detect the boundaries between the various sectors of the society. This convergence has resulted in a heightened control by new bourgeoisie and property interests, consisting almost exclusively of business*men* (Savage and Warde, 1993; Peck, 1995). However, this formation of coalitions or partnerships is seen as one of the principal means by which local governors achieve capacity to act.

In conclusion, new urban entrepreneurialism is perceived to be fundamentally different from the other forms of city governance that have preceded it. Many writers seek to stress the shift that has taken the interest among urban governors away from a concern with broad-based welfare and social policies to the adoption of a more outward-oriented stance designed to foster and encourage local development and economic growth (Hubbard and Hall, 1998, pp. 13–15). However, while urban governors are adopting a more proactive stance and spending more on local economic policies, this does not suggest that there has been a wholesale abandonment of managerial policies. There are important continuities between the two modes, even if they are often depicted as polar opposites.

Savitch and Kantor (1995) argue that a dualistic model of managerialism and entrepreneurialism overshadows the way in which most local governments adopt a mixture of managerial (socially progressive) and entrepreneurial (growth-centred) policies. Furthermore, such ideas may mask the fact that local governments, to a lesser or greater extent, have always pursued entrepreneurial strategies and that they have always been part of local economic development. It is important to stress that there might be dangers in accepting the idea that entrepreneurial governance is distinct from other modes of governance in all respects.

Finally, in the short term, it might be so that the new urban orientation may produce economic growth, neglecting the principles of social justice. 'There is little reason to suppose that the benefits of entrepreneurial policy will be fairly distributed' (Hubbard and Hall, 1998, p. 19).

There are many different meanings of '*the entrepreneurial city*' (Painter, 1998, pp. 260–61):

- The city as a setting for entrepreneurial activity. In this definition, the city is seen simply as a container or location for investment and risk-taking activities on the part of the private business. Therefore, if contemporary cities are more entrepreneurial than in the past, this must be simply because the nature of private business has changed (perhaps from a more monopolistic, corporate form to a form which is prepared to accept higher levels of risk for the prospect of very high returns).
- Increased entrepreneurialism among urban residents. In this case entrepreneurial cities would be those in which a large (or at least growing) proportion of residents were becoming entrepreneurs. This might be seen in the establishment of increasing numbers of small and medium-sized businesses.
- A shift from public sector to private sector activity. An entrepreneurial city could be defined as a city in which an (absolutely or relatively) increasing amount of urban economic activity is undertaken by the private sector, either through direct transfers from the public to the private sector, or by competition between the two.
- A shift in the values and meanings associated with urban living in favour of business. Here, an entrepreneurial city would be one in which urban life increasingly came to be associated with cultures understood to be somehow entrepreneurial.
- A shift in urban politics and governance away from the management of public services and the provision of local welfare services

towards the promotion of economic competitiveness, place marketing to attract inward investment and support for the development of indigenous private sector firms.

We would like to add another one to this list, a meaning that we prefer as far as an entrepreneurial city is concerned:

- *A place where all kinds of entrepreneurial activities can take place and where all parts of the community are seen in entrepreneurial terms.*

MORE ABOUT GOVERNANCE

The concept of *governance* has been introduced to clarify the change of the political decision process which takes place today. Until the 1970s, the national states and the political authorities could, at different levels, through their elected advocates, more or less decide on the politics themselves. Today, due to economic globalization and the growth of the EU, the regions have got more power and there is a demand for a deepened democratization process; government at different levels in a country that wants to keep up with the rest no longer has exclusive power. Within the EU in particular, politics is shaped through different networks, where representatives at the EU-level as well as at the national level, non-profit organizations and business companies are made part of the process. More parties are consequently involved in different political decisions. One problem, experienced with governance by some researchers, for instance Blomgren and Bergman (2005), is that power becomes more blurred because politics is made in networks. This makes political accountability more difficult.

According to Jessop (1997), governance is associated with a particular form of rule. Unlike the hierarchical rule provided by the local state and the anarchy of the market, he argues that governance involves 'heterarchy', which might be defined as 'rule through diversity'. The change from 'government' to 'governance' also means a shift from an isolated public sector to a picture where the business and citizen sectors are part of governance, and they share responsibility and tasks.

> Urban politics is no longer, if it ever was, a process of hierarchical government in which decisions by local politicians are translated straightforwardly by public bodies into social and economic change. Rather it involves a complex process of negotiation, coalition formation, indirect influence, multi-institution working and public-private partnership. This

> diffuse and multi-faceted form of rule has come to be termed 'governance'. (Painter, 1998, p. 261)

> The new urban entrepreneurialism typically rests on a public-private partnership focusing on investment and economic development with the speculative construction of place rather than amelioration of conditions within a particular territory as its immediate (though by no means exclusive) political and economic goal. (Harvey, 1989, p. 9)

> We are probably moving from a welfare state to a new welfare mix where responsibility should be shared among public authorities, for-profit providers and third-sector organisations on the basis of strict criteria of both efficiency and fairness. (Defourney, 2001, p. 2)

Another way to phrase this is to say that there is simply a smaller and smaller space to place all social activities in that part of society, which is financed by taxes (Öhrström, 2005, p. 53).

LOCAL GOVERNMENTS AND VARIOUS KINDS OF ENTREPRENEURS

Local governments are in many ways at the centre of the development of a new entrepreneurial society, and they need all sorts of entrepreneurs within their area of interest. Historically, they have always tried to promote the immigration of business entrepreneurs in order to create employment and economic growth. Increasingly, however, they need to focus on other types of entrepreneurs as well. First of all, they need to act over and above just being employed – to act as if and make a difference, as we have presented it.

Local government employees' intervention in their own development and employment growth could be called *municipal-community entrepreneurship* (Dupuis et al., 2003, p. 131). But another type of local entrepreneur central to the 'community' often discussed is the 'ordinary' person as an entrepreneur (Thake and Zadek, 1997; Leadbeater, 1997), that is, a 'new breed of local activists who believe that energy and organization can improve a community. They can be found organizing street patrols to liberate red-light districts, or running local exchange-trading schemes' (Rowan, 1997, p. T67). But they can also be, for example, a prominent member of a local centre who acts entrepreneurially in the sense of attracting external investment, thereby improving on the employment situation, without necessarily starting any business themselves. These people could be called *community business entrepreneurs* (Vestrum and Borch, 2006, p. 2). Community business entrepreneurship 'entails innovative

community effort as a catalyst for the growth of local employment opportunities' (Dupuis and de Bruin, 2003, p. 115).

Community business entrepreneurship could be defined as the mobilization of resources in order to create a new activity, institution, enterprise, or an enterprising environment, embedded in an existing social structure, and for the common good of individuals and groups in a specific region (Johannisson, 1990; Johannisson and Nilsson, 1989; Paredo and Chrisman, 2006). The community is seen as an aggregation of people within a rural area that are generally accompanied by collective culture or ethnicity and maybe other shared relational characteristics (Paredo and Chrisman, 2006).

Table 6.2 (adapted from Zerbinati and Souitaris, 2005) presents a summary of the differences between independent business entrepreneurs, corporate entrepreneurs, common sector entrepreneurs (or municipal-community entrepreneurs) and community business entrepreneurs.

Table 6.2   Some entrepreneurs of interest to local governments

	Independent business entrepreneur	*Corporate business entrepreneur*	*Public sector entrepreneurs*	*Community business entrepreneurs*
Institutional setting	New business venture	Business venture	Public sector organization	Community
Role and position	Independent business people	Corporate executives	Politicians/ Common sector officers	Local public figure/Regional developers
Main activity	Create and grow business. Usually invest own cash aspiring to create wealth for them and their investor	Create values with an innovative project. No financial (but career) risk, but also less potential for creating personal wealth	Create value for citizens by bringing together unique combinations of resources. Career risk and no financial rewards	Facilitate and inspire entrepreneurship and renewal within their community. Limited focus on financial rewards

Social entrepreneurship thereby becomes a way of re-imagining the role of individuals within communities, where a sense of community has been 'lost' following the embrace of the market and neoliberalism during the 1980s (Taylor, 2003). Community-based entrepreneurs can play a decisive role for depleted communities (Johnstone and Lionais, 2004).

Johnstone and Lionais (2004) use the term 'depleted community' to better understand the problems of communities affected by downturns in the local economy. To them, depleted communities are manifestations of uneven development. However, according to them, depleted communities are more than simply locations that lack growth mechanisms. They are also areas to which people retain an attachment.

> A depleted community, therefore, continues to exist as a social entity because it is shaped by positive social forces as well as by negative economic forces. While the economic signals are for people to move, the ties to community, the emotional bonds and the social benefits of living there create a powerful resistance to leaving. A depleted community, therefore, maintains a strong and active network of social relations. This can be understood in terms of the distinction made in the literature between *space* and *place*. (Johnstone and Lionais, 2004, p. 218)

Johnstone and Lionais (2004) use Hudson (2001), who contrasts *space* as an economic (capitalistic) evaluation of location based on its capacity for profit with *place*, which is a social evaluation of location based on meaning (more about space and place in Chapter 9). It happens that locations thrive both as spaces for profitable enterprises and as places with a rich social fabric. When this is the case, the location appears to combine the best of economic and social life. Florida (2002) argues, for instance, that certain features of place, such as tolerance to social differences, serve to attract highly creative economic actors who are drivers of wealth creation (Florida, 2002). In such locations there is a synergistic relationship between space and place. Depleted communities do not enjoy this kind of synergy, however; instead, they suffer from economic stagnation and decline from social problems associated with economic decline (Johnstone and Lionais, 2004, p. 219).

Depleted communities may also be expected to have a diminished stock of entrepreneurs especially if, in the past, those communities relied on a limited number of growth mechanisms.

Entrepreneurs working in depleted communities are likely to experience a number of obstacles to development, including venture capital equity gaps (Johnstone and Lionais, 1999, 2000), labour skills gaps (Massey, 1995a; Davis and Hulett, 1999) and a lack of business and financial support institutions (Johnstone and Haddow, 2003), as well as a lack of appropriate institutional thickness (Amin and Thrift, 1994; Hudson, 2000). Because of these obstacles, conventional private sector development in depleted communities is less robust and less likely. As a consequence, depletion could be something of a permanent condition there.

Redevelopment in depleted communities is not likely to occur through traditional private industry-led mechanisms. If redevelopment occurs at all, it will probably be through less traditional means. This does not imply that the entrepreneurial process is irrelevant; on the contrary, in areas where capitalistic relations are less robust, the entrepreneurial process will, as it is argued here, manifest itself differently. Depleted communities will act as hosts to alternative forms of entrepreneurship that are adapted to their particular circumstances. (Johnstone and Lionais, 2004, p. 220)

Community business entrepreneurs do not look for personal profits. They evaluate wealth in terms of the benefits accruing to their own broader community. Traditional business entrepreneurs aim to provide personal gain and profits for themselves and for the shareholders of their business; community business entrepreneurs aim to create community benefits. Community business entrepreneurship can be distinguished from social entrepreneurship because it is focused on business organizations rather than charities, social ventures and purely social organizations. The process of community business entrepreneurship is neither entrepreneurship in the traditional business sense nor social entrepreneurship as commonly understood in the literature. It employs the tools of the former with the goals of the latter (Johnstone and Lionais, 2004, p. 226).

Although the barriers to development might be the same as those faced by traditional business entrepreneurs (finance gaps, labour skills gaps, lack of business support institutions, and so on), community business entrepreneurs can adapt in a variety of ways to overcome these obstacles. This is due to the fact that communities are not only the location of their entrepreneurial process. Some examples from Johnstone and Lionais (2004):

- Community business entrepreneurs can accept unconventionally low rates of return from their projects because personal profit is not then an objective.
- Community business entrepreneurs may also have a wider choice of organizational forms to employ when doing business.
- Also, once a project is undertaken, community business entrepreneurs have a different set of resources to call upon to achieve their goals. Among these resources is the access to volunteers. On top of that, not only do community business entrepreneurs have access to significant volunteer time, but also much of this may come from skilled technicians, professionals and business people.
- Another resource available to community business entrepreneurs is access to capital from neo-traditional sources. Community business entrepreneurs can overcome this by convincing local people, who

would normally not invest in private businesses, to invest in their community businesses and organizations.

- Similarly, community business entrepreneurs can attract customers who will buy from community-based organizations in preference to other (often non-local) organizations (Kilkenny et al., 1999).

A strong commitment to place enables community business entrepreneurs to marshal a number of financial, professional and labour resources around their projects that would not be available to other, more traditional, business entrepreneurs. That is, community business entrepreneurs use the assets of community to overcome the obstacles of depletion.

Studies show that there are four main arenas within which social entrepreneurs can have a potentially critical impact (Grenier, 2009, p. 183). Some of these presented here are valid more for social enterprisers than public entrepreneurs (another word for public innovators, as we know):

1. *Community renewal* (Brickell, 2000; Moore, 2002; Thake and Zadek, 1997). Social entrepreneurship is said to enhance social capital and build community. Moore (2002) identifies the impetus for social entrepreneurship in the UK as having its origin in community and neighbourhood renewal, in particular urban regeneration, issues that had been policy priorities for many years: 'it is the impetus for local regeneration and renewal that has provided one of the major driving forces of the social entrepreneurship movement' (Moore, 2002, p. 3). 'Community leaders and "social entrepreneurs" were to become the catalysts for overcoming the problems of run-down neighbourhoods' (Newman, 2001, p. 145).
2. *Voluntary sector professionalisation* (Defourney, 2001, 2003; Leadbeater, 1997). Social entrepreneurship is identified in the UK context as essential to reform a sector that is 'slow moving, amateurish, under-resourced and relatively closed to new ideas' (Leadbeater, 1997, p. 50). Defourney argued that there is a 'new entrepreneurial spirit' reflecting an 'underlying movement' which is impacting and reshaping the non-profit sector (Defourney, 2003, p. 1). In these accounts, social entrepreneurship appears as a kind of modernizing force within the UK voluntary and community sector, providing an impetus for change, new forms of voluntary action, and a professional edge that will take the sector forward to further expand its role as a mainstream provider of social services.
3. *Welfare reform* (Leadbeater, 1997; Mort et al., 2003; Thompson et al., 2000). This is social entrepreneurship envisaged as a timely response

to social welfare concerns of the day and as an answer to the 'crisis of our welfare systems' (Defourney, 2003; see also Dees, 1998; Leadbeater, 1997; Thake and Zadek, 1997). Social entrepreneurship is claimed to 'help empower disadvantaged people and encourage them to take greater responsibility for, and control over, their lives' (Thompson et al., 2000, p. 329), and to counter dependence on welfare systems and charity (Leadbeater, 1997; Mort et al., 2003).

4. *Democratic renewal* (Favreau, 2000; Moore, 2002; Mulgan, 2006). Moore (2002) argues that globalization and the rapidly changing world had given rise to new philosophical debates, new notions of more socially and environmentally responsible economies, and basic questions such as: what kind of society would we like to live in? 'Social entrepreneurs and the social enterprises they create are one kind of response to a renewed search for the public good' (Moore, 2002). She argues that social entrepreneurship is 'producing a new form of citizenship, a new relationship between civil society and the state' (Moore, 2002). Along similar lines Mulgan (2006) describes social entrepreneurship as: 'part of the much broader story of democratization: of how people have begun to take control over their own lives, over the economy, and over society' (Mulgan, 2006, p. 94).

Some examples of how a local community could act in public places in general:

- *Create awareness:*
  o Participate in arranging a public entrepreneurship day.
  o Finance various publications on public entrepreneurship issues.
  o Institute a prize, 'The local public entrepreneur of the year'.
- *Participate in building public places, more specifically*:
  o *Physically*: offer venues at a low rent; initiate 'Middle Age weeks'; arrange cultural exhibitions, music festivals and the like; open an 'entrepreneurship office' accessible for *all* kinds of entrepreneurs, not only in business.
  o *Virtually*: Present and discuss public entrepreneurs on the home page.
  o *Discursively*: Start a series of discussions and lectures on public entrepreneurship open to the public.
  o *Emotionally*: Participate in discussions about what it means to be a citizen in the local community in question.

Some more specific examples of how local governments can act in public entrepreneurial matters that we have come across in our research are:

- Visualize a place where citizen ideas are received and from where they can be assisted by the local government.
- To 'empower' the citizens: to teach citizens to create themselves.
- To create courage among employees to dare to break the 'budget pattern' and tell them that they are allowed to make mistakes.
- To assist in establishing a fund, meant to be used in public entrepreneurship.
- To let the citizens take part of the local government's network.
- To arrange a workshop to find out which public entrepreneurship project can be created and to inspire more public entrepreneurship.

Haughton (1998) asserts that there are two different ways to run a local community development (Table 6.3):

Table 6.3   Two different ways to run a local community development

Through citizen entrepreneurs	*Through a modification of previous ways or build bridges to the new*
Made by people living in the community	Made with people living in the community
To maximize local control and decision making	To use the local potential to attract external investments
Local ownership of the strategy	Local involvement in the strategy
To reduce economic leakage	To connect to the budget of the community
To build a local capital base	Community control of the expense decisions
Permanent regeneration and role for community investments	Programming per election period
To build an asset base with the members of the community in order to create income streams (for instance, work places which are owned and run by the members of the community)	Strategy to transfer certain activities to the business sector
Citizen entrepreneurs	An increased risk taking with the community's decision makers
'Alternative' projects	To modify the community budget
To build an alternative local economy	To build a stronger community economy
To evaluate through different social measurements	To modify traditional economic measurements

To *manage complexity* by a local government in their neighbourhood – a summary:

- The postmodern perspective is stressing the unique characters in the local context as a contrast to other contexts (Healey, 1997).
- The society is to an increasing extent created by cultural communication in which people live in parallel: at work, where they live, where they enjoy their spare time (a kind of 'culture of the place') (Öhrström, 2005, p. 54).
- To support territorial nearness and the existence of regional specialization where key technologies (technology here consists of hardware and software as well as of human ware) build the platform for innovative abilities (ibid., p. 63).
- To create relations and coordination between 'reflexive agents' and organizations from all camps (including public entrepreneurs) with a high ability for continuous learning and de-learning (a necessity in a knowledge-based society).
- To think in terms of 'enabling' rather than 'planning' in the traditional sense (Guinchard, 1997). The increasing complexity in the society is asking for more spatial coordination of living, work, service and entrepreneurial activities ('public places'), which in turn presumes strategies interested in a holistic thinking and in coordination between different activities.
- Planners who previously had a role as experts to the politicians now become coordinators in a co-acting process – they can no longer deliver the truth but rather become those who moderate different interests and contexts. They become more of experts on analyses of contexts and on initiating flows than on drawing plans (Öhrström, 2005).
- Politics becomes local as well as global at the same time, run by more or less temporary constellations (ibid.).
- There is more and more a discussion about a shift from a linear view on planning as 'government' control to an orientation to be able to influence different networks and partnerships in more or less 'public' places through 'governance' as a solution to the problem of managing the complexity in a local community.

7. Public entrepreneurs, networks and social capital

Some say that Piore and Sabel (1984) *brought in business networks* in entrepreneurship theories in their book of 1984 when they praised the industrial districts in northern Italy as an alternative economic model. They defined industrial districts as geographical concentrated operations that mainly consist of small firms which specialize in specific goods and services (often as part of an end product). Today there is a more fundamental view on the importance of networks.

> Networks have existed in all economic systems. What is different now is that networks, improved and multiplied by technology, have entered our lives so deeply that 'the network' has become the central metaphor around which our thinking and our economy is organized. If we cannot understand the logic characterizing networks, we cannot exploit the economic change which has now started. (Kelly, 1998, p. 10)

> The diversity of networks in business and the economy is mind-boggling. There are policy networks, ownership networks, collaboration networks, network marketing – you name it. It would be impossible to integrate these diverse interactions into a single all-encompassing web. Yet no matter what organizational level we look at, the same robust and universal laws that govern nature's webs seem to greet us. The challenge is for economic and network research alike to put these laws into practice. (Barabási, 2002, p. 217)

> Networks is the new sociomorphology and the extension of the logics of network influences to a high extent the way and the results of our production processes, experience, power and culture. (Castells, 1998, p. 519)

We could therefore rightly call our modern society *a network society*. It is the first time in history that the economic unit has been other than the individual, for instance as an employee or as a customer, or the collective, such as the business firm or the common sector. Instead *this unit is the network*, where subjects and organizations are connected to each other and are constantly being modified and adapted to each other and to supporting environments and structures (Castells, 1998).

The network society is a more open society. A continuous search *across the whole economic, technological and social field* is therefore

necessary in order for the actors of today to keep in touch with events and not be surprised. Through this search, relationships are built and maintained. 'The network economy is based on technology, but can only be built on relationships. It starts with chips and ends with relations' (Kelly, 1998, p. 179).

Consequently, the study of networks is popular today. However, there is considerable variation in what can be meant by 'network' and 'networking'. Competing definitions and perspectives exist sometimes.

It is possible to talk about three important parts of a network (Hoang and Antoncic, 2003): (1) the content of the relationships, (2) the governance of these relationships, and (3) the structure or pattern that emerges from the crosscutting ties.

Relationships (between people and between organizations) are viewed as the media through which actors gain access to a variety of resources held by others (Bjerke, 2007a). Two such key resources for an entrepreneur are information and advice, which he or she can gain access to through his or her network. Dependence on networks is, however, not restricted to the start-up phase. Venturing people continue to rely on networks for various kinds of information, advice and problem solving, with some contacts providing multiple resources. Relationships can also contain signals or provide the opportunity to justify your reputation as an entrepreneur. In the uncertain and dynamic conditions under which entrepreneurial activity occurs, it is reasonable that resource holders (potential investors and employees) seek information that helps them to gauge the underlying potential of a venture, of which they are or want to be a part. Entrepreneurs seek legitimacy to reduce possible perceived risk by associating with, or by gaining explicit certification from, well-regarded individuals and organizations. To be perceived positively based on your relationships in a network may in turn lead to subsequent beneficial resource exchanges.

The second construct that researchers have explored is the distinctive *governance mechanisms* that are thought to undergird and coordinate network exchange (Bjerke, 2007a). Trust between partners is often cited as a critical element that in turn enhances the quality of the resource flows. Network governance can also be characterized by the reliance on 'implicit and open-ended contracts' that are supported by social mechanisms – such as power and influence or the threat of ostracism and loss of reputation – rather than legal support. These elements of network governance can give cost advantages in comparison to coordination through market or bureaucratic mechanisms.

The third construct is *network structure*, defined as the pattern of relationships that are engendered from the direct or indirect ties between

actors (Bjerke, 2007a). A general conceptualization guiding the focus on network structure is that differential network positioning has an important impact on resource flows, and hence, on entrepreneurial outcomes.

Conway et al. (2001, p. 355) talk of four key components that should be investigated when studying human networks and human networking (discussion in this section follows Conway and Jones, 2006, pp. 308–10):

- *Actors* – individuals within the network;
- *Links* – relationships between individuals within the network;
- *Flows* – exchanges between individuals within the network; and
- *Mechanisms* – modes of interaction between the individuals within the network.

There are a large number of dimensions that can be used to categorize individuals within a network, from general dimensions such as age, sex, family membership, nationality, ethnicity and education level, to more specific dimensions such as functional background (for instance, finance, marketing or design) or sectorial background. The choice from this breadth of dimensions should be informed by the nature of the network and the purpose behind studying it.

The nature of the links or relationships between the members within the network varies also along a number of dimensions, of which the most relevant are the following (Conway and Jones, 2006, pp. 308–9):

- *Formality* – distinguishes between informal and personal links and formal links that are formulated in a contract, for example.
- *Intensity* – is indicated by the frequency of the interaction and the amount of flow or transactions between the two actors during a given time period (Tichy et al., 1979).
- *Reciprocity* – refers to the balance of the flow over time between two actors through a given link. The link is seen as 'asymmetric' or 'unilateral', when the flow is unbalanced (that is, by and large goes only one way) or 'symmetric' or 'bilateral', when the flow is balanced (that is, by and large goes both ways). Asymmetric links tend to lead to some kind of inequality in power relationships between two actors (Boissevain, 1974).
- *Multiplexity* – signifies the degree to which two actors are linked to each other through several role relationships (for instance, as friend, brother and partner); the greater the number of role relationships there are between two actors, the stronger are the ties (Tichy et al., 1979). Boissevain (1974, p. 30) also argues that 'there is a tendency for single-stranded relations to become many-stranded if they

persist over time, and for many-stranded relations to be stronger than single-stranded ones, in the sense that one strand role reinforces others'.

- *Origin* – this dimension refers to the identification of the event that leads to the origin of a link. It intends to incorporate facts such as the context in which the relationship arose and who initiated it.
- *Motive* – the functional significance of networking does not qualify for providing a convincing explanation of why it happened. When they discuss this issue, Kreiner and Schultz (1993, p. 201) mean that 'one must determine the motives and perspectives of the actors who reproduce such patterns'.

Tichy et al. (1979) distinguish between four types of flows within a network, often named 'transaction content' in the network literature:

- *Affect* – the exchange of friendship between actors.
- *Power* – the exchange of power and influence between actors.
- *Information* – the exchange of ideas, information and know-how between actors.
- *Goods* – the exchange of goods, money, technology or service between actors.

Individuals may 'exchange' any of these types of transaction content for another, for instance goods for money or information for friendship, even if in many cases, like in the last one, this can be more implicit than explicit. It is also worth pointing out here that the estimated value of the flow or flows between two actors within the network can vary widely between 'sender/provider' and 'receiver' as well as between other members within the network.

There are a number of ways in which individuals can interact with each other, for instance, talking to each other on the telephone, email, documents or meetings face-to-face. Kelley and Brooks (1991) dichotomize these interaction mechanisms into 'active', which refers to a personal interaction, either face-to-face or on the telephone, and 'passive', which, by and large, refers to documents and other text material, where there is no direct relationship between 'provider' and 'receiver' of information. 'Networks do not emerge without considerable endeavour' (Birley et al., 1991, p. 58); consequently we are not only interested in the mechanisms for exchange of information and goods and services in a network, but also in those mechanisms and forums through which entrepreneurs build and maintain their network.

Network in general may also vary along a number of dimensions. The most relevant network dimensions of interest are often (Conway and Jones, 2006, pp. 309–10):

- *Size* – this dimension simply refers to the number of actors participating within the network (Tichy et al., 1979; Auster, 1990).
- *Diversity* – this network characteristic often refers to the number of different types of actors within the network (Auster, 1990), which, as mentioned above, can be seen along a number of dimensions like age, sex, education and so on.
- *Density* – the density of a network refers to 'the extensiveness of the ties between elements [actors]' (Aldrich and Whetten, 1981, p. 398), which can be seen as the number of existing links within the network divided by the number of possible 'links' (Tichy et al., 1979; Rogers and Kincaid, 1981). Boissevain (1974, p. 37) claims however that 'it must be stressed that network density is simply an index of the potential not the actual flow of information', that is to say, it is a measure of the network structure and not of the network activity. Boussevain (ibid., p. 40) also asserts that 'there is obviously a relationship between size and density, for where a network is large the members will have to contribute more relations to attain the same density as a smaller network'. Furthermore, the network density tells us nothing about the internal structure of the network in itself and as Boussevain (ibid.) points out, 'networks with the same density can have very different configurations'.
- *Openness* – in the entrepreneurship literature there is often a distinction made between strong and weak ties. Strong ties are found in cliques and are associated with dense networks whereas weak ties link people outside the clique and consequently create 'openness' in the network, that is to say, they are boundary-spanning relationships or links spanning 'structural holes' (Burt, 1992).
- *Stability* – Tichy et al. (1979, p. 508) define this dimension as 'the degree to which a network pattern changes over time'. Auster (1990) develops this further by talking about frequency as well as magnitude of the changes of members and links within a given network.

One important aspect of networks is that it is possible to separate *four levels in a network* (Fyall and Garrod, 2005, p. 154):

1.   Exchange of information
2.   Adaption of activities

3.   Sharing resources
4.   Co-creation.

The further down you go into these levels the more is asked of the members within a network. Networking often stops at the top level.

> Public entrepreneurship is always co-creating unlike the commercial. Without co-creation there is no public entrepreneurship. (R.H., participant in Stage 1 and parts of Stage 2 of the Research Project)

Networks have been found to assist small entrepreneurial operations in their acquisition of information and advice (Birley, 1985; Carson et al., 1995; Shaw, 1997, 1998), in supplementary acquisition of internal resources (Aldrich and Zimmer, 1986; Jarillo, 1989; Hite and Hesterley, 2001), in their ability to compete (Brown and Butler, 1995; Chell and Baines, 2000; Lechner and Dowling, 2003) and in their development of innovative activities and results (Birley et al., 1991; Rothwell, 1991; Conway, 1997; Jones et al., 1997; Freel, 2000). Gibson (1991, p. 117–18) claims that 'the more extensive, complex and diverse the web of relationships, the more the entrepreneur is likely to have access to opportunities, the greater the chance of solving problems expeditiously, and ultimately, the greater the chance of success for a new venture'. It may seem like a paradox that at the same time as entrepreneurs are seen as autonomous and independent, they are also 'very dependent on ties of trust and cooperation' (Johannisson and Peterson, 1984, p. 1).

So, 'networks' and 'networking' are *important entrepreneurial tools* in order to establish, develop and improve on small business and other operations in society. However, we see a difference between discussing networking *as a way to improve on existing operations* (a discussion in terms of 'space') and networking *as a necessary part of human existence* (a discussion in terms of 'place'). Discussions of the first kind often lead to technical issues like what is a good and a bad network, what makes a network more functional, and so on. Typical discussions of networks in terms of 'space' are:

- A more developed network is more valuable to a person who starts an entrepreneurial operation than to somebody who is running an ongoing operation.
- The advantages of being members in networks are there for large as well as for small entrepreneurial operations, but membership of a network is more important for survival of a small entrepreneurial operation.

- Networks make it possible for small entrepreneurial operations to gain access to resources that is not possible elsewhere.

Schon (1983) claims that those who want to realize new ideas work *informally rather than formally in the beginning and that they do so in networks*.

There are those who claim that *if* there was no networking, there would be no enterprising. There are even those who want to conceptualize the entrepreneurial process to *organize oneself through personal networking* (Johannisson, 2000).

Some results that have been found valid as far as networking by social entrepreneurs is concerned are:

- Networks are *more important* for social entrepreneurs than for business entrepreneurs if for no other reason than the former do not offer goods and/or services that can speak for themselves. They constantly need to justify their social entrepreneurial operations.

  > We function without owning 'the products' and we will never own 'the products'. (I.S., participant in Stage 2 of the Research Project)

  > Our networks are not as exchangeable as they are for the business entrepreneurs. We can never stop caring about our relationships. The business entrepreneurs can move on to something new even if the old would crash. (I.S., participant in Stage 2 of the Research Project)

- The differences between strong (emotional) and weak (calculative) ties are *not at all so clear or even necessary to separate* for social entrepreneurs as for business entrepreneurs.

  > I think it is very fun to be co-creator in different processes and projects, and I think it is an important part of life to sit together with other people and talk about how to attack a problem and dream about and find good solutions. And afterwards it just feels so good if it turns out be successful. (H.L., participant in Stage 1 and Stage 2 of the Research Project)

- *A champion in social entrepreneurship* is partly more difficult to be, partly more difficult to replace than is the case in business entrepreneurship contexts.
- *Confidence and trust* are decisive for social entrepreneurs. Only contacts are not enough, which is sometimes the case for business entrepreneurs.

  > The price is of no importance, only trust is. (I.S., participant in Stage 2 of the Research Project)

During the 1990s a new concept of capital, *social capital*, came in general use alongside the established concepts of financial, real and human capital. The idea of social capital came from sociology, not from economics, and it has proven itself to be particularly useful when analysing small firms and entrepreneurship (Westlund and Bolton, 2003, p. 77). The very term 'social capital' is commonly attributed to Jacobs (1961). As their main interest, analysts of social capital are concerned with the significance of relationships as a resource for social action (Nahapiet and Ghoshal, 1998). This reflects the growing concern about the role of social relationships in explaining or understanding business activity. A deeper view is that an actor's embeddedness in social structures endows him or her with social capital (Portes and Sensenbrenner, 1993; Oinas, 1999). In the literature, social capital is defined as the asset that exists in social relations and networks literature (Burt, 1997; Leana and Van Buren, 1999). Social capital can be described as a consequence of how social processes work, where lack of cooperation leads to a decreased flow of information and resources. Furthermore, social capital can reduce transaction costs (Putnam et al., 1993) or as Dosi (1988) puts it, lower the transaction costs by using middlehands that cannot be bought or sold on a market. Social capital can also reduce uncertainty (Fafchamps, 2000). To have access to social capital can be described as a catalyst for a useful social and economic interaction. All in all, social capital offers a way to understand how networks are functioning.

The social capital approach has developed in two ways. First, to demonstrate that the personal network among citizens who start a new business venture allows them to gain access to resources that they cannot raise on their own (Ostgaard and Birley, 1994) and, secondly, to illustrate the influence by social embeddedness and associated dynamism on economic exchange (Portes and Sensenbrenner, 1993).

In other words, networks have an economic as well as a social content. They consist, as has been mentioned above, of *weak* ties (a space concept) as well as *strong* ties (a place concept). In the latter case, the term *embeddedness* is sometimes used. Some important aspects of embeddedness as far as small firms are concerned are:

- The embedded nature of them is not only made up of economic transactions but can also be concrete social relationships that are built up by participating actors.
- A social relationship between the company's owner/entrepreneur must exist in business contacts before an economic transaction can take place.

- A moment of lack of trust, opportunism of a negative kind and disorder is always possible in all business transactions.
- It is difficult to discuss a single business activity without considering its predecessor and its follower.

Social capital is, according to Bourdieu and Wacquant (1992, p. 119), 'the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition'. Coleman's (1990) definition is however on a different plane than the individual. Coleman (1990, p. 305), uses the figure below (Figure 7.1) to illustrate the difference between human capital and social capital.
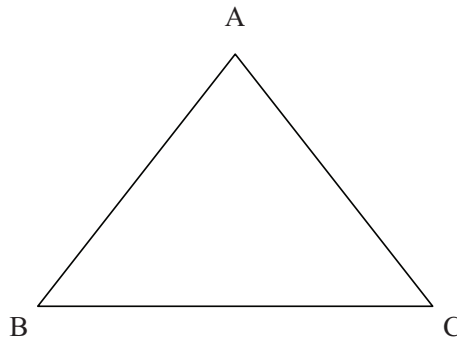

Figure 7.1   Differences and relationships between human capital and social capital

According to Coleman (1990), human capital exists only in the nodes, with the individuals A, B and C. Social capital, on the other hand, is found on the sides of the triangle, that is, in the relationships between the individuals A, B and C. Bourdieu and Wacquant (1992) also claim that social capital *is provided to individuals when they are part of a network*, while Coleman (1990) asserts that social capital exists *in the very relationships between people in a network*. The difference between human capital and social capital with Coleman is consequently that the former exists only within people (and is brought along when moving) while the latter exists between people (and cannot be brought along when moving).

Fukyama (1995) defines social capital as 'the ability of people to work together for a common purpose in groups or organizations'. Leadbeater (1997) adapts this by suggesting a wider meaning to contain building something of real value for local communities or contexts. The citizen

entrepreneur is using some kind of social capital – relationships, network, trust and cooperation – to get hold of physical and financial capital that can be used to create something of value to the local community. The result of social entrepreneurship can be firms that are not primarily run to gain profit, but they can also be run for profit, especially when the citizen sector and the common sector are cooperating. One important arena for social entrepreneurship according to some has been to renew governments by becoming more 'professional' in the public sector (Osborne and Gaebler, 1992).

Social capital can be seen as a *glue* as well as a *lubricant* (Anderson and Jack, 2002). When it seen as a glue, it ties people harder together. When it is seen as a lubricant, it facilitates actions within a network. In the former case social capital may consequently have a binding effect, by preventing deviants from acting and thereby having a negative effect on development. Powell and Smith-Doerr (1994, p. 368) express it such:

> Sociologists and anthropologists have long been concerned with how individuals are linked to one another and how these bonds of affiliation serve as both a lubricant for getting things done and a glue that provides order and meaning to social life.

Social capital could also be called *network capital* (Anderson and Jack, 2002, p. 196). Given that social capital is what ties people to each other (Putnam et al., 1993), a 'capital' is a reasonable picture of the structural aspects of social capital. As is the case with financial capital it is possible to see social capital as an asset and a necessary part of a structure. It also influences the structure and thereby its outcome. Furthermore, as a capital, it is tied to the network and becomes an integrated part of its structure. The earnings of social capital are an asset and can be a lubricant that facilitates the flow of information and resources in a social network (Anderson and Jack, 2002).

Social capital is a productive asset, making certain specific results which, where social capital does not exist, would be impossible or more difficult (Coleman, 1990). In this perspective, social capital is created within the embeddedness process, that is to say both as a 'result' (a product of network) as well as a means (to facilitate what is going on). That embeddedness that takes place becomes an inevitable part of the social structure. But, as mentioned, social embeddedness can also have negative consequences because of the group's expectations. Networks can provide a mechanism for trust and legitimacy, but networks can also function to exclude or include – they can consolidate power by spreading it (Flora, 1998).

We see social capital primarily not as a 'thing' but as a process. It is a process that is created to facilitate an effective exchange of information and resources – an artefact, which can only be studied considering its effects.

It is not difficult to think of a close connection between development of social capital and corresponding growth of the third sector and number of citizen entrepreneurs. The organizations of the third sector have sometimes been called 'the organizations of the civic society' (Salomon and Anheier, 1997). It is in fact possible to talk about *civic capital* instead of social capital (Evers, 2001). If social capital is seen as civic capital it points out the role of a wider group of political factors, both in terms of their general role in creating confidence and cooperation as in terms of their in-building orientation and behaviour of groups and associations in the society. Social capital is then seen both as an indicator of the development of the civic society (built by social as well as political action) and a way to debate civic engagement with an eye on economic development and governance (Evers, 2001, p. 299).

To summarize, some different kinds of capital, that is, assets upon which man can build a stronger society are (Bridge et al., 2003, pp. 159–60):

- *Social capital*. Social capital means the social resources upon which people draw in pursuit of their livelihood objectives and which are developed through networks and connectedness, either vertical or horizontal, that increase people's trust and ability to work together and expand their access; membership of more formalized groups which often entails adherence to mutually agreed or commonly accepted rules, norms and sanctions; and relationships of trust, reciprocity and exchanges that facilitate cooperation between citizens.
- *Human capital*. Human capital represents the skills, knowledge, ability to work and good health that together enable people to pursue different livelihood strategies.
- *Natural capital*. Natural capital is the term used for the natural resources and resource stocks used for livelihoods. These include the air breathed, the land farmed and the trees used.
- *Physical capital*. Physical capital comprises the basic infrastructure and producer goods needed to support livelihoods. The infrastructure consists of changes to the physical environment that help to meet their needs and to be more productive, and includes affordable transport, secure buildings, adequate water supply, affordable energy and access to information (communications). Producer

goods are the tools and equipment that people use to function more productively.

● *Financial capital*. Financial capital denotes the financial resources that people use to achieve their livelihood objectives, and which can be exchanged for some of the other 'capitals'.

Westlund and Bolton (2003) see certain differences between social capital and other capital (Table 7.1). Laville and Nyssens also point out that social capital is a 'public' and not an 'individual' capital:

> Social capital constitutes a resource that may be mobilized to a greater or lesser degree within a production process so as to improve its performance. But it is also an end in itself because it is a 'civic' capital contributing to a democratization process. Social capital is present in groups, networks and the local social fabric. Inasmuch as it is – at least partly – indivisible and thus cannot be appropriated by any single individual social capital constitutes a local quasi public good. (Laville and Nyssens, 2001, p. 317)

Table 7.1 Similarity and dissimilarity between social capital and other capital forms

Similarities	Dissimilarities
Productivity	
Social capital is sunk costs that might become obsolete	
Social capital can be put to good or bad uses (from society's perspective)	Social capital expresses interests of actors, good or bad from society's perspective. It is not neutral with regard to society's interests
Vintages	
Social capital consists of vintages	The vintages of social capital are more comparable to a port wine than to other capital forms. The composition of vintages is decisive. There is no simple correlation between age and decreasing productivity
Accumulation and maintenance	
Social capital is worn out if it is not intentional	Social capital is a product of both investments and an unintended by-product of other activities

Table 7.1 Cont.

Similarities	Dissimilarities
Social capital is a result of past activities	Accumulation of social capital does not necessarily need deliberate sacrifices for future benefits
	Social capital is harder to construct through external interventions
Rights of possession versus public goods	
Access to social capital is never completely public. Access demands connections to a network and/or certain skills	Social capital is social, that is, it cannot be individually possessed
Complexity and levels of aggregation	
Diversified social capital means less vulnerability to economic structural changes	Social capital is the most diversified, least homogenous form of capital. Aggregating social capital belonging to different levels meets great methodological difficulties

8. Public entrepreneurship – start, stages and process

In a global perspective, it is common to say that half of all businesses are started because the entrepreneur has discovered an opportunity to be an entrepreneur and the other half comes about because of necessity, that is, in order to support oneself and the family (Global Entrepreneurship Monitor, 2007). Public entrepreneurs also look at what they do as a necessity, but not primarily to support themselves but because they want to feel useful.

In our research we have learnt to understand public entrepreneurs as citizen entrepreneurs (which, as mentioned, is a type of social entrepreneur), who are citizen leaders in public places who own several significant leadership characteristics with a distinct personal trustworthiness which allows them to mobilize other citizens in terms of social value, and which expresses itself as a strong common purpose. Leadbeater, who is British, adds that this person has the ability to identify gaps and related opportunities. He describes social entrepreneurs as (1997, p. 10):

> Socially driven, ambitious leaders, with great skills in communicating a mission and inspiring staff, users and partners. In all cases they have been capable of creating impressive schemes with virtually no resources. Creating flat and flexible organizations, with a core of full-time paid staff, who work with few resources but a culture of creativity.

In the UK, claims Burns (2007, p. 458), social entrepreneurs are predominantly better qualified, older, already occupied but somewhere else and with a higher income than average in the country, even if the level of social entrepreneurship is higher among disadvantaged groups. He also claims that women and ethnic minorities more often become social entrepreneurs than business entrepreneurs. These statements must, of course, be interpreted very carefully. We have seen that the definition of social entrepreneurship is so broad that it may mean practically everything, which is started and run by individual power or together with

somebody else, but which is characterized as a social, community or voluntary activity.

In essence, social entrepreneurs are entrepreneurs in a social or not-for-profit context. As mentioned, the difference between social entrepreneurs and business entrepreneurs is that the former try to satisfy needs in the society and the latter satisfy demand on various markets. Social entrepreneurs may act as enterprising people at the same time as they run a business and have a social idea as a guiding star, they may be extra active employees within the public sector or they may develop social ventures or social innovations within the citizen sector itself.

Mort et al. (2003) assert that social entrepreneurship is so complex that it necessitates a multidimensional understanding of it. They conceptualize social entrepreneurship as shown in Figure 8.1. They claim, first of all, that a social entrepreneur is driven by a mission to create a better social value than common citizens that requires that they act entrepreneurially virtuously. Second, they claim that social entrepreneurs show a balanced judgement and an ability to see through the situation they face. Third, they say, similarly to business entrepreneurs they have an ability to find situations where they can create better user value than other people can. Finally, according to Mort et al. (2003), they show an innovative, proactive and risk-willing ability when making decisions. Only when these four elements are combined is social entrepreneurship created, according to them.
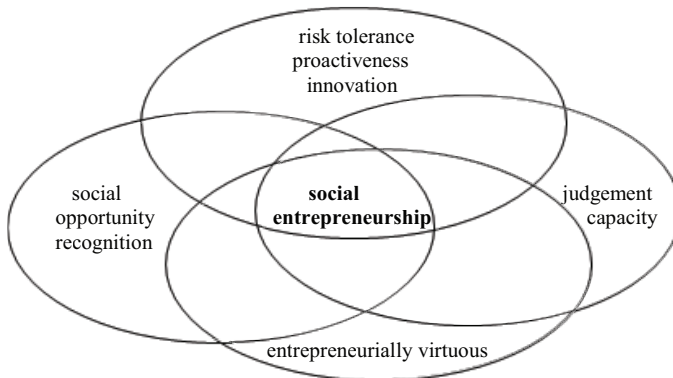
Source: Mort et al., 2003

Figure 8.1   The multidimensional social entrepreneurship construct

Virtue is a key element here according to Mort et al. (2003). It underlines the balanced judgement of the social entrepreneur. It can be seen with positive and good values such as love, integrity, honesty and empathy, which are acted upon to become genuine. This is similar to what can be talked about as important dimensions in citizenry.

Leadbeater (1997) places great emphasis on the development of social capital in a social entrepreneurial process. He calls this a *virtuous circle*. It is based on access to social capital. The trick for the entrepreneur is to lever this up to gain access to more resources, first physical resources such as buildings, after this financial capital to get the wheels rolling and then human capital in order to deliver. Organization capital is generated when the project begins to reach its goals and more resources are attracted. The resulting increase in cooperation and trust that is generated in a successful project can lead to new injections of social capital when the contact net and its contacts expand. This is shown in Figure 8.2.

It is of interest to talk about success and growth of social entrepreneurial efforts. Let us start by doing the same for business entrepreneurs in order to provide a basis for comparison. Success and growth in a business start-up can be seen as *any increase in level, amount and type of the company's work and its result*. This means to expand, enlarge or widen the activities (Coulter, 2001, p. 283). Possible measures of success and growth can be shareholder value, profit, employment, turnover, return on investment, profile/image, and number of customers, market share, number of goods and/or services and added value (Bjerke, 2007a, pp. 162–3).

Measuring growth of social entrepreneurial projects is very different. They often do not have any customers in the genuine sense, for instance; nor do they operate in markets and base their activities so explicitly on finances. There is a lot of voluntarism in social entrepreneurship.

We know very little about the start and growth of social entrepreneurial activities but some questions could be:

- Is there a risk that you do not get any more support from outside if you become *too* successful as a social entrepreneur?
- Resources related to social entrepreneurial activities are not restricted to financial capital. However, how much *financial* resources are required to become a social entrepreneur?
- What is meant by an unsuccessful social entrepreneurial attempt?
- Do you find *most social entrepreneurs in cities*, as is the case for business entrepreneurs?
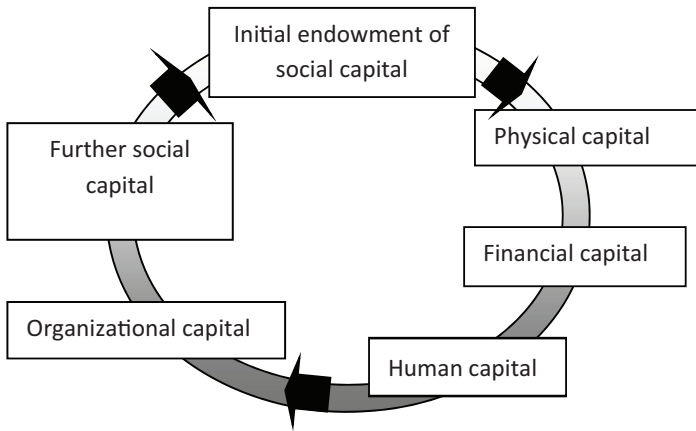
Figure 8.2   The virtuous circle of social capital

Descriptive models for growth of business firms often separate between
five stages (Figure 8.3). The five stages are:

- *Development of a new business concept*. The first stage here is to
  build the foundation of the entrepreneurial process, which requires
  creativity as well as analysis. Building networks is also vital here.
  The purpose is to formulate the general philosophy, vision, purpose,
  extent and direction of the business.
- *Start activities*. They encompass the basic work that is necessary to
  develop a formal business plan, to possibly search for necessary
  capital, to implement various marketing activities and to build up an
  entrepreneurial team, if the venture is to contain more than one
  person.
- *Business growth*. Competition and other market forces may require
  a modification and sometimes even a major reformulation of the
  business strategy. These new challenges are to be part of the
  entrepreneur's effort to put a more complete set of business
  qualities in place.
- *Business stabilization*. This is a result of the market as well as of
  the entrepreneur's efforts. Maturity will develop in the market; it
  becomes saturated. The entrepreneur needs to think about how he
  or she is to proceed during the next 3–5 years or so.
- *Innovation or decline*. Those businesses that do not renew them-
  selves, which is necessary sooner or later, will die. Financially

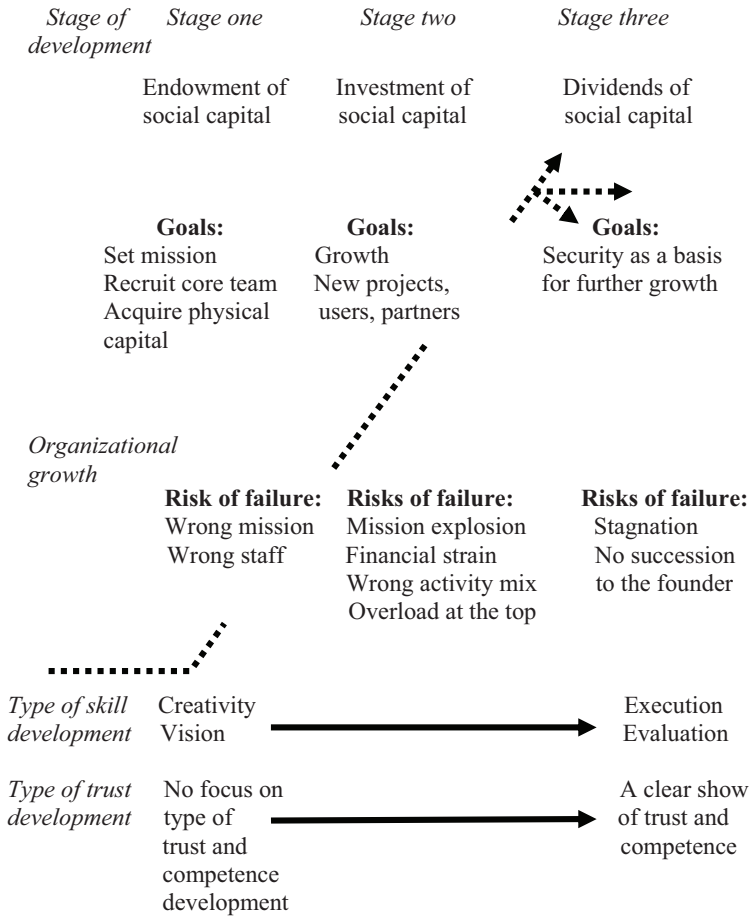successful companies often try to acquire other innovative companies in order to secure their own growth.
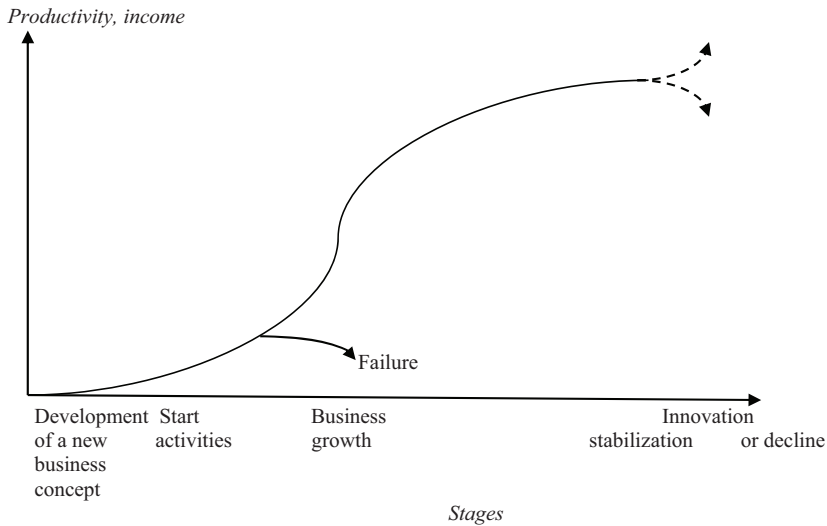
Source: Adapted from Kuratko and Hodgetts, 2004, p. 547.

Figure 8.3 A stage model for growth

It is more difficult to see *natural stages* of a social entrepreneurial case compared to a business entrepreneurial case. However, there is one suggestion from Leadbeater (1997), which indicates the life cycle of a social entrepreneurial activity (Figure 8.4). This figure suggests three stages in the growth of a social entrepreneurial activity. Every stage has its demands and requires its own skills.

Stage one is where the organization tries to establish itself. The key activity is to formulate the foundation idea. But as the organization grows this idea must be reconsidered as the operation is expanded and possibly broadened. This formulation needs to be handled very sensitively, with possible citizen users of the operation in mind. There is always a risk that somebody 'hijacks' the mission, makes it his or her own and thereby alienates it. This may be a greater risk for an operation with a shortage of resources and therefore run by some financier, who is interested in a particular direction for the operation. The whole thing is a matter of governance, which becomes more and more complicated as the operation grows.

Stage of development	*Stage one*	*Stage two*	*Stage three*
	Endowment of social capital	Investment of social capital	Dividends of social capital
	Goals: Set mission Recruit core team Acquire physical capital	**Goals:** Growth New projects, users, partners	**Goals:** Security as a basis for further growth
Organizational growth	**Risk of failure:** Wrong mission Wrong staff	**Risks of failure:** Mission explosion Financial strain Wrong activity mix Overload at the top	**Risks of failure:** Stagnation No succession to the founder
Type of skill development	Creativity Vision		Execution Evaluation
Type of trust development	No focus on type of trust and competence development		A clear show of trust and competence

Source: Adapted from Leadbeater, 1997.

Figure 8.4   Life cycle of a social entrepreneurial operation

As the social entrepreneurial activities widen they may have to change the need they satisfy due to changed citizen needs. Such changes can be very political if there is no awareness of how changes are made and in what direction they are going. This means that the organization must be very adept at knowing how the operation is to be evaluated – how to ask for accountability. At the same time it may become necessary to be more professional and to show real entrepreneurial leadership. To be effective becomes more important as the operation moves on. The organization needs to build a good reputation based on what it does – in the

commercial world this would be called branding. And the final challenge is the same as for the commercial entrepreneur – how to handle the fact that the champion is dying out.

We know very little of which factors are favourable to the growth of social entrepreneurial operations and how they work. For a business they may be classified as in Figure 8.5, namely:
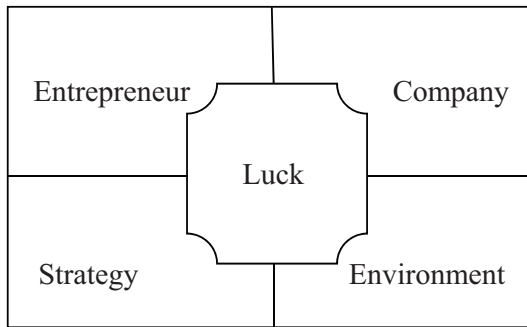
- Luck
- Entrepreneur
- Company
- Strategy
- Environment

Figure 8.5   Factors favourable for growth of a business

LUCK

Growth, particularly for new business ventures, can never be completely planned in advance. If that was the case the venture would almost definition-wise not be new! Growth is therefore partly a result of luck, for instance, in terms of timing, an unexpected financial windfall such as an inheritance or a chance meeting with a person who will later become the most important customer.

ENTREPRENEUR

Growth is not only the result of chance in a business. The characteristics of the entrepreneur are important:

- *Growth interest*. The entrepreneur behind the business must be proactive, have a willingness to expand and a positive belief in the future development of the company in order for growth to be possible.
- *Attitude to risk*. This may influence the business entrepreneur's willingness to use available external financial resources for growth.
- *Competency*. In order to grow, a business entrepreneur should not only have an interest in growth and a risk attitude but also have an ability to adapt to new demands that arise as the venture moves on.
- *Innovation ability*. If growth is not possible on the basis that the company stands, the business entrepreneur should have an innovative ability to lead the operation into other, more growth-friendly areas – if growth is of interest.
- *Willingness to delegate*. Empirical studies show that one of the most important factors for a venture to grow is the business entrepreneur's willingness to delegate (Storey, 1994). This may, for instance, provide more time for the business entrepreneur to think about issues of growth and problems related to this. Lack of time is generally regarded as a major obstacle to growth (see later in this chapter).
- *Age*. The results are not clear here for the researcher interested in explaining facts. The probability of belonging to a growth group declines with higher age among business leaders ('Tillväxt i småföretag', 2003). At the same time a higher age may mean more experience, which may help to successfully launch further development of a business and make it grow.
- *Willingness to spread ownership*. A willingness to spread ownership with external individuals and organizations is often perceived as a central factor in growth.

COMPANY

Characteristics of the company that are important for its growth include:

- *A growth culture*. One part of the business culture must contain the willingness to grow. This is probably more important than the structure of the business.
- *Age*. The younger the company is, the higher is the probability that it belongs to the growth group ('Tillväxt i småföretag', 2003). After a while the willingness to grow further may decrease (Burns, 2007).
- *Size*. It may sound obvious that it is easier for a small company to

double its size, but there are likely to be, in all industries and under various circumstances, limits to growth.

- *Legal form*. A limited company with spread ownership seems to be more likely to grow than a proprietorship or a family firm where ownership is restricted.

STRATEGY

The strategy of the business company may be important for growth. It may concern the following areas (Storey, 1994):

- *Product development*. A company that wants to grow is rarely relying on only one product.
- *Market*. A company set up to exploit a clearly defined market segment has a higher propensity to grow than a company which is established as a necessity for the founder to be able to support him- or herself financially.
- *Production technology*. Technologies used must be relevant to growth.
- *Financial basis*. To use only internally generated means can be a hindrance to growth, a situation which is not uncommon among family firms.
- *Recruitment*. In order to grow, a company should have the interest and willingness to recruit personnel who have the competency and ability to participate and to work for growth, including overcoming existing obstacles to growth.
- *Use of advice and assistance from outside*. To abandon what could be seen as an exaggerated need for independence when necessary and to take advice and use assistance from outside the firm when necessary can open possibilities for growth. This may, above all, be the case in high-technology companies.

ENVIRONMENT

- *Regulations*.
- *Taxes*.
- *Interest rates*.
- *The state of the economy*.

- *Market trends.* There may be extraordinary opportunities for pos-
  sibilities for growth, but also a higher risk of failure, for instance, in
  volatile areas like IT.
- *Competition.* Strong competition in a market can hamper growth.
  At the same time it may stimulate even better performance than
  before.
- *Localization.* If a company that exists to satisfy local demand wants
  to grow, it must be located in the right area.
- *Access to labour.* Access to qualified people, as well as to other
  production factors, can influence the growth of a company.

We can only speculate how the above patterns would look for social
entrepreneurship operations.

In a survey conducted in Sweden ('Tillväxt i småföretag', 2003) one
question was asked concerning obstacles to growth in small business
companies. The most common answers were:

- Lack of own time (60 per cent of respondents)
- Tough competition (39 per cent)
- Low profitability (36 per cent)
- Shortage of the right sort of people (36 per cent)
- Authority rules, approval formalities and the like (35 per cent)
- Weak demand (29 per cent)
- Shortage of external capital (21 per cent)
- Shortage of loans (16 per cent).

It would be interesting to know what the results of a similar study among
social entrepreneurial operations would show.

Constant innovation is often brought up as critical for the survival of
business corporations. It is commonly classified as being of two types:

- *Product innovations*. This means to come up with new products
  and/or services.
- *Process innovations*. This means to come up with new ways to
  operate and to function.

There are lots of theories for how to be innovative, but most of them
point out that an innovative ability above all builds on willpower and a
specific view of things. This is probably so also for social entrepreneurs.

9.   Some theoretical reflections

Some theories that we have found useful in our work are:

1.   The concept couple *space* and *place*.
2.   Theories for how a researcher tries to *understand* entrepreneurship as opposed to *explain* it.
3.   Dialogues as a research method compared with interviews.

Let us look at these groups one at a time.

SPACE AND PLACE

The concepts of 'space' (*Raum* in German; *espace* in French) and 'place' (*Ort* in German; *lieu* in French) are basic components of the lived world and we take them for granted. We notice the absence of space when we are pressured and the absence of place when we are lost (Tuan, 1977). And because we take them for granted, we normally deem them not worthy of separate treatment. Also taken for granted is the fact that we are 'put in a situation' in space and place to begin with, that space and place existed a priori of our existence on earth. Just because we say that we cannot choose in this matter, we believe we do not have to think about such basic facticity to start with (Casey, 1997). However, when we think about the two concepts, they may assume unexpected meanings and raise questions we have not thought to ask (Tuan, 1977). In fact, space as well as place can be very complicated concepts, which is all the more confusing because, at first glance, they appear so obvious and common sense. After all, it is impossible to think of the world without the two (Cresswell, 2004, p. 124). To look at the world as space and/or place is to use dimensions to characterize the world in a special fashion and, like using any criterion, a special way to talk about and to understand the world. According to Cresswell (2004, p. 27), 'by taking space and place seriously, we can provide another tool to demystify and understand the forces that effect and manipulate our everyday life'.

Looking at the world as a world of places, for instance, we see different things:

> Looking at the world as a set of places in some way separate from each other
> is both an act of defining what exists (ontology) and a particular way of
> seeing and knowing the world (epistemology and metaphysics). Theory is a
> way of looking at the world and making sense of the confusion of the senses.
> Different theories of place lead different writers to look at different aspects of
> the world. In other words, place is not simply something to be observed,
> researched and written about but simply part of the way we see, research and
> write. (Cresswell, 2004, p. 15)

Space is normally seen as the more abstract of the two concepts. When
we speak of space, we tend to think of outer-space or possibly spaces of
geometry (Cresswell, 2004, p. 8). Space is something deterritorialized (de
Certeau, 1984). It can be discussed without considering that it might
contain any social life, inhabited by actual identifiable people. It is an
opening and a result of possibilities, for instance, from a business point
of view. Spaciousness is closely associated with the sense of being free.
Freedom implies space, enough room in which to act (Tuan, 1977).

Space is generally seen as being transformed into place as it acquires
definition and meaning. Brenner (1997, p. 137) expresses it such: 'Space
appears no longer as a neutral container within which temporal develop-
ment unfolds, but, rather, as a constitutive, historically produced dimen-
sion of social practices'. Considering antonyms to place, we refer to
words such as 'remove', 'take away', 'dislodge', 'detach' and 'take off'
(Rämö, 2004). When space feels familiar to us, it has become place
(Tuan, 1977). In other words, place is then a meaningful location, to
which people are attached (Altman and Low, 1992).

Places are significant to human life. We might even say, like Cresswell
(2004, p. 33), that 'there was no "place" before there was humanity but
once we came into existence then place did too'. Places are being made,
maintained and contested. All over the world, people are engaged in
place-making activities (ibid.). Nothing we do is unplaced (Casey, 1997,
p. ix).

However, places are not isolated. Cronon (1992) argues that we must
pay attention to their connections. Places are something we occupy. The
relationships between people and places are at least as complex as
relationships between people, but of another kind. As mentioned, places
give meaning to people. This is where people learn to know each other
and themselves. Places become points which stand out in every indi-
vidual's biography and a set of feelings for different places develop
through social interaction (Ekman and Hultman, 2007). Altman and Low
(1992, p. 7) phrase it such that 'the social relations that a place signifies
may be equally or more important to the attachment process than the
place qua place'.

Even though the term *homo geographicus* has been coined (Sack, 1997), place is more than geography. It is something, the meaning and usefulness of which is continuously created in social relations and networks, that is, in meetings and flows between people and objects. This is something which has gained increasing response within social as well as within human sciences (Ekman and Hultman, 2007). To put it differently, place is culturally defined (Casey, 1993, p. 33).

The political geographer John Agnew (1987) has outlined three fundamental aspects of place as a *meaningful location*:

1. Location
2. Locale
3. Sense of place.

Location has to do with fixed objective coordinates on the Earth's surface (or in the Earth's case a specific location vis-à-vis other planets and the sun). By *locale*, Agnew means material setting for social relations – the actual shape of place within which people conduct their lives as individuals. By *sense of place*, Agnew refers to the subjective and emotional attachments people have to place. Place can vary in size from being very large (for example, the Earth, universe or nation), through mid-sized (for example, cities, communities and neighbourhoods), smaller (for example, homes or rooms) to very small (for example, objects of various kinds) (Altman and Low, 1992). It may even be something completely imaginary such as *Utopia*. A place can be called a 'room for activities' (Massey, 1995b) or an 'arena' (Berglund and Johansson, 2008). 'Home' is an 'exemplary kind of place' (Cresswell, 2004, p. 115).

One concept that frequently appears alongside place in geography texts is 'landscape'. In most definitions of landscape, however, the viewer is outside of it. Places, on the other hand, are very much things to be inside of (Cresswell, 2004, p. 10). Another concept of interest here is 'region', which became very much a part of common sense during the twentieth century (Curry, 2002, p. 511).

Some views on 'space' and 'place' over the years:

- For Aristotle place was *prior to all things*. To be, for Aristotle, was to be in place (Casey, 1993, p. 14). Aristotle's view on place was dominant for more than 1500 years.
- Descartes identified space with matter. To him, place was also a subordinate feature of matter and space (Casey, 1997, pp. 152–6).
- In Motte and Cajori (1934, pp. 6–7) we can read that Newton claimed that 'absolute space, in its own nature, without relations to

anything external, remains always similar and immovable' and that 'place is a part of space which a body takes up, and is according to space, either absolute or relative'. According to Newton, places do not exist on their own; they exist in name only. Newton's ideas of absolute space became very dominant for several hundred years. His contemporary 'competitor', Leibniz, trying to promote the idea of a relative space, never had a chance (Casey, 1997).

- The increasing obsession with infinite space from the thirteenth century onward, due to the dominant position of the Catholic church in the Western world at that time and supported by Newton's theories, had the predictable effect of putting place into the shadows (Casey, 1997). The subordination of place to space culminated in the seventeenth century (Casey, 1993). Renaissance thinkers remained capable of equating space with place and vice versa. However, space eventually took over. From the end of the eighteenth century, place was virtually excluded from the scientific discourse (Rämö, 2004, p. 854). It did not come back, and then in full force, until the mid-twentieth century.

- Kant tried to demonstrate that space, as well as time, are conditions under which sense perceptions operate (Jammer, 1982). To him, space was no longer situated in the physical world but in subjectivity of the human mind (Casey, 1997). Space was not something 'out there', but existed as a sort of mental structuring (Curry, 2002).

- According to Curry (2002), two opposing intellectual movements, one deconstructive and one constructive, gave rise to the recasting of thinking of space and, above all, place, were coming up during the latter part of the twentieth century. The first of these, the deconstructive, is perhaps most clearly seen in the work of Heidegger. According to him, everything in the world could and should be an object of empirical inquiry. Place is the same as authentic experience, according to Heidegger (Cresswell, 2004, p. 22). Another body of work that took a deconstructive tack toward the concept of space was the later work of Wittgenstein. Words, including 'space' and 'place', only have meanings within the contexts of the individuals and groups that use them, in particular situations and particular places (Curry, 2002). Before 1960, place was seen idiographically and space was seen nomothetically. However, from the 1970s, constructive notions of place, which were as universal and theoretically ambitious as approaches to space had been, became more and more common. Some attempts in this direction existed already, for instance Jacobs (1961), who discusses the notion that in social planning one needs to look both at the

everyday activities of people who live and work in urban neigh-
bourhoods and to attend to them as places constructed through
these everyday activities, and Hall (1959), who pointed to the ways
in which people interact with one another when in close proximity.
More central to constructive attempts to move place to the centre of
scientific inquiry, however, were geographers like Tuan (1974,
1977), Relph (1976) and Buttimer and Seamon (1980). One ele-
ment in this movement was a desire to rethink the role of people
(and bodies) in the construction of places. Examples of such
contributors are the post-structuralist Foucault, the phenomenologist
Merleau-Ponty, the historian de Certeau and the Marxist-architect
Lefebvre.

- Foucault's historical inquiries reveal an alertness to space, or, more
  precisely, to the way in which spatial relations – the distribution
  and arrangement of people, activities and buildings – are always
  deeply implicated in the historical processes under study (Philo,
  2000). He claimed in one interview (Foucault, 1980, p. 149), that
  'the history of powers' would at one and the same time amount to a
  history 'written of space'.

- Merleau-Ponty claims that places we inhabit are known by the
  bodies we live. We cannot be implaced without being embodied.
  Conversely, to be embodied is to be capable of implacement
  (Casey, 1997). He teaches us that the human body is never without
  a place or that place is never without body; he also shows that the
  lived body is itself a place. Its very movement constitutes place,
  brings it into being (ibid.).

- De Certeau may seem to have a kind of opposite understanding of
  space and place to what is the most common view. To him, place is
  an empty grid over which practice occurs while space is what is
  created by practice (Cresswell, 2004). While we have to use the
  rules and structures of language to make sense, the same applies to
  place. As we live in places that become pre-structured, those places
  are not operational without practice in them. He stresses that tactics
  operate through a sense of timing (movements) whereas strategies
  operate through place (fixation) (Hjorth, 2004).

- Lefebvre presents a theory that 'urban revolution' was supplanting
  an 'industrial revolution' and that this urban revolution was some-
  how a 'spatial revolution' as well (Merrifield, 2000). He talks about
  construction of space through a spatial triad: representations of
  space (also called firstspace – empirically measurable and map-
  pable phenomena), representational space (secondspace – the
  domain of representations and image, a felt and cared for centre of

meaning) and spatial practices (thirdspace – the lived world, which is practised and lived rather than being material/conceived or mental/perceived) (ibid.; Cresswell, 2004).

- There is a close interconnection between the technologies available for communication and representation and the ways in which space and place are conceptualized. The modern region was in important ways a product of new technologies like the printing press, modern transports and the breakthrough of statistics in social life (Curry, 2002, pp. 508–9).

- A genuine rediscovery of place, alongside space, in most of the social sciences today is obvious (Casey, 1997), like in the course of history (for instance, Foucault), in the natural world (for instance, Berry), in the political realm (for instance, Lefebvre), in gender relations and sexual difference (for instance, Irigaray), in the production of poetic imagination (for instance, Bachelard), in geographic experience and reality (for instance, Tuan), in the sociology of the city (for instance, Arendt), in nomadism (for instance, Deleuze and Guattari), in architecture (for instance, Derrida) and in religion (for instance, Nancy). We can see it in economics (for instance, Krugman) and there are examples where space and place are used in business studies in general (for instance, Rämö) and in entrepreneurship in particular (for instance, Hjorth).

It is possible to have a similar discussion about time. Places are never finished, but are constantly being performed (Thrift, 1996). Whereabout is always whenabout (Casey, 1993). The old Greeks separated *chora* (space) from *topos* (place, or rather, region), but also *chronos* (dated time) from *kairos* (valued time). Rämö (2000, 2004) makes a four-field classification out of this of obvious relevance to entrepreneurship. Being aware of the difficulties of separating time from space and place, however, I do not discuss separate concepts and perceptions of time explicitly in this chapter (it would be too lengthy). One excuse for this 'neglect' is possibly that in modern and postmodern times we are so inured to the primacy of time that we rarely question the dogma that time is the first of all things. This modern obsession with time may have blinded us to the presence of place in our lives (Casey, 1993).

In this book, we use the concepts of 'space' and 'place' the same way Hudson (2001) does. To him, 'space' is an economic evaluation of a situation based on its capacity for profit, while 'place' is a societal situation based on meaning. Spaces are therefore valued predominantly through the lens of production and consumption based on supply and

demand, use of factors of production and operations on markets. Places, on the other hand, are situations of meaningful societal life where people live and learn; they are situations of socialization and cultural acquisition. Places are made up of a complex system of societal relations. They create a distinct culture, have meaning and build up identities (ibid.). Thus, while space is the situation of enterprise, place is the situation of societal life. Occasionally, situations thrive both as spaces for profitable business and as places with a rich societal fabric. Under these circumstances, the situation appears to combine the best of economic and societal life (Florida, 2003). In such situations, there is a synergistic relationship between space and place (Johnstone and Lionais, 2004).

Using the concepts of space and place when analysing entrepreneurship can have several advantages according to Hjorth (2004), including:

- It brings into focus an often-neglected but basic element of everyday life.
- Power becomes naturally included in our studies, which is something rarely happening as part of entrepreneurship research.

Paradoxically, place has been even more important in our modern society with increased mobility (Ekman and Hultman, 2007, p. 21). Today we can witness a multitude of what might be referred to as 'non-places', like airports and other temporary dwellings, which Augé (1995) sees as different from genuine (what he refers to as 'anthropological') places. Our view on place has importance for significant issues today such as migration, cases of refugees and asylum.

Examples of *space factors* influencing entrepreneurship are:

- Degree of organizing.
- Start of separate departments for business development.
- Market growth.
- Possibilities to act freely and across borders.

Examples of *place factors* influencing entrepreneurship are:

- Personal characteristics like need for achievement, self-efficacy, boldness and risk handling.

It seems that place is more important to public entrepreneurs than space. Compare concepts like public places, homes and work places with concepts like expansion space and budget space.

More about entrepreneurship, space and place can be read in Bjerke and Rämö (2011).

We will see shortly that discussions of entrepreneurship in terms of space and place have some similarities with trying to explain entrepreneurship compared with trying to understand it.

EXPLAIN AND UNDERSTAND

To claim a clear difference between 'explaining' and 'understanding' may seem of little interest to some. However, it has become customary, though by no means universal, to distinguish between trying to get a picture of *events* or *behaviour* and trying to get a picture of *acts*. It is suggested that the term *understanding*, in contrast to *explaining*, ought to be reserved for the latter.

Since the inception of the disciplines of social science, lines of controversy have been drawn between those who do and those who do not make a principal distinction between two presumed alternative modes of thought, in the beginning represented by natural sciences and social sciences. Theorists rejecting any fundamental distinction between those modes have traditionally been called *positivists*. We may call them *researchers interested in explaining*. They assume that the methods which have proved their unparalleled value in the analysis of the physical world are applicable to the materials of social sciences, and that while these methods may have to be adapted to a special subject matter, *the logic of explanation* in physical and social sciences is the same. Theorists who draw a distinction between 'understanding' and 'explaining' can be labelled *anti-positivists*. We may call them *researchers interested in understanding*. The critical element in anti-positivism is the insistence that the methods of physical sciences, however modified, are intrinsically inadequate to the subject matter of social sciences; in the physical world knowledge is external and empirical, while social sciences are concerned with interpretations and with various kinds of experience.

Many methodological and theoretical discourses within social sciences since the late nineteenth century have concerned modes of thought of 'understanding' and 'explaining' (Bottomore and Nisbet, 1979). These discourses reached a high point in the period immediately before World War I, and they have been part of social sciences ever since.

The controversy between explaining and understanding is deeply rooted in Western thought. In its most elementary sense it is based on a presumed intrinsic difference between mind and all that is non-mind. The controversy cannot be eliminated by choosing between explaining and

understanding, because, basically, these two cannot be compared. Most explaining-oriented researchers, for instance, claim that everything, in the natural world as well as in the human world, can be explained, at least in principle; while understanding-oriented researchers claim that understanding is only for humans. Furthermore there is no neutral position where you can choose between explaining and understanding in a businesslike and impartial way. One has to 'choose' at the same time as, by necessity, being positioned in either the explaining or the understanding camp, which is really no choice at all! Furthermore:

- The purpose of explanations is to depict a factual (objective and/or subjective) reality in order to better predict its course from outside; the purpose of understanding is to develop means in order to better manage human existence from within.
- One explanation can replace another explanation; one understanding can replace another understanding. However, an explanation cannot (according to understanding-oriented researchers) replace an understanding (which it can, according to an explaining-oriented researcher). Understanding-oriented researchers claim that these are two different scientific approaches.

According to von Wright (1971) and Apel (1984) the German philosopher of history J.G. Droysen (1808–84) was the first, within science, to introduce the difference between 'to explain' and 'to understand' (in German, *erklären* and *verstehen* respectively), to ground historical sciences methodologically and to distinguish them from natural sciences. He did this in *Grundrisse der Historik*, which was published in 1858/1897:

> According to the object and nature of human thought there are three possible scientific methods: the speculative (formulated in philosophy and theology), the mathematical or physical, and the historical. Their respective essences are to know, to explain, and to understand. (Droysen, 1897, p. 13)

Droysen's term 'verstehen' can be traced back to the modern founders of hermeneutics, F. Schleiermacher (1768–1834) and A. Boeckh (1785–1867) and which was made more generally known through M. Weber (1864–1920). A historically significant form of the debate between understanding and explanation began with W. Dilthey (1833–1911). He utilized the dichotomy between understanding and explanation as the terminological foundation for distinguishing between natural sciences and *Geisteswissenschaften* (the humanities) as a whole. Initially understanding gained a psychological character, which explanations lacked.

This psychological element was emphasized by several of the nineteenth-century anti-positivist methodologists, perhaps above all by G. Simmel (1858–1918), who thought that understanding as a method characteristic of the humanities is a form of *empathy* (von Wright, 1971). But empathy is not a modern way of separating understanding from explanation. Within hermeneutics, for instance, understanding is today associated with *language* (Gadamer, 1960/1997), within anthropology with *culture* (Geertz, 1973) and within phenomenology with *intentionality* in a way which explanation cannot (we will come back to phenomenology and intentionality later in this chapter).

Generally we can say that natural sciences require concepts which permit the formation of testable laws and theories. Other issues, for instance, those deriving from ordinary language, are of less interest. But in the social sciences another set of considerations exists as well: the concepts used to describe, explain and/or understand human activity must be drawn at least in part *from the social life being studied*, not only from the scientists' theories (Fay, 1996). Scientific concepts then bear a fundamentally different relationship to social phenomena from that which they bear to natural phenomena. In social sciences, concepts partially constitute the reality being studied; in relation to natural phenomena concepts merely serve to describe and explain (ibid.).

> It is possible to explain human behaviour. We do not try to understand an area of low pressure because it has no meaning. On the other hand we try to understand human beings because they are of the same kind as we are. (Liedman, 2002, p. 280; our translation)

No one claims today that only natural sciences should aim for explanations and that only social sciences should aim for understanding. In practice, both attempts are made in the two scientific areas. Researchers normally separate the two approaches, although in everyday usage it is harder to distinguish between what is meant by 'explain' and 'understand'. While it seems relatively clear that 'explain' means, by and large, to figure out the external circumstances around what has happened or what is happening, there is, however, a wide variety of opinions as to what we could mean by 'understand':

- 'To understand' means to find out more details.
- 'To understand' means to get access to subjective opinions.
- 'To understand' means to get a picture of the larger context in which a phenomenon is placed.

- 'To understand' means to get a picture of relevant circumstances that have taken place earlier in a specific situation.

To us, none of these equates to understanding; they are each just more detailed, more circumstantial or deeper aspects of explanation. As we see it, the crucial difference between explaining and understanding is that explanation sees language as *depicting* reality and understanding sees language as *constituting* reality!

Thus, researchers interested in explaining:

- look for factual (objective and/or subjective) data and use a depicting language;
- want to find cause–effect relationships; and
- build models.

While researchers interested in understanding:

- deny that factual and depicting data exist (at least in the human world);
- want to look for actors' view on meaning, importance and significance and use a constituting and forming (even performing) language; and
- come up with interpretations.

In this, *models* are deliberately simplified pictures of factual reality; and *interpretations* are deliberately problematized pictures of socially constructed reality. It is natural for explaining-oriented researchers to build models and for understanding-oriented researchers to come up with interpretations! An interpretation is a theory-laden observation (Rose, 1980, p. 125). (Table 9.1 offers a summary.)

Researchers interested in understanding see some problems in explanatory knowledge:

- Data never speak for themselves. They must always be interpreted by the researcher.
- So-called 'facts' are always theory-laden.
- Human beings (including researchers) are never objective but members of a culture. They can even be seen as those who are constructing the culture.
- Explanations of phenomena can be very shallow – they lack depth.

Table 9.1   Explanation and understanding

Explanation	Understanding
Is using a depicting language	Is using a constituting language
Believes in a circumstantial world	Believes in a meaningful world
Sees behaving human beings	Sees acting human beings
Aims to depict a naturally complicated reality in models, that is, comes up with patterns in the law-bound reality by finding the most crucial circumstances in a situation and neglect those circumstances which are of less importance	Aims to problematize a socially constructed reality by using interpretations, that is, to construct pictures (maybe as metaphors) which can contain that meaning and those significances which are experienced in a situation and which, furthermore, provide openings for further construction of a meaningful social reality

Let us look at some attempts to understand entrepreneurship and specu-late in how these could be used for social entrepreneurs. In general we claim that an understanding orientation on social entrepreneurship sounds interesting because:

- We have a new kind of society which needs new solutions. Maybe an understanding-oriented research can offer better 'solutions' to the problems in this society.
- Language based, symbolic and culturally oriented research is to a large extent underutilized in social sciences and hardly used at all within social entrepreneurial research, where it seems very promis-ing.
- Social entrepreneurship is built up by very human activities. It may be difficult to catch these activities by trying to explain them.

Bjerke (2007a, Chapter 4) presents four different attempts to *understand* entrepreneurship. They are:

- To look at entrepreneurs as *sense makers*.
- To look at entrepreneurs as *language makers*.
- To look at entrepreneurs as *culture makers*.
- To look at entrepreneurs as *history makers*.

The reason why 'maker' and not 'creator' is used here is that we see most of entrepreneurship as using 'given' construction elements, that is, most entrepreneurs base their operations on factors which already exist, but in partly new combinations. This is sometimes called entrepreneurship through *bricolage* (Baker and Nelson, 2005). The entrepreneur as sense maker then uses what he or she perceives as making sense in his or her operation, the entrepreneur as language maker is using those words and expressions which are part of his or her language, the entrepreneur as culture maker is building on existing values which are part of his or her culture and the entrepreneur as history maker starts from those lifestyles which exist around him or her. We consequently see more similarities between entrepreneur and occupations like saddle-*makers* and shoe-*makers* than occupations like film-*creators* or art-*creators*. There *are* examples of radical and really innovative entrepreneurship, where entrepreneurs as creators are operating, but these are, as we see it, exceptions rather than the norm. In these cases it would be justified to speak of 'creators' rather than 'makers'. We should add, however, that the differences between making and creating are not very clear.

To see an entrepreneur as a *sense-maker* is to try to understand how entrepreneurs function as sense makers at the same time as we know that human beings are sense makers on and off. Similarly, to see an entrepreneur as a *language-maker* is to understand how entrepreneurs function as language makers at the same time as we know that human beings are language makers on and off, and to see an entrepreneur as a *culture-maker* is to understand how entrepreneurs function as culture makers at the same time as we know that human beings are culture makers on and off.

To see an entrepreneur as a *history-maker* is, according to Spinosa et al. (1997), different from the other three views above. These authors see entrepreneurs alone as history makers. For instance, entrepreneurs have a particular ability to interpret the implicit style of their time, to understand what is in the air, so to speak, and out of this they are able to disclose a space which others can use.

These four makers are intimately related. Which one you focus on as a researcher is a matter of taste.

Sense making is, philosophically, building on phenomenology. This means:

● The interesting world is the life-world: everyday life, that reality which is the constructed and experienced everyday reality, not the scientific world.

- The life-world is socially constructed but individually based (Sanner, 1997, p. 39).
- Sense making takes place in a continuous process that is characterized by dialogues and communicative exchanges between people.
- This approach, which is based on phenomenology as presented originally by E. Husserl, has clear dialectic undertones.

This approach is described by Arbnor and Bjerke (2009) as *the actors' approach*.

It is important here to separate three ways of looking at 'reality', that is, reality as objective, as perceived or as sense-made (Smircich and Stubbart, 1985). In the first case, reality is seen as something 'out there', a reality to discover and to depict. Reality is then seen as full of contexts and as *objective or subjective* (but still factual). In the second case, reality is seen as very complex. Human ability to generate more holistic and encompassing pictures of such a reality is limited. We can only look at one part of such a reality at a time. Reality can then be seen as *perceived*. The third case offers a different way of looking at reality. In this case reality is not believed to be full of contexts, of which we, limited as we are as human beings, can see only a part. Instead it is assumed, consciously or unconsciously, to be controlled by our intentionality: we enact a reality which we have *made sense of*, a reality which means something to us. If this reality exists as such, or if it does not, is of less importance, as it is of no interest whether our perception is right or wrong. People act here *as if* reality were this way.

We claim that looking at *social entrepreneurs as sense makers* has much to offer to understand these people and their thinking and actions; for instance:

- Social entrepreneurs live in a reality which they see as meaningful and they want to make reality meaningful for others.
- Entrepreneurs continuously construct new reality socially (bring up new picture of reality) together with their fellow human beings.
- We may probably never understand social entrepreneurs without seeing them the way they do themselves.
- We would probably come far in understanding social entrepreneurs by catching the content of their intentionality.
- We have said several times that entrepreneurs act 'as if', which means here to act as if reality is what they make sense of.

To catch entrepreneurs as language makers means first of all to see language as reality. To work symbolically through language and by this

transcend our biological limits is a sign of mankind and may even be seen as the most significant characteristic of human beings. Our acts are not just controlled by our purposes; our acts and our purposes are controlled by the language we use. Genuinely new problems require genuinely new solutions. We will not find these new solutions if we do not have a language for it (Bjerke, 1989, p. 135).

Language has certainly entered the theory and practice of business in the past 20–30 years:

- A company is defined by its language. The symbols, concepts, visions and focus of the senior managers offer a better understanding of the company in question than either its plans or decisions.
- Every moment is a symbolic moment. Even to ignore this as a business leader is symbolic. Are you accessible? Is your door open? Who is invited to your meetings? Who is not? Are you present at the company's parties?
- The vocabulary of a company can be an important asset, but it can also be a major liability. Is the vocabulary of your company based on terms like 'efficiency', 'productivity', 'growth' and 'return' or is it based on terms like 'feeling', 'commitment', 'pleasure' and 'creativity'?
- To renew a company may require identifying those who hold to relics of its old language (Arbnor et al., 1980). The point is to clarify the original ideas underlying the language being used in a company in order to reveal those who are still living in an outdated world.
- To renew a company may also require changing the central building blocks of its language, that is, its memes. Think about mapping the genuine phenomenological language of starting a business used by an entrepreneur, that is, a personal language in an individual life-world!

We think the same thing is valid for social entrepreneurial activities. To catch the language of social entrepreneurs offers, as we see it, a real opportunity to understand these people.

Culture is a concept which is used in many parts of society. However, no matter where we come across it, it seems, in general, to consist of the following (Bjerke, 1999):

1. Culture is something which unites a specific group of people.
2. Culture is something you learn as a member of a group of people.
3. Culture is intimately related to values.

Culture can be seen *as a typical behaviour, as the values governing such behaviour or both*. Our understanding of culture is that it exists of basic values, assumptions and beliefs that we learn from each other and which, to a large extent, are taken as given and implicit, and which influence our behaviour without being values in themselves. All people have a culture and everybody is a unique combination of subcultures picked up from different contexts, like family, school, ethnic belonging, friends and work. We claim that culture is intrinsically connected with social entrepreneurship; for instance:

- Social entrepreneurs around the world are rather different and very much dependent on the social culture, the business culture and the democratic culture, where they live.
- The relative number of citizen entrepreneurs also differs between different societies.
- Those values influencing public entrepreneurs are probably very different from one society to another. It is simply different value structures behind citizen actions in different countries, and is, among other things, due to how natural it is seen that the public sector is supposed to handle citizen matters.
- Different cultures have built up different structures for supporting their social entrepreneurs.

We have presented three views of mankind, which are intimately related to each other, and applied them to entrepreneurs. We are all, entrepreneurs or not, sense makers, language makers and culture makers, on and off. However, there is a fourth view of interest to the attempt to understand entrepreneurs, the notion devised by Spinosa et al. (1997) that only some people are *history-makers*. Entrepreneurs belong to this category.

We occasionally experience anomalies or disharmonies in our lives. These happen in our socially constructed life when things do not seem to fit each other. Most of us merely note such situations. But there are those, including entrepreneurs, who act when faced with such disharmonies, thus disclosing a new reality for the rest of us. By doing so, they change the way something in society is done – what Spinosa et al. (1997) call the 'style'. This can be done in three different ways:

- *Articulation* is the most familiar type of style change. It occurs when a style, which so far 'is in the air', that is, only potential, is brought into sharper focus. Entrepreneurs act instinctively. In articulating change, the style does not alter its core identity, but becomes more recognizable for what it is. There are two forms of

articulation. All articulation makes what is implicit explicit. If what is implicit is vague or confused, then we can speak of *gathering from dispersion*. If what is implicit was once important and has been lost, we can call it *retrieval*. Articulation is the most common form of entrepreneurship, according to Spinosa et al. (1997).

- *Reconfiguration* is a more substantial way in which a style can change. In this case some marginal aspect of the practices coordinated by a style becomes more dominant. This kind of change is less frequent in everyday life than articulation. In the case of reconfiguration, a greater sense of integrity is generally *not* experienced (as in the case of articulation). Rather, one has the sense of gaining wider horizons.
- *Cross-appropriation* takes place when one disclosive space takes over a practice from another disclosive space, a practice that it could not have been generated on its own but that it finds useful.

Articulation, reconfiguration and cross-appropriation are three different ways in which disclosive skills can work to bring about meaningful historical change of a disclosive space. All of these three changes are called *historical* by Spinosa et al. (1997) because people sense them as a continuation of the past: the practices that become newly important are not unfamiliar. Spinosa et al. (1997) are, therefore, contrasting their notion of historical change with discontinuous change.

One may ask, of course, why it is that our potentialities as history makers are discovered by so few? Spinosa et al. (1997) assert that there are three ways to understand this. All of them can be seen as aspects of phenomenology:

- Our common sense works to cover up our role as possible disclosers of new reality. Common sense practices cover the situation that everyday common sense is neither fixed nor rationally justified. The ultimate 'ground' of understanding is simply shared practice – there is no *right* way of doing things.
- Once we have become habituated to a style, it becomes invisible for us. It becomes part of what we take for granted in our everyday reality. If someone behaves in a way that does not fit in with our dominant style, we can fashion his or her behaviour to fit with ours.
- Because we do not cope with the style of, for instance, our culture or our company or our generation directly – we simply *express this style* when we cope with things and with each other – we have no *direct* way to handle it or come alive to it and transform it. Our practices are designed for dealing with things, but not for dealing

with practices for dealing with things and especially not for dealing with the coordination of practices for dealing with things. We do not normally sense our potential as disclosers, because we are more interested in the things we disclose than in the disclosing as such.

Through these three ordinary tendencies to overlook our role as disclosers, we lose sensitivity to occluded, marginal, or neighboring ways of doing things. By definition an occluded, marginal, or neighboring practice is one that we generally pass over, either by not noticing its unusualness when we engage in it or by not engaging at all. Special sensitivity to marginal, neighboring, or occluded practice, however, is precisely at the core of entrepreneurship. This sensitivity generates the art, not science, of invention in business. (Spinosa et al., 1997, p. 30)

Spinosa et al. (1997) claim that three widespread ways of thinking about entrepreneurship right now (entrepreneurship as theory, entrepreneurship as pragmatism and entrepreneurship as driven by cultural values) are not enough, for several reasons.

- They are not genuinely innovative; to reduce entrepreneurship to a number of fairly stable and regular procedures which place us virtually outside of change.
- They only try to satisfy those needs that exist already or which can be discovered or created without talking about how a person as an entrepreneur is changing the *general* way in which we handle things and people in some domain.
- They are deeply ahistorical.

The authors instead suggest *a composite case of entrepreneurship* which:

- has the ability to act on *the links* between innovation and implementation;
- exists to develop a feeling for *the roots* of our way of being;
- creates domains for history makers by attaching itself to perceived anomalies. The essential issue, according to the authors, is what they call historical, unlike the dominant ways of thinking by developing specific skills, by being pragmatic or by living according to one's culture;
- plays a leading role in determining which needs are important and in making change occur *as it does*;
- brings up and makes central what is only implicitly understood but still moves with its time (articulation), takes up an innovation and,

above all through speech acts, turns it into a practice (recon-
figuration) or finds other domains for entrepreneurship (cross-
appropriation).

Spinosa et al. (1997, p. 66) claim that entrepreneurship is human activity
at its best.

Let us only provide one example of how it could be possible to use the
theories with Spinosa et al. (1997), in our case. We have mentioned that
there is one dominating view of social entrepreneurship, which is the
American one. We have brought up an alternative which we call 'public
entrepreneurship'. One could say that the American view of social
entrepreneurship is one example of cross-appropriation, that is, to try to
dress social entrepreneurship in the language of the business entre-
preneurs. As a contrast, we want to claim that 'our' public entrepreneurs
are better seen as an example of reconfiguration, that is, an attempt to
make some phenomena, which are often treated as marginal, more public.

We have also mentioned that we see the use of space and place as
similar to explaining and understanding entrepreneurship. To think in
terms of space or place and in terms of explaining or understanding can
provide two different (and irreconcilable) kinds of thinking with the
researcher when he or she is using them. And we have also mentioned
that the whole matter is simply not a matter of choosing between the two
because they (in a strict scientific meaning) look at the world differently
and there is no neutral position where you can objectively choose
between space and place or between explaining or understanding. We
mentioned further that we have used *dialogues* rather than *interviews* in
our work as researchers of social entrepreneurship. It is important to
clarify the differences between the two ways of collecting data face-to-
face (Bjerke, 2007b).

INTERVIEWS AND DIALOGUES

The main objective with an interview is to collect data of a factual kind –
to get a picture of factually objective and subjective realities. The
interviewer should here act impartially so that he or she limits the
distortion of the reality that the respondents provide. A possible metaphor
for an interview is *to draw a map*.

The main objective with a dialogue is to try to understanding the
meaning and significance that actors put in their language, and their
cultural world. The data which results are not to be judged in terms of
whether they are true or not but rather to what extent it has been

successful to come to a common view of and construction of reality (the researcher is here seen as an actor as well). A possible metaphor for a dialogue is *to be an author*.

We can summarize the differences between interviews and dialogues as in Table 9.2.

Table 9.2   Differences between interviews and dialogues

Interviews (to explain)	Dialogues (to understand)
Reality is seen as circumstantial	Reality is seen as meaningful
Humans are seen as a result of circumstances and the researcher's task is to depict the most decisive circumstances in so-called models	Humans are seen as active creators of meaning and the researcher's task is, together with other actors, to come up with views that can be called guidance for these actors, and to do this in interpretations

We have conducted dialogues according to Cope (2005). According to him the dialogues, between the researcher or the researchers together with other actors, should lead to views and images in those everyday words uniting them, and which build on the meaning which the actors place in their actions and words out in the field. The only control that takes place from the researcher's or researchers' side is that the views and the images are steered in that direction and orientation which interests him, her or them. In the first stage a most detailed transcription is made of what has been said, without any amendments or additions.

Stages 2–4 are analysis work made by the researcher or the researchers. In Stage 2 a story is written down of each and every one of the actors in the field (Hartley, 1994). As Patton (1987, p. 149) puts it, these stories:

> Are readable, descriptive pictures of a person or a program which provides the reader with that information which is needed to understand the person or the program. The pictures can either be presented chronologically or thematically (sometimes both). The pictures present more complete portraits of persons or programs.

Every story (picture of an individual actor) should be given at a level which could be called *perceived experience* without referring to any literature and consequently represent 'a crystallization and a condensation of what the actor has said and as far as possible use the actor's own words' (Hycner, 1985, p. 282).

The analysis in Stage 3 contains a comparison between the different actors' pictures, what could be called 'a work of a detective' (Hartley, 1994; Mintzberg, 1983) in order to 'find out both what is common and what is specific in the different cases' (Stake, 1994, p. 238). The important phase in the analysis means to identify general and unique phenomenological themes in all dialogues (Hycner, 1985). Seen methodologically this is the start of more detailed content analysis (Patton, 1987, 1990).

> The content analysis involves to identify coherent and essential examples, themes and patterns in existing data. The analyst is looking for quotes or observations which are related, which are examples of the same underlying idea, subject or concept. (Patton, 1987, p. 149)

By extracting theoretical themes which can contribute to a deeper understanding for entrepreneurial learning and development, Stage 4 means to 'group' signs together that confirm the relations that seem to be there (Hycner, 1985). Still, these theoretical suggestions are to build on those data that the dialogues have given without using too much theoretical literature (Cope, 2005, p. 179).

Appendix 1 The carrying out of the Research Project

INTRODUCTION

The Research Project which led to this book took place in two stages, both stages financed by the Swedish Knowledge Foundation. Stage 1 aimed at creating a project group to generate a deeper understanding of the situation and skills improvement among small and medium-sized companies in Sweden in general, in cooperation with some university or university colleges in that country. At Malmö University College such a group was created in 2003 and it was in operation until 2006. Stage 2, which had a clearer focus on coming up with knowledge about social entrepreneurship, was conducted at Kalmar University College (later Linnaeus University) and it took place between 2008 and 2011. Both stages were led by Björn Bjerke (one of the authors of this book), who was Professor of Entrepreneurship at Malmö University College during the first stage and professor of the same subject in Kalmar during the second stage.

Björn Bjerke had freedom to implement both stages the way he liked and he did so in a similar fashion:

- A group consisting of a minority of academics and a majority of social entrepreneurs was put together in both cases.
- This group met in recurrent workshops for 2–3 days in different places in the south of Sweden (where Malmö and Kalmar are situated).
- These workshops were more often than not combined with visiting social entrepreneurship activities going on in the society or with lectures provided by specially invited people.
- Certain relevant literature was studied by the participants and it constituted an important background to lively discussions that took place during the workshops.
- At both stages some special studies were made of selected ongoing social entrepreneurship activities, in which the participants were involved, often as part of their professional work.

STAGE 1 (2003–2006)

None of the participants knew very much about the subject of social entrepreneurship at the start of Stage 1, but they were all eager and interested in learning as much as possible of the phenomenon and how it could be conceptualized.

Three of the participants in Stage 1 were academics, namely:

- Björn Bjerke
- Carl-Johan Asplund (assistant professor at Lund University Technical Institute)
- Daniel Hjorth (then research assistant at Malmö University College and later professor at Copenhagen Business School today).

The group met in 13 workshops altogether during Stage 1. The six special ongoing social entrepreneurship activities that were studied during this stage were:

1. *Aluma*. This is a monthly magazine which covers the situation among homeless people and which is sold by these people in different public places. The purpose of the project, apart from providing some financial support to homeless people and bringing some pride to them as sales people of 'their own' magazine, is to be a strong party in creating an opinion for homeless people. The magazine, which is rather elegant, mainly consists of articles with a social content, but also of discussions of activities within the cultural and leisure time sector in the area where it is sold. *Aluma* is not associated with any political party or religion. The magazine sells about 20 000 copies every month in the Öresund region in the south of Sweden, where approximately one third of a million people live. The woman who started the magazine, Elizabeth (who was not directly part of the research group), had, after having visited other parts of the world become interested and curious of similar types of magazines elsewhere.

    Elizabeth may possibly be seen as a social enterpriser, but she should in our opinion be seen more as a social innovator with her obvious citizen interests. *Aluma* is obviously a public place and those who sell the magazine (homeless people) act in public places.

2. *The Stocks Place*. This is a vision, which is partly realized today, of building a youth park in an area which was formerly used by Kockum shipyard in the Swedish city of Malmö. The champion of the project is John Magnusson (J.M.), about 30 years old, who was

also a member of the research group. His ambition was to build Europe's biggest and best outdoor skateboard arena. He was supported by Malmö city local government for his idea, which was generally to provide a model for cooperation between a city and its young citizens. John's ambition is characterized by involving young people in creating public places and to do this in a very democratic way. The physical part of the park is, by and large, finished today and it has become a great success.

John Magnusson is the archetype of a public entrepreneur even if he is cooperating with venturing people from the public sector as well as from the business sector. The Stocks Place is nothing but a public place.

3. *The Brewery*. The Brewery (the name came from the fact that its facilities were earlier used by a brewery) is one example of a successful outcome of people coming together creating things of a physical as well as of a more abstract kind. The Brewery was inaugurated in 1998 by the Swedish Minister of Finance at that time. Its facilities contain an indoor skateboard arena which is built of ramps constructed by the skaters themselves. There is also a cafeteria, an engineering workshop and media localities, plus space used for educative purposes. Four persons who were associated with the Brewery were also part of the research group, namely, Håkan Larsson (H.L.), Ronny Hallberg (R.H.), Torsten Buhre and Dick Samuelsson. John Magnusson, the champion behind Stocks Place, was also involved with the Brewery and is today its boss.

    Håkan Larsson was at that time a public entrepreneur, who acted as a citizen for other citizens. Ronny Hallberg was one of the great thinkers in social entrepreneurial issues during this stage of the Research Project. He was a rare example of a public entrepreneur, who was thinking as such and practised what he preached. Torsten Buhre has a background of being interested in sports as a non-commercial activity, and is a public entrepreneur in this respect. Dick Samuelsson is a retired adult educator and is a public entrepreneur as such.

4. *Home Service*. Long term welfare in a society is a central problem in big cities. In order to create employment for those who are farthest from the labour market, it is necessary for different key actors to cooperate constructively with each other. Home Service was such a cooperative project where local actors in the Swedish city of Malmö were involved in an experiment aimed at lifting people out of a long-term dependence on welfare support. What was special about the project was that the key agent behind the

project was MKB, that is, Malmö's large public real-estate owner, which has a central ambition to improve the physical living environment in different real-estate areas – areas where often more than half of the tenants are immigrants and/or refugees. A champion in this project was Stig Andersson, employed by MKB and member of the research group.

MKB is a business company, even if it is not run to make a profit. Stig Andersson, however, exemplifies the public entrepreneurial ambition that you find in MKB, being a strong proponent of this interest.

5. *Garden Room, Österlen*. This project is an attempt to generate cooperation between research, society at large, artists and social entrepreneurs in order to establish Österlen (the east coast at the very south of Sweden) as a cluster of horticultural knowledge and therapy including horticultural creation. The driving force behind the project is Monika Olin Wikman, who lives in Österlen and loves the area. At the time she was associated with the Association for Adult Education in Malmö, and she was part of the research group together with Ingrid Rasch and Göte Rudvall, who also worked in the association. Different steps have been taken to bring the project forward and the work continues.

Monika Olin Wikman is an active advocate of spreading the joy of Österlen more publicly. Ingrid Rasch looks at art as an important public part of the development of society and works actively to promote this. Göte Rudvall is an active pensioner with an interest in making adult education in the society more public.

6. *The Future Hope LBK B89*. The project aimed at implementing a leadership programme to foster joy and interest in soccer among all boys born in 1989 in the soccer club LBK in the Swedish city of Lund (instead of supporting and giving special training and coaching only to the most promising young people, which is so often the case). There was a lot of turbulence in the club at that time. A few parents of the young people in question (including Gunilla Wachtmeister, who was then employed in something called the Motivation House in Malmö and who was part of the research group together with her boss, Bengt E. Svensson) took action and recruited a former hardened juvenile offender to train the team. He did this in a very participative way for all. His involvement turned out to be a success. The age group in LBK plays today in the first division in Sweden.

The combination of Gunilla Wachtmeister in the project LBK B89 as a parent and as a public entrepreneur is unique. Bengt E.

Svensson was running a consulting company which operated in the public sector as well as in the business sector to spread civil dignity and participation in the society.

Ann-Marie Ericsson who works for one scout association in Malmö was also a member of the research group (more about her in Appendix 3).
Some important characteristics in Stage 1 were:

- The concept of social entrepreneurship can have a lot of different meanings and is a very young subject (it has existed academically for only about ten years).
- We chose to limit our understanding of the concept to Sweden.
- We therefore coined the term 'public entrepreneurship' (that is, social entrepreneurship operating in public places), which quickly turned out to be adopted in several places also outside our group.
- We quickly became aware of the enormous commitment and involvement and the huge driving force existing among social entrepreneurs in the projects they are running or at least are part of.
- We quickly learnt the important role that is played by language in spreading and understanding what social entrepreneurship in general and public entrepreneurship can mean.
- We became very impressed by the knowledge-developing power that can exist in a group devoted to learning about a phenomenon together.

Further details about Stage 1 of our project can be read in Hjorth and Bjerke (2006) and in Bjerke et al. (2007). The result has also been reported in a conference in New Zealand (Bjerke, 2005).

STAGE 2 (2008–2011)

At end of 2008 Björn Bjerke (then at University College in Kalmar, now part of the Linnaeus University) received a new research grant from the Knowledge Foundation, which aimed at generating more knowledge about social entrepreneurship in order to, among other things, start an education in Sweden at some university. This can be called Stage 2 of the Research Project. He designed this stage as he did Stage 1, that is, to include regular workshops and special studies of some selected ongoing social entrepreneurship activities. In all, 12 workshops took place during this stage. Study trips were made to Copenhagen, London and Berlin. The members of Stage 2 were:

- Jonas Högqvist – developing strategist in Högsby local government (Högsby is a small centre in a rural district in the south of Sweden).
- Lasse Johansson – member of the culture and leisure committee in Kalmar local government (Kalmar is a city in the south of Sweden).
- Helen Hägglund – project manager within arts, culture, entrepreneurship and social development issues in the SIP Network (Social Change in Practice) in Växjö (Växjö is a city in the south of Sweden where the second campus of Linnaeus University is situated).
- Chatarina Nordström – ambassador for women entrepreneurs in Kalmar and its neighbourhood (one out of about 800 women in Sweden appointed by the former Minister for Trade and Industry in Sweden to be an ambassador for women as entrepreneurs).
- Ulf Wickbom – freelancing journalist and political debater in the *Barometern* (a local daily paper headquartered in Kalmar).
- John Magnusson (J.M.) – the founder of the skateboard arenas in the Brewery and at Stocks Place.
- Håkan Larsson (H.L.) – headmaster at the Glocal Folk High School in Malmö.
- Ingemar Holm (I.H.) – co-founder and project manager at the Centre for Public Entrepreneurship in Malmö.
- Ronny Hallberg (R.H.) – co-founder and project manager at the Centre for Public Entrepreneurship in Malmö. Ronny Hallberg, missed by us all, suddenly died in April, 2010.
- Ivar Scotte (I.S.) – founder and manager of a website for volunteers, called frivillig.se, associated with the Centre for Public Entrepreneurship in Malmö.
- Nils Nilsson – associated professor at Linnaeus University, Kalmar.
- Max Mikael Björling – university lecturer at Linnaeus University, Kalmar.
- Mathias Karlsson – B.A. in marketing and entrepreneurship and project assistant in Stage 2 of the Research Project. He is also the second author of this book.
- Björn Bjerke – Professor of Entrepreneurship at Linnaeus University. He is the first author of this book.

Dialogues of the kind presented at the end of Chapter 9 in the book were run by Björn Bjerke and Mathias Karlsson together with John Magnusson, Ingemar Holm, Lasse Johansson, Jonas Högqvist, Håkan Larsson and Chatarina Nordström, one at a time.

The six ongoing social entrepreneurship activities that we studied in more detail at Stage 2 were:

1. *Skate Malmö*. The ambition is to position Malmö city as a centre
    for skating in Sweden and even in northern Europe. This is on its
    way to be a reality through Stocks Place and the Brewery plus
    several other skateboard arenas in Malmö region. The biggest
    driving force and the spider in the net is John Magnusson. Some
    questions that guided this study were:
    A. How does the situation for the Brewery/Stocks Place look today
        and which development possibilities are there?
    B. How is it possible to develop the concept 'skateboard culture' in
        Malmö in a favourable direction (resource-wise ⇔ common
        trademark ⇔ many small actors ⇔ art, competitions, fashion
        ⇔ a lifestyle ⇔ combination financial/idealistic)?
    C. How can the Brewery/Stocks Place become a sustainable active
        part of the phenomenon Skate Malmö?
2. *Centre for Public Entrepreneurship*. Centre for Public Entre-
    preneurship is a kind of incubator for social entrepreneurship
    activities in general and for public entrepreneurship in particular, a
    platform for people who want to be part of changing the society for
    the better. This centre was started by Ingemar Holm and Ronny
    Hallberg supported by public financial means. The Centre for
    Public Entrepreneurship became a reality as a result of many
    people's ambitions and needs to be able to package and organize
    social entrepreneurial possibilities in the society. So, it is a co-
    operative project between many different social interests. Those
    behind this centre can by and large be called the social economy of
    Malmö and its surroundings. Ingemar Holm, who is a very driven
    public entrepreneur (as was Ronny Hallberg), was involved in two
    large projects before the Centre for Public Entrepreneurship began,
    that is, The Association Öresund and Practical Bridges over
    Öresund. Tasks to perform and questions to ask in this study were:
    A. In cooperation with the regional project 'Public Entre-
        preneurship' to establish a Centre for Public Entrepreneurship
        as a knowledge node and a support organization.
    B. How to visualize public entrepreneurs and what support do they
        need at societal, organizational and individual level?
    C. How important are networks (really) for public entre-
        preneurship?
    D. To bring up possibilities through a Centre for Public Entre-
        preneurship to develop urban culture, social movements, media
        and communication including international activities.
3. *Glocal Folk High School/Imago Malmö*. Imago Malmö is an
    investment by Glocal Folk High School (where Håkan Larsson is

headmaster) to replace the local Malmö Television which went bankrupt. A new technology (so-called Bambuser) makes it possible, for instance, through your mobile phone to transmit moving pictures directly to TV. It is also possible to bring in pictures from Twitter or YouTube. This provides a very powerful possibility for an active exchange of information between citizens – in the first step to make it possible for people in Malmö and its surrounding area to get online and view pictures of what is going on in their neighbourhood, pictures which are not created by journalists, but by active and interested citizens, who function as kind of barefoot journalists or everyday story tellers, call them what you like. Stories and pictures from ordinary people are different from those provided by established media channels.

A small group of 3–4 people are working on this project. The technology is not fully developed, but the main problem will become financing, among other things, because open media channels must not contain advertising. Håkan Larsson, who was active in adult education for many years before he became headmaster of Glocal Folk High School, is a true example of a person who acts 'as if and make a difference', which we have seen as one fundamental characteristic of an entrepreneur. Tasks to perform and questions to answer in the study were:

A. To follow the start-up of the media investment Malmö Local TV at Glocal Folk High School.
B. To learn to understand which role such a platform and activity may have for a meaningful and mutual possibility for citizen communication.
C. How to create pride, commitment and understanding through this media investment?

In Appendix 2 there is a further discussion of the role and possibilities of media in Sweden.

4. *Local government culture and recreation service in Kalmar*. Kalmar is a city-based medium-sized Swedish municipality. Lasse Johansson is involved with this municipality; he has been on its council and its culture and leisure committee. He has a background as an active soccer player and has always been interested in involving young people in the sport.

Lasse Johansson looks at the problem such that new forces want to do new things in the society and that the local government has not had the real ability and knowledge to take care of these forces. At the same time he asserts that his local government is very open and willing to learn and to change. He thinks it is a paradox that

there has never been so many sports clubs and that there has never been so many people involved at the same time as they seem to have less time to spend in these clubs. He enjoys and is very happy to be able to make a difference in the age in which he lives, to leave some kind of imprint that he has done something good. In other words, he is a person who does not want to just be passively employed by the local government and who is willing to act 'as if'. Questions to answer in the study are:

A. How to organize for public entrepreneurship in a municipality?
B. How to create possibilities for public entrepreneurship to develop in a municipality?
C. What does the situation for public entrepreneurship look like in Kalmar?
D. How to visualize the structure of the municipality such that it becomes meaningful and useful for the local government to consider public entrepreneurship?

5. *Högsby local government*. Högsby is a small Swedish rural district with less than 6000 inhabitants and which has a negative population development because more and more young people are moving out. Almost 50 per cent of those who are employed in the district are in agriculture. In Högsby there is a relatively large third sector with several village communities and with several associations in sports, art, gardening and other interests.

   Jonas Högqvist is development strategist in the local government of this district, where he started as project coordinator in 2007. His main task is to create as good a business climate as possible in the district, but he is also interested in visualizing and activating entrepreneurs of another kind. He sees a future rural district with an idealistic size of 10 000 inhabitants.

   Jonas Högqvist does not consider it enough just to be passively employed by the local government and he is not afraid to act 'as if' (which he has shown on several occasions). Questions to answer in this study are:

A. How to develop such a small district as Högsby?
B. What can be learnt from larger municipalities such as Kalmar and Malmö (Malmö is the third largest city in Sweden)?
C. How to create interest/involvement among those who live there?
D. Which role do public entrepreneurs play in the district?

6. *Women in the North – Kalmar administrative province*. In 2007 the Swedish government appointed 800 ambassadors (all women) to support women entrepreneurship. Their mission was to make women who run businesses more visible, to be role models and to

inspire more women to start a business, to create a media interest and to increase the knowledge in how to run a business. One of these ambassadors was Chatarina Nordström, who had a background in supporting women as entrepreneurs, both as an entrepreneur herself and within adult education. In her case Women in the North refers to Kalmar administrative province. She has now left Women in the North and continues to work on the same issue, but in a wider context, for instance, within the European Union.

Chatarina Nordström has shown clearly that she does not want to be just any woman and she acts as if it were possible for more women to be enterprising than is currently the case. Questions to answer in this study were:
A. What is special with women as entrepreneurs?
B. How to enable more women to become entrepreneurs?
C. What is Women in the North and how does it work?
D. How can public entrepreneurship be a career possibility for women and how can it be realized?

In Appendix 4 there is a further discussion about women and entrepreneurship.

Some important characteristics of the knowledge development in Stage 2 are:

- There is a huge variation of different kinds of social entrepreneurs. Some bridge over different sectors of the society and some operate only in one of them, that is, in the public sector, in the business sector or in the so-called third sector (which we call the citizen sector).
- It became increasingly obvious that there are differences not only between business entrepreneurs and social entrepreneurs in general but also between those social entrepreneurs who combine their social entrepreneurial interest with being employed in the public sector or being a business entrepreneur, and those social entrepreneurs who are neither employed by the public sector nor start a business but operate in the third sector. We called the latter ones citizen entrepreneurs.
- It also became rather clear that there are differences between citizen entrepreneurs as citizen enterprisers and as citizen innovators and that the latter ones (we called them public entrepreneurs) are of more interest in a country like Sweden with its large public sector.
- We clarified entrepreneurs as people who act as if and who make a difference.

- We learnt that the ruling development in the society necessitates a larger participation and visualization of citizen entrepreneurs in the society.
- We found out that, in order to make a more sustainable development of local regions possible, it is necessary that all kinds of entrepreneurs are visualized and encouraged, not only business entrepreneurs.
- We also found out that citizen entrepreneurs, who act locally, are more dependent on networks and social capital than business entrepreneurs.
- We saw an interesting possibility for women who want to become entrepreneurs to do so by becoming public entrepreneurs.
- We saw an interesting conceptual pair in 'space' and 'place'.

It is possible to say that in Stage 1 we tried to place the concept of social entrepreneurs on the knowledge map and that in Stage 2 we tried to learn more in detail about what the concept means, theoretically as well as practically.

Material from Stage 2 has been presented at conferences in Oxford (Bjerke, 2009a), Paris (Bjerke 2009b) and in Boston (Bjerke and Karlsson, 2010). Aspects of the Research Project can be read in Bjerke (2010), Bjerke and Rämö (2011) and Bjerke and Karlsson (2011).

Appendix 2 Media cultures – yesterday, today and tomorrow?

Written by Claes-Göran Holmberg, Associate Professor at Centre for Languages and Literature, Lund University, Sweden.

In the year 2004 the linguist Jan Svensson and I published an anthology (Holmberg and Svensson, 2004), where we tried to put together scholars from different disciplines and their studies of the effects of the new media. We asked them to consider thinking about some questions that we thought were relevant in the context:

1. *Screening or cover-up?*
Has it become easier or more difficult for citizens to orient themselves in the society due to the new information channels that have come up?

2. *Illusion or reality?*
Can our social and emotional needs be satisfied easier with all the new possibilities for interaction with the surrounding world or is this just an illusion which is not very related to reality?

3. *Intimacy or distance?*
Is it possible these days to preserve the distinction between what is private and what is public?

4. *Depth or shallowness?*
Can the new hybrid kinds of media offer deeper emotional knowledge than the older, more established, ones?

5. *New or old?*
Do the new kinds of media really offer something new or are they just traditional stories in a new package?

In this appendix I intend to discuss around what has happened in this area since 2004 with a special focus on questions 1 and 3. It is quite clear that a lot has happened. 'Social media' as a concept hardly existed in 2004. However, the phenomenon, in *Mediekulturer* represented by the large Swedish web community, Lunarstorm, was there. The last years

have, however, seen a revolution in using social media, which has fundamentally changed all forms of traditional ways to relate to one another.

PRIVATE OR PUBLIC?

I intend to bring up a number of new forms but will use Flashback as a special study object because this net forum points at several different tendencies in the society. Flashback was started in 1983 as an underground news site. The founder, Jan Axelsson, later expanded the whole thing to a company with several different branches, where the Internet Forum Flashback, started in 2000, is the most well-known one. At the moment the forum has about 650 000 members and they write more than 20 000 contributions every 24 hours. It is difficult to estimate how many people follow the forum without registering themselves.

Flashback started in order to give a voice to minority groups which could not be heard in the so-called 'older media' (press, radio, TV). There are therefore plenty of racists, neo-Nazis, paedophiles, drug advocates, and so on on the forum, but there is also space for ordinary, non-extremist people with different special interests, everything from computers, music, celebrity gossip, politics, just to mention a few. Because of some commercial contributions that exist on Flashback the company was forced to leave Sweden and register itself in England.

I now intend to analyse somewhat closer a special 'thread' on the forum 'Current crimes and criminal cases', the thread about a murder that took place on Sibbarp Camping in the Swedish city of Malmö. 'The creator of the thread' (the person who suggests a new subject) is in this case 'the nick' (an abbreviation of 'nick name'. A nick is associated with an 'avatar', a picture which can be changed whenever you like).

At 12:44 on 11 May 2011, Mr Krisp (the nick) is placing, as a consequence of an article in a local newspaper about a man having been shot down in Malmö, an inquiry on the site in question whether anybody has more information about the event. After 6 minutes the first comment appears: somebody is complaining about all the shootings in Malmö in the past years. At 13:12, the first inquiry comes about the 'ethnicity' of the man that has been shot. In all the criminal threads on Flashback there are a number of people who want to know whether it is an immigrant or an 'ethnical Swede' who has committed the crime. If the latter, these writers usually quickly disappear from the thread.

Different speculations are brought forward. Motorcycle gangs trying to get even with each other? Shady businesses? 'Honour crime'? The participants in the thread also continuously get links to the older media reports. All details are penetrated: age, dress, and so on. One participant in the thread offers to go to the place of the crime and then report from there. The first map of the area where the crime took place appears in a link. A generally available site offering detailed maps makes it easy to find the place.

At 13:58, the participant who went to the place has come up with two registration numbers on cars from the crime scene. One of the cars is owned by X, who later is shown to be the victim. The other car is owned by a completely innocent person, who has to appear with his name, but who later disappears from the picture.

Through the Swedish site Ratsit, addresses and social security numbers quickly appear not only of the victim but also of a woman who lives at the same address. That woman is shown to own two business companies, one delivery firm and one pizzeria. Ratsit is a company that offers information about all people who live in Sweden of at least 18 years old and of all registered firms. The basic information is free; if somebody also wants information about income, for example, it will cost money. Ratsit is one of the information roads 'Internet detectives' use when they want to get some closer information about somebody. One thread participant stated at 14:13 that X's tax return only showed an income of SEK 97 000 in 2010 (about £8800) and that the car which was owned by X could not be bought with that kind of money and that X may not be an ordinary law-abiding person.

At 14:21, some Flashbacker has read somebody else's Flashback contribution and takes it that the police have caught a possible perpetrator of the crime. Eight minutes later the first theory (one of many) is presented about the cause of the crime: the victim is possibly a member of an Eastern European criminal syndicate and has now been eliminated by competitors. Then the discussion goes on about the victim, the status of Sibbarp Camping as 'the Persian Gulf', a retreat for Arabs, about the gypsies on the camping, and so on. At 15:26 somebody comes up with the suggestion of calling X to find out if he is alive. X does not answer. At 15:53, somebody asserts that X is the deceased and at 16:05 the signature Flashback can proudly state: 'Well done, FB detectives. At 14:03 the right name was at place. And according to the newspapers: "The identity of the victim was still not identified at 14:30"'. That is to say the press was far behind Flashback. At the same time somebody places his own pictures from the crime site and from when the victim is carried into a car to be transported away.

At around half past five, somebody appears on the site claiming to be the son of the deceased and says that he is willing to answer questions. Real and invented friends and family members exist in different crime threads, the real ones often in order to protest against speculations and 'outings' (that is, to provide people's names) in the thread. The false ones are often there to misinform. At this stage, pictures of the victim (and in many cases the picture(s) of the perpetrator(s)) are also asked for. The most common link to refer to then becomes the Facebook sites of those involved. At this stage a murderer is still not identified, in other cases this is done fast and the perpetrator and his or her family is often revealed to be gazed upon by everybody and to be mocked.

This case is in many ways typical of how Flashback handles criminal cases of different types. A number of 'private detectives' conduct investigations partly using public sources (Ratsit, Facebook, criminal records, preliminary investigation reports, and so on), partly by approaching acquaintances, neighbours, relatives, school mates to the victim/penetrator. The latter group, the private, is surprisingly often present in different threads. This causes major problems for the 'older media'. Is it meaningful to be careful about publishing names in, say, the press, when anybody can go to Flashback to quickly get all information? For the police, Flashback is a source of information, but also a moment of irritation because information which for investigative reasons should not be published appears there.

It is quite clear that what is private becomes more and more public. It is simply not possible for a person to keep him- or herself hidden if for any reason he or she comes in focus of some interest. Take for instance the case of a mother of three children, Y. Y was interviewed in the daily press because she could no longer claim any insurance money from public authorities after having been on sick leave for four years due to fibromyalgia, depression, exhaustion, and anxiety and memory problems. By reading her blog and her Twitter, Flashback detectives point out that she looks remarkably healthy and that she is of relatively good economic status. She becomes the victim of a hate campaign where she appears as a cheater and a malingerer. All that has been blogged, twittered or in any other way been published in social media may also be seen by the employer. We have already seen cases where colleagues have been fired due to opinions expressed on the net.

Nobody, who deserves or who does not deserve to appear in the limelight of the media can any longer count on any kind of private life. Everything becomes public.

SCREENING OR COVER-UP?

Has it become easier or more difficult for citizens to orient themselves in society because of the new media channels that have appeared?

The answer is often both. For those who can comfortably surf around on the net there are probably more possibilities to orient themselves than ever. The flow of information has increased enormously, not only in size but also in breadth, for good and for bad. Opinions and views which by and large have been invisible are suddenly freely available. Minorities that had to stick to obscure journals can now freely make themselves heard: paedophiles, racists and Nazis, conspiracy theorists, ufologists and so on.

You can Google by using almost any word and get information, reliable as well as unreliable. Wikipedia is a web-based encyclopedia which contains millions of articles which are increasingly common as first source of information. YouTube provides you with free access to sound and movable pictures of all kind. You may for instance look at Abbott and Costello's classical sketch 'Who's on first' in at least six versions or listen to recordings by Charlie Parker or John Lee Hooker. But on the net you can also find pictures of people who have shot their face to pieces or look at suicides online. On Flashback there is a special thread called 'Mondo, gore and bizarre', where the most terrible pictures and films can be seen.

So, the possibilities to see and to be seen have increased enormously. It can, as we have seen, mean great possibilities but also great dangers. Paradoxically enough, the possibilities for cover-ups have increased. It is not enough that doubtful information is spread on the pages of, for instance, Flashback and Wikipedia, conscious disinformation is also very common. It may be criminals or their relatives who try to put the blame on somebody else. It can be 'trolls' who find it amusing to cheat, manipulate or provoke. It can be people who create false Facebook groups to entice people to become members and then suddenly change side and get the group to embrace a directly opposite view from the first one. One known example is '2 Swedish krona per person to the victims of the earthquake in Haiti', which enticed a couple of hundred Swedes to become members later to realize that they had become members of 'the Swedish necrophiliac group'. A joke, of course, but not a much appreciated one. Creators of such false groups sometimes excuse themselves by claiming that they just wanted to raise people's awareness of the danger of showing themselves on the net without considering the risk of being manipulated. An even more common phenomenon is so-called 'facerape',

that is to say, that somebody takes over a person's account on Facebook and then writes insulting things in his or her name or manipulates his or her pictures.

For the person who is not very familiar with the mechanisms of the net, this can look as well as be seen as disastrous.

LOCAL-REGIONAL-NATIONAL-INTERNATIONAL

It seems like the development of what is international becomes even more important. Political and other interest groups can operate world-wide. Networks can be created in a very simple way and people all over the world can participate. This has already showed its importance in countries where it is not possible to express oneself freely, for instance, in several countries in the Middle East. The power of the net is great and the opposition is thereby increasing. China's fight against Google is just one example.

It is, however, striking, how national most social medias are, neglecting online games like World of Warcraft (all time high: 12 million users) and Farmville (all time high: over 80 million users). Flashback is, above all, a Swedish phenomenon and Facebook exists all over the world, that is true, but the participants normally use their own language. It may seem somewhat surprising in these international times but the power of language over thoughts is very strong. English is naturally the most common language used on the net with 536 million users. In second place comes Mandarin Chinese with 444 million, Spanish with 153 million, Japanese with 99 million and Portuguese with 82 million users.

Although Flashback by and large excludes non-Swedish users, there are some attempts to attract international interest, for instance, in the thread about Julian Assange. Some contributors write in Swedish as well as in English. The big threat against Swedish, however, lies in the new code language growing up with English as a base. IMO, WT, Wtf and OT are just some examples of abbreviations which are understood by net users (IMO = In My Opinion, LOL = Laugh out Loud, OT = Off Topic). A new kind of international shorthand language is emerging.

Then, what will happen with local and provincial matters? Well, behind what is national and international is also hiding what is local and provincial. It can be everything from Flashback users that agree to meet and organize a search for somebody missing to discussion groups concerning some regional historical matter. The social media also works as places for discovery and bringing people together.

WILL OLDER MEDIA SURVIVE?

Older media have previously had a surprisingly great ability to survive when they have met competition. Newspapers managed the arrival of radio and the TV by being what has been called 'the slave of ether media', that is, they have devoted themselves to watch the supply by TV. This has been done, among other things, by looking at some coming TV events beforehand, by reviews and by discussions afterwards. More and more pages in the evening papers are being used for this.

There is no doubt that press, radio as well as TV have been influenced by the social media. Watching news has already been discussed, and more and more backdrops for ideas and debates originate in the social media. Publication of names in crime journalism is about to go through a radical change of direction. As already mentioned, what is the point of not publishing names when somebody interested, just a few hours after a crime has been committed, can go to Flashback or some similar forum and get access to the personal information about the victim, and in many cases also about the perpetrator.

Do the older media then have something unique to be able to survive in the new media world? The book, the oldest media, seems to be the medium which has been the best at withstanding competition so far. The format itself, the very packaging, is unbeatable. It is simple and comfortable to bring a book into almost all situations. The talking book is, to be sure, a competitor and so is the iPad, but so far they function only as a complement. As far as the content is concerned, the book works (in paper or in electronic version) as a counterbalance to snippets of information that can be found on Twitter, Facebook, blogs and so on. Even the moderators of Flashback, who supervise what is written, can go in and erase what they call 'oneliners', that is, comments like 'all immigrants must out'. Long stories and books based on facts will probably always be in demand.

For the paper, the situation is more complicated. The press tries ever more frenetically to stay as an important contribution to the media world. The net versions seem to function, even if an increasing number of maddeningly blinking and jumping advertising pieces complicate the reading. The paper (as a paper) will probably disappear in the long run, maybe with the exception of those free papers that are available at railroad stations and bus stations and the like.

What will keep the old media going, I think, is the advanced journalism that sometimes exists there. There will always be a need for professional voices, which can classify and comment on the information

flow for the ordinary citizen. It is not enough to have the flood of amateur commentators which is redundantly facing us at the moment. The radio will have to try to survive as music intermediary (even if Spotify and the like are tough competitors) as well as commentator on social and cultural issues. TV, the newest old media, is paradoxically enough the one that will find it hardest because of the very high costs that are associated with TV productions. It would be possible to think of very local TV companies which mainly produce programmes from the neighbourhood, probably then through the net, and which create a close relationship to the local population.

The social media will also change, of course; some forms will be successful, and some will disappear – or have already disappeared. Lunarstorm and Playahead, which were two of the most successful web communities in Sweden, had to close down in 2010. Facebook, one of the top most successful projects, experiences just now a downturn in the number of users. This is probably because different groups start to think a second time. Most criminal individuals have happily placed their lives on the net and their closest friends have also been there. Young girls have placed nude pictures of themselves on the net and have seen them sent to their family and to their school. At the same rate as everything becomes more personal, so is the awareness of what it may cost.

To summarize, my impression is that the media situation has changed drastically since 2004. The possibilities and the risks have increased. Citizens have got more chances to make themselves heard and to analyse the society. At the same time, authorities of various kinds have increased their possibilities to supervise. But unless some super-national authority decides to drastically reduce the freedom on the net, it is my firm conviction that the future media situation – and I do not mean social media the least – is bright. Great possibilities will then be open for commercial as well as social entrepreneurs to widen their interests further.

Appendix 3 Some other social entrepreneurial projects we have come into contact with

SOME SOCIAL ENTREPRENEURIAL PROJECTS THAT WE HAVE LOOKED MORE CLOSELY AT THAN OTHERS

SeXBoX

During the spring term of 2001, in one school where Ann-Marie Ericsson worked as project leader, one class was working with the theme 'ethics and morality' and produced three discussion films, having ethical and moral dimensions. These 'dilemma films' discussed mainly sex and social life issues (the school in question has film, music and drama as a profile and as tools in its attempt to work across subjects, thematically and with integration as one of its absolutely largest and most important results). These films became quickly in demand partly because they were produced by students and partly because they discussed subjects which for many schools were felt as of immediate interest and important to discuss/debate.

It was satisfying, of course, that so many interested parties were eager to use these films but at the same time Ann-Marie and her colleagues experienced that the films were 'pulled out of their context' and therefore did not fill the function they were produced for. They then decided to lend the films when asked for but never used any marketing, and felt by this a certain frustration from not having taken the time to at least write a manual in how it would be possible to work with and around the films. The school in question had relatively unique possibilities to work in a production oriented way because the whole school is based on interest-based learning with an annual production as a common goal. Most other schools do not have the technical facilities to do the same with a common

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clear production objective, so Ann-Marie and one colleague, Rolf Isaks-son, started to think about how they could find a way to transmit the experiences from working with the films in a converted form applicable to most.

It turned out, however, that it would take until autumn of 2003 before the idea became practice. After a dialogue with a public health institu-tion, they were asked to apply for funds in order to develop their basic idea. The two sat down and thought hard about how they could convert their project to a method applicable in all possible contexts where there were young people and sensible adults. Then they applied for funds and were happy to have the application approved. At that time, Ann-Marie as well as Rolf had changed their jobs, which for both of them were demanding in terms of time as well as in energy, so the absurd situation appeared where they had a project idea and funds to develop this idea but had no time for actually doing it. In the end, in March 2004, they managed to find two weeks where both could take a leave from their ordinary jobs, and then the challenge was to be very effective.

All who have done something similar know however that a creative process does not follow a straight line, especially not when their 'job mobiles' and the conversations from them took half their 'spare time'. However, they became able to formulate and to sort out their thoughts and ideas to be substantiated and concrete enough to come up with the product itself, which they decided to call 'SeXBoX'. The very name has, to some extent, the form of a game (and what young person today does not know about Xbox), but was partly due to the fact that the product itself was delivered in a box on wheels and is all about sex and social issues. After a number of evenings/nights and weekends filled with work, the first 'SeXBoX' was ready to be delivered.

Ann-Marie Ericsson has by SeXBoX started a project, where she wants to be useful to society without making a profit.

The SIP Network

The SIP Network is a rather different and unique umbrella network which is based in the south of Sweden. The SIP Network works with *Social Change in Practice* by 'encouraging entrepreneurship and per-sonal development for those who want to make the society more accessible and democratic'. They do so by using new media and new technology and by sharing knowledge and developing skills. Within the network there are three legal entities: a national association of equality between genders (Grrl Tech), a regional project association (Projektor) and a social venture (PIX). Apart from the formal and legal entities there

are plenty of temporary and flexible networks, groups, project activities and individuals.

What is called the SIP Network is no legal entity of its own but a network created for there to be an outlet for all its common activities. Every legal entity within the SIP Network has then found its own purpose, but what is common for all three legal entities is that they change the society for the better in large and in small ways, therefore it was given the name SIP, Social Change in Practice.

Those areas in which the SIP Network operates today are, for instance, rural development, young entrepreneurship, functional handicaps, democracy, international issues, education of adults and others, culture and digital media. They work concretely with these issues by, for instance, publication of magazines and newspapers, public lectures, education at a distance, folk high school courses, advertising and conceptual bureau activities, pilot and preliminary study projects, implementation programmes, coaching, establishment of activities, business consulting and much more. Two development centres have been created within the areas of functional handicaps (Funkibator) and international issues (Globala Kronoberg) and they also run a subsidiary at a folk high school nearby.

The first organizations in SIP (Grrl Tech and Tech Group) started around 2000 and these organizations have today, due to their young age, no fixed structures or traditions. The network has become a magnet for drive, burn, commitment and realizers of ideas, in other words, entrepreneurs. The operative culture is thinking in new ways; it is exciting and it always permits experimenting, testing and going outside the box. The SIP Network is an organization for the future which has been created and 'owned' by young people and young grownups, who were already very digitally aware from the start. Digital and social media is today permeating all that they do and they invest a lot in development skills and scanning the environment within this area, both internally as well as externally.

The head office is in Växjö, where about 40 people work together in an inspiring and creative office environment. The SIP Network operates on local, regional, national and international arenas. Another organization like SIP does not exist in Sweden.

Helen Hägglund represented the SIP Network in parts of Stage 2 of the Research Project.

The Ballad Song Festival in Västervik

The Ballad Song Festival (as it is called) has taken place in a castle ruin in Västervik (a city on the Swedish east coast) annually since 1966.

For the first two years, the Festival was arranged by *Mageliso Club*, a group of upper school secondary pupils, and they were replaced by Hansi Schwarz, a member and one of the founders of the Swedish music group Hootenanny Singers, plus Lars 'Frosse' Frosterud. The latter stayed on until 1977 and Schwarz has been the organizer since (Schwarz et al., 1995). In this role he is sometimes called the Ballad Song General.

During the earlier years the Ballad Song Festival lasted for a whole week, but today it goes on for three days. Since the start the (major part of) the Ballad Song Festival was scheduled at week 28, something which has been worked into the logotype. Over the years certain rearrangements have taken place inside the castle ruin, primarily the placement of the stage. Recently the stage has been placed in the northwestern corner of the castle ruin.

A large number of artists have appeared at the Ballad Song Festival over the years. Especially associated with the arrangement are the Swedish artists Fred Åkerström (appeared in 1967, 1970–75, 1977 and 1979–85) and Cornelis Vreeswijk (appeared in 1968–69, 1971, 1974, 1981, 1985 and 1987). However, the Swedish artist Lasse Tennander is the person who has appeared most times.

Since 1987, a scholarship, called the Fred Åkerström Scholarship, is presented every year during the Festival.

The Ballad Song Festival is possible thanks to a great number of volunteers (even if some head figures are paid). What could be called the field staff do not get more than accommodation, all food and return trip to Västervik paid (plus free entry to all arrangements).

The Ballad Song Festival has had some economic problems the last few years, but Hansi Schwarz is hoping that, using a fund which he has been part of creating, plus one foundation supporting ballad songs, it shall continue.

Västervik has as arranger of a ballad song festival sometimes been called the Nashville of Sweden and Hansi Schwarz has as a social entrepreneur tried to spread his love of music to other people.

VISITING CITIZEN ENTREPRENEURS IN COPENHAGEN

During the spring of 2009 some of the participants in the Research Project went to Copenhagen and visited and studied there some citizen entrepreneurs and citizen entrepreneurial initiatives.

Our trip started by meeting our host for the day, Peter Bjerg. Peter showed and told us about the Project House. The Project House is a

'project workshop and an arena' for young social and cultural entre-
preneurs. The Project House is mainly focusing on three basic areas of
assistance: project advising, project developing and project arrangement
within the culture field.

After the roundtrip in the Project House, Peter presented us to the
social entrepreneur, Simon Prahm. Simon is one of the founders and also
chief executive director for the organization Gam3. Gam3 has as a vision
to make urban sports and culture available to all in order to strengthen
life capability and to prevent conflicts and marginalization both locally
and globally. Gam3 operates in Denmark, Egypt and Lebanon.

After listening to Simon's very interesting presentation, we went to
Copenhagen's 'largest sculpture' – Bolsjefabrikken (the name means 'the
candy factory', due to the fact that this was what the facilities were used
for before). When there, we went on a roundtrip with one of the artists,
Benny. Bolsjefabrikken is a culture house which has been created from
the bottom up by young creative people with very different backgrounds
and interests. What they have in common is that they use Bolsjefabrik-
ken's facilities as a working place and a platform to create culture.

Then we went to the Culture House where we had lunch and listened
to the last social entrepreneur for the day, which was Celeste Elizabeth
Arnold. Celeste works in Supertanker. Supertanker is a project and a
research network with 'the city' as a working field. They work critically
and constructively with culture, city development, debate and design with
an activistic attitude to the possibilities and development of the city.
Celeste and Peter clarified the activities of Supertanker with three
examples: Minority Design, Noem factory and Salaam. After this we
ended our trip to Copenhagen by digesting our impressions with a beer in
the sun on the square in front of the city hall.

Copenhagen (the largest city in Scandinavia) is known, among other
things, for its willingness to try different social experiments. The most
well-known of those is probably the social free zone of Christiania.

Let us provide some more details about the Project House and
Bolsjefabrikken.

The Project House at Bavnehøj

The Project House, mentioned before, consists of five networks and
organizations (Unfair, Supertanker's Metapol, Büro Detours, Gam3 and
Republikken), which have emerged with an integrated project workshop
(three floors with a fourth to come) and an open workshop and a culture
stage (Remisen) for young people in Copenhagen. The concept fulfills

those objectives and ambitions which are put up by Copenhagen city government.

Those working in the Project House have as one ambition to construct a creative environment at Bavnehøj, where young people can contribute to the youth culture and involve themselves in the development of Copenhagen by realizing their own projects. They look at it as important that this is made in a project house, where young people can meet and take advantage of networks and organizations that have already succeeded in supporting and inspiring a participative youth culture.

At the same time as they give advice and plenty of space to a variety of young people, full of ideas, they aim at inviting actors interested in youth culture from several different cultural areas to rent smaller office spaces in the project workshop and in places in Remisen. They are meant to function as sparring partners and 'cultural platforms' for the project activities of the young ones. They want very consciously to involve actors, who understand and share their ideas and projects with the young ones and generally are able to contribute to the development of Bavnehøj as an exuberant place for creative and youth culture.

In the Project House there are in principle three possibilities for the young ones:

- *Project advice*. All young people can come to the Project House and have sparring for his or her project ideas and get backup to realize them. This takes place in a process for providing advice organized by the project workshop, where, apart from allowing the applicant to consult the experienced project actors, the professional advisors of the local communities are asked to get involved and to give advice as well. The young ones are also given support through various routines, and an environment which is backed up by informal sparring.
- *Project development*. Project groups may be allocated a place for project development in the house for a limited time period. The support groups and the presence of established and semi-established cultural actors are here playing an important role. The idea is to build a real project incubator.
- *Project winding up*. In the project workshop as well as in Remisen, young people can try their potential as culture producers. Some arrangements will be small and fragile, while some others will constitute real contributions. The young ones create their own projects and will then enjoy the many 'project platforms' that exist in Remisen. The important thing is that Remisen remains an open stage which as much as possible will contribute to and support

young cultural actors including those who cannot be given a place at Bavnehøj.

The young people will come to a house, where they can develop and realize their projects and where some of the most exciting young cultural networks in the city can back them up, inspire them and provide possibilities for common project activities. The new ideas and independence of the young ones will also be a reviving force to the more experienced culture and project networks. The Project House aims at actively working for cooperation with other cultural actors at Bavnehøj and intends to turn to the whole city with open arrangements and cooperative proposals, where young people experience and create culture at premises and with a content, which they launch themselves.

Bolsjefabrikken in Copenhagen

Bolsjefabrikken is, as mentioned, a candy factory that has been closed down, where an independent group of people run two culture houses in Copenhagen. The facilities are used until further notice and Bolsjefabrikken lives, in a way, a very insecure life until the city of Copenhagen has decided what to do with the facilities. In these facilities it is possible to find an art gallery, a cinema, library, bicycle repair shop, a workshop for media, a café and much more. It is possible to eat there every Friday at a recommended price of 20 Danish kroner (less than £2). People working and operating there do so by following and respecting certain rules:

- Respect your neighbours – they live here as well, in fact!
- No noise on the yard after 10 pm weekdays.
- You may very well paint graffiti on our buildings, but not on the neighbours'!
- You cannot stay the night.
- When you have something going on, stay afterwards and clean up your place!
- Clean twice as much as you have made a mess.
- Do not waste any electrical energy.
- Remember to accept and to give each other a lot of hugs.

CITIZEN ENTREPRENEURSHIP IN BERLIN

The way in which Berlin has developed helps to explain why the city does not seem to have any 'real' centre. The merger of smaller cities and

suburbs with their own kind of centre is obvious in many places of the city even today. The long separation of the city during the Cold War also meant a development with two city nuclei. Much of the duplication that took place during the Cold War still remains – for instance, as far as cultural institutions like concert halls and theatres are concerned, but also among the universities, where the city today has 140 000 students.

A major problem for Berlin is its economic situation. Some years ago the city debt was about €800 billion (!) and the problems became acute. Massive programmes to save have in some cases been able to turn the process such that the budget has shown a surplus in the last few years.

One important part of the economic problems of the city has to do with it being possible to build an industrial sector during the Cold War by contributions, a sector which when the Berlin Wall fell also fell almost as fast. The unemployment in Berlin is today about 15 per cent and the unemployment among young people about twice as high. Around 600 000 people, that is, approximately every sixth Berliner, today lives on social welfare. At least 170 000 children in Berlin today live below the poverty limit.

Under these circumstances, it is not surprising that there are a large number of citizen entrepreneurial projects going on in Berlin today. The Research Group visited Berlin for a few days in the spring of 2010 and saw the following social entrepreneurial activities, among others:

Street University

Its main purpose is to help young people in depleted areas to increase their self-esteem by showing them that they can achieve something and that they are able to develop some status and dignity based on their abilities, skills and knowledge, not on their physical strength or age. The aim is to help them at the end to take their lives in their own hands and make it possible for them to begin and start a working career (www.streetuniveristy.de).

Künstlerhaus Bethanien

Künstlerhaus Bethanien is a service activity, and its objective is to support contemporary art and contemporary artists. It is responsible for lodging and helping international guests; to offer advice in general matters as far as art is concerned and practical matters related to this; to run workshops; to plan and to realize events which go on there and to develop and organize cultural projects both in and outside Berlin.

Künstlerhaus is a workshop for projects and events. Its organizational structure has many layers (www.bethanien.de).

RAW Temple

RAW Temple is a non-profit organization, which has about 100 members and 65 projects. Its main purpose is to offer reasonably priced social and cultural events and activities. Since 1988 they have changed their structure in order to preserve the style of the time by participating in preserving valuable architectonic works. They are used by artists for cultural purposes with specifically expressed social goals. They also provide possibilities to young criminals (www.raw-tempel.de).

Spreeufer für alle

Regular peaceful demonstrations take place along the river Spree (which crosses the city), where Berliners have the liberty to execute their art and music interests. These activities are by and large rebuilt annually for the warm parts of the year and they are much visited by those who live in Berlin and by tourists.

CITIZEN ENTREPRENEURSHIP IN LONDON

In autumn 2009 the Research Group went to London to look at social entrepreneurial activities. Like the visit to Berlin, this study trip was arranged and implemented together with a project for course development in social entrepreneurship at Malmö University College, a project financed by the Knowledge Foundation. We became quickly aware of the large social problems that exist in the city, among other things, because of the gaps that are there between the large number of immigrants, mainly from the former British Commonwealth, and 'the original Londoners' and the health problems that are associated with this and which necessitate large citizen entrepreneurship efforts in the city. Some examples:

Bike Works

Bike Works consider it as their task to build sustainable societies by educating young people to support bicycling in the society. Their vision is to create a world where young people are allowed to get involved in their local communities in order to promote people's health and our

planet. To achieve this vision, Bike Works intended at the time we met them to do the following during the next five years:

- Provide cooperative youth programmes which develop creativity, local communities and leadership.
- Rebuild and reuse bicycles and work towards environmental responsibility.
- Help more people to make bicycling a part of everyday activities by making bicycling more accessible and economically possible.

Their values:

Bicycling. We think that bicycling is an accessible way of transport which is supporting general health, building confidence, encouraging consideration for the environment and strengthening the local community.
Young people. We are committed to giving action power to young people. We provide young people with the possibility to grow as leaders, give back to the local community, work together and look at themselves as owners and creators of our common future.
Local community. We work to build, support and include local communities. We welcome and respect variety in experiences, ideas and views and believe that cooperation is a powerful tool for social change.
Education. We believe that we all teach and learn and we strive to be a place where we can work, learn and grow together. Through our work we foster creativity, critical thinking, curiosity and cooperation.
Availability. We are convinced in our ambition to make bicycles available, economically possible and welcoming for people with all kinds of backgrounds, possibilities and income.
Environment. We believe that respect and a connection to the world around us lead to more dignified local communities. In order to achieve this, we practise and encourage a limitation and recycling of waste, extend the lifetime of bicycles and teach waste management.
Social justice. Inequalities in economic conditions and possibilities in our local communities will privilege some and marginalize others. We look at bicycles as a powerful tool, as a contribution to creating a more just and equal world.

Bromley by Bow Centre

Bromley by Bow Centre is an innovative local community organization in East London. It operates in some of the most depleted districts of the UK by every week supporting families, young people and grownups of

all ages for them to learn new skills, improve their health and welfare, find work and get the confidence to reach their goals and change their lives. At the core of the thinking in the centre is a belief in humankind and in its capacity to achieve fantastic things.

Their ambition is to assist in creating a coherent, healthy, successful and lively local community and then eliminate 'depleted' from Bromley by Bow.

Bromley by Bow Centre has grown to become a very complex organization, which is running a large number of projects at different places both by themselves and in cooperation with others. They work with 2000 people every week and its service is tailor-made to the needs of the whole local community – families, young people, vulnerable adults and seniors. They support people in a number of different projects and services in four different ways:

1.   They support people for them to overcome their chronic diseases and unhealthy lifestyles.
2.   They make it possible for people to learn new skills.
3.   They support people so they become less dependent on financial support and to find a job.
4.   They provide the tools to create a more enterprising local community.

They provide a coherent breadth of service, available locally, where people need them and can access them. They feel proud of the quality of the service they provide and are determined in their ambition to provide the highest possible standard.

The centre is in itself a hub for most of their services, and their beautiful buildings, situated in a green area, give a positive, inspiring and welcoming environment. They use arts to build up the confidence in people and help them to express their creativity.

They constitute a major force to create local jobs, possibilities and welfare, and assist in raising the ambitions and support people in transforming their lives. They work to spread their experiences to other depleted local communities.

Young Foundation

We have already provided an overview of the great social enterpriser Michael Young (see pp. 44–6).

TWO OTHER SOCIAL ENTREPRENEURIAL PROJECTS THAT WE HAVE COME ACROSS

Fryshuset ('The Freezing House')

Fryshuset started in autumn 1984 in a large and worn house that had been a freezing storehouse for meat (thereby given its name). Behind the start was a successful combination of committed people and local YMCA in the south of Stockholm, which had been involved in sports and association activities since 1890. A group of enthusiasts with Anders Carlberg at the centre were given the task of finding some facilities which could put all local YMCA youth activities under one hat. The old freezing storehouse was available and they started to renovate the place and build a sports hall. One adept person keen on rock and roll convinced the association to also build some facilities for interested rock bands. The fact that Fryshuset came to be a hub for young rock musicians can be seen as a coincidence but pointed clearly at the coming direction for Fryshuset, that is, to be sensitive to young people's needs.

When the activities had started the foundation Fryshuset was constituted; its responsible organization today is YMCA South. Young people were allowed to be part of the development and shape the activities from the start. Basketball and rock music dominated first, as social involvement, education and other passions grew steadily due to increasing needs.

During the 1900s, local government for that part of Stockholm, where Fryshuset first started, redeveloped and Fryshuset was therefore offered to rent a building, nine storeys high elsewhere in the area. Immediately work started to build a sports hall and the music stage 'Klubben'. All together 13 000 square metres were rented and the activities worked better than what was expected. But the new construction had hardly ended before more were started. Fryshuset started a separate secondary school, built big enough to take care of 1000 students.

Today the activities take place in 24 000 square metres. About 30 projects/activities go on within these square metres. Some of them are four-generations-meetings, ABF (evening classes in dance and music), Arenan (a hall for concerns and for sports), the Gym, De glömda barnen ('the forgotten children'), Elektra/Sharaf Heroes and Heroines, Lonely Mothers, Emerich Roth against Violence and Racism, Exit in Sweden, Events, Forum for Champions, Football Alliance, Fryshuset Live, Fryshuset on tour, Fryshuset&Camp, Rotary, Fryshuset secondary school, Fryshuset Knowledge Center Ltd, Fryshuset kitchen, Fryshuset Church,

Christmas market, WMCA South basket, The Club, Living Manuals, the Peaceful Street, 08 Stockholm Human Rights, and more.

In 2009 one of the authors of this book, Björn Bjerke, participated together with some others interested in social entrepreneurship in a seminar arranged by Fryshuset, which was broadcast on Swedish TV.

Myrorna ('the ants')

Myrorna is Sweden's oldest and largest chain store for selling second-hand goods like clothes and shoes, furniture and furnishings, household utensils, glasses and porcelain, ornaments, toys and books. They run around 30 shops from the north of Sweden to its very south. Its main office is allocated in Stockholm.

Since they started around 100 years ago, Myrorna have aimed to sell second-hand things in order to get funds to give to the Salvation Army. Another goal is to create jobs and provide practical training for job applicants. Myrorna have about 300 employees and employ around 600 people in different kinds of vocational training, supported by the government.

Everything sold by Myrorna consists of donations from people and companies around the country of Sweden. Without all these gift providers, their activities would not have been possible. The gifts are collected by their own transport employees, who bring all the goods to seven modern sorting facilities before they are taken to the shops to be sold.

Appendix 4   Women and social
entrepreneurship –
a comment

SOME FACTS

Research about women and entrepreneurship (then in business) did not start until the 1970s by some breakthrough studies done by Schreier (1973) and Schwartz (1976). Today the number of businesses being run by women is estimated at around half as many as those being run by men (Global Entrepreneurship Monitor, 2007). Most female business entrepreneurship takes place in developing countries, but this is a result of necessity if nothing else (ibid.).

In the US it is estimated that 48 per cent of all private businesses today are owned by women, defined as businesses where women own at least half of them (Carter and Bennett, 2006, p. 178). In the UK it is estimated that 15 per cent are owned by women, 35 per cent by men and that 50 per cent of businesses are co-owned by men and women (Small Business Service, 2004). The number of how many women run a business varies in Sweden depending on the study, but by and large the share is 22–28 per cent ('Jämställdhet för tillväxt', 2011). Within the EU (15 countries) on average 15.5 per cent of men and 8 per cent of women were self-employed (Franco and Winqvist, 2002).

A strong segregation of genders also exists in the choice of trade or industry selected by business start-ups. It is obvious, for instance, that construction of buildings is much more common among men. Among women, it is relatively more common to start businesses managing personal services (including taking care of children and the elderly) (Holmquist and Sundin, 2002, p. 18). In the US more than half of all female-led businesses are in the service sector (Kuratko and Hodgetts, 2004, p. 647). One major reason (in Sweden) for why so many women businesses are focusing on personal and care services is that the public sector is transforming greatly.

The share of women among start-ups in the business sector is increasing everywhere, however (Kuratko and Hodgetts, 2004, p. 645;

Carter and Bennett, 2006, p. 176). The extent to which women start a business in the US is, as a national average, twice as high as for men (Kroll, 1998) and the share of businesses run by women has grown much faster than in most other countries (Carter and Bennett, 2006, p. 178). In Sweden, the increase for female start-ups in the business sector went from 19 per cent to 30 per cent between 1990 and 1999 (Holmquist and Sundin, 2002, p. 14). More enterprising women should mean a higher degree of employment and higher growth in a country like Sweden. The whole thing is, however, a matter of equality and democracy – which does not always appear in the debate ('Jämställdhet för tillväxt', 2011).

One reason why fewer women are business entrepreneurs compared with men could be that women sometimes feel that they are discriminated against and not always taken seriously when they want to start a business (Hisrich and Brush, 1986). This has also been confirmed in later studies (Bridge et al., 2003). Female start-ups and female senior managers also tend to experience more obstacles for success than their corresponding men (Chell, 2001). In order to understand the differences in male and female start-ups, we probably have to dig deeper.

FEMALE AND MALE ENTERPRISING – A SOCIAL CONSTRUCTION?

Even if the number is increasing, there are, according to Spilling and Gunnered Berg (2000), few studies that actually study female compared to male entrepreneurship. Those studies that have been made have in many cases been quantitative and documented differences of the factual kind presented in the last section (Gatewood et al., 2003). Ahl (2002) claims that these studies overestimate the differences between men and women, at the same time as they ignore several similarities. Feminist researchers of entrepreneurship have taken into consideration, and critically looked at, the invisibility of woman entrepreneurs (Sundin, 1988; Sundin and Holmquist, 2002). A feministic perspective can visualize women entrepreneurship more. To apply a feministic perspective means to problematize constructions and representations of gender in, for instance, contexts, research and praxis as far as entrepreneurs and entrepreneurship are concerned. This means not only to question the marginalization that female entrepreneurship has, but also to question and problematize the ruling male entrepreneurship position (Pettersson, 2004, p. 20). Among others, Holmquist (2002) claims that questions about *what* and *who* are important in entrepreneurship in order not to make female

entrepreneurship invisible. One way to do this is to apply theories of social constructions of reality.

Constructionist feministic research is based on the theory that gender, like many other constructions in our world, is social (compare Berger and Luckmann, 1966/1991), that is, created in and through those construction processes which are built into language (Nilsson, 2004, p. 47). As a social category in language, gender is something which has been created in different negotiation processes. Gender has in this view no *essence* in itself, that is, not as any natural sets of 'male' or 'female' inherited in men's and women's bodies, respectively, but it is created and maintained in different negotiation processes through language between people (ibid.). Gender is then not seen as 'any natural fact' (Flax, 1987, p. 627). (Gender does not necessarily have to be seen as a social construction in other views, of course. The surgeon, for instance, is probably not doing so most of his or her time; nor should it be very adequate to see love between men and women as just a social construction.) The constituting effect of language then becomes important as a social and cultural practice because it will not reflect social categories but form how these are to be understood (Ehrlich and King, 1994). With theories of social constructions as a basis we must in research as well as in practice take language as a starting point for the discussion, and not only see language constructions as a result of our efforts (Nilsson, 2004, p. 47).

To look at gender as an ongoing social construction also means to refrain from thinking in terms of any essential differences between women and men, but it means at the same time that the perception of what is masculine as well as feminine is not changed in any simple way (Nilsson, 2004, p. 48). The spoken and written word is easier to change in a local context, but it may get a very structural meaning in a wider social context (ibid.). According to Magnusson (1996, p. 43; our translation) this means that language 'at the same time means autonomy as well as a repetition of earlier patterns. The person, who speaks, is controlling the language at the same time as she is caught by it'.

Entrepreneurs are generally stereotyped as men (Sundin, 1988; Sundin and Holmquist, 1989; Holmquist, 1997; Gunnered Berg, 1997; Lindgren, 2000; Ahl, 2002). It is generally understood among feminist researchers that entrepreneurship in general has a masculine bias.

Gnosjö is, for instance, one place in Sweden which is associated with active and successful entrepreneurship and which has a large number of self-employed people. The entrepreneur in Gnosjö is most often seen as a man dressed in blue working clothes with tools in his hand, even though 33 per cent of the entrepreneurs in Gnosjö are women (Pettersson, 2004,

p. 177). Even if women entrepreneurs are rarely mentioned in relationship to Gnosjö, this place is seen as interesting as an entrepreneurial place, but this is questionable just for this reason (ibid.). What is seen as knowledge concerning Gnosjö is, no doubt, excluding one third of its entrepreneurs, that is, women!

Holgersson (1998) asserts that the social construction of entrepreneurship to a large extent makes women invisible; that they function only as a necessary periphery when constructing the man.

One of the reasons why the entrepreneurs (implicitly) are represented by men is that the concept of entrepreneur has masculine connotations (Sundin, 1988; Sundin and Holmquist, 1989; Holmquist, 1996; Ahl, 2002). The same goes for concepts like 'business person' and 'small business manager'. The word 'entrepreneur' does, as we know, come from the French language and is a masculine word. The corresponding feminine word, 'entrepreneuse', is rarely used, if ever (Javefors Grauers, 2000). The symbolic representation of an entrepreneur is consequently a man (Sundin, 1988), who is usually running a business in manufacturing (Danilda, 2001). At the same time, manly or masculine are rarely used. If gender is mentioned in connection with entrepreneurs or entrepreneurship, it refers to women (Javefors Graers, 2002).

According to Gunnered Berg (1997) theory and research in the field of entrepreneurship is characterized by a kind of 'gender blindness', as it is focused on businesses owned by men and the masculine entrepreneur (Pettersson, 2004, p. 186). Empirical studies of entrepreneurship are centred on men in an unreflecting way, which in turn means that entrepreneurship theories are constructed along the same line (Mulholland, 1996; Javefors Grauers, 2000).

WOMEN AS SOCIAL ENTREPRENEURS

There are many factual circumstances indicating that women 'are well suited' as social entrepreneurs:

- It is more common among women as business entrepreneurs than it is for men to look at the local market as more important (66 per cent of women compared to men) (Holmquist and Sundin, 2002, p. 16).
- Among women it is relatively more common, as already mentioned, to start a business within the segment of personal services (Holmquist and Sundin, 2002, p. 18).
- It is more common among women than among men to choose part

time as a working option (Coulter, 2001, p. 300; Holmquist and Sundin, 2002, p. 18).

- Women have as enterprisers a higher social motive and a lower growth ambition than what men have (Holmquist and Sundin, 2002, p. 12).
- A smaller number of women fail compared with men as entre-preneurs. One explanation could be that women are better than men at handling people (Kuratko and Hodgetts, 2004 p. 648).
- One early study of women entrepreneurship (Watkins and Watkins, 1984) came to the conclusion that women's choice of business to a large extent is determined by which area is showing the least resistance to their success and where technical and financial demand for starting a business are low.

The risk, of course, is that by choosing the social entrepreneurial alternative, women will continue to be invisible as entrepreneurs. Even if social entrepreneurs are important, not to say decisive, to build a more fair and loyal society, it is hardly so that they get the great headlines or the limelight as technically skilled inventors, as pathfinders in breaking new markets or as breakneck people in business!

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