

## **Models of social entrepreneurship: empirical evidence from Mexico**

**Marine Wulleman and Marek Hudon**

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*Université Libre de Bruxelles - Solvay Brussels School of Economics and Management  
Centre Emile Bernheim*

*ULB CP114/03 50, avenue F.D. Roosevelt 1050 Brussels BELGIUM  
e-mail: [ceb@admin.ulb.ac.be](mailto:ceb@admin.ulb.ac.be) Tel.: +32 (0)2/650.48.64 Fax: +32 (0)2/650.41.88*

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*Models of social entrepreneurship: empirical  
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Marine Wulleman\*

SBS-EM, Université Libre de Bruxelles (U.L.B)  
marine.wulleman@gmail.com  
*\*Corresponding author*

Marek Hudon

CEB (SBS-EM), Université Libre de Bruxelles (U.L.B); CERMI  
42 avenue Roosevelt  
1050 Bruxelles – Belgium  
Tel: +32.2.6504247  
*mhudon@ulb.ac.be*

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## Abstract

This paper seeks to improve the understanding of social entrepreneurship models based on empirical evidence from Mexico, where social entrepreneurship is currently booming. It aims to supplement existing typologies of social entrepreneurship models. To that end, building on Zahra et al. (2009) typology it begins by providing a new framework classifying the three types of social entrepreneurship. A comparative case study of ten Mexican social enterprises is then elaborated using that framework. Findings suggest that these distinct typologies are evolving in a dynamic manner determined by the resources and ambitions of social entrepreneurs. Starting either as social bricoleurs or as social constructionists, social entrepreneurs aspire to become social engineers. Moreover, social constructionists usually present hybrid business models.

# 1 Introduction

Social entrepreneurship has been attracting increasing attention for decades now. It appears to be a source of new and innovative solutions to persistent social issues that private and public sectors have failed to address and to the lack of financial resources for non-profit organizations (Defourny, 2004; Mulgan, 2006; Nicholls, 2006; Nicholls & Hyunbae Cho, 2006).

Social entrepreneurship today is one of the most famous terms in the non-profit sector but also one of the most misunderstood and controversial (Light, 2006). Some authors view social entrepreneurship as a field of entrepreneurship, applying almost the same mechanisms and emphasizing social entrepreneurs (Bacq & Janssen, 2011; Dees, 1998; Mair & Marti, 2006). Others see this activity only in the non-profit sector while others consider that social entrepreneurship is blurring the frontiers between these the for-profit and non-profit sectors by creating a third form of organization, i.e. the hybrid model (Battilana & Dorado, 2010; Mair et al. , 2012).

Without a clear definition and typology of social entrepreneurship, it is difficult to create common ground for all the researchers in the field. Existing theories on social entrepreneurship do not fully capture the rationale for the emergence of these enterprises but also their diversity (Dufays & Huybrechts, 2014). One of the most influential typologies of social entrepreneurs is provided by Zahra et al. (2009), who sort social entrepreneurs<sup>1</sup> into three groups – social bricoleurs, social constructionists and social engineers – based on their pursuit of social opportunities, their identification of social needs, their scale and scope and their impact. Zahra et al. (2009) explain that the typology does not cover all forms of social entrepreneurship, which suggests that further research is required.

This paper builds on their typology and tests it to see if it encompasses the variety of social entrepreneurs in the specific context of Mexico. It starts with the elaboration of a theoretical framework including nine criteria to differentiate the three social entrepreneurs of Zahra et al. (2009), drawing on the relevant literature. A comparative case study of the different models of social entrepreneurship is then made on the basis of this framework and on data collected through interviews and secondary sources in ten Mexican social enterprises. The paper aims

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<sup>1</sup> It will be assumed in the paper that these types of social entrepreneur are commonly equated with forms of social entrepreneurship and as such will be used interchangeably throughout this essay (Volkman et al., 2012).

to contribute to the current literature by providing a dynamic archetype of social entrepreneurship models as opposed to the static typology highlighted by the literature. Findings suggest that four out of the ten Mexican social enterprises analyzed did not match one specific type of social entrepreneur but rather presented characteristics of several types. They suggest that the three distinct typologies of social entrepreneurship of Zahra et al. (2009) are in fact evolving in a dynamic fashion. More specifically, most Mexican social entrepreneurs begin either as social bricoleurs or as social constructionists but still aim to become social engineers and create a systemic change in the social system. The transition of social bricoleurs to social constructionists takes place if they have sufficient financial and human resources and the ambition and determination to achieve a larger scale. The lack of financial means prevents some of them from making this transition. Finally, the findings show that social constructionists often choose a hybrid business model between non-profit and for-profit. The use of this hybrid structure allows Mexican social enterprises to be less dependent on donations and gain in visibility as social enterprises.

Social entrepreneurship models in Mexico are interesting because of the country's particular atmosphere of social entrepreneurship. Social enterprises stand as a possible solution in a country of significant inequalities and corrupt government and are gaining considerably in awareness among Mexican people (Quiroz, 2014). While social enterprises have long issued from a cooperative tradition such as that in Europe, Mexico appears to be influenced by the American vision of social entrepreneurship (Defourny, 2004) that champions wonderful social entrepreneurs, innovation and earned-income strategies as solutions to social issues. It is also noteworthy that more and more Mexican NGOs are switching to hybrid business models to gain financial sustainability through the creation of income streams.

The paper is structured as follows. The next section reviews the literature on the typology of different types of social entrepreneurs elaborated by Zahra et al. (2009). The third section presents an overview of the situation of social entrepreneurship in Mexico and its origins. The methodology used for this study is presented in the fourth section, followed by the answer to the research question through an attempt to classify ten Mexican social enterprises with the framework based on the literature review. The sixth part of the paper presents a discussion of the findings and the final section draws a conclusion and presents the limitations of the study.

## **2 Literature review on typologies of social entrepreneurship**

### **2.1 Mapping social entrepreneurship**

Interpretations of the term social entrepreneurship diverge widely from one author to the next. Defourny (2004) differentiates two major origins of social entrepreneurship creating two different visions. In Europe, the rise of social entrepreneurship can be attributed to the government's inability to properly fulfil its missions concerning social issues. The essence of social entrepreneurship was therefore purely social, and social enterprises were part of the social economy. EMES<sup>2</sup> provided the first theoretical basis for a conceptualization of the term social enterprise (Defourny & Nyssens, 2013a). On the other side of the Atlantic, social entrepreneurship emerged because NPOs suffered from the lack of financial resources in the sector (Reis, 1999). Social enterprises were seen as an innovative answer to the problem of NPO funding (Kerlin, 2006), relying on earned-income strategies and on the diversification of their income rather than purely on philanthropic sources (Alter, 2006; Anderson & Dees, 2006a; Boschee, 2006; Dees, 1998; Nicholls, 2006). This American definition is broader than EMES's because it places no restrictions on the legal structure of social enterprises. Dominated by Ashoka, the American vision of social entrepreneurship also promotes social entrepreneurs and innovation as central actors. Social entrepreneurs are seen as heroes with special characteristics that make them unique (Bornstein, 2007; Certo & Miller, 2008; Choi & Majumdar, 2014; Spear, 2006). Social enterprises favour innovative business models and solutions and eschew conventional solutions to social issues (Salvado, 2011). Social entrepreneurs are agents of change engaging in innovation (Dees, 1998).

Despite those differences, the common feature among these schools of thought concerns the essence of social entrepreneurship: creating impact in the resolution of social issues (Defourny & Nyssens, 2010). Social entrepreneurship, then, can be defined as a process that involves persons, called social entrepreneurs, who bring innovative solutions to social issues and rely on earned-income strategies in order to be more sustainable and create greater social impact. Mair & Marti (2006) defined social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs”.

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<sup>2</sup> EMES is a European research network on social enterprise, social entrepreneurship, social economy and solidarity economy.

Social enterprises are structured as NPOs, for-profits or hybrids combining social and economic value creation (Dees, 1998; Peredo & Mc Lean, 2006) and may take a range of organizational forms, including NGO, private corporation, association and co-operative. Social entrepreneurship is thus a cross-sectorial collaboration between the non-profit and for-profit sectors that combines both mechanisms to create another sector with a hybrid organizational model, one that is specific to social enterprises but not yet legally recognized (Alter, 2006; Battilana & Dorado, 2010).

## **2.2 Typologies of social entrepreneurship**

In addition to the divergent definitions of social entrepreneurship, it can also be observed many different classifications of social enterprise models. Social enterprises do not use the same business models as commercial enterprises. Social entrepreneurs often aim to create both social and economic value in favour of the beneficiaries and society through different entrepreneurial opportunities and approaches (Müller, 2012). In her well-known classification, Alter (2006) categorizes social enterprises according to three types of business models: embedded, integrated and external (Alter, 2006). Because organizational models are still new and untested, there are often concerns about their influence and accountability (Zahra et al., 2009).

Another interesting typology of social entrepreneurs was elaborated by Zahra et al. in 2009, distinguishing between three types of social entrepreneurs: the social bricoleur, the social constructionist and the social engineer. Classifying social entrepreneurs into three types obviously fails to reflect all the characteristics of social entrepreneurship, but it does constitute a good starting point suggestive of the diversity of social entrepreneurs (Zahra et al., 2009). This typology is an alternative to the well-known conceptualizations of entrepreneurship developed by Hayek (1945), Kirzner (1973) and Schumpeter (1942) (cited in Zahra et al., 2009, p.523) and enables the classification of different models of social entrepreneurship (Zahra et al., 2009) based on how they discover and address social needs, how they find opportunities and how they obtain resources (Müller, 2012).

### **2.2.1 Social bricoleur**

The concept of bricolage developed by Lévi-Strauss in 1967 is based on the idea of building something with “what is at hand”. Hayek (1945, cited in Zahra et al., 2009, pp.523-524) developed a theory whereby successful bricolage requires a thorough knowledge of local

conditions and available resources. In 2005, Baker and Nelson described bricolage as an entrepreneurial practice because it combines existing resources in order to address a problem with new means. They highlighted bricoleurs' refusal to enact limitations, in other words to find alternatives to the conventional limitations imposed by the State or policies and by the available resources. Bricolage, then, can be characterized as the creation of something with what is at hand, while refusing to enact limitations and possibly making use of improvisation (Baker & Nelson, 2005).

It was in 2009 that the idea of bricolage was applied to social entrepreneurship by Di Domenico, Haugh and Tracey and through the typology of Zahra et al. Social bricoleurs are necessary for society because without them many unrecognizable social needs would not be addressed. This new kind of social entrepreneur tackles small-scale and local issues and needs within a limited scope. The "making do" of social bricolage has a local focus because it implies that this type of social entrepreneur has relatively poor resources or relies on accessible resources. Only a larger availability of resources will allow them to expand and address larger social needs. This type of social entrepreneur is fairly autonomous from external suppliers and has practically no need of external or specialized resources (Smith & Stevens, 2010; Zahra et al., 2009). "What differentiates social bricoleurs from other social service providers is the unique manner in which they identify local opportunities, marshal necessary resources, and deliver services to the disadvantaged" (Zahra et al., 2009, p.525).

### **2.2.2 Social constructionist**

According to Kirzner's theory (1973 cited in Zahra et al., 2009, p.525), social constructionists are alert to market failures inadequately addressed by existing businesses, governments or organizations and seize those opportunities to create alternative structures (Volkman et al., 2012; Zahra et al., 2009). Like social bricoleurs, social constructionists often focus on specific local issues but suggest solutions that can be applied to many different situations. They may have field-specific knowledge but their most important feature is the ability to identify whether the problem is recurrent in different contexts. They create formalized scalable solutions suitable for addressing problems in different contexts (Smith & Stevens, 2010; Volkman et al., 2012). Social constructionists serve clients overlooked by the market by developing innovative products, goods and services at a small to large scale through organizations adapted to the scale and scope of the social needs they seek to address. However, they require considerable financial and human resources that may be hard to find



and need to be managed in an efficient manner. Traditional sources of funding for social constructionists are governments, NGOs and foundations. As such, they are not independent from external suppliers (Zahra et al., 2009). This type of social entrepreneurship is resource-driven because of the scalability of the social mission (Smith & Stevens, 2010). Hybrid structures and collaborative ventures often help the social entrepreneur to leverage resources and capabilities (Pearce and Doh, 2005 cited in Zahra et al., 2009, p.526).

### **2.2.3 Social engineer**

Unlike social bricoleurs and social constructionists, social engineers tackle existing social structures by addressing large-scale issues. Prior knowledge in the field is not crucial in order to identify a problem (Smith & Stevens, 2010). Social engineers address issues from outside through a revolutionary change which replaces the system itself in order to make it newer and more efficient (Zahra et al., 2009). Resources are of considerable importance to them, as is popular support. These may already exist and be held by the institutions they are seeking to replace. “The most important resource for them is the legitimacy of the masses, and the associated political capital, which provides access to existing/required resources” (Smith & Stevens, 2010, p.581). Social engineers act at a very large scale – national, transnational and global – to address social problems in a systematic fashion and build lasting reforms in the system (Volkman et al., 2012). Unlike social bricoleurs, they are major actors of social change, transforming entrenched institutions from outside of the existing system. Social engineers consider the Schumpeterian concept of creative destruction (1942, cited in Zahra et al., 2009, p.526) as a key aspect of their philosophy since they act as innovators to destroy old and inefficient systems with a view to gaining greater influence on society (Zahra et al., 2009). They address social needs by creating systemic change that disrupts the whole existing system and they harness incremental and revolutionary social improvements to build lasting structures (Volkman et al., 2012). As Smith and Stevens (2010, p.581) clearly explain, the social engineer “focuses on deconstructing and reconstructing the engines of society to achieve broad social aims”.

## **3 The state of social entrepreneurship in Mexico**

An economic analysis of poverty in Mexico carried out last year by the National Evaluation of Social Development Committee (CONEVAL<sup>3</sup>) revealed that in 2012, 45.5% of the population, or 53.3 million people, were in a situation of poverty, i.e. lacking the income necessary to satisfy their essential needs. The Mexican economy is also characterized by its culture of micro, small and medium-sized businesses (MSMEs), which account for a full 52% of GDP and more than 99.8% of all businesses in the country in 2012 (Alcalde & Castaneda, 2013; GEM, 2012).

As in many other countries, social entrepreneurship seems to be relatively recent, although a social and civic-minded economy has existed for centuries in Mexico, mainly in indigenous and rural communities. Two different origins of social entrepreneurship can be identified: cooperatives and NGOs (Auvinet, 2013).

In the 19<sup>th</sup> century, the Mexican government was very supportive of cooperatives. Cooperatives were very dependent on the Mexican government owing to the political strategy launched by Lázaro Cárdenas during his term (1934-1940). Cárdenas legitimated State intervention in the internal affairs of cooperatives through the General Law of Cooperative Societies. On 4 December 1991, President Carlos Salinas created the National Fund for Support to Social Enterprises (FONAES) to foster the creation of enterprises and projects with a social aim that contribute to the development of communities, groups and social organizations (SEDESOL/FONAES 1999) mostly for peasants and the indigenous and marginalized urban population (Mendoza Arrellano, 2006). The program did not create a specific legal framework for social enterprises and no longer provided support to cooperatives. But it did integrate legal entities that could represent social enterprises in Mexico, such as cooperatives, civic associations, social associations and societies of social solidarity. It also promoted cooperation between the private and social sectors with the support of states and municipalities (Mendoza Arrellano, 2006). The legislative reform freed cooperatives from State power and allowed them to establish a new model of cooperatives more active with corporations, thus acting more like a social enterprise but creating a problem of funding (Martínez Ramírez & Rojas Herrera, 2003 cited in Auvinet, 2013). Mexico therefore has a long cooperative tradition, but cooperatives in the country, unlike those in Europe, no longer receive government support. This is the reason why Mexican

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<sup>3</sup> Consejo Nacional de Evaluación de la Política de Desarrollo Social is a public organ of the Federal Public Administration with autonomy and technical capability to provide information in order to improve decisions about the status of social policy and the measurement of poverty in Mexico.

cooperatives are looking for new ways of generating income in the accomplishment of their social mission.

The second source of social entrepreneurship originated in the NGO sector. This sector has existed since the 17<sup>th</sup> century but boomed in the 1990s in response to the crisis resulting from the country's structural adjustment programs and the earthquake of 1985. However, few NGOs survive owing to fierce competition for resources, which are scant given the country's limited philanthropic tradition. This precarious situation has led Mexican society to create new forms of social organizations promoting a new approach to participating, negotiating and tackling social issues (Charry, 2002).

The country is home to three main types of social enterprises: the lucrative, whose profits are divided between the shareholders; the NPOs, whose profits are all reinvested in the social mission; and hybrid social enterprises consisting of two organizations, one lucrative that shares profits and one non-profit that focuses on social objectives and receives donations. Hybrid social enterprises are currently predominant.

In 2005, Mexico became one of the first countries to attempt to implement a specific law for social enterprises through the Law of Social and Solidarity Economy (LESS). The USA already has three legal structures for hybrid social enterprises: the Low-Profit Limited Liability Company, the Benefit Corporation and the Flexible Purpose Corporation. The UK also has a hybrid legal figure, the Community Interest Company (Battilana et al., 2012). Unfortunately for Mexico, the initiative never came to fruition and was reformed to return to the previous situation, in essence reducing the sector's capacity to make progress and define a public policy (Conde Bonfil, 2013).

Today the Mexican government's largest program in support of social entrepreneurship is the National Institute for Support to Social Enterprises (INAES, previously called FONAES). Between 2001 and 2006, the institution contributed to the creation of 20,000 enterprises, of which 5,000 were solidarity initiatives for women. The government's latest initiative to promote social enterprises is the National Institute for Entrepreneurs (INADEM) (GEM, 2012), launched in early 2013 by the Ministry of Economy to support entrepreneurs and MSMEs. Through the new institute, the government provides some funding for entrepreneurs and tends to promote social businesses. In recent years, Mexico has become intensively involved in fostering social entrepreneurship through diverse private initiatives, including

Ashoka Mexico, New Ventures Mexico, Promotora Social México, Adode Capital and Ignia.

## **4 Methodology**

The typology elaborated by Zahra et al. (2009) will first be extended to include other indicators related to the three categories to establish a classification of the various Mexican social enterprises. A comparative case study will then be made to add to the current literature on social entrepreneurship models.

The analysis is primarily based on qualitative research. One of the authors of the paper spent five months in Mexico gathering data and conducting interviews. The second author of the paper had already worked on one type of Mexican social enterprise and written two articles on the topic. Qualitative research, realized through in-depth interviews of ten entrepreneurs, seems to be the most suitable analysis in the field of social entrepreneurship (Dana & Dana, 2005). Following Yin (2003), a comparative case study is used to reflect the complexity and boundaries of the phenomenon and to identify patterns and consistencies among cases. Comparative case studies are of particular interest as they provide new understanding and knowledge of complex and evolving phenomena (Yin, 2003). The case study is limited to Mexico because by eliminating national discrepancies comparisons can be made more easily among the different business models of social enterprises.

The research starts with contacts in Mexico in the summer of 2013, meeting with officials from legal institutions in Querétaro – Incubadora social del TEC de Monterrey, la Secretaria de la Juventud, El Instituto Nacional del Desarrollo Social and the TELMEX Foundation – to gain a better understanding of the social entrepreneurship climate in Mexico. Those first four interviews gave an overview of the context and enabled the topic to be appraised in more detail afterwards. All the interviews were conducted in Spanish and lasted about 40 minutes.

At the beginning of 2014, Mexican social enterprises, micro-finance institutions and social entrepreneurship networks were contacted. Selected social enterprises were in line with the established definition of social entrepreneurship. About 30 social institutions were contacted in their official language, Spanish. Only eight social enterprises and three social entrepreneurship platforms gave a positive answer to the request. These were invited to have an interview. Interviews were conducted mostly with founders of social enterprises and lasted

about 60-80 minutes each (Annex 1). On top of the ten interviews, meetings were organised with other actors in the sector to discuss the research topic in addition to a participative observation of their activities. The interviews were supplemented with several sources – press articles, Internet sources, existing case studies – to gain as firm a grasp as possible of the business model of the social enterprises and to enhance reliability (Dana & Dana, 2005). The sample of selected firms is intentionally diversified (different sectors of activity, locations and various statutes) to better embrace social entrepreneurship as a whole. In any case, this study is not intended to be comprehensive, as the limited sample does not allow it. The paper is rather intended to stand as qualitative research, aimed at providing guidelines for further reflection that could be used to advance knowledge of the subject.

## **5 Comparative case study**

### **5.1 Organizations**

In accordance with the established definition of social entrepreneurship, ten Mexican social enterprises were selected around Mexico, in different fields and geographical areas. Many of them are Ashoka Fellows, which already provide a lot of information. The ten chosen organizations are the following: Banco Compartamos Banco, Échale a Tu Casa, Enova, Techamos Una Mano (TUM), Grupo EOZ, Iluméxico, Isla Urbana, BioBolsa, Biodent and Fundacion enVia. Table 1 provides a summary of the characteristics of these social enterprises.

INSERT TABLE 1 HERE

### **5.2 Classification of the three types of social entrepreneurship**

To carry out the analysis, a table was elaborated containing criteria that clearly define each type of social entrepreneurship developed by Zahra et al. (2009). That table was extended so as to differentiate the three types of social entrepreneurs according to the following criteria: theoretical inspiration (what do they do?), scale, scope and timing (why they are necessary?), social significance, effect on social equilibrium, source of discretion and limits to discretion.

The other papers that also deal with these types of social entrepreneurs are the following. Volkmann et al. (2012) and Müller (2012) discuss the topic but only confirm the existing

theory. In contrast, Smith and Stevens (2010) emphasise scalability and geographic focus, developing the fact that social constructionists can also find local opportunities. The literature provides more information (Baker & Nelson, 2005; Desa & Basu, 2013; Di Domenico et al., 2010; Owusu & Janssens, 2013; Sunley & Pinch, 2012) on bricolage, a well-known entrepreneurial concept initially posited by Lévi-Strauss. Based on the work of Baker and Nelson (2005), the authors Di Domenico et al. (2010) were the first to develop the idea of social bricolage and described it as “making do with what is at hand, the refusal to be constrained by limitations and improvisation in reaction to resource-scarcity”.

Since the literature on this typology is relatively new, it is difficult to find precise criteria for each type of social entrepreneur. Consequently, the definitions were validated by analysing the different examples given by Zahra et al. (2009) to illustrate each type of social entrepreneurs. This work generated nine criteria: the social need, the process of seeking out opportunities, the resources needed, the scale and scope of the social impact, scalability, the composition of the workforce, the autonomy of the institution and the recognition of the social enterprise. Table 2 is therefore an integral part of the study and served as a basis for the qualitative analysis.

INSERT TABLE 2 HERE

### **5.3 Selected social enterprises analyzed through the framework**

To carry out the comparative case study of the ten Mexican social enterprises, for each organization, every criterion (Table 2) of the three types of social entrepreneurs was checked. This was done by using information collected via interviews, internet searches and papers. If all the criteria for one type of social entrepreneur are positive and are not present for another type, the social enterprise fits with the type of social entrepreneur and therefore with the typology elaborated by Zahra et al. (2009).

INSERT TABLE 3 HERE

Table 3 shows that six Mexican social enterprises match perfectly with one type of social entrepreneur. There is one social bricoleur, four social constructionists and one social engineer. The four other social enterprises present criteria from several forms of social entrepreneurship and therefore cannot be narrowed down to one specific type. This will be examined in more depth in the following section.

As representative of social bricoleurs, Fundacion enVia (enVia, 2014; Nobilski, 2014) perfectly reflects the idea of local knowledge and available resources in order to address an unaddressed local social need. As social constructionists, four social enterprises were found matching all the criteria: BioBolsa (Pages, 2014; Sistema Biobolsa, 2014), Isla Urbana (Ashoka México y Centroamérica, 2013b; Garcia, 2013; Isla Urbana, 2014), Iluméxico (Ashoka México y Centroamérica, 2013f; Change Makers, 2013; Energy Map, 2014; Iluméxico, 2014) and Grupo EOZ (Ashoka México y Centroamérica, 2013c; Cassassuce, 2014; Development Marketplace, 2012; Sanders, King, Stillwell & Webber, 2013). These enterprises are innovative and alert to opportunities in market failures. Supported by external suppliers, they improve the conditions of poor people in Mexico on a daily basis, creating an alternative system to an inefficient one.

Banco Compartamos (Grupo Compartamos, 2012) is an excellent example of a social engineer with its international scope and huge scale. Grameen Bank is the reference taken by Zahra et al. (2009) to explain what exactly a social engineer is. Similarly, Banco Compartamos is at the basis of a revolutionary change in the field of microfinance in Mexico and in Latin America, even if today the bank is controversial (Ashta & Hudon, 2012; Kleynjans & Hudon, Forthcoming).

## **5.4 Inconsistencies with the existing typology**

In this section, the four entrepreneurs that do not match a single existing category will be analysed.

### **5.4.1 Échale a Tu Casa**

Échale a Tu Casa was created in 1985 as an NGO, Adobe Home Aid. Founder Francesco Piazzesi wanted to act on a broader scale and in 1997 the NGO became Ecoblock International, a social housing company providing affordable environmentally friendly and self-constructed houses to marginalized communities across Mexico as part of its Échale a Tu Casa program. Recognizing a problem that no one was addressing, Échale was a pioneer in the affordable and sustainable housing sector and revolutionized the way in which houses were built in Mexico with its Adoblock technology (construction blocks made entirely of local earth). The real advantage of the business model is the local housing committee appointed by each community that co-manages work with a responsible from the Échale team and takes responsibility for the project, since Échale provides technical support, the machinery required and some other costs related to the construction of the house.

Échale a Tu Casa is a particular case since it presents criteria from the three types of social entrepreneurs. As a social bricoleur, Piazzesi undertook local initiatives in line with his expertise, with the social enterprise starting out as an NGO in the construction sector. Fifteen years ago, he saw that clay bricks were environmentally harmful and that self-construction could help to solve the problem of housing in Mexico and in other developing countries. The ambition to solve a systemic issue in the social system is representative of a social engineer. Another characteristic of social bricoleurs and engineers is the autonomy of the social enterprise. Although using the government as an intermediary to promote its houses in communities as a certified housing program, Échale is totally independent in terms of funding and resources. The federal government has indeed finally recognized a lack of housing stock. This kind of popular support is also typical of the social engineer approach to social entrepreneurship.

But Échale also corresponds to most of the social constructionist criteria. With Adoblock technology, Piazzesi is seeking to introduce innovation in the field of sustainable construction and housing. Moreover, the business model is extremely innovative. The self-build and sustainable housing market is yet to develop and the in-house financial program enables clients to obtain the funding necessary to build a house. Resources are also significant because they are driven by the business: without the community and financial support, the beneficiaries could not build their houses. Finally, they already have programs outside of Mexico. The scalability of the program is thus really important in the business model



(Ashoka México y Centroamérica, 2013d; B Corporation, 2014; Echale a tu casa, 2014; Kiva, 2013; Piazzesi, 2014).

#### **5.4.2 Enova**

Founded in 2007, Enova provides high-quality educational technology to low-income communities by equipping them with modern interactive learning infrastructures, called the RIA centres. The aim is to narrow Mexico's technological divide, a systemic problem in the education system. Thanks to its for-profit component Enova, the social enterprise focuses on innovation and provides top-quality products, while the non-profit ECO secures public and private philanthropic funds and subsidizes the RIA centres. Working in partnership with the Mexican government and educational institutions, Enova is creating a parallel education system.

Enova has a number of social constructionist characteristics. Its founders have seized an opportunity in the lack of a good education system and created an alternative system of comprehensive basic and vocational education scalable to all Mexicans at the urban and suburban bottom of the pyramid. Enova is fulfilling a need that the government addresses poorly at a local level but at a larger scale, with almost 400,000 users. The ultimate goal of the social enterprise is to reform the education system in Mexico by creating a systemic change. In other words, instead of trying to reform the education system from within, Enova wants to introduce social reform from the outside through a process of creative destruction consisting in transferring some of its innovations to the traditional system. This is emblematic of a social engineer. Another important point is the full collaboration with the government: Enova uses the resources of the institution it wants to replace in order to achieve its social goal. The federal and state governments have recognized Enova and its RIA as an institution that reduces the technological divide in Mexico (Ashoka México y Centroamérica, 2013e; Enova, 2013; Gutierrez, 2013; Reyes-Heróles, 2011).

#### **5.4.3 Techamos una mano**

TUM is an NGO that works to provide decent housing made out of TetraPak and PET plastics for families living in tin houses in marginalized communities in Oaxaca. It also seeks to resolve waste problems in Mexico, so its impacts are environmental as well as social. The

NGO involves the whole community and uses local resources. Houses are built by TUM volunteers, members of the local community and the beneficiary family, which looks for TetraPak and plastics. Financed through donations by the government, NGOs and private investors, TUM is conscious that donations are not a sustainable source of funding. With that in mind, it has implemented a system of waste collection, where waste other than TetraPak and plastics is being sold to the State in order to raise more money and promote sustainability.

TUM appears to be a casebook example of a social bricoleur owing to the founder's local knowledge in construction, the local emergence by young students aware of environmental and waste problems in Oaxaca, and the locally limited available resources that prevent its scalability to a broader scale and scope. Moreover, the improvisation of a system of waste collection as a new way of raising money is typical of social bricolage. TUM meets almost all social bricoleur criteria, except the criterion on autonomy, but it also presents two important points of a social constructionist. First of all, it relies extensively on government funding, which makes it fully dependent on external suppliers in achieving its missions and therefore considerably limits its reach. This lack of flexibility is in total contradiction with the social bricoleur form of social entrepreneurship. In addition, by providing housing to marginalized populations in rural areas in Oaxaca, it has addressed a social need ignored by the government. Recognized by the government for its impact, TUM is looking to foster social change and encourage the culture of waste sorting, which is typical of a social engineer (Alcántara Alcázar, 2014; Sánchez & Sánchez, 2011; Techamos Una Mano, 2014).

#### **5.4.4 Biodent**

Biodent was founded in 2010 by Angelica Villafane and Edgar Martinez in Oaxaca. Both founding partners are active in dentistry, and have sought to bring dental health to children in marginalized areas and to provide low-cost high-quality dental treatment using advanced technologies. The business model also incorporates prevention through in-school education programs teaching dental health to students, teachers and parents and a professional development program with local universities. Dental care is an important and systemic problem in Mexico because of its inaccessibility for low-income populations, but this social enterprise has succeeded owing to the specific needs in the region. It does not receive government support and is financially autonomous.

The social enterprise represents a good example of a social bricoleur in that the founders are knowledgeable about the local area and the dental care sector. It is independent and focused on a local problem but has no capacity to address larger needs. For the moment, Biodent is working at local level and at a relatively small scale because of its limited resources (human and financial). Nevertheless, the founders are currently training dentists with a view to expanding operations and creating a scalable solution – a social franchise model – typical of a social constructionist. Limited in terms of resources, Biodent has a social bricoleur’s profile but is in fact thinking as a constructionist. It could also be argued that Edgar Martinez and his wife are trying to solve a systemic problem. Dental care in Mexico has long been an important public health issue because it is only accessible to higher economic classes. They want to take the traditional dental clinic model and transform it into a dental health authority in marginalized communities (Ashoka México y Centroamérica, 2013a; Lopez Loyola, 2014; Martinez, 2014).

## **6 Discussion**

The six social enterprises each corresponding to a type of social entrepreneur in the framework (Table 3) show that the typology elaborated by Zahra et al. (2009) can be applied to many Mexican social enterprises. However, as mentioned in their article, Zahra et al. (2009) typology does not cover all forms of social entrepreneurship, similarly to the four additional examples. This study contributes to the literature and may fill a gap in the theory of models of social entrepreneurship.

### **6.1 A new archetype of social entrepreneurship models**

Analysis of the four other social enterprises indicated that they all present criteria from several types of social entrepreneurs. Usually starting as social bricoleurs, as is the case for Échale, TUM and Biodent, they frequently seek more scalability in order to solve a systemic problem. In reality it is difficult to have a broad view when starting a business: local opportunities are easy to discover and lead on to a larger scale. Social entrepreneurs may also start directly as social constructionists as is the case for Enova. These recent evidence

suggests that the typology of social entrepreneurs is not a static classification of three models working in symbiosis in the field of social entrepreneurship, but instead consists of a succession of steps taken by the social enterprise to achieve its final goal: to be a social engineer and produce creative disruption in the system. Some authors explain that the aim of social entrepreneurship is to generate a social shift in the system by fostering innovation and that the greatest social value often comes from systemic changes (Bornstein, 2007; Dees, 1998; Young, 2006; Nicholls & Hyunbae Cho, 2006). Social bricoleurs want to create social added value while social constructionists and engineers, rather than stopping this value creation, want to empower and promote social change in society (Young, 2006). According to Dees (1998), social entrepreneurs are revolutionaries with a social mission. They act in order to create sustainable improvements and systemic changes, as Schumpeter explained in his theory of entrepreneurship. It can be observed that most recent social enterprises are social bricoleurs and that most of the oldest social enterprises are social engineers.

According to the four examples, social enterprises start life either as social bricoleurs or directly social constructionists. Afterwards, if their resources and ambition so allow, they will become social engineers. Social bricoleurs will evolve into social constructionists before going on to become social engineers. These findings can be summarized in the following archetype:

INSERT FIGURE 1 HERE

This diagram provides a structure that schematizes the dynamism of the three models of social entrepreneurship. The arrows define the steps or challenges social entrepreneurs have to make or overcome in order to achieve the next model. These steps and challenges will be explained below.

### **6.1.1 Towards a dynamic typology of social entrepreneurship**

The analysis points out that the traditional path of a social entrepreneur is first as social bricoleur, then as social constructionist and finally as social engineer. The example of the social enterprise TUM showed that the divide between social bricoleur and social constructionist results from a lack of financial resources and ambition on the part of the social

entrepreneur. Dependency on local public and private donations prevents the social enterprise from achieving a broader scale and becoming more flexible. Apart from this lack of resources, the business model is innovative and has the possibility to expand. Yet TUM will not evolve into a social constructionist because of the limitations of the founders, as Andrea Alcántara Alcázar (2014) explained in an interview: “We were thinking about being a company because we are like that (NGO) since 2008 and Rodrigo realizes that we have a project but we cannot develop it and become profitable. This is not our main job. We cannot consider it as a main job because of the length of procedures and donations.” The founders do not have the ambition or the goal to expand their business and to rely less on donations through their innovative income strategy based on selling waste. This evidence suggests that making the shift to social engineer depends to a great extent on the personality of the founders. Similarly, enVia is an ideal example of a social bricoleur with an innovative business model but prevented by financial resources from reaching a larger scale and revolutionizing the system. Although not sustainable enough, if the social enterprise wanted to expand, it could expand the scale of its social model and create social change. But the social enterprise shows no signs of wanting to grow. Biodent, however, boasting almost all the criteria of a social bricoleur, has the ambition and mindset of a social constructionist. With strong ambition and entrepreneurial will, Edgar Martinez only needs more resources in order to first make the social constructionist step and then become a social engineer revolutionizing the dental care system in Mexico.

Instead of beginning as social bricoleurs, some social enterprises start out directly as social constructionists. Enova is the best example of this in-between process. Starting as a social constructionist, the social enterprise is currently trying to become a social engineer in order to achieve its ultimate goal of reforming the education system in Mexico. Again, the ambition of social entrepreneurs is of great importance. But the findings show that the move from social constructionist to social engineer is driven above all by the recognition of the population and the government.

Échale neatly illustrates the dynamic three-stage process. Beginning as a social bricoleur with a small NGO promoting social housing in Adoblock in a Mexican community, Francesco developed his business model into a hybrid structure to become a real social constructionist with a scalable solution and a greater impact. Increasingly recognized by governments and the population, Échale is achieving an even broader scale and becoming a benchmark around

the world. Self-financed and independent, the social enterprise is gradually on the way to becoming a social engineer.

This process shows that the social entrepreneur's ambition and resources are the most important drivers in pushing the social enterprise on to the next form of social entrepreneurship. Timmons and Spinelli (1999) have ably demonstrated that the entrepreneur and resources are the cornerstones in the development of an entrepreneurial venture. If social entrepreneurs do not have this aspiration, the social enterprise will remain a social bricoleur. The comparative case study contained no examples of social bricoleurs becoming social engineers without moving through the social constructionist phase.

### **6.1.2 Hybridity of social constructionists**

The findings also revealed that, contrary to the two other categories, social constructionists mostly opt for a hybrid organizational model grouping two separate legal entities: one non-profit and one for-profit. It was also noticed that the move from social bricoleur to social constructionist is often accompanied by a change in legal structure, frequently from NGO to a hybrid social enterprise. TUM's refusal to switch to a hybrid model could also explain the slowdown in their evolution. The hybridity of the business model of social enterprises would thus appear to be a characteristic of social constructionists. In an interview, Ramses Gómez, director of Ashoka U in Mexico argued that there is indeed a huge shift and trend in whereby everyone is preparing to put in place hybrid social enterprises rather than NPOs (Gómez, 2014). Two trends can therefore be underlined: first, social enterprises created from scratch, such as Enova, which opted directly for a hybrid structure and secondly, NGOs that switch from a donation-driven model to a hybrid business model. This hybridity can also generate more visibility for social enterprises. Andrea Alcántara Alcázar, Co-Founder of Techamos Una Mano, explains: "the notion of NGO is really interesting: people think in Mexico if you are running a NGO you are doing it because you love doing it. If you are charging money, people think it is cynical. This is the difference with people coming from the USA and Europe who understand that people who run NGOs need money also to live" (Alcántara Alcázar, 2014).

## **6.2 Towards a global typology of social entrepreneurship?**

The question arises as to whether this comparative case study limited to Mexican social enterprises can provide a global scope concerning models of social entrepreneurship. A cautious position should be taken towards a globalisation of the results. In practice, it is extremely difficult to decide if the proposed archetype of models of social entrepreneurship could be applied globally, owing to national disparities as well as the broad spectrum of the definition of social enterprises. Nonetheless, all the interviews revealed two main problems in Mexico, which are the same for most countries in the world. First, social enterprises continue to lack financial resources (Defourny & Nyssens, 2010), which is why social enterprises are looking more and more to diversify their income and why NPOs are turning into hybrid models to become more sustainable and rely less on donations. Second, governments largely misunderstand the term social entrepreneurship, which can lead to an increase in funding problems. As Flor Cassassuce (2014) from Grupo EOZ explained in her interview, the concept of social enterprise and its double bottom line are severely misunderstood by governments and public opinion. This confusion creates the idea that social enterprises that earn money should not have access to government support. As Mexico is inspired by the American view of social entrepreneurship, and as all the examples given in the literature to illustrate these three types of social entrepreneurs come from the American continent or from Asia (for the case of Grameen), the new archetype would be applicable to American social enterprises. That said, the model may not apply to European social enterprises. More research has to be done in Europe to demonstrate whether such a typology can be applied.

## **7 Conclusion**

This paper aims to contribute to the theory of models of social entrepreneurship and provides an overview of the field of social entrepreneurship in Mexico. As in many other countries, social entrepreneurship is booming in Mexico and stands as a major trend. Inspired by American points of view on social entrepreneurship focused on social entrepreneurs and the innovation and diversification of income streams for social enterprises, Mexico presents a broad range of models of social entrepreneurship and does not provide any legal specificities for these types of organizations. Social enterprises can be for-profit, NPOs, hybrids, in the private or public sectors, but have to achieve a social goal. Mexican people in particular appear to have a great social entrepreneurial spirit. All the communities and citizens of

Mexico are facing tough challenges, but they solve them on their own with innovative initiatives. Mexico is thus characterized by a very special climate of mutual self-help and solidarity. Gómez (2014) clearly sums up the idea of Mexican social entrepreneurship: “We have great conditions in Mexico for social entrepreneurship: big challenges in the country but Mexicans have the creativity and the passion to solve their own problems”.

Based on a literature review and the typology of social entrepreneurs elaborated by Zahra et al. in 2009, a theoretical framework was created to classify these forms of social entrepreneurship according to nine criteria. The analysis, carried out on the basis of this framework, has revealed that four out of the ten Mexican social enterprises taken into consideration did not match one specific type of social entrepreneur but rather presented characteristics of several types. In particular, the findings suggest three conclusions. These results confront the vision of Zahra et al., a static classification, and show that the three distinct typologies of social entrepreneurship are in fact evolving dynamically in order to reach a final goal, that of becoming a social engineer and creating a systemic change in the social system. Second, social entrepreneurs begin either as social bricoleurs or as social constructionists. Social bricoleurs become social constructionists if they have sufficient financial and human resources as well as the ambition and determination to achieve a larger scale. If they lack these necessary resources, they remain social bricoleurs. Finally, the findings show that social constructionists often choose a hybrid business model. The establishment of a hybrid structure can often accompany the switch from bricoleur to constructionist. The use of this hybrid structure allows Mexican social enterprises to be less dependent on donations and gain in visibility as social enterprises.

This study thus contributes to the existing literature on models of social entrepreneurship. However, similarly to the work of Zahra et al. (2009), the theoretical framework (Table 2) and the archetype of social entrepreneurship models (Figure 1) do not cover all the specificities of the social entrepreneurship field. The results are obviously mainly valid in the Mexican context. Moreover, results should be taken as preliminary evidence owing to the small interview sample. Further research could examine the transition from one model of social entrepreneurship to another.

However, this research could encourage other empirical studies. The accomplishment of similar studies in neighbouring countries and in the rest of the world could present interesting



findings. Finally, this paper can contribute to the literature relevant to an organizational life cycle for social enterprises.

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## **Appendix**

### **Interviews information**

Name	Function in organization
Itzel Medina Cornejo	Incubadora social del TEC de Monterrey in Querétaro
Mariana Diaz Flores	Secretaria (Sejuve) de la Juventud in Querétaro
Domínguez Yañez Ramsses Alberto	Public Relation at Telmex Fondation in Queretaro
María Mena Gómez	Executive at INAES, office in Querétaro
Ramsés Gómez	Director of Ashoka U
Camillo Pages	Co-Founder of BioBolsa
Andrea Alcántara Alcázar	Co-Founder of Techamos Una Mano
Raffaella Piazzesi	Co-founder of Echale a tu casa
John Nobilski	Fundacion enVia
Didier Quiroz	Senior Analyst Adobe Capital Associate at New Ventures Mexico
Alejandro Villanueva	Senior Adviser, Fundacion Televisa, Mexico
Flor Cassassuce	Founder of Grupo EOZ
Edgar Martinez	Founder of Biodent

**Table 1.** Selected social enterprises

<b>Name</b>	<b>Compartamos</b>	<b>Échale a tu casa</b>	<b>Enova</b>	<b>TUM</b>	<b>Grupo EOZ</b>	<b>Illuméxico</b>	<b>Isla Urbana</b>	<b>BioBolsa</b>	<b>Biodent</b>	<b>enVia</b>
<b>Year founded</b>	1990	1997	2007	2008	2009	2009	2009	2010	2010	2010
<b>Founders</b>	Jose Ignacio Avalos Hernandez	Francesco Piazzesi	Jorge Camil, Raúl Maldonado & Moís Cherem	Rodrigo Arnaud	Flor Cassassuce	Manuel Weichers Banuet	Enrique Lomnitz	Alex Eaton & Camilo Pages	Edgar Martinez & Angélica Villafañe	Carlos Hernandez Topete
<b>Location of impact activity</b>	Mexico and Latin America	Mexico	State of Mexico City	State of Oaxaca	Mexico	Mexico	Area of Mexico City	Mexico and Latin America	State of Oaxaca	State of Oaxaca
<b>Business model</b>	For-profit (Hybrid)	Hybrid	Hybrid	Non-profit	Hybrid	Hybrid	Hybrid	Hybrid	Hybrid	Non-profit
<b>Description</b>	Eradicates financial exclusion by providing microcredit to poor people and particularly to women	Provides affordable environment-friendly and self-constructed houses to marginalized communities	Provides educational technology to low-income communities	Provides housing made in TetraPak and PET plastics for families living in tin houses in marginalized communities	Manufactures and distributes water purifiers to rural communities	Provides affordable solar energy via solar-powered home systems in off-grid communities	Develops rainwater collection systems for low-income areas	Manufactures and distributes bio-digester systems for small and medium farmers	Promotes oral health and provides dental treatment to children with low income and in marginalized areas	Microfinance organization for indigenous women and provider of tourism tours (one tour = one loan) and education

**Table 2.** Categorization of the three types of social entrepreneurs

Type	Social bricoleur	Social constructionist	Social engineer
<b>Social need</b>	Unaddressed/indiscernible local need	Create alternatives: social needs unaddressed by current providers – mend the social fabric	Replace existing social structures by more suitable ones: revolutionary change/creative destruction
<b>Search process</b>	Do what they can do: deep knowledge of local conditions	Alertness to opportunities in market failures. Can be on a local concern and domain-specific knowledge	Systemic problem within the social system
<b>Resources</b>	Limited, readily and locally available resources: “what is at hand”	Financial and human resources essential to accomplish the mission: resource-driven	Significant. Can be held by the institutions they replace. Need popular support
<b>Scale</b>	Small	Small to Large	Very large
<b>Scope</b>	Local	Local to international. They develop organizations to match the scale and scope of the social needs they seek to address	National to international
<b>Possibility to expand/scalability</b>	No capacity to address larger needs	Scalable solutions to new and varied social contexts: designed to be institutionalized	Seek to build lasting structures
<b>Composition of work force</b>	Mostly volunteers	Professional employees and volunteers	Employees
<b>Autonomy</b>	Fairly independent from others (no external or specialized resources suppliers)	Mostly external suppliers, including governments, NGOs, charity foundations as sources of funding	Independent
<b>Recognition/ Impact</b>	Limited to local context: less concerned with broad applications	Want to serve their client group but also seek to introduce social change and innovation	Revolutionary and ideological reform. Require popular support to fulfil their missions

Source: the authors, adapted from Zahra et al. (2009) and the literature review

**Table 3.** Classification of Mexican social entrepreneurs

		Compar- -tamos	Échale a tu casa	Enova	TUM	Grupo EOZ	Iluméx- ico	Isla Urbana	BioBolsa	Bident	enVia
<b>Social bricoleur</b>	Unaddressed / indiscernible local need	-	Yes	-	Yes	-	-	-	-	-	Yes
	Deep knowledge of local conditions: do what they can do	-	Yes	-	Yes	-	-	-	-	Yes	Yes
	Limited, readily and locally available resources: “what is at hand”	-	-	-	Yes	-	-	-	-	Yes	Yes
	Small scale	-	-	-	Yes	-	-	-	-	Yes	Yes
	Local scope	-	-	-	Yes	-	-	-	-	Yes	Yes
	No capacity to address larger needs: no scalability	-	-	-	Yes	-	-	-	-	Yes	Yes
	Mostly volunteers	-	-	-	Yes	-	-	-	-	-	Yes
	Fairly independent from others (no resource suppliers)	-	Yes	-	-	-	-	-	-	Yes	Yes
	Limited recognition to local context	-	-	-	Yes	-	-	-	-	Yes	Yes
<b>Social constructio nist</b>	Create alternatives: social needs unaddressed by current providers	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
	Alertness to opportunities in market failures. Can be on a local concern and domain-specific knowledge	-	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes	-
	Financial and human resources essential to accomplish the mission	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
	Small to large scale	-	Yes	Yes	-	Yes	Yes	Yes	Yes	-	-
	Local to international scope: organizations to match the scale and scope of the social need	-	Yes	Yes	-	Yes	Yes	Yes	Yes	-	-
	Scalable solutions to varied social	-	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes	-

	contexts, designed to be institutionalized										
	Professional employees and often volunteers	-	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes	-
	Not independent: external suppliers including government and NGOs as sources of funding	-	-	Yes	Yes	Yes	Yes	Yes	Yes	-	-
	Want to serve their client group but also seek to introduce social change and innovation	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
<b>Social engineer</b>	Replace an existing social structure by a more effective one: revolutionary change/creative destruction	Yes	-	-	-	-	-	-	-	-	-
	Systemic problem within the social system	Yes	Yes	Yes	Yes	-	-	-	-	Yes	-
	Significant resources, may be held by the institutions they replace. Need popular support	Yes	-	Yes	-	-	-	-	-	-	-
	Very large scale	Yes	Yes	-	-	-	-	-	-	-	-
	National to international scope	Yes	Yes	-	-	-	-	-	-	-	-
	Seeks to build lasting structures	Yes	Yes	Yes	-	-	-	-	-	-	-
	Independent	Yes	Yes	-	-	-	-	-	-	-	-
	Revolutionary reform, require popular support to achieve their mission	Yes	Yes	Yes	-	-	-	-	-	-	-



**Figure 1.** Archetype of social entrepreneurship models

