Introduction

Social entrepreneurship offers great promise. Practitioners, policy makers and supporters believe that innovative individuals and organisations can harness the power of enterprise and innovation to solve some of the world’s trickiest social problems, and thereby improve the welfare of the neediest people in the world. To what extent could this promise be true?

This paper will present the findings from exploratory qualitative research as a first step towards testing popular claims about the value of social entrepreneurship. The research does so by asking a cohort of educational social entrepreneurs, or ‘educational entrepreneurs’, why they wanted to start their ventures and what the value is that they want to create. The purpose is to test whether a combined Schumpeterian innovation-human capabilities framework is appropriate for describing and explaining value creation—and so impact.

Research setting and sample

The establishment of a new kind of public-private partnership school in New Zealand, called Partnership Schools Kura Hou rua (PSKH), during 2013-14, provided an opportunity to study nine sponsors who applied for a licence to run a PSKH. The Government wants PSKH to focus on improving the educational outcomes of ‘priority group’ pupils, namely Maori and Pasifika pupils, low-income pupils, and special needs pupils. A high proportion of these pupils, especially Maori and Pasifika, consistently under-achieve.

By applying to start a PSKH, sponsors went through a series of opportunity recognition and development processes that compelled them to think about what the unmet needs were that they wanted to address, and what impacts they wanted to have, including addressing New Zealand’s persistent problem of educational under-achievement. In other words, sponsors had to define a value proposition and identify the sorts of value they intended to create for the communities they planned to serve.

Theoretical framework

The findings presented in this paper are anchored in the small section of the social entrepreneurship literature that is concerned with conceptualising value creation and explaining how social entrepreneurs create value. The theoretical framework establishes two propositions. One, as already discussed, is that social entrepreneurs create value by improving the welfare of those whom they serve by solving neglected, difficult-to-solve problems that the government, the market and the non-profit sector ignore (Santos 2012). Social entrepreneurs see opportunities to create value, rather than capture value—through financial appropriation—where others do not. This proposition assumes that value is a holistic concept, to avoid the fraught tautological
distinction between economic and social value that has been common in the social entrepreneurship literature.

The second proposition is that social entrepreneurs create value by imagining, and carrying out, new combinations of capabilities through innovation. That is, they provide a good or service that equips their beneficiaries with the skills or resources which they need to develop, so that they can live meaningful lives and participate in society. For example, the provision of health care or education to impoverished communities can support participation in the workforce, higher incomes and the capacity to engage in broader society. As Ziegler (2010) has proposed, this proposition comes from marrying Schumpeter’s (Schumpeter 1934) theory of how entrepreneurial innovation can bring about change, including social change, with Sen’s (1999) human capabilities framework. Schumpeter conceptualised development as innovation, with entrepreneurship at its core. Sen, by contrast, believed that development is associated with the expansion of human capabilities. Combining the two approaches suggests that innovation can be social and developing capabilities entrepreneurial (Ziegler 2010, p. 257). Thus, social entrepreneurs create value by using innovations which contribute to human development, supported or delivered by market enterprise.

The research tests whether these two propositions can explain the value that PSKH sponsors want to create, and so whether this approach may be appropriate for framing evaluations of these and other kinds of educational entrepreneurship ventures.

Findings

(i) Sponsors’ value propositions

The findings show that, while PSKH sponsors had a variety of value propositions, each was primarily focused on meeting unmet educational needs. Each sponsor had somehow responded to the problem of poor educational performance among priority group pupils—especially among Maori and Pasifika communities. This included a desire to provide a different kind of schooling to regular state schools, as sponsors believed they had not served priority group pupils well.

Besides responding to communities’ unmet educational needs, it was also common, but not universal, for sponsors to have non-educational reasons for starting a PSKH, to improve the welfare of the communities that they serve. Maori and Pasifika sponsors, for example, were concerned with cultural regeneration. Other sponsors’ propositions identified gaps in the provision of social services. These objectives were not what compelled sponsors to start PSKHs, but they were an important factor in the mix for most. This suggests an education proposition was a necessary cause for starting a school, while a welfare proposition was a sufficient cause.

The two propositions suggest that there may be something distinctive about the value that educational entrepreneurs may create compared to regular state schools. This was related to how strong sponsors’ welfare propositions were.

(ii) The value sponsors want to create

The findings showed that the strength of sponsors’ welfare propositions influenced how much attention they gave to non-educational goals. This was determined by whether they believed that an education alone grants children with enhanced capabilities, or if it was important to attend to non-school factors that influence achievement, and the capacity of priority group pupils and communities to flourish.

Two sponsors, for example, believed that their priority should be to provide a high quality alternative education to what priority group pupils can usually access at regular state schools. They wanted to run PSKHs that would give families access to the sort of academic and values education available at expensive independent schools. These sponsors believed that their job is
to give pupils an education that enables them to leave school with a high quality qualification that will help them to attend tertiary training and ultimately be employed in highly-skilled, well-paying jobs. Their view was that better education levels improve the welfare and functioning of society.

More sponsors, however, believed it was just as important to address factors that prevent children from engaging and achieving at school. They wanted to use education, or activities besides providing education, to help the children and families from the communities which they serve to develop. Often this was because sponsors were embedded in their communities, and believed that running a PSKH, or even providing education, should be but one component of a larger strategy to help them thrive. These strategies ranged from: providing practical support for families, such as paying uniform costs or providing breakfasts and lunches, and sharing them together; to helping pupils develop cultural competences; to providing wrap around health and social services; or even to improving the quality of the environment. For sponsors with non-educational goals, the chance to run a PSKH was not an end in itself; it was an opportunity to improve the welfare of their communities, sometimes by providing integrated educational and social services.

The role of innovation within the education and welfare strategies was clear. First, sponsors wanted to create value by using different combinations of various educational strategies and innovations. The most common approach was to use some sort of personalised learning, with independent projects, to deliver a particular kind of education that could help to engage priority group pupils at school and transition to higher education, further training or the workforce. How sponsors hoped to use various kinds of educational strategies and innovations was one way that their PSKHs are different to regular state schools, and fill a niche in the education system.

Second, sponsors' plans to create value through various welfare activities, besides education, shows that they have innovated by adopting 'social entrepreneurship competences'. As Chand and Amin-Choudhury (Chand & Amin-Choudhury 2006) previously found, these competences helped sponsors to achieve their educational missions, but also created value for disadvantaged communities. As explained, the competences were squarely directed at developing capabilities that can help disadvantaged families and communities to live meaningful lives.

Conclusions

The findings showed that the theoretical framework accurately conceptualises what the value is that PSKH sponsors want to create and can explain how they may do so. Sponsors want to address unmet educational needs through various innovations, but also unmet welfare needs, to help achieve their primary educational mission, and/or to contribute to social or environmental renewal.

Nevertheless, the findings suggest that the value capture-creation distinction may not hold when evaluating educational entrepreneurs. This is because they cannot capture much, if any, value by raising revenue. If educational entrepreneurs face a tension between priorities, it is between the relative attention that they may give to educational and non-educational objectives. This suggests that the value which educational entrepreneurs may create through their social entrepreneurship competences could be even more significant than whatever they might contribute to improving educational outcomes.

In conclusion, it appears that conceptualising value creation in Schumpeterian innovation terms, through a capabilities development framework, is appropriate for understanding the sorts of impact educational entrepreneurs intend. Moreover, the findings from this case study show that educational entrepreneurs could well improve the fortunes of marginalised communities.
References


