



Crescive entrepreneurship in complex social problems: Institutional conditions for entrepreneurial engagement

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ABSTRACT

This paper explores entrepreneurship in the context of complex social problems (often referred to as ‘social’ entrepreneurship). Most management research in this area studies the entrepreneurs; we explore the institutional conditions which frame the likelihood of entrepreneurial engagement. We name these conditions ‘crescive’ and, following A.O. Hirschman’s studies on institutional conditions for development we identify two analytically different sets of conditions: those that can stir up actors’ motivations to engage and those that can alter their decision making logic. Our exploration of crescive conditions yields a novel conceptual model for entrepreneurial engagement in the context of complex social problems, which we label ‘crescive entrepreneurship’ and place in a space between functionalist and institutional action.

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1. Executive summary

This paper explores entrepreneurial efforts in the context of complex social problems (*i.e.* durable poverty, or environmental degradation). Borrowing language from urban planning (see [Rittel and Webber, 1973](#)), we understand these as “wicked problems”; that is problems which are defined by their circular causality, persistence, absence of well-structured alternative solutions, relative lack of room for trial and error learning, constitutive of ‘contradictory certitudes,’ and harboring redistributive implications for entrenched interests ([Rayner, 2006](#)).

In management literature entrepreneurship targeted at wicked problems is most frequently described as ‘social entrepreneurship’ ([Dacin et al., 2010](#); [Nicholls, 2008](#)). Research in social entrepreneurship has produced valuable insights, however, the strong focus on entrepreneurial actors under-specifies context; little work to date addresses the institutional conditions that facilitate or hinder entrepreneurial engagement. The goal of this paper is to offer a conceptual path to redress this asymmetry.

Extant theoretical frameworks in the area of such system change social entrepreneurship are too polarized to help in our task. At one extreme, we find functionalist positions that center on actor motivations without regard for the ‘wicked’ nature of the problems the entrepreneur is addressing. On the other extreme, we find Foucaultian positions that assert that all entrepreneurial engagement, no matter how well intentioned, likely makes matters worse. This Foucaultian position disregards evidence linking ‘clumsy’ entrepreneurial efforts ([Rayner, 2006](#)) to the re-solution of wicked problems – *i.e.*, wicked problems are not solved only re-solved over and over again ([Lukes, 2004](#)). The gap between these two positions suggests the space for new conceptual work that bridges the polarized positions (see [Tolbert and Zucker, 1996](#)) and allows for a more grounded exploration of the institutional conditions that influence entrepreneurial engagement in the context of wicked problems.

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Research on entrepreneurial bricolage provides a useful set of tools for building this bridge (Di Domenico et al., 2010). This research shares a Foucaultian concern with the inability of actors to formulate effective plans in institutionally-constrained environments and a functionalist interest on the central role of the motivation of actors. Yet, in contrast with Foucaultian views, this work suggests that motivated actors can challenge institutional definitions and create value, and in contrast with functionalist views, it posits that actors' abilities to identify value-creation opportunities are not technology-dependent processes (Kirzner, 1999; Shane, 2000). Instead, the entrepreneurial bricolage approach forwards the idea that 'making do with the resources at hand', a social effectuation mode of discovery, enables actors to enact opportunities they could not have perceived prior to their engagement (Baker and Nelson, 2005; Sarasvathy and Dew, 2005).

We build on and push the boundaries of this conceptualization. Entrepreneurial engagement in the context of wicked problems shares with entrepreneurial bricolage that it occurs in institutionally-constrained environments. But it departs in that the goal is not to advance an interest private to the entrepreneur but rather one which is common good and/or public. Moreover advancing this common interest requires actions that spark or sustain the emergence of "new states in relevant economic, social, institutional, and cultural environments" (Rindova et al., 2009: 478). Without systemic change it may not be possible to "[fill] simultaneously" the different conditions required for re-solving wicked problems and to reconfigure the "interlocking vicious circles" that constitute them (Hirschman, 1958: 5).

Crescive comes from Latin *crescere* – to come to be, to arise from, to increase, and to grow. Crescive conditions are institutional conditions and processes that increase the likelihood of entrepreneurial engagement in wicked problems. We identify two components of actor entrepreneurial engagement: actors' motivation to engage (DiMaggio, 1988) and their decision making logic (Ocasio, 1997). Following the arguments and field studies by Hirschman (1958, 1962, 1967) we identify two relevant sets of crescive conditions that can tir up actor motivation to engage increased public awareness and what we call 'dissonant' loyalty. We also identify two sets of factors that can alter their decision-making logic, namely, arbitrary time setters and the hiding hand. Illuminating the importance of certain crescive conditions for social entrepreneurship to emerge balances the asymmetry of current research and opens up research on the institutional conditions and contexts for entrepreneurial action. It also calls the attention of practitioners to new ways of supporting entrepreneurship in the context of wicked problems, namely, supporting the development of crescive conditions.

2. Introduction

Social entrepreneurship in the context of wicked problems, such as durable poverty, environmental degradation, endemic violent conflict, and demographic unbalances is increasingly attracting the attention of management scholars (Dacin et al., 2010; Mair and Marti, 2009; Murphy and Coombes, 2008; Neck et al., 2009; Westley et al., 2007; Zhao 2012). One telling example of this interest is Mair and Marti's (2009) pioneering paper which explores the work of BRAC in Bangladesh helping ultra-poor women engage in market-based economic activities. This analysis documents the varied initiatives brought forward by BRAC and its partners to intervene and bring about changes in women's situation and, indirectly, in changing local conceptions of market activity. The work of BRAC would be remarkable in any setting but particularly so in a country where, "patrilocal residence and *purdah* (the practice of secluding and protecting women to uphold social standards of modesty and morality) interact to isolate and subordinate women" (Hashemi et al., 1996: 636).

In management studies, research on entrepreneurial efforts in the context of wicked problems is often referenced as *social entrepreneurship*. We embrace the term *entrepreneurship* because these efforts involve the type of system change central to Schumpeter's original definition of the term (Schumpeter, 1934). We eschew use of the adjective 'social' because that it treats entrepreneurial engagement in the context of wicked problems at parity with for-profit entrepreneurship except for the different value being pursued ('social' rather than 'economic'). In the context of durable social problems, we contend that entrepreneurial engagement is distinct not only because it includes efforts (e.g., activities, projects, and processes) directed toward the creation of predominantly social rather than economic value (Dees, 1998), but because it must "bring about new states in relevant economic, social, institutional, and cultural environments" (Rindova et al., 2009: 478; Nicholls, 2008). In short, the distinctive quality of entrepreneurial engagement in the context of wicked problems is not the form of value pursued by the actors, but that it promotes system-change; that is the simultaneous unbuilding and rebuilding of constellations of value-creating activities (Hajek et al., 2011).

Prior research in the area of social entrepreneurship has, however, produced useful constructs for analytic application in the context of wicked problems. The concept of 'Bottom of the Pyramid' (Prahalad and Hammond, 2002) has usefully refocused scholarly attention on potential customers and neglected markets, and stimulated the attention of multinational firms toward entrepreneurial processes of market-building. Similarly, responses to the construct of 'institutional voids' (Mair, Marti and Ventresca, 2012) has insightfully shifted focus to entrepreneurial engagement in the context of weak market institutions and market-building in the case of extreme poverty. Finally, the notion of 'social ventures' (Dorado, 2006) has called attention to the role of organizations that blend profit-driven opportunities with social goals in the re-resolution of wicked problems (Battilana and Dorado, 2010; Nicholls and Opal, 2005).

But to date this research has emphasized the entrepreneurs over the institutional conditions that frame their engagement (Dorado, 2005). This bias explains the emphasis on remarkable individuals (Elkington and Hartigan, 2008; Westley, 1991) and, more troubling, points to the deficit of research on the institutional conditions that facilitate entrepreneurial engagement in the context of complex social problems.

To address this deficit, we start from the position of institutions – an analytical move that creates space to conceptualize engagement without having an *a priori* answer to the question of why actors engage. Such a positioning de-emphasizes standard struggles over the sources and motives for action potential, which functionalist-leaning scholars specify building on assumptions

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