

PRESENTATION

Economic phenomena are complex, and entrepreneurial endeavors share this complexity. In fact, entrepreneurs depend on different factors, both subjective and objective: what they want to do and what is possible to do here and now, in this very situation, with these very people. This dynamic capacity to respond to and take account of a myriad of factors in an integrated way is why entrepreneurship is still the main engine of social innovation.

Entrepreneurs committed to social development strive to lead the forces of economic life so as to produce a social benefit without losing sight of the fact that companies must make profits in order to ensure their sustainability.

One could say that entrepreneurship that is concerned with a sound development of societies is a threefold rebellion against some oversimplified theses of economic life:

First of all, it could be intended as a reaction against the idea that the positive social impact of economic life is an automatic spillover of maximization of profits and shareholder value. Promoters of socially conscious business firms do not rely on the wisdom of the invisible forces of the market: they are convinced that the instruments of a free market economy can be used deliberately to produce some social good.

The second aspect of this rebellion is a reaction to some models of assistentialism and traditional charity or philanthropy. Some entrepreneurs view charity as a trap that fosters a common tendency of human nature, that of becoming dependent on what is perceived as free. Muhammad Yunus argues that charity only perpetuates poverty by taking initiative from the poor. Charity appeases consciences without actually entering into the deep problems of the poor. This self-reinforcing mechanism of dependency acquires new dimensions at the international level with aid strategies and programs. The way such funds are handled implies the services of consultants, the purchase of nationally produced goods, transportation, etc. with the result that only a small percentage of the funds materialize into concrete aid. Usually, the large-scale projects have emotional short-term effectiveness that

is disproportionate to the long-term results, often owing in part to an inefficient use of resources.

Entrepreneurship approaches these social issues from an entirely different point of view. By risking their own—and limited—resources, entrepreneurs are likely to take on less striking but more realistic objectives, departing from apparently banal problems whose solution, however, can be extremely beneficial.

The third part of the entrepreneurs' pragmatically-designed critique is more difficult to explain because it is based on their vision of life and the future of society. Entrepreneurs do not wait for possibilities to arise or for things to simply happen; they are always inventing what is yet to come. This invention or co-creation implies the respect of social norms and the capacity to foresee the future in the emerging reality. Such visionaries are not afraid to break the mold and step away from the normal mode of operating; they constantly strive to rethink and improve the way things are done so as to move forward in social collaboration. That is why they risk, invest, and devote time and resources to face concrete social challenges, regardless of the dimensions of the outcomes in comparison to the whole world of affairs. This does not imply a lack of desire to make a great impact, but that entrepreneurs are more committed to concrete results than to spectacular figures.

The promoters of social venture enterprises strive to put into practice the well-known proverb "give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime." Positive and sustainable social impact depends on an entrepreneurial mindset in every person involved and in every stage of development. It implies that, to take root, businesses need trained people: single agents that create enterprises tailored for a legal and social context with a coherent business plan. Most probably, the first steps of every single project would need external assistance and support, but apart from the concrete plan, all people involved in the project learn how to deal with new instruments and how to apply them in different situations. In this perspective, the real challenge is the growth of persons through education, and over the last ten years some organizations like Fundación Paraguaya have been developing an educative system based on self-reliant schools: financially autonomous schools in which aspiring rural entrepreneurs receive academic and practical education. Education and

microfinance programs are integrated: after receiving their diploma, newly educated entrepreneurs know where they can ask for capital to launch their enterprise in order to put into practice their *ad hoc* training.

Fundación Paraguaya is only one among many of the examples referenced in this volume, explained in detail in Part II. I choose to mention it here to underscore the inescapable complexity of economic and entrepreneurial life. Neither of the studies in the book intends to address these complex questions at a theoretical level, but the reader will find technical terms regarding these issues scattered throughout the text: capital blending, blended financing, blended approaches or motivations, and other terms and models that mix or combine different ways of understanding and putting into practice a wide variety of solutions.

Daniela Ortiz' study traces the ways in which the most relevant phenomena linked to fighting extreme poverty and creating inclusive markets are being studied. After a consideration of some of the important declarations regarding inequality and poverty by the recent Popes, Ortiz explains the relationship between economic growth and its non-univocal outcomes. The ambiguity of the results has led scholars to widen and refine the theoretical and practical ways of understanding and measuring economic development, reconsidering, for example: the relationship within the aforementioned binomial poverty-inequality, with social inclusion, the creation of work; the relationship between multinational companies and the third sector, and within the latter, the professionalization of its activities, to name only a few.

The harmonization of all of these elements in order to undertake precise projects implies, apart from generosity, a great deal of creativity and proactivity. It is no coincidence that some of the studies cited by Ortiz refer to a "learning economy." The conviction that we cannot go ahead with fixed mindsets, that it is not enough to state that one is focusing on a specific target or region, is a compelling force that drives business people to find innovative solutions. This explains the complexity of the dense statements presented in Part I of this book, and the richness of the examples cited in Part II.

The two Parts of the book make clear the importance of education and training in order to implement inclusive projects, especially in

developing countries. But they make it clear that it is also necessary to develop a new perspective on education in business and economics, to fill the gap between the business world and solidarity: competitiveness can no longer rest on a purely selfish basis, as Ghoshal and others have repeated in the last decades. We need deeper insights in order to understand social relationships

The two studies of this volume remain among the central links of a long chain of arguments regarding the entrepreneurial world. These central links are those of action, of concrete projects, and the way they are studied by scholars focused on social innovation. Scholars are redefining the theoretical parameters of their disciplines because a complex reality requires new intellectual instruments to understand their development.

Two polar extremes of this chain of arguments are mentioned a couple of times in the text. The first refers indirectly to the aforementioned complexity as a new way of understanding the relationship between business and society, or of a common good perspective of the firm. The interdisciplinary approach should link a relational theory of society with global sustainability without relying merely on technological progress.

The second extreme regards the deep motivations of socially concerned entrepreneurs: their reasons for acting are not only distinct from commercial entrepreneurs,' but also from social workers' motivations. Such distinctiveness explains why social workers, who are arguably and overwhelmingly moved by the desire of helping others, are largely absent from the world of social entrepreneurship. Willingness to promote social enterprises is based on a mixture of achievement orientation, self-actualization or personal fulfillment, and so forth, in addition to the desire to help society. Yet, it is not easy to avoid the question of why some business people are driven to invest time, energy, and money in endeavors with relatively modest margins, which are at the same time much more demanding than SRI or CSR.

It is our hope that in the future, MCE Research Centre would collaborate with scholars and practitioners to face the two extremes of the subject, due to their relevance both for academic work and practical outcomes, so as to promote a more inclusive mindset for economic life.

I want to thank my colleague Martin Schlag, for promoting and giving direct advice for Part I of the study, and being supportive of the whole project. The subjects treated here are at the core of our work in MCE, which strives to be an authoritative voice in the dialogue among economics, philosophy, and the Church's social teaching.

Prof. Antonino Vaccaro, from IESE Business School gave us relevant suggestions and insights for Part II and read a full version of it. We are very grateful for this kind and rigorous effort.

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It has been a pleasure for me to work with such competent co-authors as Daniela Ortiz and Benedetta Scotti, who have the capacity to both develop independent thought and harmonize their work with others.

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