THE PROCESS OF VALUE CREATION IN SOCIAL ENTREPRENEURIAL FIRMS (SUMMARY)

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SUMMARY

THE PROCESS OF VALUE CREATION IN SOCIAL ENTREPRENEURIAL FIRMS

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Principal Topic

While the narrow focus on profit maximisation is questioned, many scholars, politicians, non-governmental organisations, entrepreneurs and managers ask firms to act in a more social responsible way (Porter and Kramer, 2006) and thereby to create social value. The creation of social value by firms has been studied from two broad perspectives. First, there is the business and society literature who looks at “the actions that appear to further some social good, beyond the interests of the firm, required by law” (McWilliams and Siegel, 2001). Next to this research stream, social entrepreneurship or “entrepreneurial activity that primarily serves a social objective” has been on the rise in recent decades (Austin et al., 2006). In this literature most empirical work is limited to explorative cases or qualitative field studies (e.g. Anderson et al., 2006). Given the scarcity of research very little is known about how social entrepreneurial firms actually go about creating value. Using the resource-based view of the firm, this paper addresses this question by qualitatively investigating the social mission and the business model of 4 social entrepreneurial firms (SEF). Building on these emerging insights and our conceptualisation of what a SEF entails, we further develop a sample frame to be used for administration of a structured survey in which the aforementioned constructs are operationalised and questioned.

Method

The aim of this research is to inductively describe and explain the process of value creation through a number of theoretically sampled cases (Eisenhardt, 1989) of SEFs. We took the portfolios of social investors (Belgium) for constructing a non probability, quota sample as a point of departure (Yin, 2003; Judd et al., 1991). We collected data on the process on social value creation through open-ended interviews.

Results and Implications

The explorative case-studies lead to a number of interesting points of discussion. First, we questioned some important commonly-held views in the social entrepreneurship literature (e.g. social opportunity recognition and the popular positioning of SEFs by their commercial - versus social objectives on a continuum). Second, on a more general level, the creation of social value in the discussed cases has two very different faces (on the one hand as a viable and promising practice and on the other hand as a harsh struggle in a commercial environment). Main contribution of this research endeavor is the conceptualization of social entrepreneurial firms and the focus on investigating the social mission – business model – social performance nexus. This offers opportunities for broader hypothesis testing research.

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