Preface (2013)

At our annual executive round table program in the Nonprofit Studies Program of Georgia State University this year, our keynote speaker, Prof. Greg Dees, was kind enough to cite my work, as set forth in the 1983 edition of this book, as a seminal contribution to the study of social entrepreneurship. If only I had called it "social" entrepreneurship rather than "nonprofit" entrepreneurship, Greg mused, I would now be universally recognized as the source of this now omnipresent terminology and field of study. Much as I was flattered by Greg's generous remark, I also began to think about its accuracy and the juxtaposition of social entrepreneurship with the original orientation and purpose of the book.

As stated in the original Preface, the primary purpose of the book was "to develop the rudiments of a theory of behavior of nonprofit organizations..." Up to that point in time, the theory of nonprofits was based on understanding the "demand" for services of nonprofit organizations, principally as nongovernmental providers of public goods as developed by Burton Weisbrod, and as providers of "trust goods" where asymmetric information led consumers to prefer nonprofits over less trustworthy for-profit providers, as developed by Henry Hansmann. Lester Salamon later contributed a third leg to the demand side by explaining government's demand for financing nonprofits to produce public goods, in his theory of third party government. By contrast, I was attempting to fill in the supply side by asking the question: if such demand existed, where did the supply come from, what was its character, and what were the forces and motivations behind such supply? This led me to focus on entrepreneurs as the source of supply, picking up on a suggestion contained in Hansmann's original work.

So how does this connect with Greg Dees's perception that I essentially discovered social entrepreneurship? First, I actually focused on entrepreneurship as a generic phenomenon not necessarily confined to the business sector. There was discussion in the entrepreneurship literature about this as well, by McClelland and others. So I wasn't out to identify a new type of entrepreneur so much as to indicate that entrepreneurship was just as important to nonprofits as for-profits. But yes, I was also saying that there was such a thing as a nonprofit entrepreneur. I did not use the term social entrepreneur, but I suspect that if I were to write this book in the contemporary environment, I would have to consider such a term, because we now have so many more avenues for socially minded entrepreneurs to do their work – not only via nonprofit organizations but also through numerous variants of social and hybrid businesses, social cooperatives, and so on.

Additionally, when I wrote the book I wasn't out to create or describe a new occupation or career path. However, I did recognize the importance of entrepreneurship as a key element of nonprofit management and leadership, and this certainly influenced my subsequent research and teaching in this field. Schools of business and management were slow to embrace the broader study of entrepreneurship as I had laid it out, and they were not particularly quick to incorporate nonprofits into their management education agendas. But this all changed in the late 1990s and early parts of this millennium as the business sector began to appreciate the strategic importance of socially responsible behavior, as students pressed for more meaningful career paths outside the sometimes sullied fields of high finance and giant multi-national corporations, as new millionaires and billionaires began to look outside traditional philanthropy for their "social investments," and as a new generation of entrepreneurs began to demonstrate its power and creativity to address social problems Social entrepreneurship and its complementary with innovative solutions. phenomenon – social enterprise – thus became required, even popular fare for business school curricula and helped expand the more traditional, public administration-based curricula in nonprofit management, as well.

Nonetheless, the question of whether entrepreneurship is really teachable The theory set forth in this book presumes a certain pool of latent remains. entrepreneurial talent and motivation. These days, entrepreneurship (especially social entrepreneurship) is very trendy but it remains questionable as to whether we should really be trying to encourage everyone to study social entrepreneurship or to become a social entrepreneur. Dees and others now argue that we should pay more attention to the support structure to enable social entrepreneurs to be successful, in contrast to increasing the number of social entrepreneurs or helping them develop individual entrepreneurial skill sets. Providing robust opportunities for entrepreneurial education is certainly helpful but it should also be discriminating and realistic. Educational institutions should ensure that students with requisite talent and dedication are prepared for the challenges of the social sector while others are better advised to pursue alternative career paths. This seems particularly true in the field of nonprofit studies where students often enter programs with the intent of establishing their own nonprofit organizations. Given the rapidly growing numbers of these organizations and the increasingly limited resource base on which they depend, students need to learn about the alternatives to striking out on their own, such as working within established organizations in various capacities until they can discover how they can be most effective professionally and satisfied personally. Overemphasizing entrepreneurial careers through narrowly defined educational programming seems a potentially dangerous side effect of the growing proclivities of both business schools and public administration/nonprofit management programs to pile onto the bandwagon of social entrepreneurship.

Preface (2013) xiii

While my book may have helped establish the notion of social entrepreneurship, I'm just as gratified by the impact it may have had on the study of supply side behavior in the nonprofit and wider social sector. There is certainly much more attention now given to the multifaceted motivations of for-profit entrepreneurs and more skepticism about oversimplification of the objective functions of for-profit firms, especially small privately owned businesses. And I believe there is now also greater appreciation for the diversity of motivations and styles that drive nonprofit organizations. I'm pleased that the supply side has now been woven into the fabric of economic theory of nonprofits, nowhere more skillfully than by Richard Steinberg in the second edition of The Nonprofit Sector: A Research Handbook in 2006. We may never have a simple economic model of a nonprofit organization, similar to the profit-maximizing for-profit firm of classical micro-economic theory, but at least we now recognize that the interface of supply and demand is what ultimately determines the character of goods and services produced by the nonprofit sector. And we also recognize the diversity among nonprofits themselves and the differences in output and performance between nonprofit and other kinds of organizations. The notion, developed in my book, that entrepreneurs embody a wide variety of styles and motivations and that they can choose among sectors and organizational vehicles to best match their preferences with available alternatives, has provided some foundation to these new understandings.

The reissue of this book has also given me the chance to reflect on some of the assumptions I made in carrying out my analysis and how they hold up thirty years later. There are several simplifications I made that should certainly be revisited in light of subsequent scholarship and contemporary developments. One is the idea, still fairly prevalent, that entrepreneurship is a highly individualistic phenomenon that pivots on the strong leadership and personality characteristics of heroic entrepreneurs. While my case studies book published two years later in 1985 – Casebook of Management for Nonprofit Organizations, which provided much of the empirical basis on which I built the analysis for this book – certainly identifies the strong personalities behind nonprofit ventures of various kinds, it also makes clear that entrepreneurship requires teamwork and often multiple personalities that complement the strengths and weaknesses of one another and those of the lead entrepreneur. Recent works by Spear and others have begun to fill in this picture. Still, to this day, I think that the teamwork aspect of entrepreneurship, especially social entrepreneurship, remains under appreciated and sparsely studied.

A second idea in my analysis is that entrepreneurs can be classified into a variety of stereotypes according to style and motivation. This was a convenient analytical device that allowed me to develop the concept of screening and sorting of behaviors into alternative sectors. In reality, however, entrepreneurs are more complex and usually represent some combination of these (and perhaps other) stereotypes. Going forward, it remains important to understand this, if only to take a more nuanced approach to the

study of contemporary social ventures. Still, the sorting of entrepreneurs with different characteristics and proclivities into different fields and sectors, as suggested in recent reviews of social entrepreneurship (e.g., Zeyen et al, Hoogendorn et al) remains an important area of research with implications for theory and practice. For example, how does the sorting and selection process work now that there are so many more different types of hybrid organizational arrangements available for entrepreneurs to choose from? Alternatively, is the sorting process and the freedom of entrepreneurs to pursue ventures in their own ways becoming less important now, given the growing reliance on homogenizing measures such as performance metrics, accountability structures and market-based success criteria for social ventures?

As a relevant aside, I was struck in rereading the book of my pervasive, anachronistic use of "he" as the pronoun referencing entrepreneurs. This was, of course, the convention at the time. Still, I wonder at this point whether my inattention to gender biased the specification of entrepreneurial styles and behaviors postulated in my theory. I actually think it did not. In fact, many of the cases I had in mind while developing my analysis involved female nonprofit entrepreneurs. bi-product of my focus on the nonprofit sector where employment and venture opportunities were more gender neutral than in other sectors. And as the male/female ratio in the work force has come into greater balance over the past three decades in all sectors, I think we would find both genders well represented across the board in the spectrum of entrepreneurial types I originally specified. It may still be true that men and women should be characterized differently in terms of their proportional representation among alternative entrepreneurial types, but I am skeptical of the necessity of specifying any particularly male or female entrepreneurial subtypes. Still, continuing work on the taxonomy of entrepreneurs, social and otherwise, by Zhara et al and others continues to be productive to this day.

It is notable that my analysis essentially broke the economy up into three basic sectors: government, business and nonprofit. This represented progress at the time, since prior to the 1980s the existence of the nonprofit or third sector was hardly acknowledged in basic economic texts. However, one constant theme in the literature since then has been the blurring of the sectors, discussed early on by scholars such as Ralph Kramer and more recently by David Billis and others.

How would this blurring affect my analysis now? Probably in complex ways. The existence of new forms of social business, corporate social responsibility programs in business corporations, social cooperatives, conglomerates of nonprofit and for-profit forms intermingled, and public-private-nonprofit partnerships all provide more choices for entrepreneurs. And as Dacin et al observe, these various forms require social entrepreneurs to work across sector boundaries with different institutional logics. So the sorting process is more nuanced and the possibilities for different kinds of resultant social and economic behaviors are so much more varied and subtle. I think the basic

Preface (2013) xv

ideas of multivalent entrepreneurship and screening and sorting among sectors and industries still apply. But the results of analysis may not be so simple. It is now less easy to say that clear behavioral distinctions apply to the three sectors. I think they still do, but it is no longer a simple matter of distinguishing among three distinct sectors. Rather we need to account for the blurring and the more robust set of opportunities for entrepreneurs to sort themselves out among alternative organizational vehicles in an increasingly complex landscape.

Finally, recent reviews of social entrepreneurship and nonprofit research have identified a few more interesting avenues of inquiry that, in retrospect at least, could have been tied into my original analysis. First, as Zeyen et al suggest, there might be a tighter connection between the demand and supply theories than I originally stipulated. My analysis suggested that potential entrepreneurship talent and motivation is intrinsic, latent and relatively fixed in the work force and eventually manifests and reconciles itself with resources and opportunities created on the demand side of the market for public goods and services. Some contemporary thinkers suggest that demand, arising from market failure, actually creates new entrepreneurial supply by forcing poorly served constituents to take action on their own. While this may be more of an academic nuance than a practical issue, further research on this point could have implications for how nonprofit and social enterprise supply is stimulated and cultivated, how social entrepreneurs are educated, and how social entrepreneurship is brought to bear on the solution of social problems.

Another neglected issue in my analysis is the question of competition. Are social entrepreneurs different from other entrepreneurs because they care more about social impacts versus personal rewards, which may require more collaboration than competition? This question is raised by Zeyen et al in the context of how social enterprises grow to scale – and whether successful social entrepreneurs are more inclined to encourage imitation and replication rather than to protect and grow their own ventures. It seems likely that the growth of nonprofits through federations and associations does fit this idea, providing an important window on appropriate social enterprise growth strategies. If I were rewriting the book today, I think I would examine this question by asking about the competitive vs. collaborative inclinations of my various entrepreneurial stereotypes.

In all, I am both perplexed and pleased that this book, overall, continues to be relevant, despite various anachronisms, such as gender bias and the assumption of highly distinct sectors. John Simon's original Foreword remains on point with its allusions to government retrenchment, financial uncertainty and program effectiveness, and other challenges to the nonprofit sector that continue today. My analysis of the nonprofit sector in the context of all three sectors seems prescient despite the blurring of sectoral lines. Some of the policy directions I considered in the original text – such as nonprofitization of industries and targeting of resources to nonprofits – seem a bit dated in view of today's hostility to public expenditure and wider acceptance of for-profit

supply of public services. If I were to rewrite the book today, I would probably consider the implications of commercialization and greater policy emphasis on for-profit participation, rather than policies that move in the reverse direction. But the analytical framework still seems capable of addressing such policy thrusts and their implications for nonprofit sector behavior and performance. Most of all, as various contemporary reviews (Zeyen et al; Hoogendoorn et al) observe, social entrepreneurship is receiving increased attention as governments struggle to solve society's complex problems, yet this is still considered a developing field of study with much yet to be learned and still a dearth of solid empirical research and analysis.

When Jacques Defourny first proposed that the theme of the 2013 EMES Research Conference be titled *If Not for Profit, for What, and How?*, it felt like my book was being resurrected from the dead. It was long out of print and the original publisher, while willing to entertain a whole new rewrite, was happy to grant me the publishing rights. But the thirty year anniversary of the book's original publication, and the energy and diversity of intellectual pursuit manifested in the conference seems to have given the book a new life. This digital edition contains some new essays by colleagues that have contributed in important ways to the study of nonprofits, social entrepreneurship and social enterprise over the past three decades, and the digital format itself allows the possibility of continuing dialogue and expansion of the text.

It's a nice feeling. Thirty years later, I hope and trust my younger colleagues will continue to cultivate these rich fields of inquiry in the quest for better understanding of how our societies can encourage, support and engage entrepreneurial energies for the public good.

Dennis R. Young June, 2013

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Preface (2013) xvii

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