

Dipartimento di Impresa e Management

Cattedra: Business Organization and Human Resources

RIASSUNTO

Social Entrepreneurship: patterns of development and best practices

RELATORE

Prof. Luca Giustiniano

Antonella Materano

643151

CORRELATORE

Prof. Gabriele Gabrielli

A.A. 2012/2013

TABLE OF CONTENTS

PREFACE

CHAPTER I

A study of the pattern followed by social entrepreneurs

Abstract

Introduction

Literature review

Methodology

Results

Conclusion

References

Appendices

CHAPTER II

How companies can successfully engage in social entrepreneurship: danone.communities case

Overview

Groupe Danone origin

Social commitment

Bangladesh children saved by yogurts

Danone.communities in Senegal: la Laiterie du Berger

Conclusion

References

CHAPTER III

How a social entrepreneurship structured solution can add value to traditional entrepreneurship: V.I.V.A. case

Overview

The problem

Survey results

The opportunity

The value proposition

The solution

Resources

The pilot

Impact assessment

Funding & Sustainability

Scaling

References

Appendices

CHAPTER IV

Human resources management and partnerships in social enterprises

Team dynamics and human resources development

Overview

Challenges faced by teams in social enterprises

Non-Profit Leadership Team Diagnostic

How partnerships empower social entrepreneurs and human resources

Why partnership are crucial

The four stages of partnering process

Most common mistakes in partnering

References

ENDNOTE

ACKNOWLEDGMENTS

Preface

This work is about people and organizations making a difference in the world. It displays not only the need and desire to repair the world but also the engagement of who is currently doing that. It is about people who strongly want to contribute to society's enhancement through generating powerful initiatives and want to engage in the interest of others who cannot act in themselves stake to improve the quality of their own lives.

“Everyone is a change maker. Social entrepreneurs are critical in this change – they have a vision, and they have a big impact.” (Bill Drayton, founder of Ashoka)

In the majority of cases social entrepreneurs are moved by humanity, care and desire of improving society through serving their target community. Not only social entrepreneurship is an extremely discussed topic, but also it is a complex and multifaceted phenomenon that deserves to be deepened. Also, social entrepreneurship can be viewed through different theoretical perspectives and studied at different levels of analysis (Mair & Marti, 2004).

In order to accomplish the aforementioned comprehensive analysis, this paper is organized in four different chapters focusing on four distinctive and relevant forms of investigation about the main topic of interest, as showed in the table of contents.

The work intends to capture the attention and interest of a wide and heterogeneous audience, which include current and future *social entrepreneurs* who need comprehensive guidelines, best practices and lessons learned in order to successfully run their social projects, *investors* who would like to finance and promote social initiatives and desire to delve into their dynamics, *business managers* who intend to increase the reputation of their firms through Customer Social Responsibility,

academics who are interested in the field of social entrepreneurship and want to gain a deeper understanding of this phenomenon in order to conduct further investigations, and *students* who desire to learn more about this current and extremely discussed topic or want to build innovative social projects after their studies in order to make real and relevant changes in their society.

Chapter I

“There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order.” (Niccolò Machiavelli)

The purpose of this exploratory study is to identify a common path followed by social entrepreneurs, so as to build a comprehensive empirical model.

Existing literature about social entrepreneurship is considered quite limited (Mair, Robinson & Hockerts, 2006) due to two main reasons: first, although this phenomenon was not born recently, it only lately boomed and raised the interest of society; second, few of the studies and findings available have an empirical foundation. Although the current literature highlights interesting findings in terms of common motivations, skills and personality characteristics owned by social entrepreneurs, there is a lack of practical guidelines derived from real cases. Therefore, a comprehensive model could be helpful to social entrepreneurs in identify the stages they need to go through in order to run a social enterprise, since they cannot rely on practices implemented by regular

enterprises. In order to overcome the aforementioned literature shortage, it is crucial to conduct an exploratory study that will lead to empirically based results.

The methodology used is qualitative interviews; in particular, semi-structured questions were addressed to a sample of ten social entrepreneurs, whose answers were transcribed and analysed.

The main result is represented by a five-stage pattern followed by social entrepreneurs: each stage is firstly described and further linked to specific challenges that social entrepreneurs face and assets they need during the process; each stage can be divided into further steps aiming to define entrepreneurs' actions in details (refer to the Table I for a detailed description of the model). Moreover, it is fundamental to highlight that some of these stages and challenges are peculiar to social entrepreneurship, differing from regular entrepreneurship.

Table I: Five-stage model

	1.	2.	3.	4.	5.
Stage	Diagnosis & Idea	Pilot	Business model	Operation	Scale up
Key Features	Vision Passion	Pragmatism Objectivity	Analysis Credibility	Effectiveness Efficiency	Promptness
Steps	Social diagnosis Idea generation Skills analysis Benchmarking Team building	Business model sketching Pilot Assessment	Business model Partnerships Investors	Reach target Offer service Impact	Growth Scale up

The key conclusion is that it is possible to identify a common pattern that could guide current and future social entrepreneurs. Furthermore, this research paper

emphasises best practices and lesson learned from current social entrepreneurs by leaving a powerful heritage to who is interested in make a real change in society.

The entire sample of entrepreneurs been interviewed shared with us that their enterprise mission is hidden beside the activities they implement. In other words, their operations are functional tools to reach the very and primary aim of the project, which always consists in creating a substantial social change. For instance, social enterprises operating through sports such as tennis, rugby and surf have the purpose of fostering young people in terms of values, passion, result-orientation, sacrifices, and team working, which are fundamental pillars in everyday life.

Henceforth, this work does not represent the conclusion of a study; conversely, it is the starting point for a positive present and future change that the world needs.

It is important to bear in mind one of the most powerful lessons learned from social entrepreneurs: instead of revisiting existing possible solutions, we should focus on making the impossible becoming possible. “You see things as they are and ask, ‘Why?’ I dream things as they never were and ask, ‘Why not?’” (Shaw, 1921).

Chapter II

“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.” (Lao Tzu)

The second chapter shows how companies can successfully engage in social entrepreneurship and make a concrete and valuable change in the world. The above topic is scrutinized through the analysis of the successful case of danone.communities, a social enterprise create by Groupe Danone.

In 2005 Franck Riboud - CEO of Danone - met Muhammad Yunus, founder of Grameen Bank, and due to their similar ideas about bringing progress to people in developing countries they set up a joint venture named Grameen Danone Foods. This company created a yogurt factory in Bangladesh with the mission of contributing to local development. From the beginning, the business was established to be sustainable and financially independent, focusing mainly on social goals such as improving health, creating jobs, reducing poverty and protecting the environment. Profits earned by the company are re-invested with the aim of running and expanding the business. Furthermore, danone.communities was created in December 2007 as funding institution designed to encourage social business initiatives. This project is an incubator of many new social business projects around the world, which use the mutual fund to support technical requirements of projects fighting poverty and malnutrition. Danone.communities are currently present in seven countries – Bangladesh, India, Cambodia, Mexico, France, Senegal and China – where they manage ten projects.

Two of the most successful projects are *Shokti+Doi* and *Laterie du Berger*. The first initiative aims to produce a nutrient yogurt for kids, named Shokti+Doi; thus, Grameen Danone created a yogurt plant in Bangladesh in order to support local community development along the entire value chain. Moreover, in order to enhance the sense of community and allow every part of the value chain to be sustainable, the project is rigorously integrated both upstream and downstream. Danone pays local farmers slightly more than they would receive from other customers, creating relevant and long-term oriented relationships with them. Regarding the downstream, only a small part of the yogurt is distributed through shops; a network of women who bring bags full of yogurt and allocate them to local villages delivers the majority.

The second project is *la Laiterie du Berger* and it was born in Senegal in 2006 with the aim to develop and increase local dairy production. Overall, it provides regular income to dairy farmers, all the while offering quality nutritional products to a broad public. Concerning its functioning, *la Laiterie du Berger* collects milk from Fulani dairy farmers and processes it into yogurts and other dairy products. In a country where 90 % of consumed milk is imported in powdered form, this social business encourages local dairy production and contributes to Senegal's autonomy in terms of food. *La Laiterie du Berger* is a dynamic business at the service of social objectives; in fact, different services are offered beside milk collection, such as hygiene, cattle feed, vet services, breeders' organization, technical supervision, veterinary and insemination services. As a consequence, herders earn higher incomes on a more regular basis and local supply becomes definitely more profitable than importing powder milk.

As a result of the aforementioned initiatives' implementation, Franck Riboud changed Danone's concept, by setting up three main goals of the company: health and nutrition attitude, global presence, and more flexible and informal business. Furthermore, he launched the "Danone Way", leading to socially responsible corporate value and applying sustainable development in less developed countries with the aim to bring health and food to as many people as possible. The initiatives carried out by Danone communities have been achieving amazing progress around the world and they definitely embody best practices that business companies could implement in order to relevantly contribute to society improvement.

Chapter III

“The most powerful source in the world is the big idea, but only if it is in the hands of a good entrepreneur. This can move the world.” (Bill Drayton)

Chapter three focuses on how a social entrepreneurship structured solution can add value to traditional entrepreneurship, by examining the case of V.I.V.A. - a social enterprise ideated by a team of Master students, including me - that aims to support traditional entrepreneurs in running their businesses, focusing on Veneto region – located in the North of Italy.

The problem addressed is small and medium enterprises' bankruptcy, often triggering entrepreneurs' suicide. From the beginning of this century, globalization and new competition from emerging markets were attacking Veneto businesses that tried to defend by promoting excellence and quality of production. Also, financial crisis and European debt crisis hit strongly. Since 2009 more than 100,000 jobs were lost, more than 3000 companies filed for bankruptcy, 1122 only last year, and from recent studies in first 5 years of life 49.6 % of firms close for failure. Closing a firm is not an isolated story; in fact failures generate negative externalities for the whole society. In Veneto, where the concept of failure culturally represents a shame for failing even in own life, crisis led to a terrible escalation of suicides.

In order to understand the extent to which the problem and its causes are important for the community, a survey was addressed to a sample of Veneto's entrepreneurs, verifying that initial assumptions were true.

The solution to tackle the above issue is a social enterprise called V.I.V.A., which is the acronym of Venture of Interconnected Volunteering Activities. This initiative

contributes to the personal and professional success of Veneto's entrepreneurs by delivering a wide-ranging and integrated set of services aimed to assist them through an interconnected network of psychological, legal and business supports. Benchmarking with currently existent solutions confirms that V.I.V.A. represents a wider and complete solution to the problem; in fact, existing initiatives represent a fragmented range of solutions that should be interrelated in order to create more value.

Chapter IV

"They are ordinary people doing extraordinary things" (LaBarre & Fishman)

The fourth chapter emphasises the importance of human resources management and partnerships in social enterprises. It provides a comprehensive overview on team dynamics and human resources development but also a powerful tool, called Non-Profit Leadership Team Diagnostic. Furthermore, the chapter illustrates how partnerships empower social entrepreneurs and human resources.

Although social entrepreneurs are considered the most formidable engine of their projects, social enterprises cannot succeed thanks to one leader in isolation. The entire and various set of human capital, such as management, volunteers, and auxiliary staff, should be empowered in order to impact on the project outcomes and achievements. Since ineffective teams can impact moral, passion and can lead to wasting valuable organizational resources, group dynamics and development should be a priority in social organizations, where ordinary people do extraordinary things.

Dewey & Kaye Non-profit Consulting has been providing consulting to non-for-profits, associations, foundations and government entities, by combining expertise in

non-for-profit sector with the financial competency of its parent company. Hence, the firm explores the most common challenges faced by non-for-profit teams, possible remedies and useful tools. The key challenges faced by teams in social enterprises are:

1. Lack of the Big Picture,
2. Inexistent shared path, priorities, objectives and/or values,
3. Wide tolerance of underperformance and lack of accountability,
4. Business acumen and key skills are limited or absent,
5. Communications and meetings among individuals and within teams are scarce and unproductive,
6. Differences of team members are not perceived as valuable.

Moreover, in order to diagnose and start building effective and successful teams, Dewey & Kaye Consultants created the Non-Profit Leadership Team Diagnostic, a powerful tool with the potential of enhancing team dynamics and relationships in social enterprises, consisting of 26 team trait that should be rated using a scale from 1 to 5; results should be compiled and analysed, computing the average rate for each question. Henceforth, the lowest rated areas should be reviewed and discussed among peers, referring to the aforementioned specific remedies. Conclusively, teams should agree on a specific action plan for tackling the areas of intervention.

Shifting the focus on partnerships, when referring to social enterprises, they can be seen as tools to build valuable long-term relationships among humans rather than among economic entities, such as in the case of traditional business arena.

Some of the crucial consequences obtained by implementing partnerships are:

- Empowering human capital, both entrepreneurs and volunteers, by creating synergies and exploit a wide range of soft skills,

- Sharing skills and experience: social entrepreneurs constantly face challenges requiring diversity in expertise, experience and resources,
- Rising capacity to solve problems: having different perspectives about the challenges faced would allow finding more feasible solutions,
- Increasing the probability of implementations: partnerships empower entrepreneurs in terms of readiness of action and willingness to carry on agreed plans.

Four stages can be identified when analysing the partnering process, each of which has specific contents and different duration in time, in particular:

1. Exploration and consultation,
2. Building the partnership,
3. Implementing the partnership,
4. Sustaining, replicating and scaling up.

A further analysis allows identifying particular mistakes related to each phase of the partnering process. In particular, a common fault in phase 1 is the lack of sense of involvement among partners whether not all of them took part in the design stage of the project, in phase 2 it is important to avoid ignoring differences in power, capabilities and interests of the different partners, in phase 3 partners should avoid insufficient and superficial communication among partners, in phase 4 it is crucial to build team competences for scale up.

Bibliography

Chapter I

- Aldrich, H. & Martinez, M.A. (2001). *Many are called, but Few are Chosen: An Evolutionary Perspective for the study of Entrepreneurship*. Entrepreneurship Theory and Practice (Summer).
- Bird, B.J. (1998). *Implementing Entrepreneurial Ideas: The case for intention*. Academy of Management Review 13(3): 442-461.
- Boodhoo, R. & Purmessur, R. D. (2009). *Justifications for Qualitative Research in Organisations: A Step Forward*. The Journal of Online Education. New York.
- Bornstein, D. (1998). *Changing the World on a Shoestring*. The Atlantic online (www.theatlantic.com).
- Bornstein, D. (2007). *How to Change the World*. Oxford University Press.
- Boschee, J. (1998). *Merging Mission and Money: A Board Member's Guide to Social Entrepreneurship*. National Center for Nonprofit Boards.
- Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches*. Thousand Oaks, CA: Sage.
- Creswell, J. W. (2007). *Qualitative inquiry & research design: Choosing among five approaches* (2nd ed.). Thousand Oaks, CA: Sage.
- Drayton, W. (2002). *The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business*. California Management Review 44(3): 120-132
- Elkington, J. & Hartigan, P. (2008). *The Power of Unreasonable People. How Social Entrepreneurs create markets that change the world*. Harvard Business Press.
- Folkestad, B. (2008). *Analysing Interview Data: Possibilities and Challenges*. Eurosphere Online Working Paper Series, Working Paper No.13 (December)
- Gall, M. D., Gall, J. P., & Borg, W. R. (2003). *Educational research: An introduction* (7th ed.). Boston, MA: A & B Publications.
- Gartner, W. B. & Birley, S. (2002). *Qualitative Methods in Entrepreneurship Research* (Special Issue). Journal of Business Venturing, Vol. 17, Issue 5.
- Gendron, G. (1996). *Flashes of Genius, Inc.* 18: 30-38

- Kuratko, D. F. & Hodgetts, R. M. (2004). *Entrepreneurship: Theory/practice/process*. Mason, OH: Thomson South-Western.
- Kuratko, D. F. & Hornsby, J. S. (2009). *New venture management: The entrepreneur's roadmap*. Upper Saddle River, NJ: Pearson: Prentice-Hall.
- Kvale, S. (2007). *Doing interviews*. Thousand Oaks, CA: Sage.
- Labarre, P., Fishman C., et al. (2001). *Who's Fast Leaders 2002*. Fast Company.
- London, M. & Morfopoulos, R. (2010). *Social Entrepreneurship - How to Start Successful responsibility and community-based Initiatives for Advocacy and Change*. Routledge.
- Mair, J. & Marti, I. (2004). *Social entrepreneurship research: A source of explanation, prediction, and delight*. Journal of World Business.
- Mair, J., Robinson, J. and Hockerts, K. (2006). *Social Entrepreneurship*. Palgrave Macmillan.
- McLeod, H. (1997). *Cross Over, Inc.* 19: 100-105.
- McNamara, C. (1999). *General Guidelines for Conducting Interviews*. Minnesota.
- Morse, R. & Dudley, L. (2002). *Civic Entrepreneurs and Collaborative Leadership*. PA Times. August: 3.
- Penner, L. A. & Fritzsche, B. A. (1993). *Measuring the prosocial personality: Four construct validity studies*. Toronto: American Psychological Association.
- Prabhu, G. N. (1999). *Social Entrepreneurship Leadership*. Career development International 4(3): 140-145.
- Osterwalder, A., Pigneur, Y., Smith, A. et al. (2010). *Business Model Generation*. Self published.
- Shaw, G. B. (1903). Maxims for Revolutionists. Cited by Elkington, J. & Hartigan, P. (2008). *The Power of Unreasonable People. How Social Entrepreneurs create markets that change the world*. Harvard Business Press.
- Shaw, G. B. (1921). Back to Methuselah. Cited by Elkington, J. & Hartigan, P. (2008). *The Power of Unreasonable People. How Social Entrepreneurs create markets that change the world*. Harvard Business Press.
- Thompson, J., Alvy, et al. (2000). *Social Entrepreneurship – a new look at the people and the potential*. Management Decision 38(5): 328-338.

- Turner, D. W., III (2010). Qualitative interview design: A practical guide for novice investigators. *The Qualitative Report*, 15(3), 754-760. Retrieved from <http://www.nova.edu/ssss/QR/QR15-3/qid.pdf>
- Waddock, S. A. & Post, J. E. (1991). *Social Entrepreneurship and Catalytic Change*. *Public Administration Review* 51(5): 393.
- Weick, K.E. (1979). *The Social Psychology of Organizing*. McGraw Hill.

Chapter II

- BBC News. 2009. James Melik. www.news.bbc.co.uk (Accessed April 25, 2013).
- BBS (2004). *Bangladesh Statistical Year Book*. Bangladesh Bureau of Statistics, Dhaka, Bangladesh.
- Danone South Africa. 2013. www.danone.co.za (Accessed April 26, 2013).
- Danone. 2013. www.danone.com (Accessed April 28, 2013).
- Danone.communities. 2013. www.danonecommunities.com (Accessed April 20, 2013).
- Down to Earth. 2013. Danone. www.downtoearth-danone.tumblr.com/ (Accessed April 20, 2013).
- ESSEC Business School Knowledge. 2012. Cécile Renouard. www.knowledge.essec.edu (Accessed April 25, 2013).
- Grameen Credite Agricole. 2013. www.grameen-credit-agricole.org (Accessed April 25, 2013).
- Moyo, D. (2009). *Dead Aid*. New York: Farrar, Straus and Giroux.
- National Institute of Population Research and Training (NIPORT), Mitra and Associates, and Macro International (2009). *Bangladesh Demographic and Health Survey (2007)*. Dhaka, Bangladesh and Calverton, Maryland, USA: National Institute of Population Research and Training, Mitra and Associates, and Macro International.
- Pederson, J. P., Grant, T. (2000) *International Directory of Company Histories*, Vol. 32. St. James Press.
- Poverty.com. 2013. www.poverty.com (accessed April 28, 2013).

- Social Enterprise Buzz. 2012. Melissa Ip. www.socialenterprisebuzz.com (Accessed April 25, 2013).
- The World Bank. 2013. The World Bank Group. www.worldbank.org (Accessed April 28, 2013).
- Time Magazine. 2010. Barbara Kievat. www.time.com/time/magazine/ (Accessed April 20, 2013).
- Unicef. 2012. www.unicef.org (Accessed April 26, 2013).
- World Health Organization. 2013. www.who.int (accessed April 28, 2013).
- Yunus, M. & Weber, K. (2007). *Creating a world without poverty: social business and the future of capitalism*. Public Affairs. 1st edition.

Chapter III

- Confindustria. 2102. www.confindustria.it (Accessed November 21, 2012).
- Il Sole24Ore. 2012. Enrico Marrofoto & Simona Ghizzoni. www.ilsole24ore.it (Accessed November 20, 2012).
- Ministero dell'Economia e delle Finanze (2012). *La spesa statale regionalizzata Anno 2010*. Programma Statistico Nazionale.
- The New York Times. 2012. Elisabetta Povoledo and Doreen Carvajal. www.nytimes.com (Accessed November 21, 2012).
- Unicredit Foundation. 2012. www.unicreditfoundation.org (Accessed November 21, 2012).
- Vip.it. 2012. Stefano Lorenzetto. www.vip.it (Accessed November 20, 2012).

Chapter IV

- Bonner, L. (2010). *Building healthy and effective non-profit leadership teams*. McCrory & McDowell Company. Dewey & Kaye Nonprofit Consultants.
- The Collective Leadership Institute (2009). www.collectiveleadership.com (Accessed on May 20, 2013).