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)
  - Parameter (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, Food and Rural Development, Michigan Economic Development Corporation, USDA Economic Research Service, USDA Rural Development, among others
- **Social Mission:** Accelerating innovation and growth for Michigan business, industry sector 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?

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