Summary

Social entrepreneurship has become a buzzword over the past decade. We have seen a sharp increase in newspaper articles, academic studies and conferences on the subject, in addition to the emergence of two academic journals dedicated to social entrepreneurship. Entrepreneurship itself is often regarded as the engine to economic growth and the best way to, for example, improve the living conditions of the poorest in developing countries. Social entrepreneurship aims to address entrepreneurial and social goals simultaneously. Most of the extant research focuses on defining social entrepreneurship, describing its occurrence, and deducing characteristics from monographies on social entrepreneurial ‘heroes’, ranging from the individual who founded the Body Shop chain to the large NGOs that aspire to bring about change in developing countries by employing social entrepreneurship.

Despite the growing interest in social entrepreneurship, there has been little research on how social entrepreneurial behaviour can be stimulated, on the emergence of social entrepreneurs, or on the specific developments they go through to reach their goals. This thesis aims to describe and understand the dynamic process of emerging social entrepreneurship in order to facilitate the development of interventions that stimulate social entrepreneurial behaviour and to play a role in predicting its emergence. Our research took place in an environment in which social entrepreneurship is both very much needed and difficult to start, namely in rural areas surrounding the city of Jessore, Bangladesh. The main research question of this thesis comprises: ‘how can the emergence and development of social entrepreneurship in resource constrained environments be stimulated?’

Social entrepreneurship is a field in development and myriad definitions abound. In this thesis, social entrepreneurs are regarded as bricoleurs, people who make do with the resources at hand. Refusing to be constrained by the limitations of their particular environment, social entrepreneurs mobilize people in their networks to create value. From the start of their endeavours, social entrepreneurs have two parallel goals: creating value and addressing social challenges. Social entrepreneurs combine these goals, capturing part of the value created as personal income, to pursue both their entrepreneurial and social goals.
Conceptual model and study questions
As a conceptual model for the emergence and development of social entrepreneurship, we conceive an individual embedded in a resource-constrained environment where s/he needs to make do with the resources at hand to simultaneously pursue the goals of earning an income and addressing social challenges. While the individual and the environment dialectically influence each other, the individual, facilitated by an external party, goes through a transition phase and finally becomes a social entrepreneur. The theory indicates three processes that contribute to the eventual achievement of the social entrepreneur’s goals: network building, trust building and learning. The external party facilitates these three processes. This model guided the formation of study questions:

- How do social entrepreneurial networks develop over time and how does that influence entrepreneurial success?
- How does trust building develop over time and how does that influence entrepreneurial success?
- How do learning processes develop over time and how do they influence entrepreneurial success?

And, as we included an external actor in our conceptual model:

- How can a third party facilitate the transition to social entrepreneurship and how can it facilitate network building, trust building and learning processes?

Given that, to the best of our knowledge, there is no existing, replicable approach to develop social entrepreneurship and because we wanted to study the dynamics of social entrepreneurial development from the very beginning, we needed to create a setting in which people would start to become social entrepreneurs. This provided us with a unique perspective on the process of social entrepreneurial development: starting from before they were entrepreneurs, we followed people in real time, documenting all activities and their effects.

Methodology
We used a specific kind of action research, the Interactive Learning and Action methodology, to find and explore promising avenues for stimulating social entrepreneurship. A local NGO, PRIDE, was our partner in this research project. The iterative action research cycles covered a period of six years and involved designing a coherent series of interventions, applying them in practice, reflecting on their use, tailoring them to rural Bangladesh and re-applying them. In 2009, this culminated in the Social Entrepreneurial Leadership (SEL) approach that stimulates social entrepreneurship without providing financial incentives. Participants of the research programme are called Social Entrepreneurial Leaders (SELPs).
The effects of this SEL approach, and its influence on the dynamics of the processes of trust building, network building and learning, were then measured for two cohorts of SELs: those who started in 2009 and those who started in 2010. Data were obtained using diverse tools: individual and group interviews with SELs, the people in their entrepreneurial networks, their families, village council members and other people in the village; photovoice; a longitudinal monthly monitoring system; visits and field observations; mappings; and baseline and evaluation questionnaires. These data and their interpretations were discussed with all people involved and, in addition, with external specialists.

Results

The results are presented in two parts. **Part 1** (comprising Chapter 2) provides an extensive discussion of the SEL approach and its evaluation. The SEL approach starts with a reconnaissance of the entrepreneurial environment by the implementing organization, PRIDE, to study local challenges and opportunities. Prospective Social Entrepreneurial Leaders (SELS) are selected next, following local customs. Because the men who participated during the development of the SEL approach all stepped out of the programme (and had good reasons to do so), the SELs are all women. They are trained in income generating activities and start their first activities directly after the first training. At the same time, they start working on the social goal to reduce poverty by training the people in their villages to do the same activities for which they have been trained, thus helping their fellow villagers to improve their own situation. PRIDE also coaches the SELs in organizing people in their village, holding meetings and getting in contact with, for example, the village council and local businessmen.

Chapter 2 further describes the design of a framework to evaluate the SEL approach. The proposed framework is built on both practitioners’ experiences and the literature, and provides a tool to assess the outcomes of social entrepreneurship. It focuses not only on the financial outcomes but also on other outcomes: well-being, skill development and increased access to social networks and productive assets. The data show that the SEL approach has an effect on all categories measured: both the SELs and the people they work with reported an increase both in income and in social relations, gained increased access to land, learned new skills and knowledge, reported improved relations within their families and villages, and observed that their children were more attentive in school and were happier. We found that the SEL’s motivation to increase her own income served as an engine of the wider improvement in her community: the more the SEL helped the people in her network, the more income and status she earned. The provision of training and coaching to the SELs by an NGO that was well-embedded in the local environment proved to be sufficient impetus to initiate social entrepreneurship.

**Part 2** (comprising Chapters 3-6) then focuses on the three specific processes that were identified both in existing literature and during our action research, namely trust building,
network formation and learning. The 2009 and 2010 cohorts of SELs formed the research population that was used to analyse these processes in-depth. In Chapters 3 – 5, each of the three processes are studied from their own specific theoretical framework. Chapter 6 subsequently explores how the emergence and development of social entrepreneurship can be explained by existing theories.

Using the longitudinal data of the 2010 SELs to study network development, Chapter 3 maps the patterns of the growing networks and identifies several strategies used by both the SEL and PRIDE. The SELs start building their networks, primarily using affective ties and personal communication. PRIDE had an essential role helping the SELs use their personal ties for entrepreneurial activities, and connecting the SELs with people outside their own personal networks, such as businessmen and the village council. Network formation accelerates after the first entrepreneurial success when more and stronger relations are formed, not only between the SEL and people in her network but also between network members. The denser and the stronger these relations become, the more resources are accessible to the network members for creation of new social entrepreneurial opportunities. These entrepreneurial networks also led to a decrease in the social inequality between the poorest and their fellow villagers because as a collective of network members, the poorest were able to voice their concerns. Besides offering new pathways to social entrepreneurial development, this chapter highlights two findings that appear to be at odds with extant theories. First, in our research setting a network of dense horizontal connections with peers appears to provide added value to the SEL, where in corporate Western environments, a network of unique ties seems to bring more value. Second, the networks did not develop exclusionary mechanisms. While the first difference might be explained by differences in research settings, the latter finding remains unexplained as yet and represents an interesting topic for future research.

Chapter 4 explores both trust development in the SELs’ networks and how trust influences the SEL’s entrepreneurial activities. In the highly uncertain, low-trust environment of rural Bangladesh, the SELs gain trustworthiness and build trust by repeatedly going through a cycle that covers four trust domains. For every new entrepreneurial opportunity, they need to prove (1) their personal integrity, (2) their knowledge and skills, and to establish that (3) the product or service actually works and (4) that it has benefits for the customer. In the low-trust environment of Bangladesh, PRIDE’s presence and support were particularly important in generating credibility for the SELs’ newly acquired skills. The first cycle of trust building is the slowest; for every subsequent product or service, the cycle is accelerated.

As the SELs expanded their networks and activities, trust relations became more complex. Trust increasingly took the form of ‘reciprocated trust’ between the SEL and her network members, between network members and between the SEL and other relations like businessmen. This chapter highlights the fact that trust development in rural Bangladesh
differs from trust development in more regulated environments, such as in corporate Western settings. The SELs invariably start with establishing interpersonal, affective trust. Later in the process, trust can be delegated, which allows for the development of a form of ‘system trust’: the form that most studies on trust in regulated corporate environments take as a starting point. We hypothesize that also in these more regulated environments, the patterns of trust we found are applicable when studying developing entrepreneurship. The entrepreneur as a change agent inherently creates uncertainty and unpredictability and, thus, a situation in which existing norms do not apply. In these uncertain situations, interpersonal trust becomes more important.

Building on the assumption that entrepreneurial behaviour can be taught and learned, Chapter 5 frames entrepreneurship as a learning process and studies what interventions can be used to stimulate entrepreneurial learning. It shows that learning effects are strong when combining practical on-the-job training with more formal training. This chapter also provides evidence that learning occurs in two dimensions: a cognitive dimension which involves the acquisition of knowledge and skills, and an affective dimension involving learning about the self and the self in relation to others. Initially, learning processes were single loop: one-off events that either helped in, for example, copying a product from PRIDE and implementing it (cognitive dimension) or in feeling better about one’s self (affective dimension). Later in the process, people also start displaying double loop learning: recognising patterns and underlying values, and acting upon those. This becomes apparent, for example, by the SEL’s search for new entrepreneurial opportunities and the development of new organisational structures (cognitive dimension); and an increased self-awareness in relation to others which allows them to see their personal situation as something that can be altered (affective dimension). Teaching their newly acquired skills to other network members, the SELs instigate joint learning processes in their networks. The more confident, more outgoing SELs were able to create and exploit more entrepreneurial opportunities than their less confident peers. As in the previous chapters, it became apparent that the intervention of a third party was essential, particularly to start the double loop learning process that facilitates the creation of new entrepreneurial opportunities.

In search of a model that can illuminate the processes involved in the emergence of entrepreneurs, and that can help future research and the development of interventions, Chapter 6 explores the explanatory powers of Strong Structuration Theory (SST) with regard to the rise and development of nascent social entrepreneurs and their role as change agents. SST positions the SELs in their respective environments and focuses on how hampering and stimulating factors dialectically influence the SEL’s entrepreneurial behaviour. The theory is able to explain the emergence of entrepreneurs, their networks and activities, and how they slowly change their environments. It also explains the
difficulties the SELs experienced during the early phases of entrepreneurial development, and how a third party can help to resolve those.

SST does not, however, explain the observed differences in success between the SELs. SST claims to include an individual’s motives for change, but still mostly focuses on systemic processes. Based on the observation that the first entrepreneurial success leads to (1) a strong increase in self-efficacy and (2) an acceleration in network growth and an increase in IGA’s, we argue that when SST would be enriched with the psychological concept of self-efficacy, it would overcome this lack in explanatory power and might even be able to predict the emergence of social entrepreneurship. This calls for empirical experiments on adequately measuring self-efficacy. In its present form, SST does imply that large-scale interventions, such as changing policies and regulations, do not have the power to stimulate the emergence of new entrepreneurs although they might be able to help existing entrepreneurs. In rural Bangladesh, the emergence of new entrepreneurs requires small-scale interventions by a third party.

Discussion and conclusions
In addition to the conclusions and discussions in previous chapters, Chapter 7 reflects on the full period of action research and presents general conclusions. With regard to methodology, it discusses the need to re-evaluate some generally accepted tools for use in different settings, such as in rural areas of Bangladesh. The longitudinal data, partly collected even before the entrepreneurs started their activities, proved invaluable for our understanding of the entrepreneurial process. This allowed for a further refinement of the process of entrepreneurial development into three distinct phases: (1) prior to being an entrepreneur; (2) a transition phase; and (3) being a social entrepreneur which starts after a first entrepreneurial success. In each of these phases, processes of learning, trust development and network building have distinct characteristics. To effectively help emerging entrepreneurs, an external actor needs a sensitivity to their changing needs and a deep understanding of the context. In the first two phases, localised, small-scale interventions that include a combination of practical learning and training, effectively help entrepreneurs to achieve their first successes. Higher level interventions, such as changing policy or regulations, only become effective after the social entrepreneur has emerged.

All chapters found two ‘realms’ in which the SEL approach was effective: a cognitive realm (consisting of, for example, cognitive trust, entrepreneurial network ties and learning skills) and an affective realm (affect-based trust, affect-based ties and learning to reflect on one’s self-efficacy). These findings suggest that, in order to be effective, programmes designed to stimulate social entrepreneurship should incorporate interventions in both realms – not just in rural Bangladesh, but also in the more regulated Western societies. In these Western societies, it is fast and effective to initiate, for example, inter-company relations based on system’s trust. Building affective relations would only slow down the process. However,
social entrepreneurship, by its very nature, creates change and uncertainty; two elements that cannot be described in regulations. In this inevitable, uncertain situation, we argue that the affective realm becomes more important. In addition, we argue that the philosophy of the SEL approach which intrinsically and simultaneously develops the individual entrepreneur and her environment can also be applied to corporate business in Western contexts, and would enhance value for both for shareholders and society.