

## CHAPTER 2

# DEFINING AND DISTINGUISHING SOCIAL ENTREPRENEURSHIP

### MULTIPLE CHOICE QUESTIONS

- 1) Which of the following economic and social phenomena has served to make activities typically included under the umbrella of “social entrepreneurship” for centuries more necessary and caused them to grow in scale and level of sophistication?

- a. The spread of communism
- b. The decline of traditional government structures
- c. The rise of the welfare state
- d. The increased population density

ANSWER: C, p. 11

- 2) To what extent is there agreement as to how to define the term “social entrepreneurship”?

- a. Full disagreement
- b. Considerable disagreement
- c. Considerable agreement
- d. Full agreement

ANSWER: B, p. 12

- 3) All of the following phrases are typically associated with the concept that the pursuit of economic advantage should be conducted in isolation from the affairs of society except which one?

- a. *Laissez-faire* (government should not be involved in private economic pursuits)
- b. *E pluribus unum* (out of many, one)
- c. *Caveat emptor* (let the buyer beware)
- d. Safety net (government should be responsible for helping people in need)

ANSWER: B, p. 12

- 4) Which of the following definitions of “entrepreneurship” is correctly matched with the individual(s) responsible for creating the definition?

- a. J. V. Terry—an entrepreneur is “a production innovator who perceives the opportunity to provide a new product or implement a new production method and then organizes the needed production inputs and assumes financial risk.”
- b. Burton Klein—an entrepreneur is “anyone who innovates (by creating a new product or service, developing a new production process, or finding a new market) and who has a goal of growth and development for themselves and their business.”
- c. Timmons and Spinelli—an entrepreneur is “a marriage broker between what is desirable from an economic point of view and what is possible from a technological or operational point of view.”
- d. Lichtenstein and Lyons—an entrepreneur is “a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced.”

ANSWER: A, pp. 13-14

- 5) Despite the variation of thinking about entrepreneurship, there appears to be some degree of universality. Which of the following aspects is **not** generally accepted?
- a. Entrepreneurs actively seek out opportunities to innovate in order to add value to the lives of their customers.
  - b. Entrepreneurs pursue a strategy of growth in order to expand their business’s market reach and profits.
  - c. Entrepreneurs are strategic in the way they manage enterprises.
  - d. Entrepreneurs are not invariably risk managers.

ANSWER: D, p. 14.

- 6) According to Dees (1998), social entrepreneurs play the role of change agent in the social sector by doing which of the following?
- a. Investing heavily in their businesses with their own funds
  - b. Acting cautiously in light of limited resources currently in hand
  - c. Adopting a mission to create and sustain private value
  - d. Engaging in a process of continuous innovation, adaptation, and learning

ANSWER: D, p. 15

- 7) According to Mort, Weerawardena, and Carnegie, the definition of social entrepreneurship includes all but which one of the following elements?
- a. It is a multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission

- b. It includes the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking
- c. It has a coherent unity of purpose and action in the face of moral complexity
- d. It is a simple field of study including an expression of entrepreneurially virtuous behavior to achieve the political mission intended

ANSWER: D, p. 15

8) Social enterprises are known for which of the following, according to Haugh and Tracey?

- a. Their social mission prioritizes financial benefits above social mission
- b. They combine innovation, entrepreneurship and social purpose and seek to be financially sustainable
- c. When they make a surplus it is distributed to those with a controlling interest in the enterprise
- d. When they make a surplus it is used to further the political aims of the beneficiary group

ANSWER: B, p. 16

9) What are “social entrepreneurship gazelles”?

- a. High-impact social ventures that rapidly scale up
- b. High-impact social ventures that slowly scale up
- c. High-impact social ventures that do not scale up
- d. Just high-impact, scale up is not important

ANSWER A: p. 16

10) The triple bottom line referenced when describing social entrepreneurship as a process includes all but which one of the following outcomes?

- a. Economic outcomes
- b. Social outcomes
- c. Political outcomes
- d. Environmental outcomes

ANSWER: C, p. 17

11) Is social entrepreneurship confined to a single sector?

- a. Yes, definitely
- b. Sometimes, it depends on the economic tide
- c. Sometimes, it depends on the political tide
- d. No, it can take place across multiple sectors

ANSWER: D, p. 17

12) Both social entrepreneurship and business entrepreneurship have which of the following characteristics in common?

- a. Opportunity recognition
- b. Focus on profits for the enterprise's owners
- c. The pursuit of economic value as a tool for achieving social mission
- d. Focus on social mission achievement

ANSWER: A, p. 18

13) The business sector and the social sector use very different thought processes and equally different languages. Which role, therefore, should the successful social entrepreneurs not play?

- a. The translator
- b. The ambassador
- c. The customs officer
- d. The facilitator

ANSWER: C, p. 19

14) All of the following statements have been used to explain what motivates social entrepreneurs **except** which one?

- a. The influences of family, friends, religious leaders, and teachers
- b. Personal characteristics that heighten their sensitivity to a particular social problem
- c. Strong beliefs about what is right and what is wrong along with strong sense of justice
- d. Pity for those less fortunate and a sense of self-inferiority

ANSWER: D, pp. 19-20

15) Peter Frampton of the Learning Enrichment Foundation states that when his organization is looking at opportunities they ask which of the following questions?

- a. Does it meet local needs and leverage existing capacity?
- b. Can it be scaled up?
- c. Will it provide appropriate level of return on investment?
- d. Will it attract positive media attention?

ANSWER: A, p. 22

16) The Timmons model of the entrepreneurship process envisions the practice of entrepreneurship as a balancing act in what way?

- a. The founder functions as the fulcrum of a seesaw

- b. The team of individuals assembled and the financial resources must match to stay balanced on the seesaw
- c. If an opportunity is too big for the team and resources available or vice versa it will collapse
- d. All of the above are exemplars of the “balancing act” image

ANSWER: D, p. 24

17) A model that was developed to explain the commercial entrepreneurship process is the PCDO framework, which stands for which of the following elements?

- a. People, Continuity, Deal and Opportunity
- b. People, Context, Deal and Opportunity
- c. Profit, Context, Deal and Opposition
- d. Profit, Context, Deal and Opportunity

ANSWER: B, p. 25

18) Which of the following statements accurately describe the CASE Model?

- a. It is a two-stage model involving the generation of a promising idea in the first stage and the development of that idea into a viable opportunity in the second stage
- b. It focuses on the process of creating a political opportunity that leads to profits which can be used for unmet social needs
- c. Ideas are generated from unidentified social needs and accessing new social assets that are influenced by the personal experiences of the social entrepreneur
- d. All of the above describe the CASE Model

ANSWER: A, p. 26

19) Commonalities between the Social Entrepreneurship Framework and the opportunity development portion of the CASE Model include which of the following?

- a. Both take into account the process by which the idea that underlies the opportunity is created
- b. Both of the models are complete
- c. Both attempt to portray the process by which an enterprise is formed and sustained to pursue a viable opportunity to generate social impact
- d. Both are simply modifications of the PCDO model

ANSWER: C, p. 29

20) All of the following statements accurately describe the Social Entrepreneurship Process model **except** which one?

- a. The social entrepreneurship process takes place in two stages, similar to the CASE Model
- b. As with the Timmons Model, the context is permeable and permits interaction between it and the social entrepreneurship effort
- c. This model is a hybrid process model of social entrepreneurship that reflects both the need for simplicity and the desire for completeness
- d. The stages represent interactions of elements that result in the idea for meeting a societal need and an opportunity-driven, mission-based vehicle for fulfilling the identified need

ANSWER: B, p. 29

### TRUE/FALSE QUESTIONS

- 1) Many of the activities considered to fall under the umbrella now called social entrepreneurship have a long history; however, efforts to give it coherence as a body of knowledge and practice are as recent as the 1980s and 1990s.  
ANSWER: *True* pp. 12
- 2) The perceived partition between society and the economy is an artificial bifurcation because society and the economy are inextricably linked.  
ANSWER: *True* p. 13
- 3) "Social" is a relatively easy term to define, there is little or no disagreement about what "social" means, and the same can be said about a definition of "entrepreneurship."  
ANSWER: *False* p. 13
- 4) General aspects of entrepreneurship appear to have at least some degree of universality including the characteristics of actively seeking out opportunities to innovate in order to add value to the lives of their customers and to pursue a strategy of growth in order to expand their business's market reach and profits.  
ANSWER: *True* p. 14
- 5) Social entrepreneurs are known to consistently be both risk takers and risk managers.  
ANSWER: *False* p. 14
- 6) Finding a uniformly accepted definition of "social entrepreneurship" is as problematic as getting agreement among experts on a common definition of "entrepreneurship".

ANSWER: *True* p. 14

- 7) The true solution of a social problem cannot be transactional and treat only symptoms. It must treat the root cause of a problem and seek to end the problem permanently.

ANSWER: *True* pp. 15-16

- 8) There is really no difference between social entrepreneurship and business entrepreneurship because a solution to a social problem is just another type of product that can be sold by a business entity.

ANSWER: *False* p. 18

- 9) Social entrepreneurs use the pursuit of their social mission as a tool for achieving economic value for their stakeholders.

ANSWER: *False* p. 18

- 10) Most of the notable differences between social and business entrepreneurs appear to be absolute differences rather than differences of degree

ANSWER: *False* pp. 18-19

- 11) Many successful social entrepreneurs were first successful business entrepreneurs who possess self-confidence and the support of an established network of resource providers as they transition to launching and growing a social enterprise.

ANSWER: *True* pp. 19-20

- 12) Social entrepreneurs are motivated by forces that are internal, such as personal values that foster empathy for the plight of others and external forces that come from an encounter with a social problem.

ANSWER: *True* p. 21

- 13) Social entrepreneurship is about a process that involves both the interaction between the individual entrepreneur and the context within which the entrepreneur and her or his social enterprise operates.

ANSWER: *False* p. 23

- 14) Important process models for business and social entrepreneurship include the Timmons Model, the PCCC Framework, the CASE Model, the Social Entrepreneurship Framework and the Social Entrepreneurship Process Model.

ANSWER: *False* p. 25

15) The Social Entrepreneurship Process Model consists of one step.

ANSWER: *False*, p. 30

## SHORT ANSWER QUESTIONS

1) What is the basis of the word “social”?

ANSWER: p. 12

The word “social” derives from the Latin word *socialis*, meaning an associate, ally, or companion.

2) While there are many definitions of “entrepreneurship” that have been developed over the years, and despite the variation in thinking, there are some general aspects of entrepreneurship that appear to have at least a degree of universality. Which ones?

ANSWER: p. 14

- Entrepreneurs actively seek out opportunities to innovate
- Entrepreneurs pursue a strategy of growth
- Entrepreneurs are strategic
- Entrepreneurs ably build networks
- Entrepreneurs are invariably risk managers

3) Arguably the oldest and most cited definition of social entrepreneurship comes from Dees (1998, p. 4): “Social entrepreneurs play the role change agents in the social sector by...?”

ANSWER: p. 15

- Adopting a mission to create and sustain social value
- Recognizing and relentlessly pursuing new opportunities to serve that mission
- Engaging in a process of continuous innovation, adaptation, and learning
- Acting boldly without being limited by resources currently in hand
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created

4) The triple bottom line pertains to the pursuit of which three outcomes by the for-profit or nonprofit organization?

ANSWER: p. 17

- Economic
- Social
- Environmental



5) The commercial entrepreneur serves shareholders, the social entrepreneur serves...?

ANSWER: p. 18

Stakeholders

6) What entrepreneurial behaviors can you identify, which are exhibited by Peter Frampton and LEF as described in the case, Profile of a Social Entrepreneur: Peter Frampton, Manager; the Learning Enrichment Foundation (LEF)?

ANSWER: pp. 21-23

A production innovator who:

- Perceives the opportunity to provide a new product or implement a new production method and then organizes the needed production inputs and assumes financial risk
- Makes connections and builds networks essential to progress in solving problems and meeting needs
- Creates a new product or service, develops a new production process, or finds a new market and who has a goal of growth and development for themselves and their business
- Seeks out opportunities to innovate in order to add value to the lives of their customers
- Pursues a strategy of growth in order to expand his or her business's market reach and profits
- Strategically manages his or her enterprise and builds networks among their investors, suppliers, and customers in order to achieve their business goals
- Is a risk manager

7) Which do you think is more important to a social entrepreneur's intention: perceived desirability or perceived feasibility? Defend your answer.

ANSWER: p. 20

- Perceived desirability: driven feelings of empathy for the disadvantaged members of society and the social entrepreneur's determination that their plight is morally "wrong"
- Perceived feasibility: belief that they can successfully accomplish what they seek to do and with the support of others who share their vision for a better situation

8) What are the key elements for each of the following models: the Timmons Model, the PCDO model, the CASE model, and the Social Entrepreneurship Process Model?

ANSWER: pp. 24-30

- Timmons: entrepreneur as “fulcrum” balancing opportunity, resources and the team (each has relative size)
- CASE: Step 1 Generating promising ideas: social assets and social needs leads to promising ideas, Step 2 developing promising ideas into attractive opportunities: Operating environment: social impact theory, operating model, resource strategy leads to opportunity and results in social impact
- PCDO: people, context, deal and opportunity
- Social Entrepreneurship Process Model: See Figure 2.6, p. 30

9) What is in the core of The Social Entrepreneurship Framework?

ANSWER: p. 28

The Social Value Proposition

10) The Social Entrepreneurship Process Model consists of two stages: Idea Creation and Mission Achievement. What elements connect these two stages?

ANSWER: p. 30

Opportunity assessment

## ESSAY QUESTIONS

- 1) One main similarity between the CASE Model and the Social Entrepreneurship Process Model is that they both take place in two steps. Compare the first steps and the second steps respectively of both models with each other, and describe the agreements and differences.
  - First step: social needs and social assets (CASE Model) versus need, individual motivation and capacity (Social Entrepreneurship Model)
  - Second step: social impact theory, operating model and resource strategy (CASE Model) versus opportunity, people and resources (Social Entrepreneurship Model)
- 2) Picture the use of child labor in textile factories in developing countries, producing cheap clothing for the market in developed countries. How would you fight this problem? Use the Social Entrepreneurship Process Model.
- 3) In the epilogue to the Madécasse case (Voices from the field), it is stated that Madécasse has experienced some challenges in the last couple of years. One specific challenge is that the level of production inside Madagascar could not meet the demand, which led to the result that a large percentage of the production was moved

outside of Madagascar. What should have been done to remain with all production inside Madagascar? Give your answer in the form of a number of recommendations.