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3rd EMES International Research Conference on Social Enterprise
Roskilde (Denmark) - July 4-7, 2011

THE AMBIGUITIES OF (SOCIAL) VALUE CREATION: ENTREPRENEURIAL SUCCESS BETWEEN INSTRUMENTAL ENDS AND ENDS IN THEMSELVES

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PRELIMINARY NOTE

In this paper, I try to bring together some of the main ideas and findings of my PhD thesis which will be finished by the end of 2011. The title of my thesis (in German) is "The Realization of Cultural Visions through Entrepreneurship – A Business Ethics Model." The main research question can be phrased as follows: What are the appropriate theoretical concepts for answering the question, "How is it possible to build up a successful enterprise based on social purposes?" With the draft version of this paper and its presentation at the EMES Conference I wish to provide an insight into my hitherto conceptual work on the topic for an international audience. I hope that the questions, comments and discussions at the conference will help me to improve and further develop my concepts in order to turn this draft into a full paper ready to be published. Below I introduce several concepts which are discussed in detail in my thesis.

1. INTRODUCTION AND OVERVIEW

Within the debate on "social entrepreneurship" two major concepts are used in order to grasp the most crucial outcomes of establishing new society-oriented enterprises: "social value creation" (e.g., Di Domenico et al. 2010) and "social innovation" (e.g., Phillips Jr. et al. 2008). Both concepts implicate fundamentally ethical issues such as "the quality of life" and "the good society". Yet, those broadly used terms lack conceptualizations that have an explicit ethical substantiation. Instead, the fuzzy use of the attribute "social" indicates desirable outcomes or changes without explaining their ethical dimension. Thus, the purpose of this paper is to criticize the taken-for-granted use of categories such as the dichotomy "social vs. business"¹. Building on this critique, I develop a multi-dimensional approach that attempts to conceptualize the creative entrepreneurial process of generating things of value and novelty for individuals and society.

From an ethical point of view, the current debate on "social entrepreneurship" is not satisfactory, because the common parlance of "solving social problems" and "meeting social needs" suggests that it would always and for everyone be objectively clear exactly what constitutes those problems/needs and when they can be considered solved/met. Moreover, some of the categories that are mostly used to describe and assess societal issues are not sufficiently defined, or are even obsolete.

Therefore, the first step of my argumentation is the deconstruction of some false dichotomies that are common yet unquestioned. Versions of the most common pair of reputed opposites can be found on any level within the discussion: On the motivational level, the dichotomy appears as *egoism* vs. *altruism* (or self-interest vs. other-regarding motives); on the organizational level, it is the differentiation between *for-profits* and *nonprofits*; and on the level of society as a whole, the comparison between the *business sector* and the *social sector*² seems to be broadly accepted. This leads to the issue that common definitions of "social" entrepreneurship – which describe it as the kind of entrepreneurship which creates "social value" instead of (or in addition to) economic value – lack a theoretically cogent substantiation of this dichotomy (cf. e.g., the

¹ ... which you can find virtually in any publication on SE. Cf. particularly Austin et al. 2006.

² ... which is sometimes equated even with the concept of civil society, whereas civil society from my perspective is a set of ideals and practices that transcend and unite all societal "sectors" (if you want to regard society as divided into sectors).

definition in Mort et al. 2003: 84). Here, ambiguity appears in the sense of vagueness. So, what are viable theoretical concepts that can substantiate this dichotomy, or develop new, adequate categories?

The next step of my argumentation suggests certain approaches from different disciplines in the social sciences as fruitful sources for grasping the dimensions of entrepreneurial value creation. In addition to the literatures on (the different kinds of) entrepreneurship (cf. Dacin et al. 2010) and theories of institutional change (cf. Hargrave and van de Ven 2006), my main conceptual source is modern virtue business ethics.³ By systematizing the relevant ideas from these sources, I propose a set of *ambiguities of entrepreneurial value creation*. Now instead, I use "ambiguity" in the sense of *double meaning*, because the result is a set of conceptual pairs, each characterizing two important aspects of "social" value. The issue of innovation will eventually be addressed within the explanation of these ambiguities.

The first ambiguity is the double positive effect of cooperative human practice: the distinction within virtue ethics between *internal* and *external goods*. The latter can be further differentiated into *private* and *public goods*; in this respect the second ambiguity is the double value of external goods. Third, the conceptual pair of *practice* and *institution*, which also derives from virtue ethics, constitutes the double value of societal change: Innovations through entrepreneurship can occur in the form of better/new practices and better/new institutions. The paper concludes with a brief outlook on further ambiguities of value creation that need to be explored in the future.

2. "SOCIAL" ENTREPRENEURSHIP: "SOCIAL" VALUE CREATION AND "SOCIAL" INNOVATION – IN SEARCH FOR A THEORETICAL FOUNDATION OF THE "SOCIAL"

During the past decade a debate on "social entrepreneurship" has gained popularity both in terms of a new movement seeking the creation of "social" business organizations and of a new academic field reflecting this trend. If the current debate on "social entrepreneurship" (SE) is to be more than just a hype based on the self-description of some strong-voiced organizations in the field, then a convincing scholarly concept of SE has to be developed – "convincing" inasmuch as such a concept should be able to justify the usage of the term "social" as a tool to specify a distinctive form or particular dimension of entrepreneurship.

The literature on SE pursues this goal in several ways by using auxiliary concepts, the most prominent (and promising) of which may be "social value creation" and "social innovation." In contrast to other auxiliary concepts, such as "the social sector" (Wei-Skillern et al. 2007), these concepts refer to intended and desired outcomes of entrepreneurial action. However, just like "social" entrepreneurship itself, they derive their distinctive meaning only by the addition of the adjective "social." The task of giving a plausible meaning to "social entrepreneurship" therefore depends on the definition of "social value creation" and "social innovation," which in turn depends on the meaning of "social."

Ontologically, there are two basic ways of describing a phenomenon in order to grasp it as a conceptual account of a certain fragment of reality. The first is to *define* an object literally: by marking a boundary that differentiates it from another object. This way of defining serves to show the difference vis-à-vis another object. The crucial issue is the choice of the other object(s)

³ Building on the work of Alasdair MacIntyre (in particular MacIntyre 1984) several business ethicists have developed a modern approach to organizational virtue: Cf. e.g. Moore and Beadle (2006).

in this process. The second way of defining is to explain what an object consists of, i.e., to specify its substance or quality.

Usually, the literature on SE employs the first way. Accordingly, SE is defined in contrast to something which is referred to as "traditional," "commercial," "economic," or "business" entrepreneurship (e.g., Austin et al. 2006). The basic idea of this approach thus consists in the dichotomy of "social vs. business." Before I try to deconstruct this taken-for-granted dichotomy as misleading – because it distracts from the essence of value creation – in section 3 and then develop an alternative concept which follows the second way of substantiating and qualifying value creation in section 4, the quality "social" and its implications need to be examined more thoroughly.

Treating business and economics as genuinely *social* sciences presupposes that all subjects of interest in these research areas – e.g., entrepreneurship, value creation, and innovation – be fundamentally social phenomena so that the attribution "social," in turn, seems tautological. In this connection, it is useful to remember that the term "social" has two different facets of meaning, which are reflected in the common usage of expressions such as "social network," on the one hand, and "social market economy," on the other. While the first expression indicates no more than interpersonal relations in a merely descriptive way, the second denotes a normative meaning: What is "social" in this sense is good for society or any other human community – in this case, the social market economy, which is a kind of economic system that tries to avoid the most brutal disruptions caused by an untamed capitalism by institutionalizing solidarity.

Obviously, a concept such as "social entrepreneurship" must be (also) constituted by the second facet of the meaning of "social" – last but not least because of the "change the world" attitude (e.g., Bornstein 2004), which is widely spread in the SE movement and literature. As long as most proponents of SE see the typical outcomes of socially entrepreneurial activities as immediately related to society as a whole or certain parts of it – mostly described in terms of social problems or disadvantaged groups – there is a normative core that needs to be revealed. If "social" in this context does not just describe the fact that there is some sort of human collective but rather aims at the improvement of this very collective's current state, and if "social value creation" and "social innovation" are the concepts by which this improvement is evaluated, then these concepts require a clarification of their ethical foundations. By "ethical foundations" I do not mean criteria for deciding what is morally right or wrong but rather, and essentially, some theoretical concepts of what constitutes, and contributes to, a good life (cf. Carson 2000) and a good society (cf. Brenkert 2002).

Astonishingly, even though SE is commonly considered as a force for changing society for the *better*, the SE literature hardly reflects on the ethical measures for evaluating whether there has been, or could be, a real change for the better, and what "better" actually means. In fact, the common parlance of "solving social problems" and "maximizing social value" does not explicitly reveal the underlying ethical perspectives but seems to follow the utilitarian paradigm of (neo)classical economics. In this respect, the SE discourse is "insensitive to local historical-cultural specificities," it is "overly economic and individualistic in orientation," and it "normalises and harmonises the discussion on 'social problems', representing them as economic problems in need of 'better management'" (Hjorth and Bjerke 2006: 119).

The virtually imperialistic effort of applying traditional economic thinking to societal issues can be illustrated by a definition of "social value as the creation of benefits or reductions of costs for society — through efforts to address social needs and problems — in ways that go beyond the private gains and general benefits of market activity" (Phills Jr. et al. 2008: 39). On the one

hand, this definition shows that the core purpose of "social value" is to extend beyond mere profit and market orientations as encountered in any pure understanding of business; on the other hand, the instrumentalistic logic of cost-benefit calculation is not abandoned at all. Rather, the SE debate to a certain degree cultivates an old paradigm which should actually be replaced if the label "social" is to offer a theoretical alternative.

In order to grasp social phenomena, it should be taken into account that they "are defined by characteristics of randomness, innumerable variables, the absence of the conditions of controlled experimentation, and indeterminate time horizons, all of which run exactly counter to the scientific method, which relies on prediction, limited variables, repeatable experiments, and control." (Sievers 2010: 52) That is to say, not only its normative nature but also its complexity call for a fundamentally different approach to the "social." Yet: "Much of the literature on social enterprise seems to assume that the social will take care of itself if the enterprise is successful" (Edwards 2008: 19). But it is precisely the concept of the "social" which enables us to decide whether a "social" enterprise is successful or not. Besides, there is a severe risk in treating the "social" as "so patently obvious as to require no further explanation," namely the risk that its normative content is exposed to misinterpretations and manipulations (Cho 2006: 37).

Starting from the evidence that the major defining features of SE lack conceptualizations of the "social" and, in particular, an explicit ethical substantiation which goes beyond the traditional logic of economic instrumentalism, we next need to review the prevalent understanding of social value creation. Thus, the following section focuses on the dichotomy "social vs. business," which is the main categorical tool used in the literature to define the "social".

3. "SOCIAL VS. BUSINESS" – AN OBSOLETE DICHOTOMY

As noted above, the "social" in social entrepreneurship and, correspondingly, in social value is mostly defined not substantially but in contrast to business entrepreneurship and economic value, respectively. For instance, one of the most cited definitions of SE is built on the concept of social value and refers explicitly to this contrast: "Social entrepreneurs play the role of change agents in the social sector, by: Adopting a mission to create and sustain social value (*not just private value*) [...]" (Dees 2001: 4 [italics added]). However, what is missing in the literature is a reference to a value theory that could shed a light on what is meant by social value in contrast to the concept of market value, whose underlying philosophical foundations (cf. Anderson 1995) are not often disclosed either.

Large parts of the SE literature emphasize the concurrence of social and economic value (e.g., Chell 2007) and define social enterprises as "hybrid organizations" (Billis 2010). A restrained interpretation of this hybridity would be to say that "[t]he relationship between the business activities and the social programs are comprehensive: financial and social benefits are achieved simultaneously." (Alter 2007: 26) A more stringent interpretation is the concept of "blended value" (Emerson 2003), which rightly suggests that there is no such thing as pure financial and pure social value, but that all values are inseparable blends. At any rate, "[a]ny study of hybridity must inevitably begin by establishing the nature of the 'non-hybrid' state of the phenomenon" (Billis 2010: 46). That is, even the integrative concept of blended value has to start from the – at least theoretical – distinction between pure forms of value which, in turn, have to be characterized in order for us to be able to understand what the hybrid form is composed of.

For this purpose it is not sufficient merely to mention some criteria that could help to distinguish between "social" and "commercial" entrepreneurship such as market failure, mission, resource

mobilization, and performance measurement and might indicate that the actual occurrence of each criterion would differ in the two realms (Austin et al. 2006: 2–3). Rather than only indicating the differences, a dual or multiple concept of value creation should systematically explain the coherence and correlation between its components. Yet in most contributions on the subject, the “social” and the “economic” are discussed as apodictically opposed to each other as totally different worlds or logics. Since almost the entire discussion about SE and related concepts such as social value creation are built upon this dichotomy, its adequacy and cogency need to be analyzed in more detail. There are different versions of this pair of reputed opposites which can be found on any level of the discussion: (1) the motivational level of single actors; (2) the level of the organization and its purpose; and (3) the level of societal sectors.

1. On the level of single actors, their basic motivation for action is commonly split into two opposed moral or psychological orientations: egoism and altruism. These categories may have played an useful role in sociobiology, evolutionary biology, evolutionary psychology, and related sciences in order to explain human nature as self-regarding (Dawkins 1976) or other-regarding (Ridley 1996), and on a fundamental level, they also have a relevance for economics. While the assumption of selfish rational human behavior has informed economic theory for centuries, behavioral economists and other researchers have recently begun to question what has hitherto been taken for granted and highlight the irrational and reciprocal features of human behavior (e.g., Ariely 2008). Applying this antagonism to our subject, however, would raise at least one conceptual problem: The recent turn in economic theory concerns human behavior in general and its nature in principle. In this respect, egoism vs. altruism is more of a paradigmatic choice than a conceptual pair; at least it cannot be equated with two different types of agents with alternative motivations.

Nevertheless, the dichotomy of an economic motivation of self-interest, competition, and private benefits, on the one hand, and a social motivation for other-regard, cooperation, and public goods, on the other, has generated a certain heuristic appeal. In 2005, for instance, the Skoll Foundation, a major support organization for social entrepreneurs, declared the following: “[U]nlike business entrepreneurs who are motivated by profits, social entrepreneurs are motivated to improve society” (Sud et al. 2009: 208). There are even authors who tend to define the “social” in “social entrepreneurship” in terms of “altruism” (Tan et al. 2005). But as mentioned, what one would call a more selfish or a more altruistic orientation of action has already become a feature of all kinds of entrepreneurs because, on the one hand, it can be argued that entrepreneurs create economic institutions such as technology standards as well as social institutions such as HIV/AIDS treatment advocacy – *both* in order “to further their own self-interest [... while t]his self-interest need not run counter to society’s interests” (Dean and McMullen 2007: 62). On the other hand, the portrayal of entrepreneurs “as rugged individualists who go it alone to build new organizations and programs that maximize their self-interests [...] is incomplete, because it does not account for the fact that entrepreneurs also pursue collective interests. It fails to recognize a basic paradox in human beings of simultaneously seeking individual and collective interests” (van de Ven et al. 2007).

For this reason some authors argue rightly against the dichotomous perspective that “social entrepreneurship might be thought to differ from entrepreneurship in the business sector in that the latter is associated with the profit motive, whereas social entrepreneurship is an expression of altruism” (Mair and Martí 2006: 38). All entrepreneurs, social or otherwise, are hardly motivated by immediate gains such as money, but they pursue their entrepreneurial mission relentlessly although they are “never fully compensated for the time, risk, effort, and capital that they pour into their venture” (Martin and Osberg 2007: 34). This essentially entrepreneurial quality of doing things with passion, i.e., “the joy of creating, of getting things done, or simply of

exercising one's energy and ingenuity" (Schumpeter 1934: 93) even though – or because – they are challenging, hints at a more promising conceptual pair on the motivational level: instead of the dichotomy of egoism vs. altruism, the pair of intrinsic and extrinsic motivation could at least offer a new perspective on (social) value creation because acting on these motivations may also produce different outcomes (cf. Pink 2010).

2. The popular version of the social vs. business dichotomy on the organizational level is the differentiation between profit and nonprofit organizations. The discussion here is quite similar to that above: some authors charge that existing concepts of SE "address mission-driven, rather than profit-driven entrepreneurial endeavors" (Dean and McMullen 2007: 51), which is another version of the dichotomy in question – only that in this case, it concerns the purpose of an organization, i.e., the question of what drives an organization in its actions and which direction this drive takes. Two grades of organizational purpose can be differentiated: first, an organization's fundamental purpose, which is expressed in its institutional – particularly its legal – design (cf. Kelly and White 2009) and which constitutes a particular organizational form such as a cooperative or a corporation. Each organizational form is subject to specific restrictions and potentials for value creation, thus determining the second grade of organizational purpose: the particular mission or value proposition of an organization which is brought into being by entrepreneurs or managers, e.g., addressing a certain ("social") need or problem.

For entrepreneurship as a widely applicable creative activity, this constellation offers various opportunities for expressing this creativity in worthwhile (valuable) and new (innovative) ways. Besides the creation of new – e.g., hybrid – organizational forms, which should be termed "institutional entrepreneurship" (Tracey et al. 2011), and the creation of concrete organizations with a beneficial mission such as serving a hitherto neglected group, there are, of course, several other related ways of creating value, for instance, altering existing institutions beyond the own organization and, last but not least, the provision of new products or services. With reference to this discussion, it should be emphasized that it would be an oversimplification to squeeze this variety of possible value creations into a simple social vs. business schema. The view would be even narrower if the organizational mission was the only deciding criterion and if there were only two formal alternatives of a profit and a nonprofit mission.

3. The same problem of oversimplification is even more critical on the level of society as a whole. Even though treating the "business sector" and the "social sector" as two different worlds seems to be broadly accepted, it undermines the actual diversity of motivations, organizations, strategies, outcomes, etc., which have been put forward as highly relevant for an extended understanding of value creation. Besides the antithetic moral connotations of a ruthless capitalist culture in the business sector and a culture of caring and solidarity in the social sector – whose abstractness can only be misleading – there is another danger inherent in sectoral thinking: the assumption of superiority of the business sector over the social sector.

At first sight, the observations of "sector-bending," i.e., "blurring lines between nonprofit and for-profit" (Dees and Battle Anderson 2003), may seem a correct description of current changes in society. However, these changes are neither even, harmonious developments nor subject to social quasi-laws, but are being promoted by powerful interests and thus highly disbalanced. In particular, a recent movement called "philanthrocapitalism" (Bishop and Green 2008) propagates the belief as well as the practice that certain methods and institutions could be successfully applied to any social context. As a result, a very specific understanding of value creation (an instrumentalist or "capitalist" one) is either transferred from its business origin to the "social sector." This is reflected in neologisms such as "venture philanthropy" and "social return on investment," which are not only new words but actual institutional innovations representing this

cultural shift. Or the highest competence of shaping society for the better is assigned to the business sector: "Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face" (Porter and Kramer 2011: 64).

There are many qualified objections to this view, especially from a civil society perspective (Edwards 2008). As for the task of developing an extended concept of value creation, both the mere sectoral view and the imposing of one specific logic of value creation on nearly all other areas in society hamper this task. First, the division into a social and a business sector is "artificial" since "social entrepreneurship and business entrepreneurship in the private arena are not necessarily dichotomous but rather a continuum." (Surie and Ashley 2008: 238) Moreover, "[t]he difference between successful organizations is not between the business and the social sector, the difference is between good organizations and great ones" (Collins 2005), let alone the bad ones. Therefore a concept of greatness and excellence is needed, which is capable of reflecting the dimensions of entrepreneurial and business success beyond the sectoral view.

Finally, the sector concept discussed in the SE literature has mostly neglected another difference of high relevance for the issue of value creation: the alternative between a market-based economy, in which individuals' needs are fulfilled by others, and a subsistence economy, in which individuals collaborate to fulfill their needs themselves. The latter is not an expression of being underdeveloped; in fact, it takes place every day in the families, gardens, communities, etc. of the most developed countries and is a key to sustainable development (cf. Schor 2010). From the broader perspective of value creation as a conducive way of achieving a good life, the great variety of goods – be they material tradable goods or immaterial aesthetical, cultural, or spiritual goods – generated by subsistence activities such as gardening or community work, have to be taken into account.

In light of these explanations, the use of the attribute "social" is quite inadequate for specifying the – multiple – dimensions of value creation beyond the classical economic understanding, mainly because it is used as a barely qualified counterpart to business (and the latter is often reduced to making profits). Because of this ambiguity (=vagueness) of the term "social", common definitions of "social" entrepreneurship – which describe it as the kind of entrepreneurship which creates "social value" instead of economic value – lack a theoretically cogent substantiation of this dichotomy. We can therefore omit the attribute "social" and speak instead of "value creation" without losing any explanatory power. However, in order to explicate the multiple "social" dimensions of value creation, we need a more differentiated concept in terms of a theoretical and, in particular, an ethical validation.

4. TOWARD A DIFFERENTIATED CONCEPT OF (SOCIAL) VALUE CREATION

The final section gives an overview of potentially useful categories which could help to fill the conceptual void resulting from the vagueness of the "social value creation" concept. Even though I have criticized the SE debate for the fuzziness and tautology of the defining attribute "social," it is not my intention to reject the idea of "social value creation" outright. Rather, my concern is to adjust and specify the unfinished venture of a value creation concept that goes beyond traditional economic values.

The discussion so far has shown that there are some basic requirements for the development of a more differentiated concept. First, the undeniably normative character of the "social" calls for an explicit ethical foundation of the sought-after value creation concept, especially one based on reasoning about the good life beyond utilitarian instrumentalism. Further, the concept needs to

reflect the diversity of actual value creation processes, but at the same time, it should not ignore the connectedness and coherence of the different value dimensions. This could be achieved by proposing three conceptual pairs. Yet, instead of presenting them as dichotomies or as the opposite ends of a spectrum, each pair will constitute closely connected, interrelated sides of the same coin. I call them "ambiguities" of entrepreneurial value creation because each unites a *double* but inseparable content, as indicated by the original signification of ambiguity. The two elements of each conceptual pair depend strongly on each other, with the meaning of one side resulting from the meaning of the other. The respective value is not realized either in the form of one or the other part; both value dimensions accompany each other; they even influence each other in a recursive way. At a superordinate level, this applies, by the way, also to the two core concepts of the SE debate, as introduced above: both the aspect of novelty and change (social innovation) and of goodness and worth (social value) are not treated separately but integrated by the intentional use of the term value *creation* throughout the explanation below. As the overall result would be a complex congeries of several ambiguities, it cannot be treated exhaustively for reasons of space. The main focus will therefore be on three ambiguities.

Even though this cannot be done exhaustively either, it is necessary to at least sketch the relevant theoretical sources on which the extended value creation concept draws. Several approaches from different social science disciplines can provide fruitful sources for grasping the social dimensions of entrepreneurial value creation. With regard to the academic field of entrepreneurship, it can be stated that even before the recent SE hype there has been a certain sensitivity for the societal implications of entrepreneurship: it has been studied as a "societal function [...] to change existing obsolescent societal patterns [...] to render them more compatible with the changed environment" (Etzioni 1987: 176), and it has not been restricted to the business sector (cf. the chap. on "Entrepreneurship in the Service Institution" in Drucker 1985). For our purpose particularly two theoretical developments within and beyond the established entrepreneurship studies are of high relevance: on the one hand, the literature on *institutional entrepreneurship* (cf. Pacheco et al. 2010) has built a bridge between the general concept of entrepreneurs as innovative societal actors and theories of institutional innovation, which deal with the forces and the process of creating and changing societal institutions (Hargrave and van de Ven 2006).

On the other hand, the contributions on the *ethics of entrepreneurship* (cf. Harris et al. 2009) deal with fundamental questions such as the relationship of entrepreneurship and the good life and the good society (Brenkert 2003). In order to deal with the ethical questions that arise from the peculiarities of the entrepreneurial context such as radical uncertainty and rule breaking, it is suggested to adopt a virtue ethics perspective (Brenkert 2009), which seems to me the most convincing approach to our subject. Notably within business ethics, there has been an ambitious debate on the potentials (and limits) of turning the severe criticism of the philosopher Alasdair MacIntyre of contemporary corporate capitalism into a constructive approach to business ethics and organizations (e.g., Beadle and Moore 2006; Dobson 2009). Interestingly, when these discussions approach the topic of the restrictions and intricacies of establishing "virtuous organizations" in the light of a competitive capitalist environment and of corporations hardly capable of reform, they refer to "the capacity for revolutionary change via entrepreneurship" (Crockett 2005: 204). In this respect, a virtues-based theory of entrepreneurship can offer a perspective capable of providing value dimensions both within and beyond the existing capitalist paradigm. In sum, this perspective seems apt to deal with the ambiguities of entrepreneurial value creation.

4.1. Internal and external goods

The basic dimension of value creation is most certainly the generation of goods. In general terms, the concept of goods can be regarded "as a way of focusing on the positive or desirable qualities of an object and on the outputs of particular social, economic, or political processes [...]" (Lohmann 1992: 319). As it is not possible to outline the entire concept of MacIntyre's virtue ethics (1984) here, it must be sufficient to point out a distinction at the core of this concept. Internal and external goods are diverse but interrelated results that derive from certain cooperative human activities (so-called practices) such as arts, crafts, games, and sciences; taken together they constitute the first ambiguity of value creation. The reference point for this distinction is the concept of practice. Goods which are internal to a practice possess the feature of being unique to this particular activity, i.e., they can only be achieved through engaging in the respective practice. By contrast, goods external to a practice can be produced by any activity. The difference can be illustrated by comparing two fishing crews (MacIntyre 1994: 284-286), one which engages in fishing solely to earn money, while the other is motivated by mastering the specific excellences of fishing. In this scenario, money is an external good inasmuch as the first crew could, and probably would, stop fishing (or switch to another activity) if they were paid more, while the other crew would stick to fishing. That is, the concept of internal goods stresses the contingency of value on cultural contexts, which is an important conceptual complement.

Another complement is the acknowledgment of the existence of values which are infinite in supply. Gaining internal goods such as the excitement of a game does not exclude other practitioners involved from experiencing the same or an even greater excitement. Because of their non-rivalrous character, internal goods foster cooperation. On the contrary, external goods such as reputation are always an object of competitive zero sum games, i.e., my climbing to the top of the reputation scale necessarily lowers the reputation of others. Therefore, external goods "are akin to the conventional goods of economics" (Dobson 2009: 44) because they are "always some individual's property or possession" (MacIntyre 1984: 190).

For the purpose of characterizing concepts complementary to economic values, probably the most important feature of internal goods is their noninstrumental character. Human individuals are engaged in practices because they offer the opportunity to pursue a basic human aspiration: the quest for activities carried out for their own sake. A necessity for succeeding in this quest is the development of adequate skills, capabilities, and virtues. The productive practices consonant with this requirement can generally be called "crafts" (cf. Sennett 2008), but they encompass not only traditional crafts such as fishing but also some recently originating crafts such as software programming. The specific value of this kind of activities affects both the person and the product: "The aim internal to such productive crafts, when they are in good order, is never only to catch fish, or to produce beef or milk, or to build houses. It is to do so in a manner consonant with the excellences of the craft, so that there is not only a good product, but the craftsperson is perfected through and in her or his activity" (MacIntyre 1994: 284). And "[i]t is of the character of a virtue that in order that it be effective in producing the internal goods which are the rewards of the virtues it should be exercised without regard to consequences" (MacIntyre 1984: 198).

Internal and external goods cannot or should not be considered separately because the achievement of external goods is mostly a prerequisite for engaging in a practice, and the sole or excessive pursuit of external goods is bound to harm the good life, as is empirically evident for our culture: "The high price of materialism" (Kasser 2002) in our "overdeveloped" economies paid for by all types of stress, addiction, and depression is a major reason to call for alternative value concepts in the first place. The production of more internal goods through the promotion of

practices or crafts should be considered a genuine socially entrepreneurial task. In contrast to the criticized dichotomy of "social vs. business" value, the proposed conceptual pair would be based on a solid ethical theory of the good life – virtue ethics – with the concept of practice as its core.

4.2. Private and public goods

Of all possible practices, one group can be distinguished as productive or economic practices. These possess the common feature of creating certain kinds of external goods which can be transferred outside a specific practice. These intended outcomes of any economic practice I call private goods. Again, there is a corresponding counterpart to private goods, which is external as well but in an outside-in rather than an inside-out way: public goods. In this respect, the second ambiguity is the double value of external goods. Taken together, both kinds of external goods are comparable to a familiar conceptual pair from economics of the same name. It is not my intention here to repeat the well-established theories on private and public goods in economics. However, some remarks need to be made with regard to the potential role of entrepreneurship in providing these goods in the light of advancing society.

As for private goods, it suffices to note that they encompass more than just commodities for sale. First, with regard to private goods as products or services for trade – which is, by the way, to some authors the constitutive, defining criterion for business (Kline 2006) – these include both their sale for money and their exchange for any kind of other product or service. To some proponents of a "social economy" barter or local exchange trading systems are a neglected mode of value creation through exchange which has its own social characteristics, occupying its own moral space (Humphrey and Hugh-Jones 1992). This should at least be taken into account as a potential field for SE. Furthermore, apart from all sorts of market goods, there is also the possibility of giving private goods away without any anticipated service in return. Private goods in this broad sense are, however, in any case instrumental, i.e., a means to an end, be it more self-oriented (e.g., commodity for sale) or more other-oriented (e.g., a handmade birthday present or any free service in the gift economy of the Internet).

With regard to public goods, on the other hand, the traditional view of such goods, provided by the state through taxes and their redistribution, is of less interest here and should be substituted by a concept according to which public goods are, at least partly, malleable by entrepreneurial action. In this view, public goods are originated and implemented by communities or their practices and institutions. Moreover, they are characterized by being common sources of benefits for the entire community and even other external communities. However, unlike private goods, they are neither intended for, nor capable of, being transferred outside the community. Since their beneficial effects are often indirect and lagged, they appear to be coming from outside. Public goods in this sense allow us to "dock with" the emergent discussion on the commons (e.g., Bollier and Rowe 2006).

Commons are external goods because they affect community members from outside their current practices, are inherited from past communities or given through culture and nature (cf. Barnes 2006: 5). Anyhow, they are the results of practices and their tradition. In this sense, practices themselves are public goods or commons inasmuch as members of human communities have access to them and have the chance to benefit from engaging in them. It is important to note that the suggested concept of public goods as commons is broader than the traditional, purely economic definition of just being non-rivalrous and non-excludable; instead the commons is a cultural concept based on the shared values of a community, thus shaping the community's identity.

Thinking about the commons as an object of entrepreneurial action leads us, finally, to the essential role of institutions. Only through appropriate institutions are we able to appreciate the values created through external goods. While there are a great deal of experiences as to the achievement of private goods via economic institutions such as markets, monetary systems, private property, etc., the institutions enabling and supporting public goods or commons – predominantly the trusts as suggested by Barnes (2006) – have still largely not been put into operation. For instance, crucial issues such as biodiversity and a free internet are strongly contingent on the further development of our institutions. Thus, for institutional entrepreneurship there is the choice either to reinforce privatization or help cultivate the commons by developing new collective institutions.

4.3. The advancement of practices and institutions

The condition that progress in the provision of public goods depends on adequate institutions leads us to the fact that institutions also play a central role in the MacIntyrean virtue ethics framework. Accordingly, an institution and a practice are closely bound up with each other, for a practice cannot survive over time without the support of the institution through external goods such as income or fees whose achievement is the core function of an institution; yet this very function immanently implies the danger that the competitiveness of the institution might corrupt the practice (cf. MacIntyre 1984: 194). Therefore SE can be regarded as a process of virtuous – in our context particularly bold, just, brave – acting directed at advancing both a practice and the corresponding institution despite the corrupting forces deriving from the requirement of achieving external goods. Consequently, the third ambiguity of value creation is the advancement of a certain practice-institution combination.

This may occur via the promotion of entirely new practice-institution combinations as in the realm of free or open source software (cf. Benkler and Nissenbaum 2006); or it may be that virtuous entrepreneuring is directed at the revitalization of marginalized traditional practices through institutional experimentation as in the case of the emerging urban gardening movement. Since both – the change in the practice as well as the change in the institution – cannot be separated, this dimension of value creation can be regarded as an entrepreneurial art of balancing the realization of a desired practice development with the creation or reform of the institution. While the first task requires the skills and virtues of a specific practitioner, e.g., with know-how in software programming, the second task demands management competences such as motivating individuals to cofound an association.

With respect to the possible results, this ambiguity of value creation reminds us that institutional entrepreneurship should always be grounded on substantial practices whose excellences and internal goods are the crucial criteria for a good life. Keeping this in mind may help us to choose the most appropriate institutions because all institutional options promote, though in different ways, the achievement of internal and external goods. For instance, if our dominant economic institutions, such as property rights, overemphasize external goods and therefore corrupt many practices, then one way of entrepreneurial value creation in this dimension could consist in certain forms of "non-proprietary production" that aim "to address the question of how property is owned and controlled, and how resources and opportunities are distributed throughout society [...]" (Edwards 2008: 74).

5. CONCLUSION: FURTHER AMBIGUITIES

Even though the ambiguities of entrepreneurial value creation could only be sketched, the discussion above has demonstrated that the ways and results of what could be called “social” entrepreneurship are multifarious. Instead of giving a summary, I would like to conclude by stating that there are even more ambiguities of value creation which need to be explored. One further ambiguity could combine two related aspects that were referred to in the above discussion on the two grades of organizational purpose and occur even in a very narrow economic concept of entrepreneurship: the unsolvable *duality of new services and a new organization*. That is, the emerging organization is an indispensable vehicle for providing any kind of service to a customer or following any kind of mission. In turn, creating a new organization without any mission or value proposition which always involves some kind of service offering in the broadest sense, would be pointless because organizations are by definition goal-oriented collective actors. Is this double entrepreneurial outcome of a new organization and a new service therefore nothing else than the prominent concepts of product/service and process/organizational innovation? They are, but from a perspective of entrepreneurship informed by virtue ethics and institutional theory, this is only a part answer.

First, the new organization can and – at least to a certain degree – will also be a new organizational form (Tracey et al. 2011). Moreover, the eventuality and the feasibility of creating a new organizational form from scratch at the same time offers the opportunity to put certain ideas about organizational design and culture into effect. The importance of this opportunity should not be underestimated, as long as one keeps in mind the difficulty of changing the design or culture of existing organizations, e.g., in order to achieve greater social responsibility. More precisely, setting up a new organization also offers the chance to create something like a *virtuous organization* (Collier 1995) or a *virtuous corporate character* (Moore 2005) much more easily, compared to the transformation of existing organizations. One central aspect of this effort would surely be inducing corporate integrity (Palanski and Yammarino 2007), in the sense of a consonance between the values, mission, and purpose of the organization, on the one hand, and its observable, routine behavior, on the other. The value of organizational virtuousness and integrity is highly relevant at a time when “organizational schizophrenia” (Ellsworth 2002: x) even in so-called social organizations have become a critical issue (cf. the discussion on the inconsistency between the social purpose and investment targets of foundation endowment).

Second, steering the actual impact of an organization's founding purpose is a crucial entrepreneurial task, especially inasmuch as by determining the basic purpose and the corresponding design of an organization, an entrepreneurial influence is possible as to what kind of service the organization will provide and in what way this will be done. According to the service-dominant logic which has suggested a paradigm shift in marketing studies and beyond with high relevance for this subject, the purpose of any organization should be seen as the co-creation of value together with its customers or, more generally speaking, with its stakeholders (cf. Vargo et al. 2008). This view leads us to another ambiguity of value creation which is based on business thinking but transcends it: the *double value of service provision* is not only to *meet* stakeholders' *needs* but also to *unfold* their *potentials*. To serve somebody or to collaborate with somebody is, in this view, not simply the rational economic choice between market and organization, but constitutes two interrelated sides of a specific dimension of value creation.

Finally, from a philosophical point of view, there is also the *double value of value creation* itself: Unfortunately, too often social (including environmental) value creation is only seen from the

negative side – as a reduction of what is bad, i.e., fixing damage, less destruction, fewer ills. However, value creation can – and should – always be considered as the creation of something *positive* as well! To emphasize positivity (Fredrickson 2009) across all dimensions of value creation means to foster human and societal flourishing through creating “positive” services, organizations, and institutions instead of merely targeting or maintaining a state of normality by meeting needs and solving problems. Ultimately though, it has to be stated that the reality of plural and complex societies as well as the very core of entrepreneurship – creative destruction through innovation – defies any one-dimensional concept of positivity or social progress inasmuch as what is “new” and what is “good” and “valuable” is always a cultural interpretation, not an objective fact.

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