

COMM3030

Social Entrepreneurship and Innovation

Comprehensive Course Notes

UNSW Business School | Centre for Social Impact

Course Overview

COMM3030 Social Entrepreneurship and Innovation is a practice-based, consulting-oriented course delivered by the UNSW Centre for Social Impact (CSI). Students work in teams as consultants for a real social enterprise client across the trimester, applying the frameworks and tools from each week to develop a professional consulting report and presentation.

Week 1: Introduction to Social Entrepreneurship; Hybrid Organisations

Week 2: Project Management and Consulting; Action Research and Data

Week 3: Social Enterprise Business Models and the Business Model Canvas

Week 4: Value Proposition and Marketing for Social Enterprises

Week 5: Design Thinking and the Double Diamond Framework

Week 7: Report Writing Skills for Consulting

Week 8: Measuring and Communicating Social Impact

Week 9: Social Enterprise Finance and Impact Investing

Week 10: Careers and Leadership in Social Impact

WEEK 1: INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

1.1 Defining Social Entrepreneurship

Social entrepreneurship is a form of entrepreneurship that applies entrepreneurial processes to drive long-lasting societal change (Costales & Zeyen, 2022). It integrates entrepreneurial principles with a commitment to addressing complex and persistent societal challenges effectively.

Key Characteristics of Social Entrepreneurship

Mission-Driven: A clear social mission guides all decisions and ensures sustained focus on the social problem being addressed.

Sustainable Models: Revenue generation is aligned with social impact, creating financial viability without compromising mission.

Collaboration: Partnerships with NGOs, governments, and businesses maximise reach and impact.

Impact Measurement: Uses both qualitative and quantitative metrics to refine strategies and demonstrate value.

Innovation: Involves dynamic and innovative approaches to tackling societal problems rather than relying on charity alone.

Crisis Response: Social entrepreneurs frequently innovate in response to crises (COVID-19, natural disasters) that expose market and government failures.

1.2 Historical Context

Social entrepreneurship has been practiced for centuries (e.g., Maria Montessori in education, Florence Nightingale in healthcare) but gained widespread academic and public recognition over the past three decades. Key milestones include:

Historical Timeline

Over 250 years: The concept of entrepreneurship dates back to Adam Smith (1776), Jean-Baptiste Say (1846), John Stuart Mill (1848), and Joseph Schumpeter (1939/1947).

Schumpeter (1939, 1947): Introduced 'creative destruction' -- new ideas replace outdated ones, shifting focus to innovation as the core of entrepreneurship.

Peter Drucker (1985, 2012): Argued entrepreneurs do not cause change but exploit existing changes to find new opportunities.

2006: Widespread public recognition came when Muhammad Yunus won the Nobel Peace Prize for his work with Grameen Bank and microfinance in Bangladesh. Microfinance empowered impoverished individuals by providing access to capital for starting businesses.

Post-2007/08 financial crisis: Growth of hybrid models accelerated as the need for sustainable social solutions became acute.

2010-11: Nearly 50% of social enterprises in Echoing Green's cohort relied on hybrid revenue models (up from 37% in 2006).

1.3 Why Social Entrepreneurship Exists: Crisis and Grand Challenges

Crises expose inefficiencies in markets and governments, creating opportunities for social entrepreneurship to fill gaps where traditional institutions fail.

Grand Challenges vs. Wicked Problems

Grand Challenges (e.g., UN Sustainable Development Goals): Ideal societal goals that societies aspire to achieve.

Wicked Problems (e.g., poverty, inequality, climate change): Complex, systemic problems that obstruct progress toward grand challenges. Wicked problems are interdependent, non-linear, and have no single definitive solution.

Social entrepreneurs position themselves as 'the research and development department of society' (Felix Oldenburg) -- filling the space between governments and markets.

Symbolic work: Social entrepreneurs use narratives and images to mobilise change (e.g., images of dead albatross chicks to raise awareness of plastic waste).

Embeddedness matters: Local community embeddedness enhances impact and provides context-specific solutions that external interventions often miss.

1.4 Hybrid Organisations: The Rise of the Hybrid Ideal

Hybrid organisations combine social welfare objectives and revenue generation within a single, integrated model. They sit between traditional nonprofits (mission only) and traditional for-profits (profit only).

The Hybrid Ideal

The 'hybrid ideal' envisions organisations where social impact and commercial revenue are fully integrated -- neither can exist without the other.

Example: Microfinance -- providing loans to low-income individuals simultaneously sustains business operations (revenue from interest) and achieves poverty alleviation (the mission).

Mission drift: The major risk for hybrid organisations. Profit motives may gradually overshadow social objectives. Managing this tension requires clear governance, metrics, and leadership commitment.

Challenge	Description	Solutions/Examples
Legal Structure	Traditional legal forms don't accommodate hybrids. For-profits must maximise shareholder value; nonprofits cannot distribute profit.	Benefit Corporations (B-Corps); Low-Profit LLCs (L3Cs); Community Interest Companies (CICs, UK); dual-structure models (nonprofit owning for-profit subsidiary).
Financing	Traditional investors want returns; nonprofits rely on grants. Hybrids need both.	Impact investing; blended finance models; Sanergy Inc. created separate nonprofit and for-profit arms for different funding sources.
Customers vs. Beneficiaries	Hybrids serve both paying customers AND social beneficiaries, who often cannot afford to pay.	Cross-subsidisation models; revenue from paying customers funds services for non-paying beneficiaries (e.g., Mobile School: for-profit consulting funds free education for street children).

Organisational Culture	Balancing business efficiency with social impact requires staff who understand both sectors.	Mix of corporate and social sector staff; training young employees in hybrid principles (e.g., Los Andes microfinance); managing cultural clashes proactively.
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1.5 Social Enterprise Typology (Alter, 2007)

Social enterprises can be classified along two dimensions: mission orientation and business/program integration.

Mission Orientation

Three Mission Orientation Types

1. **Mission-Centric:** The enterprise IS the mission. Commercial and social activities are inseparable. Example: Mouvement Paysan de Papaye (Haiti) -- a bakery, farm, and agricultural supply store that employs and feeds local farmers while funding literacy and education programs.
2. **Mission-Related:** Business activities align with the mission but are not identical to social services. Revenue subsidises programs. Example: Scojo India -- reading glasses sold at affordable prices to low-income communities (initially free, shifted to sustainable social enterprise model).
3. **Mission-Unrelated:** The business is separate from the mission but funds it through profits. Example: A consulting firm owned by an education nonprofit, where all earnings finance scholarship programs.

Business/Program Integration

Three Integration Types

1. **Embedded Social Enterprises:** Business and social programs are fully integrated and indistinguishable. The business directly serves beneficiaries and generates revenue simultaneously. Example: Employment-focused bakeries that train and employ formerly incarcerated individuals. Advantage: strong mission alignment. Challenge: difficult to scale.
2. **Integrated Social Enterprises:** Some overlap between business and social programs; revenue subsidises services. Example: Healthcare clinics using tiered pricing (full-price for wealthier clients, free for low-income). Advantage: financial sustainability. Challenge: balancing profitability vs. mission.
3. **External Social Enterprises:** Business operates independently from the mission but provides financial support through profits. Example: Nonprofit-owned commercial real estate generating rental income to fund social housing. Advantage: no constraints on growth. Challenge: risk of mission drift.

WEEK 2: PROJECT MANAGEMENT, CONSULTING, AND ACTION RESEARCH

2.1 Project Management and Consulting Defined

The Project Management Institute (PMI) defines project management as 'the application of knowledge, skills, tools, and techniques to project activities to meet project requirements.' Consulting is the practice of providing expert advice and services to organisations, helping them improve performance, solve problems, and achieve strategic goals.

Consulting for Social Enterprises: Key Differences from Traditional Consulting

Mission Alignment: Recommendations must support both social and financial goals simultaneously. Solutions that improve revenue at the expense of social impact are rejected.

Resource Constraints: Social enterprises operate with limited budgets. Consultants must ensure solutions are cost-effective, realistic, and scalable.

Stakeholder Complexity: Social enterprises have multiple stakeholders (government, NGOs, investors, beneficiaries, community). Consultants must map, understand, and balance diverse priorities.

Impact Focus: Recommendations should have a clear theory of change -- connecting activities to measurable social outcomes, not just financial KPIs.

2.2 The Project Lifecycle: Four Phases

Project Lifecycle Phases

1. **INITIATION PHASE:** Define the vision and goals. Identify key stakeholders. Set project scope and success criteria (measurable goals). A well-defined initiation phase provides a clear roadmap and prevents scope creep.

2. **PLANNING PHASE (most detailed):** Work Breakdown Structures (WBS) -- dividing the project into manageable tasks. Task Dependencies -- identifying which tasks depend on others. Resource Allocation -- assigning team roles based on expertise. Timeline -- setting milestones and deadlines. Risk Identification -- recognising challenges that could disrupt the project.

3. **EXECUTION PHASE:** Teams begin assigned tasks. Resources are deployed. Communication channels are opened. Progress is monitored and adjustments are made. Time management and collaboration are critical.

4. **MONITORING AND CONTROLLING PHASE:** Runs parallel to execution. Tracks progress against milestones. Involves risk management and performance evaluation. Ensures alignment with objectives throughout.

5. **DELIVERY AND PROJECT CLOSURE:** Final report submission. Ensure deliverables meet client expectations. Address assessment criteria thoroughly. Recommendations must be practical, scalable, and cost-effective.

2.3 Teamwork in Consulting: Three Pillars

Three Pillars of Collaborative Success

1. **Psychological Safety:** Team members must feel safe sharing ideas without fear of judgment. Mistakes are treated as learning opportunities. Cultural sensitivity is crucial in diverse teams.
2. **Co-Regulation and Mutual Support:** Team members support each other to manage stress and workload. Shared responsibility ensures fair workload distribution. Regular check-ins prevent miscommunication and prevent work from piling up.
3. **Embracing Vulnerability and Continuous Learning:** Being open to new ideas encourages innovation. Asking for help is a strength. Teams should build emotional intelligence by learning from each other's experiences.

2.4 Action Research vs Academic Research

A critical distinction for consulting projects is between academic research (which seeks to understand phenomena and test theories, with outcomes being publications) and action research (which addresses specific problems in specific contexts, with outcomes being practical solutions).

Dimension	Academic Research	Action Research
Purpose	Understanding phenomena; testing theories	Addressing a specific problem in a specific context
Focus	Theory-driven; expanding knowledge contributions	Solution-driven; practical and context-specific
Timeframe	Long-term; broadening frameworks over time	Short-term; immediate applicability
Outcome	Publications, academic journals, dissertations	Directly influences real-world decision-making and problem-solving
Example	Studying theoretical models of social enterprises	Researching community needs to design a specific social program

2.5 The Four Phases of Action Research

Action Research Phases

Phase 1 -- PLAN AND RESEARCH DESIGN: Define the research question. Determine scope by engaging with the client. Conduct a literature review (existing frameworks, comparable organisations). Determine what data is needed. Select research methods and create a work plan with deadlines.

Phase 2 -- DATA COLLECTION: Quantitative data (numerical/statistical): surveys with stakeholders, administrative data. Qualitative data (descriptive): interviews, focus groups, observations.

Phase 3 -- DATA ANALYSIS AND FINDINGS: Identify key opportunities and limitations. Assess strengths and weaknesses. Develop practical, evidence-based recommendations.