Literature on social entrepreneurship (SE) embraces an exceedingly broad range of topics. It covers individual, organizational, as well as interorganizational level phenomena (Boschee, 1995; Bornstein, 1996; Leadbeater, 1997; Brinckerhoff, 2000; Dees, Emerson and Economy, 2001a; Drayton, 2002; Johnson, 2002; Emerson, 2003; Mair and Martí, 2004). This paper focuses on the organizational level phenomenon of social enterprises. However, even this term leaves ample room for ambiguity.

Scholars have used the expression to describe:

- A specific ownership structure – cooperatives and other mutually owned organizations (such as producer or consumer cooperatives) are often referred to as social enterprises,
- Fundraising ventures – subsidiaries of nonprofit organizations, whose only purpose is to raise funds for the principal charitable objective (such as in the case of the WWF merchandising arm), can also be considered social enterprises (Dees, 1998a; Fowler, 2000),
- Social purpose business ventures – a final variety of social enterprise refers to for-profit businesses (such as in the case of many fair trade companies) whose main purpose of existence is to create (external) social benefits (Campbell, 1998; Larson, 2000; Foryt, 2002; Schaltegger, 2002; Volery, 2002; Hockerts, 2003; Mair and Noboa, 2003a).

Scholars may find the sources of entrepreneurial opportunity that I suggest below to be of relevance to cooperatives and fundraising ventures as well. However, in this paper I am principally interested in the third type of social enterprise – the social purpose business venture (SPBV). The existence of SPBVs is puzzling from a purely economic perspective...
point of view. SPBVs purport to exist primarily to create a public good. However, while the benefits they create are public they are nonetheless incurring private costs. How can they manage to do so? Putting social welfare first and still being a profitable business is counterintuitive. Management research has no theoretical explanation for these phenomena, nor does it offer guidance for social entrepreneurs who need to navigate the fault line delineating for-profit strategies from the domain of public and nonprofit management.

In this paper I will outline a conceptual framework for the sources of entrepreneurial opportunity for social purpose business ventures. First, I review briefly the extant literature on SE. Then, I develop a conceptual framework for SE identifying three types of social entrepreneurial opportunity.

SE as a new organizational construct

The term SE has emerged from practice rather than academic debate. Accordingly, even today, the definition of SE remains quite fuzzy, as remarked upon by Foryt:

‘Social Entrepreneurship’ is a broad term that does not have a widely accepted precise definition. In practice, it is used to describe everything from revolutionary leaders in third world countries who are not at all involved in business to first world businessmen and women who start a socially responsible business in their home country. Thus Mahatma Gandhi and Ben Cohen of Ben and Jerry’s could be thrown into the same category. (Foryt, 2002: 1)

Although the motivation to build a viable business can be part of SE, many authors do not think this to be a necessary condition. Social entrepreneurs can thus be community leaders, activists in nonprofit groups, or government employees who identify and implement any kind of innovation that furthers social well-being. The term ‘social entrepreneurship’ emerged in the late 1990s in the US (Boschee, 1995; Henton, Melville and Walesh, 1997; Bornstein, 1998; Dees, 1998a; 1998b; Brinckerhoff, 2000; Dees, Emerson and Economy, 2001a; Drayton, 2002); and in the UK (Leadbeater, 1997; Warwick, 1997; Zadek and Thake, 1997; SSE, 2002). However, as Mair and Martí (2004) emphasize, examples of SE can be found around the globe.

The definitions for SE emerging from the literature are very disparate. At the individual level SE focuses on persons driving social change and innovation. These social or civic entrepreneurs can be individual citizens,