



Emergence: Complexity & Organization
VOLUME 10, Number 3, 2008

Special Issue

Complexity and Social Entrepreneurship

Guest edited by

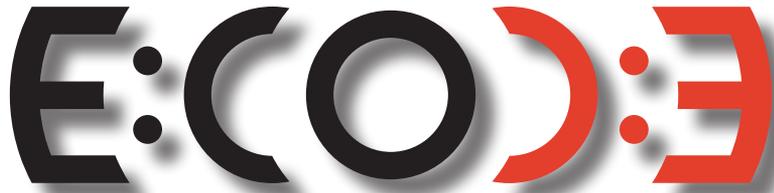
Jeffrey A. Goldstein & James K. Hazy

Published and distributed by:



17947 W Porter Ln
Goodyear, AZ 85338, USA

ISCE Publishing is very grateful for the generous financial support it receives from the *Recursionst Fund* (<http://recursionist.org>) and Scott Harris.



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*A journal of the Institute for the Study of Coherence and Emergence,
The Complexity Society, and Cognitive Edge*



VOLUME 10, Number 3, 2008
Complexity and Social Entrepreneurship

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Editorial: Complexity and the Generation of Social Value

Jeffrey A. Goldstein, Adelphi University, USA
James K. Hazy, Adelphi University, USA

The First International Conference on Social Entrepreneurship, Systems Thinking, and Complexity held at Adelphi University

This special issue of *E:CO* emerged out of papers given at The First International Conference on Social Entrepreneurship, Systems Thinking, and Complexity held at Adelphi University, Garden City, New York from April 24-26, 2008 (cosponsored in association with the Institute for the Study of Coherence and Emergence—ISCE—publishers of *E:CO* and The Plexus Institute). This volume contains six of the papers delivered at the conference that were reviewed, selected, and revised for the special issue plus a special Classic paper. These papers and additional ones will be published subsequently in a separate edited volume also to be published by ISCE.

Participation in the conference far exceeded our expectations. Although, we originally planned on 45 attendees, we wound up with 65 and with an astounding 30 countries represented! In order to express fealty to the developing countries where social entrepreneurial programs are facing extremely daunting situations, we offered several complete plus many additional partial scholarships including travel, registration, and room and board. As a result, we had a hearty mix of people from different countries, economic statuses, and professional backgrounds.

The question as to what exactly constitutes *social entrepreneurship* is not an easy one to delineate. Rather than offering any kind of resolution of this question, this special issue reveals that for social entrepreneurial ventures to succeed in the long run, the definition needs to expand to include a whole host of new organizational forms devoted to the generation of *social value*. Indeed, two of the papers in this special edition, that by Brenda Massetti in the theory section and that by Jeff Trexler in the philosophy section, directly address just that question while

the rest indirectly provide insights to this theme. Here, though, as a preliminary definition, we can state that social entrepreneurship refers to alliances among individuals and public and private organizations that have come together into a cooperative alliance in order to address some of the unique and pressing challenges facing the economic and social situations of the 21st century.

Although, many inspiring stories of social entrepreneurial programs can now be found in print or are being circulated by word of mouth, the editors of this special issue came to the realization that, as of yet, there's no recognizably useful *theoretical* underpinning of the systemic dimension of social entrepreneurship. We believe this lack was mostly intentional and well-reasoned at first in order to get on with developing social entrepreneurial programs without being tethered by theoretical concerns. However, as the famous social scientist Kurt Lewin once pointed out, "there's nothing as practical as a good theory," we think that the time is ripe to follow Lewin's advice and that complexity theory is in a powerful position to provide that theoretical structure by which social entrepreneurial programs will more likely succeed. Our goal in this is not to create some rigid theoretical box into which we will push and shove social entrepreneurial endeavors. Instead, the hope is that by reflecting on social entrepreneurial activities from the perspective of complexity theory, we can fruitfully focus on what seems to be working, as well as what's proving to hinder more than help. With a complexity lens, we hold that success factors can be more fully clarified and then hopefully amplified. We also believe that this goal can only be facilitated by open-ended dialogue among practitioners and theoreticians.

We are convinced that recent advances in the sciences of complex systems offer great promise for a more thorough understanding and grounding of social entrepreneurship activities.

Accordingly, at the conference we invited proposals for papers towards the goal of bringing together social entrepreneurial practitioners with systems thinking and complexity-oriented theorists. It was hoped that attendees at the conference would not only gain a better understanding of the state of knowledge in these vital areas but would leave more energized and engaged in furthering the goals of social entrepreneurship and thereby become better equipped to make a real difference in our world.

Of particular interest in the conference were the following questions which found their way into the papers:

- What exactly do we mean by social entrepreneurship? How does social entrepreneurship come about in complex systems? How does social entrepreneurship relate to social change and innovation? How can complexity science inform how social entrepreneurial programs get established and succeed?
- What is the nature and role of institutional and government forces in social entrepreneurship? What role can complexity theory play in understanding these issues?
- What do we mean by leadership in complex systems? How does leadership influence the dynamics and evolutionary path of complex systems? What is the role of leadership from a complexity perspective in social entrepreneurship?
- What is the role of individual agency in the understanding of social entrepreneurial programs as complex systems?

The papers of this special issue

This issue has adhered to *E:CO*'s standard structure of Academic/Theoretical papers, followed by Practitioner papers, then the Philosophy paper section, the Classical paper section, and then the regular sections consisting of the forum and book reviews. The first paper to start off the Academic/Theoretical section of *E:CO* is Brenda Massetti's "The Social Entrepreneurship Matrix as 'Tipping Point' for Economic Change." We decided to position this paper first because it goes right to the heart of

the issue of how to define exactly what it is to which "social entrepreneurship" refers. Because there are so many new forms of organizational structures constituted out of numerous, novel types of partnering with other organizations, it is hard put to pin down the nature of social entrepreneurship. As mentioned above this same issue is taken on, but from a different perspective, in the paper by Jeff Trexler in the Philosophy section, and, also aspects of it are addressed in the third paper in the Practitioner/Case Study section, May Seitanidi's paper.

As Massetti points out, confusions involved in defining social entrepreneurship tend to hinder attempts to apply the constructs and methods of complexity theory to this burgeoning new arena of "social capital." To remedy this lack of clarity and thereby more sufficiently understand the nature of social entrepreneurship, Massetti introduces the diagrammatic construct of the Social Entrepreneurship Matrix (SEM) which, utilizing a systems thinking perspective, combines entrepreneurial mission concerns with the profit requirements of business enterprises. The aim is not so much to put social entrepreneurship into some sort of conceptual cubbyhole but instead to open it out to the many possible innovative organizational forms it is now taking and will continue to take, and which, no doubt, will surprise us with their unprecedented forms. This is a theme that we will be coming back to at the end of this editorial introduction.

The next paper in the theoretical section is "Complexity and Social Entrepreneurship: A Fortuitous Meeting" by Goldstein, Hazy, and Silberstang. This paper lays out the ground work for how complexity theory can begin to be applied to social entrepreneurship. The paper grew out of the realization on the part of the authors that the various stories concerning social entrepreneurial ventures, although inspiring primarily through their hero/heroine narrative structure, lack an adequate theoretical foundation. This deficiency can be recognized particularly with regard to the *systemic* dimension of these projects which is not addressed by charismatic leadership focus of many of the stories. We need theoretical constructs that can be helpful in getting down to the brass tacks of realizing actual social entrepreneurial projects.

To address this lack, Goldstein, Hazy, and Silberstang explore how certain key constructs from the sciences of complexity might be applied to the study of social entrepreneurship. To this end, the complexity ideas of social networks, dynamical systems and attractors, and emergence are applied to some of the various cases found in this issue as well as social entrepreneurship programs in general. As far as the authors know, this is the first serious attempt to utilize insights from the study of complex systems in investigating social entrepreneurship. After describing various possibilities of application, some thoughts on the future of the field are offered that the authors hope will have a practical impact for how social enterprise programs can generate positive social outcomes.

In this special issue of *E:CO* devoted to complexity and social entrepreneurship, the Practitioner section consists of three case studies describing social entrepreneurial programs which turn out, without any intention on the parts of the editors of this volume, to take place primarily in lands of the former British empire, namely, England, Scotland, Ireland, and New Zealand. However, descriptions of other programs in South America, Poland, and elsewhere are also provided.

The first case study paper in the Practitioner section is entitled “A Spiral of Innovation Framework for Social Entrepreneurship: Social Innovation at the Generational Divide in an Indigenous Context” authored by Paul Tapsell and Christine Woods. The case being explored in this paper involves the emergence of social innovation in indigenous communities, in particular, entrepreneurial activity in certain Maori communities in New Zealand. The authors focus on the social innovations which develop through the means of interactions of the young opportunity-seeking entrepreneur (*potiki*) and the elder statesperson (*rangatira*). The authors take a neo-Schumpeterian perspective by understanding innovation as a type of self-organization, that is, novel social configurations emerging from a deliberate forming and reforming of the groups cooperating in the interaction. The paper apprehends indigenous entrepreneurship as operating at the intersection of social and economic entrepreneurship

while at the same time acknowledging the crucial role of the specific historical and cultural contexts involved. The authors interpret this kind of indigenous innovation as a “double spiral” which captures the confluence of the “twin flows of opportunity and heritage.”

The second paper in the Practitioner section, “Social Entrepreneurship as a Performance Landscape: The Case of ‘Front Line’” by M. L. Rhodes and Gemma Donnelly-Cox explores the case study of the organization Front Line, the International Foundation for Human Rights Defenders, which was established in Ireland by Mary Lawlor in 2001. The first part of the paper deals with issues regarding theories of social entrepreneurship with ‘Front Line’ as an example. The second part of the paper analyzes the case of Front Line as an ‘agent’ within the complex system of Human Rights NGOs by using a *performance landscape* framework as well as Complexity Leadership Theory to draw out the implications for organizational complexity theory. They end with highlights of future directions that this approach might take.

The third paper presenting a case study in the Practitioner section is May Seitani’s “Adaptive Responsibilities: Non-Linear Interactions in Cross Sector Social Partnerships.” This study looks at a cross-sector partnership between The Royal Bank of Scotland and The Prince’s Trust, one of the leading youth-focused charities operating in the UK which provides a wide range of training, personal development, business start-up support, and mentoring. This case is unique in several important respects, not the least of which is that it aims at untangling the reasons for organizational and social change *failure* that can happen within cross sector social partnerships. Using actual transcriptions of many of the participants, this paper sheds light on how a too tightly *predefined* and *prescriptive* strategic intent before the onset of the partnership, can serve to hamper possibilities for fundamental change. Using the lens of the notion of complex adaptive systems, with the emphasis on “adaptive”, the paper calls for a much more multi-dimensional understanding that includes the three levels of the individual, the infrastructures of the organizations involved, and the more general macro social and cultural inter-

actions. Such a multi-dimensional and multi-layered approach can be *empowering* if there is a commitment not to pre-established rules but instead to a coevolution of the organizational actors built around real reciprocity among the parties in the cross-sector partnership. Furthermore, Seitanidi's paper affirms one of the common themes of this special edition of E:CO: social entrepreneurship does not just refer to the typical picture of a grass-roots, social mission emerging out of a "self-organizing" effort but needs to be understood in a much broader and inclusive manner, e.g., in this specific case, of a partnership between a non-profit charity and a for-profit business.

The theme of broadening the definition of social entrepreneurship to include much more than the specific projects described in the many inspiring stories is powerfully and provocatively argued for in the paper in the Philosophy section, Jeff Trexler's "Social Entrepreneurship as an Algorithm: Is Social Enterprise Sustainable?" Trexler argues strongly in favor of a much broader, new way of understanding social entrepreneurship to keep it from degenerating into the latest fad of either the not-for-profit world or some sort of cooptation by the for-profits. For this new understanding to exhibit cogency, this paper lays out the kind of re-assessment that is necessary concerning the connection between social institutions and their dynamics as complex systems. Toward that end Trexler first provides a new definition of social enterprise or entrepreneurship as not the prescribed form found in current narratives but instead as an *algorithm*, that is, as new complex social forms emerging out of simple rules. Second, he takes a fresh look at the kind of social altruism driving such programs, pushing out the envelop of such altruism beyond anything circumscribed by the latest popular trends. This in turn entails an exploration of the charitable mission that can be found buried within corporate identity itself as an organizational form, a mission which expresses emergent social patterns. This serves to undercut the ultimately unhelpful and only apparent division between the mission-driven nature of social entrepreneurial ventures as typically understood and the supposedly selfish motivation characterizing for-profit organiza-

tions. Ultimately, though, the overcoming of this division implies that for the mission behind social entrepreneurship to eventually succeed, the current forms of social entrepreneurship need to paradoxically make themselves obsolete! This may be a surprising conclusion to some, but the editors of this special issue see it as a powerful statement of how to save social entrepreneurial *ends* by not getting caught up in any specific contemporary manifestations of social entrepreneurial *means*.

Also of relevance to social entrepreneurship is this issue's Classic paper, Walter Buckley's "Society as a Complex Adaptive System." with an introduction by David Schwandt and Jeffrey Goldstein. The phrase "complex adaptive system" of the title of the paper will no doubt evoke in most readers an association with the work of the Santa Fe Institute, yet Buckley published this paper in 1968! Indeed, what Buckley suggested by his title can be seen to be very much in line with the contemporary usage of the expression where the emphasis is on the features of complexity and adaptability rather than the equilibrium-based systems thinking models of the past. Indeed, as Schwandt and Goldstein point out, Buckley was way ahead of his time with ideas directly relevant to this discussion of complexity science applications to social enterprise and social entrepreneurship.

Social Value, social capital, and a new center

As stated above, we firmly believe that social entrepreneurial ventures, of whatever warp or woof, have complexity theory written all over them. At the heart of them all lie innovative organizational and partnership forms which aim at ameliorating social and communal values so that they truly embody an increase in *social capital* which emerges from the cooperative interactions of social networks. This understanding of the added value accrued by social networks and the collective/cooperative effort that comes from their interactions set the stage for innovation and emergence. Traditional economic theory has generally shied away from this added value of cooperative networks; even economic theory based on game theory models of cooperative

games doesn't quite know what to do with the tremendous added value coming from cooperative and collective action existing because of interacting social networks. But from one very important view, all there really is anyway is a vast web of social networks, at small, midsize, large sizes and every scale in between. What we mean by social entrepreneurship projects are all the varied organizational forms which increase social value through the multitudinous interactions making-up such networks.

Last but not least, the editors would like to close this editorial introduction to the special issue of *E:CO* devoted to social entrepreneurship and complexity with a brief description of the Center we will be creating at our institution, Adelphi University. This Center will be devoted to social value creation through the agency of social entrepreneurial and social enterprise programs along with all the other similar new forms of organization devoted to social and community improvement missions. This center will reflect the themes of these papers and the ones to follow in the edited book. The Center's goal is to become a leading global hub in applying complexity science concepts to social value creation through research, training and the application of entrepreneurial knowledge and skills in ways that effectively promote social and economic development around the world.

The activities of the center will be three-pronged:

- The center will organize and sponsor international complexity conferences of leading scholars and experts in the areas of social entrepreneurship (in the broad definition) and complexity science;
- The center will develop and deliver executive education and other educational programs as well as provide education in complexity, systems thinking, and social entrepreneurship to undergraduate and graduate students. This will lead to undergraduate and graduate degrees in this area of research and practice;
- The center will become a worldwide center for research and publication in the field, particularly with respect to how advances in complexity science can be applied pro-

ductively in this arena of social action. This entails that the center will be setting-up partnerships with institutions with similar aims throughout the world.