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Social Entrepreneurship's Solutionism Problem

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As a child I used to regularly visit New Lanark, a UNESCO world heritage site just south of Glasgow, where I grew up. It was, and still is, a remarkable place that has been carefully preserved to show what conditions were like for workers during the 'Dark Satanic Mills' era of the industrial revolution. New Lanark's significance lies in the utopian philosophy of the owner, Robert Owen, who in 1799 introduced a then unprecedented raft of measures to educate and enhance the social welfare of employees and their families: a significant innovation at a time when children as young as five were expected to work long hours in dangerous and dirty factories. Owen demonstrated that by providing education, health care and democratic models of management, he could improve both profit and the general wellbeing of his community. In doing so, he offered a foundational template for modern social entrepreneurs who seek to align capital, a business logic and progressive social ideas to enact change. Influenced by these proto-cooperative models, and by the groundswell of socially entrepreneurial activity in the UK post-2000, I undertook a PhD on the topic, motivated to gain a deeper understanding of the phenomena and to perhaps one day advance the model further in practice.

Ariel view of New Lanark, Scotland (source)

It didn't pan out that way. As I came to the end of my PhD, after a number of years of deeply engaging with social entrepreneurs, attending policy events and travelling to academic conferences, I arrived at the reluctant conclusion that contemporary social entrepreneurship, at an aggregate level, may be doing more harm than good. It suffers, I suggest, from a solutionism problem in which an entrepreneurship 'gloss' is liberally applied to a broad range of complex social problems, many of which could be more effectively addressed through other measures, namely social and economic policy. Despite these concerns, I found little in the academic literature or conference programmes that critiqued the dramatic paradigmatic shift in how social problems are conceived of and addressed. That is, it appears to be taken-for-granted by most stakeholders that social entrepreneurship is *inherently good* and *socially beneficial*.

I use this essay to unpick these assumptions, first by examining whether the promise of social entrepreneurship has been oversold, and then by reflecting on why the academic community has advanced social entrepreneurship over other potentially more effective approaches to solving social problems. I argue that the bias towards entrepreneurial approaches within the research domain has fostered a form of anti-statism (i.e., a belief that governments and related public institutions are incapable of adequately addressing market failures) that may potentially exacerbate rather than ameliorate social problems. I then conclude by asking what might be done to introduce some balance to the research domain.

A Founding Myth

A founding assumption that drives social entrepreneurship in both practice and theory, is that The State and other shared institutions are incapable of solving many of the modern world's social and environmental problems. As Bill Drayton argues in the foreword to Jill Kickul and Thomas Lyon's (2020) recent book on social entrepreneurship "…the way the world has been organized since the agricultural revolution is coming to an end. Institutions have been designed for repetitive functioning. They are characterized by a very few people controlling everyone else, by limited and chiefly vertical nervous systems, and by walls. There is no way such primitive organisms can survive in a world that is characterized by change on all sides, with each stimulating more change widely across this new world." The solution to this enfeebled, almost Randian conceptualisation of The State and her institutions? *The entrepreneur*.

Given such a fundamental belief has motivated the development of social entrepreneurship - representing an article of faith to practitioners and some academics - it is surprising how little this assumption has been problematised. The issue of homelessness is one

area that illustrates the point forcefully; for example, today this is a very active area of socially entrepreneurial activity, and there are many commendable and award-winning ventures 'solving' (*their language*) the rough sleeping problem through innovative business models that provide hospitality-sector jobs for homeless individuals or run innovative fundraising events that bring resources and attention to the problem. However, an unavoidable fact remains; in England, rough sleeping remains stubbornly high (141% more than it was in 2010), despite a sustained period of economic growth and the aggregate efforts of numerous social entrepreneurs addressing the problem. In such a broken system, social entrepreneurship has proven capable only of tending to symptoms while the patient remains unwell.

Despite the apparently intractable nature of homelessness today, it is easy to forget that rough sleeping was all but eradicated in the UK in the 2000s. Significantly, this outcome was not achieved by a fearless social entrepreneur, but rather by the more quotidian enactment of a sensible and appropriately funded public policy approach (delivered through the powerful Social Exclusion Unit in the then New Labour government). We should, therefore, give some pause for thought around the sometimes-flippant assertion that government and other public institutions are unable to effectively address social problems – it is often not that they cannot, but that they choose not to do so, for whatever political reason that may be. Finland, for example, is the only EU country where homelessness is falling – its secret? Ambitious public policy (Henley, 2019; Day, 2020).

Examples do not end at homelessness either. Many of the most socially progressive and impactful interventions of the past century, from milestones such as the National Health Service in the UK and the New Deal in the USA, to more modest though quantitatively impactful policies such as minimum alcohol pricing, single-use plastic bag charges and the introduction of strict limits on fixed odds gambling machines, have been the product of thoughtful social and economic policy, ameliorating negative externalities cost-efficiently, democratically and at scale.

My growing concern, therefore, is that the superficial attractiveness of applying an entrepreneurial gloss to social problems reduces the urgency and scope for political action and the reform of public institutions. This, I believe, leads to a paradoxical situation where an increase in social entrepreneurship actually leads to *less* progressive change in society.

Has Theory Missed the Point?

Whether you accept this premise or not, it is somewhat conspicuous that fundamental questions relating to the nature of social entrepreneurship have not been explored in theory – a fact underlined in Tina Saebi and colleagues' (2019) recent review of the academic literature. Arguably, the origins of the current problems in scholarship can be traced to early - and still unresolved - debates around definition. Conceptually, scholars appear to have taken at face value that social entrepreneurship is the relatively unproblematic application of entrepreneurial behaviours towards social problems, generally with the caveat that 'profits' are reinvested in the enterprise rather than drawn down by the founder. Yet this conceptual fusion has always been asymmetric and inadequate. For one, it would appear that scholars have cherry-picked only certain elements of 'entrepreneurship' to apply to their conceptualisation of social entrepreneurs. In doing so they have contributed to the development of a questionable norm that has rapidly become reified in research and in practice. Unsurprisingly, elements emphasised by these conceptualisations have tended towards the relatively upbeat, anodyne and cliched, underscoring notions of creative destruction, passion, value creation, changemaking and so on.

In practice, however, there is little evidence that *only* these positive entrepreneurial attributes have been enacted by social entrepreneurs. A deeper reflection on the ways in which entrepreneurial thinking has been applied in a social context surfaces some incongruities that challenge the fundamental logic of social entrepreneurship. For example, how should the notion of competition and market positioning be treated? We know, after all, that most high-growth commercial firms seek to dominate a market segment, often by defeating all others in a sector to ensure hegemony for their value proposition. Is this really an appropriate dynamic for encouraging pluralism amongst those working to solve social problems?

A second factor that is often overlooked by entrepreneurship scholars, is the problematic nature of risk and failure inherent to most innovative entrepreneurial activity. We know that social businesses often survive marginally longer than commercial businesses, however as a recent study in Mexico shows, this still means only 8.7% of new businesses will last between four to six years. This raises some ethical problems around start-ups providing services for vulnerable groups that are at risk of being withdrawn abruptly, and about the appropriateness of entrepreneurs experimenting in real-time with a value proposition that can have life-altering consequences for stakeholders. In a commercial context, *caveat emptor* is a reasonable response to this problem. In a social context however, do 'customers' or the end

users of services always have the requisite agency to avoid entanglement with entrepreneurial actors, many of whom are influenced by a Silicon Valley 'move fast and break things' mindset?

This significant churn of activity may potentially be worthwhile and justified if 'pathbreaking' innovations emerge and scale in a manner where social value is shared equitably, but have we seen a sufficient glut of new social innovations materialise that either justify the resource wastage, or that outperform a good policy? I would argue that this remains an open question, and will remain so, until research examines in greater depth the 91.3% of socially entrepreneurial initiatives that fail.

Slouching Towards Solutionism

When considering these arguments together, it suggests entrepreneurship scholars have been complicit in encouraging a form of solutionism. I borrow this notion from the critic Evgeny Morozov (2013), who has vividly documented the hubris of technology entrepreneurs over the past decade as they too have advanced overly optimistic cures to deep and complex problems. When Morozov mocks tech-bros who believe they can, through their unique genius, sweep into any problem domain and apply an elegant algorithm to a problem that has confounded all others, the parallels with social entrepreneurship track too close to ignore.

Interestingly, applying the solutionism lens to a social entrepreneurship context surfaces a deep though rarely acknowledged anti-intellectualism undergirding many social ventures. I am reminded of various private conversations with experts employed in public institutions, universities and NGOs, many of whom have dedicated their professional lives to working on social, economic and environmental challenges, amassing unparalleled specialist knowledge of these problem domains. Increasingly these individuals find themselves side-lined in favour of confident and charismatic social entrepreneurs who have adopted a particular cause célèbre yet can offer only superficial insights and fleeting attention towards the development of solutions. The experts sound a deep frustration that these quixotic individuals regularly court the spotlight through selling naïve solutions to nuanced problems, in doing so making the more unpalatable, longer-term and costly business of change more difficult. Alas, when the sugar-rush of the quick-fix wears off, the 'experts' are the ones left picking up the pieces, quietly, away from the limelight.

Explaining the Critical Gaps in Social Entrepreneurship Scholarship

So, why has the academy failed to expose this endemic solutionism, and why has the radical shift in how we configure The Market, State and Social Sector not been adequately problematised? One reason may be that it is difficult and often unpopular to criticise something that is widely viewed as a legitimate and desirable activity (particularly if your own research community played a central role in the legitimisation process). Who, after all, wants to be the person who critically examines something as parsimonious and intuitive as buy-one-give-one business model? One only has to look at the backlash the polemicist Christopher Hitchens encountered for publishing his devastating - though necessary - book The Missionary Position: Mother Teresa In Theory and Practice. In it he dismantled the accepted conceptualisation of the beatified and Nobel-prize winning humanitarian, labelling her a "fanatic, a fundamentalist, and a fraud." He specifically directed attention towards her alleged hypocrisy, noting that she accepted money from questionable sources (including dictators and convicted fraudsters) and adopted reactionary positions to female emancipation that public health and medical workers argue caused additional and unnecessary harm to vulnerable groups.

I can find no comparable analyses in contemporary social entrepreneurship theory, despite the strong likelihood that similar and perhaps even more egregious issues pervade practice. As Cho (2006: 34) observes, in an early and rare critical assessment of social entrepreneurship's philosophical moorings: "'social' concepts that attract such unqualified support are usually vacant of normative content or require further examination to uncover the conflicts of interest that inevitably accompany discussions of the common good."

In place of such analyses, theory generally adopts either a neutral stance towards case organisations or repeats, uncritically, the cliched superlatives (changemaker, mission-driven, doing good while doing well) commonly attributed to social entrepreneurs. Yet, this often-reverential approach to our subject of analysis is a recipe for underwhelming scholarship, and it squanders the unique position universities - and particularly tenured faculty - have to challenge and critique profound socio-economic change. As it stands, there is a banal consensus between key stakeholders and influencers from the various economic and public spheres that social entrepreneurship is a desirable, if not preferable way to address market failure, despite a lack of meaningful and systematic evidence of its efficacy at tackling causes rather than symptoms of social problems. Even the most lauded examples, such as Nobel-winner Mohammed Yunus' microfinance innovation, have escaped serious analysis within entrepreneurship theory. Economists themselves have only latterly caught up with

development experts 'on the ground' who have long suggested that microfinance has introduced insidious new externalities (e.g., credit problems) through financializing poverty in contexts that it operates. The social entrepreneurship literature remains silent on this and Yunus remains a canonical reference-point in the framing of many research articles.

Moving Past the Solutionism Trap?

While Robert Owen's New Lanark experiment initially attracted me towards researching social entrepreneurship, it is ultimately what has pushed me away. As impressive as Owen's work was, a broader historical analysis of social change reveals that superseding developments such as universal suffrage and comprehensive social welfare protections have demonstrated greater scope to ameliorate social problems than venture-led initiatives prone to solutionism and high-rates of failure. Surely, we are at such an anthropogenic juncture where it is more desirable to address urgent systemic problems such as global warming, hunger, housing, abuse, social exclusion and education forcefully, at a structural level, rather than going back to a pre-Victorian era of proto-institutions and laissez-faire governance, where the social welfare of vulnerable groups rests on the whim of a benevolent entrepreneur or philanthropist?

A reasonable rejoinder to my unfashionable and Statist argument, would be that there is a significant gap between what is politically desirable and what is politically possible in any society. This is certainly true, and legislative inertia and political polarisation perhaps goes some way to explaining the rapid expansion of social entrepreneurship over the past three decades. However, by advancing market-based 'entrepreneurial' solutions or otherwise adopting a business logic to an endless number of social problems, I propose that we take the onus away from policymakers to do better within whatever ambit they operate, precisely at the time when we need political solutions the most.

Despite my criticisms, it is important to reaffirm that I strongly believe social entrepreneurs can and do create important social value. In some cases, such as the company Specialisterne who enable individuals with autism to work as consultant software testers, it is possible to see a perfect synergy of inputs and outputs that are well coordinated by market devices. It would also be a grave mistake to discourage any individual from engaging in creative socially entrepreneurial activity that improves their community in some way. For many, social entrepreneurship offers a more positive application of capitalism that is not driven solely by the self-interest and resource exploitation found elsewhere in the economy, and this

is certainly a good thing.

However, reflecting on the good and bad of social entrepreneurship, I suggest that to move both research and practice onward we need to reengage with bigger questions of political economy and to confront potential biases and assumptions in our research that privilege social entrepreneurship as a mechanism for societal change. First, rather than analytically focus on the entrepreneurial solution, we should ask why the problem exists in the first place. It is notable that the starting point for most social entrepreneurship research is that an institutional or market failure exists, and therefore an entrepreneurial solution is required. Second, rather than fall into the solutionism trap where we enthusiastically cheerlead *any* social entrepreneur trying to make the world better, perhaps we should start posing more obstinate questions about impact, efficacy and sustainability. Third, as Lumpkin and Bacq (2019) show, more productive research is being conducted at higher levels of analysis (e.g., civic) where multiple interacting stakeholders come into focus. The dominant organisational lens, I contend, offers only diminishing theoretical returns around paradoxes and tensions associated with hybrid organising. And finally, the field would benefit from more comparative empirical studies of political/institutional approaches versus social entrepreneurship approaches. These findings could help answer fundamental - though unaddressed – questions relating to the solutionism problem, by identifying where social entrepreneurship is the most effective approach and when, alternatively, policy is required.

Perhaps a more critical theoretical approach will emerge that responds to solutionism and that favourably re-evaluates the role of government in addressing negative externalities and grand societal challenges. One only has to look at adjacent fields such as industrial innovation, for example, to see how a debate can be reframed to better acknowledge the role of public institutions. There, the economist Mariana Mazzucato (2015) has successfully upended assumptions that breakthrough innovations such as the iPhone are solely the result of private-sector ingenuity, by showing the deep and often dramatic capacity of the Entrepreneurial State. A similar reckoning, I believe, is due for the social entrepreneur.

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