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ABSTRACT

There is a need to rethink and redefine the social value added of entrepreneurial activities to society. In this paper we develop five pillars on which the evolving social role of entrepreneurship can rest and have its impact: (1) connecting entrepreneurial activities to other societal efforts aimed at improving the quality of life, achieving progress, and enriching human existence; (2) identifying ways to reduce the dysfunctional effects of entrepreneurial activities on stakeholders; (3) redefining the scope of entrepreneurial activities as a scholarly arena; (4) recognizing entrepreneurship's social multiplier; and (5) pursuing blended value at the organizational level, centring on balancing the creation of financial, social and environmental wealth. In a final section we discuss implications for practices and for further research.

Keywords: social entrepreneurship; blended value; hybrid organizations; sustainability

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CONTENTS

UNDERSTANDING THE SOCIAL ROLE OF ENTREPRENEURSHIP

The study of entrepreneurship has advanced significantly, showing greater research breadth, depth and rigor. Yet, research has left some fundamental questions answered unsatisfactorily. For example, *what is the best way to define the social role of entrepreneurship?* For some, this is a question that has been fully addressed; they view the value of entrepreneurship as creating and sustaining financial wealth. They also consider entrepreneurship to be a key plank of economic recovery; the engine of technological, economic and social growth. Entrepreneurs have introduced new technologies that have spawned countless industries, creating jobs and improving the social and economic conditions of nations (Audretsch, Keilbach and Lehmann, 2006; Baumol, 1986, 2010; Birch, 1979; McMullen and Warnick, 2015). Entrepreneurship has also improved the quality of life (Baumol, Litan, and Schramm, 2007; McMullen and Warnick, 2015). It is the engine that moves and sustains capitalism, and is universally accepted as a means of creating momentum for growth in developed, emerging and less developed economies.

Other researchers from various perspectives (Beaver and Jennings, 2005; Kets de Vries, 1985; Khan, Munir and Willmott, 2007; Steinmetz and Wright, 1989; Wright and Zahra, 2011), public policy makers, well recognized world leaders (e.g., the President of the US and the Pope) and even some successful entrepreneurs (e.g., Bill Gates and Warren Buffet) have sounded the alarm that entrepreneurship's potentially dysfunctional effects on society are not being carefully considered. Entrepreneurs may add to (and even create) problems that impair progress in their societies, often without assuming responsibility for addressing these issues. The consensus from these different perspectives is that we need to rethink and redefine the social value added of entrepreneurial activities to society.

Given these vastly divergent views, we hope to promote a conversation on the net value added of entrepreneurship by recognizing its significant social costs. Entrepreneurship is not always productive (Baumol, 1986). To begin this conversation, we propose that we need to strike an effective balance between gaining economic or financial “wealth” and enhancing the quality of life in a society (“social wealth”). Without the motive and opportunity to create financial wealth some may forgo entrepreneurial activities. Similarly, without attention to the needs of their communities and societies, entrepreneurs would fail to contribute to the common good—harming themselves and their societies. Because entrepreneurship takes place in independent ventures and existing companies (Westhead and Wright, 2013), such challenges apply to the roles of corporate and independent entrepreneurs. Defining this social role poses great challenges (and offer significant opportunities) for independent entrepreneurs who have the opportunity, ability and power to define the type of value they want to create and steer their ventures accordingly. Independent entrepreneurs are more apt to articulate social needs and decide how to address them and to use their own skills and resources to address these needs. As such, these entrepreneurs are the sense makers who define and pursue opportunities to improve social wealth without a mandate from stakeholders. This promotes a focus on the community and society, potentially curbing greed that afflicts some entrepreneurs. Similarly, corporate entrepreneurs also have bountiful opportunities to shape and guide their firms’ different initiatives and contribute to the public good while making profits and sustaining growth. They can shape their companies’ thinking about the social role associated with their entrepreneurial activities.

THE FIVE PILLARS OF THE SOCIAL ROLE OF ENTREPRENEURSHIP

Entrepreneurship research can be viewed as largely being concerned with five broad themes. First, who does entrepreneurship involve? This question is especially important given the growing variety of stakeholders involved in an entrepreneurial ecosystem, not just the individual entrepreneur (Autio, et al., 2014). Institutions and other companies, both new and established, are important to birthing and growing entrepreneurship. For example, new companies in energy-related industries have to deal with many established institutions and emerging ones, host of other companies and multiple stakeholders with competing interests and claims. The diversity of these groups and their multiple needs affect these new ventures' behavior and also shape the evolution of their ecosystems.

Second, what does entrepreneurial behavior involve? This question concerns the activities of entrepreneurs, which may be productive, unproductive or dysfunctional (Baumol, 1986). As Shane (2009) points out, a large portion of entrepreneurial activities takes the form of "petty self-employment" that is limited in productivity or economic benefits. Even though these activities may serve the needs of those individuals who otherwise may be unable to gain employment, they raise a legitimate question about the overall value added of entrepreneurship. This suggests a need to reflect on the significance of entrepreneurial activities and what actions are needed to make them happen.

Third, what format does entrepreneurship take? To date, research has largely focused on formal dimensions, notably independent start-ups or spin-offs, and various forms of corporate entrepreneurship (Fryges, and Wright, 2014), but entrepreneurship may also be informal (Webb et al., 2009). These informal activities occur in advanced as well as emerging and underdeveloped economies. They provide legitimate employment and fulfil specific social and economic needs. But sometimes informal entrepreneurs engage in illicit trade in prohibited items such as rare and exotic animal, sex trade, and drug trafficking (Zahra, Pati and Zhao, 2013).

Fourth, where is the impact of entrepreneurship felt? This is a concern that goes beyond individual and firm wealth creation to encompass macro-economic effects such as growth in GDP (Autio, Pathak, and Wennberg, 2013). Entrepreneurship affects communities, societies and humanity. The work of entrepreneurs addressing issues from food and water shortages, environmental pollution and decay and sustainability through innovative and affordable technologies covers and crosses these levels.

Fifth and finally, how is the impact of entrepreneurship measured? This question has traditionally concerned issues relating to the measurement of growth and financial performance (Davidsson, Steffens and Fitzsimmons, 2009; Gilbert, McDougall and Audretsch, 2006; Wright and Stigliani, 2013), but may also need to encompass measures of social impact (Nicholls, 2009), such as community development, happiness and social cohesion.

We build on these themes to develop five pillars on which the evolving social role of entrepreneurship can rest and have its impact: (1) connecting entrepreneurial activities to other societal efforts aimed at improving the quality of life, achieving progress, and enriching human existence by paying attention to wealth distribution and balancing the interests of different stakeholders; (2) identifying ways to reduce the dysfunctional effects of entrepreneurial activities on stakeholders including individuals, families, communities, and society; (3) redefining the scope of entrepreneurial activities as a scholarly arena; (4) recognizing entrepreneurship's social multiplier, which refers to the potential of entrepreneurial activities to lead to the discovery of creation of additional opportunities, leading to the birth of new firms in different sectors of the economy. These companies may have purely economic, social or hybrid goals; and (5) pursuing blended value at the organizational level, centering on balancing the creation of financial, social and environmental wealth. This value is crucial to developing sustainable quality of life (Zahra, Newey and Li, 2014). New ventures with a focus on sustainability often seek to strike a balance among these three dimensions.

Together, these five pillars underscore the importance of social wealth as a key yardstick in evaluating corporate and independent entrepreneurial activities. As important as financial wealth creation is, the field of entrepreneurship can benefit from considering social value creation. This likely has two implications. First, it will shift focus from the implicit recognition of social value to its explicit analysis and thus promote research that defines this value and its manifestations in different settings. Second, it highlights the need to align individual motives (e.g., wealth creation) with social good by reducing abuses to resources and the environment by entrepreneurs while supporting and undertaking those activities that promote the public good. This alignment will raise awareness of the need to move from "do no harm" to "do good" and thus improve personal as well as social wealth. This would be a qualitative shift from examining "what" entrepreneurs do to studying and analyzing "who" they do it for and "how" they do it, with an eye on creating and improving social wealth.

INTEGRATING CSR, BOP AND SE FOR GREATER SOCIETAL IMPACT

Refining the social role of entrepreneurship requires the creative integration of the corporate social responsibility, bottom of the pyramid and social entrepreneurship perspectives. Though each has its unique focus, together the three perspectives can lead us to a more balanced view of blended value.

Corporate social responsibility (CSR)

Despite its many positive contributions, entrepreneurship also creates different and sometimes difficult societal problems requiring careful attention (Baumol, 1986). In response, some entrepreneurs have worked hard to minimize and address some of these concerns and have been a powerful voice in focusing on the common good. These entrepreneurs have also persuaded others to consider the challenges and opportunities of addressing persistent societal issues, even on a worldwide scale (Zahra et al., 2008). Further, they have drawn attention to the limitation of formal corporate social responsibility (CSR) programs.

CSR refers to a company's efforts, investment and activities aimed to improve relations with stakeholders such as customers, investors and communities. These activities center on building the company's reputation and relationships with stakeholders (Aguilera, Rupp and Williams, 2007). Recently, many have come to view CSR programs as simply a part of doing business and/or a means of successfully executing competitive strategies. Though useful in building a company's name and reputation as well as connecting with different stakeholders, even the modest empirical evidence on the value added of CSR to a company needs to be qualified with various methodological caveats (Brammer and Pavelin, 2013). CSR could motivate corporate and independent entrepreneurial activities. For example, companies—new and established—could develop innovative ways to perform and provide the benefits intended from undertaking CSR. By being innovative, risk taking and proactive in carrying out their CSR programs, entrepreneurs can gain a competitive advantage by addressing social needs.

Bottom of the pyramid (BOP)

Recognizing the pervasive existence of particular social problems around the globe, new ventures have targeted customers at the bottom of the pyramid (BOP), defined as groups of people who lead a meager existence due to poverty. They often live on incomes lower than US$2.0 a day (Brooks, 2009; London and Hart, 2011; Prahalad, 2005; Zahra et al. 2008). Corporate entrepreneurs have also crafted strategies that center on serving the BOP, a widely ignored population (Auriac, 2010; George, McGahan and Prabhu, 2012), applying existing corporate capabilities (Zahra, Newey and Li, 2014). Corporate entrepreneurs have also succeeded in highlighting the importance of social business for their companies' market success, engaging senior executives and linking their newly created business to existing operations.

As with CSR, strategies focused on serving poverty-related needs in the BOP market focus on improving the firm's financial performance. As a result, established companies can use these strategies to address the needs of millions of people who live under some of the harshest economic conditions and at the same time foster more productive entrepreneurship (Hall, Matos, Sheehan and Silvestre, 2012). Using this approach, new ventures and established companies alike often collaborate with local organizations, NGOs, not-for profit, social ventures and activist groups. Still, using strategies focused on serving poverty-related needs in the BOP market can have serious side effects. For example, soft drink companies might help provide fresh water and serve other important local social needs, yet their main products can lead to cavities and other problems when consumed by individuals not well educated in terms of dental health.[1]

Social entrepreneurship (SE)

Some independent entrepreneurs have focused more on creating companies around opportunities derived from societal problems such as poverty, health care, energy, private education, and water purification (Zahra et al,, 2008, 2009, 2014). These new firms have been founded in nearly every sector of the economy to address particular needs while making a profit. As such, they are distinct from not-for-profit social entrepreneurs (Kroeger and Weber, 2014). The phenomenal growth of SE and ventures around the globe attests to the growing realization that entrepreneurs could be responsible while being profitable. SE activities focus on creating social *and* financial wealth (Zahra et al., 2008). These ventures vary in their financing, ownership structures, organizational forms, and business models. While they focus on addressing social needs (e.g., providing inexpensive good medical care for the poor), these ventures vary significantly in their relative emphasis on financial and social goals (McMullen and Warnick, 2015). Many of these ventures are hybrid, focusing on both sets of goals. Social ventures often work side by side with not-for profit, government agencies, community organizations, and NGOs in delivering their products and services. Successful (commercial) entrepreneurs often use their resources to establish these ventures to address social issues or needs of particular interest to them (e.g., better schooling for young children).

[1] We are grateful to one of the anonymous reviewers for providing these useful examples.

CSR, BOP and SE activities have different goals, although they have profit making as a common focus. What differentiates these activities is the primacy of social over other goals and motives. CSR emphasizes alleviating social problems, but a company's mission and financial goals dominate organizational culture and thinking as well as strategy making. BOP activities also enrich the existence of particular groups of people by redeploying existing organizational resources and capabilities. SE focuses on social wealth creation while stressing profits (Dacin, Dacin and Matear, 2010; Zahra et al., 2008).

Another fundamental difference is the amount of autonomy decision makers have. This autonomy reflects the perceived importance of each of CSR, BOP and SE activities and their centrality in the company's thinking and strategizing processes. The greater the perceived importance and centrality of these activities, the higher the amount of autonomy decision makers have. Whereas SE activities are performed mostly by independent entrepreneurs working autonomously, CSR and BOP programs are typically housed in the corporation, frequently with limited autonomy, a factor that compels corporate entrepreneurs to work hard to influence their firms' decision making. Clearly, there is a need to integrate BOP, CSR and SE to achieve blended value. To do so, we need conceptual and theoretical research that shows how this integration is best accomplished.

REDUCING THE DYSFUNCTIONAL EFFECTS OF ENTREPRENEURSHIP

To date, most research has overlooked the social costs associated with the dysfunctional aspects of entrepreneurial activities. Resisting technological change, controlling and abusing power, wasteful and abusive use of natural resources, and the hazardous work environments that some entrepreneurial companies provide are some of the areas where these dysfunctions might arise, creating significant costs that are left for society to bear.

Resisting technological change

Entrepreneurs are often credited with introducing new technologies that disrupt the status quo, promote economic progress and improve society's global competitive position (Audretch et al., 2006; Baumol et al., 2007). These innovations often spawn new industries and define the rules of competitive rivalry in existing ones. Social and economic change also depends on these technological innovations that create jobs and unleash opportunities for launching new firms that regenerate the economy (Baumol, 2010; Brooks, 2009).

Innovation often comes with a heavy price tag. Technological innovations, in particular, often bring upheaval, challenge existing cultural (including religious) values, disrupt existing methods of operations, and undermine existing relationships within and across industries. Advanced and emerging economies alike experiencing such innovations have undergone major changes in their family structures, gender roles, and a host of indicators of social harmony such as violent crimes, theft, divorce, and alienation. Fearing the loss of their privileged positions, some entrepreneurs have attempted to sabotage newer technologies that have the potential to disrupt and undermine their companies' market positions or upset the status quo in their industries. Others have acquired either the patents that could be used in building these new technologies or the companies owning them to obfuscate entry of new competitors with more modern technologies, prolonging their control and stifling technological advance. Repeated cycles of such dysfunctional behaviors slow economic progress, stifle competition and technological advance, and sabotage national ambitions to achieve greater global competitiveness.

Influencing, controlling and abusing powers

Some entrepreneurs have also exploited workers to amass their wealth which they used to gain access to greater powers in their society. These entrepreneurs have sponsored political candidates who push their agenda and/or stifle potentially unfavorable regulations that could threaten their plans. In other cases, entrepreneurs (e.g., in Africa, the Middle East and Latin America) have colluded with the military to control their countries' political agenda, frustrating reform and even depriving these countries' citizens of basic human rights. This has led to political discord, resulting in protracted battles that have delayed technological, economic and social progress. It has also left national institutions unable to cope with the polarization of citizenry or the needs of economic development. Some entrepreneurs have also courted and supported politicians who have made importing expensive and the entry by foreign companies difficult. These actions have delayed some countries' access to international markets, funds, ideas, new technologies, and knowledge that could have stimulated domestic growth, created jobs and improved quality of life. Used in this way, the financial wealth made by entrepreneurs can lock communities, industries and societies into a state of stagnation.

The relationship between entrepreneurship and corruption has received considerable attention in the literature (Chowdhury, Desai, Audretsch, and Belitski, 2015). Some researchers have posited that corruption can stimulate economic development. However, the bulk of evidence suggests a different view. Entrepreneurs who use their resources to bribe public officials and secure approval of their business deals, limit entry by foreign or domestic competitors, or gain government contracts. Corruption can also raise the cost of operations, which can have a negative effect on survival of young firms. This risk is magnified by the possibility that corruption can blunt the power of institutions enforcing laws governing competition. It can also raise the level of business uncertainty, reducing the willingness of entrepreneurs to invest and create companies (for discussion, Anokhin and Schulze, 2009; Tonoyan et al., 2010).

Abuse of powers by affluent entrepreneurs has also raised questions about wealth distribution and related inequities. In particular, the concentration of wealth is growing rapidly in the US and other countries. Measured by the portion of national wealth controlled by the top 10% of the population, the highest level of concentration is in Switzerland, the US, Denmark, France and Sweden, where 10% of the population control 60-70% or more of the national wealth (Davis and Cobb, 2010). Relatedly, the gap between the highest and lowest incomes of members of a society is highest in South Africa, Brazil, Mexico and the US (Davis and Cobb, 2010). This gap appears to be smallest in Sweden, Norway and Austria—countries that typically report the highest levels of happiness among their citizens (McCafferty, 2013). Concentration of wealth and associated income inequality in the US have been persistent and rising over the past three decades (Piketty, 2014), even though evidence on the sources of inequality is inconclusive.

Indeed, there is fierce debate regarding the source and effects of wealth discrepancy and income inequality (Piketty, 2014; Stiglitz, 2012). Some view this as a natural outcome of the free market system that rewards private ownership, initiative and risk taking. Others (e.g., Davis, 2013; Zingales, 2012), while acknowledging the beneficial effects of and the need for the free market, highlight the need for judicious regulations that reduce the prospect of wealth concentration in the hands of the few. This concentration has been blamed for the growing ability of the entrepreneurial wealthy elite to influence political debates and the passing of laws that perpetuate their privileged positions.

Wealth discrepancy and income inequality have led to violent demonstrations in several countries particularly following the 2008 financial crisis (International Monetary Fund, 2012). Other manifestations of these inequities have included cyber-attacks on major financial and other institutions (e.g., the “Joker’) that are believed to be culprits in concealing the wealth of the elite. Calls to “Take Wall Street” echoed a strong desire to tame financial and industrial institutions to ensure more equitable access to financial wealth, ensure greater transparency, instill accountability, as well as counter-balance the perceived entrenched powers of the elite and their ability to steer public policy in ways that perpetuate their financial positions and other interests (e.g., ideological preferences).

Abuse of the environment and natural resources

Entrepreneurship scholars have extensively studied sustainability, recognizing the need to use natural resources effectively (Epstein and Buhovac, 2014; Larson, 2011; McMullen, 2011; Shepherd and Patzelt, 2011). This research is driven by the realization that, motivated to ensure the effective and inexpensive supply of raw material necessary for their operations, some entrepreneurs may harm the existing natural balance of plant and animal ecosystems (Karabaegovic, 2009). Entrepreneurs may have misused these resources through dumping of raw material, waste in using these resources, pollution, excessive use of soil, degradation of the natural water supply, etc. This misuse stems from poor appreciation of the value of the natural balance of things, eagerness to make profits combined with intensifying market pressures, as well as lack of accountability because of limited institutional oversight. Fortunately, some entrepreneurs have become attentive to lean and green manufacturing and operations. Despite growing concern with environmental issues and recognition of the need for sustainability (Larson, 2011), some environmental damage is irreversible and abuse of natural resources continues. Illegal forms of informal and unproductive entrepreneurship appear to be a key factor in the prevalence and persistence of these activities (Zahra et al., 2013).

A growing body of research has shown entrepreneurs' interest in and attention to environmental issues (Shepherd and Patzelt, 2011; McMullen and Warnick, 2015). This research shows entrepreneurs' interest in reducing costs, improving safety, preserving resources, and using natural resources in ways that protect the environment and ensure sustainability of these resources. McMullen and Warnick (2015) propose that entrepreneurship can offer remedies to environmental abuses because it internalizes some key costs of production and operations (York and Venkataraman, 2010). Companies, such as Unilever, have also adopted environmental sustainability as the core of their strategy, unleashing entrepreneurial activities throughout their global operations to create new business, develop new business models, and introduce new delivery systems that effectively use natural resources to shape and promote green production while achieving profitability and growth.

The hazard of entrepreneurial environments

Entrepreneurial companies are often depicted as exciting places where talent shines and rewarded. But they may also be immensely competitive and stressful arenas where people have to work long and hard, constantly competing for their jobs. Innovation, the lifeblood of these companies, results from and leads to clashes of ideas—which in turn creates conflicts in entrepreneurial organizations. Given the relentless pace of change in these companies and their environments, the long hours of work, high levels of stress and conflicts about direction of change, employee turnover is often high. This is complicated further when entrepreneurs themselves are difficult people with whom to work (Lawrence, 2012); they are often controlling and domineering. Many of these entrepreneurs are loners and have unhappy personal lives where there is divorce (Hirshberg, 2010) and depression is common (Strickland, 2013). These realities often spill over into the workplace creating a toxic environment in which people work.

HARNESSING ENTREPRENEURSHIP'S SOCIAL MULTIPLIER

One of the most overlooked aspects is entrepreneurship's potential social multiplier, where entrepreneurial activities generate financial wealth that fuels the creation of additional social and commercial ventures. The success of technology entrepreneurs in Silicon Valley has provided the money that has led to the creation of several social ventures. The multiplier refers to the unfolding of multiple opportunities, through both creation and discovery, to establish and grow new companies that have economic, social or hybrid goals. To start with, entrepreneurial activities build and improve the infrastructure needed for new firm creation, directly by developing these activities and indirectly by paying taxes. Entrepreneurial companies, whether corporate or individually owned, also provide the training and experiences nascent entrepreneurs need to start and grow their own businesses. These learning experiences may inspire potential entrepreneurs. Training on the job also exposes nascent entrepreneurs to successful role models (Bosma et al., 2012) whom they can emulate or rely on for guidance and advice. Working for existing companies also gives nascent entrepreneurs an opportunity to develop meaningful relationships with diverse stakeholders, creating the social capital they can use to raise funds or acquire other resources for their ventures. The extensive literature on employee spin-offs from corporations provides examples and evidence on this multiplier impact of entrepreneurship (Agarwal, Audretsch and Sarkar, 2010; Klepper and Sleeper, 2005; Wennberg, Wiklund and Wright, 2011).

Entrepreneurship in new ventures and established companies alike creates financial wealth that supports and funds the launch of social ventures. Indeed, a growing number of successful entrepreneurs have developed social ventures or have established foundations that promote or even sponsor the development of social ventures. For example, Jeff Skoll established the Skoll Foundation in 1999 to invest in, connect, and celebrate social entrepreneurs and the innovators who help them solve the world's most pressing problems. New venture creation activities also generate crucial knowledge about how to define opportunities, build connections to stakeholders, develop business models, assemble resources, and deploy organizational capabilities in addressing social issues (Zahra, et al., 2014). These factors contribute to the emergence, survival and success of social ventures.

A key outcome of the entrepreneurial process is the creation of new knowledge about organizing and building new firms. This knowledge typically goes well beyond technical knowledge to include understanding the phases of the entrepreneurial process and the requisite skills as well as integrative knowledge needed to pull these activities together. Some of this knowledge is acquired through experience and learning by doing. More countries and communities that promote entrepreneurship systematically and deliberately accumulate and disseminate such vital knowledge to prepare their citizens to create new companies. For example, South Korea has introduced policies to promote entrepreneurship including youth entrepreneurship (Small and Medium Business Corporation, 2013). This know-how enables entrepreneurs to define opportunities, design and prototype viable companies, and manage their firms. This may be one reason why some countries (e.g., Sweden, South Korea, US and Israel) have been successful in encouraging entrepreneurship.

The symbiotic relationship between social and commercial ventures, we have just described, provides an important though overlooked cause for reflection about the social role of entrepreneurship. The financial wealth generated by commercial ventures fosters the creation and subsequent growth of social ventures. Similarly, social wealth can enrich material wealth while addressing key societal needs. This social multiplier becomes evident in the growth of venture creation in a society, with both social and commercial firms taking different forms and playing different but complementary roles. Over time, both types of ventures grow by entering new fields or supporting the formation of new companies in those fields. These ventures open new frontiers for additional wealth creation. Together, they help to develop a viable economic ecosystem that simultaneously promotes technological development and social growth, perpetuating innovation and entrepreneurial activities.

The social multiplier of entrepreneurship, which adds realism about the magnitude of the contributions of entrepreneurship to society, becomes stronger and more powerful over time as a society invests in entrepreneurship. These investments encourage entrepreneurs to conceive and develop social innovations that transform this multiplier into a major source of social and financial wealth, while addressing the needs of society. Social innovations frequently provide the foundation for SE (Zahra et al., 2014). They usually focus on programs that nurture the well-being, employment and integration of people. Social innovations also result in developing new institutions, markets and investment instruments (e.g., micro-financing and crowd funding), goods, and business models that further enhance entrepreneurship's social multiplier so enabling a society or community to address social issues (Mulgan, 2006). The emergence of these new institutions and mechanisms further legitimizes SE, attracting funding and people to important but often difficult social causes.

REDEFINING THE SCOPE OF ENTREPRENEURIAL ACTIVITIES

For nearly five decades, researchers have focused on studying formal, legally sanctioned entrepreneurial activities undertaken by independent and corporate entrepreneurs. While understandable, this focus ignores a multitude of informal entrepreneurial efforts, many of which are legal and add considerable economic and social value (Webb et al., 2009). Some examples, include Uber, Airbnb, and drone technologies. These activities occur in both independent ventures (through firm creation) and established companies (through skunk works and similar means). Informal entrepreneurial activities have not received as much systematic research attention as they deserve given their potentially valuable contributions. It is hard to follow and study these informal activities.

Some informal activities lack legal status and protection (e.g., creating a company without officially registering it) and entrepreneurs undertaking these activities usually go underground, further complicating the study of these ventures. Street merchants in emerging markets are a prime example of these ventures. Traveling salesmen who work without a license or registration are another. Entrepreneurs creating such companies face some difficult issues. For example, laws regarding registration and private ownership may be vague or unclear, as is the case currently in many underdeveloped and emerging economies that lack a history of private property and ownership. The enforcement of existing laws may be inconsistent, arbitrary or simply corrupt, pushing entrepreneurs underground. There is also the possibility that the business and legal environment is antagonistic to individual initiatives in that they levy high taxes on the profits made. In situations like this, people feel disconnected from legal and governmental institutions and consequently do not seek official legitimation of their ventures. The net effect of these variables is to discourage legal compliance while promoting efforts aimed at avoiding official registration.

There are those ventures which are informally created and run to serve purposes that are counter to existing laws or social norms. Some of these businesses engage in “white slavery,” smuggling drugs, and trading in rare and protected animal and species. These informal and illegitimate activities thrive where there are weak institutions and corruption prevails (Zahra, Pati and Zhao, 2013). Even when laws are strict, criminal tendencies foster the growth of these ventures. Examples abound and include drug smuggling across international borders and drug dealing in inner cities. Limiting or eradicating such activities is an expensive process that can add considerably to the societal costs that countries or communities have to bear. Combating these activities, though necessary, can lead to societal fragmentation that creates social discord and even violence. These ventures are prototypical of dysfunctional entrepreneurship that can damage a society, arrest its development and cause social upheaval.

As noted, financial and social wealth creation does not occur only in formal and legally sanctioned entities (Bruton, Ireland and Ketchen, 2012). This should give us cause to consider broadening our inquiry to include informal activities in our analyses of the social role of entrepreneurship. Doing so would add realism to our research and clarify the fundamental ways different types of entrepreneurial activities add economic and social value.

FOCUSING ON BLENDED VALUE

Integrating our discussion of the four previous pillars would suggest a growing awareness of the importance of adopting a philosophy of “blended value" (Nicholls, 2009) as a means of creating financial, social and environmental value that benefits society and entrepreneurs. This perspective suggests natural tradeoffs and complementarities among these three dimensions of value. It also advances that the interplay among the three dimensions of values could be enriching (Emerson, 2003)—creating opportunities for new business and growth. Consequently, the blended value concept could be applied by independent entrepreneurs and established companies alike. For instance, corporations that adopt clean energy, clean manufacturing, and green product policies have been successful in adding important businesses to their existing portfolios while enhancing the quality of life in their communities, improving their bottom lines, and positively contributing to the goals of sustainability (Zahra et al., 2014). Short-term costs to make such essential adaptations are usually offset by long-term success and survival. The yogurt company Stonyfield Farms has improved financial performance through energy savings and waste reduction efforts which help support a profit-sharing program for employees linked to improvements in environmental performance (Emerson, 2003).

Pursuing blended value raises significant challenges relating to the expertise needed to deliver it (Nicholls, 2009). For example, the composition of companies' boards of directors may need to reflect this focus. Attention oftentimes centers on the need to appoint independent non-executive outside directors to monitor management. In entrepreneurial firms, the importance of developing boards with the expertise to add value is essential to facilitate profitability, growth (Zahra, Filatotchev and Wright, 2009) and survival (Wilson, Wright and Scholes, 2013). As a result, entrepreneurs may need to incorporate individuals with compatible objectives regarding the achievement of blended value. Similarly, entrepreneurs may need to consider developing hybrid organizational and governance structures that facilitate commercial and social goals to create the desired blended value. Further, regulations that promote accountability to shareholders might also be linked to requirements to appoint a specific number or proportion of board members with a focus on institutionalizing blended value. Sustaining an emphasis on blended value may also require changing a company's culture.

Focusing on creating blended value also has important implications for accessing finance both at start-up and subsequent scaling-up. There is considerable debate about the shortcomings in the supply of finance to entrepreneurial ventures with traditional commercial objectives (Fraser, Bhaumik and Wright, 2015). Entrepreneurs who have been turned down for financing or who perceive that they will get turned down may become discouraged and not seek the funds they need. These problems may be magnified when new ventures aim to create blended value. Recent developments in non-traditional micro-finance sources such as peer-to-peer lending and crowd-funding may provide a solution. These sources are currently used by a minority of new ventures but appear to be changing rapidly (Bruton, Khavul, Siegel and Wright, 2014). Whether these novel sources have or will deliver on their promises is an open question (Khavul and Bruton, 2013). This suggests a need to develop appropriate regulation of these novel sources of micro-finance which provide a legal base for their operation and their governance without unduly constraining their ability to function if their potential is to be realized. For example, there is a need for governance mechanisms to help ensure that dominant CEOs in micro-finance organizations do not pursue risky strategies that jeopardize the achievement of blended value goals (Galema, Lensink and Mersland, 2012).

Focusing on the concept of blended value itself can help spur additional conceptual and empirical clarifications in future entrepreneurship research. The intent of considering financial, social and environmental wealth is to ensure balanced attention to these different types of value (Nicholls, 2009). Still, the concept is laden with complexity (McMullen and Warnick, 2015). What is social wealth? What is environmental wealth? How can entrepreneurs create both? How can they effectively measure and evaluate social and environmental wealth? Do they weigh them differently? Given the dynamic nature of these concepts, how can balance be achieved and maintained over time? Future research can better clarify the domain of each of these concepts and how they connect with each other.

Researchers also need to explore how blended value might apply to different stages of firm development, mission and ownership structures. These factors are likely to attenuate the relationships observed between blended value and other organizational outcomes or variables. Understanding the effect of environmental (e.g., state of economic development in a country) and organizational (e.g., culture and decision making processes) variables on blended value would enrich our appreciation of its usefulness as a criterion that guides managerial action.

DISCUSSION

Our discussion highlights several issues relating to the barriers undermining the social role of entrepreneurship. Some of these barriers can only be addressed with the development of stronger institutional frameworks that enable the establishment of major financial institutions, the rule of law and the enforcement of contracts. Emerging economies—where many of these barriers are commonplace--are building their institutions at varying rates but many are becoming 'mid-range economies', which display to various degrees the characteristics of developed market economies (Hoskisson, Wright, Filatotchev and Peng, 2013). Similarly, relieving excessive bureaucracy that generates significant costs that stifle socially beneficial formal entrepreneurship may ease the pressure that drives individuals into informal ventures in developing and emerging economies. Our discussion also highlights the widespread prevalence and persistence of dysfunctional and counterproductive entrepreneurship. We see the notion of blended value as presenting a key departure from the general entrepreneurship literature. This analysis has implications for practice and future research, as discussed next.

IMPLICATIONS FOR PRACTICE AND RESEARCH

Practice

Our analysis of several of the pillars imply a judicious need to develop regulatory regimes and incentives at the macro level that while addressing adverse excesses of corruption, wealth distribution, and legality of informal activities, do not stifle entrepreneurial activities that have social benefits. These institutions should foster risk taking and innovation that lead to new venture creation. Equally important, they should provide the incentives for entrepreneurs to continue their operations and grow their companies. This is achieved by providing support (e.g., training and education) and the means to protect the wealth being created (e.g., favorable tax systems). Institutions should also make it sensible and even profitable for entrepreneurs to pursue the perplexing issues a society faces.

At the organizational level, our recognition of blended value highlights a need to develop boards, organizational structures and employee incentive mechanisms that enable the pursuit of this value. McMullen and Warnick (2015) warn of the difficulties entrepreneurs may experience in managing hybrid organizations. Still, blended value requires balancing competing value systems, which is likely to affect how entrepreneurial ventures, whether corporate or independent, are managed and how decisions are made. Perhaps, entrepreneurs may find hybrid or ambidextrous organizational structures more useful than traditional unitary structures that focus on only one type of value. However, it takes time to implement these structures and create the culture that supports them. It also requires rethinking the "right" combination of commercial and social expertise in the top management team that is most effective in promoting the social role of entrepreneurship. Entrepreneurial ventures also need to ensure that managers and directors understand blended value, how it is being created and how its definition might change over time.

McMullen and Warnick (2015) point to the conceptual, philosophical and practical ambiguity of the notion of blended value. They also highlight several key philosophical and practical reasons that might limit the concept's applicability and usefulness. Their discussion serves to remind entrepreneurs, managers and directors of the need to work through these complex issues as they attempt to strike an effective balance among the various dimensions of blended value. Being a value laden concept, some entrepreneurs may opt to ignore the notion of blended value. If this is the case, entrepreneurs need to carefully craft alternative ways to address some of the dysfunctions of their ventures while pursuing profit making. Further, entrepreneurs may also need to develop different configurations of hybrid organizations that are appropriate to the heterogeneity of contexts for the adoption of blended value.

Research

We have proposed that both independent and corporate entrepreneurs would benefit from re-thinking their social role. Both groups work under different constraints and have different strategic priorities. Currently, we know more about the social contributions that independent entrepreneurs make. This offers several research opportunities. Notably, how different is this social role between corporate and independent entrepreneurs? How much discretion do independent entrepreneurs really have in defining the role of their young companies? To what extent do their industry's conditions influence that discretion? What role do new ventures' resources and skills play in this regard? Where does the notion of blended value fit into this?

Theory building is another important potential pathway for future research on the social role of entrepreneurship. Fortunately, several theoretical perspectives could inform and enrich this research. For instance, with the growing recognition among entrepreneurs of the importance of stakeholders and their influence on the life of their organizations, stakeholder theory (Freeman, 1994; 2010) could enlighten future research seeking to explain how these stakeholders impact the types of entrepreneurial activities independent and corporate entrepreneurs take. Stakeholders are better organized and more active in monitoring and challenging companies (Neubaum and Zahra, 2006) and this may affect investment in innovative and entrepreneurial activities (Zahra, 1996; Zahra, Neubaum and Huse, 2000). Future research in this area might also explore whether and how conflicts between stakeholders arise from a focus on blended value.

Recent discussions on the birth of entrepreneurial opportunities through creation and discovery (Alvarez and Barney, 2007; Zahra, 2008) can also inform future research. Discoverers usually focus on existing social issues and define their opportunities accordingly. They emphasize advancing solutions to these needs; these solutions are usually valued by the market. “Creators” are driven more endogenously; their entrepreneurial activities often have positive and negative outcomes. Future researchers need to weigh the relative net value added, economically and socially, that results from the work of discoverers and creators. They need also to probe how to best reduce the negative effects associated with each type. Of course, how entrepreneurs learn to discover and create opportunities remains an unanswered research question and organizational learning theory (Argote, 1999) might be useful in this regard. Given the virtuous cycle that might exist between discovery and creation (Zahra, 2008), this learning may have important implications for promoting entrepreneurship and the social multiplier we discussed earlier.

Agency theory (Jensen and Meckling, 1976) also provides another lens to understanding some of the dysfunctional aspects of entrepreneurship. It might explain why corporate entrepreneurs are sometimes reluctant to take risks or withhold support for innovation (Zahra, 1996). It may also inform the conditions that enable fraud, nepotism and even corrupt practices that can stifle investment in social value creation (Zahra et al., 2005). Conversely, pro-social and stakeholder theories might offer a much needed lens to understand why some entrepreneurs are eager and willing to engage in social venture and value creating activities, whether at home or internationally (Zahra et al., 2008). These theoretical perspectives may also help in providing guidance in researching the governance of hybrid organizations involved in delivering blended value.

Sociological theories such as structuration (Gidden, 1984) help to explain and guide research on several of the concepts and ideas we offered earlier. For example, structuration suggests that individual behavior is shaped by institutions which, in turn, are influenced by human agency. People can and do change existing institutions or build new ones—and these new institutions, in turn, can influence future entrepreneurial activities. This is closely related to our previous discussion of the social multiplier of entrepreneurship. The mechanisms identified by structuration theory can help to explain how this social multiplier develops and persists.

Research should also address several issues related to corporate entrepreneurs. Clearly, there are significant differences of opinion as to the exact nature of this activity, as McMullen and Warnick (2015) observe. What changes are necessary in the way corporate entrepreneurs define their social role? How much latitude do they have in this regard? How can they connect this newly defined role to senior managers' priorities and strategic agenda? How can corporate entrepreneurs get their companies to adopt the notion of blended value, especially as financial markets have a stronger impact on managerial decisions? How do senior managers' challenges in addressing issues relating to blended value differ from those of entrepreneurs? How do the cognitive abilities of managers and entrepreneurs come into play in defining and pursuing blended value? There is a developed literature on the stock market effects of ethical investors and CSR policies (see for example, McWilliams and Siegel, 2000; McWilliams, Siegel and Wright, 2006). Future research should examine the stock market effects of blended value approaches. To what extent does the use of blended value challenge analysts' and investors' expectations to maximize shareholder value? Socially- oriented corporate entrepreneurship may occur in a variety of ownership configurations, even in listed corporations.

Further, building on recognition of the different needs of different treatment groups in different socioeconomic and institutional contexts in the study of not-for-profit social entrepreneurship (Kroeger and Weber, 2014), there is also a need to consider the heterogeneity of contexts where different forms of ownership, formal and informal entrepreneurship, social multipliers and of blended value may be appropriate. For example, what are the dimensions of different forms of hybrid organizations with for profit and social goals and how does this influence the measurement of blended value? With respect to differences in ownership types, future research might examine the conditions under which some family firms are more likely to pursue blended value as distinct from socio-emotional wealth. Such research would extend recent analyses that have highlighted the heterogeneity of goals in family firms (Chrisman, et al., 2015; Kotlar and DeMassis, 2013).

Both independent and corporate entrepreneurs are active in global markets. Definitions of value, sustainability and environmental wealth vary from country to country. Definitions of legal and illegal entrepreneurial activities also vary across countries and political systems. What are the implications of these differences in applying blended value across international borders?

Finally, we need to know more about to what extent and under what conditions a focus on blended value is transitory or sustainable. Do competitive forces undermine efforts to focus on blended value? If blended value involves some kind of trade-off between commercial and social aspects, to what extent is its sustainability dependent upon favorable taxation and subsidy regimes? Relatedly, these factors may influence whether a blended value approach would encourage the adoption of an informal or formal entrepreneurial mode.

CONCLUSION

Entrepreneurship provides a crucial pathway to economic, technological, and social growth and development. In many ways, entrepreneurs are the catalysts of these vital changes. As understanding of the value of entrepreneurship increases, its potential social role becomes more evident.

Though profit making remains a central means of accumulating wealth (McMullen and Warnick, 2015) that encourages investment in discovery, invention, innovation and new venture creation it is no longer sufficient to address persistent societal conditions. Therefore, we have proposed that BOP strategies, SE and CSR activities should be combined to achieve a more balanced blended value. Achieving and sustaining this integration and pursuing blended value require significant changes in the mindset that defines entrepreneurial actions as well as the way we conduct research.

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