

**SOCIAL ENTREPRENEURSHIP: A SYNTHESIS OF CIVIC AND COMMERCIAL LOGICS**

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## **SOCIAL ENTREPRENEURSHIP: A SYNTHESIS OF CIVIC AND COMMERCIAL LOGICS**

### **Abstract**

Social entrepreneur pursue missions to create social value while maintaining economical and environmental sustainability. The purpose of this paper is to analyse social entrepreneurship in order to show that its various expressions entail a synthesis of commercial and social logics. Our analysis shows that although this is true, different expressions of social entrepreneurship synthesise these logics in very different ways, which brings different risks for each type of social entrepreneurship. Insights gained from this analysis can better help social entrepreneurs and scholars in understanding what will bring tensions as well as the sources of failure in social and sustainable projects.

Social entrepreneurship as a field of study presents interesting research possibilities. By bringing together both social and economic perspectives, this concept bridges boundaries between disciplines. The study of social entrepreneurship can therefore provide not only new insights but also challenge some basic assumptions of these disciplines (Mair & Marti, 2006). It is also a very real world phenomenon as “in recent years, there has been an upsurge of interest in social entrepreneurship driven by several changes occurring in the competitive environment faced by not for- profit organizations” (Weerawardena & Mort, 2006: 21). Examples abound: the Grameen Bank, a micro-credit initiative aiming to providing credit to women in impoverished countries, and Fair Trade, an alternative commercial and social venture that also incorporates environmental principles, are but two examples.

Yet, while social entrepreneurship, as a development option, has received important scholarly attention (Mair & Marti, 2006), there is a gap in literature aiming at identifying the tensions brought about by the pursuit of both civic and commercial objectives. These two types of objectives involve the application of different logics, logics that are often assumed to be in fundamental opposition, or else studied separately, in isolation from the other. Important insights for sustainable environmental practices are to be attained by analyzing how social entrepreneurs come to an agreement while applying these two opposed logics. Furthermore, even though many recent attempts have been made to offer a definition for social entrepreneurship, there is still much confusion in what is or is not social entrepreneurship (Zahra, Gedajlovic, Neubaum & Shulman, 2006) and how it can be an option for sustainable development.

Our study aims to fill these gaps in literature by first developing a definition for social entrepreneurship that proposes a hierarchy of the principles involved in this important, but illusive concept. It is hoped that the definition proposed will help scholars to better understand,

analyse and identify social entrepreneurship initiatives. Secondly, we tie this definition to Convention Theory as proposed by Boltanski & Thévenot (1991) using two logics that these authors describe as civic and commercial “worlds” logics. By doing this, we aim to expose the tensions involved in social entrepreneurship and seek to illuminate how social entrepreneurs manage the tension between these two logics. Third, we argue that although different social entrepreneurs may vary along the dimensions suggested by Zahra et al. (2006), they share in common the need to integrate social and commercial “world” logics in managing the varied problems they encounter. In doing so, we explicitly consider how social entrepreneurs differ in the particular ways they synthesise the commercial and civic logics. We also consider the ethical and operational risks that social entrepreneurs face in managing tension between civic and commercial logics.

We have organized our article as follows. First we present a brief synthesis of Boltanski & Thévenot’s (1991) convention theory and the two logics we argue are important to the understanding of social entrepreneurship. We then develop, by the use of a literature review, a definition for social entrepreneurship. Next, we present Zahra et al.’s (2006) typology that offers three different expressions of social entrepreneurship. We continue by applying Boltanski & Thévenot’s (1991) civic and commercial logic to the typology in order to show what the synthesis of these different logics involve for different types of social entrepreneurs. We then discuss the implications this analysis has with respect to both our proposed definition and Zahra et al.’s (2006) typology. We conclude by considering the contributions of the paper, for academics and practitioners, as well as its limits and implications for future research.

## CONVENTION THEORY

We begin our analysis with a brief explanation of Boltanski & Thévenot (1991) convention theory since we believe that social entrepreneurship joins together two logics described by the authors as those in fundamental opposition: civic and commercial “world” logics. The notion of convention refers to implicit rules that coordinate behaviour (Baltifoulier, 2001; Jagd, 2003) and help people to deal with uncertainty (Boltanski & Thévenot, (1991). For Boltanski & Thévenot, one needs to bring together how we explain collective and individual decision-making stating that these also represent the boundaries between economic and social traditions. Furthermore, Boltanski & Thévenot point out the importance in doing this since this opposition between disciplines has important implication for the choices made by scientific researchers regarding their research questions and their research methodology.

Thus, the convention theory they propose aims at bringing together the individualistic and collective approaches, the economic and social traditions and their varied methodological approaches to gain a better understanding of what is needed to come to an agreement and also what may bring discord (Boltanski & Thévenot, 1991). As such, the theory they propose is particularly appropriate for the study of the tensions in social entrepreneurship that lies at the intersection of social and economic traditions.

Furthermore, whereas dominant currents in sociology support the notion that individuals rationalize their behaviours for known reasons or even fallacious goals (Boltanski & Thévenot, 1991), according to Boltanski & Thévenot (1991), these behaviours are determined by logics that justify action; logics that they classify according to six “worlds” (also called *cités*). Boltanski & Thévenot develop and use the concepts of “justice” and “higher common principles” to explain the different logics of each “world”. Their concept of justice is an ideal, a state of “hierarchy”

which is accepted as a universal value. Each “world” operates according to its own system of justice and it is this system which determines which claims are seen as admissible from those that will not be considered, being perceived as illegitimate. In other words, human beings live in several “worlds” and each one of these “worlds” has a different system of logic for justification. Individuals must therefore take these logics into account in order to justify their actions. This implies that since different forms of justification exist at the same time, practical and ethical conflicts will often arise from the tensions between different logics, bringing the need for a compromise, or synthesis.

We contend that such tensions and their management represents a useful frame that sheds new light on the concept and practise of social entrepreneurship. As a focal point in our analysis, we will use Boltanski & Thévenots (1991) concepts of “civic” and “commercial” “worlds” or logics. The two “worlds”, civic and commercial, represented in social entrepreneurship, operate under very different logics (See table 1). Whereas the civic “world” takes as a higher principle the predominance of social conscience for the collective good, the commercial “world” functions under the principle of competition for the benefit of the individual (Boltanski & Thévenot, 1991). Boltanski & Thévenot argue that these two “worlds” are in perfect juxtaposition seeing no room for compromise between these two logics. The union of these two “worlds” by social entrepreneurship thus represents something that Boltanski & Thévenot did not envisage. In framing the tensions between contradictory tenets we will use three concepts of Boltanski & Thévenot’s (1991) theory: highest common principle, state of largeness (*état de grandeur*) and failure of the “world.” Therefore, by identifying the tensions between each “world” we will identify the tensions brought about by the union of social and commercial logics in social entrepreneurship.

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The limits of Boltanski & Thévenot's (1991) civic and commercial "worlds" come from the lack of compromise they identified between the two logics. How we propose to address this limitation is by using the civic and commercial logics to analyse social entrepreneurship and demonstrate that the synthesis between commercial and civic logics operating within social entrepreneurship initiatives is in fact a compromise between the two "worlds".

#### **DEFINING SOCIAL ENTREPRENEURSHIP**

When trying to define social entrepreneurship, one needs to take into consideration the inconsistencies and contradictions within the literature that have previously tried to define it (Zahra et al., 2006). To build our definition of social entrepreneurship concept, we thus proceeded by review of 20 different definitions of social entrepreneurship found in the extant literature. We then identified those components that were mentioned most often and placed them in order of importance. Following this, we analyzed those components comparing them with Boltanski & Thévenot (1991) convention theory. By bringing to the forefront the implied tensions between civic and commercial logics of Boltanski & Thévenot's "worlds" (1991) and by placing these concepts in an hierarchy, we strive to better understand not only when and why these tensions occur, but also how they can be resolved in new and innovative ways by the search for a synthesis of these logics.

What we found is that what differentiates social entrepreneurship from entrepreneurship is the dominant goal of social value creation. In fact, out of 20 definitions (See Table 2), 19 mention this in some way, which testifies to the importance researchers place on this element when defining social entrepreneurship. We must be more thorough here in how we define the creation of social value since it could be said that commercial entrepreneurs create social value by providing jobs. What is then the difference between social value created by commercial entrepreneurs and that created in a philosophy of social entrepreneurship?

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The difference is the place of social value creation in the mission and the objectives pursued by an organisation. As mentioned by Austin, Stevenson, & Wei-Skillern, (2006: 3), “creating social value for the public good” is the fundamental mission of social entrepreneurship, whereas “creating profitable operations resulting in private gain” is the central mission of commercial entrepreneurship. Boschee & McClurg (2003: 3) state that “social entrepreneurs are different because their earned income strategies are tied *directly* to their mission.” They then argue that “social entrepreneurs are driven by a *double* bottom line, a virtual *blend* of financial and social returns. Profitability is still a goal, but it is not the only goal, and profits are re-invested in the mission rather than being distributed to shareholders”. For Dees (1998), the difference is in the total engagement of social entrepreneurs towards their social missions which orient how they perceive opportunities; opportunities of social value creation rather than financial value. The social entrepreneur will therefore pursue opportunities that will enable



him/her to first answer the social mission before those that would enable them to obtain a profit, the incomes being perceived here as the means to achieve the goals defined in his social mission.

Some even argue that “social entrepreneurship extends the definition of entrepreneurship by its emphasis on ethical integrity and maximizing social value rather than private value or profit” (Daisy, 2002: 7). Thus, a dominant current in the literature is the notion that whereas commercial entrepreneurship creates economic value (Say, 1827), social entrepreneurship creates social value (Dees, 1998). In such a view, the creation of economic value is seen as but a means facilitating the creation of social values (Mair & Marti, 2006; Dees 1998; Boschee & McClurg, 2003).

Two other defining aspects of social entrepreneurship need to be mentioned since they are also mentioned frequently in the surveyed definitions. First, we find the concept of ‘innovation.’ Ten out of the twenty definitions studied mention innovation as an important element of social entrepreneurship. Another factor also mentioned is the need to compete for limited resources. Such considerations reflect the fact that social entrepreneurs must not only compete for financial resources, but also “for philanthropic dollars, government grants and contracts, volunteers, community mindshare, political attention and clients or customers, and talent within their ‘industry’ contexts” (Austin et al., 2006: 9). This practical consideration means that social entrepreneurs must employ a commercial logic in order to acquire the resources necessary to build, operate and grow the organisations needed to fulfil their social missions.

Our review of proposed definitions shows that the creation of social value is the defining characteristic and first priority of social entrepreneurship, and although we consider that a company pursuing a double objective qualifies as a social entrepreneurship initiative, it is its

social mission that is fundamental --not its search for economic value for its own benefit. In this respect, we see any economic objectives as subordinate to the social entrepreneur's social mission and this hierarchical ordering leads us to propose the following definition:

*Social entrepreneurship is first an objective that follows the civic "world" logic through the pursuit of a social mission, and secondly a means that follows the commercial "world" logic by innovating in the way needed resources are acquired..*

Such a hierarchical ordering provides us with a practical definition of social entrepreneurship and shows the duality of the objectives pursued. It also emphasizes the importance of the social mission for this type of initiative and may guide scholars and practitioners by giving them the grounds on which conflicting logics may be resolved. More specifically, since the priority of social entrepreneurs is the creation of social value, the use of commercial logic within their initiatives always has to be understood as a way of attaining that mission and not as a way to profit. The fact that both sociology and economic sciences aim at studying the interactions of people in society and have for the most part ignored the means by which these people come to an agreement (Boltanski & Thévenot, 1991) further underscores the potential usefulness of the proposed definition.

#### **ZAHRA ET AL'S (2006) TYPOLOGY OF SOCIAL ENTREPRENEURS**

In the previous section, we proposed a definition of social entrepreneurship that considered objectives pursued under the commercial world's logic as the means to answer a social mission based on the civic world's logic. Before we can further analyse social entrepreneurship initiatives, we need to differentiate between some of its different expressions. Zahra et al. (2006) propose a typology (see Table 3) of social entrepreneurs that we believe is

useful for this purpose. Their typology differentiates initiatives by what type of social problems they address and how the particular type of social entrepreneur organises to address them. We argue that these different types of entrepreneurs; the *Hayekian Good Samaritan*, the *Kirznerian Alert Gap Filler* and the *Schumpeterian Social Engineer* will have very different ways of resolving the tensions inherent in social entrepreneurship initiatives. By analysing these different expressions of social entrepreneurship we aim to show that even though these initiatives manage the process differently, encountering different practical solutions and ethical issues, each type of social entrepreneurship requires the creation of some sort of synthesis between commercial and civic logics.

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The first type of social entrepreneurship initiative identified by Zahra et al. is the Hayekian Good Samaritan. According to Hayek (1945), entrepreneurship is necessarily a local initiative because local knowledge is necessary in order to identify opportunities, thus limiting the recognition of these opportunities by more distant actors. Hayekian Good Samaritan social entrepreneurs are thus better able to recognize and meet a social need in a more effective way than larger and more complex organization (Zahra et al, 2006). Social entrepreneurs of this type use their motivation, their expertise and their resources in order to create social value.

At the beginning of the Fair Trade commercial coffee chain are producer cooperatives, such as Coocafé in Costa Rica and Cépicafé in Peru. These cooperatives represent examples of Hayekian Good Samaritan social entrepreneurship initiatives because they are small autonomous

organizations created with an aim of answering local social and economic problems. They use local resources and their knowledge of local situations and dynamics in order to address these problems. The principal innovation of these cooperatives is the way they use the market in order to create greater social value and decrease the dependence of their members on local middlemen,

*“[Innovating] on the economic front, Cepicafé has diversified its credit programs to finance the coffee harvest in the best and least expensive way. Looking after members, the organization has devised an advance system against their output, so growers don't pre-sell their crop”* (Fair Trade Association of Australia and New Zealand, January 2007).

For Coocafé, innovation came in the form of diversification “from the sole dependence on coffee exports [...] to macadamia nuts, yucca and banana chips, and roasted coffee for sale in Costa Rica and abroad” (Alternative grounds, 2006).

These producer cooperatives do not seek to modify commercial systems; rather they seek to unite in order to take part in existing ones in a more just and fair way. Their local scope, their social mission, the use of economic means in order to advance their social mission as well as their innovative approach in doing so marks them as Hayekian Good Samaritan social entrepreneurs.

The second type of social entrepreneur considered Zahra et al (2006) is the Kirznerian Alert Gap Filler. According to Kirzner (1973), entrepreneurs have a capacity to perceive opportunities and do not necessarily need specific local knowledge in order to do this. Kirznerian entrepreneurs innovate in order to exploit the differences between supply and demand thus filling market faults left by unanswered consumers needs (Zahra et al, 2006). In doing so, Kirznerian Alert Gap Filler social entrepreneurs “[...] emphasize those social problems that can be

addressed using formalized or systemized solutions that can be scaled up to meet growing needs or easily transferred to new and varied social contexts (Zahra et al., 2006: 18).” Thus, it is their “[...] ability to spot and pursue opportunities to generate social wealth through the reconfiguration of the processes they enact to deliver goods and services (Zahra et al., 2006: 18)” and not local knowledge that is the source of competitive advantage for this type of social entrepreneurship.

Examples of this type of social entrepreneur are found among micro-finance nongovernmental organizations (NGO’s), like Ecologic Finance which have as its social mission the provision of alternative credit to the small entrepreneurs of emerging markets who would not otherwise have access to affordable credit (this includes our Hayekian Good Samaritan producer cooperatives). In this way, these social entrepreneurs make it possible for small organizations to decrease their financial burden by providing them with low interest credit that go towards the financing of both organizations and social projects. Accessible credit also allows producer cooperatives to decrease their dependence on the local intermediaries (coyotes) who often represented the single source of credit available for the cooperatives and whose interest rates are commonly two to three times higher than those charged by micro-finance NGOs like Ecologic Finance. Such, accessible credit creates social value by decreasing the precariousness of the members of the cooperative by giving them the means to address social needs.

The third and final type of social entrepreneur identified by Zahra et al (2006) is the Schumpeterian Social Engineer. According to Schumpeter (1934), an entrepreneur is the one that moves the system by his innovation and which replaces inefficient methods and systems by others with ones that are more suitable and efficient. The Schumpeterian Social Engineer

identifies systemic problems within social structures and addresses them by introducing revolutionary change (Zahra et al., 2006: 21).

An example of such a social engineer is found in the Fair Trade movement that has sought to create an alternate market model, (Moore, 2004, Low & Davenport, 2005). The change of social systems proposed by Fair Trade does not rest solely on systems of philanthropic aid, but also seeks fundamental change to the neo-liberal commercial system. By changing the logic of consumers, Fair trade aims to make sustainability as important a purchasing criterion as quality or price (Levi & Linton, 2003). As it tries to reconnect producers and consumers, it seeks to correct the historically unjust terms of exchange between the North and the South (Jaffee, Kloppenburg jr., & Monroy, 2004). As such, Fair trade does not seek to modify the system by itself, but to motivate others to do so.

#### **SOCIAL ENTREPRENEURSHIP AND CONVENTION THEORY**

Before reflecting on Zahra et al's (2006) typology from the perspective of convention theory (Boltanski & Thévenot, 1991), we will identify in the literature, different social entrepreneurship factors as pertaining to competition or collective actions and organize them in accordance with the civic and commercial logics described above (See Table 4). It is important to state here that each concept must be viewed as a combination of the social and entrepreneurial aspect included in the table and related to the civic and commercial logics. For example, one cannot read the *highest common principle* for social entrepreneurship as being only the pursuit of social value creation. One must also associate this with its counterpart situated on the entrepreneurial side. In this way, one would read the highest common principle of social entrepreneurship as being '*the pursuit of social value creation while maintaining a competitive,*

*financially viable commercial venture that manages to serve the clients of its social mission while attracting consumers for its commercial venture’.*

It is this pursuit of both social value creation and a viable commercial venture that demonstrates the compromise at work between the civic and commercial “worlds” of Boltanski & Thévenot (1991). This is represented by the need to place multiple priorities on the management of a social entrepreneurship venture. One cannot only concentrate on bringing about social value creation, one must also place value on operating a viable, commercial venture that has different needs than a purely social venture. Such a requirement means that resources must also be allocated according to needs that are not always compatible. This means that compromises are frequently required and it will not always be possible to invest all profits in a social mission as would a purely social venture, profits will also have to be invested to maintain the commercial venture. The level of concern and investment in the commercial aspects of the business will vary according to the type of social entrepreneurship venture.

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*State of largeness* is Boltanski & Thévenot’s second principle considered here. This principle refers to what and who is to guarantee or give support to the highest common principle and also how action is coordinated. On the civic side of social entrepreneurship there are many government agencies and NGO’s that aim to help social entrepreneurs in establishing their venture by offering them financing or consulting services. In opposition, on the commercial side,

self-reliance is pre-eminent and social entrepreneurs are expected to quickly build the capacity to do things by themselves and for themselves (Mair & Marti, 2006). Therefore, government agencies and NGO's, the institutions of social entrepreneurship, the norms they promulgate and the strong sense of accomplishment that comes from doing things for themselves help to guarantee social entrepreneurship's highest common principle. So what we can assert is that *'institutionalization of social entrepreneurship with the strong sense of fulfillment brought by accomplishing an individual initiative is what guarantees the highest common principle'*.

The preceding discussion suggests the following two description propositions.

*Proposition 1: The highest common principle of social entrepreneurship is the pursuit of social value creation while maintaining a competitive, financially viable commercial venture that manages to serve the clients of its social mission while attracting consumers for its commercial venture*

*Proposition 2: What guaranties this highest common principle is the institutionalization of social entrepreneurship with the strong sense of fulfillment brought by accomplishing an individual initiative.*

The third and final principle of Boltanski & Thévenot considered here is the *failure of each "world."* In other words, what would be the cause of failure of the highest common principle? In the case of opposing logics, would this mean that the failure of one would be the success of the other? And if this is so, then what of social entrepreneurship since it has a double common highest principle in which two logics oppose each other? This is where the compromise implied by social entrepreneurship is most important and is also most obvious.



What we find is that for social entrepreneurship, what would bring the failure of the “world” is first if social entrepreneurs do not fulfill their social missions, or they “let down” the community they are serving (Parkinson, 2005; 12). At the same time, failure of the “world” would also result from a lack of adequate concern regarding the financial resources involved in fulfilling this mission. In other words, for the social entrepreneurship “world” to succeed, there needs to be concern for generating income at the same time that one seeks to bring benefit to the community. This will mean that there will be some compromise involved in what will be the priority of the social entrepreneur at one time or another. As Dees & Anderson (2002; 5) point out, there is the danger that when tensions “ [...] between profits and social preferences arises, profits will dominate or the entrepreneur will be driven out of business.” Yet Dees & Anderson also mention that “[...] taking social objectives seriously is likely to create at least opportunity costs by limiting the firm’s choices.” This understanding implies that there will be times when the compromise will entail the failure of one part of the “world”, be it the commercial or the civic part, in order for the whole to succeed.

### **EXPRESSIONS OF SOCIAL ENTREPRENEURSHIP AND CONVENTION THEORY**

Having established what are the principles of social entrepreneurship as relating to civic and commercial logics, we will now look at how these are represented in different types of initiatives using Zahra et al’s (2006) typology.

In the case of Hayekian Good Samaritan social entrepreneurs, what we find is that the two aspects of each principle, the civic and the commercial, do not have equal weight. In fact, what distinguishes this type of social entrepreneurship initiative is a highest common principle that aims to “act upon opportunities to address local social needs” (Zahra et al, 2006: 44) with

very limited resource needs and low competition for their programs. What is to guarantee this highest common principle are “individuals who are motivated to address social needs” (Zahra et al., 2006: 15).

Finally, what will bring failure to this highest common principle and therefore to this type of social entrepreneurship is first the distance from the locality since there is the need of connection with the locality, but also, the fact that having few resources means less attention is placed on scaling up and obtaining additional resources. As Alvord, Brown, & Letts (2002: 15) note, social entrepreneurial initiatives need funding, yet “resource providers for future support” is not a priority. Therefore, having for highest common principle the pursuit of a mission based on civic logic can bring failure as the commercial aspects are somewhat put aside. If too little attention is placed on the need for additional resources, this will bring failure of the commercial logic and thereafter the civic logic since the initiative will not be able to grow and adequately address social needs. For Hayekian Good Samaritan social entrepreneurship initiatives, the synthesis between commercial and civic logic brings them to pay less attention to the commercial aspects of the initiative putting the social mission at risk from both lack of growth and of new funding. Based on this reasoning, we offer the following descriptive proposition.

*Proposition 3: For Hayekian Good Samaritan, the synthesis between commercial and civic logic implies that having for priority local social projects can bring failure from lack of new funding and growth.*

A key difference between Kirznerian Alert Gap Filler and Hayekian Good Samaritans social entrepreneurs is the importance they place on resource acquisition. As noted by Zahra et al

(2006; 20), “The scope of the social needs they address often requires Alert Gap Fillers to construct fairly large and complex organizations that need financing and staffing.” Therefore, the *highest common principle*, for these types of initiatives, involves the need to incorporate equally significant parts of both social and economic objectives. In this regard, governments and charitable foundations, which are common sources of funding for Gap Fillers, are in considerable decline (Johnson, 2000). At the same time, cuts in social programs by governments have led to a significant important in the need for such ventures (Cannon, 2000).

Such practical considerations suggest that Alert Gap fillers are frequently confronted with the need to expand their missions and also with serious competition for the resources they need for their initiatives. These factors provide a strong impetus for the creation of more formalised organisations and the application of a stronger commercial logic. This could lead to problems with regards to the social mission as these “[...] social entrepreneurs may become so internally focused on procuring resources to support their organization’s growth that the paths to creating social value may become blurred” (Austin et al., 2006: 17). Such an overriding pursuit of resources can bring failure for this type of initiative if it overrides the venture’s social mission. On the other hand, while Good Samaritan social entrepreneurs can and do function with limited resources and therefore show limited concern for the financial aspects of their initiatives, Gap Fillers cannot do this without forfeiting their social mission. Thus, Alert Gap Fillers must manage an especially precarious balance civic and commercial logics. This leads to the following description proposition.

*Proposition 4: For Kirznerian Alert Gap Filler initiatives, the synthesis between commercial and civic logic implies that procuring the resources needed for the venture can bring failure*

*if the commercial logic it entails take precedence over the social mission and therefore the civic logic.*

For Schumpeterian Social Engineers, an important consideration is how to package, promote and sell the “products” they offer, with their ultimate goal of influencing others to transform existing systems (Zahra et al., 2006). As such, ideas of these social entrepreneurs compete with existing ideas. This means that they need to publicize them by bringing “[...] the proliferation of an increasing number of initiatives that have extensively used the media to capture public attention about an issue of social concern in the hope that social action and changes in public policy would ensue” (Waddock & Post, 2006: 393).

Although it could be argued that the logic behind the actions of these social entrepreneurs has nothing to do with a commercial logic, we argue that the means they employ to attain the goals they pursue have everything to do with competition a main aspect of the commercial logic as defined by Boltanski et Thévenot (1991). What these initiatives compete for is a resource that is very limited, the attention of the public and government agencies. “They mobilize private sector resources to raise public awareness and help to alleviate multifaceted social problems” (Dorado & Haettich, 2001: 4). As noted by Waddock & Post (2006; 396) “to gain public attention for their issues, social entrepreneurs are careful to frame the problems as important, with far-reaching and negative societal implications if they are not resolved.”

As such, it could be argued that the “product” they offer is competing in a market for the public’s and governments limited resources of attention. Social Engineers address complexes and persistent social problems coming into conflict with entrenched governments and powerful business elites (Zahra et al., 2006). Their goal of “fracturing institutions and replacing them with more efficient ones” (Zahra et al., 2006: 21) makes them vulnerable to repressive actions on the

part the powerful antagonists (Alvord et al., 2002) like the governments and business elites we mentioned. Challenging established ways of addressing social problems, these social entrepreneurs often have to take considerable risk being perceived as illegitimate.

This makes competing and acquiring the attention resource all the more important in order to counter the fact that these established parties, who see them as a threat, often perceive them as illegitimate (Zahra et al., 2006). The highest common principle for these initiatives is therefore to offer an information product relating to a social problem in order to get their most valued resource: attention. Further, the synthesis of commercial and civic logics involved in these initiatives favors the commercial aspects since what matters most is “selling” the idea so that others will buy into it and then act on the idea to bring about change (Waddock & Post, 2006; Zahra et al., 2006).

A major risk for these social entrepreneurs is that will be so focused on publicizing their agenda that they will not pay attention to the fact that sometimes their actions can “[...] intensify social tensions, conflicts and acrimony that perpetuate divisions rather than social harmony and prosperity” (Zahra et al., 2006: 27). What will bring failure to this type of initiative is if they are not able to attract enough of the resource they need most, attention, in order to counter their perceived illegitimacy. In summary, we propose the following description proposition,

*Proposition 5: Schumpeterian Social Engineer initiatives involve a synthesis between commercial and civic logics that emphasises commercial logic in order to compete for the attention resources of the public and the governments.*

## **DISCUSSION AND CONCLUSION**

The purpose of this paper was to analyse social entrepreneurship in order to show that it's various expressions entail a synthesis of commercial and social logics. Our analysis shows that although this is true, different expressions of social entrepreneurship synthesise these logics in very different ways, which brings different risks for each type of social entrepreneurship. Below we summarize three key conclusions that may be drawn from our analysis.

First, social entrepreneurship involves the application of both commercial and social logics as represented in our definition. The definition was validated and found to be useful in identifying tensions in different types of social entrepreneurship. The definition established that while the mission of social entrepreneurs is based on the civic logic, the means used to acquire the resources needed to accomplish this mission are based on the commercial logic. By bringing to the forefront the notion of competition implied by the commercial logic, the definition highlights the possibility of tensions between commercial and social aspects within social entrepreneurship initiatives as they try to synthesize the two opposing logics.

To our knowledge, these two logics of Boltanski and Thévenot (1991) have not been used to analyse social entrepreneurship initiatives and tensions brought by these conflicting logics have not been properly identified in the literature. Identifying other logics that might be important to different expressions of social entrepreneurship represents an interesting avenue for future research as this may further our understanding of how tensions develop in these initiatives. Second, using Zahra et al's (2006) typology for social entrepreneurship initiatives and analysing it with the logics of Boltanski & Thévenot (1991) represented in our definition, we found that different expressions of social entrepreneurship synthesise the logics differently. For Hayekian Good Samaritans, the synthesis between commercial and civic logics initiatives implies giving

priority to local social projects and limiting the scaling up of operations. The risk for Good Samaritans is that they will be so focused on their social mission that lack of funding may put this mission at risk. For Kirznerian Alert Gap Fillers, the synthesis involves a very strong reliance on the commercial world's logic to respond to a competitive environment while at the same time applying the civic world's logic to their social mission. The risk here is that they will become so focused on acquiring needed resources that they will lose sight of their mission; the exact opposite of Good Samaritans. The final type, the Schumpeterian Social Engineers, implies yet again a different synthesis. For them to be able to answer their social mission, they must focus their energy on making their cause widely known and sympathized with. Because of this, these initiatives involve a synthesis between logics that tilts strongly in the direction of the commercial logic as they must compete for the attention resources of the public and the governments. The risk for these social entrepreneurs is that due to their intense search for attention, they will not pay attention to the increase in social tensions they are themselves creating and that could be counter productive to their social mission.

Our analysis carries with it some managerial and theoretical implications. The management of a social entrepreneurship venture, while it shares some similarities, is not the same as that of a commercial venture. The blending of social and commercial objectives demands that serious questions be asked about how each objective influences the other. This paper may assist social entrepreneurs in identifying what type of initiative they are and also how the tensions between commercial and civic logics can have a negative impact on their venture and therefore their social mission. Social entrepreneurs need to take these risks into consideration questioning themselves on the means used to accomplish their social mission in order to not

threaten its accomplishment. As our definition makes clear, the mission of social entrepreneurs is to create social value, as such, this needs to remain the focus of the social entrepreneur.

In making clear how competing logics interact and create tensions, our analysis provides important implications for social entrepreneurs aiming towards more environmentally sustainable projects. Understanding why and when these tensions arise can help these social entrepreneurs address these issues before problems develop.

A third contribution of this research is the synthesis we provide of civic and commercial logics involved in social entrepreneurship. By providing a framework by which to think about tensions implied by these logics, this paper can help others identify these tensions in different types of social entrepreneurship initiatives. As this paper shows, social entrepreneurship is about this synthesis, yet different expressions of social entrepreneurship have very different ways of synthesising the two logics of social entrepreneurship. A contribution of this paper is that we have brought into focus the two competing logics confronting social entrepreneurs.

Furthermore, when studying social entrepreneurship initiatives, scholars studying how sustainable development projects can use the synthesis we identified in order to better understand why these initiatives succeed or fail. Using the commercial and civic logics, scholars can identify when tensions are likely to arise and also better understand how these logics can bring failure if the needed synthesis and compromise between them is not well understood.

Finally, our discussion points out to the need to better understand how conflicting social and commercial logics bring tensions and risks to social entrepreneurship initiatives. In this paper we outline several factors that can bring failure to these initiatives if the need for an appropriate synthesis between logics is not addressed. A key avenue for research would be to identify other types of social entrepreneurship initiatives to see how they synthesise the commercial and social



logics and the risks to which these initiatives are exposed. Understanding the differences as relating to social missions of social entrepreneurs and the way they gather the resources needed to answer this mission can enrich our understanding of long-term success is related to the organizational form chosen to answer a specific type of social mission. We hope that our discussion on the tensions brought by the pursuit of a double objective under conflicting logics will encourage future scholars to explore the varied sources of risks and conflicts in social entrepreneurship initiatives.

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**TABLE 1**  
**CIVIC AND COMMERCIAL LOGICS**

|   | <b>Civic</b>                                | <b>Commercial</b>              |
|---|---|--------------------------------|
| <b>Higher common principle</b>                | Predominance of collectives                 | Competition                    |
| <b>State of large</b>                         | Representation and legislations             | Self interest                  |
| <b>Subjects</b>                               | Collective groups and their representatives | The competitors                |
| <b>Dispositions</b>                           | Legal forms                                 | Richness                       |
| <b>Investment</b>                             | Renouncing individuals                      | Opportunism                    |
| <b>Relations between big and small</b>        | Delegation relations                        | To possess                     |
| <b>Natural relations between beings</b>       | Group meetings for collective actions       | Self interest                  |
| <b>Harmonious forms of the natural order</b>  | Democratic republic                         | Market                         |
| <b>Test of the model</b>                      | Manifestations for a just cause             | Business                       |
| <b>Way of expressing judgment</b>             | Ballot verdict                              | Price                          |
| <b>Form of evidence</b>                       | Legal text                                  | Money                          |
| <b>State of small and failure of the city</b> | Division                                    | Non desired servitude of money |

**TABLE 2**  
**DEFINITIONS OF SOCIAL ENTREPRENEURSHIP**

| <b>Auteur</b>                  | <b>Définition</b>   |
|--------------------------------|---|
| Austin et al. (2006: 2)        | We define social entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors.   |
| Dees (1998: 4)                 | Social entrepreneurs play the role of change agents in the social sector, by:<br>-Adopting a mission to create and sustain social value (not just private value),<br>-Recognizing and relentlessly pursuing new opportunities to serve that mission,<br>-Engaging in a process of continuous innovation, adaptation, and learning,<br>-Acting boldly without being limited by resources currently in hand, and<br>-Exhibiting heightened accountability to the constituencies served and for the outcomes created   |
| Dorado and Haettich, (2001: 5) | considers interorganizational, nonprofit, and double bottom line as separate but related types of SEV <sup>1</sup> s. It suggests SEVs are initiatives that blend business principles and social goals. They may involve more or less formal arrangements and disappear when the goals they were set to achieve are accomplished. As in the case of microfinance, they may also evolved and form a resilient industry, capable of solving social problems which were considered untreatable before, such as the lack of access to working capital for microentrepreneurs. |
| Drayton                        | -System change idea<br>-creativity: goal-setting and problem-solving<br>-Entrepreneurial quality also does not mean the ability to lead, to administer, or to get things done; there are millions of people who can do these things. Instead, it refers to someone who has a very special trait – someone who, in the core of her/his personality, absolutely must change an important pattern across his/her whole society.<br>-ethical fiber, also requires special reflection  |

<sup>1</sup> SEV: Social Entrepreneurial Ventures

|                             |  |
|-----------------------------|--|
| Emerson & Twersky (1996: 8) | <p>New Social Entrepreneur— A non-profit manager with a background in social work, community development, or business, who pursues a vision of economic empowerment through the creation of social purpose businesses intended to provide expanded opportunity for those on the margins of our nation's economic mainstream.</p> <p>Commitment to a “double bottom-line” is at the heart of the New Social Entrepreneur. It forces the non-profit manager to live within a dynamic tension of what makes good business sense and what fulfills the organization's social mission.</p>  |
| Fowler (2000: 645)          | <p>Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organizations and practices that yield and sustain social benefits.</p> <p>Civic innovation is the creation of new or modification of existing conventions, structures, relations, institutions, organizations and practices for civic benefit demonstrated by ongoing, self-willed citizen engagement and support.</p>  |
| Harding (2004: 41)          | <p>They are entrepreneurs with a social mission so any attempt to capture levels of social entrepreneurial activity must be able to distinguish between those individuals who participate in community or social groups and those who are actually motivated by social objectives to <i>instigate</i> some form of new activity or venture.</p>  |
| Mair and Marti (2006: 37)   | <p>First, we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations.</p> <p>Can occur equally well in a new organization or in an established organization, where it may be labeled “social intrapreneurship”</p>                            |
| Reis (1999: 3)              | <p>Social Entrepreneurship – Social entrepreneurs create social value through innovation and leveraging financial resources – regardless of source – for social, economic, and community development. The expectations for nonprofits to provide services and achieve social change at a larger scale while also diversifying funding resources are motivating social entrepreneurs to invent organizations that are hybrids of nonprofit and for-profit structures. The innovations of social entrepreneurs and the organizational models they are creating require new perspectives and responses from traditional philanthropy.</p> |
| Pomerantz (2003 : 25)       | <p>Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, nonprofit organizations, or nonprofits in association with for profits.</p>  |

|                                   |   |
|-----------------------------------|---|
| Peredo and McLean (2006: 64)      | Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture. |
| Shaw (2004: 195)                  | The work of community, voluntary and public organizations as well as private firms working for social rather than only profit objectives  |
| Thake & Zadek (1997: 20)          | <b><i>Social entrepreneurs are driven by a desire for social justice.</i></b> Social entrepreneurs do not create personal wealth for themselves, they create common wealth for the wider community. They build social capital in order to promote social cohesion. They seek a direct link between their actions and an improvement in the quality of life for the people with whom they work and those that they seek to serve. They aim to produce solutions which are sustainable financially, organisationally, socially and environmentally.   |
| Tan, William and Tan (2005: 360)  | Making profits by innovation in the face of risk with the involvement of a segment of society and where all or part of the benefits accrue to that same segment of society.   |
| Weerawardena, et Mort (2006 : 25) | A behavioral phenomenon expressed in a NFP organization context aimed at delivering social value through the exploitation of perceived opportunities  |
| Waddock et Post (1991 : 393)      | Social entrepreneurs are private sector citizens who play critical roles in bringing about “catalytic changes” in the public sector agenda and the perception of certain social issues.   |



**TABLE 3**  
**ZAHRA ET AL.'S TYPOLOGY FOR SOCIAL ENTREPRENEURSHIP**

| <b>Hayekian Good Samaritan<br/>(Zarha and al., 2006, p.44)</b>  | <b>Kirznerian<br/>Alert Gap Filler</b>  | <b>Schumpeterian Social<br/>Engineer</b>   |
|---|---|--|
| Perceive and act upon opportunities to address a <i>local</i> social needs. They are motivated and have the expertise and resources to address. | Build and operate alternative structures Addressing social needs that governments, agencies, and businesses cannot.   | Creation of newer, more effective social systems designed to replace existing ones when they are ill-suited to address significant social needs.   |
| Small scale, local in scope---often episodic in nature.   | Small to large scale, local to international in scope, designed to be institutionalized to address an ongoing social need.  | Very large scale that is national to international in scope and which seeks to build lasting structures that will challenge existing order.  |
| Knowledge about social needs and the abilities to address them is widely scattered.   | Laws, regulation, political acceptability, inefficiencies and/or lack of will prevent existing governmental and business organizations from addressing many important social needs effectively. | Some social needs are not amenable to amelioration within existing social structures. Entrenched incumbents can thwart actions to address social needs that undermine their own interests and source of power. |
| Collectively, their actions help maintain social harmony in the face of social problems that may lead to unrest.                                | They mend the social fabric where it is torn, address acute social needs within existing broader social structures, and help maintain social harmony.   | They seek to rip apart existing social structures and replace them with new ones. They represent an important force for social change in the face of entrenched incumbents.                                    |
| Atomistic actions by local social entrepreneurs move us closer to a theoretical "social equilibrium."   | Addressing gaps in the provision of socially significant goods and service moves us closer to "social equilibrium."   | Fractures existing social equilibrium and seeks to replace it with a more socially efficient one   |

|   |  |  |
|---|--|--|
| Local scope means they have limited resource requirements and are fairly autonomous. Small scale and local scope allows for quick response times. | They address needs left un-addressed and have limited / no competition. They may even be welcomed and be seen as a “release valve” preventing negative publicity / social problems that may adversely affect existing governmental and business organizations. | Popular support to the extent that existing social structures and incumbents are incapable of addressing important social needs. |
| The limited resources and expertise they possess limits their ability to address other needs or expand geographically.                            | Limits: necessary financial and human resources to answer their mission  | Seen as fundamentally illegitimate by actors in place  |

**TABLE 4**  
**SOCIAL ENTREPRENEURSHIP PRINCIPLES**

|                                | <b>Highest common principle</b>   | <b>State of largeness (État de grandeur)</b>   | <b>failure of the “world”</b>   |
|--------------------------------|---|--|---|
| <b>Civic logic</b>             | Predominance of collectives   | Representation and legislations, what is official  | Division  |
| <b>Social entrepreneurship</b> | Create social value (Austin et al., 2006; Dees, 1998; Fowler, 2000; Mair & Marti, 2006)   | All organizations and groups that aim at helping social entrepreneurs: financially, strategic planning, marketing and public relations, etc... | Letting down the community they are helping (Parkinson, 2005)             |
| <b>Commercial logic</b>        | Convergence of desires and competition  | Self interest  | Non-desired servitude of money  |
| <b>Social entrepreneurship</b> | Commercially viable (Emerson & Twersky, 1996); compete for money, for customers and clients (Austin, 2006); the need to organize in order to compete effectively (Dees, 1998) | Associated with individualism, individual initiatives (Grenier, 2002); can include personal fulfillment motives (Mair & Marti, 2006)           | What motivates the social entrepreneur is not the money (Parkinson, 2005) |