A process-based view of social entrepreneurship: From opportunity identification to scaling-up social change in the case of San Patrignano

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A process-based view of social entrepreneurship: From opportunity identification to scaling-up social change in the case of San Patrignano

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The assumption of a strong connection between entrepreneurship and economic growth has led to the neglect of entrepreneurial processes in the social sectors. Based on the findings of an in-depth longitudinal case study, our article focuses on social entrepreneurship (SE) processes designed to exploit innovation that explicitly addresses complex social problems. We elaborate on the characteristics of the process and on the dimensions intervening on how social entrepreneurial opportunities are identified, evaluated, exploited and scaled up. We provide a process-based view of SE, suggesting the need for consistency between individual, organizational and contextual elements.

Keywords: social entrepreneurship; entrepreneurial process; social innovation; intervening dimensions

1. Introduction

Over the past decade, social entrepreneurship (SE) has commanded considerable interest in literature as being an innovative use of resources to explore and exploit opportunities that meet a social need in a sustainable way (Seelos and Mair 2005; Dorado 2006).

In an attempt to justify SE as a legitimate field of enquiry, research has paid disproportionate attention to clarifying definitions, boundaries and goals (Steyaert and Katz 2004; Austin, Stevenson, and Wei-Skillern 2006). In this context, early emphasis on social entrepreneurs as social change agents (Leadbeater 1997; Prabhu 1999) has been progressively replaced by a stronger focus on innovation and the use of opportunities to create long-lasting social impacts (Sud, VanSandt, and Baugous 2009). Accordingly, the most recent contributions share a view of SE as focused on the identification of innovative opportunities to solve social disequilibria (Dorado 2006; Peredo and McLean 2006; Certo and Miller 2008), prioritizing social value creation over economic value accumulation.

Yet, the stages of the process by which creative and innovative solutions to complex and persistent social problems are provided and the dimensions affecting the way the process unfolds are still mainly assumed rather than theoretically and empirically examined. Important exceptions exist, although with a focus on either the

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pre-venture stages of the process (Haugh 2007) or the launch of business enterprises by marginal groups (Ram and Smallbone 2003; Johnstone and Lionais 2004).

In response to the need for extending research on SE processes (Austin, Stevenson, and Wei-Skillern 2006; Mair and Marti 2006; Perrini 2006; Chell 2007), our study explores the phases and dimensions of the process by which social entrepreneurial opportunities are identified, evaluated, exploited and scaled up.

The empirical investigation is based on an in-depth longitudinal case study of the San Patrignano Community – the largest drug rehabilitation community in the world – with the goal of developing a process model of SE. In doing so, we aim at pursuing two related research objectives. First, by combining a long-lasting tradition in business entrepreneurship research (Bhave 1994; Shane and Venkataraman 2000) with emerging studies in SE field (Haugh 2007), we model the stages of an SE process in a setting in which prominent social value creation is associated with entrepreneurial orientation. To this end, a set of theoretical propositions is developed to guide the analysis (Yin 2003). Second, we identify variables and characteristics that drove the shift from one stage to the next.

This article builds on and extends current debates in the SE field, providing further insights into the dynamics by which social gaps are filled. Moreover, in light of the rise in institutional and political interest in the local and regional developmental role of social purpose organizations (Smallbone and Lyon 2004; Chell, Karataş-Özkan, and Nicolopoulou 2007; Haugh 2007), the analysis of an acknowledged, successful case offers the opportunity to identify specific threats and facilitating conditions that influence the ability of social organizations to pursue their mission.

This article is structured as follows. First, the theoretical background of our study is developed. Second, the research setting – the San Patrignano drug rehabilitation Community – and the methodology used to gather and interpret data is presented. Third, the empirical findings from the case study and the subsequent theoretical analysis are discussed. Finally, we outline the main conclusions and implications for research and practice.

2. Theoretical background

Over time, a number of models have been developed that propose venture creation as a process of emergence (Davidsson, Low, and Wright 2001; Steyaert 2007), through a variable number of progressive, sequential stages. The focus of these models has been either the pre-venture stages of opportunity identification (Bhave 1994; Shane and Venkataraman 2000) or the post start-up activities (Greiner 1972; Churchill and Lewis 1983; Scott and Bruce 1987).

Opportunity identification has been widely recognized as the first stage of such process of emergence, turning into the launch of a new economic activity through the acquisition of all the necessary resources and assets (Shane and Venkataraman 2000). The process ends with the stage of opportunity exploitation, which has been defined as the development of an appropriate organizational vehicle ranging from a new project within an established organization to an entirely new venture (Ucbasaran, Westhead, and Wright 2001). Thus, stage models have been largely recognized as useful descriptive approaches to the understanding of the venture creation process. Yet, they have been variously criticized for their excessive focus on stage-based
activities and characteristics rather than the dynamics involved in the evolution of the process through stages (Storey 1994; Frank and Luenger 1997; Steyaert 2007). As a result, mainstream entrepreneurship research has moved towards the adoption of sociocultural perspectives, aimed at identifying those factors triggering or hindering new venture creation, the shift between stages and related performance consequences (Jack and Anderson 2002; Haugh 2007; Chell 2008).

Part of the debate has focused on the role of the entrepreneurs, their characteristics and personalities in holding the entrepreneurial process together (Chell 2008), by taking advantages of differential information (Shane 1999) and attracting resources and assets at various stages (Chell and Baines 2000). The attention towards entrepreneurial personalities has been paralleled by a growing interest in the effects of social, economic and political contexts as the process unfolds (Gartner 1985; Jack and Anderson 2002). As a result, the process of venture creation is increasingly viewed as an outcome of a complex social process, shaped by the characteristics of the individual starting a new venture, as well as the context surrounding the new venture (Gartner 1985; Steyaert and Katz 2004; Chell 2008).

Yet, theoretical and empirical debate on business venture creation are often based on an unstated assumption: the soundness of the process depends on the objective or perceived expected value of the entrepreneurial profit and whether profits exceed costs (Schumpeter 1934; Kirzner 1997; Shane and Venkataraman 2000). Business enterprises have been widely considered as wealth producing activities (Drucker 1985; Zerbinati and Souitaris 2005), with entrepreneurship involving the identification, evaluation, and exploitation of opportunities to create new products or services such that enterprising individuals are able to obtain economic gains (Eckhardt and Shane 2003).

What happens when economic value creation becomes a means to social value creation? In an attempt to answer this question, and following a renewed interest by policy makers in the need for a more active social role for private actors (Haugh 2007; Zahra et al. 2009), SE has recently appeared in the mainstream entrepreneurship literature (Austin, Stevenson, and Wei-Skillern 2006). The initial view of SE as centred on the development of managerial competencies and market-based attitudes by non-profit organizations to improve their operational efficiency and effectiveness (Newman and Wallender 1978; Dees and Elias 1998; Cannon 2000; Dart 2004) has been progressively replaced by a view of SE, which places more emphasis on the entrepreneurial dimension of the construct (Thompson, Alv, and Lees 2000; Austin, Stevenson, and Wei-Skillern 2006; Mair and Marti 2006; Perrini 2006).

According to the current perspectives on SE, while the supremacy of social value creation is recognized as the distinctive feature of SE – thus explaining the ‘S’ dimension of the expression – the recognition of opportunities to create that value, the ability to take advantage of them and the pressure to innovate explain the association with entrepreneurship (Sullivan Mort, Weerawardena, and Carnegie 2003; Peredo and McLean 2006; Weerawardena and Sullivan Mort 2006) and underlie the ‘E’ dimension of the concept.

Though converging on defining SE as a process of value creation by combining resources in a new way (Dorado 2006; Mair and Marti 2006), further research is needed on the dynamics by which social entrepreneurial opportunities turn into viable organizations. Recent attempts have been made to analyse the conditions...
supporting the launch of new ventures in constrained environments (Kodithuwakku and Rosa 2002), depleted communities (Johnstone and Lionais 2004) or by marginal groups (Ram and Smallbone 2003). However, these studies focus on traditional business ventures that generate social impacts (e.g. social cohesion, community development and so on) only as a by-product of the economic activity. Furthermore, the analysis of depleted communities makes it problematic to generalize the research findings to more traditional environmental contexts.

In response to the need for a deeper understanding of entrepreneurial business initiatives launched with a prominent social mission, research has started to investigate the process of new social venture creation. Yet, the focus has been mainly addressed to pre-venture stages of development, leaving post start-up activities to future research (Haugh 2007, 178). Thus, this article is aimed at filling the gap existing in these accounts, by extending the research focus to the whole social entrepreneurial process and disentangling the related dimensions associated with the shift from one stage to the next one, with regard to the case of a social venture placed in a developed context.

3. Research setting, data collection and data analysis

As highlighted by SE scholars, the study of the SE process is pressing (Dorado 2006; Chell 2007), demanding rich and detailed interpretative analyses. Accordingly, we built on qualitative research, presenting an in-depth, longitudinal analysis of a purposefully selected case study (Yin 2003). Qualitative research is suitable when little is known about a phenomenon (Eisenhardt 1989) and when the aim is to derive ideas from the data at hand and attach them to theoretical perspectives (Langley 1999).

We started from existing entrepreneurship and SE theory to develop a set of theoretical propositions aimed at guiding the empirical analysis (Yin 2003). Then, we investigated the fit between the pre-developed theoretical model and the evidence emerging from the case study, to build a process model of SE.

Given the explorative nature of our research in an under-researched phenomenon, we searched for a context that could serve as an extreme case (Pettigrew 1990). Extreme cases facilitate theory building by illuminating both the unusual and the typical ones (Patton 2002). It is in extreme cases that the dynamics being examined become more visible than they might be in other contexts. Particularly, the case of the largest drug rehabilitation community, San Patrignano, constitutes the setting for the chosen case study.

The history and standing of San Patrignano provided us with a rare opportunity to investigate SE processes. Since its foundation, earned income strategies have been designed and progressively adjusted consistently with the mission of addressing a specific social problem: returning human dignity to people who seem to have lost it. Moreover, in 2006, the actual president of San Patrignano – Andrea Muccioli – was recognized as the Social Entrepreneur of the Year 2006 in Italy, by the Schwab Foundation for Social Entrepreneurship. The award was based on San Patrignano compliance with the following criteria which defined SE: innovation, reach and scope, scalability, sustainability, direct positive social impact and role model for and mutual-value contributor to the overall network of social entrepreneurs and institutions. Finally, San Patrignano is not only the largest drug rehabilitation
community in the world, but also the most effective, with recovery rates of more than 70%, i.e. about 40% higher than world averages.

In conclusion, we selected the single case of San Patrignano because it is information rich, useful and illuminative, in summary, well-suited to the purpose of our research; that is to fill a gap in the current debate on SE with particular regard to developing understanding of the dynamics involved in the SE process and related intervening dimensions.

It can be argued that the case presented here is historical contingent and place-specific, that is, dependent on the unique nature of the context in which it developed and cannot be generalized. Though historians recognize that Emilia Romagna – the region San Patrignano belongs to – presents an innate civic tradition, Italy as a whole provides an historical repertoire of forms of collaborations available to citizens for addressing specific social problems (Putnam 1993; Thomas 2004). Moreover, over the past 25 years, the public and private interests in social enterprises have crossed boundary lines across countries becoming a globally supported phenomenon (Borzaga and Defourny 2004; Thomas 2004; Haugh 2007). Finally, the numerous replications of the Community’s model all over the world, either spontaneously or through the Rainbow Network, have demonstrated that although the conditions of the local context matter, they are not sufficient. Whilst we acknowledge the importance of context specificities underlying an entrepreneurial act, it is the role of the entrepreneurial skills and the organizational evolution that are unique in the case, making the case an exemplary role model (Patton 2002).

We relied on a number of sources of empirical evidence to analyse the dimensions of the SE process at San Patrignano. They can be grouped into the following categories:

1. House magazines, annual reports and other external communication tools. The San Patrignano Journal is the house magazine published monthly by the Community to inform internal and external audiences about results, projects, initiatives and progress. Our database included issues of this magazine published between January 2002 and December 2006. We also analysed annual reports (i.e. bilancio di missione), the corporate website (www.sanpatrignano.org) in various stages of development and press releases.

2. Corporate histories and archival material. Archival search helped us track the evolution of San Patrignano over time and at different levels of analysis. We found that three corporate histories of the Community were of critical importance to our understanding of the distinguishing characteristics of San Patrignano as a leading example of SE (we remind to existing corporate histories for further information: Morosini, Steger, and Isberg 2001; Woolley-Fisher 2003; Perrini 2006).

3. Semi-structured interviews. Archival data and field observation were completed with semi-structured interviews with people who could provide rich and insightful information on the overall entrepreneurial processes underlying SE. For this reason, we conducted a total of four interviews: one with the actual president of the Community and the other three with members of the management team. Interviews lasted from a half-hour to two hours, and most of them were tape-recorded. Whenever this was not possible, we took detailed field notes.
The data analysis was carried out in two main stages. The first stage was a pre-analysis following a narrative account (Eisenhardt and Bourgeois 1988; Langley 1999), aimed simply at establishing a chronology of key events and facts that have shaped the context in which the Community operates, and at ‘making sense’ of San Patrignano’s story. Archival materials, corporate histories, and annual reports allowed us to trace the evolution of San Patrignano since its foundation in 1978. Also, in order to ensure that our understanding of the events was correct, we cross-checked the content of the reports with San Patrignano managers. This pre-analysis phase was particularly important for identifying the main stages of San Patrignano’s ‘life cycle’ and its perceived distinctive characteristics. To this end, we used press releases by the Community and other external sources to triangulate data released by the Community.

Once we identified the main stages of the process, we explored the details of the shift from one phase to the next. This highlighted intervening dimensions on how the social gap was recognized and filled throughout the entrepreneurial process. At that point, it was particularly interesting to delve into the details of the activities and projects initiated by San Patrignano at different stages of the process. We used semi-structured interviews to check the validity of our impressions.

4. Results and discussion: modelling the process

Based on the iteration between existing theory and our empirical findings, we propose a model (Figure 1), which frames the main stages of the SE process and the individual and contextual variables intervening on the way the process unfolds.

![Figure 1. A process-based view of social entrepreneurship.](image-url)
4.1. The stages of the process

4.1.1. Opportunity identification

Opportunity awareness and recognition reflect an entrepreneur’s ability to detect when either supply or demand for a value-creating product or service exists (Kirzner 1973). This ability is shared by business and SE, with the latter standing out for its focus on a different set of possibilities: SE opportunities bear on general or specific social targets (Mair and Marti 2006; Certo and Miller 2008), challenging an existing situation. Moreover, social opportunities do not express a profit motive (Austin, Stevenson, and Wei-Skillern 2006), so much as a way to reduce a social burden and thus initiate social change.

Proposition 1: Social opportunity identification reflects the entrepreneurial awareness of the need for challenging mainstream views surrounding a social burden.

In an attempt to answer the call for a more structured, systematic model of intervention to face drug addiction, the San Patrignano Community was legally established by Vincenzo Muccioli and his family in 1979, on the hills above Rimini (Emilia Romagna region).

Living in a place where the problem was an epidemic among young people and talking to them as equals convinced Vincenzo of the necessity to view drug addiction in a different light, as a social threat far more complex than a simple disease:

Among the many aspects of drug addiction, drug assimilation is the least relevant one. Neither drugs nor withdrawal symptoms are the core of the problem. It is the human being, with his/her fears, with those voids that put her/him at risk of being forced to self-destroy.

(Vincenzo Muccioli, San Patrignano 2005)

It is on this point that the entrepreneurial project underlying San Patrignano finds its origin and innovative content: the firm belief that drug recovery was neither feasible in aseptic environments, such as those offered by the National Health Service, nor comparable to a recovery process from a physical disease. The need for an organization focused on social outcasts rather than drug-related diseases was the innovation at the time San Patrignano was founded.

4.1.2. Opportunity evaluation

The nature of SE opportunities and the social change they strove towards are reflected in the evaluation phase. In business entrepreneurship, the decision to exploit an identified opportunity is tied mainly to the expected value of the entrepreneurial profit (Shane and Venkataraman 2000; Eckhardt and Shane 2003). In SE, on the contrary, the decision to act often precedes a rigorous cost–benefit analysis, leveraging on a shared sense of belonging to the social cause.

Though the decision to act derives more from personal motivation than strict cost–benefit analysis, it is followed by the evaluation of a range of available means to support the systematic achievement of the specific social change objective. Although less standardized and more idiosyncratic to the particular organization (Austin, Stevenson, and Wei-Skillern 2006; Certo and Miller 2008), the evaluation of its economic viability is part of this stage. Accordingly, in order to be exploitable, an SE opportunity must create neither an adequate economic expected value nor an exclusively social one. Rather, it has to be sustainable, i.e. has the potential to
produce long-lasting changes (Austin, Stevenson, and Wei-Skillern 2006) pursuing organizational independence (Chell 2007), by developing the ability to combine direct economic value creation with the systematic identification of a proper range of resource providers and sources of financing (Dees 1998).

**Proposition 2:** Social opportunity evaluation results from balancing the extent to which a long lasting change will be produced and the economic sustainability of the project.

In the case of San Patrignano, the need to find a business solution to the drug addict’s life was part of the process before the launch of the Community itself. San Patrignano’s full recovery of lost lives passes through sustainability (Woolley-Fisher 2003).

The ability to generate economic value, both directly and through the identification of a proper range of resource providers and sources of financing, is part of San Patrignano’s core values along with its rehabilitative programme.

Since its foundation, the Community has always offered all of its services completely free of charge. Thanks to the productive activities of the three social cooperatives, the Community itself procures approximately 50% of the financial resources necessary to support community life. These resources are augmented by further 50% from private donations. Public support is welcomed exclusively for specific projects. By no means does San Patrignano accept grants from the State or other public institutions to support its ongoing operations.

Through gratuity, guests are able to crush that wall of distrust and resignation, and sooner or later, they understand that neither a public institution nor their families pay for them. We have no other interests other than simply providing help, and this is what gives us credibility.

(Antonietta Muccioli, San Patrignano Mediacenter)

In sum, by maintaining economic independence, the Community has always been free to pursue its own approach to recovering lives lost to addiction and social rejection. Freedom of action is fundamental to producing expected social change (Sundin and Tillmar 2008).

### 4.1.3. Opportunity formalization

The specificities of social entrepreneurial opportunities – from the prominence of social value creation over private economic gains (Austin, Stevenson, and Wei-Skillern 2006) to the lack of standardization in quantifying the value associated to each option – make the formalization of the mission and core values, i.e. the roots of organizational identity able to lead the future steps of the process, particularly important.

Opportunity formalization is a crucial step in the process for at least three related reasons. First, consistent with the research on entrepreneurial processes (Ucbasaran, Westhead, and Wright 2001), the clarification of the milestones of the entrepreneurial project is critically important to resource mobilization. This is even more crucial in the case of SE, given the difficulty to prove the soundness of a project on the basis of well-established economic performance indicators (Dorado 2006). Accordingly, the clarification of the project’s boundaries would allow interested
resource providers to generate positive expectations about the potential outcomes of the process. Second, formalization of the core principles and values underlying the opportunity is a way to create legitimacy (Sundin and Tillmar 2008). An SE process often occurs in unexplored settings or emerging fields where social disequilibria coexist with unfulfilled social needs (Maguire, Hardy, and Lawrence 2004). Under these circumstances, clear thinking and solid principles are essential to persuade other interested stakeholders to either embrace the project or support it (Johnstone and Lionais 2004).

Thus, the ability of clearly describing and formalizing an entrepreneurial project and its distinguishing characteristics can define a proper operating model and select the adequate organizational setting appropriate to the expected outcome of the project.

**Proposition 3:** Social opportunity formalization articulates consistently the innovativeness of the offering, its expected social impact and the bases for its sustainability.

**Proposition 4:** The more formalized the opportunity, through the definition of a mission and a related set of core operating principles, the higher the ability of the project to gain legitimacy and mobilize resources.

Although organizational complexity has grown steadily over time, the San Patrignano’s mission to ‘bring people to life, reintroducing them into society with this opportunity to escape from their isolation and social exclusion’ has remained unchanged, translated into a set of core operating principles that distinguish San Patrignano from other organizations active in the same social sector.

The core operating principles synthesize the offering, the main rationale underlying the way the offering is structured and the bases for its social and economic sustainability.

### 4.1.4. Opportunity exploitation

The non-profit nature of the SE activity is not necessarily the distinctive feature of SE. Rather, the choice of the organizational set-up depends on the social needs addressed and the intervention model defined to address such needs (Johnstone and Lionais 2004; Dorado 2006; Mair and Marti 2006). This choice, in turn, can determine access to financial and non-financial resources, performing activities, appropriating or distributing the resulting value and preserving the ability to achieve objectives, thus minimizing the risk of altering corporate behaviour and drifting away from its mission (Dees and Elias 1998; Dorado 2006).

**Proposition 5:** The social entrepreneurial opportunity is exploited when its mission and principles are translated into a fitting intervention model and a consistent organizational form.

San Patrignano’s mission and core operating principles turned into the definition of a consistent operating model (what we call intervention model), based on the so-called city effect, i.e. guests are not members of a protective context separated from the real world; rather, they are an active part of a micro-society composed of several different characteristics and personalities.

The Community becomes a fragment of society which experiences the problems and dramas of the entire society; it represents a profound confrontation of the subject with a
situation and a reality which society rarely knows. Entering the community means becoming involved in a strongly societal project, and the single experiences become a confrontation with a genuine, practical, and autonomous environment.

(Guidicini and Pieretti 1991, 3)

Being part of the Community does not mean being excluded from everyday life. Rather, it means facing reality and becoming accustomed to its relational complexities within a sophisticated network of social interactions within which each individual matures and gains his or her potential return to society.

The success of the rehabilitative programme depends on the extent to which guests deal with real-life situations every day. Working is a crucial part of the process, in that the therapy coincides with the work guests decide to do. Working for the Community and within it is the way guests learn self-respect, the ethics of responsibility and the spirit of living together.

As explained by Andrea Muccioli:

Every young guest needs to be given the opportunity to discover and develop his/her skills. Having done this, s/he has to be able to do the best to develop them, in that once outside the Community s/he should be able to compete without getting lost. It is for this reason that San Patrignano has to exceed its limits and aim at excellence at every level. We challenge our guests to go transcend their limitations, to stop thinking of themselves as unsuccessful and ill. We need to motivate them to completely revolutionize their lives, piece after piece.

(Muccioli 2006, personal interview)

Accordingly, there is no standard schedule for recovery at San Patrignano, and no guest has marginal value or marginal utility compared to the rest another. This principle is clear in San Patrignano’s non-comparative, non-competitive evaluation of progress and life.

Given the need to maintain fluidity in work assignments together with a non-hierarchic, non-comparative organizational environment, a social cooperative type was selected as the most appropriate legal form to translate the operating model into a concrete organization (Morosini, Steger, and Isberg 2001; Woolley-Fisher 2003). By definition, social cooperatives emerge when individuals come together, pooling their resources towards a shared objective. Their objective, defined by law, is to benefit the community and to integrate citizens socially.

4.1.5. Opportunity scaling-up

Taking advantage of opportunities is not the end of the process. Given the objective of maximizing social change, the SE process addresses the scalability of the model, which is crucial to the SE organization’s ability to grow and to be replicated (Dees, Battle Anderson, and Wei-Skillern 2004).

This dimension is relevant in this context because of the peculiar nature of the SE opportunity, as explained above. Since its potential is evaluated in terms of expected social value, scalability is the criterion to keep in mind in the process of spreading social innovation as widely as possible and thus maximizing social change and the improvement of social conditions.

Scalability differentiates SE from its business counterpart, where both the decision to take advantage of an opportunity and the how aspect of this process are linked to a sense of exclusivity and self-protection, i.e. maintaining the first-mover advantage as long as possible in order to preserve profit (Schumpeter 1943).
As a result, the advantage must be prolonged by reducing the ability of others to imitate, substitute, trade for or acquire the rare resources required to drive down the surplus (Shane and Venkataraman 2000, 223). SE overturns this mechanism, focusing its interest not primarily on achieving a competitive economic advantage, but on spreading the social innovation as widely as possible in order to maximize social change and solve the problems that it aims to address (Drayton 2002; Chell 2007).

**Proposition 6:** The social opportunity scalability depends on the identification of the determinant of success underlying the model, distinguishing them from contextual, difficult to replicate conditions.

**Proposition 7:** The more the opportunity is scaled up in different contexts, the higher the social impact associated with it.

It is in this light that the decision to replicate the San Patrignano model has to be read, through the launch of two branches at Botticella di Novafeltria, in the Marche region, at the end of the 1980s, and at San Vito Pergine, in the mountains above Trento in 1990.

It is an attempt to both make the model less dependent on the charisma of its leader and to clearly understand the critical determinants of success and the extent to which they are contingent on the context and difficult to replicate. For instance, the uniqueness of San Patrignano has to do with the creation of a microcosm able to resemble external world life. Only under these conditions, are the guests able to acquire the relational capabilities that they would never develop in the traditional therapeutic programmes based on groups of 8–10 people. In other words, San Patrignano challenges the way rehabilitative programmes are usually structured, founding its success on the constant opportunity to experience real world situations. In fact, guests experience complexity and pluralism, both through simultaneous participation in numerous sub-systems which involve different roles and positions, and being in contact with a high number of individuals who send manifold and often contradictory inputs.

The spirit and the principles that guide the two regional branches and their intervention models are the same as those of San Patrignano. Yet the specific productive and training activities at each location vary, depending on the intrinsic characteristics of their social and physical contexts.

### 4.2. Intervening dimensions

Many forces act on the implementation of an innovative idea along an entrepreneurial process (Gartner 1985; Ucbasaran, Westhead, and Wright 2001). It is the individual who carries out the entrepreneurial process (Schumpeter 1934), the latter being affected by the context in which it unfolds (Chell 2008).

The role of individual and contextual dimensions on San Patrignano’s SE process are depicted below. We acknowledge that the intervening dimensions as described above are as relevant to SE processes as they are to business entrepreneurship. However, both theory and our empirical investigations point to specific characteristics that are typical of SE and allow us to distinguish it from its business counterpart.
4.2.1. Individual dimension

Social and business entrepreneurship both identify entrepreneurial commitment with the achievement of a mission as a means of distinguishing between who is and who is not an entrepreneur (Gartner 1985; Sharir and Lerner 2006). However, unlike their business counterpart, social entrepreneurs insist on a different field of action: they pioneer innovation within the social sector starting from their personal sensitivity towards what they perceive as a social problem (Casson 2005). As a consequence, sensitivity commits social entrepreneurs not only to the mission, but also to the symbol of that mission, in such a way that, in the end, it is impossible to distinguish the organization from the entrepreneur (Chell 2007).

**Proposition 8:** Opportunity identification is fostered by the entrepreneur’s commitment and sensitivity to the problem to be addressed.

San Patrignano would not have been the same without its founder. First Vincenzo Muccioli, then Andrea Muccioli have embodied the Community. Though leading it at different times, father and son have shared the sense of what the Community is: their own family.

Together with the personification of the entrepreneurial activity, individuals identify opportunities through their ability to foresee consequences. Social entrepreneurs are often described as being insightful in identifying a social problem that precedes the decision to take action, and as foreseeing the future of the enterprise (Thompson, Alvy, and Lees 2000; Thompson 2002; Johnstone and Lionais 2004).

**Proposition 9a:** The better the entrepreneur at articulating social motives, innovativeness and need for achievement in a concrete vision of the future, the easier the evaluation of the social and economic feasibility of the project.

**Proposition 9b:** The better the entrepreneur at articulating social motives, innovativeness and need for achievement in a concrete vision of the future, the easier the formalization of the entrepreneurial project into a distinctive mission and a set of core operating principles.

The analysis of San Patrignano’s entrepreneurial process allows us to open the black box of such entrepreneurial vision, by unpacking its dimensions. Particularly, the vision articulated three key elements: (1) innovation – the need to break-up the established view of drug addiction as a disease rather than a problem of social exclusion; (2) entrepreneurial orientation – the commitment to pursue the social mission fused with the search for a business solution to drug addiction (Woolley-Fisher 2003), building on its own learning, on self-sufficiency and cooperation and (3) social change – the creation of private economic benefits as not central to the mission, with the prominent goal of doing something concretely measurable (i.e. the attainment of a recovery rate from drug addiction higher than the average with a completely different rehabilitation programme) for people excluded from society because of drug addiction, regardless of the level of the costs involved and the necessary resources required.

If commitment to the mission and foresight drive the first steps of the entrepreneurial process, the shift to opportunity exploitation and scalability is accomplished through the ability of the entrepreneur to connect with the surrounding context.
(Chell 2007). Networks improve effectiveness, enlarging the market or client base. In addition, new forms of expertise and increased bargaining power with established institutions result from the creation of partnerships. Especially when role models are lacking, partnerships and networking can be important sources of legitimacy and credibility, thus facilitating resource mobilization (Leadbeater 1997; Thompson, Alvy, and Lees 2000; Dorado 2006).

** Proposition 10: ** The stronger the ability of the entrepreneur to identify and/or create supportive networks, the more likely the move both from opportunity formalization to opportunity exploitation and from exploitation to scalability.

It is in this context that the idea occurred to Andrea Muccioli to become, in 1995, one of the founders of the Rainbow International Association Against Drugs, a network that includes hundreds of communities and private associations worldwide.

In the case of San Patrignano, networking ability also means the ability of identifying potential resource providers. The creation of incentives for local communities to cooperate in the founding of productive activities, such as the bakery business (supplying bread to local surrounding communities at a lower price) or a dog training facility (through which needy or elderly people are provided with a lifetime companion that has been specifically trained for required special tasks), has accomplished much throughout the entire history of San Patrignano, including successfully obtaining outside grants as well as achieving positive visibility for the main mission of San Patrignano, thus attracting other potential providers.

4.2.2. **Contextual dimension**

The identification of an unfulfilled social need and the resulting social innovation are the product not only of the abilities of its founder but also of the embeddedness into a specific environmental and institutional context (Anderson 2000; Jack and Anderson 2002; Johnstone and Lionais 2004; Sundin and Tillmar 2008).

** Proposition 11: ** The extent to which the institutional context is aware of the problem, the presence of role models and the level of competition within the social sectors all contribute to the recognition of the need for entrepreneurial action, thus providing the impetus to innovate.

First, both the typical traits of the region in which San Patrignano was founded and the institutional context of drug addiction brought the opportunity to light. As early as the 1970s, it was in Emilia Romagna, the location of San Patrignano, and Rimini, in particular, that the drug addiction was particularly evident and urgent. At the same time, drug addiction was not a priority for the Italian government; given the lack of public support and reference models, those interested in solving this problem were forced to innovate. Finally, Emilia Romagna was generally recognized as the region with a unique receptivity to a form of entrepreneurialism that valued self-respect, respect for others and the ethics of responsibility and serving others (Woolley-Fisher 2003).

In sum, the iconoclastic vision behind San Patrignano’s entrepreneurial model resulted from entrepreneurism along with a glaring gap in the National Health Service at the time San Patrignano was founded, as the visible social threat, drug addiction, increased.
Finally, the development of San Patrignano can be seen in terms of the competitive environment in which the organization began to operate. Though generally considered as innovators in social sectors, social entrepreneurs focus on the same areas as do public authorities and other third-sector organizations, i.e. non-profits. As a consequence, their success will depend on the strength of the other providers, on the resources and the characteristics of the welfare state and on the state of development of the traditional third sectors. At the time of its founding, San Patrignano was the first mover. It created a market space for its own services in a context where similar organizations did not exist.

5. Conclusions and implications
San Patrignano offers a unique illustration of the complexity of an entrepreneurial process, which blends a prominent social objective with economic viability and sustainability. Based on the iteration between the existing theory and our empirical findings, we provided a five-stage model of the SE process. Beyond the description of the specific characteristics of each stage, in comparison with business entrepreneurship, the role of individuals, contexts and organizational arrangements are depicted as affecting the way the process unfolds. Moreover, a set of propositions has been developed positing the basis for future empirical investigations.

The contributions of our article to the ongoing debate over SE are threefold. First, in answering the call for a deeper look into the dynamics by which SE opportunities are identified and exploited, we provided a comprehensive framework, as a further step in the process of boundary-setting and awareness-raising meant to stimulate future research.

Second, our study opens up the realm and reach of the SE process and unpacks each phase of the process and intervening dimensions, highlighting which characteristics are most relevant in determining the shift from one phase to the other. This is not to say that, for example, the contextual dimensions uniquely affect the opportunity identification phase. All the stages of the entrepreneurial process take place within the context. However, specific contextual features are relevant to certain phases more than to others. For example, the lack of role models and the presence of resource providers particularly affect the identification stage and the exploitation stage, respectively.

Finally, our study provides a further step into the distinction between social and business entrepreneurial processes. In light of the existing research and emerging empirical findings from our case study, we have been able to provide a comparison between social and business entrepreneurship and have shown how each dimension (i.e. individual, process, context and organization) has qualities specific to the field.

Thus, our study contributes to the entrepreneurship literature, too. Although, entrepreneurship is widely recognized as a major catalyst of economic advancement and growth (Schumpeter 1943), studies suffer from what has been defined as oversimplification (Baumol 1990) due to the reliance by mainstream research, on the assumption that entrepreneurial success is related to a superior ability of creating private economic value – thus, the social and environmental effects of such a rule-breaking exercise are overlooked. The need to extend the debate over business entrepreneurship to a more complex understanding of the effects of entrepreneurial activities has been recently identified as a research priority by leading scholars in the
field (Dess et al. 2003). Our study contributes to the debate, presenting the extreme case in which economic value accumulation is just the means to an end; that is, social value creation and the achievement of long-lasting social change.

Our findings also have implications for those interested in turning an identified SE opportunity into a viable organization. Focusing on SE is more than contemplating a social objective. It implies a systematic analysis of the potential threats and facilitating conditions that influence the ability to accomplish the different stages of the process. First of all, we suggest the importance of combining social value creation with economic viability. In this sense, personal motivation and commitment to a social mission matter; yet they are not in themselves sufficient. Social entrepreneurs have to be aware of the specific social problems, but also of how to initiate and organize activities that address that problem in a sustainable manner. To this end, the combination of heterogeneous resource providers, such that no resource prevails over others, helps preserve autonomy and freedom of action.

Second, the shift from opportunity evaluation to exploitation may benefit from formalization of the basic social mission and core values of the project. On the one side, it allows the entrepreneur to clarify the basis of the entrepreneurial process. On the other, it facilitates the steps that follow: from resource mobilization to creation of realistic expectations about the potential outcomes of the project and to the definition of an appropriate intervention model. This leads us to suggest the need to build an organization in a way that, consistently with the mission of the project, facilitates accomplishment of the specific social change objectives. If, for instance, the entire intervention model is based on social interaction on a peer basis, the organization structure should not be organized into a strict hierarchy, with formalized rules guiding the behaviour of the organizational members. Such a decision would hinder the translation of the mission into concrete social change. The structure of the organization should be consistent not only with the social mission, but also with the specific developmental stage of the organization. Our study suggests the need to adjust the organizational arrangements to support the replication of the model and the related maximization of the objective of social change.

Finally, anyone interested in initiating an SE process should be aware of the relation between his/her personal attitudes and abilities and the evolution of the process. In this sense, the ability to articulate a clear vision of the project is the necessary antecedent of all subsequent steps, from resource collection to consensus. Personal commitment is a double-edged sword. It can hinder the long-term sustainability of the organization, in that over time it brings about a progressive reification of the organization itself. If not correctly managed, personification may lead to the decline of the organization when, for some reason, the entrepreneur leaves the stage to others. Networks can help tackle this challenge. Beyond supporting resource collection, networks may guide the entrepreneurial processes through replication and scaling-up via confrontation between experience and reciprocal enrichment.

Our study has nonetheless suffered from the usual limitations associated with case study research, which trades statistical significance for richness, accuracy and insight into observed processes (Langley 1999). However, despite the lack of statistical evidence, the study has analytical value in that its purpose is to generalize a particular set of results to some broader theory (Yin 2003). Moreover, when possible, the different data sources have been triangulated in order to coherently justify the
emerging themes. Furthermore, it is hard to exclude the possibility that specific characteristics of our research setting – a successful drug rehabilitation community characterized by a highly idiosyncratic historical evolution – might have affected the evolution of the observed processes. We believe, however, that such dynamics and distinguishing features may have simply increased the visibility of the processes that occur less visibly elsewhere.

Finally, as explained in the ‘Research setting, data collection and data analysis’ section, we tried to structure the SE process into subsequent stages, each one occurring at different times. We are perfectly aware of the possibility that the phases might follow a different order depending on the contextual dimension, the specific sectors in which the process takes place or the entrepreneur’s distinguishing characteristics. This does not diminish the value of our empirical account since it offers directions for further research and can be adapted to different cases and contexts. Therefore, building on the theoretical model we developed in this article, future research might test empirically each one of the relationships highlighted in the study, with the aim of generalizing our results. For example, at the first level, it might be worthwhile to analyse how individual skills, aptitudes and motivations evolve over time, during all the phases of the SE life cycle. The issue of how SE passes through different stages, in terms of networking aptitudes, leadership and change-friendly mindset could be investigated. Moreover, it might be interesting to compare entrepreneurial processes driven by different experiences of the problem but in the same sector. This would clarify the still moot issue of the influence of previous experience on the ability to accomplish social change. Paralleling business entrepreneurship research, another productive area of research might be to classify social entrepreneurs into categories that range from nascent to serial entrepreneurship.

At the organizational level, one area worth exploring concerns how organizations interact with their competitive environment; identifying what the main entry barriers are, considering how they evolve and what resources are most important in determining the entry of the SE organizations into a particular social sector. In this sense, the effectiveness of different organizational settings and structures might be investigated in different contexts and at different stages of development.

At the environmental level and given the importance of partnerships and alliances, further research might address networks and social capital, to explore how they change over time and how, in turn, the relative position of SE organizations within the networks changes over time. Consistent with this line of enquiry, we could try to distinguish different SE processes, dividing them into creation and evolution or focusing on processes more grounded in emulation within the network.

Finally, our study analyses the SE processes, first defining them as the formation of a new organization. Our findings could be extended by comparing the stages of the creation of a new organization with those of an SE process, occurring within an established SE venture.

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Note
1. Mission statement: www.sanpatrignano.org

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