

Organization Development and Social Entrepreneurship: Do Well By Doing Good

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The need to understand and integrate the theoretical development of organization development (OD) and social entrepreneurship literature is becoming important because of the parallel practices and principles that exist in both fields: humanistic/social values, whole systemic change, and effective sustainable strategy. Thus, this paper explores the relationship between social entrepreneurship and OD. It suggests that the Do Well By Doing Good principle can be used as a guide for integrating the studies of both fields and moving the theoretical development of both fields forward.

INTRODUCTION

Businesses have traditionally been viewed as profit-seeking organizations, more interested in net gains than in employee (human) relations. Recently, however, this attitude has begun to undergo a sea change, as companies recognize that involving people in the design of their work may be “the shortest route in the long run—to lower costs, higher quality and more satisfied customers” (Weisbord, 2004). The field of *organization development* (OD) was founded with just that aim: to provide “a set of techniques and strategies for changing, developing and enhancing the functioning of organizations—especially the internal human features of the organization” (Cameron, Dutton, & Quinn, 2003). The field of *social entrepreneurship* has a similar objective. Typically, social entrepreneurs seek to help organizations address and create opportunities to achieve their social purpose. The intended outcome is to “help companies reduce costs, gain resources, expand markets, and develop new products and practices more quickly” (Cummings & Worley, 2008).

Thus, the fields of OD and social entrepreneurship each promote the importance of organizational virtuousness, a concept that includes the key attribute of social betterment (Cameron, Dutton, & Quinn, 2003). Motivated by this observation, this paper has two objectives: (1) to explore OD and social entrepreneurship and identify how they use parallel practices in their pursuit of organizational virtue, and (2) to introduce the *Do Well By Doing Good* principle, which can be used as a guide for both communities and organizations to prosper.

SOCIAL ENTREPRENEURSHIP AND OD: SHARING SOCIAL CONCERNS

The term “social entrepreneurship” is rooted in the word “entrepreneur,” which originated in French economics as early as the 17th and 18th centuries and means someone who undertakes a significant project or activity. But what about the “social” aspect? There is no clear answer here. Indeed, a variety of definitions have been put forth. As Dees (1998) acknowledges, “Social entrepreneurship means different

things to different people.” He notes, however, that practitioners and scholars generally view social entrepreneurship in one of three ways: it can refer to (1) not-for-profit organizations starting for-profit earned-income ventures,” (2) “anyone who starts a not-for-profit organization,” and (3) “business owners who integrate social responsibility into their operations.” Yet still other definitions of social entrepreneurship focus “on the process and resources used by social entrepreneurs” (Dacin, Dacin, & Matear, 2010).

The definition of organization development is equally debated. As Cummings and Worley (2008) say, “there are a number of OD definitions that exist today.” As early as 1969, Beckhard defined OD as an effort “(1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in organization’s ‘processes,’ using behavioral science knowledge.” Even today, many practitioners and scholars studying in the field of OD assume its primary purpose is to achieve organization effectiveness and high performance, which “takes the form of financial outcomes, balancing the budget in a nonprofit organization and having a robust return on investment and net profit in a profit-making, commercial enterprise” (Burke, 2008).

Burke (2008) sees OD as a profit-making, commercial enterprise. Nevertheless, Cameron, Dutton, and Quinn (2003) point out that organization development was founded on “a set of techniques and strategies for changing, developing and enhancing the functioning of organizations—especially the internal *human features* [emphasis added] of the organization.” And others see organization development as “a professional field of *social action* [emphasis added]” (Cummings & Worley, 2008). What we are seeing in the literature, then, is a melding of social concerns. Scholars and practitioners in the field of social entrepreneurship continue to debate whether social entrepreneurship should be “studied as a separate field” or “should . . . fit into the broader schema of organizational and management studies” (Austin, Stevenson, & Wei-Skillern, 2006). Similarly, when it comes to the role people should play in business, Davis (1973) believes in embracing the dignity of everyone in the workplace, “since all businesses are socially embedded, long-term success is a function of their ability to embrace specific human goals [that] fulfill the dignity, creativity, and potential of free men” (p. 75).

Researchers and practitioners alike have claimed that we are living in an “age in which the boundaries between the government, nonprofit, and business sectors are blurring” (Ryan, 1999). Dees and Anderson (2003) state that this blurring results from a search for “more innovative, cost-effective, and sustainable ways to address social problems and deliver socially important goods, such as basic education and health care. Much of the action revolves around experiments using business practices and structures to serve social objectives. Increasingly, government agencies and nonprofit organizations are adopting frameworks, methods, and strategies from the business world in hopes of improving their performance.” In particular, social entrepreneurship and organization development increasingly share three key concepts: social impact, change, and sustainability.

Social Impact

Social impact is defined as “the creation of a positive, lasting change in the well-being of a community’s constituents” (Williamson, 2011). Social entrepreneurship also has a “social impact” in the business sector (Mair & Marti, 2006). OD traditionalists, similarly, encourage practitioners to do what is “‘right’ by assuring that organizations promote positive social change and corporate citizenship” (Cummings & Worley, 2008). The challenge here is how to measure social impact. Most recently, the term “scaling social impact” has been suggested when discussing organizational performance. The term has “efficiently and effectively become a key issue for both practitioners and researchers of social entrepreneurship” (Bradach 2003). The definition of scaling within the context of social entrepreneurship means: “increasing the impact a social-purpose organization produces to better match the magnitude of the social need or problem it seeks to address” (Dees, 2008). According to Bloom and Smith (2010), the “managers of social entrepreneurial organizations and the donors and agencies that fund and support them are eager to learn how to scale social impact so that the program impact on society becomes wider.”

Change

Typically, social entrepreneurs are the change agents to help a social-purpose organization address and create opportunities for organizations to achieve their social purpose. The importance of systemic change is expressed by many practitioners who are experimenting with new ways of “getting the whole system in the room,” as Weisbord (2004) puts it. What Weisbord means is involving all the various stakeholders of a particular business or social issue in the deliberations about it. According to Weisbord, this whole system thinking by leaders and their staff might work in an organization that allows for personal growth and exploits employee’s capabilities to help an organization meet its business goals and community initiatives. ShoJi Shiba, winner of the MIT Deming Prize, believes that transformative change can occur only when a “noble purpose” exists, when someone “wants to know, what is the contribution to society or the planet?” (Axelrod, 2010). Mair and Marti (2006), in a working paper titled “Social Entrepreneurship Research: A Source of Explanation, Prediction and Delight,” use the Said Business School at Oxford University definition to describe social entrepreneurship as a professional, innovative, and sustainable approach to systemic change that resolves social failures and grasps opportunities. This definition might be used by scholars and practitioners in the field of OD. Cummings & Worley (2008) see organizations making themselves more streamlined and nimble, more responsive to external demands and more ecologically sustainable. They are involving employees in key decisions and paying for performance rather than for time. They are taking the initiative in innovating and managing change, rather than simply responding to what has already happened. Organization development plays a key role in helping organizations change themselves. It helps organizations assess themselves and their environments and revitalize and rebuild their strategies, structures, and processes. It also helps organization members go beyond surface changes to transform the underlying assumptions and values governing their behaviors (Cummings & Worley, 2008, p. 5).

Sustainability

In both organization development and social entrepreneurship, one of the goals has to be sustainability so that the organization or business can continue to focus on creating healthy, effective workplaces and vibrant communities. As Mair and Marti (2006) say, “in social entrepreneurship, social wealth creation is the primary objective, while economic value creation, in the form of earned income, is necessary to ensure the sustainability of the initiative and financial self-sufficiency.”

What will be the effect if these commonalities between social entrepreneurship and organization development persist? Cummings and Worley (2008) expect “an increase call for a return to OD’s traditional values and practices.” They argue that “OD should be driven by long-established values of human potential, equality, trust, and collaboration.” They suggest that the “major objective of OD should be to promulgate these root values through interventions that humanize work, organizations, and society; help employees balance work and family life; promote diversity and spirituality at the workplace; and champion the self-actualization of organization members.” As Cummings and Worley (2008) point out, “several interrelated trends are affecting the context within which OD will be applied in the near future, including, the global economy, workforce, technology and small businesses.” In turn, scholars will need to use action research to understand these changes.

Also, practitioners and scholars must recognize the powerful influence of shared values and supportive practices on the field of OD in the future. Research has been published about supporting a policy on responsible progress. Cummings and Worley (2008) write,

Responsible progress begins with an economist’s definition of an effective system, integrates traditional OD and more recent effectiveness values, and promotes a set of practices to actualize those values. The responsible progress policy asserts that individuals, organizations, and countries can pursue economic and personal success through open innovation that leverages and nurtures cultural diversity and the ecology.

What about the future of social entrepreneurship? Should everyone aspire to be an organization development practitioner and/or social entrepreneur? Dees (2001) answers this question with an emphatic “No. Not every social sector leader is well suited to being entrepreneurial. While we might wish for more entrepreneurial behavior in both sectors, society has a need for different leadership types and styles. We need social entrepreneurs to help find new avenues toward social improvement as we enter the next century.”

DO WELL BY DOING GOOD

The combined principles and practices of organization development and social entrepreneurship discussed in this paper can assist an organization to *Do Well By Doing Good*: to focus on creating healthy, high-performing workplaces and vibrant communities.

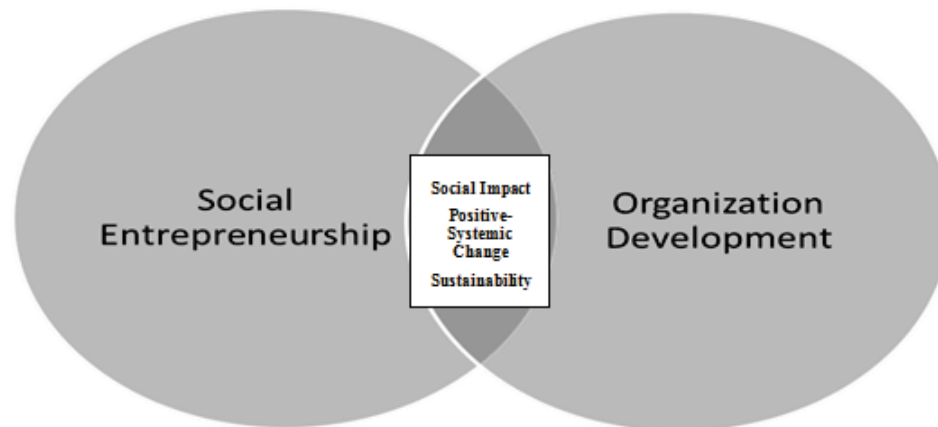
For practitioners and scholars, the importance of this discussion is as follows. First, we need to be clear on our understanding of the foundational tenets of OD and the developing theories of social entrepreneurship in order to advance a sound understanding of how each field might influence each other. Second, we need to initiate dialogue about how to approach OD in the future, when social entrepreneurship and OD are combined and implemented; to this end, the *Do Well By Doing Good* principle provides an excellent first step.

Do Well By Doing Good principle consists of four central components of OD and social entrepreneurship: (1) it is a values-driven process focusing on people, the planet, and profit; (2) it promotes the importance of involving employees and stakeholders in the decision-making process; (3) it emphasizes managing the change process that aligns both internal systems and external demands; and (4) it outlines a sustainable strategy to revitalize and rebuild the organization and community strategy, structure, and process to maintain sustainability.

CONCLUSIONS

The purpose of this paper has been to initiate a discussion about the overlapping principles of social entrepreneurship and organization development. Figure 1 shows that the fields of OD and social entrepreneurship both promote the importance of social/humanistic values and positive phenomena, including “the investigation of positive dynamics, positive attributes, and positive outcomes in organizations” (Cameron, Dutton, & Quinn, 2003). Specifically, both seek to develop more effective and efficient endeavors to effect positive change, whether within the workplace or in our communities. Both, in fact, support the *Do Well By Doing Good* principle, which can be used as a guide when developing theories and practices that focus on cost-effectiveness, systemic change, and sustainability while simultaneously pursuing social and organizational virtue. Scholars from both organization development and social entrepreneurship can use this principle to better understand their fields and, possibly, to formulate a new theory that integrates the two disciplines.

FIGURE 1
DOING WELL BY DOING GOOD



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