



# Characteristics of the Social Entrepreneur

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## 6.1 Objectives of the Chapter

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- Define and differentiate between a traditional entrepreneur and a social entrepreneur.
- List and understand the challenges faced by a social entrepreneur.
- Explain each of the different types of social entrepreneurs that exist.
- Recognize each of the stages of a social enterprise, depending on the styles of leadership required and the type of social entrepreneur.
- Analyze a social enterprise based on the profile of the social entrepreneur and the style of leadership required.

## 6.2 Introduction

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Social entrepreneurship is the process by which social enterprises seek to address a social problem innovatively and sustainably changing the social and economic structures that gave rise to it. However, to achieve, it is necessary to have an agent of change, aware of this problem, and with the interest of carrying out an action that transforms the context or the conditions that make them arise or prevail.

This agent of change is known as a social entrepreneur, which shares qualities and similarities with the traditional entrepreneur. However, the nature of entrepreneurship and motivations makes them have particularities that are important to take into consideration for analysis and understanding. Sometimes these particularities are related to the type of social enterprise they wish to develop, but in most cases, they are common to all of them.

In the same way, as in traditional ventures, the social entrepreneur has a series of characteristics, skills, and competencies to take their business to success. Some of these characteristics are innate, while others must be developed over time and during the process of implementation of the company.

Based on this context, this chapter aims to present the profile of social entrepreneurs, as well as the skills and competencies they develop to have a social enterprise considered to be successful. It also exposes the different types of social entrepreneurs that exist and the roles that each of them plays according to the life cycle of the social enterprise.

The chapter has five sections. The first exposes a description of the general characteristics of a social entrepreneur. The second section presents an analysis of the challenges faced by the social entrepreneur when carrying out his social enterprise. The third shows the different types of social entrepreneurs, as well as the roles they play in each of them. The fourth section presents the kind of leadership that a social entrepreneur must develop in each of the stages of their social entrepreneurship until they become consolidated within the ecosystem. The fifth section presents reflections, by way of conclusion of the chapter.

### 6.3 Social Entrepreneur, Particularities, and Differences That Make Them an Agent of Change

Social entrepreneurs are like other entrepreneurs, with the difference that their motivation is social impact and not money (Tracey & Phillips, 2007). They are agents committed to making a difference for the world, driven by social objectives, which have the characteristic of improving the living conditions of other people. To achieve their purpose, they decide to carry out a social enterprise that, like any other business, should not incur losses, but obtaining dividends from these companies is not the motivation that drives them (Yunus, 2006).

Social entrepreneurs face the same challenges as traditional entrepreneurs: the recognition of opportunities, the allocation of resources, and the creation of a new company, with the added complexity of the achievement of social results.

Although there is no agreed definition of social entrepreneur, all agree on the importance of the social value proposition, that is, the objective of the entrepreneur is to solve a social problem (Nicholls, 2013). Therefore, a social entrepreneur is that individual who tries to address or alleviate a social problem with an innovative business approach. Successful social entrepreneurs reflect the characteristics of successful commercial entrepreneurs, but require an extra dose of visionary ideas, leadership skills and a commitment to help others (Mair, Battilana, & Cardenas, 2012). They are people who realize that there is an opportunity to satisfy some unmet need, gathering the necessary resources to make a difference. Positioning it as catalysts for social transformation (Waddock & Post, 1991).

Within the personal characteristics that distinguish the social entrepreneur is his mentality (Light, 2005), which takes into consideration two aspects. The first is the social sensitivity and motivation they have to carry out their entrepreneurship. This mentality reflects that social entrepreneurs are ambitious, have a mission, are strategic, have resources, and are results oriented (Sastre-Castillo, Peris-Ortiz, & Danvila-Del Valle, 2015). The second aspect is the risk aberration that usually carry out its venture, but also its ability to learn their first implementations, that is, they show the willingness to self-correct and modify the plans, adjust the details, and overcome barriers (Marshall, 2011). They admit mistakes.

Motivation is another characteristic that defines social entrepreneur (Grassl, 2012; Yunus, 2006). In most of them, there is a point of inflection or the awareness of a lack of compliance with some right or injustice, being the necessary stimulus to decide to take action to solve the diagnosed social problem. The ability to recognize opportunities when analyzing any problem complemented this motivation. Through the understanding of the social problem visualizes the potential to transform the social conditions that generate it. Social entrepreneurs recognize the complexity of

social issues and develop a systematic vision for the issue, identifying the effects and causes that create it, the relevance of their attention, and the need to make collaboration from interdependent actors.

The social entrepreneur is an individual with significant personal credibility, which it uses to take advantage of critical resources (Waddock & Post, 1991). His history generates a distinctive profile of beliefs and values, a fact that contributes to the formation of his personality but also to give meaning to the work he does. This history and credibility generate a commitment of the followers with the project, framing it regarding social values, instead of economic benefits, which results in the sense of collective purpose between the social entrepreneur and those who join the project. Social entrepreneurs have an ethical impulse, where money is only a tool to boost their programs and make projects progress.

Another characteristic is their ability to act and cross disciplinary boundaries, bringing together people from diverse backgrounds who can work together to create a solution. In this sense, they are willing to free themselves from the established structures and to create new ones according to the needs to generate a new social equilibrium. Their ability to act and develop relationships for social transformation, lead them to share the credit with other actors. Sometimes, social entrepreneurs are willing to work quietly in the background.

The social entrepreneur sustains the achievement of a social mission above or in parity with financial success (Alter, 2006; Marshall, 2011; Waddock & Post, 1991; Yunus, 2006). So, one of its characteristics is the fact that the growth of the company is a positive result, providing an enhancement of the social problem. Social entrepreneurs produce measurable returns, these results transform existing realities, open new paths for the marginalized and disadvantaged and unlock the potential of society to enable social change.

The search for a double type of value is a characteristic of the social entrepreneur, considering the social and economic objectives in simultaneous (Austin, Gutierrez, Ogliastri, & Reficco, 2006). Social entrepreneurs often occupy market niches by offering products and services that satisfy basic needs and that are not provided by the public or private sector, such as those related to social assistance and traditionally subordinated to the State. Although they also compete in traditional markets where they compete with the products and services of traditional companies, increasing the tension between the generation of social and economic value (Vázquez-Maguirre & Portales, 2018).

It is important to mention that, although social entrepreneurs almost always define themselves as individuals because is easier to find and visualize, there are social entrepreneurship that arises from social groups, citizen groups, networks, organizations, or even communities. This type of experience is presented mainly in the School of Social Economy, in which the community promoted above the individual, even when there is individual leadership that

## 6.4 · Challenges Faced by Social Entrepreneurs

drives the initiatives. So, a social entrepreneur is an individual, group, network, organization, community, or alliance of organizations that seek a sustainable change on a large scale through innovative ideas to solve significant social problems, to the instead they use market mechanisms.

### 6.4 Challenges Faced by Social Entrepreneurs

The dual mission faced by social entrepreneurs at the moment of launching their ventures results in the facing of particular challenges, which would hardly be faced by a traditional entrepreneur. These challenges are of an individual type as well as an organizational type, and in some cases, a social one. Their attention favors the success of the social enterprise, however, due to the nature of the entrepreneur, sometimes not usually taken into consideration at the time of undertaking.

On a personal level, the social entrepreneur has an intrinsic motivation related to the problem it wishes to address, which is usually linked to some life history, considered as the tipping point that led him to be an agent of change. By focusing on the problem as the starting point of the change process, they tend to forget to generate market mechanisms aimed at satisfying the needs of customers or consumers in a competitive way (Dey & Teasdale, 2013). This situation places them in what of innovation, leaving aside how to carry it out, being its principal interest to address social problems through new ideas and not necessarily the generation of economic value. The challenge is to strengthen the use of high-performance management practices, such as continuous improvement, quality management, financial controls, and a general focus on accountability, increasing the possibility of early success.

Accountability is often a complicated issue for social enterprises. By assuming a social mission, social entrepreneurs create relationships with vulnerable groups or sectors, which must be taken into account and establish bridges of dialogue with them during the creation of the company and developing its strategy (Tracey & Phillips, 2007). Social entrepreneurs require a set of competencies that allow them to create and manage these relationships, as they are a crucial element in providing the legitimacy they need. Finding this balance in relationship management is complicated, because social entrepreneurs need to create profitable businesses based on competitive products and services, and the process of consulting with stakeholders could impede competitiveness and slow decision making.

Another challenge faced by social enterprises is the tension between social and commercial objectives (Vázquez-Maguirre & Portales, 2018). The types of tension experienced depend on the nature of the company and the costs of the social mission. The most obvious thing is that difficult decisions must be made regarding the priorities of the organization and investment strategies; however, sometimes the decision is focused on investing in

the attention of the social problems, putting at risk the operational sustainability of the company or vice versa. The challenge for the entrepreneur is to reach the right balance between investing in the income generating part of the company or invest in the part responsible for achieving social results.

Social entrepreneurs also present the challenge of breaking the dichotomy or silo presented by social and economic job (Tracey & Phillips, 2007). Entrepreneurs, who have experience in the social sector, have difficulties to identify the commercial part of the business; while those entrepreneurs with experience in traditional companies may have difficulty identifying the company's social approach. Although this situation appears with greater force in the social entrepreneur, it also exists in employees and volunteers of the social enterprise.

Finally, the primary challenge faced by a social entrepreneur when the company's operation begins is to operate beyond the equilibrium point. When the entrepreneur has achieved this situation, he has graduated from the business world, with the possibility of expanding its impact (Yunus, 2006). He has overcome financial dependence, moving the world of philanthropy to the business world.

## 6.5 Types of Social Entrepreneurs

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So far, the review has not mentioned explicitly the fact that not all social entrepreneurs are equal, that is, the context in which they develop, their life history and the problems they wish to address, define the type of entrepreneur they want or must to be. In this context, the proposal developed by Zahra, Gedajlovic, Neubaum, and Shulman (2009) considers three different types of social entrepreneur: social bricoleur, social builder, and social engineer. These types of social entrepreneurs can be classified from low to high, depending on the type of impact or social transformation they can achieve (Fig. 6.1.).

The bricoleur social entrepreneur has a local or tacit knowledge, using its resources and repertoires to carry out the tasks on day-to-day basis. It involves the combination of existing resources to solve problems and take advantage of new opportunities (Di Domenico, Haugh, & Tracey, 2010). This entrepreneur has an intimate knowledge of the local environmental conditions and the resources available locally. It attends to locally discovered opportunities with locally available resources.

This type of social entrepreneur identifies social needs that can be indiscernible or unrecognizable by other actors. The solutions they design are sometimes small in scale and limited in scope. However, these solutions help to mitigate local social problems. Social bricoleurs contribute to the generation of a social equilibrium where peace and social order exist. As a consequence of its localized and often implicit knowledge, social bricoleurs are in a unique position to discover local social needs where they can take advantage of their motivation, experience, and personal resources.

## 6.5 • Types of Social Entrepreneurs

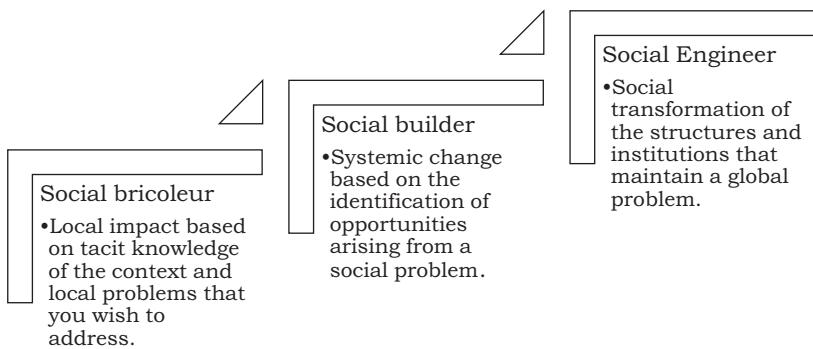


Fig. 6.1 Types of social entrepreneurs according to the type of impact they can achieve (Source Author)

to create and improve social wealth (Zahra et al., 2009). Although they are not as advertised as other entrepreneurs, social bricoleurs perform essential social functions throughout the world.

Their work is so subtle that they resist recognition or even exposure by governments and the media. They are less concerned about the scaling up of their initiatives, so that organizations that seek this element within a social enterprise may not appreciate the contributions of the social bricoleur.

### Case 6.1. Bárbara Diego and Her Effort to Dignify the Elderly Through Gericare

Bárbara Diego's interest in dignifying older adults started from her home; she lived with her family. For more than 20 years, his family lived with a dependent older adult without knowing that the cause of his diminished mental capacity was Alzheimer's. They traveled to the USA for treatment, then her husband died and so did her daughter, both uncharged to take care of her. Then she knew that she wanted to do something. She offered therapy for six years to seniors and their families. During those years, Barbara met Ana Sustiel, her business partner, who also worked as a psychologist for the elderly and families for a long time. They shared a passion for learning, which led them to study together with a Master in Psychotherapy. Later, they began to teach courses for families with patients diagnosed with dementia and, through their experience, they identified

the insufficiency of the current models of attention to adults in the fourth age, giving rise to Gericare. Gericare is a gerontology service center with an innovative model for Mexico. It is different from the model of traditional care homes and asylums, where the elderly stayed for the rest of their lives. The model has three units. The first is a care center for the elderly, with modern equipment, located in the Central Business District of San Pedro Garza García. This place was meant for the elderly to feel enthusiastic about visiting and spending time with others, learning to feel comfortable with themselves again. To achieve it, the Day Club Program was established, which operates on three axes: (1) cognitive stimulation, (2) physical development, and (3) playful-social integration. The second unit is home care through personal assistants certified in treatment and care

for the elderly. The third unit is the Gericare Services Network, a free service that provides information and knowledge to family members of senior citizens about their care and the importance of being close to them. Nearly ten years after its founding, Gericare provides services to seniors, in a Mexican context where the problems represented by this sector have not been addressed and taken into account. The model has proved its validity regarding the market, at the level of improving the living conditions of their patients and their integration with society. However, its impact is limited by the lack of awareness at the national level of the implications that the care of the elderly will have in the medium term, especially in a country where the youth demographic bonus begin to disappear.

The second type of social entrepreneur is the builder, characterized by its ability to identify opportunities within the market or society to build and introduce systemic changes, both at the level of ends and means. By introducing innovations, entrepreneurs successfully and profitably take advantage of opportunities to address the unmet needs of customers (Waddock & Post, 1991). Builders social entrepreneurs identify needs that are not being adequately met by companies or by the State to offer a good or service that radically changes the way to satisfy this need (Zahra et al., 2009).

These entrepreneurs build and operate social enterprises that meet the needs of segments and populations that traditional companies have forgotten, either due to a lack of incentives or the way in which they do not address the causes that generate the problem, serving as a palliative to this situation (Chell, Nicolopoulou, & Karataş-Özkan, 2010). These social entrepreneurs are alert to the opportunities offered by a specific problem and decide to carry out an innovative action to address it.

These entrepreneurs develop organizations that match the scale and scope of the social needs they seek to address, usually transcend the local level and reach an international level (Barki, Comini, Cunliffe, Hart, & Rai, 2015). Unlike bricoleurs who improvise solutions to local social problems on a small scale, social builders seek to remedy broader social problems by planning and developing scalable solutions formalized or systematized to meet growing needs. Their models could be transferred to other contexts, increasing their impact. The advantages of these entrepreneurs do not come from local knowledge; they result from their unique ability to detect and take advantage of those opportunities that generate social wealth by creating and reconfiguring the processes enacted to deliver goods and services.

While social builders may face limited competition in the delivery of their solutions, competition for resources is often intense, as they require significant funding to create the vast and complex organizations needed to achieve the desired impact. Governments, NGOs, and charitable foundations are the traditional sources of financing for these entrepreneurs. Acquiring resources through collaborative companies often helps social builders to build, maintain, and grow their organizations. However, the diversity of financing can also restrict or even alter their missions.

Social builders often have to develop and refine a capacity to raise funds, possibly diverting their attention from their primary mission. The need to be part of the staff of the organization can also influence the fate of this mission as professional employees, and volunteers begin to exercise control over its operations, strategies, and activities (Zahra et al., 2009). The need to acquire substantial resources also presents social builders with a paradox in the management and maintenance of its organizations.

**Case 6.2. Algramo from the Neighborhood to the World, an Intelligent Solution by José Manuel Moller**

While José Manuel Moller studied Commercial Engineering at the Universidad Católica of Chile, he went to live in a town in the commune of La Granja with three friends. As they studied and worked, they had low incomes, which forced them to buy what they needed for day to day in small formats. José Manuel realized that buying in the store in his neighborhood; he pays much more than if he bought in bigger formats. Looking for a solution to this situation, José Manuel founds Algramo. The original idea was to create a machine that would bulk off the amount the customer wanted to buy, in order to pay a wholesale price for a small amount. These machines would be installed in warehouses since it is in these places where the problem occurs most frequently. In April 2013, Algramo began with the stage of development of the final dispensing machines. After a while, Algramo installed the first powder detergent dispensing machines. From the neighborhood, Algramo gains strength, giving rise to the

constitution of a voluntary Board of Directors and chosen as the best Latin American project of Start-Up Chile, 7th Generation and winner of the Open Start-Up of UDD Ventures. For 2014, Algramo certified as Company B and implemented a sales system that does not involve the dispensing machine and thus does not depend on the manufacturing time of these. A system of manual sale is created using returnable containers, equal to that of beverages, maintaining the logic of sale in bulk. Families buy, consume the product, and return with the same packaging for their next purchase. In 2015, the B certification recognized it as the best company for the world and the best company for the community. Fast Company magazine selected Algramo as one of the 50 most innovative companies worldwide. In 2016, the transition from Entrepreneurship to Social Enterprise was consolidated, with the birth of Operations, Sustainability, Human Resources, Communications,

Marketing, and Legal; the birth of the corporate culture was consolidated to improve the processes through which we were arriving at the warehouses. This year they are ranked No. 11 in the world for the Best Companies for the World (Best For The World). In June 2017, the organization of the Universal Exhibition of Dubai (Expo 2020) announced that Algramo would participate in the event of the year 2020, and also received a grant for the development of new technology prototypes to provide cheap food and Internet connection to the most vulnerable communities. The Expo Live program of the Expo 2020 in Dubai has an allocation of 100 million dollars to support projects that offer creative solutions to the challenges that influence the lives of people or contribute to the conservation of the planet. Currently, Algramo has a presence in 1600 stores, serving 220,000 consumers in low-income neighborhoods and avoiding 180,200 kilograms of garbage.

The last type of social entrepreneur is the engineer. This entrepreneur introduces dramatic changes in the social sphere, which resemble what great entrepreneurs in the world of commercial companies (e.g., Steve Jobs, UBER, among others). They are the engines of innovation and change, destroying obsolete systems, structures, and processes replacing it by newer and more appropriate ones (Martin & Osberg, 2007). By fracturing existing and often dominant institutions and replacing them with more socially efficient ones, social engineers can have a profound influence on society. These entrepreneurs can have high strength for social change.

Given the “systemic” nature of the problems, social engineers often attack national, transnational, or global social problems. The revolutionary and ideological nature of the reforms they introduce is often a threat to the interests of established institutions and is sometimes considered subversive and illegitimate (Yunus, 2007). The scope and scale of their impacts, as well as the deficits of legitimacy that they could face, require that social engineers take advantage of popular support to fulfill their missions. As a result,

their ability to accumulate enough political capital to gather other necessary resources and achieve legitimacy supports their ability to act.

### Case 6.3. Muhammad Yunus. From Microfinance and Microcredit to Peace and Social Development of the Poor

6

Muhammad Yunus is a social entrepreneur and social leader who in 2006 received the Nobel Peace Prize for developing the Grameen Bank and being the developer of the concepts of microcredit and microfinance. These credits granted to entrepreneurs who are too poor to qualify for a loan in a traditional bank. In 1976, during his visits to the poorest neighborhoods in the city of Jobra near Chittagong University, Yunus discovered that small loans could make a considerable difference for poor people. Village women who made bamboo furniture had to accept a loan to buy bamboo and pay almost all their profits to the lender. Traditional banks did not want to offer small loans at a reasonable interest rate to the poor because of the risk that

it meant. Yunus lent 27 dollars of her money to 42 village women who made a profit of 0.50 Takas (US \$ 0.02) on each loan. In December 1976, Yunus secured a loan from the Janata Bank to lend to Joba's poor. The institution continues to operate, securing loans from other banks for its projects. By 1982, it had 28,000 members. On October 1, 1983, the pilot project went into operation as a full bank for the poor of Bangladesh with the name of Grameen Bank ("People's Bank"). Yunus and his colleagues faced everything from violent right-wing radicals to conservative clergy that women who asked for Grameen Bank money would be denied a Muslim burial. By July 2007, the Grameen Bank had granted 6.38 billion

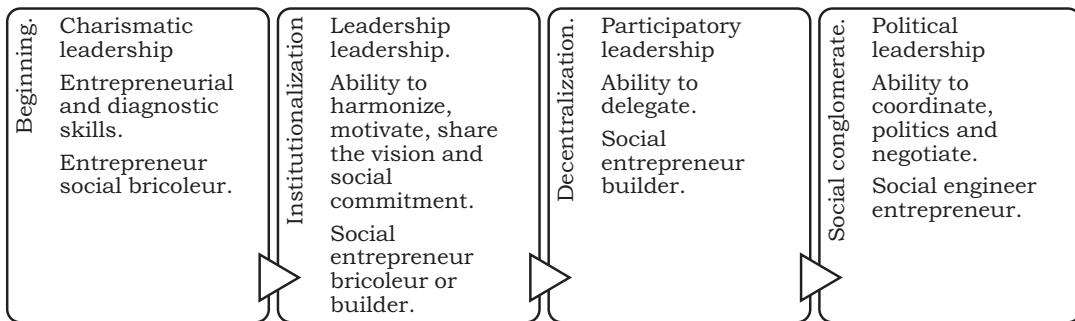
dollars to 7.4 million people. To ensure the payment of the debt, the bank uses a system of "solidarity groups." These small informal groups apply together to the loans, and their members guarantee payments among themselves and support each other's efforts to achieve economic advancement. The success of the Grameen microfinance model has inspired similar efforts in approximately 100 developing countries and even in developed countries such as the USA. Many microcredit projects retained the idea of lending to women. More than 94% of Grameen loans are for women who suffer disproportionately of poverty and tend more than men to allocate their earnings to their families.

## 6.6 Leadership in Social Enterprises: The Need for Change as the Enterprise Grows Up

Social entrepreneurs must not only fulfill a leadership that allows them to position themselves in the market or grow economically, but also must develop skills that allow them to effectively manage the conflicting demands that arise from the commitments to improve social welfare and achieve viability commercial. The social entrepreneur must have the ability to understand a total situation, seeing the whole and not just a part of the system, considering all the relationships that exist between the different factors of the situation. Social enterprises provide an environment in which the total situation combines the passion for a social mission with a pragmatic approach to the business purpose.

Leadership in social enterprises is the capacity to make transformations and obtain outstanding results. The leaders of these ventures can make profound changes in their organizations or carry out successful social reforms in the midst of adverse circumstances, and how they manage to develop motivation and effectiveness among their followers. The ability of leaders established the work frameworks, values, and commitment within organizations. The task of the leader is to promote the organizational

## 6.6 · Leadership in Social Enterprises: The Need ...



■ Fig. 6.2 Stages followed in the process of development and consolidation of social enterprises (Source Author)

transformations that allow the growth and consolidation of the enterprises over time.

Now, as in traditional companies, the social entrepreneur must make use of specific skills at certain times, defined according to the stage of his or her venture. A social enterprise that seeks social transformation can be visualized concerning four stages (Austin et al., 2006): beginning, institutionalization, decentralization, and social conglomerate (■ Fig. 6.2). Due to the nature of each of them, the entrepreneur must play a role and a different style of leadership, and therefore, also the type of social entrepreneur may or may not favor the development of these stages.

In the start stage, the social entrepreneur starts with an analysis of the context and the identification of a problem to take action. The interaction with other social actors and the environment in which they operate play an important role since the position that an individual occupies within society can facilitate entrepreneurship. The entrepreneur takes advantage of their relationships or contact networks to start the venture. Must have the ability to undertake, but also diagnostic, because through them is how to start to give life to its initiative. A charismatic leadership style contributes to obtaining the necessary resources to start social entrepreneurship. Usually, at this stage, the enterprises focus on the local area, so that a social entrepreneur bricoleur is the one who can favor its development.

In the institutionalization stage, the aim is to stop relying on the leader and achieve the efficiency and effectiveness of the organization through the development of the necessary administrative structure, without losing sight of the social purpose of the initiative. The challenge is to secure the economic resources so that the enterprise achieves its financial sustainability and the adhesion of collaborators, forming a work team capable of managing the initiative. The leader presents the ability to harmonize, motivate and share the vision and social commitment that is required to achieve the expected impact. Management leadership uses systems and structures to give a precise orientation to its work team, and which, in a personal way, guides and exercises control over decision making at all levels of the organization. Continuous improvement and organizational learning should be constituted

as institutional goals, and as a tool to achieve the objectives. The institutionalization of entrepreneurship is critical to ensure the continuity of the initiative. In this case, a social entrepreneur bicoleur or builder can favor the consolidation of this stage.

The decentralization stage creates teams capable of implementing social initiatives and efficiently manage the units created within the enterprise. Leadership consists of two dimensions: at a central level, strategic and related to the mission of the organization, and at a particular level, executive and related to the implementation and administration of specific ventures. The founding leader frequently remains at the central level, deciding to open or close units and, sometimes, the allocation of financial resources to develop different activities. Its most important ability is to delegate. Decentralization then allows organizations to carry out various social enterprises simultaneously. It is necessary to move from an individual leadership to participatory leadership, distributed decision making to different levels of the organization, so it is handy to carefully select those who will lead the different units of the enterprise. In this case, the social entrepreneur must be a builder, since it has to develop structures that favor the scaling of the enterprise.

The social conglomerate consists of a set of organizations or units that independently develop social ventures and that, although they have their organizational structure, work under a shared strategy. The success of the operation and the social performance of these conglomerates depends on the centralization of certain critical aspects that give efficiency and effectiveness to the organization. Leadership in a social conglomerate is political and manifests itself from a centralized unit that dictates common strategic guidelines for the enterprises and coordinates critical functions so that it operates efficiently. In order to achieve the reorganization of tasks, the leaders use their political and negotiation capacity to assemble the different activities of the conglomerate under a common strategy and to reconcile the tensions that may arise between the different undertakings. The type of social entrepreneur ideal for this stage is the engineer.

## 6.7 Conclusions

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The social entrepreneur is a critical element in the development and positioning of any social enterprise. It is an agent of change that, sensitive to a particular problem, decides to take action and creates an organization or initiative with the interest of responding to the problems it faces. This agent has different characteristics that differentiate him from a traditional entrepreneur, highlighting the fact that his happiness or self-realization focuses on the generation of social value and not on the generation of wealth.

The implementation of this organization requires responding to various challenges, which must be addressed by the social entrepreneur systemically and appropriately. Perhaps the most significant challenge faced in the simultaneous generation of value (economic and social) and making decisions that allow the bal-

## 6.8 • Exercise

anced growth of social entrepreneurship: achieve social impact without compromising financial sustainability, and vice versa.

At the moment of addressing a specific problem, the social entrepreneur is expected to have minimum characteristics to achieve it. However, its scalability is limited by the type of entrepreneur who carries it out and by the problems that it is desired to address. Those problems that arise exclusively at the local level will require a bricoleur social entrepreneur, as is the case of Gericare. A problem addressed through the transformation of the system will need a social engineer entrepreneur, as is the case of Yunus that has transformed the financial industry through its proposal of microcredits and promotion of social entrepreneurs.

The growth of the social enterprise also requires an evolution in the appropriate leadership style according to its stage. In the beginning, the entrepreneur is charismatic, allowing him to add more people to his initiative. However, when it comes to scaling up its business and consolidating it, it requires a participatory style, where it delegates activities and favors the decentralization of its processes and achieves autonomy among its units. Because social transformation requires more actors involved, some social enterprises reach a stage of social conglomeration, where the political style of the social entrepreneur is critical to achieve its consolidation and operation, as has happened with the case of Coporación Mondragón (► Chapter 5).

It is important to remember that the social entrepreneur is an agent of change in the process of formation, so it is not necessary that from the beginning he has all the mentioned characteristics or skills or that he exercises some leadership or another. It is a problem, context, and entrepreneurship that defines the role, skills, and characteristics that the social entrepreneur should apply or develop, always taking into account that the ultimate goal is the transformation of society and attention to the causes presented by the problem that want to face.

### 6.8 Exercise

Taking into consideration the local or regional context of the place where you live, identify a problem that should be addressed. Identify who is currently solving this problem—at the local, national, or international level—and how they are doing it. Do an investigation about the founder or social entrepreneur and the social enterprise that directs and answers the following questions.

- What is the background of the social entrepreneur and what situation or aspect led him to undertake?
- Based on the background above, what kind of social entrepreneur is it?
- At what stage is social entrepreneurship?
- Using □ Fig. 6.2, make a matrix where you can identify how the social entrepreneur developed the leadership style, skills, and type of entrepreneur in each of the stages.
- What challenges does the social entrepreneur currently face and what skills would he have to develop to overcome them?

## 6.9 Additional Resources

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Websites and lectures:

- If Billionaires Are A Cause Of Climate Change, Social Entrepreneurs Are A Solution
  - ► <https://www.forbes.com/sites/devinhorpe/2018/12/22/if-billionaires-are-a-cause-of-climate-change-social-entrepreneurs-are-a-solution/#56c84765123e>
- Famous Social Entrepreneurs Doing Good and Making Money
  - ► <https://changecreator.com/8-famous-social-entrepreneurs-need-know/>
- Latin America Social Entrepreneurs Honoured at World Economic Forum Meeting in Mexico
  - ► <https://www.weforum.org/press/2015/05/latin-america-social-entrepreneurs-honoured-at-world-economic-forum-meeting-in-mexico/>
- World-changers: meet the Social Entrepreneurs of the Year 2018
  - ► <https://www.weforum.org/agenda/2018/09/world-changers-meet-the-social-entrepreneurs-of-the-year-2018/>

Videos:

- Social Entrepreneurs: Pioneering Social Change
  - ► [https://www.youtube.com/watch?v=jk5LI\\_WcosQ](https://www.youtube.com/watch?v=jk5LI_WcosQ)

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