



Social entrepreneurship performance measurement: A time-based organizing framework

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Abstract Social entrepreneurship (SE) has evolved from an initial period of explosive growth (SE 1.0), during which research focused on organizational and founder characteristics, to a stage that witnessed the rise of institutions facilitating SE formation and growth (SE 2.0). At present, while expansion in the number and scope of social enterprises continues, there is also a concerted effort underway to ascertain whether social enterprises are performing as expected (SE 3.0). A framework to assess the performance of SE, building on the type of metrics employed by business firms, is presented in this article. The framework—consisting of action-resources, predictors, outputs, outcomes, and impact—is intended to measure achievement along a timeline. Examples of how the framework would be used are provided for social enterprises with a range of social purposes, including one that involves an existing enterprise with the mission of reducing recidivism among incarcerated women. Brief comparisons with measures actually used help identify how the time-based approach laid out here would enhance assessment efforts and even serve as a basis for planning and decision making. The proposed framework could serve as a template to assess all social enterprises regardless of purpose, stakeholder mix, or scale of operations.

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1. Entrepreneurship for social value creation

A single-minded focus on economic growth has led to per capita incomes rising in much of the world. It

has, however, been accompanied by growing inequalities in incomes, living conditions, educational opportunities, and healthcare over the past three decades (Izaak, 2005; Stiglitz, 2006). The combined efforts of governments and NGOs have not proven equal to the task of ameliorating expanding socio-economic inequalities and helping those who fall between the cracks of so-called free markets in which the playing fields have been tilted in favor

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of the wealthy and powerful. Social entrepreneurs have taken on the task of helping those left behind and satisfying the needs of unserved and underserved populations that lack the ability to pay for the products and services they often desperately need (Bornstein & Davis, 2010). Early prominent examples (Bornstein & Davis, 2010; Dacin, Dacin, & Matear, 2010) of social enterprise include:

- Grameen Bank, which provides microfinancing services to women to enable them to start their own small businesses;
- Teach for America, which pays bright college students to spend time teaching in lagging school districts; and
- Aravind Eye Hospital, which provides free or low-cost eye care for the poor and is subsidized by those who can afford to pay, resulting in one of the world's largest optical health centers.

Numerous enterprises with social ends in mind have been established, driven by a spirit of activism and the ability to identify and pursue opportunities to create social value, but also based on a recognition of the need to create viable, perhaps self-supporting organizations. Outcomes that benefit ever-increasing swathes of society, scalability, and/or replicability are often hallmarks of such entrepreneurial organizations that seek to fulfill social missions, while staying within economic constraints and demonstrating strategic and managerial capabilities (Woolley, Bruno, & Carlson, 2013). Just as is true of startups with purely economic goals, social entrepreneurs must deal with not only demand uncertainty, high costs, and cash flow imbalances, but also with the challenges posed by success and achieving controlled expansion. The rate of social entrepreneurship (SE) startups accelerated rapidly in the 1980s, a phase I label SE 1.0.

2. Social entrepreneurship: Momentum and evolving needs

An array of forces spurred and supported the meteoric rise of social enterprise. In order to encourage entrepreneurial individuals to enter the field and to enable them to overcome early challenges, Ashoka (founded by Bill Drayton, formerly of the EPA) offered—and continues to offer—a suite of services, which has expanded through the years. Ashoka Fellows, for instance, are selected carefully based on their record of accomplishment, vision,

and potential for impact, among other criteria. Ashoka funds these experts for a year or more to serve populations ignored by civil society, demonstrating the effectiveness of entrepreneurship with social ends and attracting promising individuals to a lifetime of deeply rewarding service. The Skoll Foundation, established in 1999, funds and brings together social entrepreneurs at well-attended and influential annual conferences where best practices in the field are shared. Other philanthropic organizations such as the Gates Foundation and the Acumen Fund have since become active in helping social enterprises get off the ground and flourish. Also integral to this period of rapid expansion in the number of social enterprises has been the creation of curricula and undertaking of outreach by several educational institutions around the world. This stage of the evolution of social entrepreneurship, which I term SE 2.0, has therefore witnessed the accumulation and sharing of knowledge (both practical and conceptual) centered around social value creation as a distinct discipline. As a result, countless enterprises have been launched to provide affordable solar lighting, cooking fuel and utensils, sanitary care for women, tablets and computers to schools in underdeveloped areas, and more. As the social-value gaps in societies attract more individuals drawn by the opportunity to serve, the quantity and sources of potential funding have also increased. In addition to NGOs and government agencies, corporations, wealthy individuals, and even venture capitalists have entered the field. While this is clearly a welcome development, it has meant that a higher level of accountability is expected of those who are entrusted with funds for social enterprise creation and operation. Anecdotal or broadly descriptive evidence of an organization or intervention's success, while useful, needs to be supported by metrics reflective of the level of achievement of the mission and goals of the organization, and the enduring effect (impact) on the target population or on a broader segment of society (SE 3.0).

3. Developing measures: Learning from business

Efforts have been ongoing in SE 3.0 to develop methods to determine whether a social enterprise is delivering value. If it is, how does one measure this social value? As one might imagine, quantifying social value is complex, with an additional layer of difficulty being introduced when one wishes to calculate the cost of delivering the social benefits in question. Generally, it is believed that measures of performance are not quite as difficult to

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