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Introduction

What is an "entrepreneur?" If you were to travel back in time some dozens of years ago one might have pictured a door-to-door salesman, clad in a suit with a briefcase at the side. Today, business students argue whether designer-clad Elon Musk is an entrepreneur or a super-villain genius. Regardless, the foundational core of an entrepreneur is typically agreed to be someone who creates innovative change; every other nuance to its definition is still heavily contested and will continue to be as the world rapidly changes and the meaning of 'innovation' evolves. Theorists in the field have gone through bounds and leaps to keep up with the ever-changing meaning behind "entrepreneurship" and as of recent have geared their focus on a new form of entrepreneur: the transformative entrepreneur.

Scholars and practitioners have attempted to re-think entrepreneurship by creating a more community-focused view, posing entrepreneurship as a positive driver for social change, and by posing entrepreneurial practices as navigational decisions rather than following an inevitable cyclical market trend. Each of these re-evaluations of 'entrepreneurship' has helped us define the transformative entrepreneur and their new form of entrepreneurship. Transformative entrepreneurs are not the same as your typical 1950s salesman, looking to put income in their pockets. Transformative entrepreneurs are seeking to make a sustainable, accessible, positive change for the welfare of individual societies with the greater global good in mind. While egoism and self-gain still haunt the entrepreneurs of today, little by little business models can be reframed to center pragmatic change as a driving force rather than income.

Entrepreneurship as Community Building

Rather than entrepreneurship solely benefiting the individual entrepreneur as a means to an end, transformative entrepreneurship looks at the benefits that can be extracted from and for the community they are working in. In their article "Toward a Theory of

Community-Based Enterprise” scholars Peredo & Chrisman theorize a “community-based enterprise”; a community acting corporately as both entrepreneur and enterprise in pursuit of the common good.¹ This enterprise allows communities to act entrepreneurially to create and operate new enterprises within their existing social structures to yield accessible and sustainable economic and social goals.² They aren't the only scholars to push for community-based change, scholars Wheeler et. al similarly coin a "sustainable local enterprise network model" in which companies adopt local business models in the creation of new enterprises to create sustainable outcomes with an overt social mission to enhance local economies.³

Both authors stress the need for sustainable change as a driver in the creation of 'transformative' entrepreneurship as opposed to atypical entrepreneurship of the past. In their article "Harnessing Innovation for Change..." authors Khavul & Bruton emphasize the need for entrepreneurship that is designed with local customers, networks, and business ecosystems in mind.⁴ In doing so, innovators are investing in the social and economic relationships that constitute the local ecosystem⁵ to create strong, meaningful change that will not only benefit the initial entrepreneur but also create new businesses and social/economic growth in a given community. By drawing on a community's traditions of collective action, transformative entrepreneurship will yield individual and group benefits over the short and long term.⁶

Entrepreneurship as Positive Social Change

¹ A. M. Peredo & J. J. Chrisman, “Toward a theory of community-based enterprise,” *Academy of Management Review*, 31, no. 2 (2006).

² *Ibid.*

³ D. Wheeler et. al, “Creating Sustainable Local Enterprise Networks,” *MIT Sloan Management Review*, 47, no. 1 (2005).

⁴ S. Khavul & G. D. Bruton, “Harnessing Innovation for Change: Sustainability and Poverty in Developing Countries,” *Journal of Management Studies*, 50, (2013).

⁵ *Ibid.*

⁶ A. M. Peredo & J. J. Chrisman, “Toward a theory of community-based enterprise,” *Academy of Management Review*, 31, no. 2 (2006).

Scholars and practitioners have also attempted to re-think entrepreneurship by framing the process as a positive means for social change. Transformative entrepreneurship is all about establishing enterprises for the betterment of all parties, not just individuals, whereas traditional entrepreneurs may seem to work for egotistical gains. Entrepreneurial ethics typically have their roots in the individualism associated with entrepreneurial behavior.⁷ Scholars Brandl & Bullinger bring up this issue, citing that cultural individualism encourages individuals to be autonomous and uncontrolled when engaging in creative activities and economic wealth is the sole driver for this autonomy.⁸ While this does recognize a prominent assumption within an entrepreneurial activity, it does not recognize the benefits of social, communal growth rather than simple individual economic gain.

In their piece "Social Entrepreneurship as an Essential Contested Concept..." authors Choi & Majumdar claim positive social change by posing transformative entrepreneurship as a valued achievement when socially constructed.⁹ When entrepreneurship is more social rather than individual, the gains associated with its activity positively reflect societies as a whole rather than individual members. Scholars Peredo & McLean note that recognizing this significance of social-economic activity undermines the traditional idea that self-regulating market systems are energized entirely by the motivation to better one's creation.¹⁰ Instead, social entrepreneurship opens the doors to new communal wealth within societies in the form of education and new economies. As theorists Zahra et. al reinforce

⁷ S. A. Zahra et. al, "A typology of social entrepreneurs: Motives, search processes and ethical challenges," *Journal of Business Venturing*, 24, no. 5 (2009).

⁸ J. Brandl & B. Bullinger, "Reflections on Societal Conditions for the Pervasiveness of Entrepreneurial Behavior in Western Societies," *Journal of Management Inquiry*, 18, no. 2 (2009).

⁹ N. Choi & S. Majumdar, "Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research," *Journal of Business Venturing*, 29, no. 3 (2014).

¹⁰ A. M. Peredo & M. McLean, "Decommodification in Action: Common property as countermovement," *Organization*, 27, no 1 (2019).

"Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities to enhance social wealth by creating new ventures or managing existing organization in an innovative manner"¹¹

Framing entrepreneurship as positive social change removes the stigma of individual gain associated with traditional entrepreneurship. It instead creates the groundwork for transformative entrepreneurship that can help individuals, communities, and social networks as a whole prosper in the short- and long-term.

Entrepreneurship as Navigational Decisions

A newer concept that scholars and practitioners alike have been theorizing does not seem quite innovative at all as it is the simple ability for entrepreneurs to navigate uncertainty. Historically, business models were thought to follow cyclical market trends in which one produces for a consumer for income and the income is thus generated to continue to make more income. In other words, common supply and demand. Transformative entrepreneurs see that individual entrepreneurs have made advancements in new thinking about logic, thus being able to somewhat predict market creation. Theorists Battilana et. al make a case for 'social imprinting', a founding team's early emphasis on accomplishing the organization's social mission.¹² By clearly stating what an entrepreneur wants out of the market they plan to supply for, they're able to steer decision-making and production output to fulfill their social needs. For example, entrepreneur Arunachalam Muruganantham noticed within his small rural village in India there was a need for education about feminine hygiene, but societal roles do not allow women to voice this. As a transformative entrepreneur, he could create a business model to form communal coalitions to create hygiene products. In

¹¹ S. A. Zahra et. al, "A typology of social entrepreneurs: Motives, search processes and ethical challenges," *Journal of Business Venturing*, 24, no. 5 (2009).

¹² J. Battilana et. al, "Harnessing productive tensions in hybrid organizations: The case of work integration social enterprises," *Academy of Management journal*, 58 no. 6 (2015).

turn, he was able to create new jobs for the community, create new social makeup, and supply products that were in demand without having his first goal as income.

For the transformative entrepreneur, rethinking these markets is all about creating social change. This is what scholar Saras Sarasvathy has coined ‘effectual reasoning.’ Effectual reasoning is the ability to begin with a given set of means and allow for goals to emerge contingently over time.¹³ In my previous example of women's hygiene products, the beginning reason may have been an education about feminine hygiene, and out of it has come a diverse range of new enterprises and products for consumers. However, scholars like Ebrahim et. al bring up the issue of things like 'mission drift,' losing sight of a social mission to generate revenue.¹⁴ In this case, effectuation must step in, as the future is entirely unpredictable. As mentioned by Sarasvathy, the second part to effectual reasoning after figuring out what one must do is whom they can go to. An entrepreneur’s interactions with others and stakeholder commitments keep things like mission drift at bay by involving more than one party in the entire enterprise.¹⁵ Transformative entrepreneurs thus use these tools to navigate the unknown while staying away from the stereotypical ‘individual-gains’ mentality.

Conclusion

Transformative entrepreneurs are seeking to change the future of big-money markets and new theories and ways we think about entrepreneurship will help guide their success while also teaching others how they can do the same. Community-based views help us see the entrepreneur as a force for sustainable change rather than immediate change. Seeing the entrepreneur as a positive driver for social change allows for deep, meaningful change rather

¹³ S. Sarasvathy, “What makes entrepreneurs entrepreneurial?” 2006, <https://www.effectuation.org/sites/default/files/documents/what-makes-entrepreneurs-entrepreneurial-sarasvathy.pdf>

¹⁴ A. Ebrahim et. al, “The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations,” *Research in Organizational Behavior*, 34, (2014).

¹⁵ S. Sarasvathy, “What is effectuation?” 2011, <https://www.effectuation.org/sites/default/files/documents/effectuation-3-pager.pdf>

than egotistic self-servers. Acknowledging the entrepreneur can steer enterprises in the right direction when making decisions about the unpredictable future creates trust that our new emerging markets can create positive, sustainable change.

While these pieces of literature convey the best aspects of transformative entrepreneurship, one gap they continue to glaze over is how to convince our current entrepreneurs to take on these transformative practices. While within this academic realm, scholars and educators alike accept and understand the notion of creating sustainable futures, how do we continue to explain that to big money-mongers still out there? As much as one may sell themselves as fighting for the rally to create social change with societies and vulnerable communities in mind, how does money play into this? How do initial entrepreneurs continue to receive wages while also keeping the community in mind? How are entrepreneurs meant to convince large organizations to grant them funds to start these projects in the first place? And lastly, if one wants to create transformative change, what is going to be the breaking point for entrepreneurs out there still creating enterprises for self-gain? Time and time again a blind eye is cast when issues of gender roles, climate change, poverty, and so much more come up so how are we meant to create a thriving business market that puts human lives and environmental life first?

There isn't a singular answer to these questions, but I believe transformative entrepreneurs are trying their best to be seen and heard so more organizations that take these issues into mind emerge. As stated before, these concepts are new and innovative, just like the change they are creating thus, our only tactic right now can be to create and participate in these transformative enterprises ourselves. The future of business must take sustainability into account to create thriving communities not only for human life to succeed but environmental life as well. Business is no longer about "me," it should now be focused on the "we."

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