

## Value Pursuit in Social Entrepreneurship: A Qualitative Investigation of Lean Beginnings

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### Abstract

Social Entrepreneurship ventures deliver a unique blend of commercial, mission-oriented value. While commercial value is well understood, founded on centuries of theory, mission-oriented social entrepreneurs must find their own organization-specific blend of commercial success and mission objectives. This balancing of mission and commerce happens through an exploratory process of trial and error. Additionally, given the environment of where many ventures are started, social entrepreneurs must employ constrained resources to develop a unique blend of commercial and mission-oriented value. In the end, social entrepreneurs typically describe their value proposition across multiple criteria before focusing on the commercial aspect. There is a gap in the literature about understanding how social entrepreneurs go about defining their unique 'social value pursuit'. We report the results of qualitative research of social entrepreneurs on three continents, before describing a counter-intuitive link between social value pursuit and commercial value development.

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### Introduction

Social Entrepreneurs blend the neoclassical profit motive of a commercial entity with the values of direct social investment by a mission-oriented entity. On one hand, as a commercial entity, a social entrepreneurship venture works to provide value based on economic exchange. From Jean-Baptist Say, through Adam Smith, Schumpeter and more recently Christensen, the neoclassical view of commercial entrepreneurship suggests value is created when customers' utility is maximized leading to increased shareholder wealth. On the other hand, social entrepreneurships seek to provide the benefit of direct investment in social needs. Mission-oriented organizations tackle many of the challenges the global economy faces—health, better housing, improved nutrition, help for the aging, greater financial security, less environmental

damage—without making the underlying assumption that improvements are attained through economic exchange (Michael E. Porter & Kramer, 2011). Entrepreneurs define the social needs they will invest in, raise donor funding, deliver the promised investment and report back to donors. Social Entrepreneurship ventures are a hybrid, seeking to obtain sustainable social value through a combination of commercial exchange and direct social investment—value described by double (profit and social value) or triple bottom line (adding a benefit of sustainability) (J Gregory Dees, 1998a; Leadbeater, 1997; Martin & Osberg, 2007). There is not a dichotomous distinction; rather, they find a balance somewhere on a continuum ranging from purely social to purely commercial (Austin, Stevenson, & Wei-Skillern, 2006). Porter and Kramer insist this blend of commercial and mission-orientation will be the next wave of innovation and productivity growth in the global economy (Michael E. Porter & Kramer, 2011). Yet, while social entrepreneurs start with this added challenge of clarifying their intended social value will blend with commercial exchange, they often start without the resources to invest carefully studying and articulating mission-orientation in advance. This makes their situation an interesting one to consider (Austin et al., 2006).

The hybrid Social Entrepreneur faces a unique challenge compared to its purely commercial or purely mission-oriented counterparts. An emerging literature describes many attributes of social entrepreneurs and the various balances entrepreneurs have struck between mission and commercial (Austin et al., 2006; J Gregory Dees, 1998a; Estrin, Mickiewicz, & Stephan, 2013; Martin & Osberg, 2007). The literature has described the process by which purely social or commercial entrepreneurs deliver value (Michael E Porter, 1998; Sahlman, 1996). However, few have undertaken to describe the unique process, Social Entrepreneurs use to define and refine their individually-determined blend of mission and commercial orientation during the earliest stages, when their resources are not adequate to engage in the careful advance analysis.

The current research seeks to fill a gap in the literature by using qualitative process to develop theory about the process by which Social Entrepreneurs conceptualize the value they intend to create and realize. Specifically, it asks the question, how do Social Entrepreneurs develop their unique mix of social and commercial value during the earliest stages, when constrained resources limit their ability to develop, refine, study and carefully articulate social mission orientation? We first ground the research in the literature. These allow us to postulate a theory of value pursuit. Next, we describe our qualitative research to conclude with a stronger understanding of the process social entrepreneurs take in their value pursuit. We conclude by suggesting implications for future research as well as how this theory may affect practitioners.

## Literature

Both commercial and mission-oriented entities exist to create value (J Gregory Dees, 1998a). Social Entrepreneurs develop a business model around unique blend or balance of these two. We use the term 'value pursuit' to signify the steps a company takes to define what social mission it will pursue and the balance it will seek between commercial and mission-oriented value. To understand how a social entrepreneurship undertakes its value pursuit, we bridge three bodies of literature: (a) models of enterprise value, (b) frugal Social Entrepreneurship, and (c) the value delivery process.

## Models of Enterprise Value

Each organization works to achieve a unique value proposition through developing a unique strategic advantage (Michael E Porter & Kramer, 2006). The literature of how the commercial

entity strives to deliver value is well established. Adam Smith's eighteenth century description of commercial value is what customers 'get' (benefits) relative to what they have to 'give up' in the form of costs or sacrifices (Zeithaml, 1988). Jean-Baptiste Say described it in the early 19th century as shifting economic resources out of an area of lower productivity and into an area of higher productivity and greater yield (J. Gregory Dees, 2001). A century later, Schumpeter clarified the purpose of entrepreneurship as profit maximization (Schumpeter, 1942). More recently, Christensen reflected the neoclassical view of value; disruptive innovation assumes entrepreneurs increase shareholder wealth by either adding technical capability to an existing product or refining the underlying business model to provide additional customer economic utility (C.M. Christensen, Bohmer, & Kenagy, 2000). Thus, the commercial entrepreneur is guided by centuries of neoclassical economic thinking, which understands value at the juncture of increased shareholder wealth and customer economic utility maximization (Simon, 1959). Woodruff clarified the value motivation of the commercial entrepreneur, defining customer value as the key business driver; value is what customers want and believe they get from buying a seller's product. Value is created when market forces service as a forum for conversation and interactions between consumers, consumer communities and firms (Pralhad & Ramaswamy, 2004). The commercial entrepreneur assumes the customer can assess its own utility – so value is created through the workings of an invisible hand. The entrepreneur must find a product and business model which offers an exchange opportunity some set of customers consider more valuable than the cost of resources. Firms do not act autonomously to develop new products or business models, they listen to their market. Firms respond to the feedback given to them by the marketplace, which advises through price and sales volume, when the value creation process is being successful. This is a process of co-creation, with successful commercial innovators listening and actively seeking advice from customers. Friedman added that the value of a commercial entity is reflected by increase in shareholder wealth (Friedman, 1970). The result of providing valuable product to customers is profit, which is valuable to the shareholder. Commercial entrepreneurship ventures may also be involved in direct social investment (like the mission-oriented entity). However, this is an adaptation of the pure neoclassical view.

The literature of how the mission-oriented entity provides value is emerging. Porter explores the value offered by a philanthropic organization: social benefits worth more the mere purchasing power of the funding (Michael E Porter & Kramer, 1999). Agrawal defines the value of a mission-oriented entity as creating social, ethical and environmental impacts (Agrawal & Hockerts, 2013). The nature of value is different, as is the mechanism for delivering value. In the mission-oriented entity, value is not created through economic exchange, rather as a result of efforts motivated and driven in response to a set of mission objectives laid out in advance. In contrast to the commercial entity, the mission-oriented entity achieves value through directly investing in social needs—rather than assuming customers can purchase goods or services at an advantageous price. The mission-oriented entity faces a relaxed assumption that the beneficiary of its services understands or has the means to pay for the value it provides. It invests directly in providing value, rather than assuming value is the residual of economic exchange. The mission-oriented entity uses five broad mechanisms to manage value creation: reports and disclosure statements, performance assessments and evaluations, participation, self-regulation, and social audits (Ebrahim, 2003). Each of these tools and processes seek to assure accountability: the entity's activities are oriented to achieve mission statements developed at the outset. Mission-oriented entities tend to plan their value proposition in advance. They create mission statements as well as reports and disclosure statements, performance assessments and evaluations and social audits (Ebrahim, 2003). External accountability to donors requires value to be defined in advance. This often requires considerable advance effort to articulate, and then evaluate the intended value. One effect of establishing the

basis of value in advance is to reduce mission-oriented entities' flexibility to adapt in changing situations. Since the 1990s, more data on mission-oriented entities have become available showing that they often do not meet the expectations these missions create. Some have been accused of failing to reach their mission-oriented objectives; to be selective in their activities, mismanage their organizations, bow to the wishes of their donors and to lack internal democracy or downward accountability (Ossewaarde, Nijhof, & Heyse, 2008).

The Social Entrepreneur dynamically implements Sahlman's model of the key elements of entrepreneurship: the people, the context, the deal, and the opportunity (Sahlman, 1996). Sahlman seems to assume a rather more static understanding of the social entrepreneurial opportunity—that the people, context, deal and opportunity present to the entrepreneur. This is analogous to the static world assumed by Porter's notion of strategic advantage (Michael E Porter, 1998). Likewise, Austin's social entrepreneurship framework describes a future state, not the method for converging on that future understanding of value or how to deliver it (Austin et al., 2006). Much of the literature seems not to acknowledge the constraints on advance planning militated by the lean beginnings of many social entrepreneurs. Some social entrepreneurs begin without sufficient invested or donor capital to afford the investigation required to carefully consider and articulate their social mission. Operating in such a lean environment, the social entrepreneur is not yet certain what precisely will be the context, deal or opportunity, and the people are not yet assembled. More precisely, the social entrepreneur in such a lean environment has yet to clarify not only what social value to pursue, but how to combine the commercial and mission-oriented approaches to pursuing that value. In some respects, social entrepreneurs demonstrate many of the value-seeking characteristics of commercial enterprises. When viewed through a resource-based lens, they demonstrate similar internal operational processes in utilizing resource bundles as commercial entrepreneurs (Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010). Yet others suggest that the notions of value social entrepreneurs seek to deliver are quite distinct from those in the commercial sector and need to be examined in their own right (Dorado, 2006; Robinson, 2006b). Moss showed that social ventures exhibit dual identities—a utilitarian organizational identity like a commercial enterprise (i.e., entrepreneurial, product oriented) and a normative organizational identity like a mission-oriented organization (i.e., social, people oriented) (Moss, Short, Payne, & Lumpkin). Unfortunately, these findings still tell us little about the process social entrepreneurs use to define opportunity and develop the value proposition that uniquely combines commercial and mission-oriented value (Mair et al., 2006). Few scholars have explored this process (Shaw & Carter, 2007). Investigations into the formation of new social ventures have been heavily focused on nature of the social entrepreneur and not on the process whereby the new venture's value pursuit unfolds (Goldstein & Hazy, 2008; Robinson, 2006b). Typically the notion of a social entrepreneurship is considered through a rational/economic view that tend to see the phenomenon with an existence separate from human perception waiting to be discovered or noticed by alert individuals (Alvarez & Barney, 2007). Corner extended the literature by considering how social entrepreneurs identify and exploit opportunities to create social value, but fell short of considering how they determine what social value to pursue, and how to blend the tools of mission-orientation and commerce (Corner & Ho, 2010).

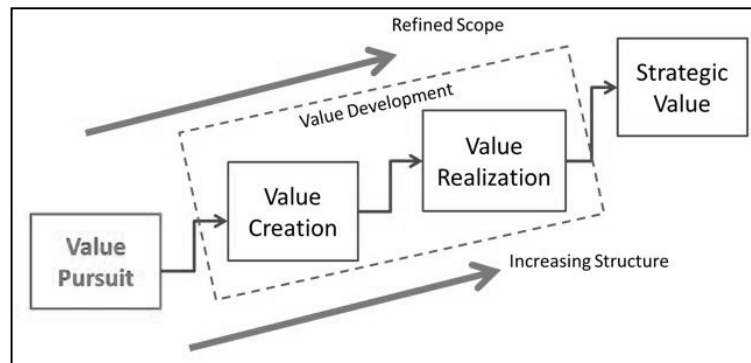
Like commercial entrepreneurs, Social Entrepreneurs often operate frugally—having access to limited resources. Frugal entrepreneurship refers to the approach of delivering value through small-budget, iterative innovation. Frugal entrepreneurship requires thinking and acting intelligently in a way that is flexible and able to adapt quickly to unforeseen situations and uncertain circumstances. Frugal entrepreneurship is less concerned with seeking sophistication

or perfection by over-engineering products, but rather about developing a 'good-enough' solution that 'gets the job done'. The concept may have its theoretical foundations in Lévi-Strauss' intellectual bricolage (Lévi-Strauss, 1966). This refers to the process of 'making do with what is at hand' (Baker and Reed, 2005). It has been used to describe many aspects of Social Entrepreneurship (Ciborra, 1996; Di Domenico et al., 2010; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). More recently, Radjou, Prabhu, & Ahuja (2012) popularized the term *Jugaad*, a somewhat derogatory Hindi term referring to a widespread practice in rural India of jury-rigging and customizing vehicles using only available resources and know-how (Sharma & Iyer, 2012). While that term is suggestive of indigence and corruption in traditional interpretations, the notion of frugal innovation has excited many because of its promise of an inimitable Indian work ethic (Birtchnell, 2011).

The frugal Social Entrepreneurship operates with limited resources because at the beginning it lacks funding either from donors or investors. Nor has it succeeded in generating a sufficient level of commercial transactions to fund operations. Thus, it lacks the resources to spend time to plan, assess, formalize and communicate a definitive concept of the value it will pursue—as the mission-oriented philanthropy is able to do. Second, the social entrepreneur may not want to formalize its value pursuit in advance, as the value opportunity may only unfold as the work proceeds. Third, it may simply not be practical to define the value pursuit in advance, since it is not yet clear who will be the customer (beneficiary) or even what will be the product or service. Social entrepreneurs face adversity at every turn (Radjou et al., 2012). As they must do 'more with less' in their value creation, they also have fewer resources for their value pursuit. At the same time, relaxed from the assumption of neoclassical value, they face a greater range of value options. Just as the reframe to create value, they also reframe as they form their value pursuit. Frugal social entrepreneurs stumble and iterate while refining their value pursuit, the way they do for their value creation. They use their intuiting to start their value pursuit; they follow their hearts (Radjou et al., 2012). They start with a sense of urgent need and mission—a feeling—compassion. They rely on social intelligence as well as experience to guide their value pursuit. They have to, because they lack the resources to articulate and test in advance, but also because that is the nature of a frugal entrepreneur.

## Value Development

The literature typically describes several phases of an entity's work to develop and deliver value: value creation, value realization and strategic value. A key principle of effectuation is that an entrepreneur begins not with a precise product, service, or venture in mind, but with a set of means that can be used to address a good idea (Sarasvathy, 2001). Means are idiosyncratic to the entrepreneur and encompass his or her skills, resources, and people who could help address the area of interest (Corner & Ho, 2010). For example, a person interested in a social issue would begin by considering the means he or she had available to do something about the issue. This notion suggests that social entrepreneurs are molders and creators of their immediate environment rather than predictors of and reactors to events in the world (Sarasvathy, 2001). Corner found that opportunities for the social entrepreneur developed over time, that innovative ideas for value creation and notions of how to implement these ideas happened relatively simultaneously and in a recursive fashion. This pattern involved experimentation and refinement (Corner & Ho, 2010). Still, Corner's conceptualization in this direction falls short of describing how the social entrepreneur finds the right blend of mission and commercial value.



**Figure 1: Value Pursuit as a Precursor to Value Creation, Value Realization and Strategic Value**

Value creation is the method by which the entrepreneur implements the product or service which will deliver value. This is well described in the literature. Sahlman's model gave a general layout (Sahlman, 1996). Others have delved into the various specifics. Bowman describes the importance of human effort (Bowman & Ambrosini, 2000). Tsai also found that social capital is a key driver behind innovation; structural, relational, and cognitive dimensions of social capital seem to drive product innovation. Chesbrough has established the importance of innovation networks in value creation (Chesbrough, 2011). Harrison applied stakeholder theory shows that mission-oriented entities pursue narrowly defined objectives because investors would not fund innovation that has not yet firmly defined the social value it pursues (Harrison & Freeman, 1999). Many have suggested that access to capital resources guide the pursuit of value. However, others have suggested that the tools of financial analysis may even confound the pursuit of innovation opportunities with value outside the traditional profit maximization models (Clayton M Christensen, Kaufman, & Shih, 2010). However, the literature falls short of clarifying how social entrepreneurs define what value they will pursue, and how that value will blend commercial and mission orientation. Value realization occurs after value creation—through a commercial exchange by which the entrepreneur and market compare beliefs about the value of the innovation. The literature generally assumes that the value intended by offering innovation is 'super normal profits' (Bowman & Ambrosini, 2000). Christensen describes these profits as being available because the innovator has discovered a gap between a subset of customers' desired functionality and price (i.e. value) and previous offerings (C.M. Christensen et al., 2000). Again, Christensen builds his framework on wealth maximization and customer economic utility, which may not be useful to describe value outside the commercial sector. Porter's *strategic value* is commonly represented in terms such as core competence, competitive advantage, growth rate and market share (Michael E Porter & Kramer, 2006). Both commercial and mission-oriented value depends on these. As organizations move from value creation through value realization to strategic value, the task of management changes in many ways. One important dimension is that while young organizations are still exploring to find the right method of creating value, established organizations refine their scope, focusing on a definite product, customer value and customer segmentation (Govindarajan & Trimble, 2010; Simons, 1991). Organizational focus narrows as the value creation gives way to value realization and ultimately the strategic value of an established entity.

As entities move from value creation to strategic value, decision making becomes more formal (Child, 1972). Raisch summarized much of the literature into four closely interrelated 'central tensions' between the two ends of the spectrum shown in Figure 1: (a) differentiation and integration as alternative or complementary pathways, (b) the individual and organizational

aspects, (c) static versus dynamic solutions, and (d) how to use internal versus external resources to create ambidexterity (Raisch, Birkinshaw, Probst, & Tushman, 2009). Besides personnel's individual traits and capabilities, many management decisions combine to enable an organization to be ambidextrous: multiple contradictory structures, processes, and cultures within the same organization (Markides, 2008).

## A Theory of Value Pursuit

Value pursuit is a process through which a Social Entrepreneur determines how the proposed entity will blend commercial, mission-oriented and personal values. Robinson also develops a conceptual model suggesting that social entrepreneurs first identify the value opportunity, evaluate and explore it, and only then pursue it through value creation (Robinson, 2006a). This suggests a sequential process. Robinson further suggests that as the entrepreneur moves through evaluation into value creation: that the thinking moves from cognitive to strategic. Mair suggests many of the considerations a Social Entrepreneur takes into account including emotional empathy, moral judgment, efficacy desirability and feasibility (Mair & Noboa, 2006). Dimov considers three substantive premises for how opportunities develop; yet while instructive, opportunity is different from the underlying value concept (Dimov). Krueger applies the tools of cognitive developmental psychology and constructivism to offer insight into the deeply seated beliefs and belief structures that ultimately anchor entrepreneurial thinking and how they change as entrepreneurs (Krueger, 2007). This helps explain how entrepreneurs develop their personal values, but not how their entrepreneurial entities define the unique blend of values it will pursue. Thus, none of these address the approach Social Entrepreneurs take to balance the many influences and factors in a value pursuit.

We define value pursuit as the dynamic process through which the understanding of value develops. Value develops as part of a process of building Sahlman's four-part model to enable value delivery. Accordingly, social entrepreneurs might first establish what value they will pursue, before they are in a position to define a specific opportunity, clarify the context, create a deal or bring in the people. Some have suggested that entrepreneurs must go through a sense making process (Cramer, Van Der Heijden, & Jonker, 2006; Gaglio & Katz, 2001; Hill & Levenhagen, 1995; Nicholson & Anderson, 2005; Rae, 2000). This allows the social entrepreneur to consider variations of commercial, mission-oriented and personal value. In the case of the frugal social entrepreneur, this sense making might follow a pattern akin to the value development process: iterative and intuitive. The value pursuit process might 'make due' with what can be learned about how to blend value—rather than applying the tools of formal planning and analysis.

## Method

We listened to Social Entrepreneurs describe their personal journey through value pursuit and value development. We sought to learn more about how they select and refine the nature of value they would endeavor to deliver through their innovation. Consistent with Robinson's call for grounded research into the value pursuit of social entrepreneurs (Robinson, 2006a), we conducted semi-structured interviews with practitioners using an approach inspired by Corbin and Strauss (2007). This approach allowed the researchers to develop grounded theory based on insight into practitioner's motivations, experiences, reactions and feelings as well as their interpretations of their work.

Seventeen practitioners were interviewed. Of these, six led organizations on the Indian subcontinent, five are located in Africa, three in Latin and South America, one in Southeast

Asia and one in the United States. Table 1 shows that all seventeen Social Entrepreneurs were engaged in a blend of commercial and mission-oriented enterprise. Founders ranged in age from early twenties to seventies. Thirteen of the founders are men, five are women. Ten of the social entrepreneurs' companies provide some form of healthcare service or product and seven provide information technology. Five of the organizations have been in existence for more than 10 years. All of the organizations described themselves as successful. All of the entrepreneurs had participated in Santa Clara University's Global Social Benefit Incubator (GSBI) program—which provided them an opportunity to step out of their regular business activities to learn more about business planning and strategy, talk with leading academics and practitioners, and develop a peer support community. Subjects were chosen based on GSBI and the co-investigators' judgment.

**Table 1: Sample Companies**

Location	Year Founded	Business
Guatemala	2004	Technology classes and CD/based courses in indigenous language in Guatemala
India	2000	Information and communication technology (ICT) tools and information centers as an advantage for remote and economically poor rural communities
Madagascar	2005	Water and sanitation products that positively impact the health and well-being of people living in low-income countries
East Africa	2008	Hosted mobile and web-based software for customer and supply chain management in rural energy businesses
India	1984	Micro-organism free, drinking water supply for residential and commercial users (homes, hospitals, restaurants, schools) in rural and urban India through reverse osmosis purification at rates 50% less than existing market rates
India	1979	Vertical shaft brick kiln for use in constructing building material for homes and sanitation solutions applicable in rural India
Kenya	2010	Mobile financial services to the 'last mile'. They leverage internet and mobile technology to lower institutional barriers to entry, increase efficiencies, and empower both enterprise customers and the people they serve
Mexico	2006	'Functional Food' –a micro nutrient that addresses multiple health issues caused by digestive malfunctions
USA	1996	Smart Voter is an internet application that gives citizens the nonpartisan information they need for informed voting and participation in the democratic process.
Haiti	2007	High-quality, competitively priced, locally-produced, energy-dense enriched peanut paste as a Therapeutic Food for recovery from malnutrition
Africa, Asia	1994	'Cloud phone' services to increase phone services access by the rural poor
Indonesia	2009	Affordable and safe household water filters
Bangladesh	1991	Low cost day care facilities to enable women to achieve economic emancipation without sacrificing the well-being of their children
India	2008	Clean-water franchise equips local entrepreneurs to sell clean water through electronic point-of-sale technology (Water ATMs), and a cellular-based water metering and quality control system, both of which track our social impact in real time
India	2003	Training for people from the poorest sections of Indian society to become largest, most diverse network of salaried Community Producers in the world
California/ worldwide	1980	Wheelchairs that can be built and maintained through a small to medium scale production network in developing countries
Mumbai	2002	Emergency Medical Service (i.e. ambulances) to everyone regardless of their ability to pay. Owns and operates the first stand alone, private EMS in the city of Mumbai and aims to be the national EMS provider

The data for this study consisted of the transcripts of one phone interview with each social entrepreneur in the sample. Interviews ranged in length from forty to seventy-five minutes, and were conducted during the period January through February 2013. GSBI initially emailed introductions to forty-four interview candidates, explaining that they would be contacted by the researchers who followed-up with an email describing the research purpose and protocol and asked the prospective participant to suggest a good time for a phone or Skype interview. Of those, twenty-one responded to a first or second request. Schedules were able to permit seventeen interviews. A review of the business description and history suggested no fundamental differences between those invited and those that participated in the interviews.

Seven questions comprised a semi structured interview protocol. The questions were designed in response to Maxwell's situation-specific interview process (Maxwell, 2005). The interview guide allowed the discussion to evolve in a manner that permitted subject's personal experience and reflections to emerge (Spradley, 1979). The questions started by probing into the participant's personal background and decision to become involved in developing an innovative organization (see interview guide in Appendix). Then, the questioning moved to understanding the underlying motivations and approach used by the social entrepreneur to the business. The dialogue guided into the impact of attending a training program that each social entrepreneur had attended in the US. Then, the path the Social Entrepreneur had taken following the training: how planning and development was affected as well as the company's goals. In addition to the questions in the protocol, the researcher asked follow-up questions to allow the subject to elaborate on key points. Each interview was recorded and transcribed. The resulting transcriptions amounted to 134 pages.

Evaluating the data consisted of three phases. First, the researchers read and listened to each transcript several times and open coded them. Transcripts were coded as admonished by Emerson, Fretz, & Shaw (1995); this coding paid special attention to the specific words participants used to describe their unique experiences and interpretations, as well as the concepts they were describing. Second, after detail-level coding, the researchers returned to the transcripts for an overall reading, deconstructing the themes of each interview into a one or two page memo. This reading was conducted after the coding analysis, so the memos were able to reflect the interviews from the perspective of emergent themes. Final analysis of key themes yielded the key findings reported.

## Findings

Social Entrepreneurs described their journey as a series of inflection points at which their concept of the social value they would provide developed along with their commercial business model.

### **Social Entrepreneurs sought to blend commercial, mission-oriented and personal values**

As expected, the Social Entrepreneurs in the research moved away from the philanthropy or grant-funded model to build organizations that mixed mission and commercial value. As they described their businesses, they spoke of customers, customer value proposition, product tied to customer value, processes to produce value, and so forth. This move was not a surprise, as the research set out to investigate this phenomenon.

All of the entrepreneurs in the research were initially involved with a philanthropic organization. Several were employed by NGOs or other grant-funded organizations before

starting their own businesses. Most of the entrepreneurs’ started businesses that were initially funded through grants. Quotations from the research included in Table 2 demonstrate a prevailing theme of reacting against the business model of pure mission-orientation. The issue was typically that the grant-funded organization spent too much time reporting to donors rather than delivering service. In each case, these entrepreneurs sought a more direct connection with those being served. They described the grant-based model as being too far removed from the core need—i.e. tied to grantors and paperwork rather than the real value to be delivered.

In addition to the business reasons for the change, Social Entrepreneurs spoke of personal motivation. Each spoke of a sense-making quest toward finding their best personal way to contribute. One spoke of the fear that the new business was not paying enough to fund the upcoming new family—that the husband would have to go back to working for an NGO. Another spoke of eagerly seeking outside investment. Each interwove personal motivations fluidly with business and social mission. The subject of personal motivation in business is hardly new, but these entrepreneurs interwove a third dimension, further complicating the quest for value.

**Table 2: Quotations—Social Entrepreneurs Seek a Blend of Values**

Description	The Initial Goal Varied from Social to Commercial
‘I moved to the Philippines with my husband after graduation, he is also from Netherlands. There I started to work with an NGO. I was working in a big office building. I thought the work I was doing was just a lot of paperwork—providing lots of literature to the donor—but I wanted to make a more concrete contribution to improve humanity as a tangible result of my work...About that time, my husband and I had drinking water problem in our house. So when he was in Brazil for a visit, he found a portable water filter and we looked around Indonesia whether there’s any similar product in the market but we didn’t find anything.’	Serve the community better than NGOs with their ‘paperwork’
‘I volunteered with a UK-based NGO for about a year, working on helping integrate a free and open source system with mobile money to help village-level small organizations better leverage mobile money as payment channel. In that time, I found that there was a much bigger opportunity than I originally had thought.’	Provide social value better than a large NGO can do it
‘I started to have a feeling that I needed to have a little more significance in work than I was achieving through working with large companies. So, I started looking for something that would be more fulfilling. I found a very interesting project in a business incubator in Guadalajara. I have to tell you to be honest at that time, I had no idea about biotech was. However, I found it pretty interesting. They were looking for a commercial application. My opportunity was to add the marketing perspective to the technical stuff.’	Social value through incubating small companies rather than successful large ones
‘I got a job at the UC Berkley Disabled Students Program as driver of a van with lifts for wheelchairs. As it turned out, I had to learn how to fix people’s wheelchairs when they broke down. That got me into the field... [later] I got a grant from USAID to work in Russia with a disabled sports club. The work was at an Aeroflot helicopter repair facility that was setting up cooperatives to build wheelchairs because they have materials available to do that thing.’	Helping people in wheelchairs—through grant funding, not with a profit motive
‘My first semester in graduate school, a mentor of mine was a physician who a couple of years prior to our meeting had worked in Malawi and found a simple nutritional supplement that was an innovative paste. It was easier to manufacture and administer than conventional hospital treatment for malnutrition. I immediately fell in love with the idea and started thinking about how to form an organization to promote it.’	Get a first job with social value
‘We want to be a financially sustainable organization; we don’t want to be an organization that relies on fund raising, like we asked people like you, or people like my parents to make donations.’	Add commercial sustainability to a social mission

## Social Value Became Clearer as the Business Model Develops

Once they had an initial concept of a customer value focus, entrepreneurs spoke of an iterative process of social value pursuit. Entrepreneur quotations in Table 3 & Table 4 reflect this trend. Social value pursuit was conducted without formal strategic or operational planning. Rather, it was often through rapid, loosely-planned efforts that were focused on delivering value, but neither the end result nor the exact method of delivering the value were well defined in advance. This iterative social value pursuit seemed to be driven by two motivations. First, each described that they had limited resources to conduct research into the value of their pursuits in advance. Second, each described a fundamental dislike for the trappings of formal social value definition in advance. This often took the form of speaking against the NGO (mission-oriented) solution, as too focused on the form of value pursuit, without the flexibility to adapt to the evolving need. This exploration resulted in changes to product, business model and even the customer focus. Founders reported pursuing loosely-formed value propositions, developed through experimentation rather than formally planned development methods.

**Table 3: Quotations—Value Pursuit Occurs Concurrent with Value Development**

Changes Associated with Commercial Value Creation	Led to Change in Social Value	
	Old Value	New Value
'We found after about 9 months that we had really hit the product market – we had found something that people want to pay us for and that's a growing opportunity. After starting billing for microfinance, now we're a merchant aggregator for mobile money systems.'	Billing and collection services to enable microfinance (social) organizations	Creating new commercially-motivated communities in the villages
'Our first water filter used blue containers which actually, when my mom first saw the container she said: oh, it looks like a diaper container. And actually that is what it looks like. And, you don't want to put your water in a diaper container, right?...I don't know, I think the creative thinking process is important because we are always thinking about how to make better products, how can we satisfy and serve customers better.'	Provide basic water filtration for poorest consumers	Fund socially-motivated operations by also providing a more up-scale commercial product
'Most of the entrepreneurs at GSBI were in really important businesses... they brought water to Africa, something really big and important. In comparison, we are not very important. Yet I had the opportunity to see what their problems were and what they need, how they were solving their problems. Helping with their problems helped me think of ways that maybe we could solve ours. They give me a picture of a bigger world.'	Operate socially-motivated services to California voters	Solve voting problems of a bigger world
'In the beginning we pretty much had a pilot project funded by USAID. We ran computer labs with money to hire four Mayan language speaking teachers who barely knew anything about computers. But, once we ran out of grant money we had to think differently—we shifted the model to CD-ROMs and Internet-based training.'	Grant-based services bringing big-city skills to the village	Profitable products that build village talent and training capability
'I started working as a Guatemalan NGO, but then we had to find our own funds. So I started learning about fundraising, but we fund we couldn't rely on big grants all the time. So, we begin to think about getting revenues and being more fiscally sustainable. Then in 2004, I got nominated for the tech awards and that was a nice recognition, and earned some cash, which was great.'	Put grant funding to work	Sustainable funding
'So I was with [an Indian NGO] for 16 years, it gave me exposure to the non-profit state...one of the things that was troubling was that the donor money, grant money, charitable institutions' money was never sustainable. And, I was up for the challenge of doing something to find some revenue and try to make it sustainable, while keeping some very clear social goals to itself. This is basically what we did and making pure drinking water affordable and accessible to all.'	Channel grant funding to the water needs of specific, named villages	Build sustainable model for universal accessibility

'After the failed pilot in Sierra Leone, we knew we had to come up with a new business. We started fresh – we transferred nothing except the people. We just started from scratch. By the end of the summer, in August 2010 we had incorporated as new business, and by November we relocated from a basement in Seattle to Nairobi.'	Profit from microfinance businesses in Sierra Leone	Connect villagers in Nairobi
'Initially, we worked for 2 years to rebuilt houses, roads, schools, buildings after a typhoon in Bangladesh...next we helped build irrigation, but found that may not really help the poorest, because the poorest had no lands...then we found the tribals lacked professional skills, so we trained non-professionals into perfect professionals.'	Support emergency relief	Develop local talent on a sustainable basis
'We hired a person, he has a real MBA. He brought us a lot of things we didn't have before... a lot of ideas the new director brought us didn't catch on early on, some people were really against it; it took some time for him...he brought a new way of looking at the business.'	Do the best volunteers can do	Engage professional management to rethink the business model
'When we needed to scale up, we first looked at shops in our old network just seeing if there were any of that group were able to scale up. They were not right. I had an interest in setting up a shop in Vietnam and so we went and scouted out all the places that made wheelchairs – from the government places to the various private places – and picked one that became our first manufacturer.'	Opportunistic manufacturing, based in US, and on available funding	Sustainable, scale-based manufacturing located globally

Founders talked about changing aspects of their non-commercial social value proposition in conjunction with their commercial adaptations. Thus, when the business model for a water pump company changed from grant to community-funded, that also changed the underlying value pursuit from implementing value for named communities to seeking broader availability. This is related to commercial customer segmentation; however, the change was described more in reference to a complete change in thinking about the reason for the business to exist.

None of the entrepreneurs talked explicitly of a 'social value pursuit'. They seemed not to be especially concerned that in changing their product (through commercial value creation) they also changed the fundamental purpose of the business (social value pursuit). They seemed unconcerned with Friedman's insistence that the purpose of business is to create shareholder wealth. Instead they were concerned with creating solution value outside grant-based or NGO approach. These enterprisers led to defining, what social value would be pursued with the steps of value creation common to the commercial sector.

**Value Pursuit Solidified after External Interaction**

None of the entrepreneurs talked of planning, strategy, or business plans without being prompted. This is demonstrated by the representative quotations in Table 5. When prompted, none felt those tools would have been helpful in their early development stages. However, most reported that in later stages, they now feel it is important to make strategic and financial plans. Many have now developed formal business plans that they have used to obtain outside funding and obtain external feedback/recognition. The two organizations looking for second-round formal outside investment were even more strongly committed to formal planning than those that were not seeking outside funding.

Thus, the research observed a change from iterative planning and social value pursuit to more formal planning that reflected a more mature social value model as well as a more mature business model.

**Table 5: Quotations—Value Pursuit Solidified After External Interaction**

<p>'We started with own savings. We were growing and bringing some revenue but we realized that in order to become bigger and more successful, we needed more money. Then we participated in a business competition in Netherlands. We won, and through that experience we were linked to investors who invested about \$80,000 in the company. We become an official company with shareholders. That really made us reach a point we are now – because there were more people concerned about the company and we have more obligation to report. We had to go deeper in our numbers, in our financials. We were forced to have a closer look at the cash flows; questions were raised that we otherwise didn't want to think of or didn't realize were important. We had more people on the board and needed to think how to make the company grow and become more profitable.'</p>
<p>'...in GSBI that was the first time I could take some quality time out of work, and think rather objectively. So it was a very good opportunity for me to question the beliefs that I had and to sort of plan a rather good strategy. And, more than anything else, come back to reality refreshed and with more enthusiasm.'</p>
<p>'GSBI was very influential. I do not have any kind of business background. In the beginning, I was working much more from the human perspective than the business perspective...the greatest benefit from GSBI was a peer network that I worked with for two years first to start organizing a budget and really build a business.'</p>
<p>'2010 was very important because we were selected for the incubator at GSBI. I had a chance to set back and think about our real goals...was this micro nutrient suitable for the Bottom of the Pyramid? What exactly should our market be? It became clear that we had to scale in Mexico, but did not have enough resources. We needed more investment.'</p>
<p>'I am a software developer; so right from the start we had wire frames for just about the whole application. We had a test plan and software for managing work flows. We had an hour-long call each week to review the plan and revise it for the coming week. But, before GSBI we did not have a business plan. Now we do. We have an operating plan that strategically breaks down the tasks into something we have to get done each month. We have discussed our product strategy. Behind that, we have a financial model that has targeted customer acquisition for the next three years. We are just starting fund raising and we hope we can get funded by the end of the year. I have come around to see how useful it can be.'</p>
<p>'When we needed money we put together a business plan so we could talk to investors. We had a model and a prototype. We spent about a year trying to raise funds within the impact-investing community, and it ended up that was a waste of time and I wouldn't do it again and we advise other entrepreneurs not to do it, because it's a very different at least the early stage. Finally, we found a Series A investor last November from a West Coast investor that started a fund for emerging markets. We assumed that of course he wants a return on investment but we were surprised that he gives us a lot of latitude. He calls us twice a year with just two questions, 'do you believe the market is growing and do you believe you can solve the problem. Then as long as the management team is not crooks, he lets us proceed.'</p>

## Discussion

We set out to fill a gap in the literature, by better understanding how Social Entrepreneurs pursue what value their socially-motivated commercial efforts will deliver. Specifically, we asked the question, how during the earliest stages do Social Entrepreneurs develop the unique mix of social and commercial value they will pursue? We found that social entrepreneurs concurrently develop their commercial, mission-oriented and personal concepts of value to create a unique blend of value. We expected to find a sense making process, which is well documented in the entrepreneurship literature (Jenkins Johnson, 1997; Rae, 2000). We were surprised to find that social value pursuit is conducted concurrent with value development; the unique blend of social values develops along with the product and business model. This is not well documented in the literature, which seems to suggest that social entrepreneurial activity is motivated by a well-known social mission. For example, Dees suggests that for Social Entrepreneurs, the social mission is explicit and central (J Gregory Dees, 1998b). We found instead three interrelated aspects of how Social Entrepreneurs develop their understanding of the social value they will pursue.

First, we found that Social Entrepreneurs develop their social mission iteratively along with their business model. Founders expressed different reasons for initially pursuing what became their successful organization's business. Most of the founders started on the pathway toward

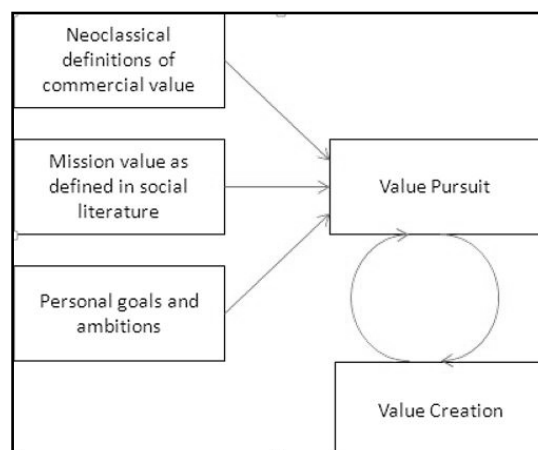
founding their organization shortly after college. Many had their first work experience working with an NGO. The NGO work both reflected the founder's interest and expanded the founder's interest in a social need. Each of the founders talked of personal ambition to have a more meaningful impact than they were able to have through the non-profit, mission-oriented business model. Part of the reaction to their work in NGOs included an ambition to combine commercial with social value. We found that work experiences drove not only the social entrepreneur's commercial business model, but also the very notion of the social mission of the entrepreneurial activity. We found instead that the social mission develops along with the business model. This is very different from the path of a pure socially-motivated organization which defines its mission in advance in order to obtain funding. Any change is described as 'mission creep' and may not be aligned with the expressed promises to donators. This evolving social mission is also unlike the underlying value of a strictly commercial entity, whose objective is to maximize shareholder wealth. Of course, commercial entities also serve the changing needs of customers, but the entrepreneur is fundamentally in business to make money.

Each of the Social Entrepreneur's journey began with a general notion of the social value they intended to pursue. Then, the social component of value became clear along the way. They adapted their sense of the social value they were pursuing, developed along with the product and business model. The purpose of the organization changed more profoundly than mere adaptation of the business value proposition. These organizations fundamentally changed their purpose for existing. The research found several models for developing combined social and commercial business models. In some of the cases, commercial benefit was the primary motivating value for getting into the business (e.g. profit from water filters) and the mission became more motivated by social value over time (e.g. assure safe water for the under-privileged). In other cases, the business was initially borne from the desire to provide both social and commercial value (e.g. nutritional supplement or mobile phone service to remote villages). In other cases, the business started without a profit goal, but soon found that commercial profit was a better method for funding (e.g. day care, computer training).

Thus, while social value pursuit is a distinct phenomenon, it is not a process separate from commercial value development. That is, Social Entrepreneurs are aware that they are considering the blend of values, but do not describe separate steps in that pursuit. Social value pursuit considers how to blend the tools of direct social investment with commercial wealth maximization. Social Entrepreneurs sometimes start with a grant-based model and move to a commercial model. Unlike the purely mission-oriented entity, the Social Entrepreneur does not define value in advance in a document used to raise donor money. Instead, value adapts along with the product, through iterations. Eventually, the research found that the social value pursuit became less active—each of the entrepreneurs described a watershed event (or series of events) that moved it from adaptive, social value pursuit to a firmer concept of value. Watershed events included business plan contests, outside investors and participation in GSBI (a formal time of incubation and reflection). Thus, just as the product and business model became more mature, so also did the notion of social value the entity would provide.

This notion of social value pursuit fills a gap in the literature of innovation and entrepreneurship. The entrepreneurship literature has largely assumed either a goal of commercial (neoclassical economic) value or a fully developed notion of social mission. The literature has not considered how social entrepreneurs conduct their social value pursuit—how

they define what besides shareholder wealth and customer economic utility will serve as the underlying reason for the entity's efforts. Based on the literature of mission-oriented entities, we expected to find a separate time of social value pursuit, a time of establishing the general definition of what social value the organization would add to the conventional commercial pursuits of shareholder wealth and customer economic utility. We also expected to find that social value pursuit to occur before the value creation began—just as commercial entrepreneurs are clear on their neoclassical concept of value, and mission-oriented organizations articulate the value they will deliver in fund raising documents before they obtain the funds to create that value. Instead, we found that value pursuit occurred concurrent with value creation. Instead, we found that both resource constraints and a personal orientation away from formal structure took the frugal Social Entrepreneur away from the process of defining value in advance. The current research suggests three insights into how Social Entrepreneurs develop their value pursuit. The first is that Social Entrepreneurs face a unique opportunity that is separate and distinct from those of a commercial or mission-oriented entrepreneur. As expected, we found that social value pursuit was an important part of each of the stories we heard through our research. That is, each of the Social Entrepreneurs articulated value beyond the standard neoclassical values; each described pursuing value outside 'shareholder wealth' or 'customer economic utility'. Likewise, each of the entrepreneurs did expect to make a profit and generate wealth—much unlike organizations with a pure mission orientation. While social value pursuit and commercial value creation seem to occur together and through the same steps, the current research suggests that they are fundamentally different concepts. Describing value pursuit and value development together as the same might be akin to combining sales and marketing, or accounting and production. They occur together, but are fundamentally different concepts. The notion of a social value pursuit that offers concurrent with the business model creation offers future researchers the opportunity to more carefully characterize the dimensions of the social value pursuit. While the social value pursuit described by these Social Entrepreneurs mixed commercial and mission-oriented values, future research might also find that both commercial and pure mission-oriented entrepreneurs also conduct a social value pursuit. Indeed, if wealth creation was the only objective, entrepreneurial activity might frequently be a less promising short-term endeavor than employment in a large company setting. Figure 2 shows the relationship between the commercial, mission-oriented and personal value and the value pursuit of a Social Entrepreneur. While we observed the presence of all three antecedents, our research is too formative to be certain about how the entrepreneur trades off among the three. Indeed, each of our entrepreneurs seem to have made the tradeoffs differently. We were surprised to find that social value pursuit was not sequenced before value creation. This seems to violate the old English proverb, 'If you don't know where you're going, any road will get you there.' Each of the Social Entrepreneurs in our research started with a general vision of producing a social benefit in addition to (or instead of) traditional commercial wealth-related value. That vision was often either born in, or incubated in the formal not-for-profit environment. The vision was not initially articulated in any formal manner. Instead, it seems to have been formed through a value pursuit characterized by trial and error. Sometimes the changes were major—as from repairing houses to training people. Other times, the changes were less extreme—changes in the functionality of software. Yet each of these Social Entrepreneurs tried several solutions to delivering the social value they initially conceived.

**Figure 2: Value Pursuit as a Function of Commercial, Mission-oriented and Personal Values**

The second insight into value pursuit is that it seems to combine three worlds of value: commercial, mission-oriented and personal. Much of the literature describes Social Entrepreneurs as if they were a different segment from commercial entrepreneurs or those starting purely socially-minded organizations. The current research seems to suggest that these are not unique pools—that some entrepreneurs are not clear which ‘bucket’ they fall into at the outset. Each of the social entrepreneurs in the current research pursues commercial value; they sell goods or services and in some cases have outside investors. Thus, to some extent each seeks to serve customers like a commercial entity—providing goods or services that increase customer economic utility. Likewise, each of these Social Entrepreneurs expressed the desire to build a sustainable economic model. Some even articulated that this involved providing exit valuation or shareholder wealth. Each of the entrepreneurs also described pursuing a social mission orientation. However, value was not elaborated in advance a manner akin to a large NGO, or other grant-based organization. Instead, Social Entrepreneurs spoke disparagingly of the process of defining value in advance then justifying operations based on that value. These entrepreneurship morphed through successive exploratory iterations of value pursuit—a process much different from their mission-oriented cousins. Each also described personal goals they sought to achieve through business. Whether to find a different way to help than working for NGOs, or to realize a person ambition of building an organization around a social value, each of these entrepreneurs were upfront and forthright in expressing part of the organizational value in personal terms. Figure 2 shows the value pursuit is not established in advance (as with commercial and mission oriented entities), but develops iteratively in a manner that is linked with value creation. Thus, it appears that value pursuit of a Social Entrepreneur is some combination of the three sets of values. This leaves the social entrepreneur to ‘make it up as he goes’—which is an apt way of characterizing what we heard in the field. We observed some anecdotes about this three-way linkage. However, more research is needed to fully understand how product and market failures and successes combine with pure mission-oriented objective and evolving personal needs help to refine the value pursuit. It might be the case that many entrepreneurs lack clarity how much of their underlying motivation is outside the commercial realm. It might be that so-called commercial entrepreneurs consider the social aspects of their mission, and that purely mission-driven entrepreneurs consider the commercial opportunities. This might reflect a new way of thinking about entrepreneurship: that many entrepreneurs reflect on the role of commercial ‘wealth creation’ that many are not purely in one bucket or the other.

The third contribution is that there seems to be a close, iterative link between social value pursuit and value creation. The two were linked inextricably in the stories we heard while talking to Social Entrepreneurs. Each followed a pathway of value creation that included iterations, watersheds—failures and successes. Each worked to create value through product development, customer segmentation, internal capability development—the approaches a commercial entrepreneurship would take. Yet, at the same time, these social entrepreneurs were considering and reconsidering their social value pursuit. This experimentation happened concurrently as both value creation and value pursuit. Most entrepreneurs started with a product concept and lacked a well-constructed business model. For example, the wheelchair company had no business model at all for many years—they made chairs and sought more funding when needed. The founder changed the chair design to meet his personal observations, never formally considering the market. He did not have solid numbers about product cost, or an approach to cover those costs through commerce—when he needed more money, he obtained more grant funding. Most of the entrepreneurs in the current research experimented with various mixes of revenue and grant funding. Each eventually rejected the grant model after finding it unsustainable. Many changed target customers as part of their experimental form of business model development. Sometimes, this changed the product as well. The step-wise experiments of value creation and pursuit were not well planned, nor did the entrepreneurs keep good records. Unlike lab experiments in science, value creation did not occur through carefully planned next steps, nor did the entrepreneurs keep ‘lab books’ that documented what they tried, what was successful and why they took a next step. As entrepreneurs described their experiments, they almost never talked about how they determined a next step in the chain of experiments. On several occasions the researcher probed into decision-making to no avail—entrepreneurs have either forgotten how they came to their next step, or had no deliberate decision making process. These entrepreneurs were not making random decisions. They simply did not use a formal decision making or documentation process as they tried various approaches to delivering value. Each commercial value creation included a series of watershed experiences that also affected social value creation. In some cases, this inflection happened as part of a training experience that provided entrepreneurs their first exposure to the tools and benefits of business planning. In other cases, the change happened in the process of obtaining investor capital; they were forced in more formal business planning by their perceptions of what investors demanded. In one case, the entrepreneur reported that his investor was actually less fixated on formal planning than expected. In this case the drive to formal planning was in response to the expectation of what investors demand. Entrepreneurs talked of the benefit of formal business planning in terms of more careful scrutiny of business decisions, better accountability, more rigorous understanding of customers and better control of operations. Each is now a strong proponent of business planning. Notwithstanding, as they reflected on their early stages, entrepreneurs’ assessment of formal planning ranged from outright rejection to skepticism. The formal planning that now is crucial for them in their later stages would have been useless (at best) in their early stages. These companies had each changed fundamentally. Experimentation was still important, products and business models were still developing. However, each had embraced more formal planning and reporting as a tool to support that planning. Each had found that the approach that worked so well in the beginning no longer met their needs. They each experience a fundamental change in the method of building the value.

Thus, the current research suggests three contributions to the entrepreneurship literature. First, the notion of the social value that Social Entrepreneurship will pursue is not ‘given’ in advance. Instead, it develops in association with the commercial value creation. Second, it appears that the Social Entrepreneur’s motivation may not be purely commercial or social, but also includes personal motivations – being part of the entrepreneur’s career path. Thus, the common

practice of segmenting organizations into commercial, Social Entrepreneurship or purely social may not reflect how some entrepreneurs actually develop their underlying model. They may actually start down one path and decide instead on another. They may not be discrete 'segments' but characteristics that all entrepreneurs consider as part of creating their business model. Third, social and commercial value may not be as independent as some literature suggests. The social entrepreneurs in the current research developed their concept of social value in conjunction with their commercial business model. One could not have developed independent of the other.

## Implications for Research and Practice

The current research extends the literature of Social Entrepreneurship and innovation by clarifying the nature of social value pursuit. This is important to the researcher, who should assume that Social Entrepreneurs are clear about the value they will pursue at the outset. Future researchers could avoid assuming that the value Social Entrepreneurs pursue is well understood at the outset. Future research could confirm that Social Entrepreneurships exhibit various blends of commercial, mission-oriented and personal value. Future research could confirm that the value pursuit occurs during value creation—better clarifying the Social Entrepreneurship from a mission-oriented entity. Future research could confirm the concurrence of value pursuit and value development—better understanding the feedback loop the current research suggests, perhaps linking value pursuit to value creation, though performance metrics.

Social Entrepreneurship practitioners might benefit from more carefully reflecting on how they are 'rewriting' the rules of business. Based on the current research, Social Entrepreneurs seem not to be motivated exclusively by the pursuit of neoclassical notions of shareholder wealth through customer economic utility. Yet, they struggle to articulate just what they are seeking to accomplish. More careful recognition of the combined commercial and mission-oriented aspects of value will allow Social Entrepreneurships to build better business definitions. They need to have a value pursuit that can be reduced to an 'elevator pitch'. Instead, the research participants struggled to describe their value pursuit in terms as simple as 'increase shareholder wealth'. Likewise, Social Entrepreneurs can consider how to be more deliberate in considering how the commercial aspects of their business relate to the mission-oriented aspects. None of the research participants described their value pursuit in terms that were as rigorous as those they used to describe product or market development. Commercial entrepreneurs do not need to have this ability, as they know that their value is well defined—as in wealth maximization. Thus, this is a new business definition effort brought about by the Social Entrepreneurship sector. Thus, it calls for new practical tools and focus. Put simply, pure mission organizations are experienced with defining their missions, and commercial organizations missions are defined by their shareholders. But, Social Entrepreneurships have a different value pursuit—an informal one that has not yet worked deliberately into practice.

Furthermore, the research may suggest that educators question how Social Entrepreneurship is taught. The existing literature seems to suggest that Social Entrepreneurs write a business plan defining up front what the value will be. This approach does not seem to reflect practice. The entrepreneurs in the current study were unanimous in their belief that such advance planning of their value pursuit would not have been beneficial compared to the iterative value pursuit.

## Limitations

The current research was conducted through qualitative research for the purpose of developing theory about value pursuit. The research was conducted through interviews with founders of

organizations that meet very particular criteria. The organizations are successful and have each been part of GSBI. This limits generalizability. This sample is nevertheless useful for the purpose of the research, which was to explore how entrepreneurs plan and execute the pursuit of value. As is characteristic of qualitative research, we have the opportunity to consider in what way the things we learned from these entrepreneurs could be generalized, and to what other populations.

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### Appendix – Interview Guide

1. Tell me about yourself: where were you born; where did you receive your education; what do you do for a living; what makes you a good innovator?
2. Describe a few of the most important innovation projects you have led: were the results a product (thing) or a new way of serving customer needs? (Document 2-3 efforts if applicable.) Which of these would you describe as the best example of your innovation work?
3. Tell me about how you decided to create [specify innovation]:
4. How did you create the innovation:
5. What outside barriers did you encounter (such as government regulators or healthcare professionals)? Probe for 2-3 barriers.
6. How will you know when you are finished with this problem and can move onto another?
7. Some have said that big companies could make better use of solutions such yours to solve customer problems in wealthy Western countries...What parts of your solution do you think would be useful in other parts of your country, or the world? If you wanted to promote your solution to a big company, how would you get started—what contacts do you have that might initiate contacts with big companies?

#### Authors' Profile

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