

Social Entrepreneurship and Economic Inequality

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What is Social Entrepreneurship?

- ▶ Using the mindset, tools, techniques, and processes of commercial entrepreneurship to pursue a social/environmental mission.
- ▶ Using markets to solve social/environmental problems

Why Government and the Private Sector Can't Solve Our Most Pressing Social Problems

- ▶ Government
 - ▶ Lacks political will
 - ▶ Resource constrained
 - ▶ Transactional; not transformational
- ▶ Private Sector
 - ▶ Emphasizes shareholders over stakeholders
 - ▶ Downplays the reality of market failure

Social Entrepreneurship Can Be A Catalyst for Change

- ▶ It eschews political ideology for pragmatism
- ▶ It bootstraps and leverages resources
- ▶ It is innovative and transformative
- ▶ It perfects markets without destroying them
- ▶ It benefits all stakeholders (including shareholders)
- ▶ It brings social goods to markets in need
- ▶ It facilitates individual, family and community wealth building

Fostering 'Responsible' Capitalism through Entrepreneurship

- ▶ Via the efforts of individual commercial and social entrepreneurs in low-income, rural and urban communities
- ▶ Through the work of social entrepreneurial intermediaries who support the work of these individual entrepreneurs
- ▶ Being systemic, systematic and strategic about managing these combined efforts

Individual Commercial and Social Entrepreneurship

- ▶ Must involve innovation and a goal of growth; not merely self-employment
- ▶ Must be focused on human development (skill building); not business development

Social Entrepreneurship Supporting Individual Entrepreneurs

- ▶ Community investment in providing technical, business and financial assistance
- ▶ Doing so transparently and equitably

Tactical Examples

- ▶ **Social Entrepreneurship Incubators/Accelerators**
 - ▶ Centre for Social Innovation (Toronto, New York City)
 - ▶ The Propeller Incubator (New Orleans)
 - ▶ Panzanzee (Chicago)
- ▶ **Co-Working Spaces for Social Entrepreneurs**
 - ▶ Affinity Lab (Washington, DC)
 - ▶ Forge (Portland, Oregon)
- ▶ **Social Entrepreneur Networks**
 - ▶ Social Venture Network (U.S.)
 - ▶ The Guardian Social Enterprise Network (U.K.)
- ▶ **Social Venture Philanthropy/Impact Investment**
 - ▶ Ashoka (Washington, DC area)
 - ▶ Austin Social Venture Partners (Texas)

Strategic Examples

- ▶ Competition THRIVE (New York City)
- ▶ West Side Business Xcelerator (Chicago)
- ▶ MSU Product Center Food-Ag-Bio (Michigan)

Competition THRIVE

- ▶ **Partners:** NYCEDC, Deutsche Bank Americas Foundation, Field Center for Entrepreneurship at Baruch College of the City University of New York
- ▶ **Social Mission:** To foster entrepreneurship among immigrant populations (most of them low-income) by encouraging CBOs to think and act more like social entrepreneurs (innovate)
- ▶ Used a business plan competition format to coach and finance CBOs
- ▶ A post-program study showed impressive results

West Side Business Xcelerator

- ▶ **Bethel New Life** – CBO serving Chicago's largely minority, low-income West Side
- ▶ **Social Mission:** To foster positive change by creating jobs and connecting residents to these jobs, thereby reducing poverty
- ▶ Focuses not just on job creation but also wealth creation by helping local entrepreneurs to grow businesses that reach outside markets
- ▶ Provides training and coaching to startups and financing and market help to Stage 2 companies
- ▶ University of Phoenix provides impact assessment assistance

MSU Product Center

- ▶ **Michigan State University** – a public, land grant institution
- ▶ **Partners Include:** Michigan State University Extension, MSU AgBioResearch, Michigan Department of Agriculture and Rural Development, Michigan Economic Development Corporation, U.S. Department of Commerce Economic Development Administration, USDA Rural Development, among others
- ▶ **Social Mission** – Accelerating innovation and growth for Michigan business, industry and entrepreneurs in food, agriculture, and bio manufacturing
- ▶ **Services**
 - ▶ Innovation Counselors Network
 - ▶ Advanced Growth Services & Food Processing and Innovation Center (FPIC)
 - ▶ Specialized Services (food safety, consumer testing, labeling, packaging)
 - ▶ Strategic Research (market analysis, feasibility analysis, economic trend analysis, impact assessment)
- ▶ **Delivery Mechanism:** a dense web of internal (to MSU) and external partnerships

These approaches are necessary, but not sufficient

Being Systemic in Our Approach: Entrepreneurial Support Ecosystems

- ▶ Preparing the community to think and act entrepreneurially
 - ▶ Mindset/culture
 - ▶ Leadership capability
 - ▶ Capacity for continuous learning and innovation
- ▶ Creating a broadly accessible system to develop properly motivated individuals into successful entrepreneurs
 - ▶ Clinical assessment of skills
 - ▶ Long-term coaching
 - ▶ Entrepreneurs moving enterprises through business life cycle
- ▶ Blending these two systems

Map of a community's social entrepreneurship assets – Where would you invest scarce resources?

Lifecycle Skill Level	Stage 0 Pre-venture	Stage 1 Existence	Stage 2 Early Growth	Stage 3 Expansion	Stage 4 Maturity	Stage 5 Decline
4	12	36 Social enterprises	45	27	60	12
3	30	69	96	24	42	12
2	45	53	150	6	4	3
1	12	45	30	0	0	7

Adapted from: Lyons, T.S., & Lichtenstein, G.A. (2010).

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