

CITIZEN SOCIAL ENTREPRENEURSHIP AND GEN Y: A HYBRID BUSINESS MODEL: A CASE STUDY OF “MAKESENSE.ORG”

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Abstract

There are relatively new and rapidly evolving trends in the area of sustainability, namely, Social Business and Social Entrepreneurship. These two entities are increasingly being influenced by a generational cohort referred to as millennials or Gen Y. This case study presents distinguishing features of the “out-of-the-box”, open-source and collaborative strategies that are being devised by this 21st century ‘Citizen sector’. A case study analysis was carried out on the social entrepreneur platform MakeSense based in Paris, France. The aims of this research are to: (1) expand the understanding of the disruptive innovative business models being introduced in the area of social entrepreneurship, (2) critically analyse innovative features that differentiate the Gen Y social entrepreneurial initiatives from those of previous generations, and (3) identify the key factors that contribute to the growing legitimacy of open-source social entrepreneurial orchestrators in the eyes of corporations, academic institutions and most importantly, citizens.

Key words: social business, social entrepreneurship, millennials, Gen Y, MakeSense

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Introduction

While the well-developed concept of corporate social responsibility (CSR) and respect for the environment would be subjects that have received a great deal of attention and would be familiar to many enlightened managers, there are relatively new and rapidly evolving trends in the area of sustainability, namely, Social Business (Denscombe, 2013) and Social Entrepreneurship (Drayton 2002).

Quintarelli (2010) defines social business as, “An organization that has put in place the strategies, technologies and processes to systematically engage all the individuals of its ecosystem (employees, customers, suppliers, distributors, etc.) to maximize the co-created

value.” Kanter (2015) considers that social entrepreneurship is the equivalent of a beta site for business innovation. It offers insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms.

1 Disruptive innovative business models

Managers are increasingly cognisant of information and needs coming from both employees and external stakeholders, including citizen and not-for-profit organizations. The economic model of organizations engaging in socially responsible and sustainable economic activities is based upon the principle of social value and cohesion as well as participatory and democratic activist management. Through their non-profit or limited profit status, and with the objective to overcome many of the shortcomings found in a free market economy, social entrepreneurs try to ensure that certain communal goals are achieved that the State cannot or will not address. These elements would help advance a concept of sustainability that consciously develops a dynamic and co-dependent relationship with its operating environment, and, in turn, constantly readjusts itself as new information is received and evaluated.

Organizations, both for-profit and not-for-profit, understand the singular opportunities related to their social and environmental sustainability as well as threats associated with their unsustainability. Employees in ever-increasing numbers prefer to work for sustainability-oriented companies, to create their own sustainable profit-making ventures or to pursue their sustainability ideals as volunteers in suitable third-sector organizations. Third-sector organisations as polyvalent hybrid organisations play a triple role: economic, social and political.

2 Gen Y-related innovative entrepreneurial features

The environment that classical social businesses operate in has been changing under the influence of the latest generation to enter the work force, referred to interchangeably as millennials, generation Y or genYers, or the Facebook gen (Lee, & Lee, 2013). This cohort would differ from previous ones in that its members tend to ask WHY when they don't understand a concept or the *raison d'être* of a status quo. This young generation born less than thirty-five years ago has always lived in a world in crisis, be it political, social, economic or environmental. It is a digital generation, having always known the internet and, as a result, has had access to a much larger and more readily available array of information than previous generations and tends to be “out-of-the-box” thinkers. They question the logic behind

existing economic and social systems. They believe in positive change that does not necessarily come from State intervention or associated political establishment. Millennials strive to generate a meaningful impact within the emerging ‘Collaboration Economy’ (Lowitt, 2013) and the ‘Citizen sector’ (Drayton, 2002).

Hybrid social enterprises succeed as a result of how this younger generation perceives and responds to business relationships with society and the natural environment in a more profound way. They are more prone to use innovative and open-source processes that “generate economic value by enabling their stakeholders, including customers and employees, to express and practice their own sustainability-oriented values and would be well representative of the Facebook gen’s mindset.” (Lee, & Jay, 2015, p. 128).

The increasing shift in values towards active sustainability and solving social problems on the part of generation Yers is causing disruptions in the existing social entrepreneurship paradigm. William Drayton, founder of Ashoka, speaking about the Citizen Sector said, “The social arena has been taken over by independent, competitive citizen-created and citizen-run organizations. The terms and pace of competition and change are now being set by a growing number of highly competitive and competent social entrepreneurs” (Drayton, 2002, p.122). Playing a distinct role in this change are a select group of well-educated Gen Yers who operate hybrid social-entrepreneurship ‘orchestrators’ (Lowitt, 2013), i.e. ventures that “pull together like-minded citizens, companies, social entities, and public sector agencies to achieve a vital goal that serves the common interest” (Lowitt, 2013, p. 26).

In the extant literature regarding social businesses enabling or enhancing organizational elements, only a limited amount of research has been done regarding ‘hybrid organizations’, that is to say, organizations that are pursuing a social mission while relying on a commercial business structure. Harding & Cowling (2006) consider that “the whole area of social entrepreneurship remains relatively under-researched in terms of its scope, its remit, its role in regeneration and growth” (p. 4). The key role of organizations that act as enablers, catalyzers or orchestrators of social entrepreneurial ventures has been generally understudied as well. Thus, we hereby propose an exploratory longitudinal case study on “MakeSense”, a social entrepreneurial initiative that employs the hybrid business model and processes used by ‘orchestrators’.

3 Methodology

To expand the understanding of the disruptive innovative business models introduced in the area of social entrepreneurship by Gen Yers, a qualitative and participatory piece of case study action research was undertaken starting in 2011. The focus of the study was MakeSense, an orchestrator organization that tries to be game-like in its use of graphic design and processes, connecting social business entrepreneurs with individuals ready to take up and help solve their presented challenges.

This case study followed an interpretive approach rooted in a social constructionist paradigm (Denzin, & Lincoln, 2011), designed to draw attention to the sustainable values as well as processes, outputs and narratives of the organizational life of the research subject (Phillips & Hardy, 2002). Person-organization values fit (Cennamo & Gardner, 2008) served as a basis for better understanding the value congruence between the different MakeSense stakeholder groups, such as the ‘Gangsters’, the ‘SenseMakers’ or the ‘Cobackpackers’ (further “MakeSense”) (Cullinane & Dundon, 2006).

The methodology of case study was chosen because it allows for the development of a broad environmental picture (i.e. holistic patterns) of phenomena in real world settings (Yin, 2003). Also, the choice of action research was based upon the perception of how knowledge is shared in postindustrial society, and was motivated by the underlying interest to gather data via “a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes” (Reason, & Bradbury, 2001, p. 1).

4 Data Collection

Case study methodology has a number of proponents in the management research community (Yin, 2003). The array of collected qualitative data within this field study is broad: (1) secondary archival documents, including internal documents such as the Statutory Statement of the organization, the handbook used for facilitating off-line challenge-solving workshops referred to as ‘Hold-Ups’ by the MakeSense team members referred to as ‘Cobackpackers’, participants referred to as ‘Gangsters’, and the guidelines for managing profit-generating projects on top-of-MakeSense, called SenseSchool (academic program and curricula design) and CommonSense (consulting for public and private organizations), (2) secondary video collections containing HoldUp and SenseCamp videos of public interviews, as well as twitter postings, and (3) primary interpretative data collected during three Hold-Ups held in Rennes in 2011, 2012 and 2014 (containing narratives, verbatims and collections of “post-it” notes). These interactive and jovial workshop sessions lasted 1 1/2 hours and involved a maximum of

15 people brainstorming creative and concrete solutions to a challenge. These Hold-Ups used a brainstorming approach incorporating post-it notes adapted from the Business Model Canvas entrepreneurial tool. The social entrepreneurs who “owned” the challenge were in either physical or virtual attendance. All participants (Gangsters and SenseMakers) in these Hold-Ups agreed to be videotape-recorded and have their verbatims transcribed.

Furthermore, arrangements were made for personal interviews with one of the MakeSense founders, the first President of and the Cobackpackers in charge of SenseSchool and MKS Room. A semi-structured interview protocol facilitated the focus of the topics discussed. Even when questions were subjected to minor refinements and the interview protocol evolved during discussions, similar questions were asked of all the interviewees regarding the following four areas:

1. the interviewee’s personal understanding of social entrepreneurship;
2. the interviewee’s personal understanding of the internal value set and the core competences of MakeSense;
3. the interviewee’s personal intrinsic motivators for getting involved with MakeSense;
4. the interviewee’s personal understanding of the future evolution and scalability of the MakeSense business model.

The interviews with the MakeSense co-founder and with the Cobackbacker in charge of SenseSchool took 60 minutes each. The interactions including impromptu discussions with the Cobackpacker in charge of the MKS Room were repeated in total ten times and allowed for gathering evidence of iterative evolution of both the MakeSense business model and processes.

The two main questions that the present researchers explored were: (1) “What are the most important innovative features that differentiate Gen Y social entrepreneurial initiatives from those of previous generations?” and (2) What are the key factors that contribute to the growing legitimacy of open-source social entrepreneurial orchestrators such as MakeSense in the eyes of corporations, academic institutions and most importantly, citizens?

5 Findings and Discussion

MakeSense created in 2010 by two then recent French graduates, was based upon the following three founding principles: (1) a decentralised “open source” culture similar to those found in communities in the software industry (i.e. Linux or Apache), (2) the application of collaborative framework principles as outlined by Chesbrough (2006), and (3) the promotion of the eight principles for self-organized governance systems managing common-pool resources put forth by Ostrom (1990). Henry Chesbrough (2006) built on Weber’s notion of open source (2004) and considered that open innovation processes and business models provide superior outcomes as they utilize both external and internal ideas to create value. Elinor Ostrom spent more than fifty years studying polycentric governance systems and contemporary complex social problem solving approaches, contributing to a better understanding of the predictive conditions that enable groups of individuals facing social dilemmas to organize themselves and develop strategies for their successful resolution. Her work also provided insights into the human capacity for increased learning in reiterating situations based on reliable feedback, as well as the ability to develop and use efficient heuristics in the making of daily decisions. She stressed the key social role that trust played in effectively coping with dilemmas and claimed that “...humans have a more complex motivational structure and more capability to solve social dilemmas than posited in earlier rational-choice theory.” (Ostrom, 2009, p. 435).

MakeSense’s objective is twofold; to accelerate the positive impact that social entrepreneurs can have on society, while at the same time sustaining this impact in the long term by promoting the social business concept. The way MakeSense does this is by connecting social entrepreneurs who have a “challenge” with ‘SenseMakers’, i.e. citizens who have the goodwill, knowledge, time, energy and creative ideas that can help them solve their challenges in one of two ways; 1) through an online web-application or 2) off line through organized gatherings and workshops. The values of MakeSense are the following: (1) Be kind, always. (2) Be responsible as much as you are free. (3) No bullshit, just impact. (4) Learn, share and then learn again. (5) Get rid of the box. (6) Stay open and curious. (7) Expect anyone to be your best teammate. (8) Turn constraints into opportunities. (9) Practice what you preach. (10) Enjoy the ride. The value element ‘Enjoy the ride’ illustrates quite well the MakeSense’s effort to introduce an element of playfulness. MakeSense uses organized-crime terminology in its endeavours. For example, the challenge-solving off-line meetings and workshops are called ‘Hold-Ups’ and the MakeSense core team members refer to themselves as ‘Gangsters’. There is also the use of geek jargon. For example, when dealing with an

entrepreneur's challenge, there are four different possible actions that a Gangster can take: (1) HELP (they can help solve the challenge by themselves if they have the capability), (2) PING (they can transfer the challenge to somebody they know that is deemed as being more competent and well placed for solving it, (3) POST (they can spread the word about the challenge online via the MakeSense website, Facebook page, twitter, Instagram, etc., in order to seek out more ideas and resources), or (4) BOOM (they can organize an event such as a Hold-Up to get SenseMakers involved in the resolution of the challenge). The key to the whole process is the use of social media to gain critical mass and velocity. MakeSense uses simple visual communication with Gangsters (see Figure 1).

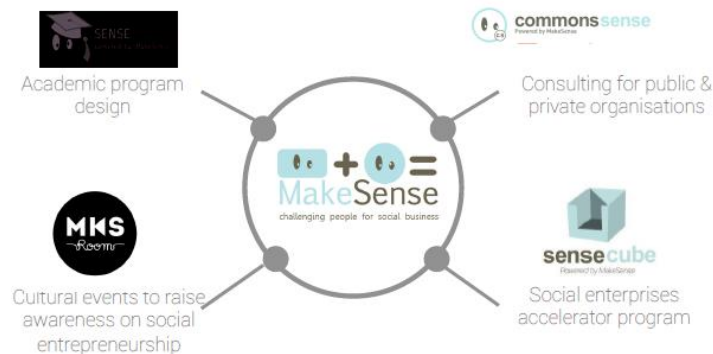
Figure 1: Example of MakeSense stakeholder communication towards Gen'Y.



The MakeSense team is currently staffed with 70 international members disseminated around the world. Every team member has the right and power to initiate and manage revenue generating activities and/or brand building events. 'SenseSchool' was created in 2011 to build and develop quality innovation training programmes based on the most pressing social themes of today. 'Sensecube' was initiated in 2012 to accelerate the emergence of innovative social businesses. Original content-based 'MKS Room' was conceived in 2014 in order to reach the public through art and culture. The 'MKS Rooms' are happenings that can take place everywhere in the world thanks to a team who gather social entrepreneurs and artists to inspire the public. Finally, Commonsense was devised in 2015 to engage public and private organisations and build tomorrow's company. The Commonsense team support companies in social innovation and the creation of internal and external communities. All of these

components contribute to MakeSense's revenue stream via specific license-based projects (see Figure 2).

Figure 2: MakeSense license-based projects



The MakeSense's business model has evolved over time, based upon the 'Minimum Viable Product'. In other words, the legal structure and infrastructure of MakeSense is a tool that serves the model and protects the mission. As the company evolves, the legal structure evolves as well. The 'Hold-Ups' initiated in 2010 continue to be free for all participants (social entrepreneurs, gangsters and cobackpackers) but a licence model was put in place in 2013 for all constituent revenue generating entities mentioned in Figure 2. They pay a percentage of their cashflow as a licence to MakeSense. In 2016, 90% of the key operational and overhead costs were covered from these licences. Furthermore, MakeSense benefits from the support of Foundations such as Ashoka, Lunt Foundation, CO Fundacion CO, Google.org (MakeSense was one of the 10 finalists of the Google Impact Challenge 2015) and Fondation des Cèdres.

Conclusion

The 'MakeSense Manifesto' is probably the most accurate way to pinpoint the key factors that contribute to the growing legitimacy of open-source social entrepreneurial orchestrators in the eyes of corporations, academic institutions and most importantly, citizens: (1) solving social entrepreneurs' challenges by enabling anyone to help with constantly evolving problem-solving workshop methodologies under the creative commons for non-licensed activities (CC BY-NC-SA 4.0). (2) Being composed of an agile community of people with creative thinking using innovative technologies. They are not afraid to innovate and allow anyone to collaborate, and contribute. (3) Partnering with for-profit organisations sharing their mission. (4) Self-declared legitimacy to expand their reach "until there are no more social issues to be

solved”. (5) Celebrating each and every one of their successes and make volunteering and work fun with an everlasting positive attitude.

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