CHAPTER 2

Social Entrepreneurship, Social Innovation, and Social Mission Organizations

Toward a Conceptualization

Björn Schmitz

Philiomondo

INTRODUCTION

New buzzwords have entered the nonprofit research arena in the last two decades, including "social enterprise," "social entrepreneurship," and "social business," which represent a melding of business and altruistic behaviors (Bishop, 2006; Bornstein, 2004; Drayton, 2002, 2005; Mair & Martí, 2006; Mair, Robertson, & Hockerts, 2006; Nicholls, 2006). What started as a promising new field of research is still suffering from a relatively weak level of theorizing and empirical research. Furthermore, there is no common definition of the terms; thus, research from different scholars can hardly be compared. As a result, scientific progress is at a low level.

Within the last 5 to 10 years, the term *social innovation* also has been added to these buzzwords, and it has occupied the agendas of practitioners, policy makers, and researchers alike. But social innovation has only contributed to the messy situation because it is also a very ill-defined term. When we are dealing with this kind of terminology—and in this book these terms are highly relevant and prevalent—we need to get a better grip on what these terms mean. While the linkages between the concepts have been stressed in many ways, their relationships have hardly been made clear in an understandable and fruitful way for research.

In this chapter, this author briefly introduces these concepts and reveals the similarities and differences between them. This author also distinguish between social entrepreneurship, social enterprise, social business, and democratic enterprise as forms of social

mission organizations, by analyzing these concepts with regard to three main features of the discourse: innovativeness, democratic participation, and earned-income strategies. The innovativeness part is further defined when explicating the social component of social innovation. This distinction is made by demarcating social innovation from both social change and from technical as well as economic innovation.

But social innovation also points to an understanding of an overall process including four phases: claims, invention, implementation, and diffusion. When finally linking social innovation with the above mentioned concepts of social mission organizations, four possible conceptual points of departure are presented. One very promising starting point is to couple the process of understanding social innovation with a functional role model perspective of social mission organizations. Deriving from this model it is claimed that social mission organizations are a required part of social innovations for societies.

SOCIAL ENTREPRENEURSHIP, SOCIAL ENTERPRISE, AND SOCIAL BUSINESS

Since the early 1990s, social entrepreneurship, social enterprise, and social business are concepts that have increasingly occupied the research agendas of nonprofit scholars studying business and those studying organization (Dacin, Dacin, & Tracey, 2011; Hjorth & Bjerke 2006; Short, Moss, & Lumpkin, 2009). These concepts go beyond the traditional nonprofit sector organizations because they also embrace for-profit legal forms that have a social mission. This blend of business and nonprofit features has also been discussed under the term *hybrid organizations* (Billis, 2010; Boyd, Henning, Reyna, Wang, & Welch, 2009; Brandsen, van de Donk, & Putters, 2005; Cooney, 2006; Evers, 2005; Glänzel & Schmitz, 2012; Hasenfeld & Gidron, 2005; Powell, 1987). The concept of hybrid organizations hints at the increased blurring of sector boundaries in the last two decades (Anheier & Then, 2004; Billis, 2010; Dees, 1998; Emerson, 2004; Weisbrod, 1998). In this chapter, this author therefore uses the concept of social mission organizations, which also includes nonprofits, to reflect this line of discourse. This author defines a *social mission organization* as an organization whose primary goal is a social cause (addressing a social problem or a social need) regardless of their legal form. Profit making is secondary to these organizations. What is more, potential profits will be reinvested in the social cause.

When looking at the definitions of the three concepts social entrepreneurship, social enterprise, and social business, two things become apparent. First, the concepts themselves overlap heavily, and often enough they are used synonymously. Second, there is a multitude of attributes that are associated with these concepts. They range from social and environmental responsibility, innovativeness, social change, social transformation, resource mobilization, double bottom line, entrepreneurial means, social needs orientation, social justice, making connections, empowering disadvantaged groups, helping the hardest to help, and sharing the problem and the solution, as well as diffusion and scaling (e.g., Office of the Third Sector, 2009; Schmitz & Scheuerle, 2012). Teasdale (2012) states that "it is unlikely that any single social enterprise possess all of these attributes. The positive attributes associated with each of the different organizational types would appear to have been aggregated to create a mythical beast" (p. 115).

What is more, there are differences in the understanding of the terms in different countries, especially between Europe and the United States. For example, Bacq and Janssen (2011) explained this difference by referencing Albert (1991), who emphasized the two different types of capitalism in Europe and the United States. While the American model is based on individual and financial success, media attention, and short-term financial gain, the Rhineland model puts collective success, consensus, and long-term planning in the foreground. Also, the European discussion is more focused on service providers and democratic governance, whereas the Anglo-Saxon perspective emphasizes the dividing line between charity and social entrepreneurship and embraces for-profit product providers and nonprofit earned-income strategies (e.g., Galera & Borzaga, 2009; Ridley-Duff, 2007).

Several authors have suggested the need to distinguish between different schools of thought. With these attempts the authors provide structure in the field and among the different meanings scholars and practitioners give the three concepts. Table 2.1 gives an overview of the distinguished schools of thought by six authors.

Another important distinction has been introduced by Defourny and Nyssens (2010). They distinguish between two versions of *earned-income schools*: an earlier version that focused on commercial activities of nonprofit organizations and a later version called the *mission-driven business approach*, which is broader and also includes for-profit businesses that trade for social purposes. The distinction here is that the former is an additional

TABLE 2.1 Differentiating Schools of Thought in Social Entrepreneurship Research						
		Authors With a Schools-of-Thought Classification				
		Alvord, Brown, & Letts (2004)	Mair & Martí (2006)	Dees & Anderson (2006)	Hill, Kothari, & Shea (2010)	Defourny & Nyssens (2010)	Bacq & Janssen (2011)
Schools of Thought	**Earned Income**	x	x	x	x	x	x
	Social Innovation	x		x	x	x	x
	Catalyzing Social Transformation	x	x				
	Social Responsibility Activities (cross-sector partnerships)		x				
	Broader Stakeholder Inclusion				x	x	x
	Multiple Bottom Lines				x		

TABLE 2.2 Different Schools of Thought, Their Key Features, and Organizational Forms		
School of Thought	**Key Feature**	**Organizational Form**
Earned Income I	Commercialization of nonprofits	Social Enterprise
Earned Income II	Trade for social purposes	Social Business
Innovation	Innovation	Social Entrepreneurship
EMES	Democratic governance and stakeholder participation	Democratic Enterprise

source of income for the organizations, whereas the latter also embraces social mission organizations that cover all their activities by earned income (social business) (Yunus, 2006). The second school is the *innovation school.* Here the innovation activities and the social entrepreneur being the change maker are the essential ingredients of discourse (Dees, 2001; Young, 1986). And third, there is a school of thought proposed by the EMES network that stresses the importance of democratic and participatory governance models within the social enterprise discourse. For this school of thought this author would like to introduce the term "democratic enterprise." This differentiation is summarized in Table 2.2 and is the basis for the subsequent discussion.

Instead of focusing on the importance and soundness of different schools of thought or definition criteria, it seems more fruitful to accept the various forms of social mission organizations and discuss the landscape of the various organizational forms and the functional importance of all forms (e.g., Neck, Brush, & Allen, 2009).

Social Entrepreneurship

Social entrepreneurship is commonly linked to innovation emphasizing the centrality of innovation for the concept of entrepreneurship. Peter Drucker (2007) stated, "Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service" (p. 17). The identification of business opportunities and their exploitation is commonly understood as commercial entrepreneurship (Shane & Venkataraman, 2000).

Obviously this emphasis is linked to Schumpeter's ideas of innovation and economic transformation, as well as the notion of creative destruction (Schumpeter, 1912). Innovation and transformation are blended in his approach, setting high criteria for what an innovation exactly is about. Schumpeter (1912) distinguishes five different kinds of innovations: (1) introduction of a new good or a new quality of a good, (2) implementation of a new production method, (3) accessing of a new sales market, (4) accessing of a new source of supply of raw materials or intermediate goods, and (5) rearranging of the market position (e.g., burst of an existing monopoly or market order).[1]

---

[1] Today, Schumpeter's distinctions are still valid. Take for example OECD's definition (2005), "An innovation is the implementation of a new or significantly improved product (good or service), or progress, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations" (p. 46).

Spear (2006) criticizes that Schumpeter's approach "excludes a large amount of entrepreneurial activity which involves the creation of new organizations but which may not be significantly innovative" (p. 404). However, it remains a question whether the ideas of Schumpeter can be easily transferred to the concept of social entrepreneurship. Schumpeter's (1950) theory is about competitiveness and rivalry between businesspeople. Businesspeople consider innovations important because they expect a high potential to generate higher margins and profits by them. It remains a question whether it is possible to transfer this motivation to the context of social needs or problems that seek solutions.

Commercial entrepreneurship is different from social entrepreneurship in two ways. First, social entrepreneurs pursue a social mission, whereas commercial entrepreneurs are seeking financial profit. Second, possible financial gains of a social entrepreneurship venture will be reinvested for the social mission, while the commercial entrepreneur distributes the profits to the shareholders or reinvests them for the commercial activities (Bacq & Janssen, 2011). Neck et al. (2009) point out that the main difference is not about social outcomes because otherwise every organization could be considered social, at least in the sense that it generates jobs, which leads to economic growth and finally to wealth for society. Thus, the difference between commercial and social entrepreneurship is about the input, be it either the sources of opportunity or the organization's founding mission as starting points.

Thus, social entrepreneurship is not only about innovation, but it is also about *social* innovation, and several authors have directly linked these concepts with each other (e.g., Leadbeater, 2007; Schmitz & Scheuerle, 2012; Westall, 2007). Zahra, Gedajlovic, Neubaum, and Shulman (2009, p. 519) have emphasized that social innovation is the core of social entrepreneurship.[2] From a slightly broader perspective, the main characteristics of social entrepreneurship are innovation, proactiveness, and risk taking for a social cause (Helm & Andersson, 2010).[3] Thus, the main link between social mission organizations and social innovation can be detected in the concept of social entrepreneurship.

Social entrepreneurship definitions are most often not limited to the founding of startup organizations but also mention innovations in mature nonprofits. However, empirical research has concentrated on social entrepreneurs who have started new ventures and have been subsequently selected and awarded as social entrepreneurs by practitioner groups or fellowship organizations (e.g., Nicholls, 2010). The general assumption is that mature nonprofits are unresponsive and inflexible to changing environments and demands (Dees, 2001). The result of this bias is a lack of research about social entrepreneurs within

---

[2] Obviously social change related to detected unsolved social problems is often the main characteristic that describes the emergence and goal of social entrepreneurs. Regarding social change or—expressed more stronger—social transformation, two main questions arise, because social change is not an aim in itself. First, why do we need social change or social transformation? And second, what is the direction of social change and who determines and defines this direction? As the first question remains to be at minimum partially answered by the drivers mentioned above, the second question is predominantly left aside in the social entrepreneurship discourse. One reason for this might be the assumption that social transformation and social innovation are positive things in themselves because everything else beside the current state is an improvement.

[3] Still, there is the perception that charity and social entrepreneurship are totally different concepts, and social entrepreneurship has been portrayed as extremely positive to play off the advantages of the concept against charity (e.g., Dees, 2012; Trexler, 2008). Until today, social entrepreneurship lacks the proof of its power. There are very few studies qualitatively and especially quantitatively that have shown the full range of impact that social entrepreneurship promises. Andersson (2012) states that the term *social entrepreneurship* serves as a dream catcher.

mature organizations, a phenomenon usually referred to as *social intrapreneurship*. As Seelos and Mair (2012) state, ". . . much social innovation research has explored the entrepreneurial establishment of new social organizations, much less is known about the ability of already established organizations to innovate continuously" (p. 45).

Social Enterprise

Instead, mature nonprofits have been investigated regarding economization processes, commercialization, and the increase of earned-income strategies (e.g., Dees, 1998; Emerson & Twersky, 1996; Weisbrod, 1998). Revenue generation has become a major topic, and studies have shown that an increasing proportion of nonprofits are proactively searching for new potential revenue streams (e.g., Massarsky & Beinhacker, 2002). There are different reasons for this trend such as a probusiness zeitgeist, strive for financial sustainability, favor of commercial approaches, and competition (Dees, 1998). In this area of increased challenges and tensions, nonprofits are searching for new models of financing or the implementation of new solutions. To highlight a few changes among others, marketization can cause a mission-drift, and a shift from serving the poor to serving those who can pay and weeding out difficult customers. It can also result in a higher independence from traditional stakeholders and networks, an increase in short-term thinking and decision making, a decrease in advocacy activities, an overlooking of supporting change in the status quo, discouragement of civic participation, devaluing the work of volunteers, and concentration of power with larger service providers (Eikenberry & Kluver, 2004, p. 135).

"Social enterprises deliberately adopt an uncomfortable position: They are in the market and yet against it at the same time" (Leadbeater, 2007, p. 2). As a result, this leads to rethinking old ways of producing services and goods and forces nonprofits to innovate. As a result, transformations toward being more business-like (Dart, 2004) and the search for earned-income often cannot take place without innovations. Thus, both concepts—social enterprise and social entrepreneurship—have their legitimate overlapping.

Social Business

Revenue generation is the striking feature of social businesses. These organizations recover the full costs they expend by their own generated market or earned income (Huybrechts & Nicholls, 2012). However, the term is academically underdeveloped. The subject being almost totally driven by the discourse around Muhammad Yunus, there are only a few scholars investigating social businesses. Jäger (2010) is an exception, but he does not clearly focus on the core concept of social business. Instead there is an overlapping with the other concepts presented above. In Yunus's 2006 definition, the purpose of social businesses is to change the world, and the negative perception regarding charities is heavily presented in his writings. A social business reinvests its profits for the social cause and does not distribute them to investors or shareholders. With this being said, social businesses can be seen as part of the nonprofit sector because of such a nonlegally defined nondistribution constraint. Thus, social business as a concept is mainly responsible for using the term *social mission organizations* instead of nonprofits because social businesses usually do not have a nonprofit legal form.

Yunus (2010) defined *social businesses* by the following principles: (1) having a social mission that supersedes profit maximization, (2) being financially and economically sustainable, (3) paying back investments of investors without paying dividends, (4) using profits for expansion and improvement according to the social mission, (5) being environmentally conscious, (6) paying its workforce according to market wages but with better working conditions, and (7) doing it with joy (p. 3). What is not listed here is the participatory nature that is also central to Yunus's conception of social business. Taking Grameen Bank as an example, the borrowers of microcredits become owners of the social business and thus have a say.

Democratic Enterprise

One more topic must be added to the three social mission organizations already discussed. Defourny and Nyssens (2012) from the EMES network[4] constructed an ideal type of social enterprise covering nine indicators structured under three subsets, namely economic, social, and participatory governance. The economic subset consists of the indicators (1) continuous production, (2) some paid work, and (3) an economic risk. The social subset includes (4) an explicit social aim; (5) limited profit distribution, reflecting the primacy of social aim; and (6) an initiative launched by a group of citizens or a third sector organization(s). Finally, the participatory governance subset is covered by (7) a high degree of autonomy; (8) a participatory nature, which involves various parties affected by the activity; and (9) a decision-making power not based on capital ownership.

While some authors are critical of a blend of market forces and democratic participation (e.g., Edwards, 2008; Eikenberry, 2009), Defourny and Nyssens particularly recommend this blend. Empirically, a boom of organizations showing these features has been found at least in Europe (Borzaga & Defourny, 2004). The stakeholder inclusion can also be understood as a way to protect the social mission of an organization despite it being prone to market forces. Indeed, "[t]he degree to which a venture prioritizes the needs of stakeholders, the involvement and engagement of stakeholders in a venture, and the proactiveness with which it emphasizes value creation to stakeholders will move the venture toward a greater social mission" (Neck et al., 2009, p. 17). This democratic governance perspective therefore is a branch of its own and deserves specific attention in the context of social mission organizations. For this research perspective, this author suggests the term *democratic enterprise* to distinguish this form in the context of social enterprise research and to stress the main feature this body of research focuses on.

An Integrative Perspective on Social Mission Organizations

The four different concepts presented—social entrepreneurship, social enterprise, social business, and democratic enterprise—cover the range of organizations that can be labeled social mission organizations. Central to all these concepts is the creation of social value

[4] "EMES is a research network of established university research centres and individual researchers whose goal has been so far to gradually build up a European corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodologies, around our 'SE' concepts: social enterprise, social entrepreneurship, social economy and solidarity economy" (http://www.emes.net).

FIGURE 2.1   Types of Social Mission Organizations and Their Overlapping Zones
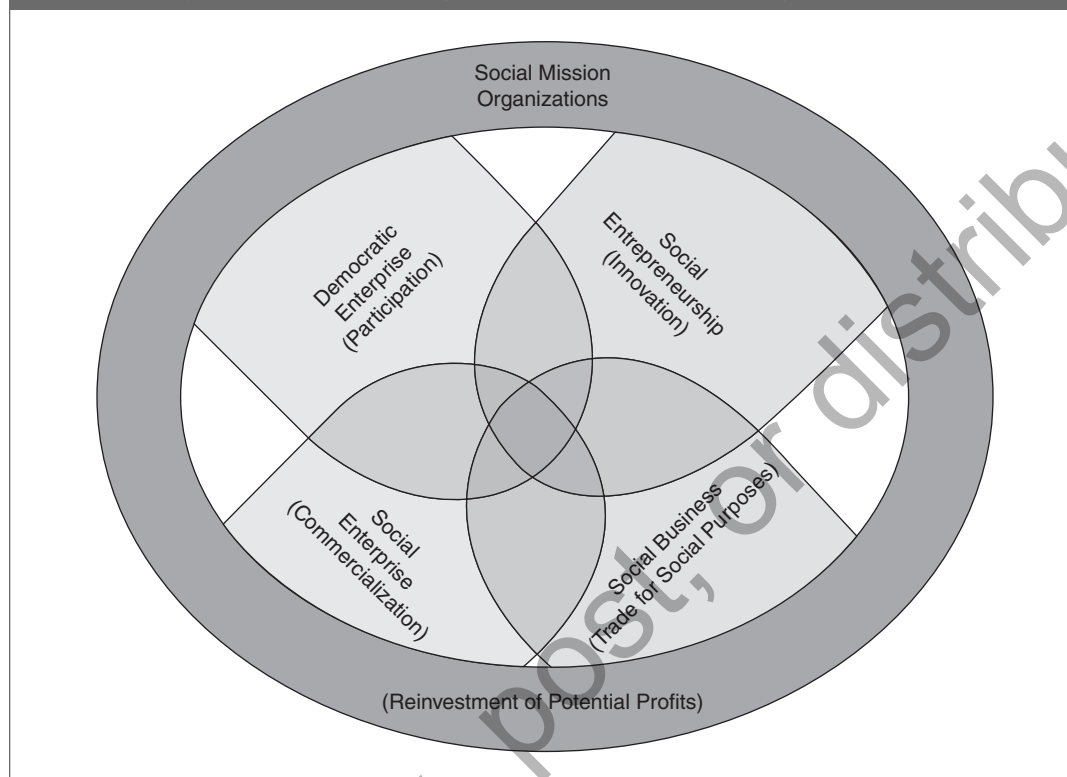
(e.g., Bacq & Janssen, 2011; Mair & Martí, 2006) or the addressing of a social need or problem (e.g., Dacin et al., 2011; Mort, Weerawardena, & Carnegie, 2003). This implies that the profit motive is secondary to the social mission and that potential profits are to be reinvested in the social cause the organization is addressing. When discussing the different concepts, it became apparent that the demarcation lines between them are—conceptually and empirically—all but clear (Chell, Nicolopoulou, & Karatas-Özkan, 2010; also Defourny & Nyssens, 2010). For instance, often enough organizations show an increase in revenue generation on the one hand and are innovative on the other hand at the same time. Is such an organization social enterprise or social entrepreneurial? This author suggests that these questions do not really help from a research perspective and add to the conceptual confusion. Instead it would be more fruitful to use the key feature of the concepts—participation, commercialization, trade for social purposes, and innovation—as different research perspectives and assume that these overlap heavily on an empirical level. Figure 2.1 shows the overlapping zones between the concepts introduced above. These overlapping zones indicate empirical cases with a mixture of the key features mapped to the concepts.

From an empirical perspective there are 13 possible cases, which are explicated in Table 2.3. The overlapping zones in Figure 2.1 are different in their size, but that does not

TABLE 2.3 Possible Empirical Cases of Social Mission Organizations			
	Democratic Participation	**Innovation**	**Commercialization**	**Trade for Social Purposes**
Organization 1	YES	-	-	-
Organization 2	YES	YES	-	-
Organization 3	YES	YES	YES	-
Organization 4	YES	YES	-	YES
Organization 5	YES	-	YES	YES
Organization 6	YES	-	-	YES
Organization 7	-	YES	-	-
Organization 8	-	YES	YES	-
Organization 9	-	YES	YES	YES
Organization 10	-	-	YES	-
Organization 11	-	-	YES	YES
Organization 12	-	-	-	YES
Organization 13	YES	YES	YES	YES

indicate that empirically these cases occur in such proportions. It remains a question for future research which combinations of key features can be detected most often and to reveal possible reasons for these combinations.

Although the term social mission is primary for all social mission organizations, there is no systematic debate about how to distinguish social causes from nonsocial causes in relation to social mission organizations, or more precisely, social problems from nonsocial problems. This question is important because it is the ultimate distinction between social mission organizations and commercial organizations. Some scholars state that the social problems are often complex or wicked problems (e.g., Bornstein, 2004; Waddock & Post, 1991), which makes it necessary to take a long-term perspective, form networks, and include multiple stakeholders. Social innovations—the concept introduced next—address social problems and thus need to consider their complex circumstances. Maybe we can get a better understanding of what social problems are by analyzing the discourse on social innovation.

WHAT IS SOCIAL ABOUT SOCIAL INNOVATION?

German sociologist Wolfgang Zapf (1989) was one of the first to come up with a conception and typology of *social* innovations. Zapf characterized *social innovations* as "new ways to achieve goals, especially new organizational forms, new regulations, and new life-styles, which trigger the direction of social change and solve problems better than former

practices; therefore these practices are worthy to be imitated and institutionalized" (p. 177, own translation).

To define social innovation as a distinct field of practice and research, the addition of "social" needs to be qualified. A well-known, recent definition by BEPA (2011) stresses that social innovations are social both in their means and their ends. This point of departure corresponds to the distinction made by Nicholls and Murdoch (2012) that social innovation can be perceived separately as a social process or social outcome. But some other definitions define the social part of social innovation only by inputs (Mulgan, 2006; Mulgan, Tucker, Ali, & Sanders, 2007). Thus, this author arranges the discussion of social innovation according to input, means or process, output, and outcome-driven definitions. What is more, this author contends that a strong social innovation needs to be social in all these respects. This discussion then is followed by a clarification of different understandings of the social innovation process, which is related to the input, means, and output understanding and an important step toward linking social innovation discourse with social mission organizations.

Inputs of Social Innovation

Only a few definitions of social innovation focus solely on inputs such as motivations or desires. For these authors, social innovations are "innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social" (Mulgan, 2006, p. 46; Mulgan et al., 2007, p. 8). This motivation arises due to being confronted with groups of people who are excluded from the market system. These situations evoke the "desire to meet social needs which can be neglected by traditional forms of private market provision and which have often been poorly served or unresolved by services organized by the state" (Harris & Albury, 2009, p. 16).

The input definitions provoke two responses. First, they often link to organizations or activities of the nonprofit sector because a motivation or desire to resolve a social issue reflects a social mission, which is the core of nonprofit organizations as well as social mission organizations. Second, these definitions hint at the main difference between social innovation and social change, which is intentionality (Kesselring & Leitner, 2008). Implementing social innovation consists of "planned and coordinated actions" (Greenhalgh, Glen, Macfarlane, Bate, & Kyriakidou, 2004, p. 582) toward societal problems. In contrast, *social change* is defined as a more unplanned and uncoordinated process that might occur as a reaction to social innovations. More interesting, social change can also be a trigger for further social innovation. This might also be due to two reasons. First, social innovations are often investigated on a micro or individual level of analysis (i.e., analyzing the implementation of a specific innovation and its further diffusion), whereas social change is investigated on a macro level of analysis (i.e., analyzing changes and trends within society). Second, social innovation from a practitioner point of view is heavily linked to new products and services (material view), whereas social change deals with changes in values, norms, and attitudes (immaterial view). This author calls into question whether the materialistic view is helpful and covers all forms of social innovations. For instance, new forms of democratic participation would not qualify as social innovations in a materialistic sense because they are neither products nor services. The process view on social innovation is intertwined with this issue.

Means and Processes of Social Innovation

In his recent book on innovation, Steven Johnson (2010) stressed the importance of knowledge exchange and networks and that good ideas most often arise from circumstances in which there are no commercial interests prior to the innovation. These notions have to be underlined in the context of social innovations. *Social processes* refer to collaboration, the application of open source methodologies, and the reciprocal use of networks. Furthermore, social processes have to do with not producing any negative externalities during the process of solving a social problem (e.g., bad working conditions for nurses in a home for the aged or pollution from new products). Mulgan (2012) stated that social innovations require various actors to work together, such as social entrepreneurs, social movements, governments, foundations, and others. These various actors support each other collaboratively in processes "of collective idea generation, selection and implementation" (Dawson & Daniel, 2010, p. 16). Thus, governance issues gain importance in this perspective on social innovation.

Outputs of Social Innovation

Some authors stress the output dimension because input definitions of social innovations often lack a convincing approach to measure motivations and desires toward social outcomes or outputs. This is interesting insofar as there is a massive body of research on motivation in psychology. However, there has been no link made between motivational research in psychology and social innovation input definitions. A very prominent definition in the field of output-focused definitions comes from Phills, Deiglmeier, and Miller (2008). For them, a social innovation is "a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals. A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them" (Phills et al., 2008, p. 39).

This definition obviously builds on the innovation types introduced by Schumpeter (see the paragraph on social entrepreneurship) and adds four social qualifiers (efficient, effective, sustainable, just), which can also be found in other definitions (e.g., Salamon, Geller, & Mengel, 2010). Also it differentiates between products, principles, and social movements as types of social innovations. This approach opens the field of social innovation without narrowing it down to products and services alone. But for future research it seems useful to clarify whether these different types of social innovation relate to each other in a logical or chronological way.

Outcomes or Impacts of Social Innovation

Proponents of defining social innovations by outcomes or impacts are Eduardo Pol and Simon Ville. They stated that a criterion of social innovation is its "potential to improve either the quality or the quantity of life" (Pol & Ville, 2009, p. 881). Furthermore, they distinguish between micro and macro quality of life improvements. The former are

quality of life improvements regarding particular individuals determined by personal characteristics and the set of valued options, whereas the latter are characterized by valued options a group of individuals can select from such as material well-being, education, job security, political freedom, or health. With this definition we touch the territory of values.

Finally, we can conclude that none of the presented definitions comes without limitations. But these different definitions and discussions help clarify the term *social innovation*. This author argues that a good and strong social innovation needs to be social in all four respects: inputs, means, outputs, and outcomes. That does not mean that innovations that are just social in only one, two, or three of the features are not social innovations. Instead, these are weaker types of social innovation. To qualify inputs, means, outputs, and outcomes as *social*, a normative discourse is necessary to test and/or generate legitimacy. But this issue has rarely been touched in the recent literature.

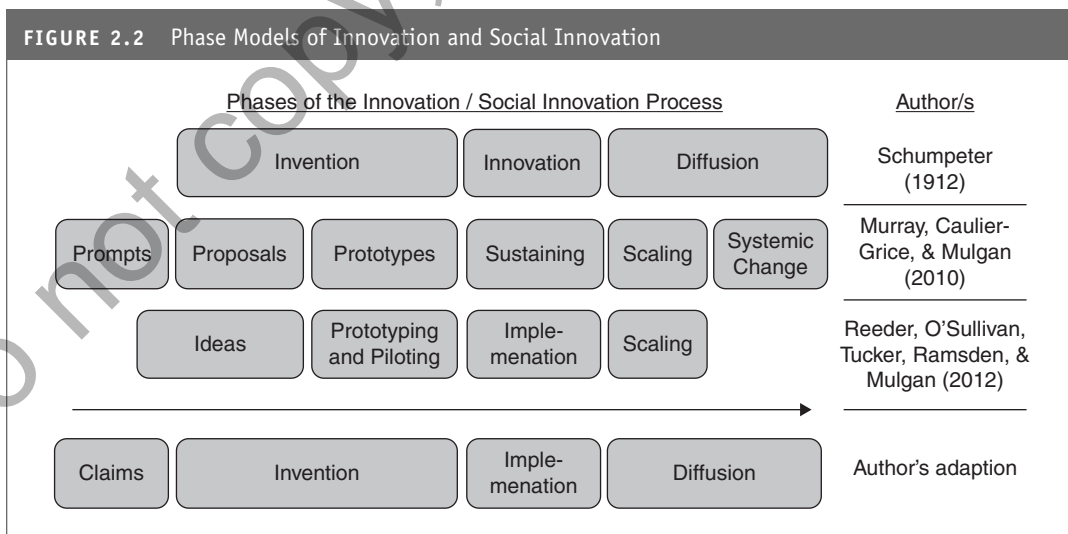## Legitimacy and Phases of Social Innovation

Social innovation is often presented as an inevitably positive thing. This thrust has to do with the promise that goes along with the definitions: Social innovation is laden with the burden of positive change and solving social issues in a more efficient, effective, sustainable, or just way. But where there is change, there are winners and losers, and often unintended consequences occur (Gillwald, 2000). In short, social innovation calls for evaluation to determine the positive effects that it claims. One could argue that those social innovations will gain legitimacy if they match with the values of at least a group of people who are affected and benefit through their introduction. Along with this, we can assume that—from a pluralistic point of view—each innovation and social change will cause negative effects for some group of people, while others may achieve an advantage (Kesselring & Leitner, 2008; Lindhult, 2008).

Gillwald (2000) distinguished five different benefit dimensions of social innovations: economic (efficiency), social (integrative), political (capability of action), cultural (satisfaction of higher needs), or ecological (protection of environmental goods) (p. 15). But this categorization again does not leave out the dilemma of setting priorities between different dimensions. Mulgan (2012) reformulated this dilemma as a positive consequence: "[W]hat counts as good, or a socially recognized need, is constantly contested, and this very contest provides some of the dynamic energy that drives the field" (p. 36).

As mentioned above, some authors link social innovation primarily to changes in attitudes, norms, perceptions, or behaviors (e.g., Neumeier, 2012). These changes can be discussed as preconditions of social innovation implementation. However, they can also represent diffusion. They serve as a necessary condition for acceptance and legitimacy of the social innovation. But also it can be the case that the social innovation itself may change people's attitudes, norms, and behavior. In their broader approach, Nicholls and Murdoch (2012) distinguished between three levels of social innovation: incremental (products and services that address market failures), institutional (reconfiguration of existing market structures and patterns), and disruptive (change of cognitive frames via politics and/or social movements).

Also, Mulgan et al. (2007) hinted to the importance of social movements that strive for larger social change. As a result, social movements may cause innovations in organizations and/or products and services and finally change lifestyles. Then the social innovation has to be accepted and adopted by the relevant groups (Kesselring & Leitner, 2008, p.10). In other words, social innovation does not come without a change in norms, habits, and attitudes (Gillwald, 2000; Seelos & Mair, 2012). These more soft changes are social innovations in their own right. What is more, these social innovations help accelerate the development and implementation of new services and products accordingly. For instance, one good example in this context is the proliferation of fair trade.

This discussion leads to the fact that social innovation does not occur at one specific point in time. It is better understood as a process. Compared to conventional process understandings in business or technical innovation, which distinguish between invention, implementation, and diffusion (Schumpeter, 1912), it should be clear now that for social innovation one phase is prior where social problems and social needs are articulated and discussed within society to generate legitimacy. Articulating social needs and social problems (e.g., through social movements or nongovernmental organizations) is a necessary ingredient for organizations to become active regarding new products and services. Thus, this author suggests a differentiation between four phases: claims, invention, implementation, and diffusion. The invention phase covers proposals as well as the generation of prototypes and pilots. Some authors (Murray, Caulier-Grice, & Mulgan, 2010) also add systemic change as a phase, but not every social innovation leads to broad systemic changes, and thus this author suggests to remove this phase. Figure 2.2 presents different approaches to phases of innovation and social innovation in their chronological order.

FIGURE 2.2   Phase Models of Innovation and Social Innovation

| Phases of the Innovation / Social Innovation Process	Author/s
Invention — Innovation — Diffusion	Schumpeter (1912)
Prompts — Proposals — Prototypes — Sustaining — Scaling — Systemic Change	Murray, Caulier-Grice, & Mulgan (2010)
Ideas — Prototyping and Piloting — Implementation — Scaling	Reeder, O'Sullivan, Tucker, Ramsden, & Mulgan (2012)
Claims — Invention — Implementation — Diffusion	Author's adaption

Differentiating Technical, Business, and Social Innovation

The social part of social innovation has been clarified so far. This author suggested a differentiation between four different types of definitions of social innovation according to their emphasis on inputs, means or processes, outputs, and outcomes. With this differentiation at hand, it is possible to compare social innovations empirically by their degrees of social innovativeness. Those social innovations that are social in inputs, means, outputs, and outcomes can be described as strong social innovations, whereas those social innovations that have only one, two, or three of the criteria classified as social can be perceived as weak social innovations.

Another way to describe degrees of social innovativeness lies in their comparison to technical and business innovations. "Business innovations are described as motivated by profit maximization and diffused through organizations that are primarily motivated by profit maximization" (Mulgan, 2006, p. 146). Often enough, business innovations are linked to technical innovations. "The substantive distinction between social and technical innovations can be found in their immaterial intangible structure. The innovation does not occur in the medium of technical artefact but at the level of social practice" (Howaldt & Schwarz, 2010, p. 26). Brooks (1982), for example, distinguished between pure technical innovations (e.g., new materials), sociotechnical innovations (e.g., telecommunication), and social innovations. Here again we see mixed forms of innovations, as well as pure forms.

Pol and Ville (2009) distinguished between (a) pure social innovations, which are social innovations without any business innovation blend; (b) pure business innovations; and (c) bifocal innovations, which are both business innovations and social innovations. Pure social innovations are those that are not addressed by the market because they do not have the potential to generate profits. Thus, other forms of financing need to be found. Borzaga and Bodini (2012) added a differentiation to that scheme. Pure social innovations can occur in organizations that are financially sustainable (social business) or in organizations that need to be subsidized.

FIGURE 2.3 Classes Of Innovations
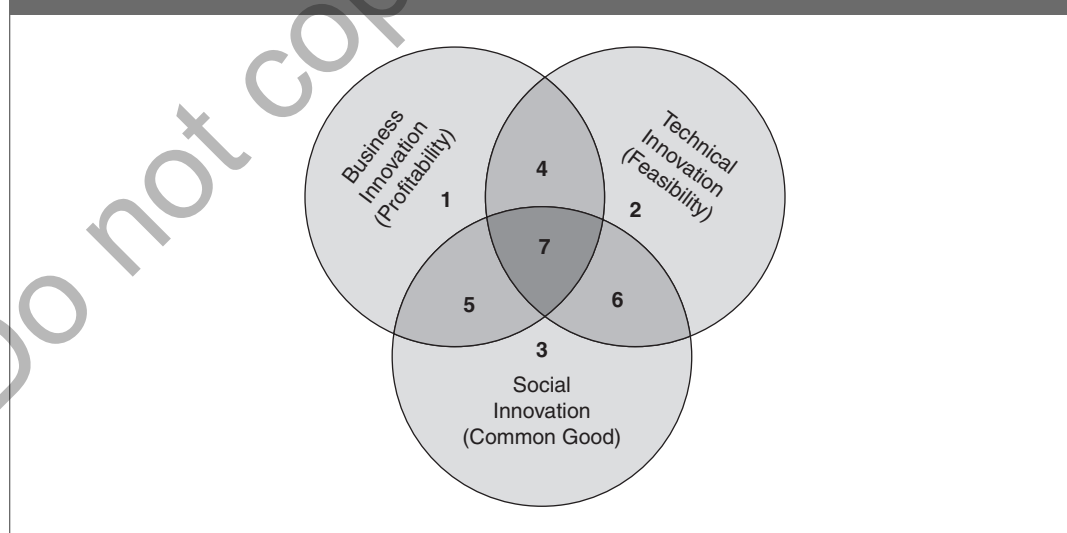
It remains a question whether the former is a bifocal social innovation or a pure type because the financially sustainable organizations are prone to market volatilities and forces.

However, this addition is important for supporters of social innovations, be they foundations, countries, or the European Union, and so on. Several authors express that social innovation and social entrepreneurship are filling the gaps generated by market failures (Goldenberg, Kamoji, Orton, & Williamson, 2009; Nicholls & Murdock, 2012; Wolk, 2007), although one could easily argue that there are organizations that create social innovations that are active in markets (e.g., Borzaga & Bodini, 2012). Phills et al. (2008), for example, addressed the question of whether social innovations are also those innovations that show both benefits for society and private, individual gains regarding profits. Without making a graduation between types of social innovations, they explicitly exclude lifesaving drugs from being a social innovation because of the private gains that go along with them (i.e., profits for pharmaceutical industries and their shareholders). Other examples are loans or investments for the poor by which some financial institutions gain tremendously (Froud, Johal, Montgomerie, & Williams, 2010).

As a result, combining technical, business, and social innovation results in a typology of seven different types of innovations. Pure technical innovations are motivated by feasibility. Pure business innovations are motivated by profit maximization. And pure social innovations are motivated by contributing to the common good (may it be happiness, quality or quantity of life, etc.). Then there are three bifocal types of innovations and finally a trifocal type of innovation blending technical, business, and social innovation. Figure 2.3 illustrates this classification and Table 2.4 explains the different types and gives examples.

No.	Type	Explanation	Example
TABLE 2.4 Types of Social Innovation and Their Empirical Correspondences			
1	Economic innovation	Pure profit maximization	New advisory service, new financial instrument
2	Technical innovation	Pure feasibility	Particle accelerator
3	Social innovation	Pure common good	Social insurance
4	Economic-technical innovation	Technical innovation often appears as a means for profit maximization	Smartphone, washing machine, etc.
5	Social-economic innovation	Economic innovation appears as a means for social innovation, but this priority can change over time	Microcredit, Fair Trade
6	Social-technical innovation	Technical innovation appears as a means for social innovation	Verbavoice (verbavoiceserver.de)[5]; wheelmap (wheelmap.org)[6]
7	Social-technical-economic innovation	A blend of social, technical, and economic components	Lifesaving drugs that are sold at high prices (not everyone can buy), electric cars

[5] Verbavoice is developing software tools to enable deaf-mute people to communicate in everyday life situations, for example by connecting deaf-mute people with an interpreter via a smartphone in the post office.

[6] Wheelmap develops an online map for registering locations (cafés, restaurants, shops, etc.) and their status of accessibility for handicapped people (no access, access but no toilet, access and toilet available).

THE ROLE OF NONPROFITS IN THE SOCIAL INNOVATION PROCESS

Having said earlier that innovation is an integral part of the concept of social entrepreneurship, and also that the social enterprise and social business concepts have their traces of innovativeness, there is an ongoing discourse on which organizational types or sectors are best suited for bringing up social innovations. In 1987, Peter Drucker stated that the innovativeness of the public sector is outdated. They had their great times with, for instance, the implementation of social insurances; but today it is for business and the nonprofit (or third) sector to come up with solutions for the social problems of our times. Some others argue that the business sector is the primary source of social innovation. This perception is prevalent among some scholars in the social entrepreneurship field, but even more prominent in the concept of Creating Shared Value (CSV) (Porter & Kramer, 2011).

One might argue that the nonprofit sector is very well-suited to bring about social innovation. Arguing for this option, this author sees five promising points of departure:

1. Failure Theory: Early work in the field of nonprofits was concerned with the emergence of the sector, as the organizational discussions were focused on the dichotomy between state and market. Thus, they needed to argue that another, a third sector, is also detectable within society. Two main pillars of early argumentation can be distinguished here. First, market failure theorists argue that market asymmetries exist (i.e., when customers are unable to accurately calculate the price or are unable to pay for the product or service) (Titmus, 1973). In these kinds of situations, nonprofits have an advantage because of their trustworthiness (Hansmann, 1980, 1987). Second, government failure theorists argue that the state is unable to provide all citizens with public goods to their satisfaction. Weisbrod (1975) explained the existence of nonprofits by demand heterogeneity and the median voter. Nonprofit organizations emerge to fulfill these unmet demands. According to these failure theories, nonprofits are those types of organizations that provide people with important goods and services that neither private organizations nor the state are able to provide, such as special nursery services or community building. In many cases these goods and services address social needs in a very basic sense. Therefore, a promising link between nonprofits and social innovations lies in these early theories.

2. Social Mission: Related to failure theory, another interesting point of departure for theorizing the link between nonprofits and social innovation is the argument that because of their very social mission, nonprofits are fundamentally well-suited to bring about social innovation. It is their social motivation character and their orientation toward social outcomes that makes them address social problems and social needs in a better way than organizations of other sectors (Dees, 1998).

3. Governance Structure: When differentiating organizations matched to different sectors, it has often been pointed out that nonprofits are characterized by democratic governance structures, participation possibilities, and stakeholder governance approaches, whereas for-profits are more likely governed according to a stewardship model in a hierarchical way (e.g., Enjolras, 2009; Stone & Ostrower, 2007). In regard to bringing forth

social innovations, democratic governance structures can be an important feature; under these conditions, they seem more likely to produce solutions that address social needs more effectively due to the inclusion of the groups affected. They also reduce externalities to a maximum extent.

4. Recombination of Resources: Deriving from Schumpeter's work, social innovation is often referred to as the *recombination of resources*. More precisely, the recombination of resources from different sectors has been identified as most suited for powerful social innovations. This recombination becomes powerful in combination with the understanding of the third or nonprofit sector as an intermediate zone. For example, Adalbert Evers (2005) argued that nonprofits are acting in an intermediate zone between different sectors because they embrace resources and rationales from the three other sectors (state, economy, and community/families). Thus, organizations of this intermediate zone (nonprofits and also the hybrid types characterized above) are best suited for the recombination of different resources, which can result in social innovation (see also Goldstein, Hazy, & Silberstrang, 2010; Leadbeater, 2007).

5. Functional Roles: Another old reference point in nonprofit literature is the functional role model of voluntary organizations by Kramer (1981). He distinguished between four different roles of voluntary organizations, which are the service provider role, vanguard role, value guardian role, and advocacy role. Later, other scholars argued that these roles can also be applied to other nonprofit organizations (Anheier, 2005). Furthermore, others added roles to this initial scheme later such as community building, expressive leadership, or social entrepreneurship (Neumayer et al., 2007; Salamon, Hems, & Chinnock, 2000). Starting from a social innovation process understanding, it might be interesting to reveal whether the functional roles that make nonprofit organizations unique are necessary for or within the social innovation process.
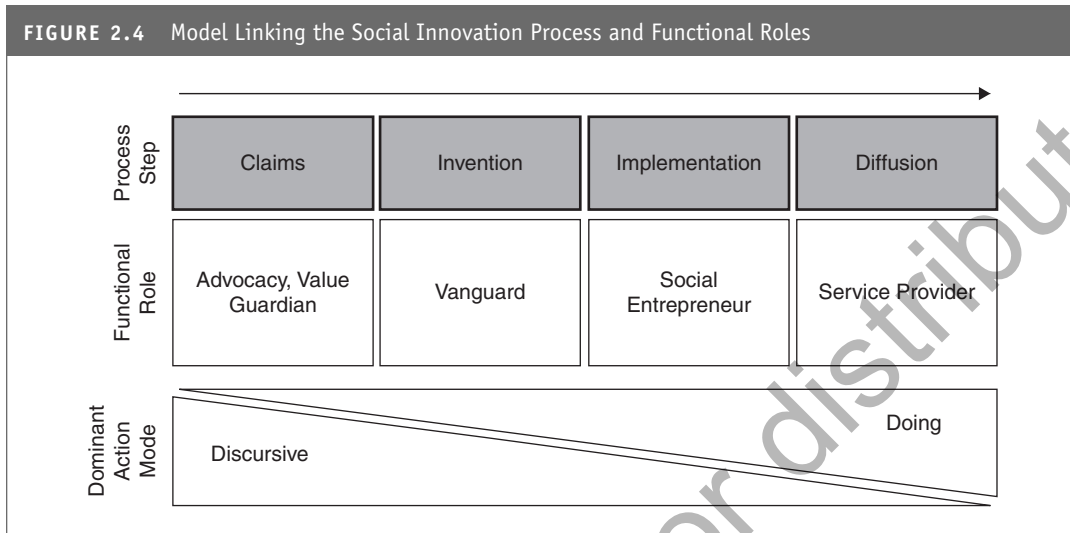
In the following section, this author elaborates on the fifth way to link social innovation with nonprofit organizations using the classical reference to the functional role understanding of nonprofit organizations by Kramer (1981). Primarily focusing on voluntary organizations as types of nonprofits, he distinguishes four different functional roles these organizations can incorporate. First, the *service provider role* describes organizations that deliver important collective—often specialized—goods and services for heterogeneous demands. These services are usually provided neither by business nor by government and can complement other offerings or differ in their quality. Second, nonprofits can perform a *vanguard role*, in which they develop and implement innovations, such as new approaches, processes, or programs in service delivery. Some organizations might serve as change agents within their fields of action. Their ideas and innovations might be adopted by government or by businesses if they prove successful. Third, the *value guardian role* expresses the promotion and guardianship of particularistic values of societal groups by nonprofits. This role contributes to heterogeneity in civil society, allowing the expression, maintenance, and fostering of diverse values that result in pluralism and democratization. Fourth, the *advocacy role* includes nonprofits that give minorities, particularistic interests, and underrepresented

groups a voice in the political arena; furthermore, the *advocacy role* includes criticizing and watchdog functions related to government, aiming at changes or improvements in social and other policies.

Although these roles were introduced to express roles of voluntary agencies, Anheier (2005) believes that they can be applied to nonprofit organizations more generally. So do several successive authors, but they add some further roles to the model. Interesting for our context is that Salamon et al. (2000) highlighted the innovation role. The *innovation role* describes the high potential of nonprofits to bring in innovations because they are valued as more flexible and adaptable to changing needs and demands and because of their risk-taking potential. Neumayer et al. (2007) distinguished between eight different functions of nonprofits, of which the *social entrepreneurship role* is formulated as a specific, distinct function highly related to innovativeness. What is more, the authors criticize former attempts of role models because they were neither applicable to all nonprofit organizations nor did they show that empirically, organizations often perform more than one role. Further, with this expansion, we also find terminology used in the field of social mission organizations. Thus, this author suggests applying this role model understanding to these kinds of organizational types.

Linking these roles to an understanding of the social innovation process (see Figure 2.2), the roles presented can be rearranged in the way shown in Figure 2.4. Starting with bringing up claims within society, advocacy organizations and value guardians bring critiques against the status quo; they point to social problems and social needs and call for changes. When it comes to inventing, social mission organizations play a vanguard role because of their connection to marginalized and affected groups. The participative nature of social mission organizations allows them to search for the best solution to address their social hardships. Social entrepreneurs, often the same persons or organizations that have invented the solution, bring these inventions to implementation. They do not directly face the market pressure of economic usability and the pressure of profit making; this is especially important in cases where social needs are addressed that can be traced back to be market externalities and thus the capacity of the market to deal with these issues is relatively low. In the diffusion phase, service providers, especially mature organizations, are of importance. These organizations have the structures and the geographical knowledge to bring new solutions to many sides quickly. In cases where the social entrepreneur organization is growing, the organization switches its role to become a service provider without saying that the organization is losing its entrepreneurial spirit.

Finally, the dominant action modes indicate a switch in the course of the social innovation process. In the beginning, before a solution is implemented (often within markets), the discursive character is the dominant action mode, because the new solution is debated and participation for a good solution is necessary. When it comes to market implementation, the discourse is pushed to the back and the doing (i.e., the dealing with the market environment in a pragmatic way) gains the upper hand. That does not imply that feedback loops are not allowed; rather, these processes might be the start of another follow-up process. Innovations can never be understood in a smooth way; chaotic conditions of emergence and systemic influences are much more likely (Milbergs & Vonortas, 2004).

FIGURE 2.4   Model Linking the Social Innovation Process and Functional Roles

Process Step	Claims	Invention	Implementation	Diffusion
Functional Role	Advocacy, Value Guardian	Vanguard	Social Entrepreneur	Service Provider
Dominant Action Mode	Discursive			Doing

With this model at hand, this author is not arguing that there is no social innovation potential within the business or the public sectors. Rather, the purpose of this model is to understand what roles social mission organizations (covering also mature nonprofits, social entrepreneurs, social enterprises, or social businesses) can play within the social innovation process. Thus, it serves as a kind of orientation tool, so the contribution of an organization to a social innovation can be better understood with this model in mind. The model integrates the innovation types of Schumpeter, and it also stresses that awareness and normative changes within society are an important and integral part of social innovation. It seems that the diverse functional roles of nonprofit sector organizations cover the entire range of the social innovation process. However, it remains to theoretically and empirically underpin this process understanding and the underlying hypotheses. Two particular hypotheses that are explicitly included within the model are highlighted here.

1. The nonprofit sector and social mission organizations are not the exclusive originating space of social innovations. However, the functional roles that social mission organizations perform in the social innovation process cannot be replaced by organizations from other sectors. That is, business sector organizations would not develop social innovations without nonprofit organizations campaigning or putting pressure on specific social issues. When profit making is the dominant logic, social as well as environmental issues and reducing externalities will be pushed to the back unless these issues would result in a win-win situation (i.e., they would produce higher amounts of profit).

2. The discursive, participative character of social mission organizations is central in the beginning of a social innovation process for coming up with *good* and strong social

innovations, as the discursive character can best guarantee solutions that cause minimum externalities. However, claiming and the role of advocacy remain important in the course of the rest of the social innovation process.

SUMMARY AND CONCLUSIONS

In this chapter, this author tried to structure the debate around several new forms of organizations and social innovation. These concepts lack empirical grounding as well theoretical reflection. For further research progress, more theoretical underpinning is necessary, and the models and concepts developed here give a brief overview on the state of research of these topics. This author tried to give some valuable impulses for further research and theoretical development by also revealing some links between the arrays of concepts debated.

First, the landscape of social mission organizations has been differentiated into social business (financial sustainability), social entrepreneurship (innovativeness), social enterprise (earned-income strategies of nonprofits), and democratic enterprises (participatory governance structures). Instead of saying that one investigates a specific type of organizational form, like social entrepreneurship or social enterprise, this author suggested the use of key features (innovativeness, earned-income, etc.) as research topics. This differentiation might be fruitful ground to investigate social mission organizations. However, often enough we find blends of the different features in the same social mission organization. In such a case, a researcher might find it hard to clarify what concept he or she is investigating. Thus, the differentiation between different key features offers at least four different research perspectives that would help link research findings from different authors much more easily. However, this is just a starting point for further necessary operationalization and theorization.

Second, the concept of social innovation also lacks definitional clarity. It has been suggested to map the different concepts of social innovation according to whether their social aspect emphasizes inputs, means/processes, outputs, or outcomes. For qualifying as a strong social innovation, this author suggests that an innovation needs to be social in all four respects. And this question can only be answered satisfactorily by explicitly using a normative discourse among people affected. As a complement to this point of departure, to qualify social innovation, a differentiation between pure, bifocal, and trifocal forms of social, technical, and business innovation has been presented. Taken together, these approaches help structure the huge field of social innovation and hopefully contribute to more refined research within the field.

The drive for conceptual clarity regarding these concepts is fruitful from an analytical and research point of view. But these concepts also include a more political dimension from a practitioner and policy maker point of view. This is why recently both the concepts of social entrepreneurship and social innovation have gained increased attractiveness in the context of two major societal challenges in the global north. First, shrinking governmental funds make it harder for governments to care for the citizens' social needs. Thus, a remedy for meeting the social needs of society is to proliferate social entrepreneurship

and social innovation to pass on the responsibility for solutions to others. Second, and this is a major issue, is the current economic crisis. The effect of this challenge is at least twofold in the context of social entrepreneurship and social innovation. On the one hand, the economic crisis causes the worsening of long-known social problems like youth unemployment and poverty; on the other hand, there is also a legitimacy crisis of capitalism going on, reflected in the calls for transformations in current business attitudes. The latter effect leads to the occupation of the positively laden concept of social entrepreneurship by the business world.

Social entrepreneurship here is used to show that the market approach can help in overcoming societies' worst problems, and thus it helps regain legitimacy for the capitalistic system. But this author would like to leave this claim open as a question about whether this is a convincing argument, because it seems dubious that the same logic (which is the business logic) that has caused most of the social problems we face today is also able to eliminate them.

This is why this author has put forth five possible theoretical starting points for arguing that social mission organizations play an integral part in the generation of social innovations. Here the functional roles have been taken as a point of departure for arguing that along the social innovation process there is no possible substitute for social mission organizations concerning the generation of strong social innovations. However, it needs to be clarified what conditions are relevant regarding the transition from one phase to another within the model. This is also an open question for future research.

From a pragmatic point of view, for this kind of battle among different logics and sectors to be the guiding force in generating social innovations is worthless because the ultimate test whether a social innovation is a good and strong one is about its potential to reduce social problems and pressing social needs to a maximum extent without causing externalities or other social problems somewhere else. Thus, collaboration between organizations from different sectors remains the major issue. This is why translation processes and a self-awareness of the various roles these different actors play within the process of social innovation are important factors in creating fruitful, solution-oriented collaboration. The models and classifications presented here are intended to serve as points of departure for research and practice in that direction.

REFERENCES

Albert, M. (1991). *Capitalisme contre capitalisme*. Paris, France: Edition du Seuil.

Alvord, S. H., Brown, L. D., & Letts, C. (2004). Social entrepreneurship and social transformation: An exploratory study. *Journal of Applied Behavioral Science, 40*(3), 260–282.

Andersson, F. O. (2012). *Social entrepreneurship as a fetish*. Retrieved from http://nonprofitquarterly .org/management/20140-social-entrepreneurship-as-fetish.html

Anheier, H. K. (2005). *Nonprofit organizations: Theory, management, policy*. London, United Kingdom: Routledge.

Anheier, H. K., & Then, V. (2004). *Zwischen Eigennutz und Gemeinwohl: Neue Formen und Wege der Gemeinnützigkeit*. Gütersloh, Germany: Verlag Bertelsmann Stiftung.

Bacq, C., & Janssen, F. (2011). The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria. *Entrepreneurship & Regional Development, 23*(5), 373–403.

BEPA—Bureau of European Advisers. (2011). *Empowering people, driving change: Social innovation in the European Union*. Luxembourg: European Communities.

Billis, D. (2010). *Hybrid organizations and the third sector: Challenges for practice, theory and policy*. New York, NY: Palgrave Macmillan.

Bishop, M. (2006). The rise of the social entrepreneur: Whatever he may be [Special edition]. *Economist, 378*(8466), 11–13.

Bornstein, D. (2004). *How to change the world: Social entrepreneurs and the power of new ideas*. New York, NY: Oxford University Press.

Borzaga, C., & Bodini, R. (2012). *What to make of social innovation? Towards a framework for policy development*. Euricse Working Paper, N.036 | 12. Retrieved from http://euricse.eu/sites/euricse .eu/files/db_uploads/documents/1338304696_n2082.pdf

Borzaga, C., & Defourny, J. (2004). *The emergence of social enterprise*. London, United Kingdom: Routledge.

Boyd, B., Henning, N., Reyna, E., Wang, D. E., & Welch, M. D. (2009). *Hybrid organizations: New business models for environmental leadership*. Sheffield, United Kingdom: Greenleaf.

Brandsen, T., van de Donk, W., & Putters, K. (2005). Griffins or chameleons? Hybridity as a permanent and inevitable characteristic of the third sector. *International Journal of Public Administration, 28*(9/10), 749–65.

Brooks, H. (1982). Social and technological innovation. In S. B. Lundstet & E. W. Colglazier, Jr. (Eds.), *Managing innovation* (pp. 1–30). New York, NY: Pergamon Press.

Chell, E., Nicolopoulou, K., & Karatas-Özkan, M. (2010). Social entrepreneurship and enterprise: International and innovation perspectives. *Entrepreneurship & Regional Development, 22*(6), 485–493.

Cooney, K. (2006). The institutional and technical structuring of nonprofit ventures: Case study of a U.S. hybrid organization caught between two fields. *Voluntas: International Journal of Voluntary & Nonprofit Organizations, 17*(2), 137–161.

Dacin, T. M., Dacin, P. A., & Tracey, P. (2011). Social entrepreneurship: A critique and future directions. *Organization Science, 22*(5), 1203–1213.

Dart, R. (2004). Being "business-like" in a nonprofit organization: A grounded and inductive typology. *Nonprofit and Voluntary Sector Quarterly, 33*(2), 290–310.

Dawson, P., & Daniel, L. (2010). Understanding social innovation: A provisional framework. *International Journal of Technology Management, 51*(1), 9–21.

Dees, G. J. (1998). Enterprising nonprofits. *Harvard Business Review, 76*(1), 54–67.

Dees, G. J. (2001). The meaning of "social entrepreneurship." Retrieved from http://www.fuqua.duke .edu/centers/case/documents/dees_sedef.pdf

Dees, G. J. (2012). A tale of two cultures: Charity, problem solving, and the future of social entrepreneurship. *Journal of Business Ethics, 111*(3), 321–334.

Dees, G. J., & Anderson, B. B. (2006). Framing a theory of social entrepreneurship: Building on two schools of practice and thought. In R. Mosher-Williams (Ed.), *Research on social entrepreneurship: Understanding and contributing to an emerging field. ARNOVA Occasional Paper Series, 1*(3), 39–66.

Defourny, J., & Nyssens, M. (2010). Conceptions of social enterprise and social entrepreneurship in Europe and the United States: Convergences and divergences. *Journal of Social Entrepreneurship, 1*(1), 32–53.

Drayton, B. (2002). The citizen sector: Becoming as entrepreneurial and competitive as business. *California Management Review, 44*(3), 120–132.

Drayton, B. (2005). *Social entrepreneurs: Creating a competitive and entrepreneurial citizen sector*. Retrieved from http://www.changemakers.net/library/readings/drayton.cfm

Drucker, P. F. (1987). Social innovation: Management's new dimension. *Long Range Planning, 20*(6), 29–34.

Drucker, P. F. (2007). *Innovation and entrepreneurship: Practice and principles*. Amsterdam, The Netherlands: Elsevier.

Edwards, M. (2008). *Just another emperor? The myth and realities of philanthrocapitalism*. Retrieved from http://www.futurepositive.org/edwards_WEB.pdf

Eikenberry, A. M. (2009). Refusing the market: A democratic discourse for voluntary and nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly, 38*(4), 582–596.

Eikenberry, A. M., & Kluver, J. D. (2004). The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review, 64*(2), 132–140.

Emerson, J. (2004). *The blended value map: Tracking the intersects and opportunities of economic, social and environmental value creation*. Retrieved from http://www.blendedvalue.org/media/pdf-bv-map.pdf

Emerson, J., & Twersky, F. (Eds.). (1996). *New social entrepreneurs: The success, challenge and lessons of non-profit enterprise creation.* San Francisco, CA: The Roberts Foundation.

Enjolras, B. (2009). *A governance structure approach to voluntary organizations*. EMES Working Paper 09/01. Retrieved from http://www.emes.net/fileadmin/emes/PDF_files/Working_Papers/WP_09-01_Enjolras_WEB.pdf

Evers, A. (2005). Mixed welfare systems and hybrid organizations: Changes in the governance and provision of social services. *International Journal of Public Administration, 28*(9/10), 736–748.

Froud, J., Johal, S., Montgomerie, J., & Williams, K. (2010). Escaping the tyranny of earned income? Failure of finance as social innovation. *New Political Economy, 15*(1), 147–164.

Galera G., & Borzaga, C. (2009). Social enterprise: An international overview of its conceptual evolution and legal implementation. *Social Enterprise Journal, 5*(3), 210–228.

Gillwald, K. (2000). *Konzepte sozialer Innovation*. WZB paper: Querschnittsgruppe Arbeit und Ökologie. Retrieved from http://bibliothek.wzb.eu/pdf/2000/p00-519.pdf

Glänzel, G., & Schmitz, B. (2012). Hybride Organisationen: Spezial- oder Regelfall? In H. K. Anheier, A. Schröer, & V. Then (Eds.), *Soziale Investitionen* (pp. 181–203). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.

Goldstein, J., Hazy, J. K., & Silberstrang, J. (2010). A complexity science model of social innovation in social enterprise. *Journal of Social Entrepreneurship, 1*(1), 101–125.

Goldenberg, M., Kamoji, W., Orton, L., & Williamson, M. (2009). *Social innovation in Canada: An update*. Slater, Ottawa, Ontario: CPRN Research Report. Retrieved from http://www.cprn.org/documents/51684_EN.pdf

Greenhalgh, T., Glen, R., Macfarlane, F., Bate, P., & Kyriakidou, O. (2004). Diffusion of innovations in service organizations: Systematic review and recommendations. *Milbank Quarterly, 82*(4), 581–629.

Hansmann, H. (1980). The role of nonprofit enterprise. *Yale Law Journal, 89*(5), 835–901.

Hansmann, H. (1987). Economic theories of nonprofit organizations. In W. W. Powell (Ed.), *The nonprofit sector: A research handbook* (pp. 27–42). New Haven, CT: Yale University Press.

Hasenfeld, Y., & Gidron, B. (2005). Understanding multi-purpose hybrid voluntary organizations: The contributions of theories on civil society, social movements and non-profit organizations. *Journal of Civil Society, 1*(2), 97–112.

Harris, M., & Albury, D. (2009). *The innovation imperative: Why radical innovation is needed to reinvent public services for the recession and beyond*. London, United Kingdom: NESTA Discussion Paper. Retrieved from http://socialwelfare.bl.uk/subject-areas/government-issues/social-policy/nesta/1516692009_innovation_imperative.pdf

Helm, S. T., & Andersson, F. O. (2010). Beyond taxonomy: An empirical validation of social entrepreneurship in the nonprofit sector. *Nonprofit Management & Leadership, 20*(3), 259–276.

Hill, T. L., Kothari, T. H., & Shea, M. (2010). Patterns of meaning in the social entrepreneurship literature: A research platform. *Journal of Social Entrepreneurship, 1*(1), 5–31.

Hjorth, D., & Bjerke, B. (2006). Public entrepreneurship: Moving from social/consumer to public/citizen. In C. Steyaert & D. Hjorth (Eds.), *Entrepreneurship as social change: A third movements in entrepreneurship book* (pp. 97–120). Cheltenham, United Kingdom: Edward Elgar.

Howaldt, J., & Schwarz, M. (2010). *Social innovation: Concepts, research fields and international trends*. Dortmund, Germany: Sozialforschungsstelle Dortmund. Retrieved from http://www.sfs-dortmund .de/odb/Repository/Publication/Doc%5C1289%5CIMO_Trendstudie_Howaldt_Schwarz_ englische_Version.pdf

Huybrechts, B., & Nicholls, A. (2012). Social entrepreneurship: Definitions, drivers and challenges. In C. Volkmann, K. O. Tokarski, & K. Ernst (Eds.), *Social entrepreneurship and social business: An introduction and discussion with case studies* (pp. 31–48). Wiesbaden, Germany: Gabler.

Jäger, U. P. (2010). *Managing social businesses: Mission, governance, strategy, and accountability*. Basingstoke, United Kingdom: Palgrave Macmillan.

Johnson, S. (2010). *Where good ideas come from: The seven patterns of innovation*. London, United Kingdom: Penguin.

Kesselring, A., & Leitner, M. (2008). *Soziale innovationen in unternehmen*. Vienna, Austria: Unruhe Stiftung. Retrieved from https://www.zsi.at/attach/1Soziale_Innovation_in_Unternehmen_ ENDBERICHT.pdf

Kramer, R. (1981). *Voluntary agencies in the welfare state*. Berkeley, CA University of California Press.

Leadbeater, C. (2007). *Social enterprises and social innovation: Strategies for the next ten years*. A social enterprise think piece for the Cabinet Office of the Third Sector. Retrieved from http://www .charlesleadbeater.net/cms/xstandard/social_enterprise_innovation.pdf

Lindhult, E. (2008). Are partnerships innovative? In L. Svensson & B. Nilsson (Eds.), *Partnership—As a strategy for social innovation and sustainable change*. Stockholm, Sweden: Satérnus Academic Press.

Mair, J., & Martí, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business, 41*(1), 36–44.

Mair, J., Robinson, J., & Hockerts, K. (Eds.). (2006). *Social entrepreneurship*. Houndmills, United Kingdom: Palgrave Macmillan.

Massarsky, C. W., & Beinhacker, S. L. (2002). *Enterprising nonprofits: Revenue generation in the nonprofit sector*. Englewood Cliffs, NJ: Yale School of Management and The Goldman Sachs Foundation Partnership on Nonprofit Ventures.

Milbergs, E., & Vonortas, N. (2004). *Innovation metrics: Measurement to insight*. National innovation initiative. 21st Century Innovation Working Group.

Murray, R., Caulier-Grice, J., & Mulgan, G. (2010). *The open book of social innovation*. Retrieved from http://ebookbrowse.com/murray-caulier-grice-mulgan-2010-the-book-of-social-innovation- pdf-d382057825

Mort, G. S., Weerawardena, J., & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualization. *International Journal of Nonprofit and Voluntary Sector Marketing, 8*(1), 76–88.

Mulgan, G. (2006). The process of social innovation. *Innovations: Technology, Governance, Globalization, 1*(2), 145–162.

Mulgan, G. (2012). The theoretical foundations of social innovation. In A. Nicholls & A. Murdoch (Eds.), *Social innovation—Blurring boundaries to reconfigure markets* (pp. 33–65). New York, NY: Palgrave Macmillan.

Mulgan, G., Tucker, S., Ali, R., & Sanders, B. (2007). *Social innovation—What it is, why it matters and how it can be accelerated*. London, United Kingdom: Young Foundation.

Neck, H., Brush, C., & Allen, E. (2009). The landscape of social entrepreneurship. *Business Horizons, 52*(1), 13–19.

Neumeier, S. (2012). Why do social innovations in rural development matter and should they be considered more seriously in rural development research? Proposal for a stronger focus on social innovations in rural development research. *Sociologia Ruralis, 51*(1), 50.

Neumayer, M., Schneider, U., Meyer, M., Pospisil, M., Skarabelova, S., & Travickova, D. (2007). *Nonprofits' function in old and new democracies—An integrative framework and empirical evidence for Austria and the Czech Republic.* Working Paper 02/2007. Vienna, Austria: Institute for Social Policy.

Nicholls, A. (2006). Introduction. In A. Nicholls (Ed.), *Social entrepreneurship: New models of sustainable social change.* Oxford, United Kingdom: Oxford University Press.

Nicholls, A. (2010). The legitimacy of social entrepreneurship: Reflexive isomorphism in a pre-paradigmatic field. *Entrepreneurship Theory and Practice, 34*(4), 611–633.

Nicholls, A., & Murdoch, A. (2012). The nature of social innovation. In A. Nicholls & A. Murdoch (Eds.), *Social innovation—Blurring boundaries to reconfigure markets* (pp. 1–30). New York, NY: Palgrave Macmillan.

Office of the Third Sector. (2009). *Enterprising services.* London, United Kingdom: Cabinet of the Third Sector.

Phills, J. A., Jr., Deiglmeier, K., & Miller, D. T. (2008). Rediscovering social innovation. *Stanford Social Innovation Review, 8*(3), 34–43.

Pol, E., & Ville, S. (2009). Social innovation: Buzz word or enduring term? *Journal of Socio-Economics, 38*(6), 878–885.

Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review, 89*(1), 62–77.

Powell, W. W. (1987). Hybrid organizational arrangements: New form of transitional development? *California Management Review, 30*(1), 67–87.

Reeder, N., O'Sullivan, C., Tucker, S., Ramsden, P., & Mulgan, G. (2012). *Strengthening social innovation in Europe—Journey to effective assessment and metrics.* Retrieved from ec.europa .eu/enterprise/policies/innovation/files/social-innovation/strengthening-social-innovation_ en.pdf

Ridley-Duff, R. (2007). Communitarian perspectives on social enterprise. *Corporate Governance: An International Review, 15*(2), 382–392.

Salamon, L. M., Hems, L. C., & Chinnock, K. (2000). *The nonprofit sector—For what and for whom?* Working Papers of the John Hopkins Comparative Nonprofit Sector Project, No. 37. Baltimore, MD: The John Hopkins Center for Civil Society Studies.

Salamon, L. M., Geller, S. L., & Mengel, K. L. (2010). *Nonprofits, innovation, and performance measurement: Separating fact from fiction.* Communiqué No. 17. Baltimore, MD: Johns Hopkins University. Retrieved from http://ccss.jhu.edu/wp-content/uploads/downloads/2011/09/LP_ Communique17_2010.pdf

Schmitz, B., & Scheuerle, T. (2012). Founding or transforming? Social intrapreneurship in three German Christian-based NPOs. *Journal of Social Entrepreneurship Perspectives, 1*(1), 13–36.

Schumpeter, J. A. (1912). *Theorie der wirtschaftlichen Entwicklung.* Berlin, Germany: Duncker und Humbolt.

Schumpeter, J. A. (1950). *Kapitalismus, sozialismus und demokratie.* Bern, Switzerland: A. Francke.

Seelos C., & Mair, J. (2012). Innovation is not the holy grail. *Stanford Social Innovation Review, 10*(4), 45–49.

Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review, 25*(1), 217–226.

Short, J. C., Moss, T. W., & Lumpkin, G. T. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal, 3*(2), 161–194.

Spear, R. (2006). Social entrepreneurship: A different model? *International Journal of Social Economics, 33*(5/6), 399–410.

Stone, M. M., & Ostrower, F. (2007). Acting in the public interest? Another look at research on non-profit governance. *Nonprofit and Voluntary Sector Quarterly, 36*(3), 416–438.

Teasdale, S. (2012). What's in a name? Making sense of social enterprise discourses. *Public Policy and Administration*, *27*(2), 99–119.

Titmus, R. (1973). *The gift relationship: From human blood to social policy*. London, United Kingdom: Penguin.

Trexler, J. (2008). Social entrepreneurship as an algorithm: Is social enterprise sustainable? *Emergence: Complexity and Organization, 10*(3), 65–85.

Waddock, S. A., & Post, J. E. (1991). Social entrepreneurs and catalytic change. *Public Administration Review, 51*(5), 393–401.

Weisbrod, B. A. (1975). Toward a theory of the voluntary nonprofit sector in a three-sector-economy. In E. S. Phleps (Ed.), *Altruism, morality and economic theory* (pp. 171–195). New York, NY: Russell Sage Foundation.

Weisbrod, B. A. (Ed.). (1998). *To profit or not to profit: The commercial transformation of the nonprofit sector*. Cambridge, United Kingdom: Cambridge University Press.

Westall, A. (2007). *How can innovation in social enterprise be understood, encouraged and enabled?* London, United Kingdom: Office of the Third Sector think piece. Retrieved from http://webarchive .nationalarchives.gov.uk/ + /http:/www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice .gov.uk/third_sector/innovation_social_enterprise.pdf

Wolk, A. M. (2007). *Social entrepreneurship & government: A new breed of entrepreneurs developing solutions to social problems*. Retrieved from http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-wolk.pdf

Young, D. (1986). Entrepreneurship and the behaviour of non-profit organizations: Elements of a theory. In S. Rose-Ackerman (Ed.), *The economics of non-profit institutions* (pp. 161–184). New York, NY: Oxford University Press.

Yunus, M. (2006). Social business entrepreneurs are the solution. In A. Nicholls (Ed.), *Social entrepreneurship. New models of sustainable social change* (pp. 39–44). Oxford, United Kingdom: Oxford University Press.

Yunus, M. (2010). *Building social business: The new kind of capitalism that serves humanity's most pressing needs.* New York, NY: PublicAffairs.

Zahra, S. A., Gedajlovic, E., Neubaum, D., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search process and ethical challenges. *Journal of Business Venturing, 24*(5), 519–532.

Zapf, W. (1989). Über soziale Innovationen. *Soziale Welt, 40*(1/2), 170–183.