2

VARIEDIES OF ENTREPRENEURSHIP

While the total supply of entrepreneurs varies among societies, the productive contribution of the society’s entrepreneurial activities varies much more because of their allocation between productive activities such as innovation and largely unproductive activities such as rent seeking or organized crime.

William J. Baumol, economist

Life-fulfilling work is never about the money – when you feel true passion for something, you instinctively find ways to nurture it.

Eileen Fisher, entrepreneur

LEARNING OUTCOMES

After reading this chapter you should be able to:

• Recognise a wide variety of ways in which entrepreneurial activity is organised, the many different contexts in which it takes place, and the range of goals to which it is directed.
• Identify links between different types of entrepreneur, and approaches to entrepreneurship, and Part One chapter themes (e.g. marketing, operations and finance).
• Appreciate how research can add to our understanding of entrepreneurial activity in a range of different contexts.
• Consider the practical implications whether you are thinking about, or have already embarked on, an entrepreneurial career.

2.1 INTRODUCTION

This chapter examines some of the varied ways in which entrepreneurship is practised around the world. In the Part Two chapters, we will be taking a more detailed look at the causes and consequences of these differences, but for the moment we will focus on the main types that you are likely to encounter in the
course of your studies and note some of the ways in which they differ from one another. We will also consider the practical implications of these differences and how they link to topics addressed in the Part One chapters, from shaping a vision for your venture (Chapter 3), to finding the right people (Chapter 5), or organising your marketing (Chapter 6), operations (Chapter 7) and financing (Chapter 9).

One of the potential benefits of an entrepreneurial career is that you can, within limits, make some choices about the kind of venture you are creating. This chapter might also help you to start thinking about the choices that are open to you, whether it is about deciding on the kind of opportunity you want to pursue (Chapter 4), or the kind of organisation you would like to create. Eileen Fisher, the entrepreneur who is quoted at the beginning of this chapter, established her premium clothing brand in the United States in 1984 with just $350 in start-up funding (Close 2015). This successful multi-million dollar business has a distinctive social mission, which reflects the values of its founder:

‘For the last 30 years, we’ve been united in our efforts to support the environment, human rights and initiatives for women and girls – and we believe that this work is becoming more and more important. Our pledge in 2017 is to expand our activism and outreach, to lend our voices, to help empower and protect. WE PROMISE TO: Do all we can to empower women and girls – we believe the future depends on it; Double down our efforts to support human rights and the fair treatment of all people; Protect our limited natural resources, fight climate change and help shift the fashion industry toward sustainability; Respect and honor differences in gender, age, race, ethnicity, sexual orientation and political views. Now more than ever we believe it’s time to reach out, speak up and stand together.’ (Eileen Fisher 2017)

We begin by taking a look at some of the different types of entrepreneur that you are likely to encounter (Section 2.2), before considering some practical examples of entrepreneurial variety in greater detail. In Section 2.3 we examine national and cultural differences, with a particular focus on immigrant and ethnic minority entrepreneurship. Section 2.4 looks at the differences between what is termed ‘replicative’ and ‘innovative’ entrepreneurship, and includes a special feature on the resurgence of entrepreneurial activity in modern China. Section 2.5 concludes our review with an introduction to social entrepreneurship.

### 2.2 Different Types of Entrepreneur

There are many different types of entrepreneur and the terminology can sometimes be confusing. We have selected nine of the more common categories to review in this section.

**Corporate entrepreneur / intrapreneur**

These terms are both used to describe someone who acts entrepreneurially inside an existing organisation, which may range from a medium-sized firm to a large corporation, government agency, or charity. The constraint of operating from within an organisational hierarchy, rather than being free to act independently, is the key feature that distinguishes corporate entrepreneurs / intrapreneurs from other entrepreneurs. Some organisations actively encourage corporate entrepreneurship / intrapreneurship as a way of promoting innovation and adaptability. There are strong parallels...
between this role and that of ‘product champion’, which is a term sometimes used by innovation researchers.

E-preneur

This term has been derived from the wider use of the letter ‘e’ to refer to ‘electronic’ (as in ‘email’ and ‘e-commerce’). It is used to refer to the growing number of people who run businesses that depend entirely on the Internet. With the proliferation of Internet-based businesses, it now represents a very broad category, and could include anyone from the owner of a large online retailing empire to a self-employed person using an online shopping platform (such as eBay.com or Etsy.com) to sell specialist products from home.

Ecopreneur

This term has become popular as a way of describing entrepreneurs who establish ventures, or introduce new initiatives with the aim of tackling specific environmental problems. In practice, this can mean a wide variety of activities, ranging from a small, community-based enterprise selling organic fresh produce to a large commercial business operating in a low-carbon industry sector, such as the manufacture or installation of solar photovoltaic (PV) panels.

Lifestyle entrepreneur

This term is normally used to describe a person who has set up a small business in order to pursue a personal interest such as a craft (e.g. a pottery studio) or a sporting activity (e.g. horse-riding holidays). It is sometimes seen as a negative term, with the same kind of implied criticism as for ‘hobby’ farmers. The term refers to the idea that this type of entrepreneur prioritises quality of life over other common motivations for running a business. They might want to achieve a reasonable level of income from the venture, but are not actively pursuing purely commercial goals such as growing it into a much larger business, or securing large (or short-term) financial returns.

Portfolio entrepreneur

This term refers to someone who operates several different ventures at the same time. There are different types of portfolio entrepreneur. They can range from extremely wealthy owners of multiple businesses to much less prosperous people, often based in remote rural areas, who engage in several different small enterprises in order to reduce risks and to maintain an income when local markets, or economic conditions more generally, are depressed or uncertain (note the distinction between this term and the ‘serial entrepreneur’).

Rural entrepreneur

This term refers to people who create or operate businesses in the countryside. It is sometimes used in a more restricted way to focus on the traditional rural industries, such as agriculture, forestry, food manufacturing, and rural crafts. However, the term is also used to refer to those running a variety of businesses that happen to be located in a rural area. It can also be difficult to define the geographic boundaries of rural businesses (e.g. does it include an entrepreneur whose business is located in a village
that is on the fringes of a large city, or someone based in a remote rural location who spends much of their time doing business internationally?).

**Serial entrepreneur**

This term refers to someone who sets up several different ventures over a period of time, often reinvesting profits from the sale of an existing business in order to finance a new one, sometimes in an entirely different field of activity. This pattern may reflect the entrepreneur’s preference for creating new ventures rather than managing larger established businesses (note the distinction between this term and the ‘portfolio entrepreneur’).

**Social entrepreneur**

This term is normally used to identify the founder(s) of a social venture, or someone who initiates a larger programme of social change. The distinctive feature of this type of entrepreneurship is that the primary purpose is to address social or environmental problems rather than simply to achieve commercial goals. This suggests a number of differences, including the values involved, how people understand concepts such as entrepreneurial ‘opportunity’, and the way that organisations are run. There has been a lot of interest in social entrepreneurship in recent years and this has generated many competing definitions, which we will revisit in Section 2.4 and in subsequent chapters.

**Technology entrepreneur**

This term typically describes a person who has founded a new venture in order to develop some form of advanced technology, most commonly in industry sectors such as information and communications technology (ICT), biotechnology, nanotechnology, and other applied sciences. This kind of entrepreneurial activity is often very fast-moving, as a result of new scientific discoveries and often intensive international competition, and is also associated with technological innovation. Governments around the world see technology-based entrepreneurship as an important source of economic growth as well as offering possible solutions to major societal challenges. Technology entrepreneurship is examined in more detail in Section 2.4 and remains a strong theme throughout the book – look out for the ‘Innovation focus’ features in the Part One chapters.

It can be helpful to identify particular categories of entrepreneur, and you can probably see how each has a few distinctive features. However, when you start to investigate particular entrepreneurs it is also important to recognise that people may not necessarily fit neatly into one of these categories. In practice, the definitions are blurred and often overlap. For example, someone might be based in the countryside (rural entrepreneur) but running several web-based businesses (technology and portfolio entrepreneur). You may also come across some more informal, and generally less helpful, variants such as ‘kidpreneur’ (for very young business founders) and the problematic term, ‘mompreneur’ (Krueger 2015).

So how do you begin to decide what kind of entrepreneur you would like to be – or whether this is really the direction you want your career to take? In Case 2.1, we follow James as he considers the options.
CASE 2.1

Decisions: James’s challenge video

In this challenge video case, James is reviewing his options for employment or new venture creation following his MBA: (a) apply for corporate positions; (b) create a new luxury tourism venture; or (c) relaunch property development business. Watch the video and decide which option you think James will choose. You might find it useful to discuss the case with friends or colleagues before deciding. Please note that lecturers can have access to the reveal video, which reveals the actual decision taken by the entrepreneur.

Source: This video case is primarily based on an interview with James by Nigel Lockett.

In addition to the different types of entrepreneur discussed above, there are also different ways of categorising entrepreneurship. In the following sections, we discuss three of these types: immigrant and ethnic minority entrepreneurship (Section 2.3), replicative and innovative entrepreneurship (Section 2.4), and social entrepreneurship (Section 2.5). In reality, there are many more types that we will continue to explore in the Part One and Part Two chapters. For example, there is a great deal of interest in gender and the experiences of women as entrepreneurs, a theme that was illustrated by the Eileen Fisher brand in the opening section of this chapter and that we will revisit in later chapters.

2.3 IMMIGRANT AND ETHNIC MINORITY ENTREPRENEURSHIP

Peter Vandor and Nikolaus Franke (2016) asked an interesting question: what do Arianna Huffington (The Huffington Post (now HuffPost), Thrive Global), Elon Musk (Tesla, SpaceX), and Sergey Brin (Google) have in common? They then pointed out that, apart from being successful entrepreneurs, they share one distinct characteristic: extensive cross-cultural experience. Arianna Huffington grew up in Greece, studied in Cambridge, the UK, and moved to the USA in her thirties. Elon Musk was born in South Africa, and studied in Canada and the USA before pursuing his entrepreneurial career in Internet and renewable energy. At the age of six, Sergey Brin emigrated from the former Soviet Union to the USA, where he studied mathematics and computer science before becoming an Internet entrepreneur. These immigrant entrepreneurs represent an interesting phenomenon – ‘the most entrepreneurial group in the U.S. wasn’t born in the U.S.’ (Bluestein 2015). Over 25% of new businesses in the USA are set up by immigrants although they account for only about 13% of the population (Bluestein 2015). In the high-tech sectors, about 25% of the high-tech firms in Silicon Valley in the 1980s and 1990s were founded or being run by immigrants (Saxenian 2002). Extending this study, Wadhwa et al. (2007) analysed firms in the rest of the country and other industries in 1995–2005 and found a similar percentage of immigrant-founded firms. Indeed, it is evidence that the rates of business ownership are higher among immigrant entrepreneurs than natives in many developed countries, including the USA, the UK, Canada, and Australia (Bluestein 2015).

Entrepreneurship scholars are interested in to what extent immigrant and ethnic minority entrepreneurship is distinctive from mainstream entrepreneurship and why it is distinctive (Deakins et al. 2003). Wang and Altinay (2012) summarised two main schools of thought on this issue. One school of thought looks at immigrant
and ethnic minority entrepreneurship from the culturalist perspective, and argues that ethnic minority entrepreneurs and their businesses are intrinsically intertwined in their family and co-ethnic networks in which individual behaviour, social relations and economic transactions are shaped by the cultural heritage (Aldrich and Waldinger 1990). For example, Wang and Altinay (2012) found that Chinese and Turkish ethnic minority small businesses’ entrepreneurial orientation (i.e. proactiveness in the market, risk-taking, and innovativeness) is positively associated with their access to co-ethnic products and suppliers of utilities and facilities. This means that being embedded in their own ethnic community brings about new opportunities for ethnic minority enterprises. Moreover, ethnic minority entrepreneurs manifest a ‘self-help’ ethos and culture, that provides an impetus for them to start up own businesses (Werbner 1994; Basu 2004).

Another school of thought looks at immigrant and ethnic minority entrepreneurship from the structuralist perspective (Mulholland 1997; Ram and Jones 1998; Virdee 2006). Scholars in this camp argue that ethnic minorities start up their own businesses not because the unique advantage associated with their ethos, culture or embeddedness in the ethnic community, but because self-employment is one of the most effective strategies for ethnic minority individuals to pursue upward socio-economic mobility (Glazer and Moynihan 1963; Modood 1997). Self-employment may be the only alternative for ethnic minority people who are disadvantaged in the mainstream labour market due to structural barriers (such as racial exclusion and discrimination) and blocked mobility arising from skill deficiency (Zhou 2004). In other words, self-employment is ‘more a confirmation of subordinate status than an escape from it’ (McEvoy et al. 1982: 10). In this case, self-employment is not necessarily a manifestation of entrepreneurial spirit, as owners of many small businesses (such as takeaways or corner shops) show little ambition for or potential of business growth. Therefore, it is worth noting that immigrant and ethnic minority entrepreneurship is not all about the glory of fast-growing enterprises typically associated with immigrant entrepreneurs in the high-tech sectors in the Silicon Valley; it is also about the struggle of micro or small business owners who work hard for a living.

The culturalist and structuralist perspectives together help to understand the motivations of immigrant and ethnic minority entrepreneurship. Structural barriers in the socio-economic context form a ‘push’ factor, and ethno-cultural resources are a ‘pull’ factor (Jones et al. 1985). Consequently, scholars argue that it is the two factors together that give rise to immigrant and ethnic minority entrepreneurship: the ethnocultural resources provide the means for entrepreneurship, and the labour market disadvantage provides the motive (Waldinger et al. 1990).

2.4 REPLICATIVE AND INNOVATIVE ENTREPRENEURSHIP

We talked about entrepreneurs, such as Sergey Brin and Elon Musk, but we also mentioned entrepreneurs who set up businesses such as takeaways, corner shops, dry cleaners and grocery shops. There are vast differences between their motives of, and approaches to, entrepreneurship. Indeed, there are many faces of entrepreneurship, and not all entrepreneurship is the same. William Baumol (2010) particularly distinguishes two types of entrepreneurs who engage in different entrepreneurial activity in an economy: innovative entrepreneurs who create something new, such as a new technology, a new product, or a new business model) and commercialise it in the marketplace; replicative entrepreneurs who set up businesses mimicking tried-and-proved business models to sell existing products to existing markets. Figure 2.1 illustrates
these differences: the team that designed and marketed the Brompton folding bike provides a good example of innovative entrepreneurship, while the owner-manager who runs The Corner Deli could be described as a replicative entrepreneur.

Innovative and replicative entrepreneurs possess different characteristics and personal traits (see Chapter 11) as well as cognitive and learning styles (see Chapter 16). Joseph Schumpeter wrote extensively about innovative entrepreneurs. He described innovative entrepreneurs as ‘creative destructors’ – those who act as destabilising influences in an economy, and their creation – a new technology, a new product, or a new business model triggering ‘creative destruction’ that disrupts the existing economic or industrial structure and creates a new industry or a new industrial structure through innovation (Schumpeter 1942). Amazon is an example of innovative entrepreneurship, and has transformed the book publishing and retailing industry.

In its early days, Amazon revolutionised the distribution and retailing of books from traditional physical bookstores to online retailing. As a result, many small bookstores and even large ones closed. Borders Group was one among many victims of this industry disruption. In 2010, Borders ran over 500 superstores in the USA, and employed over 1000 staff across its UK bookstores before they went into administration towards the end of December 2010. Amazon also introduced a number of new initiatives and business models to transform the way in which books are published. According to figures provided by Forbes (Mitra 2008), in traditional book publishing, retailers take about 50% of the retail price of a book, followed by agents that take 15–20%, and book publishers that take up to 20%. Authors only get less than 10% of the retail price of a book. One of Amazon’s initiatives was to cut out the middlemen (publishers and agents) and directly engage with authors. To achieve this, it acquired BookSurge, a print-on-demand company (later to be known as CreateSpace), and Mobipocket.com, an e-book software company in 2005. In the same year, it launched the e-book reader Kindle. By cutting out the middlemen, Amazon increased its retailer’s share from 50% to 65% of book revenues, and offering 35% to authors (Mitra 2008).

In contrast, replicative entrepreneurship is aligned with Israel Kirzner’s theory of entrepreneurship: entrepreneurs have flashes of insights that enable them to spot opportunities in the market (Kirzner 1973) – opportunities of arbitrage to profit from price discrepancies in the market tending toward eradicating such discrepancies (von
Mises 1949). In other words, replicative entrepreneurs act as efficient coordinators of resource usage in an industry or an economy, rather than creative destructors in innovative entrepreneurship.

Replicative entrepreneurship makes up a large segment of the economy and serves a growing population. A main contribution of replicative entrepreneurship is job creation, primarily through self-employment, such as in the case of China (Kelley et al. 2016) (Case 2.2).

CASE 2.2

Chinese entrepreneurship

China took over from the USA to become the world’s largest economy in size in 2014, according to the International Monetary Fund. This phenomenal growth was achieved in just three decades since China’s economic reform in 1978. From the early 1980s to the mid-1990s, China’s growth was largely attributed to rural industries – the township and village enterprises; it is only since the late 1990s that China’s self-employed private entrepreneurs have been the key drivers of growth (Yueh 2008). The rise of private entrepreneurship was brought about by the restructuring of state-owned enterprises in the mid-1990s. The guaranteed lifetime employment system broke down, and there were massive layoffs by the state-owned enterprises. This, among many other institutional and cultural changes, made state-owned enterprises less attractive as a career choice, and kick-started private entrepreneurship in China.

Today, China has become a very entrepreneurial country. The Global Entrepreneurship Monitor’s (GEM) 2015/2016 Global Report (Kelley et al. 2016) ranked China very favourably among the 60 nations surveyed by the GEM, in the areas of entrepreneurial intentions, total early-stage entrepreneurial activity, women entrepreneurship, job creations by entrepreneurial firms, and high status given to entrepreneurs.

However, China is not yet an innovative economy. According to the Global Competitiveness Report 2015–2016 (Schwab 2016), China remains in the league of efficiency-drive economies. The growth of Chinese economy has been largely fuelled by investment, low wages, and urbanisation until recently (Schwab 2016). In this institutional context, China’s private entrepreneurship primarily engages in replicative activities – competing on costs, rather than innovation. Even high-tech firms are mostly just copycats of firms in the Silicon Valley: Baidu was a replica of Google, and Tencent a copy of Yahoo!

Some call this ‘catch-up entrepreneurship’ (or replicative entrepreneurship), as opposed to frontier entrepreneurship (or innovative entrepreneurship) (Huang 2010). This viewpoint coincides with the GEM findings: a main contribution of China’s
entrepreneurship is job creation. Indeed, China ranks fifth out of 60 countries surveyed by the GEM, in terms of job creation. Catch-up entrepreneurship thrives in China, within the constraints of its institutional environment – a stable political system that delivers basic infrastructure.

To give a flavour of China’s replicative entrepreneurship, we look at the entrepreneurial journeys of two Chinese entrepreneurs, Mr Zhang and Ms Li, who both set up their own technology-based firms in the mid-1990s in Beijing.

**MR ZHANG AND SPINALFIXTURE**

Mr Zhang is a retiree entrepreneur. Following an early retirement from a state-owned aerospace organisation with secure pension and benefits, Mr Zhang set up SpinalFixture in 1996 in Beijing. SpinalFixture focused on adapting foreign bone fixture technology to the requirements of Chinese patients. Since its start-up, SpinalFixture pursued organic growth through self-finance. In early 2000s, facing increasing market pressure due to price-based competition, SpinalFixture focused on increasing efficiency and capacity. To achieve this, it moved into a large rural site in 2005, and transformed its ad-hoc workshop-style management to a formal, functional management structure to achieve efficiency and standardisation. However, since 2009 SpinalFixture faced intensified domestic competition in the low-end market and international competition in the high-end market, and the Founder realised that the opportunity lay in the mid-range domestic market. However, SpinalFixture needed to improve its research and development (R&D) capability, develop an entrepreneurial mindset and break down ‘organisational silos’ caused by functional management in order to create an innovative culture. The Founder wanted to transform SpinalFixture into an employee-owned organisation with effective reward systems for innovation.

**MS LI AND LIVERPHARMA**

Ms Li is what we call a returnee entrepreneur. She was a doctor in a state-owned hospital in China, before her departure to pursue a Master of Public Administration in the US. On her return to China, she was dissatisfied by the control in state-owned hospitals, and decided to quit her secure medical profession to set up LiverPharma with the help of her husband, a renowned doctor specialising in Hepatitis B. Unlike SpinalFixture, LiverPharma could not pursue organic growth due to high R&D investment (about 50% of sales annually) required for developing its technology. This was exacerbated by the lack of external finance due to the immature capital market, and the lack of government support for private enterprises in China. Consequently, LiverPharma in parallel developed over-the-counter skincare products through licensing-in technology from a state-owned hospital; its revenue was re-invested in the research and development (R&D) of Hepatitis B. Compared with its peers, LiverPharma had strong R&D capability and a culture that respected learning.

**MR ZHANG AND MS LI’S LEARNING JOURNEYS**

Their prior knowledge, skills, and experience accumulated over decades of working in state-owned organisations were instrumental to the identification of their business opportunities. For example, Mr Zhang said:
I have expertise in designing aerospace products using titanium, the same mate-
rial for bone fixtures [...] However, I didn’t have medical knowledge, so I informally 
learnt medical knowledge from experts, and combined such knowledge with my 
engineering knowledge of aerospace design with titanium accumulated over the 
past 30 years.

Their social networks, including family members, close social groups (e.g. friends and 
ex-colleagues), and wider expert communities, provided much needed information, 
advise and support. For example, Mr Zhang and Ms Li recalled:

After I took early retirement, I talked to the Head of a [state-owned] hospital, who is 
a friend of mine. He told me that there was a good opportunity to develop bone 
fixtures. [Mr Zhang ]

He [the co-founder] travels a lot, giving lectures and seminars, attending 
conferences, and training people and doctors [...] He could always find new infor-
mation from Internet, books, or other sources [...] He is my teacher providing us 
information. [Ms Li]

Finally, both Mr Zhang and Ms Li spent years pondering over their business ideas, 
and preparing themselves for the right moment to start their own businesses. Ms Li 
provided a good example of how she and her co-founder worked secretly on their own 
project while being employed by a state-owned hospital:

I presented a paper on Hepatitis at a US conference [in 1983], and it was very well 
received [...] During the coffee break, someone [a leading international expert] 
approached me and asked me to carry on with my research... He also invited me 
to collaborate with him on his [Hepatitis] technology [...] I promised to work on it. 
However, when I got back to work, the Head of the Hospital did not allow me to work 
on it. I was furious and hurt, shouting at him and also banging the table [...] Later 
on, I informally and secretly worked with a colleague on the project.

Both Mr Zhang and Ms Li’s entrepreneurial experiences entail a great deal of learn-
ing within China’s institutional constrains. Their experience may not be shared by the 
new generations of entrepreneurs, who have shown more creative flare and readiness 
to compete head-on with the world’s biggest high-tech names, such as Apple and 
Samsung (Thompson 2016).

QUESTIONS

1. How did the entrepreneurs above prepare themselves for setting up new 
ventures?
2. What factors were influential to the identification of entrepreneurial opportunities?
3. How did China’s institutional environment shape the entrepreneurs’ learning 
experience?

The case was written by Catherine Wang. It contains an extract from a case study 
written by Wang et al. (2014). The entrepreneurs are anonymised for confidentiality 
purpose.

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Both innovative and replicative entrepreneurship are important to an economy, despite having different approaches to economic value creation. In Case 2.2, we can see how Mr Zhang’s business idea was based on adapting foreign products and technology for Chinese patients – an example of replicative entrepreneurship. Similarly, Ms Li’s business idea was to develop a Hepatitis B diagnosis and treatment for Chinese patients. Although it required a higher level of R&D investment compared with that of Mr Zhang’s idea, the business was not a radical departure from existing technology.

2.5 SOCIAL ENTREPRENEURSHIP

Social entrepreneurship has really struck a chord with many entrepreneurs who are keen to combine their passion for a social mission with an image of business discipline, innovation and determination in their ventures (Dees 1998; Short et al. 2009; Stephan et al. 2015). The phenomenon of social entrepreneurship has received much attention over the past two decades, but its practice can be traced back to much earlier social initiatives. Among the many renowned social reformers and innovators of the nineteenth and twentieth centuries, Florence Nightingale (1820–1910) is often mentioned as an example of what we would now term a ‘social entrepreneur’. She not only revolutionised nursing and pioneered new ways of presenting medical statistics, but also set up the first professional nursing school and transformed the way hospitals were built. Another example is John Muir (1838–1914), a conservationist who helped to establish the US National Park System and founded the Sierra Club, one of the first large-scale environmental conservation organisations in the world.

In more recent times, social entrepreneurship has become a vehicle for both government agencies and private foundations, such as Ashoka, Schwab and the Skoll Foundation, to support social initiatives and develop programmes to solve social problems, especially in disadvantaged or under-represented communities (Noruzi et al. 2010). The Ashoka Foundation was founded by Bill Drayton, an American entrepreneur, first in India in 1980. It now operates globally. Bill Drayton’s belief is that ‘the most powerful force for good in the world is a social entrepreneur: a person driven by an innovative idea that can help correct an entrenched global problem. The world’s leading social entrepreneurs pursue system-changing solutions that permanently alter existing patterns of activity’ (Ashoka 2016). Today, the Ashoka Foundation is a leading international organisation that identifies, empowers, trains, and connects social entrepreneurs, as well as investing in promising social enterprises for good causes. Arianna Huffington, the Founder of The Huffington Post, reminds us of the true spirit of social entrepreneurship as exemplified in Ashoka: ‘Bill Drayton emphasised to us [that] empathy is increasingly becoming our primary resource for dealing with the exponential rate of change the world is going through’ (Ashoka 2016).

In the UK, the rise of social entrepreneurship led to the creation of the Community Interest Company (or the ‘CIC’) in 2005. The CIC is a dedicated legal form for social enterprises. Stephen Lloyd, a former senior partner at Bates Wells Braithwaite, a London-based law firm, is credited with the creation of the CIC legal framework; he is described as ‘the father of CICs’ (BWB 2016). As of 2016, 11,922 social enterprises were formally registered as CICs, and over 2,700 new CICs were set up in 2015–2016 (Regulator of Community Interest Companies 2016). It is worth mentioning that
many more companies are run as social enterprises driven by social missions, but are not registered as CICs. According to BMG Research (2013) based on 2012 BIS Small Business Survey, there were 70,000 social enterprises in the UK employing about a million people and contributing £18.5 billion to the UK economy.

Social entrepreneurship is particularly attractive among women and ethnic minority communities. According to a five-year study of social enterprises in the UK, women and ethnic minority people are more likely to set up social enterprises (Khan 2008). About 38% of social enterprises have a woman CEO, compared with 19% of SMEs and 3% of FTSE 100 companies (Robert Half 2013). Social enterprises are twice as likely as mainstream SMEs to be led by an ethnic minority entrepreneur (Villeneuve-Smith and Chung 2013). Women and ethnic minority people, because of their background and experiences, are more likely to have empathy on social problems, and to be more motivated to find solutions to the problems.

As can be seen from these examples, the practice of social entrepreneurship is long-standing, and the social enterprise sector has made a considerable impact on both the economy and the society that we live in. Social entrepreneurship practice has inspired academic research, but many issues remain to be clarified. For example, social entrepreneurship remains a contested concept (Choi and Majumdar 2014). It has many competing definitions and no unifying conceptual work (e.g. Mair and Martí 2006; Certo and Miller 2008; Short et al. 2009; Hill et al. 2010). In fact, some scholars even question whether a universal definition is possible (Choi and Majumdar 2014). As a result, Choi and Majumdar (2014) argue that social entrepreneurship should be considered as a cluster concept – a conglomerate of several sub-concepts, namely social value creation, the social entrepreneur, the social enterprise, market orientation, and social innovation.

In reality, social entrepreneurship covers a wide range of practices – from corporate social entrepreneurship (Austin et al. 2006) to innovative activity with social intent in the for-profit sector or the non-profit sector (Dees 1998; Gras and Mendoza-Abarca 2013). If you are interested in finding out more about this increasingly popular type of entrepreneurial activity, Ridley-Duff and Bull (2015) is an accessible text, which reveals how social enterprises in different sectors engage in social and economic value creation.

Social enterprises face a variety of challenges. In contrast to charitable organisations that primarily rely on donations and grants, they need to maintain their core social mission while also building a profitable business model. Otherwise they would not be able to generate sufficient income to maintain their organisation or to invest in its future development (Dees and Anderson 2003; Certo and Miller 2008; Choi and Majumdar 2014). This combination of economic and social value creation is sometimes described as the ‘double bottom line’ of social enterprises. In those social enterprises that have a high concern for the environment, it extends to include a third objective – environmental sustainability and the ‘triple bottom line’ (Elkington 1997). Social enterprises’ success often depends upon their ability to satisfy the three-pronged fork of profitability, environmental quality, and social justice (Elkington 1997). Case 2.3, which reports on the performance of Community Interest Companies (CICs), a legal form that was created for social enterprises operating in the UK, summarises several key challenges and opportunities for social enterprises.
**CASE 2.3**

**Social enterprises: ten years on**

Community Interest Companies (CICs, pronounced ‘kicks’) are a legal form for social enterprises in the United Kingdom and by 2016 there were more than 12,000 CICs on the register of the Regulator of Community Interest Companies. The CICs sector saw phenomenal growth in the UK since it was created in 2005. This extract from a report for the regulator illustrates how social enterprises have contributed to both economic and social value creation. However, while celebrating the diversity and prosperity of the sector, the report also identifies several key challenges, as well as opportunities for the future.

**Honing business models for growth.** The past ten years have seen many social enterprises well established in their communities. Their challenge is how to scale up their businesses, especially given the resource constraints in the sector and the nature of personalised products and services highly tailored to the community needs. Social franchising has been brought to the table as a cost-effective way of growing a social enterprise and maintaining a personal touch. Social enterprises that are geared up towards growth would benefit from hands-on support on business models and development.

**Leveraging resources for the grassroots.** Many social enterprises operate on a very small scale, due to the nature of niche products or services and resource constraints, especially the difficulty of accessing finance. Resource bricolage enables grassroots social enterprises to cross the ‘valley of death’. In addition, the misperception of social enterprises as wishy-washy do-gooders remains among parts of the private and public sectors. Some social entrepreneurs feel that they have to work that much harder to establish themselves in a commercial world.

**Consolidating reputation and impacts.** Social enterprises need to balance the dual demands – doing good and doing well financially. There is a risk that commercially successful social enterprises may drift away from their social missions. Firmly steering the social mission at the very core of a successful business is key to cementing the reputation of social enterprises. There are also opportunities for successful social enterprises to take the lead in consolidating impacts that are fragmented at the grassroots level.

**Disseminating best practices.** There is scope for successful CICs to disseminate their business models and practices among the wider community – nationally and internationally, especially in developing countries that are in need of guidance on CICs. Opportunities are there for influential CICs to engage and lobby various stakeholders in both public and private sectors, to shape policy, practice and research, to attract talents into the sector, and to create a stronger impact of the sector.

Social enterprises’ pursuit of a social mission with a business-like discipline has inspired both private and public sectors. Public sector organisations have embraced the public–private partnership model to inject entrepreneurial energy. Private sector organisations have become increasingly committed to social responsibility. The B-Corporations initiative is a testament of this. The next ten years should see CICs build on their success into a new era of growth.
QUESTIONS

1. What are the main obstacles facing these community-based social enterprises?
2. What kinds of solutions are identified in this extract?
3. What other legal forms are used by social enterprises (you could conduct a quick web search to find two or three examples from other countries)?

Note: the text of this case is based on material originally published in the CICs Annual Report 2015–2016 by the Regulator of Community Interest Companies (Wang 2016).

We hope that the examples discussed in this chapter have given you at least a flavour of the many ‘faces’ of entrepreneurship that you are likely to encounter during your studies. We have also tried to highlight a few of the many ways that entrepreneurial practice can vary in different situations, as well as identifying some common themes.

Entrepreneurship research has flourished in the past three decades, resulting in a rich body of knowledge that we will be exploring in greater detail in later chapters. By way of introduction, Case 2.4 illustrates Professor Sarah Jack’s research on entrepreneurship in different contexts. You will find a series of these ‘Researcher Profile’ cases in Part Two of Exploring Entrepreneurship. Each chapter showcases the work of a leading entrepreneurship researcher, with a short biography followed by an informal discussion.

CASE 2.4 RESEARCHER PROFILE

SARAH JACK: EXAMINING ENTREPRENEURSHIP IN DIFFERENT CONTEXTS

Sarah Jack is both a Professor of Innovative and Sustainable Business Development at Stockholm School of Economics and a Professor of Entrepreneurship at Lancaster University. Previously, she worked at the University of Aberdeen where she gained her PhD. Her specific interests are in understanding the relationship between entrepreneurship and social context. She co-edited, Entrepreneurial Process and Social Networks: A Dynamic Perspective (Fayolle et al. 2016), which takes the view that entrepreneurship is a social process and creating a firm requires the mobilisation of social networks and use of social capital. She has been involved in various research projects, the most recent being a ‘Horizon 2020’ collaboration with partners from across Europe titled, ‘Social Innovation in Marginalised Rural Areas’, led by Professor Maria Nijnik of The James Hutton Institute, Aberdeen (SIMRA 2017).

In this interview, Sarah discusses her research interests around the relationship between entrepreneurial activity and the varied contexts in which it is located.

(Continued)
Why did you want to research in this area?

I have always been curious about how entrepreneurs operate in reality. When I embarked on my doctoral studies, I was given the opportunity to choose my topic. I found the link between entrepreneurs and social context fascinating. I grew up in the northern periphery of Scotland where my interests in the relevance of social relationships was formed. When I started my doctoral studies, it became clear little was known about entrepreneurship in rural areas. At the same time, there was a growing interest in trying to understand the impact of social context. Influenced by the work of Elizabeth Bott, Jeremy Boissevain, Mark Granovetter, Howard Aldrich, Bengt Johannisson, and Alistair Anderson, among others, I saw this as a real opportunity. I was very fortunate in working with Alistair Anderson. He encouraged me to explore my interests. Following the completion of my doctoral thesis, I continue to engage with these areas. My interests have also extended to include social innovation, social skills (Jack et al. 2017), social entrepreneurship (Steiner et al. 2008), and social incubation (Soetanto and Jack, 2013, 2016). I have always had an interest in entrepreneurship education and social context (Anderson and Jack 1999; Jack and Anderson 2008; Dodd et al. 2013; Lockett et al. 2017). More recently, I have been looking at entrepreneurship in the contexts of family business (Konopaski et al. 2015; Discua Cruz et al. 2012) and in Spain (Gil et al. 2016) and Finland (Leppäaho and Jack 2016), entrepreneurship in the contexts of Belarus (Ivy et al. 2014) and Alaska (Ivy et al. 2015), and the Syrian refugee crisis (Alkhaled et al. 2017).

How did you decide on your main research questions?

My approach has always been context matters and that to understand entrepreneurship, we should look at the context in which it takes place. What really interests me in all this is how context shapes entrepreneurship, the interplay between entrepreneurship and social context, and how entrepreneurship may actually shape context. Entrepreneurship is a contextual event and so the ideas of embeddedness, social capital, social bonds, and social networks play meaningful roles in the entrepreneurial process. Entrepreneurship is both shaped and influenced by context, and it is therefore critical to look at entrepreneurial matters in their context. I also believe that understanding the role of relationships and how those that exist between entrepreneurs and the communities with whom they engage can influence practice and outcomes, is important (McKeever et al. 2015). Entrepreneurship sustains communities over time and vice versa. This links back to my roots and growing up in a rural community where entrepreneurship and enterprise activity were very critical for survival. So, I suppose my research questions are developed through a real desire to extend understanding and contribute to the knowledge gaps which seem to exist in entrepreneurship research and their implications for policy, theory, and practice.
What methods did you use?
My approach has always been qualitative. For my doctoral thesis, I drew on ethno-
graphic techniques to understand the situations entrepreneurs encounter. I focus
on ‘why’ and ‘how’ questions and enjoy working with rich data and interrogating it,
working through the patterns and themes to the analysis to arrive at understanding.

What were your key findings?
A key finding is that entrepreneurship is a social process with economic outcomes.
I like to interrogate theoretical perspectives within the context of entrepreneurship,
Granovetter’s ideas about strong and weak ties being one example. I enjoy unpick-
ing processes to show the realities entrepreneurs face. Ivy et al. (2014) looks at
an emerging economy and the situations entrepreneurs face. It especially raises
questions about the applicability of applying Western-style concepts to other parts
of the world.

Were there any particular challenges in conducting these studies?
The type of work I do is challenging; you end up with lots of rich data to analyse and
interpret to extend understanding. You have to present it in a way which takes the
reader on the journey with you. This is critical but also difficult. I like to put as much
data forward as I can. Final presentations can look so neat and structured and really
hide the messiness (and joy) of working with qualitative data.

Where do you think research in this area needs to develop in future?
Current work excites me. I see entrepreneurship as offering a mechanism to
deal with some critical global challenges we face. How we move forward and use
knowledge to make a difference to the lives of people across the world is critical.
Entrepreneurship exists in many different ways and that is why we need to look at
it in the context in which it takes place. Only by doing so, can we really generate a
better appreciation of how and why it happens in the way it does. More ethnographic
work could help and looking at how social context and entrepreneurship come
together to build and sustain different forms of communities across the world is
interesting. Challenging a lot of the perspectives that have been developed and
which we currently work with, is critical to enhancing how we view and understand
entrepreneurship.

2.6 SUMMARY

• Entrepreneurial activity can be found in organisations of various kinds (e.g. a
  small entrepreneurial team founding a technology-based start-up venture, a social
  entrepreneur developing a new social enterprise, or a group of intrapreneurs
  developing new ventures within the boundaries of a large corporation).

• Entrepreneurial activity can also take place in different places and spaces (e.g. a
  remote rural community, a university science park, or a suburban garden shed).
  There are also differences in the kinds of entrepreneurship found in different
countries and regions.
VARIETIES OF ENTREPRENEURSHIP

- Entrepreneurs display a variety of motivations and their ventures are directed towards economic, social, and personal goals (e.g. launching an innovative pharmaceutical product, empowering young disabled people, creating a personal fortune for the founder).
- Entrepreneurs may engage in one or more types of entrepreneurship. For example, a technology entrepreneur is likely to engage in innovative entrepreneurship, but this activity might also be described as ‘social entrepreneurship’ if the primary aim is to address a social problem.
- It is important to recognise both the sources of variety in entrepreneurship and the consequences of pursuing different types of entrepreneurial activity. Understanding these differences can be equally valuable, whether you are a researcher, a practitioner (e.g. a consultant or financier), or a prospective entrepreneur.

Practical activities

1. Conduct a web search to find your own examples of at least five of the nine types of entrepreneur summarised in Section 2.2 and prepare short summaries. How far do your examples match the descriptions given in the chapter? Did you find any overlapping categories?
2. Refer back to the Chapter 1 activity ‘What does it take to be an entrepreneur?’. Select one type of entrepreneur and try to identify any additional requirements. For example, if you selected a ‘technology entrepreneur’ you might refer to technical expertise (or at least a capacity to understand and work with the relevant specialists).

Discussion topics

1. Rates of business ownership are higher among immigrant entrepreneurs and much higher than those of natives in many developed countries, including the USA, UK, Canada, and Australia (Bluestein 2015) (Section 2.3). How can we explain these differences?
2. Do you think it is more important for a government to promote innovative entrepreneurship or replicative entrepreneurship (Baumol 2010) (Section 2.4)? Give reasons for your answer.
3. We have categorised ‘social entrepreneurship’ as one type of entrepreneurship, alongside ‘rural entrepreneurship’ for example. Do you think this is appropriate, or is social entrepreneurship fundamentally different from the other types we have considered in this chapter?

Recommended reading

These readings address two important topics in entrepreneurship research and are recommended for anyone wanting to build on the material covered in this chapter. Recommended readings have been selected from leading Sage journals and are freely available for readers of this textbook to download via the Online Resources.

Within the small-business sector of ecotourism, entrepreneurs must balance competing goals pertaining to business objectives, lifestyle aspirations and, most importantly, sustainable environmental practices. This study reports how ecotourism eco-entrepreneurs perceive and manage these goals, consistent with concerns and motivations, based on semi-structured interviews of small business operators. The findings show that eco-entrepreneurs’ social and sustainable characteristics are critical to overcome financially challenging and complex operating environments while also delivering a desired lifestyle. As a business strategy, eco-entrepreneurs were found to deliberately maintain small, low-impact ecotourism operations consistent with identified eco-values.


This article explores the entrepreneurial motivations of women entrepreneurs in the United Arab Emirates. It analyses the impact of macro social forces and cultural values on the motivation for entrepreneurship and explores how post-materialism, legitimization and dissatisfaction theories may explain these motives. In-depth semi-structured interviews were conducted with local women entrepreneurs and analysed using an interpretive approach. The results illustrate how Emirati women entrepreneurs navigate the patriarchy of their society, socio-economic realities, and structural and attitudinal organisational barriers to construct and negotiate their entrepreneurial motivations.

References


VARIEDS OF ENTREPRENEURSHIP


Eileen Fisher (2017) ‘We have a history of living the values that have shaped us’. Available at: http://www.eileenfisher.com/values (accessed 25 January 2017).


**VVVARIETIES OF ENTREPRENEURSHIP**


VARIETIES OF ENTREPRENEURSHIP


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