

An Interview With Michael Porter: Social Entrepreneurship and the Transformation of Capitalism

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In this interview Michael Porter explores social entrepreneurship in the context of a larger transformation of capitalism. He suggests that social entrepreneurship is an important transitional vehicle toward the creation of shared value and a capitalist system in which meeting social needs is not just a peripheral activity but a core aspect of every business. Porter discusses the implications of this perspective on social entrepreneurship with a view to new opportunities but also responsibilities for educators in the field. I examine how this fits with but also extends current debates on social entrepreneurship. The interview concludes by examining where Porter's ideas may take us and reflecting on social entrepreneurship education as conversations about the social becoming more entrepreneurial but also the entrepreneurial becoming more social.

In the spirit of a recent *AMLE* special issue on sustainability inviting management educators to join in a vital journey toward sustainable change (Starik, Rands, Marcus, & Clark, 2010: 377), I invite you to join one of the most renowned business thinkers, Michael Porter, Bishop William Lawrence Professor at Harvard Business School, on a vital journey toward rethinking social entrepreneurship. A leading authority on company strategy and the competitiveness of nations and regions, his work is widely recognized in governments, corporations, nonprofits, and academic circles across the globe. He is the author of 18 books and numerous articles. In addition to his research, writing, and teaching, Professor Porter serves as an advisor to business, government, and the social sector. He has served as strategy advisor to numerous leading U.S. and international companies, including Caterpillar, Procter & Gamble, Scotts Miracle-Gro, Royal Dutch Shell, and Taiwan Semiconductor. Professor Porter also plays an active role in U.S. economic policy with the Executive Branch and Congress, and has led national strategy programs in

numerous countries. He is currently working with the presidents of Rwanda and South Korea. Here, I invite you to explore social entrepreneurship in the context of a transformation of capitalism that Porter argues is already under way. Starting with the idea that capitalism is currently moving toward the creation of shared value, "which involves creating economic value in a way that also creates value for society by addressing its needs and challenges" (Porter & Kramer, 2011: 64), Porter takes us on a big-picture tour of how social entrepreneurship is different from corporate social responsibility, how it fits with the idea of shared value creation, and why it is important to explore social entrepreneurship as a transitional vehicle toward a new capitalism.

Along the way, Porter addresses why social entrepreneurship is an important step toward making organizations with a social mission more entrepreneurial, but also why social entrepreneurship may not make all entrepreneurial organizations more social. He agrees that social entrepreneurship could continue to put Band-Aids on problems created by capitalism and points out that not all societal problems can be solved through entrepreneurial solutions.

Porter examines the implications of this for business education and stresses the need for a radical

I would like to dedicate this work to the memory of Dr. James F. Cashman, my friend and mentor. I will always remember his unwavering support and all the laughter we shared.

transformation of our curricula and how business schools are managed. To Porter, social entrepreneurship programs can only be one effort in radically revising business curricula toward creating shared value. Moreover, while students educated in social entrepreneurship should be catalysts for this transformation working with practitioners as mentors, advisers, and consultants, a wider change must include rethinking the entire value chain of the business school to create shared value in its operations and societal impact. Porter reflects on why the evolution he describes is imminent, pointing to a current crisis of legitimacy of capitalism but also to the struggle most executives currently experience in search of a more meaningful purpose for their corporations. Finally, Porter examines social entrepreneurship as the sign of a changing organizational zeitgeist, and therefore, as an academic field and practice that should be aimed at mainstream business rather than treated as a peripheral activity or specialization.

If we consider Porter's ideas within the context of current thinking on social entrepreneurship, a few things should be noted. First, he underlines what researchers in the field of social entrepreneurship have said before, namely that social entrepreneurship is an important trend in business and increasingly important for business schools to integrate as a subject (Tracey & Phillips, 2007). However, he also stresses that social entrepreneurship is not the end of the journey toward "positive social change" (Tracey & Phillips, 2007: 265), rather, the crucial beginning of a much needed larger transformation of what we understand to be capitalism today.

Therefore, the interview invites us to shift current debates in the field, for example, with regard to how social entrepreneurship may be defined (Mair & Marti, 2006) along a continuum from the "creation of positive social change" (Tracey & Phillips, 2007: 265) to "earned income in the pursuit of social change" (Tracey & Phillips, 2007: 265) and what we may describe as key characteristics of social enterprises, such as accountability for social outcomes, the double bottom line and a dual identity (Tracey & Phillips, 2007: 265). As we join Porter in exploring social entrepreneurship within the larger transformation of capitalism, we may come to see that the creation of social change is already part of an evolution and that economic outcomes in the pursuit of such change are becoming the new norm. Consequently, the characteristics we think of as being unique to social enterprises may become the norm for every business. In this sense, there is a new bottom line and new organizational identities that are dual by definition rather than by exceptional design.

From this perspective, positive social outcomes will be the key to success in an evolved capitalism rather than the result of a special kind of business. This, in turn, implies that social entrepreneurship is especially important in a transitional phase where, as Porter describes it, CEOs are grappling with the meaningfulness of their enterprises not just as a temporary response to a crisis of legitimacy of capitalism, but as a permanent shift toward the pursuit of *higher profits*, that is, profits that also produce positive social change, and financial markets that reward companies for doing just that.

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In the context of this transition, it also becomes clear why and how business education has to change. Porter is calling for a radical transformation in which business school curricula teach shared value creation across the entire value chain of a business and include the study of deeper human needs as well as broader public policy. Here Porter takes techniques suggested previously for social entrepreneurship education, such as the integration across curricula of social entrepreneurship topics, social entrepreneurship speakers, teaching cases, business plans, consulting projects, and internships (Tracey & Phillips, 2007: 269) and underlines their significance as a transitional phase within the wider evolution of business education that will eventually require that social entrepreneurship is a broad foundation rather than a specialized field.

Porter cautions against such specialization and social entrepreneurship as a field being sidelined similarly to corporate social responsibility, which he criticizes for not going far enough and for derailing social value creation to a side activity of businesses. Instead, Porter asks business educators to take responsibility for moving social entrepreneurship forward as a core discipline within a new understanding of what capitalism and business are all about. In short, Porter asks us to rethink existing ideas about social entrepreneurship

as part of a larger movement calling for “a more ethical and socially inclusive capitalism” (Dacin, Dacin, & Tracey, 2011: 3). In particular, Porter might point out that social entrepreneurship is indeed part of a larger movement, but that to believe it to be a call for a different capitalism is to miss a more important insight, namely that the movement toward this different capitalism is already under way.

I will expand on the implications of these ideas and make suggestions for how we might take them further in the concluding section following the interview.

Could you briefly explain the concept of shared value and the role of social entrepreneurship with regard to shared valued creation?

I think the idea of shared value is fundamentally about the ability to both create economic value and let us call it social or societal benefit simultaneously. It is really not about doing good and not about charity. Fundamentally, it is about business. Businesses create shared value when they can make a profit—create economic value—while simultaneously meeting important social needs or important social goals like improving environmental performance, reducing problems of health, improving nutrition, reducing disability, improving safety, and helping people save for retirement. The basic idea of shared value is that there are many opportunities in meeting these societal needs to actually create economic value in the process. Shared value is where you do both.

In Creating Shared Value (Porter & Kramer, 2011) you distinguish between a narrow definition of capitalism and a higher form of capitalism as the next step in an evolution. So shared value is not just “Should we think about doing more of the good?” but it is about radically expanding our ideas about what capitalism is.

That is right. It says that we have sort of evolved to a conception of capitalism that has drawn narrow boundaries and ruled out many of the most important needs of society. In defining the scope with which capitalism should operate, all the social items have been ruled out or viewed as a different agenda, which is corporate responsibility. We have said that things like safety, focusing on the local community, and improving environmental performance are social not business. Therefore, if we are going to do those things, we have to take money from what we make in the business and we deploy it for social things. The idea of shared value says we can encompass all of these things in cap-

italism itself. Actually, there are many opportunities for for-profit firms or any other kind of firm to make a substantial and positive impact on virtually every societal need if we can open up our thinking of what capitalism really is.

That is a crucial turning point. I think you argue that corporate social responsibility (CSR) says let us also not forget to do good while we are doing business but that this is a side activity. With regard to social entrepreneurship that would be like saying let us put a little bit of the social in the entrepreneurial. Now social entrepreneurship as a growing trend in business schools and as an entrepreneurial activity is defined by some as an innovative use of resources to explore and exploit opportunities that meet a social need in a sustainable manner (Sud, VanSandt & Baugous, 2009). In a sense that may go much further than corporate social responsibility saying let us be social but use entrepreneurial approaches. Are you saying either of those?

I am not saying either of those. First of all, I think that that the spirit, momentum, and passion around social entrepreneurship are tremendously positive because I think it starts to bridge the divide between what is in very different, almost orthogonal, and in some cases competing fields. There are the folks that worry about the social agenda and then there are the folks that do business and those are in an uneasy, and sometimes conflicting, relationship with each other. I think the problem with so much social activity and so many NGOs and social enterprises, with what is called a social orientation, is that they have not thought in value terms.

They have been thinking too much about doing good, about helping people, about providing charity, about giving money, and they really have not thought about creating value for whatever societal problems that they are trying to address. And they have not thought about the rigor and discipline of management and entrepreneurial thinking, which for me is about innovation, better ways of doing things, and creating value where it has not existed before. So the whole movement [of social entrepreneurship], I think, is about bringing a whole new sensibility and a whole new set of tools and attitudes to addressing social issues, which I think is a good thing.

But shared value is really different. I mean it is really not about the social in just being creative in addressing a societal need. It is about the ability to use the core of the power of the capitalist system in order to do that. It is the simultaneous creation of economic and societal value which, we would ar-

gue, would allow societal value creation to be perpetual and sustainable. Social entrepreneurship can be defined broadly to include the use of market principles and economic value thinking to social problems. You could define social entrepreneurship to be shared value but that is not the way I think it is normally defined.

Social entrepreneurship has a continuum of definitions (Peredo & McLean, 2006). Some define it more as limited to the not-for-profit sector, NGOs for example, using entrepreneurial models, and others define it at the other end of the spectrum as businesses doing philanthropy and CSR. Then there are definitions in the middle that say it is really both economic and social value creation.

Yeah, so, I would prefer it to be in that middle ground. I think if it is a pure not-for-profit definition, then we are talking about really is a social organization doing social good without a business model, without market principles, and that is fine, and in some areas maybe that is the way to approach it. I think on the other end of the spectrum that the CSR is pure giving. I think I did put a little sentence in the article at the last minute about how you could define social entrepreneurship as being shared value.

I would actually like that definition because I do think it captures the enormous power when you really apply market principles, and not just the conventional business activity, but also to addressing the social problems—which, I argue, are some of the biggest needs in the world. If the fundamental role of businesses is to meet customer needs, the needs of communities and so forth, then opening up business to this agenda is, I think, an enormously important thing to allow business to continue to grow and innovate.

I gave this talk yesterday about shared value and how it opens up whole new gigantic opportunities for executives to think differently about their markets and about how to grow and give purpose to the corporation. A purpose containing shared value moves well beyond getting your employees fired up about being in business to create shareholder value, which I think is not very motivating. So I do believe that we are still groping a little bit for a definition of social entrepreneurship and I think it could be defined as the same as creating shared value.

Let me ask you about the research on social entrepreneurship and what seems to be some tensions there between whether the entrepreneurial is becoming more social or the

social more entrepreneurial (Dacin, Dacin & Tracey, 2011). If you look at social entrepreneurs, the stories that they tell, the struggles they are involved in, and the reasons for doing it, oftentimes they are saying they adopt business language because they have to (Parkinson & Howorth, 2008). Critics have suggested that if an organization is not identified as entrepreneurial, and they are "just social" then they are in some way inefficient, almost dysfunctional, and have no right to exist anymore. So, social entrepreneurship may also expand capitalism into domains that perhaps it should not be, or used to downplay the role of nongovernment organizations and welfare systems (Dey & Steyaert, 2010). Can you address that?

Yeah. Well, I think something I should have said earlier is I do not think that all dimensions of all social issues can be addressed by corporations using shared value principles. I think I say this in the article. Maybe someday that will be the case but I think for the foreseeable future, we are going to need a portfolio of institutions in society that are going to be playing different roles. So the corporations can adopt and, I think, increasingly will adopt more of those roles. But many of the corporations that are the most innovative in shared value are really pure NGOs that are providing really public services or assets, and government, of course, has to take on certain functions both in terms of public good and in terms of regulatory assets and choices.

So, I think, the truth is that there is the business for-profit zone and there is probably a . . . what you might call, pure nonprofit zone, and then there is a government zone. Often, when you are attacking these societal issues, if the government and the NGOs are doing their job, then the opportunities for business to create shared value are greater because the environment and the platform are present to enable that.

So it is collaboration. It is not a driving out of nonbusiness institutions.

No, it is not. But I think there should be a bias toward doing whatever you can to create a revenue model where the customer has the ability and willingness to pay and you can generate economic value in the process of improving the environment or making farmers more productive. You know, you should do that. I would say that all nonprofits need to think more in value terms.

Therefore those nonprofits that do not, have less . . .

Will not get support and funding. There are still going to be philanthropy and foundations that give money to do things. But those foundations should be increasingly aware of the opportunity of shared value models to actually drive along these issues. They should see many of their investments as not a kind of stand-alone investment, but as enabling shared value and making strategic investments in what you might call platform issues, like basic education and infrastructure, that then create the possibility for shared value to be pursued by the more business or capitalist model. And, that is a subtle, but very different perspective.

But even for the folks that are doing the platform work, they have to be driven by value creation. They need to start measuring themselves. If we are in the education platform and improvement business, we have got to measure whether we are really doing it, and we have got to find ways to do it as efficiently as we can. That does not mean we have a revenue model. That just means that we have to think in value terms, not just in how much we spend, or whether we have good intentions.

Some of the more critical voices in social entrepreneurship are saying that social entrepreneurs may be picking up the pieces left behind by what you describe as this narrowly defined capitalism (Dey & Steyaert, 2010). Capitalism is creating the problems that they are then supposed to mop up. In that sense some have critiqued social entrepreneurship as really undergirding further this narrow view of capitalism. It is as if mommy comes along and bails you out. Social entrepreneurs bail us out of the problems created by a narrow definition of capitalism.

Yes, that is well said. I think that this is a fear and it is legitimate.

So how can we keep that from happening? In Creating Shared Value (Porter & Kramer, 2011) you say that you are sure that some corporations will still follow the narrow definition of capitalism and will still be profit maximizing at the expense of societal needs.

They will ignore the societal opportunity.

Exactly, and so if that is the case then what is going to prompt the transformation of capitalism? The social entrepreneurs are there to bail us out right? If we keep somehow patching the current

system with Band-Aids, then what is the impetus for change?

Well, what we want is actual market forces to work and we want the companies that are good at seeing their opportunities more broadly and redefining capitalism to win. And we want the companies that do not get it to be driven off the playing field.

How do we do that?

One way of doing that is to have a whole bunch of people trained around social entrepreneurship become really the point people. Some of them are going to go into mainstream corporations and hopefully those are going to be the people that help switch mainstream corporations in this direction. I mean I have been stunned at how many e-mails and letters and things I have gotten about this article. I think there is a lot of latent activity out there in corporations, but they really did not have a way of giving voice to it and making these critical distinctions between what CSR has come to be and this much bigger opportunity. I think social entrepreneurs are going to be a very important catalyst because in many cases they come first to some of the great ideas.

Yesterday there were a bunch of bankers in the room and I said: "Look, one of the largest banking services on the face of the earth you guys completely missed. Microfinance. There is now a lot of for-profit activity in microfinance. You missed the whole thing. Shame on you. How could you have missed it?" And that was because they were in the bubble. They were thinking about meeting the same old conventional needs of the same old conventional types of customers, not thinking about those customers in this broader sense that we need to learn to think of.

I think we ought to be encouraging the social entrepreneurship movement. But I think we need to be informing that movement with some of the key concepts of shared value. Shared value is a way to help them [social entrepreneurs] think about what they are really doing here and that is really creating social benefit and creating economic value simultaneously. I think those people then can be one of the market forces that starts to push and prod corporations and inspire them to do things differently.

But I think some of this is going to be bubbling within the corporation itself. I have spoken over the last few years to many of the people that lead the CSR function in the most prestigious corporations in the world. What I can tell you is they are ready for this. I mean they are ready. They have

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kind of got it that what they are doing is not all that effective, that they are constantly having to justify themselves with the CFOs of this world, and that that is a tough battle, not a losing battle, but certainly not a winning battle. So I would not rule out the mainstream corporations. I think some of them will be enormously innovative in this area as well.

If you say that this is part of a larger discussion of rethinking capitalism, then how much of a space for critical discussion, questioning, and reflection on the current system do you see? Some are suggesting rethinking social entrepreneurship as a space in which we can discuss dominant ideologies and dysfunctions of capitalism (Dey, 2006). So might we even question things like how much profit is enough?

Well, I think, your point is raising a number of questions. In terms of how much profit is enough, I think, the right answer to that question should be: whatever you can make fairly, honestly, and ethically within the framework of laws and regulations governing competition. We can obviously argue about how effective those laws are, but I think that profit is not bad. Profit is a sign that you have created economic value, that you have created something you can sell for more than the cost of producing it. That is a good thing.

But you distinguish between profit and a kind of higher form of profit in your article.

I say that all profit is not equal.

Exactly what do you mean by that?

That profit that comes with benefiting society is a higher form of profit that corporations should aspire to. If they can redefine that aspiration that way, they will indeed benefit by having a sense of much

greater purpose. But I would be very hesitant to argue that profits are too high and that we should tax them away and so forth. I think that is a slippery slope, which leads you in a bad direction. I have seen these negative impacts in country after country.

Now the other thing we have not covered, which I need to be really clear on, is that all of this discussion presumes meeting the letter and the spirit of the law and that companies and managers operate ethically. Obviously we are not there. I mean there are a lot of corporations that do not operate ethically and there are some that fudge the law, cut corners, and break the law. That is a different problem. That is a problem we have to continue to address. That is kind of a foundational problem.

In your article you argue that the legitimacy of capitalism is at an all time low and that is why this evolution of capitalism has to happen. But one way to think about this is if the crisis of legitimacy passes, and we manage to patch it up, can we go back to business as usual?

I do not think that people will want to go back to business as usual because I think that business as usual has become less satisfying for many CEOs, frankly, and for many employees and many of the graduates of this school and other business schools.

Have you talked to CEOs who say that to you?

All the time. And I think sometimes, many of the leaders I interact with feel trapped in the system as it is defined today and they feel like they are having ridiculously short time horizons and I think they feel uncomfortable about CSR because of the impact they did not see. I have a program here that I do with a couple of my colleagues for newly appointed CEOs of very large corporations. We do it twice a year and [have] maybe about twelve CEOs in each one. Over the last decade I have probably had a couple hundred of the main CEOs in the world. I sent this article out to all of them just before it was published and received many responses. I think this kind of crisis of purpose is being felt in the mainstream business community. And so my sense of it is, once we have a different way of thinking about this, I would not think we would go back to business as usual.

So you do not see this as a prisoner's dilemma where we are racing to the bottom and no one is making the first move because it does not fit

within the current financial market parameters for example?

I think that the companies that start to figure this out are going to fit within the financial market. They are actually going to be driving growth and profitability and they are going to be innovating. We will see. This is going to be a very interesting campaign. Mark Kramer (Porter & Kramer, 2011) thinks that the next key phase here is to document as many examples as we can find in every industry and every field so that people understand that we can do this, and it does actually create shared value and not just social benefits. There is kind of a proof-of-concept here and then the next thing that has to happen is this idea has to penetrate beyond the specialists and the people in the corporate foundation and the folks that do the social stuff. It has to penetrate into the thinking of the management team of the division or the subsidiary thinking about their plan for next year. They need to see that, "by gosh, we all of a sudden have a lot more opportunity than we thought we did because we were missing a lot of needs that our customers care about and we were missing ways of taking costs out of our supply chain because we were ignoring resource utilization, logistics and energy and things like that."

Are business schools the first front of that?

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So to change the thinking in business schools has to be one of the first things to happen?

Ideally, because they have a lot of leverage. Business schools have been very effective in teaching about outsourcing and offshoring, and that is why a lot of managers that are running companies do it. We have the same obligation to bring this new set of opportunities for improving economic value to managers of this generation. We are lucky here [at Harvard] that we have, at this moment, that kind of sensibility being brought to bear. So I am optimis-

tic. Some schools I think moved a little bit faster than we did in curricular transformation. We have always tinkered with our curriculum and I think it is a pretty fine curriculum. But we have not had the kind of more large-scale review of our curriculum in a long time, and so we are just doing that now. We have a lot of agendas here, but this one is going to be high on the list, is my prediction.

It sounds like you are doing a shared value audit of your current curriculum and current practices?

Yeah, that would be a good way of describing it.

Have you thought about this in terms of a shared value audit and how you measure shared value?

Oh, that is another thing that is needed, some more measurement tools. In a sense it is not rocket science. Economic value, they all know how to do that. You know, profit and cost. On the social side, though, we have to start keeping track of the progress on metrics that best define the social impact or benefit that is being created simultaneously. Ironically I see a lot of companies in their annual reports will measure the social stuff. They talk about carbon, energy, and water use but, they do not include the economic benefits that they have achieved from that.

So the connection between social entrepreneurship and shared value could be very powerful especially with regard to what you have been saying about two things: number one, rethinking the foundations of capitalism and the crises of legitimacy of the current narrow definition of capitalism, and number two, your short advice at the end of your HBR piece (Porter & Kramer, 2011) to business schools and what their role might be. Again there is a continuum here from some schools completely rethinking their programs, like offering an MBA in social change, to the other end, where it is just an additional class in social responsibility. But again, as business schools are grappling with this, do you think that this could be an opportunity to introduce shared value across the business curriculum?

Yes, and that would be what I would argue is the implication of this thinking. It is not that you should have a course necessarily in shared value, but that when you teach marketing you should be teaching students about creating product designs and distribution channels and marketing approaches that encompass these dimensions which widen the oppor-

tunities for value creation and differentiation and all the conventional things that marketing tries to do but that exclude many of these societal and "social issues." Everybody that takes a production course ought to know about resource efficiency in the value chain and energy utilization and that should not be a side thing for people that are touchy feely. It is about how to do good production and operations management. Now there may need to be some kind of a course that really gets at the very deep questions of what is capitalism, what is the role of the corporation, and how the corporation relates to society. Maybe we need such a course as part of our core curriculum. But I think ultimately that the shared value ideas really need to be embedded in many of the core courses.

Do you see social entrepreneurship programs as one vehicle for doing that?

Yes, although I do not want us to balkanize the idea. What we do not want to do is create the next version of a CSR department or the next version of a corporate foundation. This has to be seen as part of excellence in all the relevant functions of the business and that will happen over time. I mean there are lots of small, interesting, socially focused enterprises. There will be jobs there and places for graduates to go. But ultimately if we want this to really matter, it is going to have to be incorporated into mainstream thinking.

You are talking about an evolution in which capitalism changes form. How do business schools change accordingly? Is social entrepreneurship in some sense a great, I am going to call it, Trojan horse, if you will, because it does not come at it from the "we are social" perspective, it says "we are entrepreneurial?"

I think you are right. Social entrepreneurship is kind of, if you will, a Trojan horse or transitional vehicle, but over time that should not be the end state.

Well, no, because if the evolution that you are predicting happens, social entrepreneurship will become redundant, will it not?

Yes, exactly. It will be redundant.

How do you see business schools creating shared value? Some social entrepreneurship programs have tuition forgiveness, saying that if students do go into social entrepreneurship then tuition

would be free or at lower cost. How do business schools apply that logic of shared value to themselves and how would we measure that? Could one measure of success, for example, be the extent to which we graduate social entrepreneurs or people going into corporations that are rethinking this narrowly defined capitalism?

Yeah. I think we are successful if the market share of corporations that are viewing their relationship with society differently goes up. We can define success as people from business schools going into organizations that have this shared value sensibility that is informing and engaging them in their work. I am not sure about forgiveness of tuition. That is a little bit of CSR. If taking money from whatever else we have in our checkbook and essentially giving it to the nonprofits that we are supporting, then if we wanted to do that in a CSV [creating shared value] way, we would try to create more of a win-win opportunity. This is a very interesting question and I will ponder it. I do not have all the answers but I think CSR thinking is "I am a good guy, I want to do good, so I give some of my profits that I earn from my normal business to help you with your important social objectives." And CSV says, "how do we redefine what we do?"

Right, and what would that look like in business schools?

I would say that step one is the curriculum itself and step two is how we, as organizations, operate in terms of all those resources and other impacts that we talk about. Then perhaps the third is how does the business school play a much more positive role in the local community, in supporting the growth of a healthy economy and healthy small businesses working in ways that will reduce poverty and create business opportunity? All those things would be in that category of cluster thinking and some of the good business schools are doing that. Another one of my little ventures is the competitive inner city where for 15 years we have been focused on business development in distressed communities in urban areas. And business schools can play an enormous role in training managers from these communities, as well as having students work with them as advisers, consultants, and mentors. I think business schools can probably move the needle on all three of these agendas: first, the product side, our curriculum, how we teach it, what we cover; second, the way we operate our own institutions in terms of our value chain; and third, the way we can have a bigger positive impact on the

local community. I think that all those areas are a legitimate opportunity for business schools.

So shared value is really about changing the thinking or the discourse not just in businesses but also in business schools, right?

Absolutely.

And how much would you say is Harvard doing in that direction? If you looked at Harvard today, is there a vibrant discussion among faculty and students about how to create shared value?

That discussion I would not say is yet surfaced. We have a social enterprise program and it is quite substantial. And we have a bunch of faculty and courses and so forth, probably not as substantial as a proportion of our total activity as some of the other schools. So I would not call it a unique distinctive area of strength at this point, but I think what we do is substantial. But again I think even here we are still making that intellectual transition between corporate social responsibility and some of the definitions of social enterprise as a new formulation which says, it is not CSR, this is mainstream. It has to be a conversation about what capitalism is really all about, and whether we can take capitalism to its next stage. That discussion is really just beginning here and with any luck it will take root.

If you are saying that some of this is already going on out there in terms of shared value creation, is social entrepreneurship one of those indicators that businesses and business schools are grappling with these issues, and they just have not found a good way of doing this on a larger scale?

I think it is a sign of the times. What I found over my period of active work here is that it is a 5- to 10-year process before you see large-scale adoption of a new paradigm, a new framing of what is important and how we think about the problem and things like that. This will take time because there are a lot of things that need to happen and there is a lot of learning going on.

But it is all voluntary, a trend, an evolution that is happening out there because people are looking for different purpose, those kinds of things?

They are looking for a different purpose, different ways of doing things.

Social entrepreneurship is part of that movement . . .

It is really the source, the purpose. If you cannot deal with social needs in mainstream business, there are a whole cadre of young people that say, "well, gee then, I am not going to go into mainstream business, I have to find another vehicle." Social entrepreneurship has been this incredible vehicle for people. Hopefully, that will continue to happen and it will still be their goal, but it will get developed and the distinctions will get clearer in terms of what is the purpose of this particular enterprise, and how does it fit in this mosaic of organizations that need to play different roles to enable society to progress. My prediction is that over time, mainstream business will be a more welcoming and more exciting place to be again, I hope.

CONCLUSIONS

As we think about this interview and its implications, an important starting point may be Porter's concern about social entrepreneurship being understood in the context of a larger transformation of mainstream business. To Porter, social entrepreneurship is not an isolated phenomenon, some sort of special business practice for special people, but rather a catalyst moving all businesses in the direction of shared value. The implication of this for business educators is that social entrepreneurship represents not only a new opportunity, but also a new responsibility. As a catalyst, social entrepreneurship's role is to move the entire business curriculum toward shared value creation. That is, in every business course we are to address how business can meet social needs. From marketing to broader human needs rather than just commercial ones, to teaching financial statements reflecting social and environmental impacts, we are to retool for shared value creation.

The implication of this for business educators is that social entrepreneurship represents not only a new opportunity, but also a new responsibility.—Driver

In thinking about the challenges this poses for business educators, we may take as a point of departure Porter's own experience in trying to introduce conversations about how to do this in his institution, the Harvard Business School. As he admits in the interview, shared value creation in the

curriculum and value chain is a complex task that might take years to realize. However, if we connect this task to the idea that, as Porter suggests, we may need a portfolio of institutions to deal with today's social problems, we might apply the same logic to changing business schools. As a result, we could begin the conversation by mapping out what kind of institutions we could include in this change. With a view toward research suggesting that young people are especially likely to be drawn to social entrepreneurship (Harding, 2007: 83) and current events, such as protests on Wall Street organized by and likely important to many young people, would it make sense, for example, to include community organizations, grass roots movements or social activist groups in conversations about shared value and how the field of social entrepreneurship can move forward the changes that these organizations call for? In other words, is there an opportunity to broaden business school management and curricula in the way that Porter calls for while taking in and expanding many of the motives that might inspire social entrepreneurs?

Looking at recent research on the stories that actual social entrepreneurs tell, we hear that local and political struggles are commonly key to how social entrepreneurs define what they do and why they do it (Parkinson & Howorth, 2008). If we take these concerns seriously and consider them in light of Porter's arguments, we may find that social entrepreneurship education has the opportunity to advance entrepreneurial solutions to social problems, but it also has the responsibility to inspire critical thinking about the potential limitations of such solutions. Porter's enthusiasm for the idea that the social should become more entrepreneurial should not blind us to the pressure this creates for any organization with a social mission to demonstrate entrepreneurial development even if this runs counter to what the social entrepreneurs themselves believe to be effective (Dey, 2006; Parkinson & Howorth, 2008). Moreover, it should not obviate the cautionary note about solving problems with the same thinking that created those problems in the first place. If capitalism has created many of the societal problems that social entrepreneurship is there to solve, we may question whether expanding capitalism into more and more areas is going to lead to the "positive social change" (Tracey & Phillips, 2007: 265) we may hope for.

As I reflect on this interview, I think that social entrepreneurship indeed has a crucial role to play in business and business education. As our stakeholders, that is, students, practitioners, and community members, grapple with what business and capitalism mean to them, I think we have an opportunity to examine shared value creation not just

in terms of what should be shared, but also what we consider to be of value in the first place. Social entrepreneurship certainly gives us a platform to advance new conversations in the classroom and beyond about how the social can become more entrepreneurial and therefore how it can take its proper place in the capitalist system.

However, and this to me is crucial, there is also a responsibility for advancing conversations about how the entrepreneurial can become more social and what capitalism's place can or should be in a society. Prior research has suggested that social entrepreneurship should create an open discursive space in business education where teachers and students can explore not just what is, but also what is possible from multiple and critical perspectives (Dey, 2006; Dey & Steyaert, 2010). As we move social entrepreneurship forward, it seems that Porter's ideas give us a new, potentially transformational, grand narrative about what business is, but we should not forget that there is also a multitude of little narratives of how business is experienced and lived every day. Therefore, as we listen to the little narratives of social entrepreneurship (Dey & Steyaert, 2010) told by practitioners, students, community members and other stakeholders, we, as business educators, should take responsibility for making a space in which little narratives can flourish while we, together, continue to shape the evolution not just of capitalism but of human societies in this world.

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