

Social Entrepreneurship and Social Innovation: Are They Potentially in Conflict?

by Ruth McCambridge

When implemented wisely, social innovation is a positive approach to nonprofit growth; but most current practice falling under that rubric tends to invest primarily in one organization or program. Wouldn't investment in infrastructure be far more valuable to development of the sector overall?

THE PHRASE “NO MATTER WHO YOU are, most of the smartest people work for someone else,” is known in the high-tech industry as “Joy’s Law.” It articulates “the essential knowledge problem that many enterprises face today—that is, that in any given sphere of activity, most of the pertinent knowledge will reside outside the boundaries of any one organization, and the central challenge for those charged with the innovation mission is to find ways to access that knowledge.”¹

In a political, social, and economic environment that is in enormous flux, it is right and necessary to look for new ways to address social problems. When the context shifts this decisively in so many ways, it creates dynamic complexity, and we have to remain nimble and intellectually curious enough to make wise choices about the structure, content, and direction of our work. The fields of health, housing, education, and senior care—to name a few—are being challenged by profound external factors. And that very disruption provides burning platforms all

around us and opportunities to organize ourselves and our work differently—in other words, to innovate.

NPQ would like to make the case—not for the first time—for questioning the arguments for scaling “innovation” via support of a single organization, and promoting, instead, systematic innovation and field advancement through strong field networks. That is, a system that promotes distributed innovation with an overarching architecture that captures, develops, and advances promising new ideas across a whole field of practice rather than just one group.

But first we should clarify our terms. We see the terms social innovation and social entrepreneurship used somewhat interchangeably, or at least in ways that are linked; but we believe they are not *inextricably* linked, and we would like to uncouple them in order to address the idea of promoting innovation separately from the idea of entrepreneurship.

Because, really, you do not necessarily need a new idea to be an entrepreneur—you just need to figure out

the packaging that will sell a product to the buyer in a way that builds an institution. The most common definition of an entrepreneur is “one who organizes, manages, and assumes the risks of a business or enterprise.” We believe that this is the way most Americans understand the term. Entrepreneurs open up pizza places and spas, and build carpeting emporiums—none of which is especially innovative; and even when they do base an enterprise on a new idea, that idea can have questionable value for the world at large. For instance, entrepreneurs sometimes figure out ways to build a business based on monopolies and overpromising results, which do of course have an element of innovativeness—at least as far as marketing is concerned. And even if the consumer’s desired results can be seen in the short term, the unanticipated consequences are often acute, like those diet pills that begin in weight loss and end in a heart attack, or the fast food that starts with cheap tasty meals and ends in national obesity levels unprecedented in human history.

Thus, as Fredrik Andersson notes in his article “Social Entrepreneurship as Fetish” (published in *NPQ*’s summer 2011 issue), “While certain forms of entrepreneurial activity are undoubtedly very positive and productive, there are other activities that tend to be unproductive—and some are even destructive. Consequently, this plurality of forms ‘reminds those engaged in the research, practice and policy planning of entrepreneurship that entrepreneurial activities are not fundamentally “good” and should be examined in their entirety.”

Entrepreneurialism is entrepreneurialism—it is about packaging and promotion, and not necessarily the promotion of a new or inherently good idea. Conversely, innovation is not just different from entrepreneurialism—it can be entirely unrelated. Take, for instance the artist that starts an entirely new school of painting but ends his or her life in obscurity—this is innovation, but the artist may not have had an entrepreneurial bone in his or her body.

Innovation basically results from experimentation, and it can come from just about anywhere in a system. The urge to experiment occurs when we see that something might work better if approached in a way that is either slightly but strategically different or radically reframed. Sometimes, innovation occurs when you look at things in a different environment than you have previously, or when you bring different disciplines to bear by talking to colleagues in other fields.

And it is the nature of the beast that many innovations will eventually be supplanted by others. They will be embroiled upon for a while, integrated into a new environment that changes our perspective on them, measured and found wanting against some other new approach, challenged for an unanticipated consequence, and then sometimes

scorned as antiquated. The environment, however, may or may not be supportive of those additional iterations.

That is what innovation is all about—progress is rough stuff.

NPQ has run a number of articles over the past year that push back at the idea that the best method for advancing social innovation is to invest heavily in one organization in order to “scale up” its work. Specifically, we question whether that model of “closed innovation” is the best one for advancing more effective

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responses to social issues, and suggest that it might even be antithetical to advancing innovativeness in the sector. Perhaps ensuring that the aggregation of distributed knowledge and ideas into a curated “marketplace of genius,” as one business entrepreneur termed it, would make more sense.

In this changing landscape of nonprofit finance, we would like to see funders investing in local experiments and infrastructures for some of the fields in rapid development right now. We would like them to ensure that research is being done about all types of interesting experiments that have been tried, that the research is circulated, and that practice is then built out of the learning of many projects in many diverse settings rather than just a few. This is occurring notably in some fields but not in others. And even in fields

where there is strong research, it would be useful to have more.

Where good networking is occurring between local entrepreneurial groups, you not only can derive good enabling policy outcomes at the federal and state levels—because you have local examples and relationships—but can also continue to develop the field over time with challenges to status quos, because change in the field can happen on the margins first and then flow into the center, as well as the other way around. You have more autonomy, and that is what you need if you value innovation. Social entrepreneurship scholar William Gartner sees this type of broad-based investment as a kind of “critical mess,” where you have some trash from which you learn as well as some treasure that you keep. But what we observe to be happening in the funder approach to social entrepreneurship in the U.S. sector right now, is that already well-funded organizations with great marketing capacity and social capital to spare have been perhaps overcapitalized—arguably well past the real value of what they add. This has then “crowded out” the other approaches being tried by less well-funded and sometimes very local organizations.

And once tens of millions of dollars have been invested in one organization, what will the willingness be to reverse that course, even if it is clearly falling short or failing or causing unanticipated harm to communities or community infrastructures?

NOTE

1. <http://www.mitpressjournals.org/doi/pdf/10.1162/itgg.2007.2.3.97>.

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