Sonia M. Ospina and Rogan Kersh, Editors

Peter Frumkin
University of Pennsylvania

Between Nonprofit Management and Social Entrepreneurship

Peter Frumkin is professor of social policy at the University of Pennsylvania, where he is faculty director of the Center for High Impact Philanthropy and director of the master’s program in nonprofit leadership in the School of Social Policy and Practice. He is author of On Being Nonprofit (2002), Strategic Giving (2006), Serving Country and Community (2010), and other books on nonprofits and philanthropy. E-mail: pfrumkin@sp2.upenn.edu


Everyone would like to change the world for the better, and social entrepreneurship is the big new idea for doing just that. However, the very concept of social entrepreneurship provokes considerable consternation. What is social entrepreneurship? And why do we need the language of social management paradigm, and a third book seeks to move beyond the two domains to a conversation about the nature of social change.

The nonprofit organization Ashoka is the leading supporter of social entrepreneurs—whom it calls “changemakers”—around the world today. The organization has an impressive track record of finding and supporting the most innovative and energetic people in the quest to disturb the social equilibrium and find new solutions to pressing social problems. Rippling: How Social Entrepreneurs Spread Innovation throughout the World is Beverly Schwartz’s account of the ways in which social impact is achieved by those Ashoka fellows I have met over the years” (xviii). In thinking about all of the changemakers whom she has met, Schwartz explains that they have certain personal traits in common. Students, practitioners, and researchers have embraced the concept of social entrepreneurship, filling new classes at universities in the United States and abroad, launching new support and fellowship programs aimed at promoting the work of real-world social entrepreneurs, and lining library shelves with new books on this emerging field. In the midst of this flurry of activity, three more books spanning these conceptual hurdles have been released. One book operates within the social entrepreneurship paradigm, one book is located squarely in the non-profit management paradigm, and a third book seeks to move beyond the two domains to a conversation about the nature of social change.

The core conceptual contribution of the book lies in five dominant theories of change—ripples—that Schwartz defines. The first ripple or way that social entrepreneurs change the world is through restructured institutional norms, a process in which sometimes “age-old practices are reinvented, revamped, and ultimately validates as a new way of doing business” (19). The second way that change is made is by changing market dynamics, work that involves using an existing marketplace concept or practice but opening it up so that more people can take advantage of it. The third road to change leads through the application of market forces to create social value, finding a way to make a profit while also sustaining a social purpose. The fourth way that social entrepreneurs around the world get leverage on change is by advancing full citizenship, usually by finding a new way to engage segments of the population that for too long have been excluded from the public sphere. The final ripple is empathy, and Schwartz shows how work to reduce hatred, anger, and intolerance can be the start of something big. What do all five approaches share in common? Schwartz explains that “rippling doesn’t solely refer to spreading an idea that is powerful enough to spill over borders—it also means ‘shifting the frame’ within which a problem is stuck” (237). Across the many different stories of Ashoka fellows doing amazing things from Peru to India, the book presents an inspiring account of the ways in which social entrepreneurs are making a difference around the world.

There is really only one flaw in this otherwise well-written and engaging book. The premise and content of the book are not terribly new. A book profiling Ashoka fellows was actually written five years ago by David Bornstein, and How to Change the World remains a touchstone in the field of social entrepreneurship. Schwartz clearly is trying to do something slightly different from Bornstein, and she has organized the book around the theories of change or ripples that are recurrent across the many short cases that she explores. The book appears on the surface to have what Bornstein lacks, namely, a unifying theory of social entrepreneurship. The problem is that the conceptual content and theoretical contribution of the book are ultimately quite modest and not really enough to differentiate it from Bornstein’s earlier profiling of Ashoka fellows. Bornstein’s book is in many ways more penetrating and illuminating in that he gets far deeper into the stories of changemakers and the individual traits that these exceptional people possess. Still, some will find Schwartz’s fivefold model to be a simple and usable organizing tool for thinking about the range of work done by social entrepreneurs around the world.

Green and Jerry Hauser’s *Managing to Change the World* ultimately strives to do something very different. The book takes the operational basics of nonprofit management and fits them into a handbook designed to be applied by practitioners who want to increase organizational effectiveness. Title aside, this book looks, reads, and comes across as a Jossey-Bass nonprofit text, complete with cartoons, worksheets, and checklists. It is rooted in the literature, experience, and language of nonprofit management. It covers the standard topics but takes a slightly different approach than other recent books by focusing on three aspects of making an organization work well: managing the work, managing people, and managing yourself.

In presenting the task of managing the flow of work inside a nonprofit, Green and Hauser cover task definition and delegation, managing responsibilities and goals, building a culture that prizes excellence, and encouraging a strong team environment. This part of the book has some useful frameworks and tools that can be used right off the shelf by nonprofit leaders seeking to get their organizations to function more smoothly and with less internal stress. When it comes to the second part of the managerial challenge, managing people, the book walks through the hiring process and how to spot talented people, offers ideas about the ways in which staff can be encouraged and developed on an ongoing basis, explains the challenge of retaining and motivating people to do their best work over time, and, finally, confronts the difficult question of when to fire people and how to move on after making a bad hiring decision. In the third and final part of the book, Green and Hauser turn to the leaders themselves and argue that effective management requires the careful and targeted use of authority, sensible time management skills, and a gift for managing up.

Though it is written by practitioners for practitioners, this book—or parts of this book—could still have a place in the curriculum of a master’s-level course on nonprofit management. While there is nothing shockingly new in this handbook, it works fairly well on the whole, and the focus on interpersonal skills is a welcome respite from the usual anchoring of this type of book in complex management theories and intricate strategy tools. This is an unpretentious book that can be used right off the shelf by nonprofit leaders seeking to get their organizations to function more smoothly and with less internal stress. When it comes to the second part of the managerial challenge, managing people, the book walks through the hiring process and how to spot talented people, offers ideas about the ways in which staff can be encouraged and developed on an ongoing basis, explains the challenge of retaining and motivating people to do their best work over time, and, finally, confronts the difficult question of when to fire people and how to move on after making a bad hiring decision. In the third and final part of the book, Green and Hauser turn to the leaders themselves and argue that effective management requires the careful and targeted use of authority, sensible time management skills, and a gift for managing up.

If Schwartz is rooted in the social entrepreneurship model and Green and Hauser are locked into a more traditional nonprofit management model, Paul C. Light seeks to float above the fray, and to a fair measure, he succeeds. *Driving Social Change: How to Solve the World’s Toughest Problems* builds on Light’s work in recent years on social entrepreneurship and nonprofit management but goes in several new directions. Light’s starting questions are all about the nature of social change, the agents that drive change, and the mechanisms that are used to solve complex social challenges. The exposition of the book follows a winding path to provisional answers to these questions and, along the way, raises many more questions about the pursuit of social change. Light warns his readers, “This is not a how-to book per se. Rather, it offers a series of ideas about how the change process works” (16). This is an accurate disclaimer, as this small book is focused on delivering a tidy list of operational takeaways. It is more of an extended meditation on social change in the nonprofit world, the social entrepreneurs who often drive this change, and the prospect for the field of public problem solving going forward.

Light advances a trimmed-down definition of social entrepreneurship from his earlier book, *The Search for Social Entrepreneurship* (2008). Here, it is boiled down to a sentence: “Social entrepreneurship is an effort to solve an intractable social problem through pattern-breaking change” (32). With this definition, Light points us to what he thinks really matters in the growing field of social entrepreneurship, namely, the search for ways in which social change is generated through big ideas and bold actions that offer new ways of solving problems in society. By shifting the definition to the activity of social entrepreneurs and social enterprises and not the personal traits of the individual or the organizational characteristics of the enterprise, which many previous examinations have fixed on, Light opens up a useful new line of thinking. He suggests that there might be two different kinds of social entrepreneurship, operating in parallel but very different worlds. The first is the heroic individual fighting against the odds to achieve social impact through a project or intervention that is a high-risk startup designed to shock the world into a new equilibrium. The second is more subtle and nuanced, embedded in existing organizations where entrepreneurial and more mundane, nonentrepreneurial work coexist, and where breakthrough ideas for social change are only one piece of a much larger organizational puzzle.

The heart of *Driving Social Change* lies in chapter 3, in which the model is rendered explicit and then described. The other three chapters in Light’s book set the context and allow the author to settle some scores with critics and other researchers working on social entrepreneurship. Chapter 3 on “The Breakthrough Cycles” sets out to build a theory of how social change is achieved. Light presents a nine-stage model for understanding the critical question of how social entrepreneurs and others navigate the difficult road to social
impact. The model includes (1) committing to change, (2) mapping assets and obstacles, (3) sorting options, (4) designing a breakthrough proposal, (5) agitating against prevailing wisdom, (6) aggregating energy and pressure, (7) displacing conventional wisdom, (8) securing and institutionalizing the change, (9) protecting the change as the new prevailing wisdom. Much of the core of this small book is directed at explaining just how the process of seeking and securing social change is conditioned by a whole range of factors at the individual, organizational, and policy levels.

Light’s key point is that the road to social change may require the work of exceptional changemakers like those celebrated by groups such as Ashoka, but that may not be enough. To really get the kind of disruption and shift, Light argues that networks of individuals are often needed. When evangelists, implementers, early adopters, exemplars, engagers, bridge builders, investors, and many other actors get together to make change, the effects may well be greater and longer lasting than when one heroic figure attempts to go it alone. While Light recognizes that Gandhi and the Reverend Martin Luther King Jr. were transformative figures, he maintains that social change can and does take root through many complex and collaborative processes that do not always fit the narrative of the lone wolf fighting against an army of doubters.

At a time when the conversation about social entrepreneurship has focused heavily on the traits and behaviors of the exceptional men and women who have acted fearlessly and against great odds, seen solutions to old problems and pursued them relentlessly, and disrupted long-standing equilibriums, Light offers something of an antidote. While not dismissing this picture of social entrepreneurship, he slides a competing one next to it and suggests that although it is more collaborative, more historically rooted, and, in some ways, less glamorous, it is just as real. “Social entrepreneurship is neither the only driver in agitating the prevailing wisdom nor always the best choice for addressing urgent threats … Social entrepreneurship has proven its value and must be given its due. But it must be kept in perspective as but one of the ways to create breakthrough, and social entrepreneurs must be encouraged to join the fight already under way throughout society” (180–81).

Because Light’s book is an attempt to broaden the conversation about changemaking and to challenge the argument that social entrepreneurs are the main engines of disruption and breakthrough, it represents something of a wet blanket tossed on a field that prides itself on tales of heroic individualism triumphing against all odds to achieve social impact. One has to admire Light for making what is surely a less flashy argument than that made by some of his interlocutors within the social entrepreneurship movement.

While his intuition about how social change happens may be right, the book could have benefited from more concrete examples and fuller argumentation in places. Driving Social Change reads as an extended meditation and informal rumination about the way the world works, which will likely engage some readers but put off some others who want more evidence and analytic rigor. Still, it is, by a rather significant margin, the most conceptually rich and intellectually engaging of the three new books considered here.

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Ten years ago, as the excitement about social entrepreneurship began to take off, I decided to do a little fieldwork. I compared the syllabi at major research universities where classes on both nonprofit management and social entrepreneurship were taught and looked for differences and similarities between the two. There turned out to be a lot of overlap, from defining mission and establishing a defensible competitive position, to marketing and stakeholder management, and encompassing such things as building boards and measuring performance. In other words, the differences between the conceptualizations of the two fields were small, at least in terms of what was being taught to students. Thus, it was easy to dismiss the whole social entrepreneurship movement as a fad grounded largely in a few clever new terms and phrases that simply obscured ideas rooted in the old and familiar fields of nonprofit management. This early judgment proved false.

Over time, the concept of social entrepreneurship grew, became more distinctive, and spawned a vast new literature, teaching programs, and degrees. Harvard anchored its work in the concept of “social enterprise,” Stanford opted for “social innovation,” Wharton branded around “social impact,” and Duke latched on to “social entrepreneurship.” Whatever they call it, these programs, centers, and initiatives have grown stronger and more defined. It is useful to think of these related concepts as part of a continuum. Social entrepreneurs are the actors who do the work, social enterprises are the organizational forms that are used, social innovation is the theory of change that guides the process, and social impact is the end result that is achieved.

But what is social entrepreneurship really, and how is it different from nonprofit management? I have concluded through my own teaching and research that the essence of the special identity of social entrepreneurship lies in three necessary elements.

For something to be a manifestation of social entrepreneurship, it must first involve a new and innovative way of solving a public problem. Innovation is at the core of the work of a social entrepreneur who looks at the world, identifies a problem, and then
advances a new solution. Social entrepreneurship cannot simply involve dutiful replication or adaptation of models already in use and accepted as mainstream practice. It must represent a new combination of ideas and initiatives that promises to address a pressing problem by bringing something new to the table, whether it be fresh technology, a new theory of change, or an insight transferred from an allied field.

The second element of social entrepreneurship requires that any solution be designed from the outset to be part of a financially and organizationally sustainable model. Social entrepreneurs do not write concept papers and endless foundation proposals and then sit around waiting for someone to authorize them to act. Instead, they design their enterprises so that they are capable of running on their own engine and surviving in a turbulent sea. Whether it be through a stream of related or unrelated earned income or built on volunteer labor, social entrepreneurs are designing and building organizations that are financially and institutionally viable from the start and over the long haul. They take seriously the challenge of ensuring that the organizational design and financial model are not second thoughts but part of the core calculus of pursuing lasting social change.

The third and final essential element of social entrepreneurship is scale. Social change may start locally, but ambitious social entrepreneurs think through and know how their ideas and programs can spread broadly. They design their operations in a way that they can be grown or replicated so as to reach more and more people. This focus on scale differentiates social entrepreneurs because they know that the scale of complex and enduring problems is such that no small-scale solution is enough. The essence of change requires a commitment of scale.

Innovation, sustainability, and scalability can be achieved using both nonprofit and for-profit organizational forms. In fact, social entrepreneurs are agnostic on sector and view it as a contingent decision that is dependent on the problem that is being addressed and the best auspice for supporting innovation, financial sustainability, and scale. In some cases, nonprofit forms may be best, while in other contexts, for-profit forms may be most appropriate. No matter the sector, social entrepreneurship demands a value-seeking imagination, a high degree of comfort with risk and uncertainty, and a willingness of adapt and iterate over time.

The number of books on how to create change, be a social entrepreneur, and run a nonprofit organization more effectively continues to grow. Today, the marketplace of ideas is full of conceptual, practical, and comparative studies of attempts to achieve social impact. Whether this body of knowledge will ever be fully codified is uncertain. If the three books discussed here are any indication, the perspectives on the drivers of social change—coming from both the social entrepreneurship and nonprofit management perspectives—will remain profoundly different. Social entrepreneurs and nonprofit managers start with very different assumptions and work through different means, albeit, as Light reminds us, in the same general direction of social change. The field of practice and the academic debate will undoubtedly be richer just by virtue of the battle of ideas between the two fields, which will surely continue apace for some time to come.

References