Social Entrepreneurship in the Sustainable Food Movement

“The food movement [...] may be able to create just the sort of political and social transformation that environmentalists have failed to achieve in recent years. That would mean not only changing the way Americans eat and the way they farm — away from industrialized, cheap calories and toward more organic, small-scale production, with plenty of fruits and vegetables — but also altering the way we work and relate to one another. To its most ardent adherents, the food movement isn't just about reform — it's about revolution.” (Walsh, 2011).

1. The Rise of Entrepreneurship as a tactic in the Sustainable Food Movement

The sustainable food movement has been characterized in the popular media as a “big, lumpy tent” that coalesces around “the recognition that today's food and farming economy is ‘unsustainable’ — that it can't go on in its current form much longer without courting a breakdown of some kind, whether environmental, economic, or both” (Pollan, 2010). Policies and organizations that make up the movement have increasingly promoted socially and environmentally-motivated entrepreneurship as a strategy for change.

The 2008 Farm Bill created the Healthy Urban Food Enterprise Development Center to support food enterprises that aim to increase access to healthy, affordable, locally sourced foods to underserved communities (CSREES 2009). The USDA’s Community Food Projects Program which aims to “meet the food needs of low-income individuals [and] increase the self-reliance of communities in providing for the food needs of communities,” gives preference to proposals that “support the development of entrepreneurial projects” (NIFA 2010). A study that interviewed 37 urban and rural alternative food initiatives in California found that entrepreneurial programs dominated their activities (Allen, FitzSimmons, Goodman & Warner 2003). In the past five to ten years, a growing number of consultants
have emerged who specifically support sustainable food and agriculture business development\(^1\). At the same time, academics like Hamm and Baron (1999) have described small-scale microenterprises as “prerequisites for sustainable food systems” (p. 57). Donald & Blay-Palmer (2006) come to a similar conclusion in their analysis of a 5-year study on food enterprises in Toronto. Based on extensive content analysis and key informant interviews, they find evidence that alternative food capitalism in Toronto offers an opportunity for change towards a more “socially inclusive and sustainable urban development model” (Donald & Blay-Palmer 2006, p.1902).

Despite growing momentum on the ground, and a general golden glow around entrepreneurship and entrepreneurs, researchers have yet to critically examine entrepreneurship in the sustainable food systems movement. Herein lies an untapped opportunity to develop more effective theories on how and to what extent and in what forms entrepreneurship is a useful strategy to move us toward a more healthy, more sustainable food system. As Donald & Blay-Palmer point out,

> The strength of the firm-centred approach is in its ability to understand better the complex multidimensional and multi-scalar interdependencies between, on the one hand, the internal innovative dynamics of firms and, on the other hand, the broader institutional – as well as social, environmental and cultural – setting within which we all operate. (Donald 2008)

Specifically, emerging theory about social entrepreneurship may provide a framework for developing useful hypotheses about the process by which individuals and organizations can produce social, environmental, cultural and economic transformation within the context of the goals of the sustainable food movement. As Peredo & McLean point out, if social entrepreneurship is a “promising instrument,” academic inquiry into its processes can produce knowledge for policy-makers and practitioners to inform effective legislative support, social policy, and best practices in development and management (2006, p. 57).

2. Divergent definitions from two strands of social entrepreneurship

Having emerged over the past 20 years, social entrepreneurship is a relatively young field of research, which is still in the process of developing consistent definitions and terminology (Mair & Marti, 2006; Peredo & McLean, 2006; Short, Moss & Lumpkin, 2009; Weerawardena & Mort, 2006). While some applied the term “social entrepreneurship” exclusively to the revenue-generating ventures of non-profits (Boschee, 2010), others have used it to reference for-profit ventures that commit to creating positive social value as part of business practice (Clark & Ucak, 2006). Still others argue that the term should be limited to describe processes that “bring to bear inspiration, creativity, direct action, courage, and fortitude” to affect widespread, sustained societal transformation (Martin & Osberg, 2007).

The lack of a unified definition has stymied the development of a structured field of academic research (Mair & Marti, 2006; Short, Moss & Lumpkin, 2009); on a practical level, it is also confusing for practitioners or policy-makers seeking to develop, encourage, or simply understand the concept. Yet the divergence makes sense in the historical context. Dees (2008) describes the origin of social entrepreneurship stemming from two schools of practice: the “Social Enterprise School” which emphasizes financial sustainability or self-sufficiency for social service organizations and the blurring of public, private, and non-profit sectors, versus the “Social Innovation School” which focuses on broad-scale shifts to social equilibriums through game-changing ideas. In the Social Enterprise school, a non-profit might develop a product or service unrelated to its core mission in order to fund its activities (think, for example, about Girl Scouts selling cookies). On the other side of the spectrum, a social entrepreneur, from the perspective of the Social Innovation school, need not incorporate any sort of market-based activity, but has introduced an innovative approach to creating or delivering social value that results in broadscale change.

2 See, for example, the introduction to Eggers & Yoon (2004).
3. Toward a unified definition

Table 1: Social Enterprise + Social Innovation = Social Entrepreneurship 2.0

<table>
<thead>
<tr>
<th>Origins</th>
<th>Primary Goal</th>
<th>Themes</th>
<th>Examples in the Food Movement</th>
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<tbody>
<tr>
<td>Social Enterprise</td>
<td>Operating a business venture and earning income to serve a social purpose.</td>
<td>Emphasizes financial sustainability and reduced donor dependence through market-based solutions; Willingness to blur sector boundaries; Bringing business skills to social sector.</td>
<td>Cabbages &amp; Condoms; Appalachian Sustainable Development’s Appalachian Harvest; COLORS Restaurant of Detroit; White Dog Café; Food from the ‘Hood; Revolution Foods;</td>
</tr>
<tr>
<td>Social Innovation</td>
<td>Establishing new a better ways of creating and sustaining social value.</td>
<td>Emphasizes sustainable social changes, rather than financial stability; Highlights entrepreneurial behaviors and traits, including pattern-changing innovation (creative-destruction).</td>
<td>Agricultural Extension Service; Food Corps; Fair Trade; Oklahoma Food Coop; Food Policy Councils;</td>
</tr>
<tr>
<td>Future</td>
<td>Embracing innovative ways to use business methods and markets to create lasting social value.</td>
<td>Not limited to a given sector and not bound by a culture of charity; Pragmatic, open to any methods or tools that get the job done, including [but not limited to] markets; Focuses on widespread and lasting social change.</td>
<td>COFED (Cooperative Food Empowerment Directive); DC Central Kitchen; The Intervale Center; La Cocina Kitchen Incubator; People’s Grocery; Common Market; Good Natured Family Farms; Finance for Food</td>
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(adapted from Dees, 2008)

A convergence between the two strands of practice in the past 5 years has led to hybrid models and broader conceptual definitions of social entrepreneurship that incorporate both the Social Enterprise and Social Innovation traditions. Second generation definitions of social entrepreneurship allow for a flexible definition of social value creation (SVC) which incorporates the dual goals of financial sustainability and sustained social change. These definitions highlight entrepreneurial processes such as opportunity recognition, innovation, risk-taking, and resourcefulness, and they tend to embrace a variety of organizational forms (for-profit, non-profit, public-sector, hybrids):

“First, we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations. Importantly, social
entrepreneurship, as viewed in this article, can occur equally well in a new organization or in an established organization, where it may be labeled “social intrapreneurship”. Like intrapreneurship in the business sector, social intrapreneurship can refer to either new venture creation or entrepreneurial process innovation.” (Mair & Marti, 2006, p. 2)

“Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”) (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.” (Peredo, 2006)

“We define social entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors.” (Austin, Stevenson & Wei-Skillern, 2006)

These definitions conceptualize social entrepreneurship as an approach or process rather than an end in itself (Austin, Stevenson & Skillern, 2006; Mair & Marti, 2006; Peredo, 2006; Thekaekara & Thekaekara; Weerawardena & Mort, 2006). Social entrepreneurship in itself is not the dependent variable (e.g. asking what factors lead to the emergence or persistence of a social enterprise); nor does it tend to stand alone as an independent variable (e.g. what is the impact social entrepreneurship on x). Rather, the dependent variable is Social Value Creation (SVC) and theory seeks to explain and predict how independent variables like founder characteristics, organizational processes, firm structure, and external programs or environmental forces like business incubators or access to capital influence SVC.

3.1 Application to Food Justice and Food Security

This unified definition makes sense in the context of the food movement. Food systems academics have noted that purely market-based or entrepreneurial approaches to food systems change (Social Enterprise model) may fail to address or may even exacerbate issues such as food security for the most vulnerable and racial and cultural injustice (Allen et. al., 2003). The contemporary conceptualization of social entrepreneurship broadens the potential for entrepreneurship by positioning
market-based enterprise as only one of a series of tactics. Critics of entrepreneurship as a food
movement strategy also suggest that a reliance on market and consumer-driven approaches to change
may encourage “individualized, depoliticized behavior” at the expense of attempts at structural change
(Donald 2008). While the updated definition of social entrepreneurship does not guarantee structural
change, it leaves open the potential for SVC in multiple categories (e.g. public health, civic engagement,
environmental sustainability, cultural diversity) at a variety of scales (e.g. individual, organization,
community, region, national, world). The degree to which social entrepreneurship in the food
movement leads to broad-scale, lasting change will depend on the degree to which specific structures,
process, and context (e.g. the organization’s mission or founders’ understanding of structural issues in
the food system) facilitates this.

In a working paper for the Skoll Center on Social Enterpreneurship, Thekaekara and Thekaekara
unpack the relationship between social justice, traditional models of development, and social
entrepreneurship:

“Economic improvement has to go with political empowerment [...]. It is in keeping with the
twenty-first century, where economics has overtaken politics. Social activists of the 70s have to
recognize this. On the other hand the more modern apolitical approaches to poverty rooted in
business models have to recognize that creation of wealth even if it is for the poor is not
enough. It has to be accompanied by the creation of power.” (p. 10).

Similarly, in her discussion of strategies to address hunger in the US, Allen (1999) argues that the new
Community Food Security approach requires a mix of “developing self-reliant food systems” (Social
Enterprise model) and “a political effort to achieve justice and equity” (Social Innovation model) (p.
127). An example of this is Good Natured Family Farms, an alliance of small growers in the Kansas city
area that markets and distributes a variety of products raised without pesticides, hormones, or sub-
therapeutic antibiotics. The founder of GNFF, Diana Endicott, has used the business as a platform to
develop programs that provide healthy, affordable food to low-income communities in Kansas City, to
work with employers to incorporate healthy food into employees’ health plans, and to advocate for
government support for mid-sized farms and regional distribution infrastructure.

Social entrepreneurship theory provides a way to understand how GNFF and other enterprises
in the food movement balance goals of financial sustainability and the pursuit of SVC.

3.2 SROI as a means of operationalizing the dependent variable, social value creation

Now that the field has started to converge on a common definition of social entrepreneurship,
the next challenge is in measuring the dependent variable, SVC. The emerging field of social return on
investment (SROI) attempts to tackle this challenge. SROI analysis (and its cousins, double-bottom line
methods, blended value accounting, and social-cost accounting) is both a process and an outcome used
to understand the environmental, social, and public economic value created by organizations in addition
to any financial benefits accruing to employees or owners (Olsen S. et. al. 2005). SROI is meant to be
used both by “investors, foundation program officers and policy makers to inform their capital allocation
strategies and decisions, and by managers to inform their projections, strategic planning and

SROI approaches have largely developed outside of the realm of academic research as a result of
foundations and investors looking for ways to measure the social impact of monetary investments.
Methods differ widely in terms of the data they collect to determine the inputs, activities, outputs,
outcomes, and impacts of a social enterprise (Clark et. al., 2004). They also vary in terms of applicability
to different stages of a venture process (startup, expansion, and maturity), purpose (screening,
partnership formation, management operations, etc.), and overall cost to implement (Clark et. al.,
2004).
An SROI working circle has begun to work on a common framework for SROI analysis, including a set of design principles and a list of ten activities involved in SROI calculation process: understanding goals for the analysis, identifying the organization’s stakeholders, determining the scope of analysis, analyzing income and expenditure, mapping the impact value chain, setting indicators and collecting data, creating projections, calculating social return, reporting, and monitoring (Olsen, et. al., 2005). The outcomes of SROI analyses are designed to be compared “when and if” the same measurement activities are undertaken.

To reconnect SROI with social entrepreneurship research, SVC could be measured in terms of what SROI calls “outputs” or in terms of overall “impact” (changes to social systems minus the results that would have occurred without the intervention or investment, see Figure 1) depending on the boundary and goals of the study. Yet measuring impact is difficult and the overall tension in impact-measurement in SROI is between feasibility and credibility. “In general, methods that are relatively inexpensive and easy to implement earned low credibility scores. Methods that produce more credible results are more expensive, take more expertise and a longer time to apply, and are sometimes infeasible in specific investment settings” (Clark et. al., 2005, p. 7).

Also, because SROI was mainly developed as a tool for funders, it focuses on quantifying social
return against financial investment (i.e. capital) and tends to give less consideration to other variables that might contribute to SVC that might be of interest to academic researchers such as management strategies or external context. In Clark et. al.’s overview of nine different SROI methodologies, only three methodologies score a three of three on applicability of the method to management operations while three were rated as not-at-all suited for guiding management operations.

4. The current state of research in social entrepreneurship

Given that it has only been in the past five or so years that a coherent definition of social entrepreneurship has begun to emerge, and given the difficulties posed in measuring the key elements of social entrepreneurship, it is not surprising that as of 2009, an analysis of 152 articles on social entrepreneurship concluded that the field of research “remains in an embryonic state” (Short, Moss & Lumpkin, 2009).

First, there has been little progress on developing formal propositions or hypotheses about how social entrepreneurship functions to create social value. Of the 152 articles Short, Moss and Lumpkin (2009) analyzed, the majority were conceptually rather than empirically based. Of the conceptual articles, only 6 were predictive (the rest were descriptive or explanatory) and of the empirical set, only 2 set out and tested hypotheses, and only 4 developed formal propositions or hypotheses based on grounded theory or case studies (2009).

To date, academic writing on social entrepreneurship to-date has tended to be normative, basing definitions on successful or exemplary social entrepreneurship “heroes” rather than seeking to develop theory that could describe both successes and failures (Short, Moss & Lumpkin, 2009, p. 166):

“Entrepreneurs and especially social entrepreneurs, are described in terms that emphasize the value of their contributions. The aim of the description is to celebrate their accomplishments and encourage others to emulate and/or support them.” (Peredo & McLean, 2006, p. 59)
A notable exception to this case is Twersky and Lanzerotti’s (2000) in-depth case analysis on three social enterprises that were dismissed from the Roberts Enterprise Development Fund, a venture fund specifically targeted at the development of social enterprise to create long-term employment solutions for hard-to-employ populations. This case gave some insight into specific management processes that might influence the success or failure of a social enterprise (success in this case is defined as continued support from REDF), including organizational willingness to balance social and financial bottom lines, makeup of the enterprise management team, and financial literacy (Twersky & Lanzerotti, 2000).

Despite these limitations, some researchers have begun to move towards developing specific propositions about social entrepreneurship, drawing from disciplines such as sociology, political science, organizational theory, management theory, accounting, and psychology, as well as developed from a grounded theory approach (Alvord, Brown & Letts, 2002; Mair & Marti 2006; Short, Moss & Lumpkin, 2009). The following chart briefly highlights some theoretical frameworks that may be most relevant to entrepreneurship in the food movement, breaking them down as Mair and Marti (2006) suggest into statements that deal with social entrepreneurs traits and motivations; those that deal with social entrepreneurship as a process; and those that deal with social enterprise structure and operations.
## Theoretical Framework

<table>
<thead>
<tr>
<th>Social Entrepreneur Characteristics</th>
<th>Citation/Article</th>
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<tr>
<td>A social entrepreneur’s previous experience, commitment to mission, and social network are correlated with a greater likelihood of success in meeting stated goals.</td>
<td>Sharir &amp; Lerner, 2006</td>
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<tr>
<td>A social entrepreneur’s “capacity to work with and build bridges among very diverse stakeholders,” “long-term commitment to the initiative,” and “capacity to catalyze adaptation to emerging contextual challenges” are related to social value creation, specifically widespread social change.</td>
<td>Alvord, Brown &amp; Letts, 2002</td>
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### Social Entrepreneurship – Process and Activities

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<tr>
<td>Social entrepreneurship creates social value by responding in innovative ways to market failure.</td>
<td>Austin, Stevenson, Wei-Skillern, 2006; Cohen, 2007</td>
</tr>
<tr>
<td>A social enterprise’s mission (and tensions between commercial and social dimensions of the mission) manifests in management and personnel motivation which leads to differing levels of social value creation.</td>
<td>Austin, Stevenson, Wei-Skillern, 2006</td>
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<tr>
<td>“Social entrepreneurship can be viewed as an overall abstraction of innovativeness, proactiveness and risk management within the constraints of environment, sustainability and social mission.” SVC = f (I, P, RM) subject to S; SM; E (See Figure 2 below).</td>
<td>Weerawardena &amp; Mort, 2006</td>
</tr>
<tr>
<td>“To deliver effectively on the SVP, the social entrepreneur must achieve a state of alignment both externally and internally among the key components of the framework, the opportunity, people, capital, and context.” (See Figure 3 below)</td>
<td>Austin, Stevenson &amp; Wei-Skillern, 2006</td>
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### Social Enterprise – Structure and Organizational Management

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<tr>
<td>“Social entrepreneurship initiatives that expand their impacts by organizational growth must invest in management, staff development, and monitoring and evaluation systems.”</td>
<td>Alvord, Brown &amp; Letts, 2002</td>
</tr>
<tr>
<td>Organizational structure: (non-profit, business, or hybrid) is related to particular returns, motives, and relationships to key stakeholders. (see Figure 4 below)</td>
<td>Dees, 2008</td>
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**Figure 2: Weerawardena & Mort's (2006) Multidimensional Model of Social Entrepreneurship**

![Multidimensional Model of Social Entrepreneurship](image1)

**Figure 3: Austin, Stevenson, & Wei-Skillern’s (2006) Social Entrepreneurship Framework**

![Social Entrepreneurship Framework](image2)
The “Social Venture Spectrum” illustrated in Figure 4 outlines a framework for understanding the range of organizations that might be involved in the sustainable food movement. I posit that most of the focus on “entrepreneurship” within the context of the sustainable food movement refers to organizations at the middle of this spectrum. Future research on these social businesses and social purpose businesses could draw from and continue to build on theories like those of Weerawardena & Mort’s (2006) which seek to explain the process by which these organizations seek to move us towards a healthier and more sustainable food system.
References


