Most early and well-known cases of social entrepreneurship occurred in less developed countries (LDCs) with poorly developed state capacity to address social problems (Skocpal & Amenta, 1986). Yet, little or no social change originating resulting from social entrepreneurship could have become “large-scale” without the enabling institutions, resources, and policies of government, even ones with reputations for inefficiency or corruption. We develop a theoretical basis for treating all levels of government—national, regional, state, and local—as playing necessary functions in successful social entrepreneurship in both LDCs and more developed countries. Our argument hinges on a transaction-cost economics approach in which government institutions can (but not always) minimize costs. Indeed, as Williamson (1995, p. 138) writes, democratic governments “democratic government gives rise to two major forces that cause the structure of public bureaucracy to depart from technical rationality” (Williamson, 1995, p. 138). There might therefore be a complex, non-linear relationship between democracy, civil society, state capacity, and large-scale social change. What we have elsewhere articulated as the “classical view” of entrepreneurship in economics of Israel Kirzner and Joseph Schumpeter—namely, that entrepreneurship is ubiquitous in all human endeavors and the priority of process of entrepreneurship over individual entrepreneurial actors—will help us to develop this theoretical basis by extending Kirznerian and Schumpeterian entrepreneurship to the institutional environments of the social and public sectors. Reviewing many well-known cases of large-scale social change credited to social entrepreneurship, we show in each case the vital intermediary role of government institutions, resources, and policies played in the amplification of the effect of social entrepreneurship into large-scale social change. Adapting Lowi’s (1964, 1972) typology of polices creating politics, we offer our own typology of government intervention into social entrepreneurship.

References


