

≈ SUMMARY ≈

**A MODEL FOR SOCIAL VALUE CREATION WITHIN SOCIAL ENTREPRENEURSHIP
VENTURES – GOVERNANCE AND STAKEHOLDER FACTORS**

Loris Gillin

Australian Graduate School of Entrepreneurship, Swinburne University of Technology

Principal Topic

There are at least four interested parties in the furtherance of Social Entrepreneurship: those who are practitioner-social entrepreneurs and team members; those who experience the impact from social entrepreneurship; those who are involved in governance; and those who pursue a scholarly interest in social entrepreneurs as those who create value.

Having adopted an academic and research approach – both theoretical and in the field, this paper draws on the developments which combine to shape the outputs and therefore the value of social entrepreneurship. The need to identify the creation of social value and its impact in the non-for-profit sector remains a primary issue in understanding social entrepreneurship. Since Dees (1998) called for new models for Social Entrepreneurs to take into the 21st century, the discipline still awaits a definitive model.

The focus of this paper is on the contribution of a board and stakeholders that add value to a Social Venture. Equally, a purpose-driven Board leads to good governance. Following the crash of the New Corporate Economy post the dot.com bust, Hartigan and Schwab (2003) said: “The not-for-profit sector as a whole is suffering from a crisis of governance. Non-Profit Boards are systematically failing to provide adequate oversight of the finances, practices and policies, and CEO conduct of the organizations for which they are responsible.” This strikes a note of caution even in 2005.

In many instances, there seems to be a disconnect between what individual Board members say and think, and governance behaviours which move a project forward in a way which enhances mission and adds vital value born of integrity and competence. Board members may be enthused about a venture’s vision and mission but unaware of the sobering expectation that there is continuous work to be done as a Board member.

The contribution this paper seeks to make is to tie the non-profit Board to Stakeholders, not Shareholders. Once this is recognized, the parameters of Board participation alter radically. This is modelled diagrammatically in the next section. Firstly, it is important to absorb “Stakeholders depend upon ‘satisfaction.’ The bar of satisfaction level shifts with each individual Stakeholder.” Six categories of Stakeholder are enumerated on, together with their relationship to board members. A model is also presented which tracks effective Board activity to the mission and purpose of community Social ventures.

Methodology/Key Propositions

Social value is a complex construct. Using the literature, four broad-based indices were derived to provide a set of non-dimensional indicators of the impact of social value in both the

formation and sustainability of social entrepreneurship venture organizations. These were: the “E” (Entrepreneurship Indicator) indicator; the “G” (Goodwill Indicator); and the “EN” (Enabling Indicator) described in Gillin and Long 2005. The “B” (Board indicator) is based on the Taylor, Chait and Holland (1999) notion that there are certain characteristics which are now called ‘the New Work of the Not-for-Profit Board’. These five characteristics provided the Board Indicator framework with data collection gathered from actual Board members associated with seven social ventures. In addition, insights from Herzlinger (1994) and Letts, Ryan and Grossman (1997) extended the five characteristics into nineteen assertions requiring True/False answers.

Fourteen respondents provided the results which lead to some pertinent conclusions. The results of the interviews were analysed using a qualitative software program known as N Vivo.

Results and Implications

The results highlight the way in which social entrepreneuring garnishes human and in-kind resources into a new form of goodwill energy. Using the structure of the Enablement Effectiveness Model, it is shown that even while ‘need’ is being responded to, ever present ‘risk’ is able to be managed. This factor, as expressed in the “B” indicator, in and of itself ensures sustainability for a non-profit venture. The data makes possible a model which explains diagrammatically how social value is created. The four indices derived for this research may be used in future research to gain further validation for the model. In addition the model provides a tool for use in the formation of policy directed at creating social value in the community. The contribution of good governance to an active, well-functioning Board is beyond value.

CONTACT: Loris Gillin. Australian Graduate School of Entrepreneurship, Swinburne University of Technology, P O Box 218 Hawthorn, Victoria 3122 Australia. Email: lgillin@swin.edu.au