

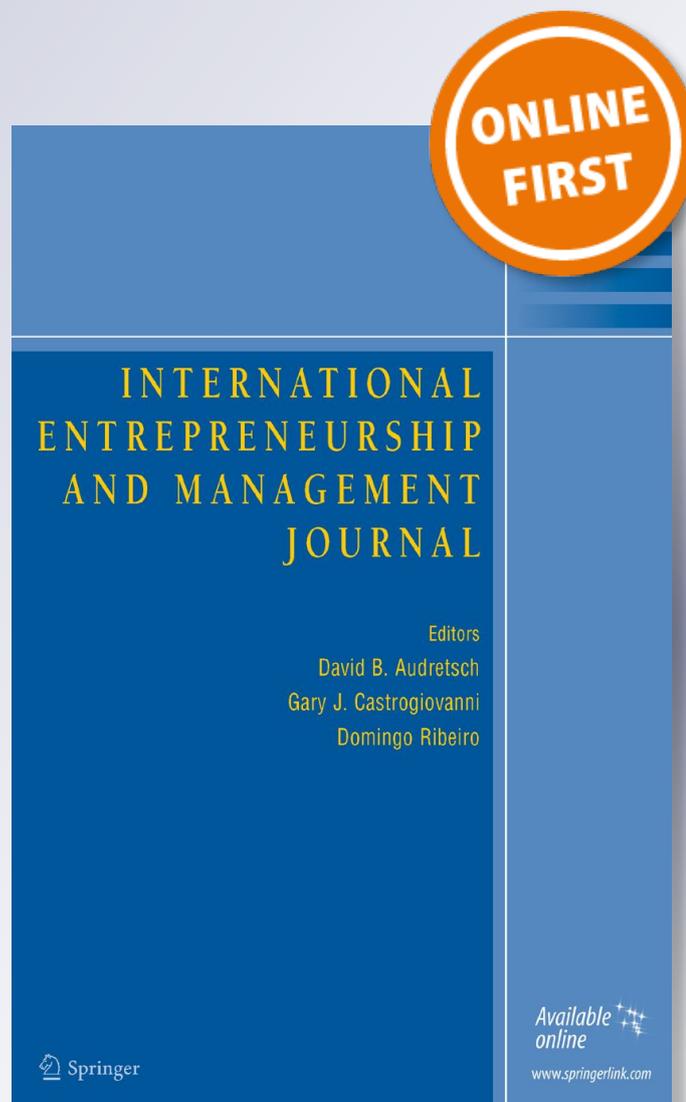
*A short note on entrepreneurship as
method: a social enterprise perspective*

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A short note on entrepreneurship as method: a social enterprise perspective

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Abstract Recent work by Sarasvathy and Venkataraman (*Entrepreneurship Theory and Practice*, 113–135, 2011) suggest that entrepreneurship may offer an alternative to the scientific method in solving some of the increasingly complex problems facing modern society. This paper adopts an entrepreneurial method framework to explore how social enterprises (SEs) can more efficiently and effectively provide goods and services to the needy. SEs have the potential to improve efficiency and effectiveness by innovating new products, processes, strategies, and/or business models to better meet their beneficiaries' needs. Three case studies of SEs are used to explore the process and the outcomes of the entrepreneurial method. In addition, propositions are developed to illustrate the social and economic performance advantages of SEs and offer managerial implications for enhanced practice.

Keywords Social enterprise · Entrepreneurship as method · Case study

Social enterprises are opportunity seeking organizations that leverage social entrepreneurship to “solve social problems or create social value” (see Corner and Ho 2010: 635). Likewise, Yunus et al. (2010) suggest that SEs are hybrid organizations that exploit capitalism and innovation to fund social initiatives. These “profit for purpose” organizations use market transactions to generate social benefits directly (by providing employment opportunities for the disabled in sheltered workshops) and/or

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indirectly (by creating revenues that support social initiatives) for their beneficiaries. This study is designed to contribute to both theory and practice by exploring the application of Sarasvathy and Venkataraman's (2011) entrepreneurial method and its effectuation logic in the context of social enterprise. The remainder of the paper is organized as follows. First, the entrepreneurial method is discussed. Then three case studies are presented to illustrate the nature of the process and the outcomes of SE initiatives that use the entrepreneurial method. In each SE, a particular activity was selected as an example of an entrepreneurial initiative because of its newness to the market (Johannessen et al. 2001). Propositions are then offered that explain the social and economic performance advantages and offer managerial implications for enhanced practice.

The entrepreneurial method

Social enterprise executives should consider the adoption of the entrepreneurial method when addressing complex social problems (see Sarasvathy and Venkataraman 2011). Sarasvathy and Venkataraman's (2011) entrepreneurial method suggests that (1) entrepreneurship, like science, is a process and can be taught; (2) entrepreneurship's focus on innovation unleashes human potential to achieve good; (3) innovation creates a cycle of new means–ends states from which new means are generated and new partnerships forged; and (4) that unlike science's focus on experimentation and causal reasoning—the dominate logic of entrepreneurship is effectual (see Sarasvathy 2001).

The entrepreneurial method's capability to increase human potentiality by creating novel solutions for unmet needs through innovation is salient to social enterprise executives and theorists. Social enterprises only exist to meet the unmet, often very basic, needs of beneficiary segments, but are often limited in goal achievement due to significant budgetary constraints. These unmet needs can drive SE to pro-actively employ innovation and creativity, accept the risks of creating new solutions—thereby creating new means–ends relationships, through the use of effectual logic.

While causal logic is valuable for the management of existing or less innovative new ventures, Sarasvathy (2001) finds that effectual logic is how successful experienced entrepreneurs actually start new innovative ventures (see Chandler et al. 2011; Perry et al. 2011). Sarasvathy suggests these entrepreneurs first consider the means that they control, including who they are, what they know, and who they know. This focus on means is the opportunity for the entrepreneur to inventory resources that they control and those that they might be able to leverage by conducting a personal strengths, weaknesses, threats, and opportunities analysis; inventorying tangible, intangible, and social resources that they might be able to leverage; and an understanding of the availability of external resources such as targeted government supported loans, grants or management assistance.

Effectuation in a social enterprise context can best be understood using a thought experiment. Assume that you are the executive of a charity's food kitchen where donations have not been able to cover the costs of providing food to an increasingly needy population. Causal reasoning might suggest that to be economically sustainable the food kitchen must somehow cut its costs (and potentially its beneficiaries)

and live within its means (the revenue provided by donations). Effectual reasoning would lead you to consider the means that the food kitchen has, what they know, and who they know; and how these means might be exploited to help the needy. One solution might be to have both a food kitchen and restaurant at the same location, and use profits generated by the restaurant to support the food kitchen. Melbourne's Lentil as Anything not for profit community restaurant is an example of a food kitchen's effectual response to the escalating needs of Melbourne's population by creating the world first "donation" or "pay as you feel" restaurant where the needy pay nothing or very little, and the prosperous pay what they feel is "right" (<http://lentilasanything.com>). Lentil as Anything model provides food service and management training and healthy food to the very needy, while creating an opportunity to engage with potential donors and supporters. Lentil as Anything has diversified into Lentil as Artplay which uses the same "pay as you feel" pricing strategy for art and cultural events.

Entrepreneurs also tend to set limits on what they are willing to risk in the attempt to exploit serendipity and contingencies. For example, a SE might leverage grants and bootstrap a streamlined business model that offers an innovative service to only subset of their beneficiaries, then if successful, use these results to create partnerships with better resourced organizations. Serendipity is often ignored in business, but taking an entrepreneurial method perspective—serendipity may offer exploitable new means resulting in potential new ends. Following the example of Lentil as Anything, in 2010 their lease at one of three locations was not to be renewed, but by a tremendous show of public support, the landlord and Lentil as Anything have "formed a positive working relationship" that potentially will result in more resources and means for Lentil as Anything (<http://lentilasanything.com>). This very ability to create or recognize, strategically assess, and exploit attractive opportunities is the very foundation of entrepreneurship (De Bruin and Ferrante 2011; Shane and Venkataraman 2000; Venkataraman 1997). Shane and Venkataraman (2000, p. 218) frame the domain of entrepreneurship in terms of the "how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited." Social enterprises that adopt the entrepreneurial method and effectuation logic to create new goods and services and thereby meet beneficiary needs engage in the virtuous cycle of the entrepreneurial method for social enterprises.

Research method

Three case studies are discussed to help explain how social enterprises use components of the entrepreneurial method to create social enterprise performance. The case studies were compiled as part of a larger research project with the objective to understand the strategy and drivers of organizational growth and performance in a number of organizations, undertaken in New Zealand and Australia. One highlighted method is the contribution that entrepreneurship can make to the strategic direction and especially the innovation outcomes of the organization (Verreynne and Meyer 2007). The research design utilizes a descriptive explanatory case study approach to generate an understanding of organizational settings.

In each SE, a particular activity was highlighted as an example of the entrepreneurial method because of its newness to the organization or the market (Johannessen

et al. 2001). Data gathering took place at the case organizations from 2007 to 2009 using structured interviews lasting 60–90 min with managers and employees. Interviews were transcribed and coded thematically and used with secondary data to build theoretical categories as a basis for analysis (Strauss and Corbin 1990). Key components were highlighted and preliminary margin notes made during the interviews to “isolate certain themes and expressions that can be reviewed with informants... maintained in their original forms throughout the study” (Miles and Huberman 1994, p. 6). Notes and interviews were used to build theoretical categories as a basis for analysis (Strauss and Corbin 1990). By repeated reading, coders worked to identify issues that were emphasized, repeated or highlighted in each section of the texts. Whenever possible the most common phrase used by respondents was used to capture the theme and its meaning (Miles and Huberman 1994).

At Switzer, the human resource manager, three other division managers, and three staff members as well as the general manager, who was interviewed twice during two separate visits, were interviewed. At Auckland City Mission, a manager, three staff, and the Missioner, who was interviewed twice, were interviewed. For both of these cases, the data gathered related to the overall organizational strategy and drivers of operational efficiency. At Youngcare, data consisted of an interview with one of the directors of the organization, supplemented by secondary data. Due to the small size of this organization at the time of data collection, only one interview was deemed sufficient, but nevertheless supplemented by strategy documents and publically available documents. In all three organizations data were gathered on issues such as leadership and management, organizing work, networking and collaborating, investing in people and skills, encouraging innovation and the use of technology, creating productive workplace cultures, and measuring what matters.

The following cases illustrate the use of entrepreneurship as a method used by SEs as a process through which risky opportunities were exploited by proactive innovative initiatives. Themes that capture how these SEs used the entrepreneurship method emerged from the analysis of the case data are presented.

Brief overview of case organizations and innovations

The Claud Switzer Memorial Home (Switzer—Case study 1) provides welfare for older people within the Kaitia region. Established in 1950, it has grown from 15 beds to 72. It has 70 staff with an average age of 45 years, 95 % of whom were female and 50 % Maori. At Switzer, the authors investigated the implementation of a service delivery process innovation, namely the introduction of a hoist system to improve the movement of residents.

Established in 1920, Auckland City Mission (ACM—Case study 2) is a dynamic social service organization that recognizes the importance of successful partnerships with all stakeholders to achieve the best outcomes for clients. The ACM provides the poor in Auckland specialized health and social services including a community food program, drop-in centers, housing assistance, and support to overcome addictions. Over the life of the ACM, its advocacy role has increased, as has the work directly in the community. ACM has 60 full- and part-time staff and approximately 40 core volunteer staff. At ACM, the study focused on exploring the introduction of a

managerial process innovation, namely the reorganization of service centres and the development of a culture of teamwork.

Youngcare (Case study 3) is a small nonprofit that provides aid for young Australians with serious medical needs. It was founded by four friends in 2005 to help a young Australian better cope with multiple sclerosis. At Youngcare, the innovative development of a new product, namely a permanent care facility for youth with intensive medical needs, was the focus of analysis.

Findings and propositions

This exploratory study provides insights into an organizational process which has thus far been under explored, the use of the entrepreneurial method by SEs. A number of themes emerged from a content analysis of the case data. The themes were aggregated into a number of broader dimensions, which were found to be consistent with Sarasvathy's (2001) and Sarasvathy and Dew's (2005) effectuation logic. The findings were triangulated with literature and publically available data to illustrate the use of the entrepreneurial method by SEs. The nature of these dimensions was specific to the context of SEs and included (1) design; (2) means; (3) partnerships; and (4) affordable loss. A fifth aspect was also included—(5) outcomes or ends of the process.

These five aspects were used to organize the data, as captured in Tables 1, 2, 3 and 4, and the subsequent model development. For example, at Switzer, these factors created the pressure to find a “new way” to do business for the improvement of the quality of care for clients (effectiveness) and safer and more efficient work place for staff. The Auckland City Mission faced the challenges of significant debt and high staff turnover. Such pressures required a major reorganization with robust planning, good systems, clear processes, dedicated professional staff, and a strong culture of teamwork to enable the mission to perform to the desired standard to best help clients. Youngcare was faced by an under-served opportunity in the market which its founders decided to satisfy in a pro-active, innovative manner. The relationships between these dimensions are discussed in the remainder of this section and explained as propositions.

Design

The first step of effectuation is to ask what are *my means and what ends can I create with them*, takes place by entrepreneurial individuals or teams asking themselves who the SE and its staff really are, what they know and who they know. Ireland and Webb (2009) argue that firm level entrepreneurship will only flourish in organizations that are pro-entrepreneurship. Such organizations will have a vision which is shared by all employees. This is because leaders in such organizations have the capacity to work with and build bridges with diverse stakeholders (Alvord et al. 2004). In Youngcare, for example, it was the shared vision of the four directors that lead to the recognition of an opportunity to provide long-term care for young patients and the ultimate solution of the problem. ACM used their vision to guide staff contributions and

Table 1 Phase 1—design themes from case organizations

Switzer	ACM	Youngcare	Themes	Dimensions
<p>Vision: 'to provide leadership in the care of older people, and a range of services for their changing and diverse needs'.</p> <p>Vision helps to address: remote locality, difficulties in attracting staff and finding suppliers, and multiple stakeholders</p> <p>The people Switzer care for are getting older and frailer, much more dependent, hence staff workload is going up all the time.</p> <p>The work at Switzer was physically intensive as staff were manually lifting residents between different areas several times a day.</p> <p>This incurred higher risks for residents, including skin tears, strains, and the indignity of being hauled around.</p>	<p>A strong belief in a clear vision and establishing standards and objectives to assist staff in identifying performance standards and outcomes.</p> <p>To ensure success of vision and objectives, processes were changed to be more accurate; for example, staff previously would write 'I did a home visit', but now also had to write the outcome in terms of the intervention.</p> <p>In 1995 the ACM was over a million dollars in debt, with only 15 core staff, most only on a short term basis.</p> <p>High turnover resulted from low pay for highly skilled labor and long working days.</p> <p>The Missioner saw that ACM needed to be reorganized with robust planning, good systems, clear processes, dedicated professional staff and a strong culture of teamwork.</p> <p>Only 7.4% of ACM income is government funded, most funding must be raised in competition with other firms seeking public donations.</p> <p>Each dollar received must be used in the most productive way possible to improve the lives of marginalized Aucklanders.</p>	<p>A clear vision from the outset.</p> <p>Vision was 'to have apartments in each state within the next 7 years, as well as to provide holiday accommodation for young Australians with high care needs and their families'.</p> <p>There are 6,500 young people with no appropriate care options in Australia—an opportunity that was unrealized.</p> <p>Youths were living in aged care homes where friends seldom visited, and limited recreational activities exist—often leading to depression.</p>	<p><i>Social entrepreneurs have a clear vision of where their firm is going and how their innovative behavior can contribute to that vision. They are able to amass resources to support their vision.</i></p> <p><i>Entrepreneurial initiatives are often a result of a pressing need experienced by staff and/or management.</i></p> <p><i>Corporate entrepreneurs are apt at identifying changes in the environment and tend to view these as opportunities, rather than threats.</i></p>	<p>Vision</p> <p>Linking opportunities to means</p>

Table 2 Phase 2—means themes from case organizations

Switzer	ACM	Youngcare	Themes	Dimensions
<p>In 5 years manual lifting lead to 283 lost work days due to injuries and strains. Staff turnover peaked at 32 %. The challenge for Switzer was to find ways of organizing their physical environment and workforce structure to respond to the growth in demand for their services. The GM developed a no-lift policy, supported by the Board of Trustees, aiming to improve productivity and reduce workplace injuries. All staff received training on the new lifting procedures and how to use the equipment. Through encouragement and enforcement, the transition to the no-lift policy was achieved within a few months.</p>	<p>A review of structures and processes to change from a traditional 'charity type' mindset to being a highly organized professional service firm was done.</p> <p>A strategic plan was developed over 2 years, during which 17 meetings were held with every staff member including volunteers.</p>	<p>An unexpected 60 min interview took place, followed by involvement in music concerts.</p> <p>The original four directors brought a range of personalities and skills to the business.</p> <p>A chance meetings led to an offering to project manage the first Youngcare facility as well as Wesley providing land and ongoing maintenance and service delivery.</p>	<p><i>Not all opportunity recognition is the result of a deliberate search for opportunities—quite often it can be serendipitous.</i></p> <p><i>A supportive organizational culture is needed to ensure a thorough understanding of the nature of an opportunity and how it will affect the organization.</i></p> <p><i>Interventions such as training may be necessary to ensure its successful adoption.</i></p>	<p>Acceptance of innovative solution</p>

Table 2 (continued)

Switzer	ACM	Youngcare	Themes	Dimensions
<p>Staff began to self-police the policy, leading to almost no workplace injuries. The GM said Investing in equipment that makes the job easier and reduces the number of accidents means staff can start getting more pleasure out of doing the job. You keep them longer, which balances up the cost of new equipment'. Staff turnover is now as low as 15 %. Our primary aim is to keep our workers here,' says the HR Manager.</p> <p>At Switzer, new equipment such as high-low beds, hoists and slippery-sams were installed to facilitate new approaches to moving and handling residents.</p> <p>Not all equipment needed to be replaced, as some very simple ideas for modifying existing equipment and facilities provided significant gains.</p>	<p>ACM's advertising agency does their work pro-bono. Without the support of the public, the ACM cannot exist so the expectation was made clear that managers had to have alliances with the other firms that led to the Mission enhancing their own services. To measure such alliances every month managers are required to record what groups they visited and the reason for doing so.</p> <p>A new staffing approach was introduced to support the changes, with the 40 core volunteer staff managed in the same way as other staff.</p> <p>Managers are now manage across services rather than managing their own individual areas.</p> <p>A new strategy for fundraising which involved selling people's time/ services on Trademe (NZ's eBay), got a lot of younger people to know more about ACM. 'It really changed people's perception of us and it has been very effective' explains the Fundraising Manager.</p>	<p>Youngcare</p> <p>Branding and other marketing practices were initially haphazard, e.g. 60 min interviewed the founders and offers of help started to stream in. Youngcare now targets its market well for donations, using rock concerts, road races, Oktoberfest 2008, fashion shows, Individuum (an investment firm for the youth), rugby teams' support, and participation in Crewzing Regatta 2008. All of these have led to the development of an extremely credible brand which is perceived as youthful and trusting.</p>	<p>Corporate entrepreneurs are able to stretch limited resources to successfully introduce innovations.</p> <p>Imnovation takes different forms, such as process, product or managerial.</p> <p>SEs often identify and introduce innovations to overcome resource restrictions.</p>	<p>Resources (means)</p>

Table 3 Phases 3 and 4—partnerships and affordable loss themes from case organizations

Switzer	ACM	Youngcare	Themes	Dimensions
<p>Initially a few staff were resistant to the policy as use of equipment was perceived as a slower way of moving and handling residents. To foster this new approach some simple changes were made, e.g. putting all managers into one office; shifting the focus of senior management from operational concerns, to resourcing, empowering and supporting staff; and walking the floor. Strong team spirit was built by sending team leaders on training courses together rather than individually.</p> <p>Discussing changes with all staff showed that senior management wanted to know how the new practices are working.</p>	<p>‘We have really clear thinking about what is strategically important, where should we be, and how we should be placed’, says the Missioner.</p> <p>Representation on external boards has enabled the ACM’s advocacy work to be taken into the corporate and business sector which very few nonprofits have actually managed to do.</p> <p>Well organized systems and a team culture have enabled more professional services to be delivered.</p>	<p>Youngcare describe their networks as viral, thus having a tiered effect. Their relationship with government has led to two large grants. <i>Social Ventures Australia</i> (SVA) chose Youngcare as one of eight nonprofit firms to receive funding and planning support over a 5 year period, providing access to SVA’s networks. Youngcare has also supported other charities, and established ties with large corporates, e.g. FKP and Suncorp.</p>	<p><i>Networks are important to extend the ability of small SEs to overcome resource restrictions.</i></p> <p><i>Co-creation with stakeholders reduce risks and costs</i></p> <p><i>Resistance to change should be identified early as part of the assessment process.</i></p> <p><i>Leveraging resources helps to deal with potential risks</i></p>	<p>Networks</p> <p>Affordable loss</p>

Table 4 Phase 5—outcomes or ends themes from case organizations

Switzer	ACM	Youngcare	Themes	Dimensions
<p>Switzer is now seen as a leader in the industry in moving and handling, and attracts funding from a wide range of sources and has won several Health and Safety Awards.</p>	<p>The Missioner developed a database to hold client records which were created from interviews. This enabled them to act in a more systematic manner rather than just giving charity out.</p>	<p>Youngcare has used media such as newspapers and the internet to reach a large audience on a limited budget. Press releases, media stunts, and free advertising space from Newspapers have provided opportunities for cost efficiencies as well as exposure in traditional media. On the internet, all forms of advances, for example video clips, are used to reach a wide audience. Radio stations targeting youths, such as Triple M Brisbane, have also jsupported Youngcare.</p>	<p><i>Operational efficiencies are often the purpose or outcome of social entrepreneurship.</i></p>	<p>Performance from efficiency</p>
<p>Switzer continues to provide a safer work environment for staff and a high quality care experience for residents. Happy staff makes for happy residents, which decreases the workload because they're more cooperative' says the Clinical Manager.</p>	<p>This has focused managers' thinking about how the right data can be collected in the most effective manner to support decision making and quality improvements. Benchmarking against international best practices facilitated staff development.</p>	<p>There has been a decrease in complaints received, and positive feedback from clients is also a measure of success. 'It is great when somebody writes to me and says I had a major catastrophe in my life and it was a dreadful experience having to come to you, but your staff made it very respectful. When we get that we think we are right on the button' says the Missioner. Capturing and recording data around key activities has led to the tailoring of services.</p>	<p><i>Social entrepreneurship has measurable benefits for the social enterprise if successfully implemented.</i></p>	<p>Measuring social performance</p>
<p>Increased revenue, secure relationships with key stakeholders and a reduction in the number of complaints from clients</p>				

Table 4 (continued)

Switzer	ACM	Youngcare	Themes	Dimensions
<p>are all significant indications that the services are well organized.</p> <p>The focus moving forward is to continue documenting extremely clear operating procedures for managing their services and to enable them to map changes in clients' lives.</p>	<p>Youngcare has started to put more formal systems in place. They developed an initial 5 year plan in conjunction with SVA, appointed a board of directors which involve people outside the original directors, introduced human resource development, such as mapping the skills needed is also being undertaken and appointed a professional CEO.</p>	<p><i>Although firm level entrepreneurial processes are initially emergent, their success will lead to eventual formalization.</i></p>	<p>Sustainable social performance</p>	

performance. More detailed feedback on experiences helped the organization to identify opportunities for improvement. A shared vision enhances the SE's human, organizational, and informational resources by more efficiently and effectively allowing emergent and serendipitous opportunities to be recognized/created and making organizational acceptance of top-down initiatives more efficient. Corner and Ho (2010: 636–637) note that SE opportunities have two distinct characteristics: (1) “they involve attempts to create social value;” and (2) are often embedded “in a social or community context.” The SE's ability to more efficiently and effectively appropriate value from its resources enhances its comparative resource advantage. Therefore,

P1a: The capabilities to create or recognize opportunities in SEs is shaped by a shared vision that emerges from the interrelationship of human, organizational, and informational means coupled with effectuation logic.

As is often the case with entrepreneurial behaviours, external and internal factors created the need for change. In all three cases, the identified need warranted a novel approach for the SE and drove a process that termed “entrepreneurship in motion” (Steyaert 1998). This process was defined as such because of the existence of a number of pre-conditions, including the emergent nature of the process, the innovative solution, the acceptance of risk by the organization, and the pro-active manner in which the problem was handled (Weerawardena and Mort 2006). In two of these cases, the identified need was internal to the organization, where in the third, Youngcare, it was external. For example, both Switzer and ACM were losing staff and/or volunteers due to internal processes that needed change. In all three cases, the need was pressing, and the impetus of a quick solution imminent. This ability to effectively respond to needs is a function of the ability of the SE to leverage its financial and physical resources. Therefore,

P1b: The ability to recognize or create opportunities in SEs is often need-driven, emergent and based on the capability to quickly use the organization's current means to create new means–ends relationships.

Means

The second phase that was identified is the *assessment and acceptance of an innovative solution*. A number of elements occur during this phase. Emerson and Twerksy's (1996) suggestion that SEs have a mandate to leverage business capabilities to create commercially viable organizations is supported by this exploratory study. At Youngcare the founders' skills and networks proved beneficial in establishing the organisation and delivering the first project. ACM deliberately worked on changing the organisational culture and structure to be more attractive to staff and volunteers by utilising planning processes, while Switzer used training to change their culture. It also means that innovative outcomes from an entrepreneurial initiative are often embodied in a new business, as in the case of Youngcare. Such an organization has a culture that accepts experimentation and failure, in which top management supports innovation initiatives, and in which resistance to change is actively managed. Strong leadership is required when adopting radical new approaches to work processes that deal with resistance from the staff (Zhao 2005). Therefore,

P2a: Organizational means, consisting of the right mix of culture, leadership, risk and change acceptance are needed to assess and accept innovative opportunities for superior performance.

The entrepreneurial method's effectuation logic suggests that organizations are adaptive and leverage both serendipity and contingencies to generate new means–ends relationships. Theorists such as Denrell et al. (2003) explain that successful opportunity identification is often a “consequence of effort and luck joined by alertness and flexibility, where the effort was not initially directed to the specific end realized, alertness is required to recognize the lucky appearance of a new possibility and flexibility is displayed in redirecting the effort” (p. 985). Serendipitous discovery therefore enables enhanced performance if the SE is alert and flexible, rather than through managerial foresight or blind luck. This links with the earlier idea of a culture that is responsive to entrepreneurial initiatives. March (1991) adds to the debate, stating that experimentation occurs in the hope of finding improvements, and that it thrives on risk-taking, free association and serendipity. The chances that all the conditions necessary to identify opportunities will exist in SEs are so slim that it can only be viewed as serendipitous (Denrell et al. 2003). This was illustrated in Youngcare, in which entrepreneurial alertness allowed the directors to take advantage of several serendipitous events such as invitations to participate in road races and fashion shows. If repeated, however, it is likely that the SE will learn to bring the right components together to enhance opportunity recognition, thereby becoming more deliberate in its actions, as seen later in the same SE, for example, Youngcare realized that events that fit well with their beneficiaries' characteristics, were ideal for fundraising, so this became part of their strategy. This suggests that,

P2b: Uncertainty in the form of serendipity and contingencies were leveraged to attain new means.

Partnerships and affordable loss

The findings highlighted that successful SEs are able to create new partnerships that provide new means and resources to support the successful introduction of new products/services/processes. Resources marshalling is a core entrepreneurial capability (McGee et al. 2009) and critical dimension of the organizational resources of the SE. In these case studies, entrepreneurs in the SEs were especially good at leveraging existing partnerships and creating new relationships from their networks, either from previous careers (for example Youngcare's use of networks from their corporate backgrounds), or carefully developed networks (for example ACM's advocacy work that led to invitations to join external boards), to overcome the resource restrictions faced by their organizations. Therefore,

P3: Organizational resources such as an entrepreneurial capability to exploit entrepreneurial opportunities often depend on leveraging or creating new networks and partnerships.

Risk in social enterprise is twofold; risk in obtaining future funding through annual cycles is underpinned by wider organizational risks such as risk of failure. The

findings suggest that SEs do set affordable losses as a risk management strategy. At Switzer, initial resistance to specific patient care policy was overcome by managers who used dialogue to explain its need. Training was used to further manage the risk. A caregiver at Switzer stated, “We more or less, especially the old hands, had to re-educate ourselves to stop, think, and assess your situation.” Through encouragement and enforcement, the transition to the policy was achieved within a few months. The success of the strategy was evident from lower staff turnover and happier residents. As a result, managers at Switzer have plans to attract additional funding to enable them to install additional patient care technologies. This incremental approach to implementing this new strategy was also evident in other case organizations; pointing to careful management of risk. Therefore, suggesting that,

P4: SEs place limits on downside losses through a number of strategies, such as training and incremental implementation.

Outcomes or ends

The outcome of the use of implementing social entrepreneurship as a method is inevitably product/service/process/systems innovation. Alvord et al. (2004) argue that innovation is often used to mobilize assets of marginalized groups. These three cases demonstrate how the entrepreneurial method as an organizational resource can transform business practices through the introduction of new technology, redesign of work processes, and comprehensive training to deliver improved client service resulting in significant improvements in organizational performance (Antoncic and Hisrich 2004; Zahra 1991). Switzer, for example, is now seen as an industry leader in process improvement; continuing to introduce novel approaches to improve conditions for staff and clients. ACM has increased revenue and decreased complaints, and are using the learning gained to continue process improvement in other areas. Therefore,

P5a: Organizational resources such as an entrepreneurial capability results in enhanced SE performance.

Conclusion and managerial implications

The model exemplified in the propositions presented above demonstrates how the entrepreneurial activities undertaken by SEs can be viewed through the lens of entrepreneurship as methods. Three SE case studies are used to illustrate the application of Sarasvathy and Venkataraman's (2011) entrepreneurial method.

This paper contributes to an understanding of the nature of the entrepreneurial method in a nonprofit context by highlighting a number of themes that clarify the process in organizations. The study identified an approach to the entrepreneurial method in SEs that is emergent in nature (Wolcott and Lippitz 2007). This “ground-up” approach uses Sarasvathy's (2001) effectual logic and is very similar to what was found in the three case organizations where entrepreneurial initiatives tended to be driven by the boundary spanning social service workers, which leads to inevitable questions regarding the sustainability of the entrepreneurial activities in these

organizations. With one firm, comments regarding the eventual formalization of entrepreneurial activities highlighted the evolving nature of this concept. While opportunistic behaviours can be beneficial to an organization, a number of changes can enable SEs to best deal with the liabilities of smallness and those stemming from the limitations of non-profit organizations. SEs tend to have tremendous resource constraints forcing focus on creating more entrepreneurial processes and cultures. Hisrich (1990) adds to suggestions of ample resources by explaining that the entrepreneurial method can be nurtured through creative problem solving without boundaries, multidisciplinary team work approaches, rewards, and top management support.

A number of implications for practice emerge from this exploratory study including (1) the value of an entrepreneurial as method approach for SE executives; (2) the importance of a shared vision of leveraging limited means to achieve new outcomes for the SE; (3) new ends allow for new means and relationships; (3) risk acceptance and risk limiting strategies are important; and (4) relative resource endowment of the SE tend to be associated with more effective and efficient value creation and the generation of *social benefits*. The authors hope that this study will stimulate further investigation of the antecedents, processes, and outcomes of SE. In addition, it is hoped that the study makes a small contribution to the application of the entrepreneurial method and resource-advantage theory in a social enterprise context.

A major conclusion is that within the context of social enterprises—necessity is the mother of innovation—forcing SEs to embrace effectuation and more of an entrepreneurial method. Necessity is often driven by changes in the regulatory, economic, or social environments and for SEs to be viable they must consider entrepreneurship as one path towards creating social wellbeing.

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