Why and How We Can Teach Social Entrepreneurship in a Capstone Course

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Abstract

Social entrepreneurship, while not a new term, does not have a universal definition. Teaching entrepreneurship in a comprehensive university capstone course often includes a formal business plan project. By incorporating concepts of social entrepreneurship, students develop an awareness of entrepreneurship beyond a more traditional approach. This manuscript addresses how one entrepreneurship professor developed a social entrepreneurship approach, why it was done, and how it was done in an entrepreneurship capstone course. Content includes the incorporation of social and ethical audits, social entrepreneurship as a profitable venture, and a review of lessons learned by students and the instructor.

Why Be an Entrepreneur?

The character playing Gordon Gekko in the movie Wall Street said “Greed is good” (Pressman & Stone, 1987). However, for most entrepreneurs, greed is not involved at all. In 2011, there were an estimated 388 million people across the world engaged in the process of becoming an entrepreneur (Global Entrepreneurship Monitor, 2012). Why is this important to note? Entrepreneurs are driven by the desire to make people’s lives better, to add value to their customers, and certainly improve their own lives. The majority are “salary substitute” entrepreneurs wanting to replace an existing wage by working as an entrepreneur, rather than an employee. While some start lifestyle firms, others look to become more innovative in nature by dramatically improving on an existing product or service or inventing something new altogether. As a professor of entrepreneurship who wants to ensure that all of my students know about entrepreneurial opportunities with a focus on adding value to the lives of others, I have begun to research and teach social entrepreneurship.

Discovering Social Entrepreneurship

Upon the retirement of a colleague in 2005, I became one of the entrepreneurship faculty members at my university. Having engaged in entrepreneurial activities, I was fortunate to be assigned this capstone...
Just like many other entrepreneurship courses at colleges and universities, the major project is to complete a business plan. In my first semester about mid-term, my twelve teams of students set out to begin their business plans. The only rule of significance was that I had to approve their business concept statements. These were for fictitious, but potentially realistic business opportunities, and I did not place restrictions on the kind of business. Eleven of the teams decided to open a college tavern with varying levels of service. The twelfth team just wanted to open a dance club. That was lesson number one for me. The second rule I initiated in the following term was no business related to the use of alcohol would be approved. The only exceptions have been for golf courses and catering company proposals.

Over the years, the course evolved, and the development of the business plan project began to challenge students to think of the bigger picture. At one point, one of my students submitted a separate business plan to the Excel Energy Annual Business Plan Competition, a competition which was open to multiple universities in Wisconsin. My student took first place and was given a check for $1,000.00. Taking the course to the next level, I attended the National Collegiate Inventors and Innovators Alliance (NCIIA) annual conference in March 2011. The theme of the conference was “Open Minds.” While the NCIIA conference covers multiple topics in entrepreneurship, innovation, and invention, there was a significant focus on social entrepreneurship. Fifteen student teams presented prototypes of products that would fit the model for a social entrepreneurial endeavor. Among the social entrepreneurship products presented, several stand out to me, including mobilLIFE (Boston University, 2011), a company making a continuous glucose monitoring system using Bluetooth technology to inform patients and doctors alike of a diabetic’s current glucose level. The cost savings is significant compared to traditional glucose monitoring techniques. Another is Safe Agua - Ducha Halo (Art Center College of Design & Un Techno para Chile, 2011), an easy-to-use shower system for impoverished areas or where water is not easily accessed. Finally, Sustainable Solar Sanitation System (Woods, 2011) is a way of composting and using human waste where basic sanitation is not accessible. None of these very low-cost products will make anybody wealthy. On the other hand, they have the potential to improve the lives of countless millions of people.

To take the capstone course to the next level, I planned to incorporate social entrepreneurship as a component of the course and encourage student teams to consider the development of social entrepreneurship business plans. Before convincing students to consider social entrepreneurship, I needed to learn more. I found that there are several excellent sources of information and foundations addressing social entrepreneurship. These include ASHOKA, the Skoll Foundation, the Center for the Advancement of Social Entrepreneurship at Duke University, and many more. Understanding Social Entrepreneurship: The Relentless Pursuit of Mission in an Ever Changing World (Kickul & Lyons, 2012) is a text that I would recommend for a course on social entrepreneurship.

**Models of Social Entrepreneurship**

Kickul and Lyons (2012) address several models of social entrepreneurship. In my capstone course, three of these models are covered: (a) the CASE model developed by Duke University, which looks at opportunities based on ideas reflecting a social need and the ability of society to meet that need; (b) the Social Entrepreneurship Framework model, which focuses on opportunity, people, and capital; and (c) the Social Entrepreneurship Process model, which is a combination of the first two. Students in my entrepreneurship course address social entrepreneurship using the combined Social Entrepreneurship model. This is a two-stage model. In stage one, idea creation begins with the entrepreneur’s motivation to address a problem or
problems and addresses the question of what social need is to be addressed. An analysis of the capacity to fill the need is part of idea creation. The entrepreneur must identify what resources are required including funding, human intellect, the market, and the potential for benefit compared to the potential for harm to the market. Other parts of the business plan incorporate the industry analysis, competitive analysis, financial analysis, and operations plan. In the second stage of the Social Entrepreneurship Process model, the entrepreneur moves onto the mission advancement stage. This is where the entrepreneur brings together the resources identified in the first stage (Kickul & Lyons).

**Social Entrepreneurship in a Capstone Course**

Making money is a big goal for 22- to 24-year-old college seniors in an entrepreneurship capstone course. They want to learn how to start a business, and I need to ensure the capstone experience meets course objectives. While still meeting all course objectives, social entrepreneurship was incorporated and has become a topic of interest among many students. To broach the topic, the YouTube videos of the products that were noted earlier are shown to students. I make it clear to the students up-front that becoming a social entrepreneur does not always mean they are forced into a not-for-profit business. Then to spark the discussion, I ask students to tell me what they think it means to be a social entrepreneur. Their definitions range from helping the poor, to working for environmental sustainability, to using renewable energy, to event planning, presumably with a heavy focus on the word “social.” These responses are not a surprise to me. I have found even the experts do not have a definitive answer because social entrepreneurship has multiple applications. A definition for social entrepreneurship need not be confined to a single sector but can take place across multiple sectors. A suggested definition I use in my course is “an innovative, social value creating activity that can occur within or across nonprofit, business, and public sectors” (Austin, 2006, p. 22).

Next, I ask students to define who social entrepreneurs are and what might be some common characteristics of social entrepreneurs. Although answers are across the board, by taking a scaffolding approach, a common list of answers tends to work itself out, including philanthropists, innovators, environmentalists, people working to solve societal problems, and others. This conversation is concluded with a quote from Schwab Foundation (2012), “A social entrepreneur combines the characteristics represented by Richard Branson and Mother Teresa” (“What is a social entrepreneur?,” para. 2).

I moved the business plan assignment start date up to the third week of a 16-week semester. By this time, teams have begun to form concept statements. They are given the opportunity to select an innovative, social, service, or product entrepreneurial idea. Teams also may select a combination of these approaches. Approximately 25 percent of teams have developed social entrepreneurial concept statements. This is a key working document for the project and sets the stage for the rest of the course. For all business plans, social audits, ethics audits, and environmental impact statements are required. Because the course is only one semester, teams do not have the ability to put their plans to practice, although I do encourage students to consider it at a future time. A social audit is just that, an audit of a company or other organization’s corporate social activities. Why do the audit? In class we discuss recent news events shedding light on organizations with less than best practices when it comes to the social welfare of the communities in which they do business. “In the era of corporate social responsibility . . . corporations are often expected not just to deliver value to consumers and shareholders but also to meet environmental and social standards deemed desirable” (Investopedia, n.d., “Investopedia Explains ‘Social Audit’,” para. 1). I assign students a company or other organization to review and report on their corporate social activities. The social audit is designed...
to answer if the organization makes the effort to meet public interests. This can be locally, domestically, or internationally. What is the organization doing, how do they do it, and could they do it better? This, in turn, leads to potential idea generation for the business plan.

However, for all teams I do require a well-defined plan for conducting ethics audits to be incorporated into the business plan. Teams research organization codes of conduct, ethics statements or similar statements, and complete a review based on multiple criteria. This would include how local, regional, or national culture would play a role in ethical decision making. Has the business been behaving in an ethical manner based on knowledge gained during an information search? What has the organization done to improve ethical decision making processes, and what could they do better? Within the final business plan submitted, it must include an internal code of conduct and an environmental impact code of responsibility. As part of the assignment in keeping with the ethics and social responsibility knowledge gained, teams develop a vision and mission statement to reflect on social and ethical behaviors, create a process of modeling appropriate behaviors within the organization and with all outside stakeholders, and include plans for a continuous improvement process to ensure high ethical standards are being met (Krell, 2010).

**Lessons Learned**

*Deciding* to incorporate social entrepreneurship into a very traditional entrepreneurship course was easy to do—but learning *how* to do so was not. However, after reviewing the course to see where social entrepreneurship could fit in, the process smoothed out. As an instructor, I was quite interested to make note of how students would embrace the concept of social entrepreneurship. It turned out many of the students liked the concept. This became quite apparent when students realized social entrepreneurship was not just about sanitation or portable showers. The concepts of sustainability and going green have significant innovative entrepreneurial possibilities. To date, my students have focused on sustainability and eco-friendly social entrepreneurship ideas to develop concept statements with a realistic opportunity.

Several business plan projects related to social entrepreneurship have stood out. Energy Savers was a proposal to work with small organizations to make their current facilities more energy efficient at an affordable price. Eco Suites used green technology to develop a sustainable hotel property. (While Eco Suites was a course project, it is interesting to note many hotel franchise systems are adapting more eco-friendly approaches to construction.) One business plan is actually in the early stages of implementation: The Dunn County Family Ice Center business plan is a collaborative project involving student teams working with outside interests to develop a plan to raise $3 million to revitalize an area indoor hockey arena and build another for use by multiple communities in Dunn County, Wisconsin. As the revitalization project is not yet complete, many area teams must travel to other counties to get ice time for practice.

**Conclusion**

A separate course in social entrepreneurship would be preferred, but that is not always possible. Teaching the concepts of social entrepreneurship is different than the concepts of traditional entrepreneurship. Students’ general motivation for the capstone entrepreneurship course is to determine how they can become an entrepreneur and fill the bank account. Clearly the use of the YouTube videos is an attention getter and is strongly suggested for an instructor who may be considering adding social entrepreneurship concepts into their traditional course. Instructors need to make the connection that social entrepreneurship is not about be-
ing a nonprofit entity. There are plenty of potentially highly profitable social entrepreneurship opportunities. Once this connection is made, it tends to open students’ minds to the possibilities of social entrepreneurship.

Entities within my university are in the process of seeking funding for a new fabrication laboratory. This “fab-lab” would serve multiple disciplines within and potentially outside the university. When the lab becomes a reality, innovative teams of business and management students may work with teams of students from the engineering, plastics, packaging, and other programs to build prototypes. In a best-case scenario, this course would cover two semesters. The first semester would be used to fully vet a potential social entrepreneurship opportunity and begin the planning stages working with multiple teams. In the following term, students would develop a prototype. As an instructor, I would encourage those with significant opportunities for full business development to enter state and national competitions such as the NCIIA Open Minds conference. The ultimate outcome would be to begin production, but that of course, is up to our innovative and inventive students who have a commitment to social entrepreneurship.

References