

Northumbria Research Link

Citation: Dawson, Patrick, Scott, Jonathan, Thompson, John L. and Preece, David (2014) The Rise of the Social in Entrepreneurial Activities in National and International Contexts: A Clarification of Terms in the Development of a New Conceptual Framework. In: Australia and New Zealand International Business Academy (ANZIBA), 13-15 April 2014, University of Auckland.

URL:

This version was downloaded from Northumbria Research Link:
<http://nrl.northumbria.ac.uk/id/eprint/29937/>

Northumbria University has developed Northumbria Research Link (NRL) to enable users to access the University's research output. Copyright © and moral rights for items on NRL are retained by the individual author(s) and/or other copyright owners. Single copies of full items can be reproduced, displayed or performed, and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided the authors, title and full bibliographic details are given, as well as a hyperlink and/or URL to the original metadata page. The content must not be changed in any way. Full items must not be sold commercially in any format or medium without formal permission of the copyright holder. The full policy is available online: <http://nrl.northumbria.ac.uk/policies.html>

This document may differ from the final, published version of the research and has been made available online in accordance with publisher policies. To read and/or cite from the published version of the research, please visit the publisher's website (a subscription may be required.)

The rise of the ‘social’ in entrepreneurial activities in national and international contexts: A clarification of terms in the development of a new conceptual framework

Abstract

In examining the ‘social’ in entrepreneurial activities in national and international contexts our focus is on social innovation and business enterprise. Attention is given to what we understand by ‘social’ in entrepreneurial behaviours, innovation and change and the importance of social capital and social networks to understanding the dynamics that drive social innovation within the enterprise. Our social focus takes us on a conceptual journey in examining the meaning and import of social innovation, social capital, social networks and social enterprise. The rise in the import and media attention to social business within the international arena and the growing call for a social-orientation among business practitioners from small to medium enterprises to larger multi-national enterprises has promoted dialogue and debate about social processes that have also brought in its wake a certain amount of confusion and obfuscation. We set out to clarify this growing range of socially-oriented terms and identify the relationships between these concepts with the aim of extending knowledge in this emergent field. A key objective is to build a robust conceptual framework that informs our understanding of these complex relationships and provides a platform for further debate and research.

Key words

Social innovation, social capital, social networks, social entrepreneurship, social enterprise, social business, sensemaking, processual, international business.

Introduction

Despite the symbiotic and inextricable link between the social entrepreneurial process and social innovation, there has been relatively little written on the links between Social Innovation (SI), Social Capital (SC) and Social Networks (SN) within business enterprise in national and international contexts. The main theoretical and empirical focus has been on entrepreneurship within commercially competitive Small and Medium sized Enterprises (SMEs) and processes on leadership and intrapreneurship within larger Multi-National Corporations (MNCs). The financing and building of new business ventures to achieve commercial sustainability has understandably been at the forefront of research given the volatility of markets, the vulnerable life expectancy of leading MNCs as well-known companies are displaced through financial mismanagement and disruptive innovations, and the high failure rates and propensity for SMEs to contract rather than to grow over time (see, Storey, 2011). However, following the global financial crisis with the contraction of monies, growing ethical scrutiny, decline in public funding and pecuniary constraints, there has been a growing interest in the creation and development of sustainable socially responsible businesses that are driven by a sense of social purpose with the objectives of tackling and solving unmet social needs. Generally referred to as a social enterprise or social business, these emerging forms of organization have been defined by Thompson and Doherty (2006: 361) as: 'organisations seeking business solutions to social problems'.

But with the growing call for a more social orientation to international business activities a degree of conceptual confusion has arisen, as Chell (2007) has pointed out, there is a considerable ambiguity around terms and concepts, which has been further compounded by attempts to provide all encompassing conceptions of an entrepreneurial process that captures both the economic and social value of enterprise. In focussing on the *social*, we are interested in clarifying the array of terms and concepts that have emerged around notions of

‘social’ entrepreneurship, enterprise, capital, networks and innovation. What do these terms mean and how do they relate to each other? In discussing the links and connections that bridge social networks, foster social capital and encourage innovation processes, we set out to construct a new conceptual framework that foregrounds the processual dynamics of these interlocking relationships. In exploring these associations and the way that social networks are utilised to develop social capital we also turn our gaze to the sensemaking and sensegiving that occurs among stakeholders that variously enable and/or constrain innovative activities that tackle social goals/challenges. In assembling these concepts and their connecting relations, our conceptual framework aims to provide greater conceptual clarity and understanding of these complex on-going relationships. Once formulated, some of the implications of our framework for future research are examined and discussed. We contend that in-depth longitudinal national and international case studies are required to capture new empirical data on social entrepreneurial processes that includes the way in which social innovation intentions are influenced by social networks and the social capital dynamics of participating stakeholders.

Social entrepreneurship and social entrepreneurs

Although there is a growing interest in social entrepreneurship and the role of social entrepreneurs in developing sustainable solutions to modern problems, the social innovation process in business enterprises remains under-theorised. Conflicting definitions, ambiguous terms and confusion over what constitutes social-plus, has stimulated considerable interest and debate (see, Borzaga and Defourny, 2001). It is therefore important that at the outset we clarify terms. In so doing, we advocate a distinction between social entrepreneurs, social entrepreneurship and social enterprise. The first two of our terms overlap as social

entrepreneurship often involves individuals engaging in forms of social innovation to improve the work and non-work experience of people in society. We use the term social entrepreneurs to refer to: *Entrepreneurs who tackle socio-economic problems through identifying resources and innovative solutions for the purpose of securing social good.* Passion, creativity and an entrepreneurial frame of mind are often associated with these people who may start with little or no resources yet are able to bring about significant and enduring change to the social landscape (Praszkier and Nowak, 2012). Individuals who utilise entrepreneurial principles and business acumen in securing benefits for disadvantaged communities and are able to address longstanding social issues and concerns are often labelled as social entrepreneurs. A contemporary exemplar is Muhammad Yunus who established the Grameen Bank (Yunus, 2007) and recognised that traditional financing resolutions failed to address the cycle of poverty which appeared to present an intractable socio-economic problem in developing economies (Dawson and Daniel, 2010: 17).

In comparison, social entrepreneurship is a far broader term and is taken to refer to: *Forms of innovative socially-oriented behaviours that are directed towards tackling identifiable social problems and creating social value.* These types of behaviour can arise from group activities as well as from individual entrepreneurs who seek to lead and manage a social change. Social entrepreneurship can thereby arise from group and network activities where energy and attention is given to solving social problems, to the use and provision of new services through technology, and in bringing people together through, for example, social media/networking sites. For example, the domestic fish marketing system in India is highly inefficient and the disparities in pricing can significantly impact on the fortunes of local fishermen but through the development of a mobile phone service local fishermen are now able to get up-to-date information on variations in the market price of fish (Jensen, 2007). There remains considerable debate and discussion around definitions of social

entrepreneurship and whether social entrepreneurs can be readily differentiated from other socially-oriented agents (that may include environmentalists and philanthropists) who may often be defined as social entrepreneurs in retrospect (for example, Robert Owen, Elizabeth Fry and Florence Nightingale).

For our purposes, we use the term social entrepreneur to refer to those individuals who are actively engaged in projects that aim to secure some form of social benefit or resolve existing social problems; whereas social entrepreneurship is used to capture the associated behaviours (modes of acting and thinking) that support socially-oriented activities among individuals and groups who may or may not be defined as social entrepreneurs. Whilst social entrepreneurs and social entrepreneurship overlap, in that strategic motivation is not primarily directed towards business ventures that offer the possibility of financial profit and commercial gain, they also differ, in that one refers to an individual who occupies the ‘role’ of a social entrepreneur whilst the other refers to a broader set of orientations and behaviours associated with social entrepreneurial activities that can emanate from and relate to group and community activities and not just the actions of particular individuals.

In the case of *social enterprise*, Birch and Whittam (2008) suggest that this form of organization is distinct from voluntary organizations, is outside of but may have linkages with the public sector (see, Bussell and Forbes, 2006), and is located within the ‘social economy’ which lies within the ‘third sector’ (a term used to describe organizations that are not part of the public or private sectors, that are driven by social values, and are independent of government - sometimes referred to as ‘not-for-profit organizations’ – they include community groups, mutual associations and registered charities). On this count, Leadbeater (2007) makes a distinction between Social Enterprises (SEs) that are heavily biased towards environmentally sound activities, and what he calls ‘mainstream and socially responsible business’. He argues that activities across these sectors often overlap in practice, but that SEs

are generally more personalised, engaging, and community and people-focused, in for example, creating jobs for those in marginalised labour markets, pioneering environmentally sustainable approaches, or promoting practices that are highly ethical (Leadbeater, 2007: 5).

In examining the literature, it is clear that the notion of social enterprise is increasingly used as an umbrella term to refer to organizations that trade and innovate for social purposes (Ridley-Duff and Bull, 2011). Forms of social enterprise and social business may arise from processes of social entrepreneurship and from the activities of social entrepreneurs, but equally they may not. For our purposes, we utilise a narrower composite definition of the social enterprise and business as: *Businesses that provide social value but are distinct from charity-based voluntary organizations and public services* (see, Birch and Whittam, 2008; Leadbeater, 2007), *and are primarily driven by social objectives rather than with the need to maximise profit for shareholders and owners* (see, DTI, 2002).

The need for social innovation in the entrepreneurial process

Although the defining characteristics, activities, and future research directions of social business enterprise and social entrepreneurship have been reviewed by a number of people (Borzaga and Santuari, 2001; Haugh, 2005; Kanter, 1999; Mort et al, 2003; Robinson et al, 1998; Shaw and Carter, 2007), social innovation has been under-researched and represents a significant gap in the literature. Writers in the field of innovation generally focus on science-led innovations and the question of how to translate innovations in science and technology into commercial applications (Tidd & Bessant, 2009; Tushman & Anderson, 2004). Tidd and Bessant, for example, define innovation as ‘a process of turning opportunity into new ideas and putting these into widely used practice’ (2009: 16). Innovation is generally defined as the translation of ideas into commercial products and services, and it has long been

considered central to the entrepreneurial process (Drucker, 1985; Kanter, 1984; Schumpeter, 1939). Consequently, there has always been a strong link between innovation and entrepreneurship, as new markets and opportunities are identified and exploited in the pursuit of profits and the drive for growth (Tidd and Bessant, 2009; Utterback, 2004).

Whilst market-based economic forces are generally seen to promote the need for new products and services to meet changing customer demands, in recent years, social impediments and cultural barriers have been identified as major, and often overlooked, constraining influences upon the achievement of successful change (Furgesang & Sundbo, 2002). As such, the 'push-oriented', technology-market tradition for explaining innovation only provides partial understanding, as it downplays social processes and ignores the need for a more contextual understanding of internal organizational processes. Through a content analysis on extant definitions of innovation, Baregheh et al (2009) provide us with a wider definition. They view innovation as a 'multi-stage process whereby organizations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in (the) marketplace' (Baregheh et al, 2009: 1334). But even with this broader definition there is still a strong implied link between innovation and commercial competitive success.

The gap between the richest and poorest people remains wide in many countries. Central government resources for dealing with social and community problems have to be rationed; demand exceeds supply, even though some would argue that the responsibility lies as much with the communities themselves as it does with the State. We have ill-defined, complex social 'problems' and inadequate solutions as we continue to search for answers, which past initiatives have only partially provided. A case can be made that we need to review how communities, community activists and interested observers view the problems and come up with fresh and innovative options to examine, debate and trial.

Social innovation, social networks and social capital

The focus of innovation studies has been upon technical and commercial applications, with the social benefits of innovation being treated, at best, as a secondary off-shoot to the main economic drivers of profits, competitive survival and growth. In refocusing this commercially-oriented innovation lens, Dawson and Daniel (2010: 16) propose that:

Social innovation refers to the process of collective idea generation, selection and implementation by people who participate collaboratively to meet social challenges.

These ideas are owned by people who work together in pursuing social goals that may – but need not – service other organisational, technical, commercial or scientific goals.

We use the term social innovation to refer to: *The collaborative generation and translation of new ideas into innovations that enhance the well-being of people in society through, for example, improving the welfare of rural or urban communities* (see also, Ellis, 2010; Saul, 2011). This definition highlights the importance of information sharing and knowledge generation through interactions between connected associations of people, that is, social networks. These social networks arise as a result of the behaviour of actors, and in the process of their creation produce other networks which have consequences for people within those networks. As Kadushin (2012: 11) explains:

Social networks evolve from individuals interacting with one another but produce extended structures that they had not imagined and in fact cannot see. Individual interaction takes place within the context of social statuses, positions, and social institutions, and so social networks are constrained by these factors. The social statuses, positions, and social institutions, however, can themselves be regarded as

connected networks. These networks are constantly emerging and as a result affect and change the very institutions and organizations from which they emerged.

In connecting through networks, people create a resource that is now often referred to as 'social capital' (Field, 2008). A common view is that social capital theory is related to network theory and that through extending networks, and the associated information and knowledge that is acquired and transferred, access to social capital expands. As Field (2008: 3) comments, membership of networks is 'at the heart of the concept of social capital', which can be a source of power, but also brings with it a set of obligations. Social capital has been variously defined, with many conceptualizations alluding to the benefits to be derived from the development of social relations (see Portes, 1998). Baker (1990: 619), for example, defines social capital as: 'A resource that actors derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors'.

The importance of exchange is highlighted by Nahapiet and Ghoshal (1998) who, drawing on the work of Bourdieu (1983), argue that the relationships central to social capital are developed through exchange as part of a dialectical process. As they state: 'What we observe is a complex and dialectical process in which social capital is created and sustained through exchange and in which, in turn, social capital facilitates exchange' (1998: 250). As such, it describes connections within and between social networks and is both the 'resources that personal contacts hold', and the 'structure of contacts within a personal network' (Burt, 1992). It plays a key role in innovation, for example in 'open innovation' and in entrepreneurship (Anderson and Jack, 2002; Cope et al, 2007), but, once again, we contend that this relationship has been inadequately explored with respect to business enterprise, especially in as far as economic (financial), cultural (education and knowledge), and social (capital) are different forms of capital (Bourdieu, 1983). There is also bridging and bonding capital between kinship and non-kinship groups (or diverse communities) respectively

(Putnam, 2000), facilitating collaboration through trust relations (Granovetter, 1985; Fukuyama, 1995) that would be overly expensive for isolated individuals (Nahapiet and Ghoshal, 1998). Social capital is thus an input, whilst economic and cultural capital is more typically seen as outputs or outcomes. Where there is societal and community benefit and in cases where interested actors do things (utilising their networks and social capital), we need to think of the outcome as a form of social 'wealth'. It is important to recognise, however, that whilst networks and networking have the potential to stimulate the generation and development of innovations within enterprises, the effective deployment of social capital requires individual(s) to be 'socially enterprising' in acting as champion(s) of change, making effective use of collectively generated knowledge and insights.

Members of various formal and informal networks are often presented with opportunities to share their collective knowledge, experience and 'wisdom' in a variety of formal and informal interactions and experiences. Some of these may take the form of readily accessible coherent messages, whilst others may be partial, unstructured or appear to be contradictory. The operation of networks – the generation of social capital from exchanges, the stimulation of new ideas and perspectives, the reframing of problems and so forth – all serve to determine the ultimate value of the networks. Two key questions arise: first, can the members, individually and collectively, progress from 'knowledge' to 'knowing'? In other words, what sense do they make of all the knowledge and information to which they are exposed and do they appreciate how it might be used? Second, is either an individual or a group from within the network or is the network itself committed to using the new insight to innovate? It is important to stress that, even if, and this should not be assumed, all members are exposed to the same opportunities and have the same access to the (shared) information and knowledge, they are likely to have different perspectives and viewpoints. They could reach different conclusions about both meaning and significance. Their shared insights can be

of benefit to each other, but for the social innovation to progress it is crucial that some individual or group actively choose to kick-start the process.

Whilst people's determination and motivation to securing the best possible outcomes can be a critical spur to social innovation, personal motives can also inhibit the innovation process, especially where the person in a key position to act is minded not to do so, for example because the innovation is seen to conflict with his/her existing priorities and aspirations. In other words, social capital might have been generated within the network, with many members contributing insights and thoughts, in which perspectives are developed, but this knowledge can easily dissipate if a social entrepreneur who is in a key position in the network chooses not to act or seeks to pursue a different path.

Making sense of effective enterprise: The interplay of action and interpretation

There is plenty of evidence in the literature to support the view that social networks and social capital are central to effective enterprise (see for example, Chell, 2007; Evers, 2001; Field, 2008; Kadushin, 2012; Kay, 2006; Peredo and Chrisman, 2006; Putnam, 2000; Smallbone et al, 2001; Spear and Hulgård, 2006); that social innovation is a driver, particularly for social enterprises (Ellis, 2010; Leadbeater, 2007; Yunus, 2007); and that those involved in innovative enterprises are typically consummate networkers (Thompson and Doherty, 2006). However, the ways in which social innovation, social networks and social capital interact over time remains conceptually under-developed, and in order to address this matter we have developed a framework for studying the dynamics of social innovation within business enterprise. The framework seeks to capture how the power of networks and networking might be harnessed for innovation in all forms of enterprise (but especially SMEs within the international business arena) through making effective use of

generated social capital. Before describing the framework in detail, it is necessary to say more about the concept of sensemaking (Weick, 1995), which was alluded to earlier, as we have found it useful in helping us to understand the ways in which these complex on-going sets of relations and collective processes are influenced and shaped by key stakeholders over time.

For Weick et al (2005: 409): ‘Sensemaking involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action’. It acts as an important determinant of human behaviour through providing meaning to situations, which shape action. Sensemaking occurs where a range of interconnected circumstances are made sense of through categories and words. Texts and interactions are interpreted through language, talk and communication guiding behaviour and steering action; sensemaking is about ‘the interplay of action and interpretation’ (Weick, et al, 2005: 409). An important distinction is made between interpretation and action, and evaluation and choice. The focus is not on the decisions of individuals, but on the way that meanings materialise (in which short, seemingly insignificant moments can have very significant consequences), giving sense to and informing action. For people in dynamic business enterprise, organized sensemaking occurs when a problem or issue is confronted and they seek to make sense of questions such as: ‘What is going on here? What does this mean? What should we do?’ There is a vast range of sense impressions, and organized sensemaking is about putting some order on a constantly changing world of experience. Sensemaking is thereby used to give meaning to events, to organize these meanings through communication with others, and through processes of individual and collective sensemaking, to inform action. These actions appear appropriate and plausible (sensemaking is driven by plausibility and not by the search for accuracy or truth) within the wider socio-cultural and international context from which they emerge. For example, collective commitment to socially useful

innovations, sharing similar ethical values and being able to align with broader common objectives, all serve to shape collective sensemaking and yet, there are still likely to be ambiguities and discrepancies in interpretation. As such, in using social networks to build social capital, sensemaking is central in drafting and redrafting plausible collective stories that make knowledge actionable (Bettis and Prahalad, 1995).

In drawing on the work of Gioia and Chittipeddi (1991) and Humphreys et al. (2012), we are interested in not only how collective sensemaking occurs within formal and informal networks, but also how individuals and groups who promote social innovations *give* sense to their proposed initiatives. The work of Gioia and Chittipeddi (1991) and Gioia, Corley and Fabbri (2002) illustrates how making sense of a plausible future can influence current action and how, in giving sense to events, individuals and groups do not simply provide neutral descriptions as their stories often carry assessments, critique and evaluations (Gioia and Chittipeddi, 1991). Gioia and Chittipeddi (1991: 442) define sensegiving as a ‘process of attempting to influence sense-making and meaning construction of others towards a preferred redefinition of organisational reality’. Cornelissen et al (2010) also demonstrate in their study of entrepreneurial sensegiving how this process was crucial in influencing success in gaining and sustaining support for new business ventures.

In formulating a model that bring the above elements together, we are interested in the interplay between individual and collective sensemaking and sensegiving, how the latter may be used to further shape the sensemaking of others, and whether, and if so, how this process motivates goal-directed activities that put social innovation into practice within enterprises. A conceptual framework that accommodates these iterative dynamics is summarised in Figure 1. Our model consists of four fundamental elements: (i) *Social Capital*, which includes the building and sharing of knowledge through social networks; (ii) *Sensemaking*, for example, in the way meanings materialise around the plausibility of an innovation that motivates

collective goal-directed action; (iii) *Innovation*, the translation of new understanding/knowing to tackle a problem or to identify possible actions in response to an opportunity; and (iv) *Ongoing relational dynamics*, the continual interweaving of the core concepts in, for example, further goal-directed activities that support integration and sustainability. In this framework, the processes through which individuals and groups make sense of problems and give sense to innovations is part of the ongoing dynamics of business enterprise.

Figure 1 is deliberately shown as non-linear but notionally there is the theme of top-down progression, albeit with considerable iteration. When someone (a change agent) engages a problem and sets out to do something, then their actions will be based on their present understanding. This is likely to have been developed through social interactions, networking and discussion. Not everyone will necessarily be in full agreement; what matters is the perspective of the person opting to actually do something. Ideally other interested parties will support both their view and their initiative. Once someone accepts and engages with the challenge a new initiative can be started in which they may continually review their progress there is no requirement that they continue without reviewing progress (using their network to discuss events and potential changes). When there is iteration of this nature the process is often described as ‘effectual’ (Sarasvathy, 2001) or emergent.

Large and small business enterprises that are able to build and develop social capital are thus able to draw on social networks in which shared understanding and knowledge can facilitate further processes of collective sensemaking through the support of common goals and shared agendas. However, even with shared goals, there may be competing interpretations of the nature of the problem or the means of tackling the issue at hand. As such, the need for collective understanding through processes of sensegiving and sensemaking is essential to the acceptance, adoption and support of sustainable innovation projects. We contend that successful social innovation requires iterative negotiations to re-

evaluate options and possible actions in the continuous interrogation of shared knowledge that develops understanding. To illustrate, the innovation may be directed towards a longstanding social issue or concern which has proved difficult to resolve, or reflect opportunities that arise, and/or a collective sense of options and possibilities for translating ideas into practical sustainable solutions. What is critical is that someone, change agent/agents are willing to take on the challenge and initiate action. Without this there might be considerable interest in the problem, and there might have been extensive discussion amongst interested parties, but there will not be any action. The extent of the innovation involved will in part depend upon the discussions, perspectives and agreement (a first-level outcome from the social capital generated) and the change agent/agents involved. Outcomes will thus be, at least in part, affected by the persistence, determination and entrepreneurial characteristics of the change agents involved.

In situations where the resolution to the innovation challenge is complex, obscure and/or ambiguous, new strategies, concepts or tools may be required to aid clarification, negotiation, and prioritisation. In such situations the innovation process may appear to be complex, contingent on context, culture and politics, and further confounded by functional and relational interests. It may comprise combinations of spontaneous, radical, fragmented or emergent change, but ultimately it will be unique. In order to sustain the innovation over time, acceptance and ongoing support is required, and further processes of sensegiving and sensemaking in response to the innovation, changing circumstances, prospective aims and unexpected events may in turn influence the formative/emergent innovation configuration in steering the direction of various refinements, modifications and adjustments.

Discussion and conclusion

Our conceptual framework provides a platform for informing and anchoring empirical research; it can be used to critically examine the emergence and generation of social innovations and their application within business enterprise. As an iterative, non-linear process, longitudinal, in-depth research is required to investigate and evaluate the extent to which the intrinsic interactions of social relationships, innovation intentions and technological developments are influenced by the social capital dynamics of the participating stakeholders and the national and international contexts in which they are located. We contend that it is not enough to generate a new idea; there is also a need to gain collective acceptance and support to facilitate the integration of the idea into the social corpus of knowledge that may lead to some form of innovation. These innovation processes sanction and provide integration through shared sense-making. This is an area in need of further research and can be supported by our relational model that draws attention to the ways in which knowledge and information is transferred across social networks in enabling or constraining the innovation process and its sustainability.

We contend that it is both timely and apposite to undertake processual research in this area, particularly given the global importance of SMEs to national and international market growth. We suggest that in order to more fully understand these developments and innovatory practices in the establishment and running of enterprises, longitudinal case studies should be conducted that can capture these processes as they occur in flight. It is not enough to generate a new idea; there is also a need to gain collective acceptance and support to facilitate the integration of the idea into the social corpus of knowledge that may lead to adoption. Processes of innovation and integration through shared sense-making is an area which needs further study, and we hope that our conceptual framework goes some way to

revealing the ways in which knowledge and information are transferred across social networks in enabling and/or constraining the innovation process and its sustainability.

Collective understanding through processes of sensemaking and sensegiving is fundamental to the successful management of commercial projects. Social innovations in social enterprises are no different in this regard; however they do represent a different domain in which social objectives rather than (principally) commercial objectives drive change and innovation. The notion of a *social* return on investment highlights how innovation activity (which, for example, may seek to take up an opportunity to tackle a social problem) may require different strategies and funding initiatives and a consideration of appropriate governance structures. Any monies saved through social business activities that reduce societal welfare demands could be channelled back into activities that support sustainability. Such an approach would go some way in moving towards the creation of realisable social business enterprise to meet the unique needs for entrepreneurial activities in different national domains that link into the wider international business community.

Although there is a growing interest in and opportunities for entrepreneurs and social capital in developing sustainable solutions to contemporary problems, the social innovation process in enterprises remains under-theorised. In attempting to clarify the complex set of relations involved, we have drawn on the concepts of social innovation, social networks, social capital and sensemaking to develop a dynamic framework that seeks to capture the nature of these iterative processes. Each concept has been defined and discussed and we have located them in a contextualized, process-based model of social innovation and business enterprise. Making sense of circumstances and giving sense to others is an integral part of this process, in which there is a need not only to gain agreement and understanding on the nature of the problem or opportunity that needs to be tackled, but also collaborative agreement on the most plausible and appropriate actions that need to be taken to address the

problem or opportunity. We hope that our exploration and theorization of the relationships and articulation between social innovation, business enterprise, social networks, social capital and sense-making, and the framework we have developed and presented, will encourage and facilitate debates and future fieldwork studies, thereby adding to our knowledge and understanding of innovation in and for sustainable national and international business enterprise, and thereby perhaps make some contribution to the tackling of enduring social problems and lead to an improvement in the well-being of people in society.

References

- Anderson AR and Jack SL (2002) The articulation of social capital in entrepreneurial networks: a glue or a lubricant? *Entrepreneurship & Regional Development* 14(3): 193-210.
- Baker, W. E. 1990 market networks and corporate behavior. *American Journal of Sociology*, 96: 589-625.
- Baregheh A, Rowley J and Sambrook S (2009) Towards a multidisciplinary definition of innovation. *Management Decision* 47(8): 1323-1339.
- Bettis, R. A., and Prahalad, C. K. (1995) The dominant logic: Retrospective and extension. *Strategic Management Journal* 16, 5-14.
- Birch K and Whittam G (2008) The third sector and the regional development of social capital. *Regional Studies* 42(3): 437-450.
- Borzaga C and Defourny J (eds) (2001) *The Emergence of Social Enterprise*. London: Routledge.
- Borzaga C and Santuari A (2001) Italy: From traditional co-operatives to innovative social enterprises. In: Borzaga C and Defourny J (eds) *The Emergence of Social Enterprise*. London: Routledge, pp.166-181.

- Bourdieu P (1983) Forms of capital. In: Richards JC (ed) *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood Press.
- Bull M (2007) 'Balance': The development of a social enterprise business performance analysis tool. *Social Enterprise Journal* 3(1): 49-66.
- Burt R (1992) *Structural Holes: The Social Structure of Competition*. Cambridge, MA: Harvard University Press.
- Bussell H and Forbes D (2006) Understanding the volunteer market: the what, where, who, and why of volunteering. *International Journal of Nonprofit and Voluntary Sector Marketing* 7(3): 244-257.
- Chell E (2007) Social enterprise and entrepreneurship: Towards a convergent theory of the entrepreneurial process. *International Small Business Journal* 25(1): 5-26.
- Cope J, Jack S and Rose M (2007) Social capital and entrepreneurship. *International Small Business Journal* 25(3): 213-219.
- Cornelissen, J. P., Clarke, J. S., & Cienki, A. (2012). Sensegiving in entrepreneurial contexts: The use of metaphors in speech and gesture and sustain support for novel business ventures. *International Small Business Journal*, 30(3), 213-241.
- Dawson P, Daniel L and Farmer J (2010) Social innovation. *International Journal of Technology Management* 51(1): 1-8. Dawson P and Daniel L (2010) Understanding social innovation: a provisional framework. *International Journal of Technology Management* 51(1): 9-21.
- Dees, J. G. (1998). Enterprising nonprofits. *Harvard Business Review*, 76, 55-67.
- Department of Trade and Industry (2002) *Social Enterprise: a Strategy for Success*. London: DTI.
- Di Domenico M, Haugh H and Tracey P (2010) Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice* 34(4): 681-703.

- Drucker P.F. (1985) *Innovation and Entrepreneurship: Practice and Principles*. New York: Harper & Row.
- Ellis T (2010) *The New Pioneers: Sustainable business success through social innovation and social entrepreneurship*. London: Wiley.
- Evers A (2001) The significance of social capital in the multiple goals and resources of social enterprises. In: Borzaga C and Defourny J (eds) *The Emergence of Social Enterprise*. London: Routledge, pp. 296-311.
- Field, J. (2008). *Social Capital* (2nd ed.). London: Routledge.
- Fukuyama F (1995) *Trust: The Social Virtues and the creation of prosperity*. New York: Free Press.
- Furglsang L and Sundbo J (eds) (2002) *Innovation as Strategic Reflexivity*. London: Routledge.
- Gioia DA and Chittipeddi K (1991) Sense-making and sensegiving in strategic change initiation. *Strategic Management Journal* 12(6): 433-448.
- Gioia DA, Corley KG and Fabbri TM (2002) Revising the past (while thinking in the future perfect tense). *Journal of Organizational Change Management* 15(6): 622-634.
- Granovetter M (1985) Economic action and social structure: the problem of embeddedness. *American Journal of Sociology* 91: 481-510.
- Haugh H (2005) A research agenda for social entrepreneurship. *Social Enterprise Journal* 1(1): 1-12.
- Humphreys M, Ucbasaran D and Lockett A (2012) sense-making and sensegiving stories of jazz leadership. *Human Relations* 65(1): 41-62.
- Jensen, R., 2007. The digital provide: information (technology), market performance, and welfare in the South Indian fisheries sector. *The Quarterly Journal of Economics*, August 2007, Vol. 122, Issue3, 879-924.

- Jones D and Keogh W (2006) Social enterprise: a case of terminological ambiguity and complexity. *Social Enterprise Journal* 1(1): 11-26.
- Kadushin, C. (2012). *Understanding Social Networks: Theories, Concepts and Findings*. New York: Oxford University Press.
- Kanter RM (1984) *The Change Masters: Innovation and Entrepreneurship in the American corporation*. New York: Free Press.
- Kanter RM (1999) From spare change to real change. The social sector as beta site for business innovation. *Harvard Business Review* 77(3): 122-132.
- Kay A (2006) Social capital, the social economy and community development. *Community Development Journal* 41(2): 160-173.
- Leadbeater, C. (2007). *Social enterprise and social innovation: strategies for the next ten years*. London: Cabinet Office: Office of the Third Sector.
- Low C (2006) A framework for the governance of social enterprises. *International Journal of Social Economics* 33(5-6): 376-386.
- Mason C, Kirkbride J and Bryde D (2007) From stakeholders to institutions: the changing face of social enterprise governance theory. *Management Decision* 45(2): 284-301.
- Mort GS, Weerawardena J and Carnegie K (2003) Social entrepreneurship: Towards conceptualisation. *International Journal of Nonprofit and Voluntary Sector Marketing* 8(1): 76-88.
- Nahapiet J and Ghoshal S (1998) Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review* 23(2): 242-266.
- Peredo AM and Chrisman J (2006) Towards a theory of community-based enterprise. *Academy of Management Review* 31(2): 309-328.
- Portes, A. 1998. Social capital: Its origins and application in modern sociology. *Annual Review of Sociology*, 24: 1-24.

- Putnam RD (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Putnam, R., Leonardi, R., & Nonetti, R. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, New Jersey: Princeton University Press.
- Ramos-Rodríguez, A., Medina-Garrido, J, Lorenzo-Gómez, L., & Ruiz-Navarro, J. (2010) What you know or who you know? The role of intellectual and social capital in opportunity recognition. *International Small Business Journal*, 28(6): 566-582.
- Ridley-Duff R (2008) Social enterprise as a socially rational business. *International Journal of Entrepreneurial Behaviour and Research* 14(5): 291-312.
- Robinson D, Dunn K and Ballantyne S (1998) *Social enterprise zones: building innovation into regeneration*. York: Joseph Rowntree Foundation.
- Rothwell R (1992) Developments towards the 5th generation model of innovation. *Technology Analysis and Strategic Management* 4(1): 73-75.
- Rothwell R (1994) Towards the fifth-generation innovation process. *International Marketing Review* 11(1): 7-31.
- Rothwell R and Gardiner P (1985) Invention, innovation, re-innovation and the role of the user. *Technovation* 3(3): 167-186.
- Sarasvathy, S.D. (2001) 'Causation and effectuation: towards a theoretical shift from economic inevitability to entrepreneurial contingency', *Academy of Management Review*, 26(2): 243-63.
- Saul J (2011) *Social Innovation, Inc.: 5 Strategies for Driving Business Growth through Social Change*. London: Wiley.
- Schumpeter J (1939) *Capitalism, Socialism, and Democracy*. New York: Harper-Collins.

- Shaw E (2011) Social enterprise and philanthropy: their role in the new Big Society. Paper presented at Social and Sustainable Enterprise Network symposium, University of Leeds, UK, 19 January.
- Shaw E and Carter S (2007) Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of Small Business and Enterprise Development* 14(3): 418-434.
- Smallbone D, Evans M, Ekanem I and Butters S (2001) *Researching Social Enterprise: Final Report to the Small Business Service*. London: Centre for Enterprise and Economic Development Research Middlesex University.
- Spear R and Hulgård L (2006). Social entrepreneurship and the mobilisation of social capital in European social enterprises. In: M Nyssens (ed) *Social Enterprise: At the crossroads of market public policies and civil society*. Oxford: Routledge, pp. 85–108.
- Spear R, Cornforth C and Aitken M (2007) *For Love and Money: Governance and Social Enterprise*. London: Social Enterprise Coalition and Governance Hub.
- Storey, D. J. (2011). Optimism and chance: The elephants in the entrepreneurship room. *International Small Business Journal*, 29(4), 303-321.
- Thompson JL (2002) The world of the social entrepreneur. *The International Journal of Public Sector Management* 15(5): 412-431.
- Thompson JL (2008) Social enterprise and social entrepreneurship – where have we reached? A summary of issues and discussion points. *Social Enterprise Journal* 4(2): 149-161.
- Thompson JL and Doherty B (2006) The diverse world of social enterprise: A collection of social enterprise stories. *International Journal of Social Economics* 33(5-6): 361-375.
- Thompson JL and Scott JM (2012, forthcoming) Issues in measuring the performance of social enterprises. In: Lyons T (ed) *Social Entrepreneurship*, Santa Barbara CA: Praeger/ABC-CLIO.

- Thompson JL, Alvy G and Lees A (2000) Social entrepreneurship – A new look at the people and the potential. *Management Decision* 38(6): 328-338.
- Thompson JL, Scott JM and Downing R (2012) ‘Enterprise policy, delivery, practice and research: Largely rhetoric or under-valued achievement?’, *International Journal of Public Sector Management*, 25(5): 332-345.
- Tidd J and Bessant J (2009) *Managing Innovation: Integrating Technological Market and Organisational Change* Fourth Edition. Chichester: Wiley.
- Tushman ML and Anderson P (eds) (2004) *Managing strategic innovation and change: a collection of readings*. 2nd ed. Oxford: Oxford University Press.
- Utterback J (2004) *Mastering the Dynamics of Innovation*. Boston MA: Harvard Business School Press.
- Weick KE (1995) *Sense-making in Organizations*. London: Sage.
- Weick KE, Sutcliffe KM and Obstfeld D (2005) Organizing and the process of sense-making. *Organization Science* 16(4): 409-421.
- Yunus, M. (2007). *Creating a World Without Poverty: Social Business and the Future of Capitalism*. New York: Public Affairs.

Figure 1: Social Innovation and Business Enterprise: A Conceptual Framework

