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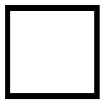

Beyond social entrepreneurship: 'transformative entrepreneurship' as an entrepreneurial response to 'grand challenges' and 'wicked problems'

As we approach a number of environmental and social tipping points the solutions required to tackle unsustainable environmental degradation and rising social inequality become larger in scale and more profound in nature (Bendell, 2018; Hickel, 2019; McGlade, 2020; Raworth, 2012). Social entrepreneurship can address some of these challenges, but this broad concept includes very small-scale, localised organisations, running on charitable donations through to fundamentally transformational organisations that have altered whole industries and societies (Peredo and McLean, 2006). Understandings of 'transformative entrepreneurship' are concerned with the latter examples in this range, seeking to question, refocus or change the structures on which many societies are based. Considering conceptualisations and new forms of transformative entrepreneurship in the context of 'grand challenges' and 'wicked problems' reinforces the need for environmental and social solutions to be replicable or scalable in order that they challenge the status quo and deliver transformational results (Alford and Head, 2017; Eisenhardt, Graebner and Sonenshein, 2016; Ferraro, Etzion and Gehman, 2015). One of the key questions for scholars and practitioners to explore is how entrepreneurs, communities and governments can take a more pre-emptive, iterative approach in identifying and mitigating the negative social and environmental externalities that arise with each transformation. Now more than ever, we need "social engineers" to "introduce dramatic changes in the social sphere" (Zahra et al., 2009, p. 525), but must be aware and proactive about the fact that these "gale[s] of creative destruction" (Schumpeter, 1976, p. 84) often come with unintended consequences that create the next set of environmental and social tipping points.

Section 1: Exploring 'transformative entrepreneurship' in relation to social entrepreneurship

Sarasvathy (2008, p. 7) highlights a key feature of the entrepreneurial mindset, stating that "entrepreneurs…act as if they believe that the future is not 'out there' to be discovered, but that it gets created". This understanding of the "driving motivation" that entrepreneurs have to create change is what has led many to consider how this entrepreneurial attitude can be best used to create positive social and environmental outcomes (Drayton, 2002, p. 124). Consequently, there is extensive literature analysing entrepreneurship through a fundamentally

social lens, firmly rooting the assessment of the origins, processes and outcomes of such enterprises in the social sphere (Choi and Majumdar, 2014; Peredo and McLean, 2006; Zahra et al., 2009).

However, it remains difficult to articulate what 'social entrepreneurship' entails and what it means to *be* a social entrepreneur. Choi and Majumdar (2014) outline and attempt to resolve these conflicting opinions within the literature by arguing that social entrepreneurship is a 'cluster concept' in which there are numerous understandings of the term, but that these differing definitions are tied together through a shared social context. In line with this broad conceptualisation, Peredo and McLean (2006) argue that 'social entrepreneurship' can manifest in diverse ways according to context. They delve more deeply into the practical detail of how social entrepreneurship can materialise and from whence it can originate in the table below:

Fig.1. "The range of social entrepreneurship. Relative boldness of type indicates the relative prominence of social goals and commercial exchange." (Peredo and McLean, 2006, p. 63)

Place of Social Goals	***Role of Commercial Exchange***	***Example***
Enterprise goals are exclusively social	No commercial exchange	*NGOs*
Enterprise goals are exclusively social	Some commercial exchange, any profits directly to social benefit ('integrated') or in support of enterprise ('complementary')	*Grameen Bank ('integrated'); Bangladesh Rural Advancement Committee printing press, cold storage, garment factory ('complementary'), Newman's Own*
Enterprise goals are chiefly social, but not exclusively	Commercial exchange; profits in part to benefit entrepreneur and/or supporters	*Missouri Home Care, Ciudad Salud*
Social goals are prominent among other goals of the enterprise	Commercial exchange; profit-making to entrepreneur & others is strong objective	*Ben & Jerry's*
Social goals are among the goals of the enterprise, but subordinate to others	**Commercial exchange; profit-making to entrepreneur & others is prominent or prime objective**	*'Cause-branding'; social-objectivities undertaken by corporations such as banks*

The advantage of this broad definition is that it can accommodate a multiplicity of intentions, processes and consequences when endeavouring to create collectively beneficial change. It highlights that positive social and environmental outcomes can be achieved by different types

of organisations across diverse industries, underscoring the view that accountability for social progression is not restricted to the charitable or governmental spheres. However, there are three key challenges with defining social entrepreneurship in such broad terms.

Firstly, in the case of 'cause-branding', outlined at the bottom of the table, it becomes difficult to distinguish these instances from simpler models of charitable giving (Miller and Parker, 2013). Peredo and McLean (2006, p. 63) themselves provide the example of "a large bank [that] takes the initiative in mounting a sponsored walk to provide a shelter for homeless people". Arguably, this example actually outlines a well-known, formulaic approach to corporate charitable giving, using "charity to avoid recognizing the problem and finding a solution for it. Charity becomes a way to shrug off our responsibility" (Yunus, 1999, p. 237). In many cases, cause-branding targets the most publicly emotive instances of need, treating visible suffering rather than focusing on the more systemic change required to prevent suffering from occurring (Dees, 2012).

Secondly, the more diluted conceptions of social entrepreneurship are more liable to "mission drift" when making trade-offs between social and financial outcomes (Ebrahim, Battilana and Mair, 2014). Zahra et al. (2009, p. 526) reinforce this concern, highlighting that social entrepreneurs "often have to develop and hone a capability to raise funds, possibly diverting their attention away from their primary mission". Both of these perspectives point to the fact that the more goals there are within an organisation, the more likely it is that these goals compete with each other and in many cases the social and environmental goals are at risk of being side-lined. Whilst social and environmental good can be achieved through a diverse range of means and organisations, the instances of social entrepreneurship in the bottom half of Peredo and McLean's table (2006, p. 63) cannot be relied upon to resolve the critical problems we face globally, especially when there are competing financial interests at play.

The third challenge is that this broad continuum of social entrepreneurship allows for a wide range in amounts of social good created, rather than demanding more fundamental, preventative change. As Dees (2012, p. 327) argues, this creates a propensity to "treat suffering after the fact [rather] than…prevent it or reduce it beforehand". The emphasis that social entrepreneurship places on positive social and environmental outcomes is essential to concepts of transformative entrepreneurship. However, using entrepreneurship to mitigate the worst

aspects of the socially unequal and environmentally destructive status quo does not capture the need for fundamental systems change that transformative entrepreneurship demands.

Section 2: Understanding 'transformative entrepreneurship' in the context of 'wicked problems' and 'grand challenges'

Bendell (2018) paints a stark picture of the environmental problems we face, one in which we are on track for irreversible collapse within our lifetimes. This is one of the more extreme perspectives in current literature, but there is widespread recognition that we are living well beyond our means environmentally and that social inequality and political polarisation are widening to a destructive degree (Hickel, 2019; McGlade, 2020; Raworth, 2012). Individually all of these factors are problematic, but in combination they amount to "wicked problems" (Alford and Head, 2017) or "grand challenges" (Eisenhardt, Graebner and Sonenshein, 2016) because they are:

> "complex, entailing many interactions and associations, emergent understandings, and nonlinear dynamics… confront organizations with radical uncertainty…and… are evaluative, cutting across jurisdictional boundaries, implicating multiple criteria of worth, and revealing new concerns even as they are being tackled" (Ferraro, Etzion and Gehman, 2015, p. 364).

Considering forms of transformative entrepreneurship in relation to wicked problems is a useful framework because the nature of these behemoth challenges necessitates transformational solutions that can be mobilised at scale (Ferraro, Etzion and Gehman, 2015). At its least impactful, social entrepreneurship is concerned with mitigating the worst elements of the systems in which we operate; by contrast transformative entrepreneurship demands that we challenge the systems that are responsible for unsustainable levels of environmental degradation and social inequality. The "radical uncertainty" posed by these grand challenges is highlighting how ill-equipped the majority of governments, industries and organisations are with regard to preventing ongoing social and environmental destruction (Ferraro, Etzion and Gehman, 2015, p. 364). If, at its most basic level, entrepreneurship is focused on problem solving, the exploration of grand challenges and wicked problems helps us to further understand new forms of transformative entrepreneurship through the nature and scale of problem-solving that these vast, global challenges require (Dees, 2012).

Drayton (2002, p. 124) echoes this perspective, arguing that *"*there are many creative, altruistic, ethically good people with innovative ideas. However, only one in many thousands of such good people also has the entrepreneurial quality necessary to engineer large-scale systemic social change." Zahra et al. further address this differentiation of scale by drawing a distinction between "social bricoleurs", "social constructivists" and "social engineers" (Zahra et al., 2009). They contend that:

"In contrast to Social Bricoleurs who improvise solutions to small-scaled local social problems, Social Constructionists seek to remedy broader social problems by planning and developing formalized or systemized scalable solutions to meet growing needs" and further that "Social Engineers often introduce dramatic changes in the social sphere" (Zahra et al., 2009, p. 525).

This categorisation of entrepreneurship based on the scope of impact felt by society is helpful for defining new forms of transformative entrepreneurship because it captures the distinction between doing some social or environmental good versus attempting to redefine the systems and processes upon which many societies are based (Dees, 2012). Schumpeter argues that a "perennial gale of creative destruction" is an inevitable force that continually shapes and re-shapes the foundational organisations of society (Schumpeter, 1976, p. 84). Thus, when using new forms of transformative entrepreneurship to tackle grand challenges, one of the key tasks is to understand how we best utilise these unavoidable "gale[s] of creative destruction" to achieve collectively beneficial social aims.

Section 3: Opportunities for future research

Given how close we find ourselves to a number of environmental tipping points, it is vital that practitioners and scholars consider how entrepreneurs, communities, governments and organisations can most effectively identify and mitigate the negative externalities that arise from the transformational ventures needed to tackle the most wicked of problems. There are numerous examples of when today's transformation becomes tomorrow's existential crisis and historically, we have been slow to recognise and plan for these shifts in perspective as they arise. A clear example of this shift is the transformational effect that social media has had on the political landscape for both good and ill; it has connected people globally like never before and has the power to create momentum for progressive social and political movements. However, these platforms can also be used to great effect in spreading disinformation,

conspiracy theories and causing social unrest and political polarisation (The Social Dilemma, 2020). Unfortunately, even having identified the mechanisms and consequences of these negative externalities, governments around the world have been slow to take meaningful action that would mitigate some of the worst elements of the mental health crises and societal polarisation that has been induced and exacerbated by social media.

This is problematic because of the damage to society that has been caused thus far, but it is also increasingly problematic as we approach various social and environmental tipping points from which we will struggle to return. In some cases, we simply do not have the environmental leeway to spend decades waking up to the negative side effects of each transformational solution and then spending yet more decades considering whether or not to take action as we inevitably slip towards the next set of tipping points. Sarasvathy (2008, p. 5) outlines the "affordable loss principle", in which entrepreneurs assess risk and take action based on what they can reasonably afford to lose. This means that an entrepreneur can be fast, iterative and pragmatic in their approach to risk without going so far that they are unable to pivot if the risk materialises. The "affordable loss principle" provides a useful framework for identifying, assessing and managing the social and environmental complications that arise from future forms of transformative entrepreneurship. Finding a way to utilise this affordable loss principle could enable a "more flexible, creative, quick-moving, and decentralized" approach than we have seen so far when it comes to environmental and social problem-solving at a transformative scale (Drayton, 2002, p. 132).

In conclusion, definitions of social entrepreneurship are helpful in defining new forms of 'transformative entrepreneurship' for two key reasons. Firstly, theories of social entrepreneurship capture the inherent social implications created by all types of change and development, interrogating how best to use this causal relationship between entrepreneurial efforts and social outcomes. Secondly, broad understandings of social entrepreneurship highlight that social and environmental progression can stem from a diverse range of spheres and that all institutions are implicated in striving for collective social benefit. However, examples of entrepreneurship can range from creating some good, at a very local level, as one of many goals all the way through to completely transforming a sector or society entirely. New forms of transformative entrepreneurship are focused on this latter end of the continuum. Understanding this need for scalable, transformational solutions can be best explored by

grappling with the concept of transformative entrepreneurship in relation to grand challenges because this provides a sense of the significance and urgency of the problems that need entrepreneurial solutions. As scholars and practitioners continue to expand on understandings of transformative entrepreneurship it will be important to consider how entrepreneurs, communities and governments can take a more proactive, iterative approach to identifying and mitigating the negative social and environmental externalities that arise with each transformation. Afterall, each wave of transformation "makes standing still ever more perilous" (Drayton, 2002, p. 123).

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