Building social capital for societal entrepreneurship

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Abstract

By entrepreneurial combinations of voluntary resources, project means from public and private sources, commissions on contracts and other ways of financing, the youth house “Fryshuset”, with a great number of social activities for primarily young people in Stockholm, Sweden, has been able to allocate resources for establishing and expanding its activities. This development would not have been possible without struggle against established norms, values, traditions and institutions, not least the informal monopoly that the public sector in practice was having on the fields in which “Fryshuset” emerged. Step by step, “Fryshuset” has built partnerships and alliances with public, private as well as civil actors. Expressed in a general way, “Fryshuset” has built a new social capital, with new links and networks among actors that formerly did not cooperate, and created new norms and values for the carrying through of activities among exposed groups.

In a success story like that of “Fryshuset”, problems and difficulties might easily be forgotten. A fundamental problem for partnerships and other collaboration across sectoral boundaries is that organizations in different sectors have different aims and thus act according to different principles. These differences lead to the forming of social capitals with important differences in values and networks between the various sectors. Finding a common denominator for establishing collaboration and building a cross-sectoral social capital is thus not an easy task. “Fryshuset” has found entrepreneurial ways to solve this problem.

The aim of the paper is to investigate how “Fryshuset” has managed to change established norms, values, traditions and institutions and been able to form a new social capital for the necessary partnerships and alliances. What actors and values etc. have been easy or hard to change? Which partnerships and alliances has been stable and/or been made permanent and which have been unstable and/or dissolved – and what have been the reasons? How has “Fryshuset” marketed itself and its activities towards potential partners?
1. Introduction

**Societal Entrepreneurship**

There is no one clear definition of entrepreneurship that has been generally agreed upon. Commonly there are basic references to Schumpeter (1934) and/or Kirzner (1973), or to scholars that draw upon one of, or both these approaches. The former focuses on entrepreneurship as innovative changes in the introduction of new methods of production, opening of new markets, creation of new organizations and/or conquest of new sources of supply of raw material (Schumpeter 1934). Kirzner focuses rather on the entrepreneur as a creative organizer combining resources in new ways in most cases without challenging overall equilibrium (Kirzner 1973). Entrepreneurship does not necessarily contribute to society by smoothly enhancing the economy (Schumpeter 1934, Swedberg 2000, Hjorth et. al. 2003). Therefore, entrepreneurship also brings creative destruction to challenge established equilibriums. Although still primarily bound to economics, both conceptually and theoretically entrepreneurship is now often associated with a wider sphere than economics and business alone (Steyaert and Hjorth 2003, Gawell 2006, Berglund 2007). The concept of social entrepreneurship first emerged in the public and policy debate during the 1990’s (Leabeater 1997, Dees 1998, Palmås 2000) and soon began to appear in academic publications (Borzaga & Defourny 2001, Nicholls 2006, Borzaga et.al 2008). Other concepts that have emerged are civic entrepreneurship (Henton et.al. 1997, Goss & Leadbeater 1998), public entrepreneurship (Asplund et.al. 2007), political entrepreneurship (Buchanan & Badham 1999, Harris & Kinney 2004, Chatterjee & Lakshmanan 2009), activist entrepreneurship (Gawell 2006), and societal entrepreneurship (Gawell et.al 2009).

The term societal is interpreted as comprising the various parts of society, i.e. the private and public sectors as well as civil society, and the actors and organizations within or partly overlapping these sectors. We define the compound concept societal entrepreneurship as 1) forms of entrepreneurship that are performed and utilized by actors in several societal sectors or spheres, and as 2) the relation to and effects on society of entrepreneurial activities. This means a focus both on the principal actor and on relations to other actors and other aspects of society, and accordingly that social capital becomes a central concept connected to societal entrepreneurship. In this paper our specific focus is on societal entrepreneurship related to social issues and youth.
The field of entrepreneurship has greatly come to light in recent decades and can be seen as a multidisciplinary research field with focus on such varying aspects as organizational creation and dynamics (Gartner 1988, Aldrich 1999, Hjorth et. al. 2003), networks and mobilization of resources (Aldrich & Fiol 1994, Aldrich & Brickman 1997, Westlund 2001) entrepreneurship in local and regional development (Westlund & Bolton 2003, Wigren 2003, Johannisson 2005) and opportunities and opportunity exploitation (Gartner, Carter & Hill 2003, Sarasvathy et.al. 2003). Of particular interest here is research focused on entrepreneurial social capital (Westlund & Bolton 2003) and entrepreneurship capital as subset of social capital (Audretsch & Keilbach 2004, 2005).

The different lines of entrepreneurship research are partly reflected also in the growing fields of social, civic, public, and activist entrepreneurship that have lately emerged. Today we can distinguish between at least three primary models on which these versions of entrepreneurship rely. The first model emanates from the business model but with goals directed towards social outcomes rather than pecuniary profit (Leabeater 1997, Dees 1998, Palmås 2000). The second model relates to the co-operative sphere, with equal co-participation and community development as preceding profit distribution. This model also recognizes and addresses the relation to the public sector (Pestoff 1998, Borzaga et.al 2008). The third model is based on entrepreneurship in civil society and is as yet less theorized, but it has been approached and elaborated on (Gawell 2006). In all the models, social and/or societal issues are addressed, even when the specific term societal entrepreneurship is not used.

Entrepreneurship research tends to primarily address issues from the point of view of the entrepreneur, with focus on networks and legitimacy as means of carrying through ideas, mobilizing resources and establishing new ventures (Katz & Gartner 1988, Aldrich 1999). But there are also studies that examine these tensions from other perspectives, for example gender (Pettersson 2002, Gatewood et. al. 2003, Carter et.al. 2006) and political points of view. The entrepreneurial process also involves other actors, from the same and/or different sectors. As entrepreneurship stretches beyond a specific sector it is challenged by different sectoral principles (Westlund 2006). This in turn creates high demands for building and handling cross-sectoral social capital, both for developing activities and for mobilizing resources across sectoral borders.
Social Capital and Entrepreneurship

Social capital has attracted a great influence from scholars since the 1970’s. Putnam’s (1993) work on the Italian regional reform brought attention to and articulated what can be seen as a missing link in the debate about development especially within regional contexts. The concept of social capital could be related to different kinds of experiences as well as added to theoretical discussions. Social capital has, since then, been related to prosperity and vital democracy as well as to wealth and economic growth (e.g. Halpern 2005, Ostrom 2000).

Social capital consists of social networks/relations, and the norms and values that are generated, accumulated and spread through these networks (OECD 2001, Westlund 2006). This general definition is in research adapted to a number of indicators of various quality and that many times are difficult to compare making it difficult to conclude findings on social capital especially related to spatial contexts (Westlund and Adam 2010).

Even though social capital most of the time is ascribed a positive connotation, there is a debate on whether social capital always is linked to positive outcomes or can be of either positive or negative for different aspects of development (Portes 1998). One such crucial debate is whether certain groups in society or society at large benefit from social capital. Another crucial debate is through which mechanisms social capital is generated and the role of different sectors in society (Woolcock 1998, Rothstein 2003).

Components of social capital like social networks, is highly related to entrepreneurship. Granovetter (1973) highlighted the role of weak network ties for reaching a wide audience in marketing as well as in politics. Strong and weak ties’ importance for building legitimacy for ideas as well as emerging organizations has also been related to entrepreneurship research (Aldrich and Brickman 1997; Johannisson 1998). But cognitive understanding, norms and values of networks has also been related to inertia facing emerging initiatives (Aldrich and Fiol 1994; Aldrich 1999).

Questions of Issue

Social and/or societal entrepreneurship relate to social capital in several ways. The building of social capital is highly relevant for the entrepreneurial initiative and emerging organization. But the initiative and the organization also effect networks, norms and values
among surrounding actors and society at large. The understanding of these relations and mechanisms connecting entrepreneurship and social capital are still partly fragmented; from entrepreneurship point of view with a focus on mobilizing resources, and from a social capital point of view to measure and explain prosperous output. One of the aims of the qualitative study of Fryshuset as a societal entrepreneurship that this paper is based on, is to contribute to further understanding of the relations between entrepreneurship, social capital and society at large.

The basic questions asked are how different aspects, at times played out by different actors, interplay in creating, managing and exploiting social capital. The second basic question is how generated social capital influence different kinds of actors and what impact this has on society.

The aim of the particular paper is to investigate how “Fryshuset” has managed to change established norms, values, traditions and institutions and been able to form a new social capital for the necessary partnerships and alliances. What actors and values etc. have been easy or hard to change? Which partnerships and alliances has been stable and/or been made permanent and which have been unstable and/or dissolved – and what have been the reasons? How has “Fryshuset” marketed itself and its activities towards potential partners?
2. Methodology

This paper is based primarily on a case study of “Fryshuset” (see below). The study, with a focus on societal entrepreneurship is ongoing (2009-2011). The activity house and organization Fryshuset is in focus. Fryshuset in itself is an entrepreneurial actor founded in 1984. Fryshuset is also acting to spread ideas and methods of how to work with young people to other places and to other actors. This includes promoting a social entrepreneurial approach. Fryshuset is not, however, a representative case but has its own story, its own relation to current Swedish context, and its own set of people. Still, qualitatively, the case is highly relevant, instructive, engaging and even provoking.

The study is based on analysis of written material, interviews and observations. Semi-structured interviews have this far been conducted with people in the management team during the period November 2009 to April 2010 by Gawell and Westlund. More interviews will be conducted during 2010. Questions have focused on Fryshuset’s process, values and resources, and how to deal with challenges and tensions.

The analysis is done in an interpretive approach and related to theories on entrepreneurship and the mobilization of social capital. The analysis is conducted with an interpretive approach drawing from the above mentioned studies. It is characterized by a narrative approach with a focus on what people say as expressions of ideas and linked to action. Analysis is related to the linguistic approach developed in organizational and entrepreneurship theory (Czarniawska 1998, 2004; Steyaert and Bouwen 1997; Bjerke 2005; Gawell 2006).

The analysis aims to further our understanding of social entrepreneurship phenomenon rather than to prove or derive explanations to be generalized (Bjerke 2005). The qualitatively based understanding can however be of great importance also to other cases even though different contexts and their influences have to be carefully explored.
3. Fryshuset

Fryshuset was founded in 1984 by a group of engaged people and YMCA in Stockholm. A former cold store was used for social activities primarily with a focus on anti-violence, sports primarily for the YMCA basketball team, and music primarily through providing rehearsal studios for pop and rock bands. It was named Fryshuset which means “cold store” in Swedish. The three components has through the years dynamically interplayed in the development of what is today a vivid and in many ways an established organization – still, however, struggling in an entrepreneurial ways to continue the development of activities and to continuously mobilize resources.

At an early stage – the need to find facilities for sports and music was a strong drive in actually finding a house. For YMCA with a rather successful basketball team among other sport activities as keys factors in their work with youth this was a way to solve a practical problem but also to revitalize and to find renewed forms for their rather traditional youth work. They brought experiences, administrative structures and legitimacy into the venture.

The groups of enthusiasts with focus on music did, to a large extent, not belong to established associations in the same way. During the 1970’s and 1980’s there had been an increase in numbers of people playing and singing through the public initiatives providing music afternoon classes on municipality level all over the country. Educational associations grounded in a tradition of adult and alternative education also supported people to organize study circles to play together, develop band and of course to finance rehearsal facilities. The demand for rehearsal facilities that new and old bands could access exceeded the supply. In this group there was, alongside with the movement of rock’n roll and punk, a strong sense of playing and organizing on “once own conditions” and not only on terms set by others. We will later see how this resembled other sources of influence and played an important part of the emerging Fryshuset spirit.

The interests on sports and music coincided with the need to renew activities for and with young people. In the mid 1980’s there were now and then turmoil were frustrated youth became violent and some informal gatherings turned into riots in Stockholm. Among these people there were groups with alienation for established associations and the society at large. Within the police there were people starting to work together with some of the troublemakers to find ways to a more constructive development. This lead to the start of
“Non-fighting generation” were former fighters were recruited to work against violence, later also to Lugna gatan (the calm street, authors translation) were young people were recruited and trained to work on the streets to prevent violence, and many other activities run by Fryshuset today.

People from these interest groups joined forces. A man called Anders Carlberg, a middle aged construction worker with engagement in union work and a background in student politics in the late 1960’s was asked to organize some of the activities as a response to the riots mentioned above. This group, headed by Carlberg, became a team to start and run Fryshuset. Carlberg has since then been the top leader with slightly different positions. During 2010 he is, at least to a certain extent, retiring and a new executive director has been appointed.

Already at an early stage Fryshuset spread their ideas and shared experiences to other parts of the country. In 1986 they travelled to schools around the country together with some other invited voluntary organizations giving seminars on constructive alternatives to violence. On this, and other tours it was confirmed that many teenagers deplored violence and had a lot of vital ideas of their own to offer about today’s society and future developments. Since then, Fryshuset has gained a lot of experience about young people’s lives as well as society in general. The mobilization for an effective youth engagement on young people’s term has continued and been scaled up both through Fryshuset’s own activities also in other cities in Sweden and through a current large scale campaign called Fryshusandan (the spirit of Fryshuset, authors translation). Through this campaign Fryshuset plan to reach 150 municipalities and 30 regions with information and education based on their experiences of youth work.

Today Fryshuset has moved to new facilities, again a big 9 storey house in Stockholm with up to 40 000 visits a month. They also run activities in other cities in Sweden. They have 2 skateboard halls, 3 basketball halls, concert halls, dance halls, rehearsal studies and cafés. They furthermore run an upper secondary school and around 30 different social projects. They have approximately 420 people employed and a turnover of 200 million EUR (2009). A combination of grants, fees and sponsors finance various activities. In 2006, 1.6 million Euro consisted of public funding from the City and County of Stockholm.

Early initiatives were both responses to YMCA and music groups’ demand for facilities. But there was also a public demand to solve the problems of security in the city.
The public demand for services reaching out to and being able to handle youth groups that schools and ordinary public or established non-profit organizations had difficult in reaching was an opportunity for mobilizing resources even though these resources have been far from easy to access. Anders Carlberg, with his engagement and persistence as well as networks in politics and other influential groups has been of great importance for mobilizing resources throughout the ears.

Early on Fryshuset identified the importance of working close to those the problems identified belonged to. In most cases this was different groups of young people. “The once who know the problems are also the once who know and can find and carry through solutions” are repeated again and again. This has partly been an ideological idea, but it has also proved to be successful for establishing relations to groups that no other organization really reaches out to. This aspect of participation has in interviews and also in other material been described as a necessity. “Youth themselves just have to be allowed to deal with their own lives and communities they live in. They know the problems and also how to solve them” is a way to summarize how it has been expressed.

There has also been an opportunity for Fryshuset to expand and develop new activities through a reform improving conditions for running schools in private forms that we have seen in Sweden during the last decade. The gymnasium at Fryshuset is now an important activity that both demand and bring administrative and financial structure which Fryshuset as a whole benefit from.
3. Fryshuset a challenger deeply rooted in Swedish welfare ideas and ideals

Fryshuset has in many ways challenged practices in youth work during its 26 years of existence. During the 1980’s youth activities were primarily organized through the public youth centers run by municipalities. In addition to these youth centers there were civil society associations in sports, in scouting and other kinds of activities. Many of these organizations had long traditions and activities were to a large extent influenced by ideas during the 1960’s and 1970’s – a time when ideas and practices was questioned and revitalized. However, these organizations/activities did not energetically meet the needs of the 1980’s or more specifically the new frustrated groups of young people that did not join established activities/organizations. People behind Fryshuset, and soon Fryshuset as an actor, met these groups, talked to these groups and included them in different ways. They became a part of Fryshuset and Fryshuset became a part of them.

The idea of youth work; to meet groups of young people and to organize activities for and with them, is of course not new but a part of an old tradition. In a Swedish context this work has, as much else in society, been characterized by equality and participation fostering youth into democratic participation “in practice”. These normative pillars are also very strong within Fryshuset. Values and norms of Fryshuset is actually very deeply rooted in ideas of the Swedish “folkhem” (a concept that has characterized the Swedish welfare model during the 20th century - freely translated it means “peoples’ home” and referred to “a good home for all”). However, Fryshuset put groups that at the time could be seen as “new” in focus. And they did so energetically!

Fryshuset’s social capital and its component parts

Social capital, that is networks and the norms and values that are accumulated and spread through these networks, is in the case of Fryshuset solidly grounded in the organizational and individual actors engaged in forming activities related to ideas, testing ideas into practice, developing methods to carry activities out over time and last but not least mobilizing legitimacy and funding. Bit by bit the Fryshuset spirit has been created in practice.
Legitimacy has been created “on two fronts”; both among groups of at times alienated young people, and among established actors with resources. To balance the different interests has not been all easy. However, methods to reach out to young people has attracted public agencies even though they have also been challenged since Fryshuset at times have been more successful than public initiatives. Fryshuset themselves argue that this depends on personal engagement beyond public and professional duties, as well as direct unorthodox methods focusing on young peoples’ own will and ways to find solutions. The energetic entrepreneurial role can be another explanation.

Through working direct with young people that at least for some time have been troublesome, Fryshuset has helped them to direct their energy in a constructive way. In turn, they became important for making Fryshuset credible among other young people.

Within politics and among other decision makers there were already good connections, especially through Anders Carlberg’s network. It was therefore possible to mobilize decisions on funding. The emergence of Fryshuset also coincided with a shift towards more private social service providers in the “Swedish model”. Fryshuset could take on this role in a way that attracted groups of young people that established organizations struggled with. This made it possible for Fryshuset to attract funding on a relatively large scale – even though the struggle of raising funds always has, and still is, a crucial issue occupying people working at Fryshuset.

**Fryshuset’s multidimensional entrepreneurship**

The concept of societal entrepreneurship is in itself an indication on that the entrepreneurship concept increasingly is being used in a broader and more multifaceted way than was the case when it solely was reserved for private start-ups. In a paper being presented at this ERSA congress Westlund (2010) is using the term multidimensional entrepreneurship as summarizing concept for a number of new branches on the entrepreneurship tree. One of these new concepts is political entrepreneurship. Various scholars (Buchanan & Badham 1999, Harris & Kinney 2004, Chatterjee & Lakshmanan 2009) have used the concept in partly different ways. However, they seem to have in common the view that political entrepreneurship is about recognizing opportunities, gather resources for their exploitation and exploiting these opportunities – not in the business sphere, but within an organization or at the interface between an organization and other actors.
In this perspective, Fryshuset has been a very active political entrepreneur. Anders Carlberg and his coworkers early developed a strategy for getting financial and political support from the City of Stockholm and sometimes also from the national government. Instead of applying for public resources in the slow, regulated, bureaucratic way that organizations in the third sector are supposed to do, Fryshuset presented their proposals informally to leading politicians, often received an immediate support, and the activities could start immediately. How to incorporate these decisions with the normal, slow and regulated process was the task of officials – and due to these unorthodox methods, Fryshuset has not always been the favorite task of all officials.

Carlberg’s and Fryshuset’s extensive social capital with good relations to leading politicians was of course a necessary prerequisite for the performance of this political entrepreneurship and its combination with the social entrepreneurship.

4. Some concluding remarks

The fact that this paper draft is a work in progress means that possible conclusions are only tentative. However, in our opinion it is clear that there is an intimate relation between Fryshuset’s social capital and its ability to function as a social entrepreneur under a long time. Fryshuset developed the ability to build social capitals, both with its target groups and with political decisionmakers that could provide resources. This multidimensional social capital formed the base for the multidimensional entrepreneurship that was developed, in which the political entrepreneurship was a prerequisite for the social and vice versa.

Even if these conclusions are tentative and still perhaps not much more than hypotheses, they seem to offer new insights in the complex relations between different forms of social capital and forms of entrepreneurship. The need for further studies based on these hypotheses is obvious.
References


