Jasem Almarri

SOCIAL ENTREPRENEURSHIP IN PRACTICE

THE MULTIFACETED NATURE OF SOCIAL ENTREPRENEURSHIP AND THE ROLE OF THE STATE WITHIN AN ISLAMIC CONTEXT
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The multifaceted nature of social entrepreneurship and the role of the state within an Islamic context

Academic dissertation to be presented with the assent of The Doctoral Training Committee of Human Sciences, University of Oulu for public defence in Arina-sali (Auditorium TA105), Linnanmaa, on 25 June 2014, at 12:00 noon

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University of Oulu Graduate School; University of Oulu, Oulu Business School, Department of Management and International Business
University of Oulu, P.O. Box 8000, FI-90014 University of Oulu, Finland

Abstract

This research explores social entrepreneurship within the Islamic context through a number of perspectives. While there has been plenty of scientific research on social entrepreneurship during the last decades, non-Western settings are largely missing from academic research. Nevertheless, social entrepreneurship is also practiced in non-Western nations, no less so in the GCC countries. This research explores the multifaceted nature of social entrepreneurship within the Islamic GCC context through three qualitative research papers. The strong role and influence of social entrepreneurship was seen as the connecting theme between these three papers. Social entrepreneurship comes in many shapes and sizes and is visible at many levels of organization. Nation states display it as do even wider, shared belief systems. The multifaceted nature of social entrepreneurship is revealed when approached from several perspectives. The first paper approaches it from a social and commercial perspective, utilizing a case study method. The second paper is a conceptual paper that approaches social entrepreneurship from a more religious and philanthropic perspective by focusing on zakat. In the third paper, social entrepreneurship is studied from the perspective of leadership and state using a historical case study.

The findings of these three papers reveal that the interaction between the different functions of social entrepreneurs is both complex and multifaceted. One of the reasons for this is that the boundaries within which the social entrepreneurs operate are highly multidimensional. The Islamic context encompasses both institutional entrepreneurship and Islamic philanthropy, and sees them as essential and often also inseparable parts of it - perhaps even more so than in a Western context. This research shows that the state has a strong supporting role in social entrepreneurship and even acts as social entrepreneur. Thus, in the Islamic context, the effects of social entrepreneurship (through zakat institutions) actually foster the interaction and spread of social entrepreneurs, institutional entrepreneurs and Islamic philanthropists across multiple institutional spheres.

Keywords: Abu Dhabi, institutional entrepreneurship, Islamic philanthropy, social entrepreneurship, the GCC

Asiasanat: Abu Dhabi, GCC, institutionaalinen yrittäjyys, islamilainen filantropia, sosiaalinen yrittäjyys
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Most of all, I wholeheartedly thank my family for their unfailing support.

Oulu, 14th December, 2013

Jasem Almarri
List of publications

The thesis has two main parts, an overview (Part I) and two publications and one manuscript (Part II). The publications and manuscript comprising the second part are listed below, summarizing the contribution of the present author and the acceptance procedure for each paper.


I: The present author created the research plan, conducted the literature review, and drew the conclusions of the paper. Research interviews and data analysis were conducted in collaboration with the co-authors. The paper was published in the journal based on a double-blind review of the full paper.

II: The present author created the research plan, conducted the literature review and interviews, and drew the conclusions of the paper. Data analysis was conducted in collaboration with the co-author. Earlier drafts of the manuscript were selected to be presented in these conferences after a double-blind review of the abstract.

III: The present author created the research plan, conducted the literature review and the interviews, data analysis and drawing the conclusions of the paper were conducted in collaboration with the co-authors. The paper was published at the conference after a double-blind review of the full paper.
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1 Introduction

Academic research in entrepreneurship has flourished during the last decades. While this stream is very diverse to say the least, during the last decade there have been an increasing number of researchers in management and entrepreneurship focusing on the role and effects of entrepreneurship for larger society (Austin, Stevenson, & Wei-Skillern 2006; Delmestri 2006; Meyer 2006; Peredo & Chrisman 2006; Schendel & Hitt 2007; Certo & Miller 2008; Montgomery, Dacin & Dacin 2012; Santos 2012). Thus, a new field of research – social entrepreneurship – was born, one that has attracted the interest of researchers, policy makers and practitioners in different parts of the world ever since.

However, as yet, there is not a singular definition of social entrepreneurship and many researchers tweak the terminology to suit their own purposes. While some researchers limit the scope of social entrepreneurship only to non-profit organizations (Wallace 1999; Lasprogata & Cotton 2003) by using entrepreneurial models, or different forms of philanthropy (Ostrander 2007), or corporate social responsibility (Jackson & Apostolakou 2010; Lindgreen & Swaen 2010), one more often than not encounters broader interpretations and definitions, somewhere in the middle of the spectrum, that say it comprises both economic and social value creation and associate social entrepreneurship with individuals or organizations who add social purpose to their entrepreneurial ventures and activities (Van de Ven, Sapienza & Villanueva 2007; Certo & Miller 2008; Maak & Stoetter 2012).

One reason for the rather late start in academic research on this topic is that it takes time for an academic field of research to gain legitimacy (Neilsen & Rao 1987; Suchman 1995; Short, Payne & Ketchen 2008). Due to the rather vague definitions and terminology of social entrepreneurship, and more importantly, due to its multiple forms of existence, legal and organizational forms (Borgaza et al. 2008; Defourny & Nyssens 2008; Ridley-Duff 2008; Travaglini 2009; Kerlin 2010) it has been difficult to establish legitimacy for social entrepreneurship as an academic field of research. It has to be noted too that entrepreneurship research, the domain of social entrepreneurship, is still also considered to be in its infancy and also lacking a generally accepted conceptual framework (Shane & Venkataraman 2000; Moroz & Hindle 2012).

Previous research in the field of social entrepreneurship has demonstrated that entrepreneurs and organizations having a social mission can differentiate their activities by how and to what extent they address social aspects and benefits to the wider society. Sometimes these ideas can even override economic
ones, as Austin (2000), Seelos and Mair (2005) and Shaw and Carter (2007) have demonstrated. Therefore, social entrepreneurs and corporations engage in the creation of social value (Spear & Bidet 2005, Kerlin 2006; Light 2006; Ateljevic & Dawson 2010). Over time, these ventures can emerge to become very important players on a national scale and even across borders (Perkmann 2002; Zahra, Rawhouser, Bhawe, Neubaum, & Hayton 2008). Several different kinds of organizations result from social entrepreneurial ventures; these range from day care centers, housing projects, to support organizations and even the financing of female entrepreneurs.

In Islamic countries, the legacy of social entrepreneurs is to be found in religious practice (e.g. in the form of zakat). The practice of zakat is one of the core aspects of Islamic social entrepreneurship and one of the five pillars of Islamic faith, which for believers is to engage in the amelioration of the social wellbeing of underprivileged Muslims. Therefore, it is valid to claim that social entrepreneurship has its roots in history, even though it has not always been called “social entrepreneurship” (Dees 1998).

Social entrepreneurship as such is a powerful force and a strategy that can change economies in many ways. It has been noted that during in recent years, numerous organizations – both governmental and non-governmental – as well as for-profit and non-profit organizations have increasingly recognized the importance of social entrepreneurship (Lawrence, Phillips & Tracey 2012).

The topic of social entrepreneurship in academic research has resulted in several special issues in academic, peer-review journals that have contributed significantly to promoting such research. For example, special issues on social entrepreneurship published in the Journal of World Business in 2006, and in 2010, Entrepreneurship Theory & Practice dedicated a special issue to research on this emerging theme. The most recent have been those published in Academy of Management Learning & Education in September 2012 and in Journal of Business Ethics in December 2012.

1.1 Objective of the study and research themes

This study deals with an analysis of the impact of different forms of social entrepreneurship – whether individuals, organizations, state or more widespread cultural institutions such as a religion; in this case, Islam. The objective is to observe how social entrepreneurs create social value and follow an agenda, amounting to a social mission to improve their societies. In addition, the financial aspects of social
entrepreneurship are viewed through its linkage to commercial entrepreneurship and in particular through the lens of the Islamic institution of *zakat*, which, it is argued, is effectively used as an investment vehicle to tackle poverty.

This study consists of three research papers that deal with the previously mentioned issues in social entrepreneurship and in the process contributes to social entrepreneurship literature through a widening of the scope of analysis to include rarely discussed aspects of Islamic philanthropy and the state, in this specific context, acting as a social entrepreneur. As such, this thesis contributes to the literature by expanding the definitional, contextual, and governance issues of social entrepreneurship within the Islamic context. The structure of the papers and their linkages are as follows.

The objective of the first research paper is to review literature on commercial entrepreneurship and how it links to social entrepreneurship. This linkage has surprisingly met with very little research in academia, and even less in the Islamic context, with this paper thus helping to fill that void by introducing the way in which different forms of commercial entrepreneurship with a defined social mission operate in the Islamic context. The starting point for this paper is to familiarize itself with both – often considered as opposite streams of entrepreneurship – and addresses the increased social benefits that can result when commercial entrepreneurs and social entrepreneurs collaborate. During the literature review, it became obvious that while both streams of research on commercial entrepreneurship and social entrepreneurship have flourished of late, it is less understood how one can benefit the other and vice versa. In the Islamic context, as far as could be established, there is not a single piece of research that highlights the relationship between commercial and social entrepreneurship. As such this paper contributes a valuable addition to academia since in the Islamic context, social entrepreneurship and its commercial benefits are embedded in the religion and thus an institutionalized part of Islamic society. In Western research, social and commercial entrepreneurship has not been studied from a religious point of view because in the Western context entrepreneurship is typically not considered to be related to religious duties. It was also noted that a clear definition of social entrepreneurship and its related concepts had not yet been established and that the dual role of commercial and social entrepreneurial ventures had hardly been defined or discussed. In the empirical part of that paper, an analysis was made as to how the six streams of entrepreneurship emerge; the particular mindset of social entrepreneurs and how they address social needs in developing their socially focused enterprises whilst simultaneously making profitable business.
The objective of the second paper is set on an analysis and explanation of how social entrepreneurship permeates an Islamic context by viewing this phenomenon through the concept of zakat. The starting point for this research was a desire to know how zakat funds – whose original role was to act as a charity or philanthropy - may nowadays be utilized as a tool of Islamic social entrepreneurship. It was assumed that the role of zakat had changed over time; formerly simply a form of philanthropy but more recently, developing commercial aspects, potentially linking it to social entrepreneurship. The lack of previous research on social entrepreneurship in the Islamic context was a real challenge when writing this paper, as there are only a few studies that discuss Islamic philanthropy and its influences on the wellbeing of a society. This paper investigates the social and commercial aspects of zakat, as well as the newly-created zakat fund organizations in the United Arab Emirates, Kuwait, and Qatar. This study aims to to contribute to social entrepreneurship research; widening the scope of research to a non-Western setting by conceptualizing social entrepreneurship in the GCC countries through the practice of zakat.

The objective of the third paper is to examine the effects of the embedded role of leaders and the state as institutional entrepreneur in the historical development of Abu Dhabi. This paper contributes to the stream of literature on institutional entrepreneurship by focusing on a unique, combined role of leader and state. This kind of setting has been a marginal research area when considering the much larger amount of research that concentrates on individual institutional entrepreneurship as well as organizations acting as institutional entrepreneurs. More importantly, previous research does not typically combine two or more units of analysis (Leca, Battilana, & Boxenbaum 2008). In addition, within the Islamic context, only one previous study was found on the role of institutional entrepreneurs in Dubai; that of Nasra and Dacin (2010). However, their research focuses only on the role of individual (leader) as an independently operating institutional entrepreneur and overriding the state. For many, the role of the leader in an Islamic context may seem autocratic, but this paper argues that there it is in fact a multidimensional role that leaders and state play together. Thus, our research aims to capture this more complex role of the leader and the state acting together as an embedded form of institutional entrepreneurship in the context of Abu Dhabi.

The greatest amount of research on institutional and social entrepreneurship concentrates on settings where social entrepreneurship happens through existing supportive institutions (e.g. Lasprogata & Cotton 2003; Shaw & Carter 2007), whereas there is very limited research on such scenarios in which social entrepreneurship happens in the absence of institutions (see however Mair & Marti
In fact, the dominant stream of research has proved that typically there are even multiple supportive institutions that facilitate social entrepreneurship, with the role of the government being equally important in the support of local community (Shaw & Carter 2007). However, the starting point for this research on the historical development of Abu Dhabi and the embedded role of leader and the state as social entrepreneur was very different. In the case of Abu Dhabi, in the past, there was a total absence of typical supportive institutions that are needed to facilitate the acts of social entrepreneurs. Thus, previous studies on social entrepreneurship with an institutional focus (e.g. Wallace 1999, Bayliss 2004, Korosec & Berman 2004) only partly helped this study. In this PhD research, it was important to understand how and why such institutions formed in the first place. The findings of the study show that even in the absence of such an inclusive institutional environment, strong leaders acting as institutional entrepreneurs can shift the landscape in which social entrepreneurs operate.

1.2 The importance of the study

The majority of existing research on social entrepreneurship is conducted in Western context, and especially in two major geographical and cultural contexts; the European and the American (Kerlin 2006, 2009, 2010; Lés & Kolin 2009; Noya 2009; Nyssens 2009; Travaglini 2009; Hoogendoorn, Pennings & Thurik 2010). These have contributed to social entrepreneurship literature by highlighting the different viewpoints of social entrepreneurship in mainly these two contexts. Interestingly, these debates have had very few connections among them until 2004 (Defourny & Nyssens 2010).

The main differences between European and American approaches to social entrepreneurship are found in the unit(s) of analysis, mode of operation, legal structure, their approach to innovation, governance, purpose and existence as well as the relationship between mission and operations. In general, in the European tradition, the unit of analysis in social entrepreneurship research typically concentrates on enterprises whereas in American tradition there is a tradition to use individuals as the unit of analysis in addition to enterprises. In addition, in the American tradition, generating profits has become a prerequisite for social entrepreneurs whereas in the European tradition generating profits is not considered a prerequisite, but earning is nevertheless desirable and important.

Moreover, these two schools of thought are further divided into two sub groups. The first approach to social entrepreneurship research within the
American tradition is the so-called ‘Innovation’ school of thought which highlights social innovation processes that are undertaken by individual social entrepreneurs in a wide range of organizations ranging from for-profit-oriented businesses with socially beneficial activities (i.e. corporate philanthropy), to dual purpose businesses which include social objectives in their businesses, to non-profit organizations (Mulgan 2006; Mulgan, Tucker, Ali & Sanders 2007; Noel 2009; Phills 2009). The second stream of social entrepreneurship research, the ‘Social Enterprise’ school of thought within the American tradition, is strongly focused on the role enterprises as units of analysis where entrepreneurial non-profit organizations generate profit by adopting business methods of for-profit enterprises while serving a social mission.

In the European tradition, there are also two schools of thought. The first one is the EMES approach which also focuses on enterprises as the unit of analysis but in contrast to the American Social Enterprise school of thought, these social enterprises are often considered as doing business in a different way compared to traditional entrepreneurship, with such ventures usually found in the third sector of the economy, such as non-profit organizations, cooperatives and mutual societies (Noel 2009; Defourny & Nyssens 2010). The inclusion of cooperatives distinguishes this approach from the American one which so far has not included cooperatives within the social entrepreneurship discourse (Hoogendoorn et al. 2010). The second European approach to social entrepreneurship research according to Hoogendoorn and colleagues (2010) is the UK approach, which is unique in its focus on the third sector. The influence of the Department of Trade and Industry (DTI) on the professionalism of social enterprises in the UK has been especially important. Within this approach, the unit of analysis is individuals, groups of people as well as legal entities and in contrast to the EMES approach, the goods or services provided by the social enterprise do not necessarily have to be related to the venture’s mission (Hoogendoorn et al. 2010). The following figure illustrates the interconnectedness of conceptualizations of different entrepreneurial activities that help in defining the boundaries of social entrepreneurship.

Figure 1 suggests two things: that social entrepreneurship can be differentiated from its other forms of entrepreneurship based on its means as well as its ends. First, entrepreneurial activity, whether social or commercial, is associated with doing new things or doing old things differently (= means). This impression of doing things differently is often referred to as ‘creative destruction’ (e.g. Schumpeter 1942).
The implication is that social entrepreneurs are more likely to consider and expand to new markets or offer new products or develop new business models than other forms of entrepreneurs or organizations (Seymour 2012). Second, the figure suggests that the outcomes of social entrepreneurial activity can be differentiated from those of other forms of organizations and entrepreneurs when thinking of the scale of profit made (=ends). However, one must note that the implication of making more money does not mean that it equally creates social, cultural or other forms of value or that commercial entrepreneurs can also create social or cultural value. However, typically, the driving force behind commercial entrepreneurship and business in general is to create higher financial profits. There remains then a significant difference between the means and ends of social and other forms of entrepreneurship. The following table goes into more detail comparing different forms of social entrepreneurial ventures.
Table 1. Comparison of social entrepreneurial ventures (adapted and re-printed with permission from “Social enterprise: Beyond economic outcomes and individual returns” by Haugh (2007). Copyright © 2007 by the Palgrave Macmillan, UK; all rights reserved).

<table>
<thead>
<tr>
<th></th>
<th>For-profit</th>
<th>Charities</th>
<th>Social ventures</th>
<th>Community-led social ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>Market driven, economy value, financial surplus</td>
<td>Charitable purpose</td>
<td>Economic, social and/or environmental value</td>
<td>Economic, social and/or environmental value for local community</td>
</tr>
<tr>
<td>Target market</td>
<td>Market demand, individual benefit</td>
<td>Disadvantaged individuals, community and/or society</td>
<td>Disadvantaged individuals, community and/or society</td>
<td>Disadvantaged individuals, community and/or society</td>
</tr>
<tr>
<td>Sources of capital</td>
<td>Commercial debt, equity, venture capital, retained profit</td>
<td>Philanthropy, donations, grants, sponsorship</td>
<td>Philanthropy, donations, grants, sponsorship, commercial debt, retained surplus</td>
<td>Philanthropy, donations, grants, sponsorship, commercial debt, retained surplus</td>
</tr>
<tr>
<td>Entrepreneurial activities</td>
<td>Trading to generate profit</td>
<td>Individual projects to achieve mission</td>
<td>Trading to achieve mission and generate surplus</td>
<td>Community projects and trading to achieve mission and generate surplus</td>
</tr>
<tr>
<td>Human resources</td>
<td>Employees</td>
<td>Employees and volunteers</td>
<td>Employees and volunteers</td>
<td>Employees and volunteers</td>
</tr>
<tr>
<td>Other resources</td>
<td>Purchased at market rate</td>
<td>Purchased at market rate, below market rate and/or donations</td>
<td>Purchased at market rate, below market rate and/or donations</td>
<td>Purchased at market rate, below market rate and/or donations</td>
</tr>
<tr>
<td>Governance structure</td>
<td>Owners, executive board</td>
<td>Board of trustees</td>
<td>Board of trustees</td>
<td>Board of trustees, representatives of community stakeholders</td>
</tr>
<tr>
<td>Accountability</td>
<td>Board of directors, shareholders</td>
<td>Board of directors, stakeholders</td>
<td>Board of directors, stakeholders</td>
<td>Board of directors, community stakeholders</td>
</tr>
<tr>
<td>Commercial benefits</td>
<td>High</td>
<td>Low</td>
<td>Low-High</td>
<td>Low-high</td>
</tr>
<tr>
<td>Risk taking</td>
<td>Yes (even high)</td>
<td>No</td>
<td>Typically no</td>
<td>Typically no</td>
</tr>
<tr>
<td>Financial sustainability</td>
<td>Extremely important</td>
<td>Not important</td>
<td>Important</td>
<td>Less important</td>
</tr>
</tbody>
</table>
As illustrated in the table above, Haugh (2007) defines the most typical forms of social entrepreneurship; namely, those that are for-profit ventures, charities, social ventures, and community led ventures. Haugh argues that the main differences within them can be found in their mission, target market, sources of capital, entrepreneurial activities (profit-orientation), human resources and other resources that are needed to run such ventures. At one end of the spectrum, charities are the most typical form of non-profit social enterprises, while for-profit social ventures at the other end of the spectrum intend to generate social, economic and environmental value through their business. Community-led social ventures, on the other hand, focus on the needs of the local community while simultaneously maintaining their overarching social goals through community projects. Another clear distinction between charities and social ventures is their funding. While charities typically rely on philanthropy, donations, grants and sponsorship, social ventures extend their sources of capital to include commercial debt and retained profits.

Haugh (2007) however misses some important aspects in which the different forms of social enterprises differ from each other. Therefore, elements of commercial benefits, risk taking and financial sustainability were added to the table. Financial sustainability clearly separates charities from other forms of social ventures. Moreover, sustainability seems to align with the need for achieving commercial benefits. As Austin and colleagues (2006) note, business expertise and market-based skills are needed in order to earn income regardless of the form of enterprise. Charities are often barely financially sustainable, while certain types of social enterprises and especially for-profit ones must be. Moreover, entrepreneurial ventures have been defined differently according to their attitude to risk taking (Knight 1967; Drucker 1970). The willingness to take risks means an entrepreneur’s willingness to put his or her career and financial security on the line and take risks even in cases where commercial benefits and thus long term financial sustainability may be uncertain.

While such an extensive analysis of social entrepreneurship such as the above example exists in the Western context, it is a less understood phenomenon in other contexts. However in a book edited by Kerlin (2009), there are also chapters on social entrepreneurship in South-East Asia (Santos, Macatangay, Capistrano & Burns 2009), Zimbabwe and Zambia (Masendeke & Mugova 2009), Argentina (Roitter & Vivas 2009), and Japan (Tsukamoto & Nishimura 2009). In addition, there are a few notable independent studies that shed light on social entrepreneurship in less studied contexts, such as Bangladesh (Lovell 1992; Mair, Marti & Ventresca 2012), Brazil (Bornstein 2007), Paraguay (Maak & Stoetter 2012), South Africa
(Elmes, Whiteman, Hersh & Guthey 2012), India (Datta & Gailey 2012; Pless & Appel 2012) and Egypt (Rimac, Mair & Battilana 2012). However, the Arab world and especially the GCC context is underrepresented.

In addition to the severe lack of previous studies that discuss social entrepreneurship in the Islamic context, it was also realized that those few existing studies did not address the influence of religion sufficiently. While there is plethora of religious research done by Western researchers, especially in the area of Biblical studies, a similar focus on Islam is noticeably lacking. There are a few comparative studies that focus on generosity in both Catholicism and Islam (e.g. studies at the Notre Dame University project entitled “Science of Generosity”, funded by the John Templeton Foundation) and they raise the important issue that we should know more about social causes and motives of religious generosity, including different forms of charities. However, these studies have their shortcomings, when, in regard to analyzing Islamic sources they are mainly written by Western researchers. When reading the previous studies, it became obvious that had not based their statements on the writings of Quran, but had largely referenced other Western scholars, themselves not privy to Islamic culture. Interestingly, of those projects that the John Templeton Foundation funded in the past or funds currently, there is not a single project that has involved Muslim scholars. Added to this, the Foundation has been criticized for its hermeneutical critique in linking religion to science and vice versa (Waldrop 2011) as well as its strong political orientation (Barash 2012). It appeared that its underlying philosophy was less than suitable for studies on Islam and Islamic philanthropy.

The unique aspect of this research on social entrepreneurship is that it discusses the distinctive role of the State as social entrepreneur in Islamic Gulf countries, and Abu Dhabi specifically. While there have been a few notable research studies on the role of the state (e.g. Maguire & Hardy 2006; Child, Lu & Tsai 2007), it has tended to be a rather marginal research area. It is the opinion of this paper that the unique feature of religion that impacts on the role of the state in Islamic countries has received scant previous research.

The importance of this research is also that it may have practical implications for the government of Abu Dhabi and offers a guide to the recognition of social entrepreneurship and how it can benefit the country in its pursuit to become a world-class knowledge-based economy. It offers an understanding of the impact of social entrepreneurship and identifies different arenas in which social entrepreneurial ventures are needed and how such ventures contribute to the social and economic development of Abu Dhabi.
The point of departure for the building of the theoretical ground of the third paper was the stream of research that focuses on the effect of institutions on social enterprises and correspondingly institutional and social entrepreneurs. To understand this, we used Scott’s ‘three pillars for institutions’ (Scott 2005, 2007; see also Javernic-Will & Scott 2009). These three pillars consist of the following regulative forces; (i) established rules, laws and constitutions, (ii) normative forces that comprise norms of acceptable behavior and (iii) cultural-cognitive forces that explain the taken-for-granted-ness of certain factors within society. This approach is needed, not only to understand the operating environment, its support and constraints, but also to understand how social entrepreneurship can happen even in the absence of existing institutions (Antal 2006).
2 The theoretical starting point for making sense of social entrepreneurship

This chapter introduces the theoretical starting point of this thesis. The chosen streams of literature focus on social entrepreneurship, Islamic philanthropy, and institutional entrepreneurship. While social entrepreneurship and institutional entrepreneurship are already long established fields of study, Islamic philanthropy has not received very wide interest in scholarly research. Islamic philanthropy as a form of Islamic entrepreneurship is nevertheless very closely connected to mainstream thoughts of social entrepreneurship, as this research will highlight. In fact, Islamic philanthropy has a very straightforward approach to what may be termed as social entrepreneurship and is laid out in the Quran. There are at least 93 notes in the Quran about different forms of charity and it addresses zakat 29 times, giving guidelines regarding how to spend it so that it benefits the society. Nowadays, organizations such as the new zakat funds have started to apply commercial means to maximize the social benefits of zakat, effectively making them innovative religious organizations. Thus, an important piece of this research is to show that Islamic philanthropy is a core part of social entrepreneurship in an Islamic context.
### Table 2. Three main themes of the thesis.

<table>
<thead>
<tr>
<th></th>
<th>Social entrepreneurship</th>
<th>Institutional entrepreneurship</th>
<th>Islamic philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seminal studies</strong></td>
<td>Work of social entrepreneurs such as Mohammed Yunus and Florence Nightingale</td>
<td>DiMaggio (1988)</td>
<td>Quran and Sunnah</td>
</tr>
<tr>
<td><strong>Definition of core idea/concept</strong></td>
<td>Creating social value through entrepreneurial actions (Dees 1998)</td>
<td>Change agents that initiate and undertake major institutional change</td>
<td>Religious obligation</td>
</tr>
<tr>
<td><strong>Themes, theories and frameworks</strong></td>
<td>Entrepreneurship in both public and non-profit sectors</td>
<td>Institutional theory</td>
<td>Pillars of Islam</td>
</tr>
<tr>
<td><strong>What practical examples are found?</strong></td>
<td>Schools, hospitals, nursing homes</td>
<td>An major institutional shift within society</td>
<td>Zakat</td>
</tr>
<tr>
<td><strong>Different viewpoints/subthemes in related research</strong></td>
<td>E.g. corporate social responsibility, sustainable entrepreneurship, non-profit organizations</td>
<td>Individual, organizational and/or state as institutional entrepreneurs</td>
<td>Philanthropy, science of generosity, poverty alleviation</td>
</tr>
<tr>
<td><strong>How this theme is linked to other themes of this research</strong></td>
<td>Social entrepreneurship needs to capitalize on commercial entrepreneurship in order to grow and generate even more social value</td>
<td>Sometimes major institutional change needs to take place before social entrepreneurship can flourish</td>
<td>Islamic philanthropy in the form of <em>zakat</em> is not only a form of social entrepreneurship, but is an institutionalized part of social giving in the Muslim world and it is used to generate social value by helping those in need and also used in ways that generate financial returns for the society</td>
</tr>
</tbody>
</table>

### 2.1 Literature on social entrepreneurship

The many definitions for social entrepreneurship and social entrepreneurs demonstrate the quite broad area of the research. The word “social entrepreneurship” already presents a definitional dilemma, as the word “social” typically relates to non-economic ventures, whereas the word “enterprise” highlights the financial side of such ventures. Some of these definitions are listed in the following table.
### Table 3. Definitions of social entrepreneurship and social entrepreneurs.

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dees (1994):</td>
<td>Social entrepreneurs are private organizations dedicated to solving social problems and those in need.</td>
</tr>
<tr>
<td>Dees (1998):</td>
<td>A social entrepreneur is a change agent in society who has a mission to create and sustain social value by recognizing opportunities to serve that mission.</td>
</tr>
<tr>
<td>Fowler (2000):</td>
<td>Social entrepreneurship is the creation of viable socio-economic structures, relations, institutions, organizations and practices that yield and sustain social benefits.</td>
</tr>
<tr>
<td>DTI (2002):</td>
<td>A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners.</td>
</tr>
<tr>
<td>Bornstein (2004):</td>
<td>Social entrepreneurs are people with innovative ideas to address major problems despite problems.</td>
</tr>
<tr>
<td>Harding (2004):</td>
<td>Social enterprises are orthodox businesses with social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners.</td>
</tr>
<tr>
<td>Seelos &amp; Mair (2005):</td>
<td>Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society.</td>
</tr>
<tr>
<td>Austin et al. (2006):</td>
<td>Social entrepreneurship is an entrepreneurial action with an embedded social purpose.</td>
</tr>
<tr>
<td>Haugh (2006):</td>
<td>Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, non-financial goals and their outcomes are the non-financial measures of the implied demand for and supply of services.</td>
</tr>
<tr>
<td>Mair &amp; Marti (2006a):</td>
<td>Social entrepreneurship is a process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs.</td>
</tr>
<tr>
<td>Robinson (2006):</td>
<td>Social entrepreneurship is a process that includes: the identification of a specific social problem and a specific solution . . . to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit or a business-oriented nonprofit entity that pursues the double (or triple) bottom line.</td>
</tr>
<tr>
<td>Bornstein (2007):</td>
<td>What business entrepreneurs are to the economy, social entrepreneurs are to social change. They are the driven, creative individuals who question the status quo, exploit new opportunities, refuse to give up, and remake the world for the better.</td>
</tr>
<tr>
<td>Author</td>
<td>Definition</td>
</tr>
<tr>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>Noya (2009):</td>
<td>Social entrepreneurship is an innovative business model that meets both social and economic objectives contributing to labor market integration, social inclusion and economic development.</td>
</tr>
<tr>
<td>Zahra, Gedajlovic, Neubaum &amp; Shulman (2009):</td>
<td>Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.</td>
</tr>
<tr>
<td>Fuqua School of Business (2013):</td>
<td>Social entrepreneurship is about recognizing and resourcefully pursuing opportunities to create social value and crafting innovative approaches to addressing critical social needs.</td>
</tr>
<tr>
<td>Saïd School of Business (2013):</td>
<td>Social entrepreneurship is a practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges. Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organizations, and in either case, their primary objective is to create sustainable systems change.</td>
</tr>
</tbody>
</table>

As is evident from the above interpretations of the terms social “entrepreneurship” and “social entrepreneur”, several nuances have emerged as a result of the different contexts, and diverse socio-historical, political, and economic foundations that are found within different societies. Still today, the concept of social entrepreneurship is poorly defined, with its boundaries in relation to other fields of study remaining unclear (Mair & Marti 2006a; Dacin & Dacin 2011). However, the common message based on these definitions is that social entrepreneurship is a business (at least it should be self-sustainable and not run on charity money except maybe in its infancy (Dees 2012) but needing to operate primarily with social objectives in mind and not focus on the maximization of the interest of the shareholders, like for-profit companies do. Kent and Anderson (2003) summarize the essence of social entrepreneurship by stating that it is the ability to establish the connection between social and community values while seeking to adapt continuously to ensure social progress (Kent & Anderson 2003).

Santos (2012) challenges the current definition of social entrepreneurship and suggests not including the word ‘social’ at all, due to the normative connotation of the word ‘social’ in relation to some activities and not to others. He argues this further by giving examples on how difficult it is to define what ‘social’ actually mean in entrepreneurship; for example, helping low-income people is generally agreed to be social entrepreneurship whereas helping high-income people is not. Yet, where is the boundary between low-income and high-income people? Or, how
can forms of helping be defined as social entrepreneurship with those that are not? Consider for example providing food for the poor in contrast to providing them luxury products such as mobile phones.

The previously listed definitions of social entrepreneurship and social entrepreneurs can be categorized in four clusters as presented in the following table.

Table 4. Main definitions in social entrepreneurship research.

<table>
<thead>
<tr>
<th>Definitions</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal characteristics of social entrepreneurs (personalities, qualities, values and visions)</td>
<td>Bornstein 2004, Light 2009; Miller, Grimes, McMullen &amp; Vogus 2012</td>
</tr>
<tr>
<td>Characteristics of the operating sector of social entrepreneurs</td>
<td>Dorado 2006, Zahra et al. 2009</td>
</tr>
<tr>
<td>Processes and resources used by social entrepreneurs</td>
<td>Martin &amp; Osberg 2007; Oliver &amp; McKague 2009</td>
</tr>
<tr>
<td>Primary mission, activities and outcomes of social entrepreneurs</td>
<td>Mair &amp; Marti 2006a; Zahra et al. 2009; Dacin et al. 2011</td>
</tr>
</tbody>
</table>

Another important observation on the nature of social entrepreneurship is addressed by the numerous researchers who tackle the definition of social entrepreneurship from another angle; namely, defining what does not constitute social entrepreneurship. For example, the Skoll Centre for Social Entrepreneurship at the Saïd Business School has listed the following examples that are not the activities of social entrepreneurs, philanthropists, activists or companies with foundations (Saïd School of Business 2013). They do not consider philanthropists (e.g. a person who sets up a charity or donates money for a good cause) social entrepreneurs because of the lack of a targeted social mission. Activists are not considered social entrepreneurs either because their work is mainly limited to volunteering for NGOs, lobbying for their ideas or putting pressure on policy makers and the public to stop a harmful practice. Environmental activists are needed as well as philanthropists, but they too are not to be considered as social entrepreneurs. Companies with a foundation are not included either, because their priority is to make money for their shareholders instead of the wider society.

This paper concurs with the divergent opinion put forward by Elkington and Hartigan (2008) and Dees (2012) when it comes to charitable giving and philanthropists. Dees (2012) points out that there are also foundations such as the Clinton Global Initiative, the initiative of former U.S. President Bill Clinton, which
in fact broaden the scope of philanthropy, with the concept of giving through the Foundation’s innovative problem-solving approach merging such philanthropic activities with social entrepreneurial ventures. Elkington and Hartigan (2008) raise a similar example of the Ashok Khosla and Development Alternatives in India that cannot be simply labeled as a philanthropic foundation, as it has created as many as half a million sustainable livelihoods in India, as has the Riders of Health organization that has provided some 11 million people with access to health care in rural parts of Africa.

An important viewpoint is how social entrepreneurs themselves define social entrepreneurship. This is exactly what Mair, Battilana and Cardenas (2012) have done when attempting to derive a typology of social entrepreneurship model from descriptions provided by social entrepreneurs from 200 social entrepreneurial organizations, such as the Schwab Foundation and Ashoka. According to their findings, social entrepreneurship can be found in models that mobilize different types of capital: political capital, human capital, economic capital, and social capital (Mair, Battilana & Cardenas 2012).

When we analyze how the concept of social entrepreneurship has evolved throughout its existence in scholarly research, it is evident that still today, despite several attempts, there still exists no uniform definition that is suitable in all different contexts. This is largely due to the newness of social entrepreneurship as a scholarly research topic, as discussed earlier. Another potential reason for why there still today exists no proper definition of social entrepreneurship is that the nature of social entrepreneurship is often confused with commercial (nonprofit) entrepreneurship. However, there is a fundamental difference between social entrepreneurship and commercial entrepreneurship, with social entrepreneurship addressing those needs of the wider society that existing markets and organizations have failed to satisfy. In fact, social entrepreneurship is not limited to not-for-profit work or different forms of charity work, but in reality it is uncommon to find organizations that act merely as businesses, but operate under social principles and means. Moreover, social entrepreneurs can utilize commercial practices to gain additional resources for nonprofit organizations and thus act as their for-profit counterparts, something which may lead to increased self-sustainability and financial autonomy and can result in growth for these social ventures and even expansion across borders (Dees 1998). The multifaceted nature of social entrepreneurship has thus made it difficult for academia to come up with an all-encompassing definition.

It is interesting to note that whereas the early decades of research concentrated on defining social entrepreneurship and to underline its different forms of existence
based on practical examples rather than theory (Mair & Marti 2006b), the research in the last ten years already seems to accept that it may be impossible to come up with an all-encompassing definition, with a more mainstream definition consisting of ‘entrepreneurship’ and ‘social mission’ (e.g. Dees 2001; Martin & Osberg 2007) being sufficient given the cross-sectoral and interdisciplinary nature of social entrepreneurship as a field of study. Moreover, the current research does not seem to be predisposed to define social entrepreneurship anymore but instead focuses on the purpose of its use in; for example, the education of future decision makers (see e.g. Elmes et al. 2012; Howorth, Smith & Parkinson 2012; Kwong, Thompson & Cheung 2012; Lawrence 2012; Miller, Wesley & Williams 2012; Smith & Woodworth 2012; Weber 2012), or how social entrepreneurship can be utilized in a broader area, such as when discussing dominant ideologies and dysfunctions of capitalism (Dey 2006; Dey & Steyeart 2010), which therefore suggests that the whole concept of social entrepreneurship should be re-thought. In addition, the most recent research focuses on the actual outcomes (both positive and negative) of social entrepreneurship and the context of these examples that help to build theory on social entrepreneurship both theoretically and empirically (e.g. Dees 2012; Maak & Stoetter 2012; Santos 2012).

Dacin and colleagues (2010) note that there are indeed many similarities across the various domains of entrepreneurial study that have emerged during the last decades that also help in defining the boundaries of social entrepreneurship. Their analysis is based on a four-dimensional framework that focuses on individual differences, the operating sector, processes and resources, and the primary mission of the entrepreneur (Dacin et al. 2010).
Table 5. Different types of (social) entrepreneurs (adapted and re-printed with permission from “Social entrepreneurship: Why we don’t need a new theory and how we move forward from here” by Dacin, Dacin & Matear (2010). Copyright © 2010 by Academy of Management; all rights reserved).

<table>
<thead>
<tr>
<th>Social entrepreneurship</th>
<th>Conventional for-profit entrepreneurship</th>
<th>Institutional entrepreneurship</th>
<th>Cultural entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>An actor who applies business principles to solving social problems (Dees 1998).</td>
<td>An agent who enables or enacts a vision based on new ideas in order to create successful innovations. (Schumpeter 1950)</td>
<td>An agent who can mobilize resources to influence or change institutional rules, in order to support or destroy an existing institution, or to establish a new one. (DiMaggio &amp; Powell 1983)</td>
</tr>
<tr>
<td><strong>Wealth distribution</strong></td>
<td>Shareholder and/or stakeholder</td>
<td>Shareholder and/or stakeholder</td>
<td>Shareholder</td>
</tr>
<tr>
<td><strong>Predominant organizational form</strong></td>
<td>Non-profit or profit</td>
<td>Profit</td>
<td>Non-profit or profit</td>
</tr>
<tr>
<td><strong>Primary goals or motives</strong></td>
<td>Social change/well-being</td>
<td>Economic</td>
<td>Institutional reform/development</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>Promote ideology/social change</td>
<td>Create and/or distribute consumer product or service</td>
<td>Establish legitimacy</td>
</tr>
<tr>
<td><strong>Tension</strong></td>
<td>Economic sustainability versus social mission</td>
<td>Growth vs. survival</td>
<td>Resistance to change (isomorphism vs. competitive advantage)</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td>Aravind eye clinic</td>
<td>Business service</td>
<td>Edison</td>
</tr>
<tr>
<td></td>
<td>Greyston Bakery</td>
<td>Providers</td>
<td>Kodak</td>
</tr>
<tr>
<td></td>
<td>Rugmark</td>
<td>Software developers</td>
<td>Apple</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourism companies</td>
<td></td>
</tr>
</tbody>
</table>
Dees makes an important contribution (2012) when he introduces a new concept called ‘blended culture’ that should be utilized in social entrepreneurship thinking and education. The ‘blended culture’ concept highlights; the importance of learning empathy, improving one’s problem-solving skills, improving performance of information, promoting ‘smart giving’, engaging supporters in solving social problems and improving the affective positioning of problem-solvers, for example through promoting charitable behavior (Dees 2012). Similarly, Montgomery and colleagues (2012) list a number of things that should be utilized in social entrepreneurship thinking. They highlight the role of ‘collective social entrepreneurship’ that means the collaboration between similar and diverse actors that share the same ideas in applying business principles to solving social problems. This can be achieved only through collective action, something that helps to acquire and utilize resources through a range of activities and strategies that mobilize supporters, the sharing of ideas and knowledge, representing diverse viewpoints, building legitimacy and also bring down costs related to such ventures (Montgomery et al. 2012).

Over time, researchers have struggled to understand precisely what social entrepreneurs actually do and what they are. In addition, there has been a lot of discussion on how social entrepreneurship differs from traditional forms of entrepreneurship and, similarly, what the linkages between commercial and social entrepreneurship are. Still today, these unresolved matters largely hamper research on this phenomenon. It is difficult to say what should be done in order to move the field of social entrepreneurship research forward because there are so many unsolved and often conflicting suggestions. For example, some researchers call for the need to define social entrepreneurship more narrowly (e.g. Bornstein 2004; Robinson 2006; Martin & Osberg 2007) whereas other researchers state that a narrow definition will make research too narrow and exclusive (e.g. Light 2006). Moreover, some researchers claim that we need to apply better defined theories that help to identify more precisely what social entrepreneurship consists of (Pfeffer 1993), while others say that rather than building theory, social entrepreneurship should be explored through already existing theories on entrepreneurship and to investigate how existing theories apply to socially related phenomena (Dacin et al. 2010). Others suggest that we need to explain what the distinctive role of social entrepreneurship in the economy is and explicate how it is different from other forms of entrepreneurship (Santos 2012) while yet others do not see the need for such boundary-setting (Christie & Honig 2006; Mair & Marti 2006a). Despite such shortcomings and challenges within social entrepreneurship research, it has nevertheless been defined as an important field, if not the mainstream agenda, for

Notwithstanding the debate on the definition of social entrepreneurship, it is the opinion of this paper that it is not necessary to come up with an all-encompassing definition (nor theory) because the nature of social entrepreneurship is always context-dependent and unique. Nevertheless, to conclude this chapter, a definition of social entrepreneurship in the Islamic context that crystallized throughout the research process may be expressed as follows; Social entrepreneurship in the Islamic context consists of the collective actions of individuals, organizations and the state that cannot simply be separated each from the other, embedded as it is in religion through it being in effect one of the pillars of Islam, dedicated to solving social problems, critical social need and the enhancement of social wealth.

2.2 Literature on Islamic philanthropy

This chapter will briefly discuss the literature on Islamic philanthropy. Understandably this stream of research is not as broad as within other forms of entrepreneurship. Nevertheless, there is a widely shared belief that philanthropy is a Western, or more specifically a European, institution of social mission (Bremer 2004). However, there is also a long and rich history of Islamic philanthropy in different parts of the world that has enabled the growth of many different kinds of institutions – social, educational, cultural and religious (Bremer 2004). Islamic philanthropy is based on the teachings of the Quran, which goes into detail about the finances of governance and what its role is, principally in what the Western world would call a system of social security. Modern forms of this Islamic philanthropy are to be found in the big Islamic relief agencies, such as the International Islamic Relief Organization, and the Red Crescent but have also given birth to numerous private religious charitable institutions.

The injunction to practice philanthropy in Islamic countries comes from the Quran. The most important of these is zakat. The concept of zakat as introduced in the Quran is ‘one of the major financial obligations which every Muslim has to pay once a year if fitting into Sahib-i-Nisab’, the minimum prescribed amount by Shariah Quran 9:60-9-103. Zakat is defined in the Quran as ‘a donation and an obligatory form of charity equal to 2.5 per cent of annual income on those who have resources remaining after meeting the basic requirements of their family’ (Alam 2008). In academic research, its main applications and impact have been defined as follows:
1. Having the primary goal of poverty eradication through wealth creation and fair redistribution (Oran 2009)
2. Zakat is an Islamic institution anchored within the Islamic economic system to cater for the social welfare of Muslims with the primary objective of eradicating poverty and ensuring the rightful recipients can achieve a minimum quality of life (Abu Bakar 2011)
3. A blessing, purification and increase in goodness where the wealth from which it is taken protects it from misfortunes; a fundamental principles that every eligible Muslim is bound to obey once a year (El-Gamal 2006)
4. An anti-poverty instrument for social-economic development: having negative impact on concentration of wealth and a positive impact on the circulation of funds (Suhaib 2009)

A zakat fund is considered to have the ability to transform the lives of the poor and the needy (Al Qardawi 1987). Suhaib (2009) points out that there is a significant relationship between zakat and social-economic development, as zakat diminishes the impact of a concentration of wealth and creates a positive impact on the circulation and distribution of funds. Thus, zakat can be seen as an important anti-poverty tool. In fact, zakat was utilized effectively early in Islamic history; between 717–720 A.D. when Omar ibn Abdul Aziz ruled an empire from Egypt to Central Africa. During his reign, it is understood that zakat was utilized to remove poverty from the Islamic world completely.

Zakat is mandatory for Muslims and the third of the five pillars of Muslim faith. Charitable giving is intended to narrow the social distance and reduce inequality within society (Alam 2008) and is a multi-dimensional and comprehensive aspect in Islamic societies (Sadeq 2002). In its most basic form, Islamic philanthropy can be regarded as one aspect of a poverty alleviation strategy or policy of a nation that intends to solve the roots of poverty. Alam (2008) states that it is impossible to estimate the total value of zakat. Alam does not, however, reason this claim further. The difficulty of measuring the scale of zakat donations lies in the fact that it is incumbent on the individual to effectively ‘self declare’ how much is due to be paid, according to the specific categories of zakat-able wealth. The type of collection or endorsement of the payment, as well as its timing, varies considerably, and until recently, there was no central fund or body to collate the total amount.

Added to this empirical fact is a general desire by most zakat payers for absolute discretion in the action. This is based on the principal of avoiding riyaa
(showing off) and to show *ikhlas* (sincerity) whereby only Allah knows when any good is being practised, thus establishing a measure of the individual’s *taqwa* (God-fearingness). In certain cases, the identity might be revealed if it will bring more interest to the community, but in general this is not the case. As such, it is impossible to calculate any reliable figure of the magnitude of annual *zakat* payments being made, as it is part of the nature of *zakat*-giving to preserve the identity of the *zakat* payer (as well as the amount given) as well as those receiving it. Despite these challenges that define the nature of *zakat* giving and receiving, its monetary value is huge and because of its continuous collection and distribution, *zakat* is considered to be an efficient tool for making quick visible improvements on society to reduce poverty. Nowadays people can donate their *zakat* to a *zakat* fund, an organization designed specially to handle the *zakat* money effectively and to maximize its social benefits. It is this relatively recent development – that of the *zakat* funds – institutions that seem to align more closely with an social entrepreneurial mindset.

There are clear determinants as to who is obliged to pay *zakat* as well as those eligible to receive *zakat*. A person needs to pay *zakat* when all his basic needs are fulfilled and when he has surplus income. However, if a person’s wealth falls below a certain level, he is considered to be a poor person and thus instead of paying *zakat*, he is entitled to receive *zakat*. There are also borderline cases where one cannot be considered poor enough to receive *zakat* but also not rich enough to be obliged to give *zakat*.

It is important to note that there are other methods of philanthropic action in Islam; for example, ‘*infak*’, which means giving something in addition to *zakat*, voluntary giving or a gift for a pre-defined purpose (Alam 2008). Another similar term is ‘*sadaqah*’, again additional to *zakat*, voluntary or discretionary charity (but not necessarily monetary) for a purpose that is not restricted (Alam 2008).

The uniqueness of *zakat* lies in the following facts: 1) it is mandatory for those who are entitled to pay *zakat*; 2) it takes place yearly (it uses the Islamic lunar year system); 3) it is limited to one geographical zone (i.e. local) and only after this local area is fully saturated can it expand beyond its geographical boundaries (thus it is gathered and distributed locally) and 4) the receiver evaluation is expected to happen at both the distribution level as well as the individual, self-conscious level – where it is common for receivers to refuse the grant or the entitlement of *zakat* according to their own perception of their financial position. It is also interesting to note that the evaluation of whoever is entitled to *zakat* is expected to happen at both distribution level as well as the individual self-
conscious level. It is also possible for receivers of zakat to refuse to receive it if they think they do not need it.

Nowadays, Islamic countries apply different approaches to collecting zakat. For example, Pakistan has tried to integrate zakat into its official taxation system, while in Jordan, giving zakat is voluntary with the government encouraging people to give zakat through tax concessions (Benthall 1998). In the Arabian Gulf countries, such as the UAE, where there is no taxation, zakat remains the religious obligation of every Muslim.

Previous literature on Islamic philanthropy and especially that concerning zakat is very scarce. There have been only a few studies done that mention zakat, most notably the works of Hassan (2006, 2010), Kahf (2006), and Bremer (2004). Bremer points out that the challenge for studying zakat is its lack of good governance and occasionally, even mismanagement.

2.3 Literature on institutional entrepreneurship

The stream of literature on institutional entrepreneurship is probably as broad as the research on social entrepreneurship but in order to limit the scope of this vast scholarly discussion, the research discussed in this chapter focuses only on the aspects closely related to social entrepreneurship, and thus does not mean to review the whole stream of literature on institutional entrepreneurship and its different forms throughout history.

Institutional entrepreneurship is a concept that stems from institutional theory (DiMaggio 1988). There are three main genres of research in this field: the role of individuals as institutional entrepreneurs (e.g. Mutch 2007, Rothenberg 2007, Svejenova, Mazza & Planellas, Zilber 2007; Santos 2012), the role of organizations as institutional entrepreneurs (e.g. Durand & McGuire 2005, Lounsbury & Crumley 2007, Wijen & Ansari 2007; Elmes et al. 2012) and the role of the state as institutional entrepreneur (e.g. Maguire & Hardy 2006; Child, Lu & Tsai 2007). The last mentioned genre is the least studied one, while the first-mentioned – that of individuals – dominates this field when it comes to the number of studies during the last two decades. However, the purpose of these three genres is nearly identical; that is, the focus on the role of the institutional entrepreneurs’ ability to undertake actions that promote social change and improvement.

While institutional studies in the 1980s (e.g. Eisenstadt 1980) focused mainly on the constraints under which institutional entrepreneurs operated, later studies on institutional entrepreneurship were more ambitious and rigorous as they aimed
to build a theory of institutional entrepreneurship based on institutional theory (Fligstein 1997). However, it was soon realized that such an attempt was easier said than done because of institutional theory’s lack of ability to account for the process of change. Research in early 1990s fared better in explaining the different extents of institutional entrepreneurship in a wider institutional transformation process (Brint & Karabel 1991; DiMaggio 1991; Leblebici, Salancik, Copay & King 1991; Holm 1995). Thus, despite the failure in developing an applicable and robust theory, research aimed at increasing an understanding of the complex phenomenon of institutional entrepreneurship. In the late 1990s, several researchers applied more behavioristic elements in their studies on institutional entrepreneurship (see Barley & Tolbert 1997; Fligstein 1997; Haveman & Rao 1997), and also applying political and strategic viewpoints (Beckert 1999; Clemens & Cook 1999; Hardy & Philips 1999).

In the early 2000s, research on institutional entrepreneurship started to become more comprehensive as it widened the scope of the unit of analysis to multiple organizational contexts (Phillips, Lawrence & Hardy 2000; Garud, & Jain & Kumaraswamy 2002; Greenwood, Suddaby & Hinings 2002; Lawrence, Hardy & Phillips 2002; Zilber 2002; Lawrence & Phillips 2004). In addition, during the last and current decade, numerous industry-specific analyses and the role of institutional entrepreneurship in their formation and development have been published; for example, on law firms (Sherer & Lee 2000), accounting (Greenwood & Suddaby 2006), gastronomy (Rao, Monin & Durand 2003; Rao, Monin & Durand 2005; Svejenova, Mazza & Planellas 2007), the entertainment industry (Anand & Watson 2004), healthcare (Maguire, Hardy & Lawrence 2004; Lockett, Currie, Waring, Finn & Martin 2012), environmental protection (Child, Lu & Tsai 2007; Rothenberg 2007) and emerging new technologies and innovations (Déjean, Gond & Leca 2004; Munir & Phillips 2005; Jain & George 2007; Wang & Swanson 2007; Kahl, Liegel & Yates 2012). The latest research has even further expanded the scope of institutional entrepreneurship by focusing on aspects such as social innovation (Ashta, Estapé-Dubreuil, Hedou & Bouerciou 2012).

As becomes evident in many of these aforementioned studies, institutional entrepreneurs shape their institutional contexts continuously in multiple ways (DiMaggio 1991; Dacin, Goodstein & Scott 2002; Scott 2007, 2005). As already established institutions are typically slow to change, institutional entrepreneurs are needed to speed up the change through the mobilizing of allies and key constituents (e.g. embedded agents, professionals and experts within the field), or the
development of alliances, cooperation and coalitions with important stakeholders. Thus, in order to be able to initiate and undertake change in a wider institutional setting, institutional entrepreneurs need to possess a diverse set of social skills and a social web with context-dependent tangible (e.g. financial assets), as well as intangible resources (e.g. social capital, legitimacy and formal authority) in order to do so (Leca, et al. 2008; Battilana, Leca & Boxenbaum 2009). The change process in institutional contexts also often involves the ability to bring two or more organizations together in order to solve complex or diversified problems (e.g. environmental issues), something that can further accelerate institutional entrepreneurship and create new ways of entrepreneurial thinking and collaboration (Phillips, Lawrence & Hardy 2000).

In fact, these multiple attributes of institutional entrepreneurs have received a great deal of attention in research on institutional entrepreneurship during the last decades. Leca and colleagues (2008) point out that a large number of these studies attempt to explain how actors can become institutional entrepreneurs in the first place, despite institutional pressures, and thereby resolve the paradox of what they call an ‘embedded agency’. By this they mean that institutional entrepreneurs are often helped onto the stage by enabling conditions (Strang & Sine 2002) that can be put into two broad categories; 1) the enabling role of field-level conditions and 2) the enabling role of the actors’ social positions.
2.4 Summary

The following table summarizes the main social and institutional actors that social entrepreneurship is dependent on.

Table 6. Social and institutional actors in modern economies affecting social entrepreneurship (adapted and re-printed with permission from “A positive theory of social entrepreneurship” by Santos (2012). Copyright © 2012 by Springer Science + Business Media; all rights reserved).

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Distinct role in economic system</th>
<th>Main institutional goal</th>
<th>Main logic of action</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/government</td>
<td>Centralized mechanism through which the infrastructure of the economic system is created and enforced (and public goods provisioned)</td>
<td>Defend public interest</td>
<td>Regulation</td>
</tr>
<tr>
<td>Charities, Philanthropy</td>
<td>Distribution mechanism through which economic outcomes are made more equitable despite uneven resource endowments</td>
<td>Support disadvantaged populations</td>
<td>Goodwill</td>
</tr>
<tr>
<td>Commercial entrepreneurship</td>
<td>Distribution mechanism through which society’s resources and skills are allocated to the most valued activities</td>
<td>Achieve competitive advantage</td>
<td>Control</td>
</tr>
<tr>
<td>Social entrepreneurship</td>
<td>Distribution mechanism through which neglected positive externalities are internalized in the economic system</td>
<td>Deliver sustainable solutions</td>
<td>Empowerment</td>
</tr>
</tbody>
</table>
3 Research methodology

3.1 Research methodology in social entrepreneurship research

The research methodology needs to match the subject and context of the study. Even though social entrepreneurship is often considered to be just one area of study of the wider entrepreneurship domain, it is important to note that it does not mean that both these research streams can benefit from the same methodological choices. First of all, social entrepreneurship research is often driven by curiosity (Seymour 2012). When looking at research on entrepreneurship during the last decades, it is not difficult to notice that the vast majority of the studies consist of complex statistical analysis. An illustrative discovery made by Chandler and Lyon (2001) was one in which they analyzed 416 scientific articles on entrepreneurship, and found out that the vast majority (78 per cent) of these studies used quantitative methods; mainly factor, correlation, regression, discriminant or cluster analysis. The minority of the studies that used a qualitative approach were carried out by a content analysis of documents, retrospective case analysis – including an event history analysis – or real-time case studies.

On the contrary, in social entrepreneurship research, the greater part of research seems to be qualitative research (74%), with the most typical method being case studies (60%), the data being collected through interviews (68%). The following table summarizes the main strategies found in 152 articles on social entrepreneurship.
Table 7. Methods and strategies of inquiry in social entrepreneurship research (reprinted with permission from “Social enterprise: Beyond economic outcomes and individual returns” by Short, Moss & Lumpkin (2009). Copyright © 2009 by the Strategic Management Society. Published by John Wiley & Sons, Ltd.; all rights reserved).

<table>
<thead>
<tr>
<th>Methods</th>
<th>Count (out of 80)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conceptual articles (N=80)</strong></td>
<td></td>
</tr>
<tr>
<td>Purpose:</td>
<td></td>
</tr>
<tr>
<td>Descriptive</td>
<td>30 of 80 (38%)</td>
</tr>
<tr>
<td>Explanatory</td>
<td>44 of 80 (55%)</td>
</tr>
<tr>
<td>Predictive</td>
<td>6 of 80 (7%)</td>
</tr>
<tr>
<td>Use of formal propositions</td>
<td>6 of 80 (8%)</td>
</tr>
<tr>
<td><strong>Empirical articles (N=72)</strong></td>
<td></td>
</tr>
<tr>
<td>Use of formal propositions of hypotheses</td>
<td>6 of 72 (8%)</td>
</tr>
<tr>
<td><strong>Qualitative methods total</strong></td>
<td>54 of 72 (74%)</td>
</tr>
<tr>
<td>Case study</td>
<td>43 of 72 (60%)</td>
</tr>
<tr>
<td>Grounded theory</td>
<td>8 of 72 (11%)</td>
</tr>
<tr>
<td>Discourse analysis</td>
<td>2 of 72 (3%)</td>
</tr>
<tr>
<td>Interpretive</td>
<td>1 of 72 (2%)</td>
</tr>
<tr>
<td><strong>Quantitative methods total</strong></td>
<td>16 of 72 (22%)</td>
</tr>
<tr>
<td>Descriptive statistics</td>
<td>14 of 72 (19%)</td>
</tr>
<tr>
<td>Correlations</td>
<td>6 of 72 (8%)</td>
</tr>
<tr>
<td>Regression</td>
<td>2 of 72 (3%)</td>
</tr>
<tr>
<td>SEM</td>
<td>2 of 72 (3%)</td>
</tr>
<tr>
<td>T-tests</td>
<td>1 of 72 (2%)</td>
</tr>
<tr>
<td>Ranking</td>
<td>1 of 72 (2%)</td>
</tr>
<tr>
<td>Cluster analysis</td>
<td>1 of 72 (2%)</td>
</tr>
<tr>
<td><strong>Method not specified total</strong></td>
<td>3 of 72 (4%)</td>
</tr>
<tr>
<td><strong>Data collection</strong></td>
<td></td>
</tr>
<tr>
<td>Interviews</td>
<td>49 of 72 (68%)</td>
</tr>
<tr>
<td>Secondary data</td>
<td>21 of 72 (29%)</td>
</tr>
<tr>
<td>Surveys</td>
<td>16 of 72 (22%)</td>
</tr>
<tr>
<td>Observation</td>
<td>10 of 72 (14%)</td>
</tr>
<tr>
<td>Source not specified</td>
<td>11 of 72 (15%)</td>
</tr>
</tbody>
</table>
Thus, it is clear that social entrepreneurship research differs from traditional entrepreneurship research when it comes to the research methods. There are many reasons for this. One reason is that by its nature, social entrepreneurship as a phenomenon is more complex than traditional entrepreneurship. As social entrepreneurs hold typically different ideals when compared to their for-profit counterparts, one can claim that social entrepreneurship in the domain of entrepreneurship is an outlier when it comes to its unique ability to re-arrange economic and social order. Thus, different methodologies must be utilized and because of the very unique settings of social entrepreneurship, the traditional trend in using quantitative methods in research is less applicable. Some researchers, such as Short and colleagues (2009) however, call for the use of more rigorous methods and hypotheses as well as theory testing in future studies of social entrepreneurship. In fact, they claim, and supported by Cummings (2007), that scholarly research in the social entrepreneurship domain will not develop and will not receive its appropriate legitimacy until theoretical relationships become more explicit, when research questions become theory driven or while data gathering and analytical methods are mainly quantitative (Cummings 2007; Short et al. 2009).

Other researchers argue too that applying quantitative methods, especially when it comes to theory testing research from a positivist epistemology should be called for with caution (Zahra et al. 2009; Lehner 2011) because of a lack of a generally accepted framework due to the nascent stage of social entrepreneurship research. Further support of this argument argues that generalization of the results found in social entrepreneurship research can be dangerous as the outcomes tend to be the interpretations of the researcher (Dey & Steyaert 2010; Hoogendoorn et al. 2010), especially in cases where social entrepreneurship is strongly linked to an individual who is often considered as a strong role model, thus lacking an objective viewpoint (Seelos & Mair 2005; Peredo & McLean 2006; Mair & Marti 2009; Nicholls 2010; Montgomery et al. 2012; Pless & Appel 2012). Perhaps Edmonson and McManus’ (2007) suggestion is therefore the most justifiable; that one needs to find a right balance based on the level of maturity of the theory and research in that domain in general as well as with the applied methods of the research, which they address as “the methodological fit”.

Social entrepreneurship as a field of research is still in its pre-paradigmatic state and lacks a common established epistemology (Kuhn 1963, 1996). Many researchers, such as Nicholls (2010) and Hervieux, Gedajlovic and Turcotte (2010) have highlighted the same issue in their studies on the legitimacy of social entrepreneurship as an academic field of study. Based on these findings, it is justified
to claim that because of the nascent nature of social entrepreneurship research, it leaves researchers with a lack of a generally accepted set of methodological choices. Therefore, the field may be characterized as being rather colorful. While some are grounded in subjective ontology and an anti-positivist epistemology starting point with a more voluntarist view of the human nature (see e.g. Burrell & Morgan 2005; Hervieux et al. 2010; Nicholls 2010; Steyaert & Dey 2010), other researchers use qualitative coding applications in their thematic analyses, mainly inspired by the studies of Denzin & Lincoln (2003) as well as Di Domenico, Haugh and Tracey (2010). A functionalist approach applied to social entrepreneurship research (see e.g. Short et al. 2009) has received wide criticism as a methodology due to its static approach leading to equilibrium where things are less likely or at least slow to change and as such does not give researchers the tools to explain, for example, social or institutional change. The functionalist paradigm has proved more suitable for research on traditional for-profit entrepreneurship (see e.g. Grant & Perren 2002; Burrel & Morgan 2005).

Probably the most daunting basic step for conducting research on social entrepreneurship is to decide how to measure and identify the practices (and outcomes) of social entrepreneurs and how to include their own perceptions of their actions (Seymour 2012). The researcher should not leave aside any of these aspects in order to understand the big picture. Research perspectives also influence a researcher’s understanding and experience of a society or market in which the social entrepreneurial activity takes place. This will be discussed further in the next sub chapter.

3.2 The importance of context in social entrepreneurship research

When discussing the challenge of methodological issues, it needs to be stated again that previous research on social entrepreneurship, and especially the most influential parts of that (e.g. Dees 1998; Seelos & Mair 2005; Mair & Marti 2006; Peredo & McLean 2006), have been written from within the Western frame and therefore methodological choices – or even definitions of social entrepreneurship – may not be suitable as such for studies in an Islamic context. This research attempts to bring social entrepreneurship in the Islamic context closer to Western research, which arguably needs to consider the role of religion more seriously as having a major role in the operating environment of some social entrepreneurs.

Social entrepreneurship research in the Western context often forgets to mention that social entrepreneurial ventures are operating in a very different environment
compared to those in more recently developed nations. Western countries have had a long start in creating an abundance of inclusive institutions, an ideal environment for social entrepreneurs to operate in. Beside the differing cultural, legal, economic, political, physical and technological environments, Mair and colleagues (2012) have added the important role of local institutions; those of customs and traditions, religion and social norms to this complex web, with Fligstein (2001) highlighting the role of formal institutions such as laws, property rights, and governmental regulations. Shrivastava (1994) further emphasises the importance of social networks as an important unit of analysis for social entrepreneurship research in these different contexts.

Elmes and colleagues (2012) argue that social entrepreneurship research needs to be grounded within its social context in order to be fully able to take into account the complex patterns of relationships, the political dynamism, histories, contested meanings and ecosystems that constitute a society; elements that also affect the success or failure of social entrepreneurs operating in that place. Mair and Marti (2006a) and Pache and Chowdhury (2012) concur and call this phenomenon ‘social embeddedness’ which, in a different context, can neither constrain nor enable socio-economic and cultural change. The importance of embeddedness is the understanding that social relationships influence human behavior and that economic activities must not be separated from the social environments in which they take place (Seymour 2012).

National strategies also play a central role in either facilitating or limiting the work of social entrepreneurs in different countries (Elmes et al. 2012). Local government, commercial enterprises, non-governmental organizations as well as community members also participate in different ways to facilitate social entrepreneurship (Elmes et al. 2012). A practical example is corporate social responsibility. In the West, ‘social giving’ as a form of corporate social responsibility has long been established (Jackson & Apostolakou 2010; Lindgreen & Swaen 2010) but the practice is still in its infancy in many developing countries (Jenkins 2005). In addition, a high level of bureaucracy in many developing countries is a powerful obstacle to social entrepreneurship.

In short, while Western countries typically have an already established, more inclusive, institutional environment in which social entrepreneurship can flourish, in many developing nations, such institutions can be either absent or weak. Some researchers call this phenomenon an ‘institutional void’ (Hajer 2003; Chakrabarty 2009; Mair & Marti 2009; Miller, Lee, Chang & Le Breton-Miller 2009; Mair et al. 2012). Such institutional realities can make or break market formation,
economic growth and the development of social entrepreneurial ventures, further reinforcing existing social inequalities that operate in such markets governed by local institutional arrangements (Rodrik 2007). Such institutional voids can however also occur in an environment of institutional plurality as an outcome of conflict or contradiction within local political, communal or religious domains (Mair et al. 2012). This underlines the fact that local realities cannot be neglected when studying social entrepreneurship in different contexts. The overcoming of market exclusion is paramount and the building of a more inclusive environment for social entrepreneurship is a prerequisite for social entrepreneurship to develop in developing countries. There are however a few notable studies that shed light on how to overcome such barriers and to build environment for social entrepreneurship to take place in institutionally complex environments (see e.g. Mair & Marti 2009; Elmes et al. 2012; Staak & Stoetter 2012).

The bias towards the Western paradigm by Western researchers may quite easily overlook the fact that social entrepreneurship can place even in environments that lack formal institutions. The modus operandi in such settings is to rely on more informal networking, like ‘guanxi’ in China and the similar ‘wasta’ in Arab countries (Cunningham & Yasin 1993; Davies, Leung, Luk & Wong 1995; Xin & Pearce 1996; Park & Luo 2001; Hutchings & Weir 2006).

In discussing the Islamic context, the key institutional configurations and dynamics that differ from the Western context need to be identified (Mair et al. 2012). First, the nature of Islam is perhaps the most visible and important issue. Islamic faith remains the foundation for law, customs, practices and traditions within which social entrepreneurship – as well as any form of venture – is bound. In social dealings, informal institutions such as wasta help to fill some institutional voids.

3.3 Research strategy and approach

When thinking of the setting for this research, it was important to build the theory and the data collection process so that it enabled continuous learning.
Table 8. Basic beliefs of alternative research paradigms (re-printed with permission from “Handbook of research methods on social entrepreneurship” by Seymour (2012). Copyright © 2012 by Edward Elgar Publishing Ltd; all rights reserved).

<table>
<thead>
<tr>
<th>Issue</th>
<th>Positivism</th>
<th>Postpositivism</th>
<th>Interpretive phenomenology</th>
<th>Critical theory</th>
<th>Constructivism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td><strong>Naive realism:</strong> 'real' reality but apprehendable</td>
<td><strong>Critical realism:</strong> 'real' reality but only imperfectly and probabilistically apprehendable</td>
<td><strong>Our activities are primordial, familiar and not grasped theoretically.</strong></td>
<td><strong>Historical realism – virtual reality shaped by social, political, cultural, economic, ethnic and gender values crystallized over time</strong></td>
<td><strong>Relativism – local and specific constructed realities</strong></td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td><strong>Dualist/ objectivist:</strong> findings true</td>
<td><strong>Modified dualist/ objectivist; critical tradition/ community; findings probably true</strong></td>
<td><strong>Care and solicitude</strong></td>
<td><strong>Transactional/ subjectivist; value-mediated findings</strong></td>
<td><strong>Transactional/ subjectivist; created findings</strong></td>
</tr>
<tr>
<td><strong>Axiology</strong></td>
<td><strong>Propositional knowing about the world is an end in itself, is intrinsically valuable</strong></td>
<td><strong>Propositional, transactional knowing is instrumentally valuable as a means to social emancipation, which as an end in itself, is intrinsically valuable</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Methodology</strong></td>
<td><strong>Experimental/ manipulative; verification of hypotheses; chiefly quantitative methods</strong></td>
<td><strong>Modified experimental/ manipulative; falsification of hypotheses; may include qualitative methods</strong></td>
<td><strong>Hermeneutic phenomenology (based on the writings of Heidegger)</strong></td>
<td><strong>Dialogic/ dialectic</strong></td>
<td><strong>Hermeneutic/ dialectic</strong></td>
</tr>
</tbody>
</table>
This research fits none of these abovementioned categories perfectly through its religious focus. However, it applies certain elements of constructivism (e.g. the importance of local context on the constructing of reality) as well as critical theory (i.e. that reality is shaped by social, political, cultural, economic, ethnic and gender values over time). As this research aims to investigate especially state-led social entrepreneurship, it was important to build research strategy very carefully in order to capture the multidimensional scope of it.

Overall, this study utilizes an exploratory perspective and all three papers have employed a qualitative approach (Bryman 1988; Patton 1990). Primary empirical data for all three papers was gathered via in-depth interviews with multiple informants (senior officials in the GCC countries), in key, socially oriented ventures. In addition, secondary empirical data was gathered through analysis of publicly available documents, statistics and academic research. A case study was used in the third paper, the recommended method for issues involving complex issues (Yin 2003), concerning institutional entrepreneurship in Abu Dhabi.

While there is plenty of research on social entrepreneurship, there are severe shortcomings within the Islamic context. In general, there is lack of empirical research on both national and international levels and as there are still many undiscovered or scarcely researched topics that fall within this theme and therefore less well understood, such research is needed, particularly the collection of rich sets of qualitative data and case studies.

The first challenge for a developing a proper strategy for this research was to find a suitable approach due to the religious aspects of the study. However, the expression ‘religious study’ may cause some concern, as the word ‘study’ in a scholarly sense can be problematic in the Islamic context. Also, the researcher’s personal faith can be challenging for the research, as beliefs are often left out in the Western context. However, it is the opinion of this author that the religious aspect should be incorporated into the identifying of objective, scientific, nonbiased studies of religion; personal belief being a necessary piece in the puzzle.

When it came to methodological choice, at first it seemed potentially suitable to find out how other researchers dealing with the religious aspect positioned their studies and formed their research strategy. There are indeed many studies that highlight the role of religion in the transformation process of an economy (e.g. Girma 2010; Deneulin & Rakodi 2011). It was interesting to note that when it comes to the methodology of these studies, several of them had benefited from hermeneutics as a research method. Based on this finding, the next step was to
identify how and why hermeneutics was used as a research method and to see if it could be utilized in studies in the Islamic context.

Hermeneutics is an ancient discipline, first applied in the field of theology in order to structure the rules and procedures that an interpreter is expected to follow in understanding religious texts. This was so, either because the original text was in a different language or the language had undergone a gradual change since it had been written, rendering it difficult to understand by contemporary society.

Such an interpretation remained extant until 1654 and in fact can still be found, specifically amongst the Protestants. The contemporary definition however has adopted much broader applications and has shifted from the field of theology to the much more inclusive fields of the human sciences; history, sociology, social anthropology, aesthetics, linguistics and folklore.

Nevertheless, originally, hermeneutics was born out of the need in previous eras to attempt an understanding of written texts. The fact that Islamic scholars have not seen it applicable when dealing with Islamic texts needs to be explained further. To those familiar with the Quran and the Islamic religion, the application of hermeneutics to studying the Quran is a rather absurd idea in the first place, for the following reasons at least. Firstly, since the Quran was revealed in Arabic; a language which has not changed in its written or spoken forms and is as easily understandable today as it was when the Quran was revealed, does not stand in need of hermeneutics for its comprehension. Secondly, Arabic is understood to be the chosen language of the Quran by which Allah has safeguarded it. The Quran, therefore, is in itself the authoritative reference of the Arabic language. Hence, there is absolutely no dispute or difficulty in comprehending the language in which the Quran was revealed 14 centuries ago. If for the sake of argument, we accepted the possibility of employing hermeneutics to Quranic text – while simultaneously and categorically rejecting this proposal – how would it be possible to explain a text in which Allah categorically states that He only understands? As it is written in Ali Imran v.7:

…but none knows its hidden meanings save Allah

Thirdly, the Sahaba (companions of the Prophet) conveyed the tafseer (translation methodology) to us from the Prophet. That which they were unable to comprehend or did not explain, despite their being pillars of the language and the most proficient in it, cannot be explained by those succeeding them as they would be deemed to be less able and less knowledgeable.
There are four manners of *tafseer* according to Ibn Jarir:

- That which is understood by the Arabs via the Arabic language.
- That which no one is excused of being ignorant of.
- That which is known by the scholars.
- And that which is known only to Allah.

To summarize, the non-applicability of hermeneutics to research in the Quran is based on the fact that a statement of Islamic faith is not dependent for its comprehension on any methodology that is foreign to its own semantics and principles. Definitions – including hermeneutical ones – have an inherent cultural and ideological origin, indicative of their own, particular, constituent principles and ideas. It cannot be expected that when faced with an opposing ideological application, a faith would abandon the environment that spawned it. It cannot be said that the historical evolution of hermeneutics presented above disabuses this sentiment, because it evolved through the hands of philosophers and thinkers who were a part of that very society. Secondly and more importantly, *wahy* (revelation) originates from Allah, while hermeneutics flows from the proportional understanding and involvement of the author. While this is acceptable in the context of human beings it is impossible for Allah.

The following table outlines the basis of this research from the spectrum of the subjective and objective approaches (Morgan & Smircich 1980).
Table 9. The subjective vs. objective poles of research within social sciences (re-printed with permission from “The case for qualitative research” by Morgan & Smircich (1980). Copyright © 1980 by Academy of Management; all rights reserved).

<table>
<thead>
<tr>
<th>Subjectivist approaches to the social sciences</th>
<th>Objectivist approaches to the social sciences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core ontological assumptions</td>
<td></td>
</tr>
<tr>
<td>Reality as a projection of human imagination</td>
<td>Reality as a social construction</td>
</tr>
<tr>
<td>Reality as a realm of symbolic discourse</td>
<td>Reality as a contextual field of information</td>
</tr>
<tr>
<td>Reality as a realm of symbolic discourse</td>
<td></td>
</tr>
<tr>
<td>Reality as a concrete process</td>
<td></td>
</tr>
<tr>
<td>Assumptions about human nature</td>
<td></td>
</tr>
<tr>
<td>Man as pure spirit, consciousness, being</td>
<td>Man as a social constructor, the symbolic creator</td>
</tr>
<tr>
<td>Man as an actor, the symbol user</td>
<td>Man as an information processor</td>
</tr>
<tr>
<td>Man as an actor, the symbol user</td>
<td></td>
</tr>
<tr>
<td>Basic epistemological stance</td>
<td></td>
</tr>
<tr>
<td>To obtain phenomenological insight, revelation</td>
<td>To understand how social reality is created</td>
</tr>
<tr>
<td>To understand patterns of symbolic discourse</td>
<td></td>
</tr>
<tr>
<td>To map contexts</td>
<td>To study systems, process, change</td>
</tr>
<tr>
<td>Some favored metaphors</td>
<td></td>
</tr>
<tr>
<td>Transcendental Language game, accomplishment, text</td>
<td>Theater, culture</td>
</tr>
<tr>
<td>Symbolic analysis</td>
<td>Cybernetics</td>
</tr>
<tr>
<td>Contextual analysis of Gestalten</td>
<td>Organism</td>
</tr>
<tr>
<td>Research methods</td>
<td></td>
</tr>
<tr>
<td>Exploration of pure subjectivity</td>
<td></td>
</tr>
<tr>
<td>Hermeneutics</td>
<td></td>
</tr>
<tr>
<td>Symbolic analysis</td>
<td></td>
</tr>
<tr>
<td>Historical analysis</td>
<td></td>
</tr>
</tbody>
</table>

This above classic subjective-objective continuum can also be applied to social entrepreneurship research. The following table goes into more detail regarding the choices of the research approach based on the researcher’s philosophical priorities.
<table>
<thead>
<tr>
<th></th>
<th>Objectivist approaches</th>
<th>Subjectivist approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Researcher’s view of reality</strong></td>
<td>Objectivists: treating everything as an object in the world, or as relations between such objects, exclusively (Skjervheim 1974) Reality is a concrete structure or process, with humans responding (or at least adapting) to that reality in a machine-like manner (Morgan &amp; Smircich 1980) The object is perceived as having an intrinsic or inherent character that can be studied independently of any perceiving subject (noumena) Researchers focus on what lies beyond the realm of appearances, with a detached attitude of contemplation prioritized.</td>
<td>Reality is a projection of human imagination (or a social construction) and that humans are pure spirit constructing reality (Morgan &amp; Smircich 1980). We cannot know the noumena (the things as they are really themselves) but only the phenomena (what our synthesising cognition makes of the things). Researchers focus on an individual’s internal data or processing given to a subject.</td>
</tr>
<tr>
<td><strong>Business researchers</strong></td>
<td>Structures are seen to be independent of any one agent, such as governance structures, labor and product markets, frameworks of regulations, and firm resources (to name but a few)</td>
<td>Rules and principles cannot exist independently of the people they constrain. Researchers explore consciousness, experience, ego, self and psyche. Data consists of organizational stories, legitimating constructions and identity constructions.</td>
</tr>
<tr>
<td><strong>Classic studies</strong></td>
<td>The vast majority of business research has taken such objectivist priorities for example Penrose’s (1959) resource-based view of the firm.</td>
<td>Pettigrew’s (1973) process approach to information management and the Austrian School of Economics (e.g. von Hayek 1945).</td>
</tr>
</tbody>
</table>
Objectivist approaches applied to social sciences tend to view reality as a concrete structure or process, to which humans respond – although to different extents (Morgan & Smircich 1980). The ontological claim behind this approach is that reality consists of context-free, independent substances that allow a detached attitude of contemplation and that the truth lies beyond the realm of appearances and perceptions, beyond the world of lived experience (Seymour 2012). The objective approach in typical business or organizational research focuses on analyzing structures that are viewed as independent of any one agent (such as governance structures, labor and product markets, market regulations, and the firm’s resources and capabilities). There are many famous studies that are largely based on objectivist perspectives, among them are Porter’s Five Forces Frameworks and Penrose’s resource-based view of the firm. In fact, the vast majority of research in entrepreneurship and social entrepreneurship utilizes objectivist approaches (Grant & Perren 2002).

Subjective approaches, on the other hand, focus on prioritizing the subject of the research over the object when exploring, for example, consciousness, experience, ego, self and psyche (Seymour 2012). The ontological assumption in the subjectivist perspective presumes that reality is a projection of human imagination or a social construction (Morgan & Smircich 1980). Thus, the subjectivist approach claims that one cannot perceive surrounding things as they truly are but only the phenomena that surround it.

The subjective approach in business and organization research often utilizes organizational stories, issues concerning the construction of legitimacy, or (organizational) identity and decision-making (Seymour 2012). The subjectivist perspective implies that rules and principles cannot exist independently of the business, people, or social entrepreneurs they constrain (Seymour 2012).

Placing the three papers of this research on the subjective-objective continuum is somewhat difficult. As the three research papers have been co-authored with Western researchers, finding a perfect match for the research philosophy was a challenge. The Western colleagues found certain research philosophy, its methods and epistemology suitable for the overall theme of the research. However such approaches and methods were not always suitable from the author’s own perspective and philosophy. Sometimes the mixed epistemic groundings caused one party or the other to “not get the point”, typical in research groups involving researchers from multiple backgrounds (Forrest 2013). Therefore, the philosophical approach in all three papers is a somewhat mediated mixture. Naturally, Western philosophy in research is more suitable for the first and third papers, as their themes are more
Western-oriented than ideas deeply rooted in the Islamic faith, which is the case of the second paper. The first and the third papers are leaning more towards the objective pole of the continuum on Table 9, viewing reality as a concrete process and man as an adaptor, which was needed to understand the systems and processes of change (e.g. in the actions of social entrepreneurs). The second paper, on the other hand, does not sit nicely anywhere on this continuum because of its religious positioning in Islam. While there is generally very little or no information regarding “Islamic research philosophy” available in research methodology books, the author had to juggle between concepts of Western research philosophy but interpret and use them according to his own ideas and worldview; one based on Islamic faith.

When discussing the epistemology of religion, certain schools of Western thought imply that a religious belief is justified only if there is conclusive evidence for it (Forrest 2013). However, in some religious spheres, such as in Islam, people tend to rely on individual religious belief, “faith”, one that ignores questions as to whether faith accounts for knowledge or whether it can be considered scientific knowledge. There is also a Western school of thought on the idea of so called ‘reformed epistemology’, meaning that belief in God does not need the support of evidence to make it rational for the believers (Clark 2004). This applies to Islamic faith as believers are not expected to prove everything or contest the rationale of their faith. The Islamic faith is manifested in the teachings of the Quran that was revealed to the prophet Muhammed. The epistemology of Islamic faith, based as it is on the Quran, lies in the fact of there having been a few brilliant individuals (i.e. Prophets) who were capable of understanding the entire subject matter of a given science and who were able to encode the holy message. Ordinary people are considered incapable of possessing that kind of knowledge (Ivry 2012). For Muslims, the teachings of Quran form a taken-for-granted belief system (Scott 2005; Suchman 1995) as the one and only correct guideline for life, that can never be questioned. It follows suit that such a religious world-view also defines any Muslim scholar’s epistemology when it comes to research within a religious context. It is also held quite probable that the ‘insider view’ might reveal things not easily apprehendable by others.

3.4 Empirical research, data collection and analysis

The starting point in designing the empirical study for the three papers was to make sure that the data was gathered in a way suitable to the Islamic context. In addition, due to the lack of previous research in this context, as well as the need to
gather the best data possible, it was decided that using a deductive approach with heuristic methods to approach the topic through experience-based techniques for problem-solving, such as trial and error and intuition would be the best. As the context of these three papers is very much Arabic and Islamic, it could not be taken for granted that social entrepreneurship and its terminology were suitable in the Islamic context, despite a strong intuition from personal experiences that social entrepreneurship did exist in some form within the Islamic context. Preliminary interviews were undertaken to explore a suitable theme and mode of approach and to see whether the theme needed to be remodeled. After an initial round of interviews, heuristically, more defined research questions were formed after analyzing and interpreting existing theories on social entrepreneurship.

It took several months to create network contacts in the GCC countries but the use of existing contacts was helpful in defining the right people to interview. In the early phase of this research, the scope of the thesis was rather vague; the idea of focusing on different forms of social entrepreneurship becoming clearer after the first round of interviews. By the end of the last round of interviews, the chosen focus on social entrepreneurship as an important feature of Islamic society was fully justified.

Formal data collection began with a first round of interviews in 2010. Even though the interviews were not audio-recorded, field notes were taken in Arabic. All interviews were conducted either at the premises of the organizations where the interviewees worked or in the homes of informants. The interview technique used open-ended, in-depth, non-directive and unstructured questions to gather data about the socially oriented ventures – focusing on their origins, rationale, resources, strategy, funding and marketing activities as well as their vision and any major problems along their development path.

After the first round of interviews, it was important to make sure that all informants were willing to participate in the following rounds of interviews and to commit their time for the purposes of this research not to mention getting permission to have access to secondary and electronic data (that in some cases, especially that used in the third paper was to some degree confidential). In addition, most interviewees suggested other secondary data for the research, such as brochures, statistics reports and annual reports. Thus, both primary and secondary sources of data were utilized in the research process that also required methods for collating the multiple data.

During the subsequent second and third rounds of interviews, informants were asked to go into more detail regarding their experience of running social ventures
discussed in the first round of interviews. In order to obtain as rich a data as possible from the interviews, probe questions were used to focus on obtaining more detailed information about activities, resources, people and connections (including *wasta*), and how these aspects were perceived in the day-to-day as well as in historical development of the organizations. In this way, the interviews offered the author a unique opportunity to observe both present day and historical issues in the Islamic context. The significance and originality of the research, conducted by a fellow member of the same Islamic society (Liamputtong 2010) promises outcomes less easily obtained by outside researchers. The data collection process will now be looked at in more detail.

Data for the case studies for the first paper was collected through 3 rounds of interviews in Finland and the UAE. The first round of interviews involved use of focus group discussions (8 informants in the UAE focus group and 6 informants in the Finland group). After the findings were discussed with the facilitator (1) and non-participant observers (2), one person from each focus group (informant 1 and 2) was selected to represent two individual cases of social entrepreneurs; one in the Finnish-Bangladesh context and the other in the Islamic (UAE) context.

**Table 11. Interview summary for paper I.**

<table>
<thead>
<tr>
<th>Country</th>
<th>Interviewees</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>Focus group 1</td>
<td>4 hours</td>
</tr>
<tr>
<td></td>
<td>8 informants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informant 1</td>
<td>6 hours (2 interviews)</td>
</tr>
<tr>
<td>Finland</td>
<td>Focus group 2:</td>
<td>3 hours</td>
</tr>
<tr>
<td></td>
<td>6 informants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informant 2</td>
<td>5 hours (2 interviews)</td>
</tr>
<tr>
<td>Total</td>
<td>16 informants</td>
<td>18 hours</td>
</tr>
</tbody>
</table>
Table 12. Interview details of paper I.

<table>
<thead>
<tr>
<th>Purpose (1st round of interviews)</th>
<th>UAE</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The purpose of the focus group was to explore the theme on female entrepreneurship in the UAE context.</td>
<td>The purpose of the focus group was to explore the theme of social entrepreneurship with commercial focus in the Finnish-Bangladesh context.</td>
</tr>
<tr>
<td>Objective (2nd and 3rd round of interviews)</td>
<td>The interviews with individual entrepreneurs were needed to obtain more detailed information about the case, context and financing of female entrepreneurship through the Khalifa fund and the outcomes and challenges for female entrepreneurs.</td>
<td>The interviews with individual entrepreneurs were needed to obtain more detailed information about the case, the context, the outcomes and challenges of entrepreneurship in Bangladesh and commercial benefits.</td>
</tr>
<tr>
<td>Primary data</td>
<td>Focus group and participant observation, questionnaires, in-depth interviews</td>
<td>Focus group and participant observation, questionnaires, in-depth interviews</td>
</tr>
<tr>
<td>Length of interviews</td>
<td>15 hours</td>
<td>10 hours</td>
</tr>
</tbody>
</table>

The data collection for papers II and III consisted of three rounds of interviews. In the initial round of interviews, the purpose in these two papers was to test the theme (Islamic social entrepreneurship and institutional entrepreneurship, respectively) and whether they were sufficient to allow relevant empirical data to be gathered. The interviewees proffered a number of supportive statements to the effect that social entrepreneurship was indeed practiced in Islamic countries without the word “social entrepreneurship” or “social entrepreneur” being used in that reference. Instead, the interviewees often mentioned “agencies with social mission”, “charities with innovative approaches” and “resource mobilization” in those operations and that certain concepts and practices (such as zakat) required a form of social entrepreneurship. Such practices had indeed become an institutionalized part of Islamic society and in order for such institutions to be efficient they needed to be run by the state or to have strong legitimate organization. The interviewees also seemed to agree on the fact that without entrepreneurship (regardless of its form), there would be no real benefit for the society. The initial interviews consisted of face-to-face interviews with senior officials. These interviews were conducted between 2010–2012 in Abu Dhabi, Qatar and Kuwait. Each interview lasted between 1–3
hours and the language of interviewing was Arabic, the mother tongue of both the interviewer and the interviewees.

The second paper explores a rich collection of data gained through interviews. The interviewees were GCC nationals from Abu Dhabi, Kuwait and Qatar who work for zakat funds (founders, CEOs, directors and managers). These three countries were selected for analysis, because they share a similar socio-economic background and setting (approximately the same population and close physical proximity) and due to their well-established zakat fund organizations, they provided the means for gathering data. In order to gain the trust of the interviewees and to get as rich a data as possible, it was decided that all interviews should be in-depth, non-directive and unstructured. The following table summarizes the interview process.

### Table 13. Interview summary for paper II.

<table>
<thead>
<tr>
<th>Country</th>
<th>Interviewees</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat fund, Qatar</td>
<td>Informant 1</td>
<td>10 hours (3 separate interviews)</td>
</tr>
<tr>
<td></td>
<td>Informant 2</td>
<td>7 hours (3 separate interviews)</td>
</tr>
<tr>
<td></td>
<td>Informant 3</td>
<td>4 hours (2 separate interviews)</td>
</tr>
<tr>
<td>Zakat fund, UAE</td>
<td>Informant 4</td>
<td>3 hours</td>
</tr>
<tr>
<td></td>
<td>Informant 5</td>
<td>2 hours</td>
</tr>
<tr>
<td>Zakat fund, Kuwait</td>
<td>Informant 6</td>
<td>3 hours</td>
</tr>
<tr>
<td>Total</td>
<td>6 informants</td>
<td>29 hours (11 interviews)</td>
</tr>
</tbody>
</table>

These first round of interviews aimed to identify the nature of the zakat funds in Abu Dhabi, Qatar and Kuwait. These were supported with two more rounds of interviews that were needed in order to obtain a more profound idea of the zakat fund and its role. The following table summarizes the three rounds of interviews, their purpose and details.
Table 14. Interview details of paper II.

<table>
<thead>
<tr>
<th></th>
<th>Qatar</th>
<th>UAE</th>
<th>Kuwait</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose (1st round</strong></td>
<td>Identification of the nature of Zakat fund in Qatar and its historical development</td>
<td>Identification of the nature of Zakat fund in the UAE and its historical development</td>
<td>Identification of the nature of Zakat fund in Kuwait and its historical development</td>
</tr>
<tr>
<td>of interviews)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>To obtain a deeper view of Zakat fund and its current applications in Qatar (3 rounds of interviews)</td>
<td>To obtain a deeper view of Zakat fund and its current applications in the UAE (2 rounds of interviews)</td>
<td>To obtain a deeper view of Zakat fund and its current applications in Kuwait (1 round of interviews)</td>
</tr>
<tr>
<td><strong>Primary data</strong></td>
<td>8 preliminary interviews with senior officials</td>
<td>2 interviews with senior officials</td>
<td>1 interview with senior official</td>
</tr>
<tr>
<td><strong>Length of interviews</strong></td>
<td>3–4 hours each</td>
<td>2–3 hours each</td>
<td>3 hours</td>
</tr>
<tr>
<td><strong>Cumulative number of interviews</strong></td>
<td>8</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

As in the second paper, three rounds of interviews were also conducted for the third paper. These interviews were conducted with 15 senior officials in charge of different, key organizations in Abu Dhabi. Each round consisted of face-to-face interviews that lasted between 1–3 hours. The following table summarizes the interview process.

Table 15. Interview summary for paper III.

<table>
<thead>
<tr>
<th></th>
<th>Interviewees</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Round 1</strong></td>
<td>15 informants</td>
<td>35 hours</td>
</tr>
<tr>
<td><strong>Round 2</strong></td>
<td>15 informants</td>
<td>28 hours</td>
</tr>
<tr>
<td><strong>Round 3</strong></td>
<td>15 informants</td>
<td>15 hours</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15 informants</td>
<td>78 hours</td>
</tr>
</tbody>
</table>

There were three rounds of interviews with 15 senior officials in Abu Dhabi, thus 45 interviews in total. The purpose of the first round of interviews was to understand the general structure and nature of Abu Dhabi’s historical development and the role of the leaders and the state (focusing mainly on Sheikh Zayed’s era). The second round of interviews then was a more focused understanding of the current development of Abu Dhabi (after Sheikh Zayed) and any institutional developments
in Abu Dhabi. The final round of interviews was needed to understand how the three different eras had come together and how the role of the leaders and the state had become more embedded during the last decades. The following table summarizes the three rounds of interviews, their purpose and details.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Round 1</th>
<th>Round 2</th>
<th>Round 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of the nature of Abu Dhabi’s historical development (Fall 2011)</td>
<td>To obtain a deeper view of Abu Dhabi’s development especially during Sheikh Khalifa’s and Sheikh Mohammed’s era. (Spring 2012)</td>
<td>To understand the most recent development of Abu Dhabi and future development projects (Autumn 2012)</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>To understand the general structure and nature of Abu Dhabi’s historical development and the role of leaders and the state (Sheikh Zayed’s era)</td>
<td>To understand the current development and what makes the development of Abu Dhabi institutional</td>
<td>To understand how the different eras have come together and how the role of the leaders and the state has become more embedded during the last decades. In addition, the findings of the paper were discussed with each of the interviewees in order to improve the validity of the data</td>
</tr>
<tr>
<td>Primary data</td>
<td>15 preliminary interviews with senior officials</td>
<td>15 interviews with senior officials</td>
<td>Final round of interviews was held with 15 senior officials</td>
</tr>
<tr>
<td>Presentations</td>
<td>The paper was presented at the International Conference on Excellence in Business Conference at University of Sharjah, UAE on May 9–10, 2012</td>
<td>The paper was presented at McGill International Entrepreneurship Conference at the University of Pavia, Italy on September 21–23, 2012</td>
<td></td>
</tr>
<tr>
<td>Cumulative number of interviews and informal discussions</td>
<td>15</td>
<td>30</td>
<td>45</td>
</tr>
</tbody>
</table>
3.5 Validity of the results

The validity of the findings are typically considered in terms of construct validity, internal validity, external validity (generalizability) and reliability (Seymour 2012). In order to increase the validity and rigor of research, a number of conventional and unconventional approaches are available. For example, interpretivist researchers may verify any conclusions by considering any of the following aspects;

1. Authenticity: seeking to ensure fairness for stakeholders, the critical intelligence and capacity to engage in moral critique, and ‘actionable’ outcomes and opportunities for research participants (Lincoln & Guba 2003)
2. The crystal metaphor: that supposes a crystal’s growth and change, reflection of externalities and self-refraction as an appropriate metaphor as ‘what we see depends upon our angle of repose. Not triangulation, crystallization’ (Richardson 2003)
3. The ethical relationship and understanding between the researcher and research participants (Lincoln & Guba 2003)

These conceptualizations have been widely used, especially in case study research (Maxwell 1992). In fact, Maxwell’s directions on how to ensure theoretical, descriptive, interpretive and evaluative validity, as well as recognizing the limits of external generalizability seems to be one of the most notable researches among qualitative researchers.

Seymour (2012) goes into more detail on how to ensure rigor in social entrepreneurship research. He lists the following procedures as the most important:

1. Theoretical validity can be addressed through the use of both the organizing framework (for example the system’s view of creativity) and the theoretical lense (for example social exchange theory), ensuring that the concepts themselves and relationships amongst those concepts are valid.
2. Descriptive validity can be addressed through the use of interview recordings and transcriptions; multiple interviews with all involved in the innovation process; the use of the ‘coding frame’ to standardize terminology developed throughout the research project; the use of multiple researchers to code the transcripts, and the avoidance of quasi-statistics.
3. Interpretive validity can be addressed by the use of consistent research methodology, which ensures a clear framework for the analysis of objects/equipment, work and social projects undertaken by participants.

4. Particularly with respect to case study research projects: external validity (generalizability) can be addressed with appropriate data selection, in particular for their potential to yield theoretical insights, the use of multiple informants, multiple sources of data, and care to avoid specific calls for widespread generalizability in other contexts.

5. Evaluative reliability can be addressed through the avoidance throughout the research project of subjective ‘value statements’, except where subjective perceptions are required. For example, the subjective consideration of value and exchanges is considered to be validly included in this analysis, whereas the objective analysis of episodes of innovation is prioritized over the subjective perceptions of participants. The use of a coding frame and glossary are integral to this effort.

As discussed earlier, this research utilized both primary and secondary data. To validate the results, multiple data collection methods were used to triangulate the collected data. Triangulation was an important part of the validation process in order to strengthen the persuasiveness of data, enhancing the overall validity of findings and accuracy of data for the conclusions. In addition, a crystallization of the results was needed, for as Richardson (2003) indicates, reality is dependent on the researcher’s viewpoint. The writer had the privilege to work together with co-authors and colleagues, mainly from a Western background. Thus, the reality constructed by each researcher was somewhat different, especially when it came to constructing the second paper. Nevertheless, the different backgrounds provided a more valid academic result as the results needed to be valid from both the Western and Islamic scholarly perspectives. Working in such a cross-cultural team had other advantages. It was crucial for example in the design of each element of the research, especially in developing the theoretical and conceptual frameworks to be used, as well as in choosing the research methodologies to ensure the validity of approach. The author, having a similar socio-cultural background with most of the interviewees, had the natural advantage in getting access to informants and conducting the interviews to ensure an authentic and ethical relationship with the research participants. The research team was indispensable when it came to coding the interviews to avoid any home-blindness resulting from being too close to the subject of study and thus potentially over-subjective value statements. Thus, coding
frames (categorizations of expressions of most important themes) were developed
together with the co-authors to ensure that the terminology and concepts used by
the interviewees were appropriate and unbiased.

In the second paper, the research process involved translating religious texts
from the Quran. This process was done with special focus on keeping the language
as accurate as possible. Liamputtong (2010) and Sekaran and Bougie (2010)
point out that when conducting cross-cultural research where different languages
are spoken, it is important to ensure that the translation of the instrument to the
local language matches accurately to the original language. Sekaran and Bougie
continue by saying that the instrument should be first translated by a local expert.
This process is called forward translation (Brislin 1970). After that, it needs to go
through a process called back translation (Brislin 1970) where another bi-lingual
expert should translate it back to the original language and make sure that the
vocabulary still has its equivalency (Sekaran & Bougie 2010). Also the application
of the text to the context of the research needed external validation. The translation
process in this research closely followed Sekaran and Bougie’s (2010) guidelines
and the translation and validation process of this research is illustrated in the
following figure.

1. Preparation of the instrument  2. Forward translation (Arabic --&gt; English)  3. Validation: bi-lingual proof-reading

4. Back translation: English --&gt; Arabic  5. Validation & final report: Final check by religious scholars (Arabic)

Fig. 2. Language and translation validation process.
First, the instrument was prepared by finding suitable paragraphs from the Quran (in Arabic) in relation to the context of the research. Next, these paragraphs from the Quran were translated from Arabic to English. This translation was then checked by a bi-lingual expert familiar with translation of religious texts. After this process, the text was back-translated to Arabic and its validity was checked by religious scholars. After the translation was completed and all parts were accepted by the religious experts, the text was applied to the paper.

To summarize, in all three papers, it was important to secure the validity of the findings. It was an advantage for this research that the author was an authentic insider (Liamputtong 2010) and thus having the privilege of knowing the context of the research very well. First, the design of all the interviews was done together with the co-authors of the papers in order to include different opinions and aspects regarding the scope of the interviews. After the interviews, the results were analyzed and discussed with the co-authors. The validity was further improved by the decision to conduct multiple rounds of interviews. In addition, the findings of the paper were discussed with each of the interviewees in order to improve the validity of the data. This process was needed to make sure that the information obtained from the interviews was correct and represented their points of view as accurately as possible.
4 Summary of the papers

This chapter summarizes the three papers and presents the key findings.

4.1 Paper I: How do social benefits differ within commercial entrepreneurial streams?

4.1.1 Introduction

The purpose of this research is to investigate how social benefits differ within commercial entrepreneurship streams. In order to align this study, a proper framework was needed. Existing research on social entrepreneurship has concentrated on for-profit ventures, charities, social ventures, community-led social ventures and non-profit organizations (Haugh 2007). A mixed methodology was used for this research; initially, this included the forming of focus groups, and at a later stage data was collected through in-depth interviews and semi-structured questionnaires. This study aims to contribute an increased awareness of the social benefits within the corporate sector as well as bridging the gap between ’business’ and ’non-profit’ sectors.

Previous studies in entrepreneurship have addressed the numerous social benefits associated with entrepreneurial endeavors, but its categorical applications in specific entrepreneurial streams remain under-developed. Previous research on commercial entrepreneurship seemed to focus on six broad areas of entrepreneurship, namely female entrepreneurs (FE), home-based businesses (HBB), family businesses (FB), small and medium-sized entrepreneurs (SME), corporate entrepreneurship (CE), and international entrepreneurship (IE). All these six forms of commercial entrepreneurship were chosen for this research because it was held that such streams also exist in the Islamic context, with each stream being unique owing to their underlying mission in serving the intended target market as well as in differing access to sources of capital and other resources. The first case (Salma) represents the first three categories: female entrepreneurship, home-based businesses and family businesses and the second case (Mikko) represents the latter three categories: small and medium-sized entrepreneurs, corporate entrepreneurship and international entrepreneurship. This research finds that commercial entrepreneurship can benefit from social entrepreneurship and vice versa. In addition, this study’s findings support previous research that highlights...
the impact of value-adding for-profit driven organizations in terms of holding accountability, higher levels of goodwill and public preference and increased levels of social-like applications.

4.1.2 Findings

Still today, the streams of research surrounding social entrepreneurship and commercial entrepreneurship are mostly discussed in separate isolated domains. In particular, there is a clear distinction between socially driven entrepreneurial activities and those that are commercially driven. In this study, it was found that firstly, the distinction is not that clear-cut, and secondly, that the relationship between socially driven entrepreneurs and commercially driven entrepreneurs actually serves the interests of both parties. Moreover, it was found that various social benefits can be associated in commercial entrepreneurial ventures which also have the potential to become commercially viable. In other words, what seem purely social benefits in some cases turn out to provide a commercial benefit, although it may take some time to realize and utilize the benefits they bring.

An analysis of the six chosen entrepreneurial streams showed that the mission of entrepreneurs with social purpose varied considerably. Some were influenced by equity and policy drivers, and some may have been driven by transitioning legacy, while for others the interest was an extension of hobbies which were turned into successful business. In addition, there was also a different perception of entrepreneurship from those who considered it a lifestyle, not to mention very ambitious entrepreneurs that started up global ventures. While these very different missions may remain the main motivation and primary reason for the existence of social ventures, it was found that the social benefits affect to a different extent the six streams of entrepreneurship respectively. In the case of female entrepreneurship it was discovered that policy drivers, such as the female entrepreneurial support programs, could actually contribute towards social and community improvement, the benefits of female entrepreneurship for society both economic and social. In addition, when analyzing small and medium sized businesses, the social benefits of such ventures showed a direct relationship with certain SMEs operating in a local geographical setting.

While in the case of female entrepreneurship and SMEs the value of social and commercial entrepreneurship seemed to be more directly connected, it was understood that the link was not as clear in the international entrepreneurship stream an neither in home-based businesses. For instance, home-based businesses
were primarily based on hobbies or where the social benefits of such ventures were typically limited to micro-level club activities of people of similar interests coming together.

The source of capital was also defined as an important differentiation factor between the six streams of entrepreneurship. Capital sources typically range from family, banks, self-funded, savings, seed capital, government grants, venture capitals, business angels, internal loans, joint ventures to global funding opportunities. It is also important to note that commercial benefits of financing social entrepreneurial ventures can also benefit the lenders. For example, banks have achieved great commercial benefits from arranging special agreement for funding entrepreneurs for example in a form of micro finance for female entrepreneurs and home-based businesses in their start-up phase. Commercial benefits are similarly evident in lendings to small entrepreneurial ventures as with large commercial organizations. Many traditional banks do not benefit from the commercial benefits that funding small business ventures, such as female entrepreneurs or home-based businesses ventures would bring as they typically focus on serving larger scale customers.

The activities of the six streams of entrepreneurship under analysis varied between trade-based, non-high-tech, hobby-related, value adding, niche markets, closed innovation, open-innovation, and expansions to new markets to high-tech innovative projects. It was also found that environmentally conscious ventures (e.g. those that focus on sustainable development, “green” ventures, and those that concentrate on energy efficiency) as well as futuristic type of activities gained in social status due to the inherent nature of their social-commercial development. These findings are in line with Lamore (2011) and show when social entrepreneurial ventures address sustainability and commercial benefits, they offer promising new applications for commercial ventures.

Another angle of analysis for the six streams of entrepreneurship was in the way these ventures organized their human resources. There were vast differences with the scope and approach to employing people which in the most modest form consisted of employing oneself, to combinations of self, immediate family and extended family. Still others hired part time employees, while some entrepreneurs were able to hire full time employees and even recruit across national borders. The findings showed that in ventures that hired local people, the social benefits from those ventures seemed positively to affect commercial gains. Also, amongst the SMEs, there were numerous social benefits gained from strong geographical and local community involvement, which also materialized in the form of commercial gains.
The effects from other resources within the firm on the performance of different kinds of entrepreneurial ventures was also analyzed and whether or not governance structure impinged on that performance. The governance structure of these six entrepreneurial ventures varied from sole proprietorship, partnership, kinship-based, to seniority-based, with the decision making structure ranging from none, minimal, Pty, Ltd, board, to VC control or a combination of them. Firm accountability varied from informal, partnership, board, self-family, director, board or some kind of combination. Although it was found that there were significant variations amongst the six streams in terms of other resources, governance structure and accountability, it was less understood how they differed within the chosen six entrepreneurial streams.

In sum, the analysis of the six streams of entrepreneurship showed that there were clearly social benefits associated with each of the chosen entrepreneurial streams. The main distinguishing factor between the six streams was, however, in how and to what extent the benefits differed in each of the chosen segments. For example, in the case of female entrepreneurship, the entrepreneurial activities of the females in their local contexts were closely aligned to bringing social and commercial benefit to the entrepreneur and the local community. In contrast, the cases of international entrepreneurship showed that the social benefits these ventures bring along are more directed towards the local host country base, while the commercial benefits mainly benefited the foreign multinational corporation.

The conclusions of this research are many-fold. Firstly, the research shows that commercial entrepreneurship can benefit from social entrepreneurship and vice versa as social entrepreneurial ventures that highlight clear commercial benefits seems to foster better social development. Secondly, as social and commercial forms of entrepreneurship seem to be complimentary to each other, they bring the best results when integrated. Thirdly, in order to fully understand the potential benefits of such collaboration, organizations pursuing social entrepreneurial strategies must encompass sustainable community attitudes and mindsets. Such attitudes and mindsets are likely to foster a holistic societal relationship between the community and its shared social values and effect behavioral interplay at the individual mindset and societal attitude level.

Social entrepreneurial ventures are often confused with charity-based activities. However, there is a clear distinction between the two. This study shows that social entrepreneurial ventures should be financially viable in order to grow and bring more social value. Charities, however, have a different purpose and modus
operandi. The paper has attempted to clarify definitions of social entrepreneurship relative to charities, social-, and community-led ventures.

Social entrepreneurship creates social value regardless of how that value is generated within the commercial entrepreneurial stream. There are great opportunities to leverage resources between the both streams to create greater social and commercial value than could be generated alone. Although there are many obstacles for collaboration across social and commercial entrepreneurship, such as concerns about organizational self-interest or sharing proprietary knowledge, virtually all social issues require far more resources than any single organization is capable of resolving. However, networking across social and commercial entrepreneurship can also help in creating social value, and it is a powerful strategy for social entrepreneurs and beneficial for commercial entrepreneurship as well.

This research mainly contributes to the development of the commercial and social beneficial model of social entrepreneurship by identifying the core behavioral dimensions of innovativeness, pro-activeness and risk management. The second contribution lies in identifying the optimization constraints within social and commercial entrepreneurs and how they sharply differ in their operational context from for-profit, charities, social value to community-led social ventures. Social entrepreneurship is thus identified as a behavioral phenomenon that operates within commercial constraints. Unique to this particular paper is its exploration of social benefits within the chosen six commercial entrepreneurial streams.

The theoretical implications of this paper consist of the framework of the six areas of entrepreneurial ventures that conceptualize the differences and similarities of these ventures when it comes to their social and commercial performance. The managerial implications of this study rise from the discussion on the opportunities for the cross transference of knowledge between the economic and social spheres in these six streams of entrepreneurship. The evidence shows, inter alia, that it results in the generation of corporate goodwill, and improves the local markets. As mentioned, commercial enterprises can benefit from social entrepreneurship and vice versa, as they both can tackle social problems, share similar social mission, utilize innovation in their operations, create social value among its constituents, and utilize different kinds of collaborations and partnerships in increasing social wellbeing.

Thus, the findings of this paper support Bremer’s (2004) argument in that an organization that depends on public funding (e.g. governmental funding) for its very survival can never become an institutionalized part of the society or advocate of societal needs. Thus, it is not enough for social entrepreneurial ventures to
become at least partly financially independent but also to adopt certain practices of for-profit ventures that are needed for social enterprises to grow and expand their services. However, the challenge is to find the right balance, as there is a risk for social entrepreneurial ventures to lose their original mission when seeking outside income.

4.2 Paper II: Social Entrepreneurship and Islamic Philanthropy

4.2.1 Introduction

The starting point for this research was to understand different forms of Islamic philanthropy and to find out whether they have connections to social entrepreneurship. In the Islamic context, the role of religion has a long historical influence on the way different kinds of social, educational, cultural and religious institutions emerge and operate (Alterman & Hunter 2004; Bremer 2004; Cheema 2009). As philanthropy is deeply rooted in Islam, it is a duty and obligation of every Muslim to help fellow believers that need financial – or other means of support. There are at least 93 references in the Quran regarding different forms of charity and it addresses Zakat in 29 verses. In fact, while charity is embedded within Islamic religion, Zakat is one of the five pillars of faith and obligatory on all Muslims. The distribution of the wealth from philanthropic action in Islam takes place through different kinds of religious institutions and organizations. The focus of this research was aimed at one of the most important Islamic religious socio-economic institutions, zakat, and how it has become one of the most powerful tools in fighting poverty and a means to a more equal distribution of wealth, a reduction of inequality and an improvement in the well-being of society (Alam 2008).

While it is difficult or nearly impossible to estimate the total value generated by Islamic philanthropy, there have nevertheless been some attempts to measure it (see Alterman & Hunter 2004; Alam 2008; Cheema 2009). These researchers estimate that the annual value of Islamic philanthropy might be as much as 1 trillion US dollars. However, since they are not able to found this estimation on any reliable information or to any specific type of philanthropy, doubts may be raised about the validity of the claims. Alterman and Hunter (2004) also raise the difficulty of identifying and measuring the impact of Islamic philanthropy, particularly because there is no single all-encompassing definition of what Islamic
philanthropy is. They distinguish charitable giving that does not involve religious motivations in either the donor or the recipient to that which does and also raise the more difficult question of the measurement of the actual worth of Islamic philanthropy since one cannot easily put a price tag on helping the less fortunate fellow around the globe (Alterman & Hunter 2004). Alam (2008) adds that the 20 per cent of global population being Muslim hints at the vastness of the wealth of Islamic philanthropy.

The a priori assumption in this research was that the magnitude of Islamic philanthropy and wealth of investments must have a profound influence on various entrepreneurial domains as well as social wellbeing and indeed it was found that certain forms of Islamic philanthropy were in fact closely related phenomena to social entrepreneurship as they had created numerous ways to address social problems.

There is very little research on social entrepreneurship in the Islamic context, although a few studies discuss Islamic philanthropy and its influence for the well-being of society. In fact, the greatest amount of existing scholarly research on social entrepreneurship is focused on North America and Europe (Kerlin 2006, 2010; Lés & Kolin 2009; Noya 2009; Nyssens 2009; Travaglini 2009; Hoogendoorn, Pennings & Thurik 2010; Defourny & Nyssens 2010; Howorth, Smith, & Parkinson 2012), leaving other contexts less well understood. The studying of social entrepreneurship in non-Western contexts can bring new insights on the different forms of social entrepreneurship and thus widen the scope of existing research. This is because of social problems are subject to institutionalized beliefs, values, and ideas, and framed by existing social practices, structures and institutions that vary according to the contexts (Lasprogata & Cotton 2003; Shaw & Carter 2007; Lawrence et al. 2012).

For a true understanding of the nature of zakat, given its religious origins, needed both an academic and a religious perspective. The conceptualization of zakat from religious texts was the starting point for the empirical part of the research, which was then set against the historical and modern role and utilization of zakat.

### 4.2.2 Findings

The findings of this research state that the original role of zakat was mainly a form of philanthropy. Although it served strong social objectives, it lacked economic objectives, thus not meeting the requirements of social entrepreneurship. According
to the conceptual framework developed in this paper, social entrepreneurship includes actions that combine both social and entrepreneurial aspects. Thus, *zakat* could only be considered a form of Islamic social entrepreneurship if it met both these requirements. The framework considered four main themes to capture the essence of social entrepreneurship in the Islamic context. First, the social objectives of Islamic social entrepreneurship comprise of actions that serve social objectives and utilize new solutions in the process, such as social innovation. Second, the venture must also utilize commercial objectives to be financially sustainable and also be able to use innovative approaches in transforming existing institutions and organizations or creating new ones. Third, social entrepreneurship in the Islamic context must operate within institutionalized beliefs, values, and ideas, as well as in existing social practices and structures. Fourth, religious aspects affecting the practice of social entrepreneurship in the Islamic context must be taken into account. The following table is an insert from the paper ‘Social Entrepreneurship and Islamic Philanthropy’ and it includes the propositions put forward based on the elements of the framework and our findings.

Table 17. Propositions (Almarri & Meewella 2013: 15–18).

| Proposition 1a | Believers are more likely to fulfill their religious obligations by paying *zakat* to a *Zakat* Fund rather than distribute it themselves if they consider the *Zakat* Fund a legitimate organization. |
| Proposition 1b | The innovation in the use of *zakat* for solving social problems is manifested by the establishment of a *Zakat* Fund and its role as a “strategic investor” of the *zakat* in such a way that it maximizes the social benefits through commercial practices (e.g. establishing new organizations that bring more job opportunities and shareholders). |
| Proposition 2a | The financial sustainability of *zakat* activity should be evaluated yearly as it is collected once a year on a continuous basis. |
| Proposition 2b | The commercial objectives of *zakat* are related to the creating of new institutions initiated and financed by the *Zakat* Fund. |
| Proposition 3 | The institutionalized values, practices and processes primarily influencing *zakat* are the institutionalized religious duties that drive the motivation to give, receive and utilize *zakat*. |
| Proposition 4 | Religion as a philosophy of life in the Islamic world influences the practice of *zakat* in terms of its voluntary nature. |
By contrasting the historical and the modern role of *zakat*, we were able to demonstrate how the objectives of *zakat* have changed substantially in the course of time. Whereas the original purpose of *zakat* involved only social objectives, in modern days it has adopted commercial objectives also. According to the above propositions derived from our conceptual framework, we made the conclusion that since *zakat* is nowadays used in so many innovative ways to improve the society both economically and socially, it can be differentiated from simple charity or philanthropy, and fulfils the main prerequisites for the action to be considered social entrepreneurship. The impact of Islamic social entrepreneurship in this form of *zakat* management has generated long-term social wellbeing and economic growth, as the *zakat* money is re-invested into the society. Some of the innovative aspects of *zakat* funds are demonstrated in their pursuit to kickstart new careers, by directing *zakat* to individuals without a profession and support them in earning their own income. In addition, those already having a profession can benefit from *zakat* in the form of money that can be invested in acquiring expensive equipment or capital needed for practicing that profession or re-starting a business. Alternatively, *zakat* money can be used to help the less fortunate through the establishment of charitable foundations for the educating of students or treating the poor and needy.

The research findings also showed that *zakat* indeed had an enormous positive economic and social role visible in different areas of the society. The main areas where *zakat* money had the most impact were in increased consumption, investment, better opportunities for employment, overall economic growth and more equal income distribution. In addition, *zakat* money could even smooth economic volatility, such as business cycles and inflation with any annual surplus *zakat* money being saved for later usage. The more innovative aspects related to *zakat* are especially visible in the sample countries UAE, Qatar and Kuwait, as those nations have largely dealt with poverty through their enormous oil wealth and its rightful distribution among citizens. Thus, *zakat* nowadays serves a different purpose at the distribution level, often handled through a *Zakat* fund that acts as a strategic investor of *zakat* money to maximize its social and commercial benefit.

The main contribution of this research has been to widen research on social entrepreneurship to non-Western settings, in particular the GCC countries and the practice of *zakat*. It has demonstrated how social entrepreneurship also takes place in Islamic settings through in an unconventional way from the Western research point of view. One distinguishing feature of Islamic social entrepreneurship is that there is a very formal, religious social structure that actualizes the philanthropic giving of *zakat*, that is handled either directly between the giver and recipient or
(more recently) funneled through the formal institution of a Zakat fund. Despite its different forms of delivery, the act of giving zakat is driven by religious belief, not often taken into account in research that typically does not take any stand on where the motivation for social entrepreneurship originates. The research findings also demonstrate how social entrepreneurship takes place in informal ways and how traditional charities or philanthropic organizations can turn into social entrepreneurship ventures. This is all the more important since Western research rarely discusses any context of social entrepreneurship where there is no separation between church and the state.

Suggestions for avenues of future research were also made so as to shed more light on social entrepreneurship from Islamic point of view. For example, future research could study in more detail other forms of Islamic religious social institutions, such as waqf, that may also have connections to social entrepreneurship.

4.3 Paper III: Institutional entrepreneurship and the embedded role of leaders and state: An historical case study of Abu Dhabi

4.3.1 Introduction

The purpose of the third paper was to introduce another aspect of social entrepreneurship in action from the point-of-view of institutional entrepreneurship. The title of the paper already reveals the unique approach of this research, as it attempts to analyze and understand the embedded role of leaders and the state. This study is a historical study on the institutional development of Abu Dhabi since 1960s.

The starting point for this research was to understand the deeper aspects of social structures and the nature of institutions, identified by Bremer (2004) to be crucial elements for a strong civil society or state to exist, and which were studied in the first paper. Therefore, special attention was paid to an understanding of the nature of institutions that are formed by rulers or government and how legitimacy is achieved in the process. The research was inspired by the work of Acemoglu and Robinson (2012) and their two-by-two matrix of the basic nature of institutions that differentiates inclusive and extractive institutions based on economic and political motivations with those who hold power. Complementary to this discussion was the need to understand extreme forms of power, such as dictatorship, which by its nature is very unfruitful for the development of society.
The motivation for this research stemmed from the total shift Abu Dhabi experienced from poverty and isolation to one of the richest cities and a model for neighboring countries. Only half a century ago, Abu Dhabi was a very underdeveloped city-state which suffered from a lack of proper infrastructure, health care, education, with even the bare necessities of life unavailable to the majority of its citizens. While it is often thought that the transformation of Abu Dhabi to a world-class economy was only the result of its vast oil wealth, this thesis, as its starting point, refused to accept this idea since there have been several examples of oil rich countries where the oil wealth has not been directed towards improving the society. An understanding of what makes oil producing countries different in their approach to distributing wealth for the benefit of the wider society was needed. In order to do this, it was decided that the nature of Abu Dhabi’s development should be looked at with the help of institutional theory.

Our story takes off from the years before the discovery of oil in Abu Dhabi. It discusses how the wealth was not at first distributed among the people but used for other purposes. The people of Abu Dhabi started to benefit from the vast oil reserves only after the change of leadership in 1966, when Sheikh Zayed, became the leader of Abu Dhabi. The story continues by showing how the legacy of Sheikh Zayed, effectively the first royal social entrepreneur, has continued to shape Abu Dhabi’s development and highlights the institutional nature of the change process where the boundaries of the leaders and the state are embedded. In sum, the attempt of this paper was to first analyze the evolutionary path from the emergence of the nation state of the Emirate to modern day Abu Dhabi, and secondly, to explain how the role of state and individual rulers as institutional entrepreneurs have shaped the evolution.

### 4.3.2 Findings

This research shows that the dual role of powerful individual rulers and the state have facilitated major reforms within the society that can extend across all major sectors of economy changing it completely within a couple of decades. As such, the embedded the role of state and powerful individual rulers could act as influential change actors in the radical development from an under-developed economy to one of the richest nations in the world in less than half a decade.

In this research, we were able to define the institutional development of Abu Dhabi as consisting of three eras as manifested by its rulers. The change from one era to another occurred because of institutional entrepreneurship that initiated and
undertook crucial institutional shifts. Sheikh Zayed was the first social entrepreneur in Abu Dhabi and initiated the change process, followed by his sons Sheikh Khalifa and Sheikh Mohammed who have taken their father’s vision further in different aspects of society. The findings of this research show that the overall institutional development of Abu Dhabi consisted of two major institutional shifts. The first shift was from extractive institutions and leadership towards inclusive institutions. This shift was initiated and undertaken by Sheikh Zayed who launched a range of reforms that radically transformed and modernized Abu Dhabi through changes in both economic and political institutions. This was in contrast to the more introverted approach of previous leaders who had restricted the improvement and needs of the society. When viewing the development process of Abu Dhabi after Sheikh Zayed took over the power, the results of institutional entrepreneurship were found in different layers of the society. Thus, the second shift was from an oil-based economy towards a diversified and knowledge-based economy. This shift began with Sheikh Zayed’s vision of the need to prepare for a future when oil would run out. In order to secure the wellbeing of also the future generations, Sheikh Zayed initiated a major shift in turning to more versatile industries other than oil and gas. The argument that was put forward in this research was that oil wealth per se is not predictive of any nation’s future but rather that success depends on the institutional environment which either creates or restricts wellbeing and development in modern society; institutional entrepreneurship thus playing an important role.

Moreover, Abu Dhabi is the only place in the larger MENA-region which is considered also a world-class cultural center point. In addition, although expatriates nowadays compose the majority (around 80%) of the population, Abu Dhabi has still maintained its cultural distinction, not falling into the trap that several emerging economies have, which is to become replicas of others and lose their historical roots. Abu Dhabi, in contrast, is nowadays a contemporary expression of an Arab city that is proud of its heritage and contrary to several other Arab counties, it has been able to focus on long-term strategic planning. In general, this kind of long-range planning has to some extent been lacking in the region; another sign of strong leaders with a social mission. Moreover, it is worthwhile acknowledging that the leaders of Abu Dhabi have engaged all the main stakeholders in Abu Dhabi to participate in the planning, instead of following the typical top-down structuring and leadership practiced in many other Arab countries.

The findings of this paper also highlighted the embedded role of ruler acting in accord with the state in the Abu Dhabi context. It became obvious that even though the ruler was the key figure in Abu Dhabi, the support of the state was
needed for the making of decisions, acting through several entities, but where the Executive Council held the main power of decision. Since Sheikh Zayed’s era, his sons and other key people have been involved in the state’s decision making. Special emphasis was also put on the nature of this relationship, which allowed the decision making process to be fast and with less bureaucracy that could prevent the rapid modernization process of Abu Dhabi.

When thinking of development on a macro level, the institutional theory was useful in explaining the contrast between the institutional setting in the UAE and certain other neighbouring Arab states. It was discussed that there are still several examples of Arab states where the dominance and state/leader-supported extractive institutions still exist and thus keep alive unfavourable conditions for the development of the nations and the society. The UAE stands out from these other states as an example of a nation where the leaders have acted as institutional entrepreneurs and chosen a completely different development path by creating inclusive institutions. This is one of the reasons why the on-going ‘Arab spring’, which has devastated lives of millions of people in the Arab states, has not had any impact in the UAE.

In sum, the results of this research, both theoretical and empirical, support the idea that the intertwined role of individual rulers and state or government can greatly enhance institutional entrepreneurship. It is to be hoped that this study has contributed to academia a widening of the theory of institutional entrepreneurship by introducing the unique embedded role of individual and state acting as an institutional entrepreneur.
5 Reflections on the multifaceted nature of social entrepreneurs and the role of the state

The connecting theme among these three papers has been the strong role of social entrepreneurship in the Islamic context that comes in many shapes and sizes and is visible at many levels, in organizations, countries and even wider shared belief systems. The multifaceted nature of social entrepreneurship was revealed from several perspectives; from the social and commercial perspectives in the first paper, from the more religious and philanthropic perspective in the second paper to the leader and state perspective in the third paper.

The findings of these three papers reveal that the interaction between different functions of social entrepreneurs is both complex and multifaceted. One of the reasons for this is that the boundaries in which social entrepreneurs operate are highly multidimensional. Moreover, social entrepreneurship in the Islamic context seems to comprise of both institutional entrepreneurship and Islamic philanthropy as an essential and often inseparable part of it. For example, a set of behaviours that prevail in an Islamic culture are also reinforced by Islamic laws that are based on the religious sphere. Thus, in the Islamic context the effects of social entrepreneurship actually foster the interaction and spread of social entrepreneurs, institutional entrepreneurs and Islamic philanthropists across multiple institutional spheres. Social entrepreneurship proved to be a suitable lens for analyzing the wide array of social entrepreneurial functions in the Islamic context, that will be discussed more in-depth next.

In the Islamic context, social entrepreneurship takes many shapes, forms and sizes and it can be viewed from different angles. It can be understood as involving both social and commercial aspects. What is typical in the Islamic context is that strong religious motives are often driving the mission of social entrepreneurs and can take place through actions of one or more individuals, organizations or even the state acting as social entrepreneur. Similarly as in the Western context, in the Islamic context the actions of social entrepreneurs are needed to create value for those who are neglected by existing organizations or institutional systems.

It is also important for the development and empowering of social entrepreneurs that their actions receive publicity. Thus it is a great achievement that lately academic conferences have focused on the importance of social entrepreneurs and notably the social entrepreneur Muhammad Yunus, who has been invited as guest speaker on various occasions. Although Muhammad Yunus’ work is not related to Islamic philanthropy, he is nevertheless probably the most famous Muslim social
entrepreneur through his Grameen Bank focusing on microcredit and microfinance. In addition, several institutions and centers have been founded to study, teach and propagate social entrepreneurship, most notably Skoll Foundation, and the Skoll Centre at the Said Business School, both initiatives of Jeff Skoll, the founder of eBay, the Center for the Advancement of Social Entrepreneurship at Duke university’s Fuqua School of Business and the Social Enterprise Initiative at the Harvard Business School. Moreover, social entrepreneurs have been even awarded with highly-prestigious awards, such as Alternative Nobel Prize, for their initiatives. The inspiration from social entrepreneurs is then shared amongst an increasing number of people, bringing along a greater cognitive legitimacy that helps to make social entrepreneurship a taken-for-granted phenomenon in the society.

5.1 Social and institutional entrepreneurship – same, different or both?

While some researchers have attempted to keep streams of research focusing on general entrepreneurship, social entrepreneurship and institutional entrepreneurship as separate discussions, in the Islamic context such a separation did not seem appropriate. As the three papers show that in an Islamic context all discussed forms of entrepreneurship (social, institutional and philanthropic) – regardless of form- create social value and often involve commercial benefit also. The social value created can happen either directly by solving a certain social problem within the community or by creating better job opportunities (for example for women entrepreneurs) or more indirectly (for example through zakat funds). This thesis concurs with that of McMullen (2011) who in fact developed a new theory called development entrepreneurship that blends together elements of business entrepreneurship, social entrepreneurship and institutional entrepreneurship, all needed to accelerate wider institutional change that is necessary to make economic growth more inclusive.

The case of Abu Dhabi shows that institutional entrepreneurship and social entrepreneurship share so many similar features that they should not be discussed as separate entities as Western researchers seem to think (e.g. Hardagon & Douglas 2001; Lounsbury & Glynn 2001; Dorado 2005). Indeed, the transformation of Abu Dhabi has been the result of institutional entrepreneurship with social mission, both aspects being crucial and impossible to separate. In fact, the development of Abu Dhabi has included also cultural entrepreneurship (e.g. the creation of world class museums) as well as more conventional forms of entrepreneurship needed to create
a sustainable future for local people by providing them versatile job opportunities. The historical development of Abu Dhabi is an interesting example for the study of institutional change as it shows the multifaceted nature of social entrepreneurship. Prior to Sheikh Zayed’s leadership, there was an absence of supportive institutions. Firstly, the prevailing, rather exclusive institutional environment had to be demolished before a supportive one was established from scratch. Abu Dhabi would be a very different kind of place to live in were it not for the sense of social mission such development carried with it.
6 Final words

It needs to be noted that all forms of entrepreneurship, commercial or social, aim to create value. The question remains as to what value is exactly and for whom it is created. Is value something that can only be measured by increasing GDP or is it only what consumers are willing to pay for? In which case, what of those who do not have access to or money to pay for such services? What would happen if there were suddenly no social entrepreneurs? Would there still be nursing homes for the elderly, free day care for children and so forth? How does one estimate the actual value created by social entrepreneurs, so difficult to calculate. In fact, the value of the actions of social entrepreneurs cannot easily be measured in any economic form. How do you put a price tag on improved living conditions, better access to healthcare and the support for female entrepreneurs? The different perception of value remains one of the differentiating factors between commercial and social entrepreneurship; but, as this study indicates, both forms can cooperate to bring more social value and identify joint opportunities for growth.

There has been increasing criticism of for-profit and especially listed companies’ lack of contribution to society, as these ventures focus only on the maximization of profits for their shareholders. Such a neo-liberal ideology was developed by Milton Friedman and promoted in several of his books, such as ‘Capitalism and Freedom’ (1962). Friedman thought that the only responsibility of businesses was to increase their profits. His idea that businesses did not exist to promote social values is an ideology that has not only been harmful for the society, but arguably responsible for the near collapse of the whole world economy in 2008. The critique of current management practices with its lack of social mission became headline news. As a consequence, there has been renewed discussion on different kinds of social entrepreneurial ventures and their effect on society. Even the concept of capitalism itself appears to be undergoing some revision, influenced by ideals relating to the creation of shared value, involving the creation of “economic value in a way that also creates value for society by addressing its needs and challenges” (Porter & Kramer 2011: 64; see also Giddens 1998, 2001).

The viewpoints of those opposing such neo-liberal ideas, such as the influential researchers Michael Porter and Anthony Giddens, help to build fertile ground for a better understanding of social entrepreneurship and it is to be hoped that this will consequently increase the amount of academic research on this topic and highlight the differences between social entrepreneurship and corporate social responsibility, especially when the characteristics often considered unique to social entrepreneurs
may become norms for every business (Driver 2012). The idea of shared value creation (Porter & Kramer 2011) already exists in certain contexts and indeed is the logic behind Islamic banking, for example. Any future Western research exploring social entrepreneurship as a transitional vehicle toward a new capitalism might well benefit from the foundations of Islamic social entrepreneurship.

After the global downturn, when the legitimacy of capitalism reached an all-time low, there was increasing interest in Islamic economic systems especially since the downturn had a relatively minor impact on Islamic countries. It is too simple to say that the possession of oil alone and the extra cash there from are the reasons why Islamic countries were lucky to escape the effects of the downturn. To understand this, one needs to look into how Islamic economic systems work and the fact that a stronger social mission exists, stemming from religion as well as from any policies set by individual governments. Islamic banking provides a revealing example, where the lending practice varies markedly from Western systems.

As the gaining of interest is prohibited in Islam, the banks’ earning model is based on the sharing of future profits. In order for an Islamic bank to earn a return on money lent, it is necessary to obtain an equity or ownership interest in a non-monetary asset. Although lenders cannot gain interest on their lending, they nevertheless obtain an ownership interest in the assets that they finance – thus earning by profit-share – or by basing the arrangement on a purely fee-based remuneration. This fixed fee, whatever its form, is added to the amount of the loan that must be paid back – whether the loan generates a return on investment or not. This involves the lender participating in the sharing of risk. However, as in Western banking, the Islamic banking system is not free from irresponsible lending, something that has had a negative impact on individuals and societies with critics pointing out that while Islamic banks are eager to take part in profit-sharing they have little tolerance for risk. So while, admittedly, the Islamic banking system has its flaws, the financial crisis has proved that they still take less risks compared to Western banks. The crisis has shown that the Islamic banking system is more recession-proof compared with Western banking, with elements of its fundamental policies being considered for implementation to a certain extent in Western countries as well.
Figure 3 crystallizes the main idea of this research and the multifaceted nature of social entrepreneurs and the role of a strong state in the Islamic context. A strong state is a key player in creating a supportive environment for organizations and the facilitating of operations by social entrepreneurs in different fields. A strong state is also needed to facilitate strong civil society, and a strong civil society cannot exist without philanthropic institutions (Bremer 2004). A governing state has to play a central role in this process, and if not strong, it is very unlikely that any organizations with social mission will succeed. As Bremer (2004: 2) states, it is a “product of the social, political, and economic environment within which it develops... [and it] requires a supportive – or, at minimum, permissive – regulatory environment.” However, the state cannot exist without responsible leadership (Maak & Stoetter 2012) and neither can organizations with social mission exist without leaders who understand and support them. Thus, the state and its leadership facilitate the existence or non-existence of different forms of social entrepreneurship.

In addition, state- or leader-driven policies can trigger the process of creating fertile ground for establishing new entrepreneurial forms with social mission,
with supportive actions even promoting collaborations and partnerships between social organizations and for-profit organizations. The nature of corporate social responsibility has become an ever more popular theme. However, such ventures do not make for-profit organizations social entrepreneurs and their motives may be multifarious. One has to wonder whether the social aims of some for-profit companies really improve the society or whether they are just polishing a somewhat tarnished public image. Nevertheless, when there is real collaboration between for-profit organizations and social organizations, in which case the benefits to society (as well as the cash flow) can be enormous.

When discussing the role and outcomes of a strong state, the opposite case – that of a weak state – needs to be borne in mind. As discussed in Chapter 3.2 and in Paper III, the state can also create a very extractive environment (non-supportive institutions), which severely restricts the creation and operations of social entrepreneurial ventures. A weak state, typically, is very bureaucratic and inefficient when it comes to distributing social benefits to its people (Acemoglu & Robinson 2012). Such countries are often found to be under a form of dictatorship. A weak state manipulates the institutional setting through both political and economic means, thus decreasing the possibility of creating institutions needed for the wellbeing of the society and economic development. It can be stated that in a setting where the state is weak, both social and commercial enterprises suffer. The work of charities, non-profit organizations and even for-profit organizations with social mission may be restricted. In extreme cases, the state might let charities operate but control the money distribution – often in an unfair way. Consider the example of African countries that are the largest recipients of food aid in the world. Several documentaries and studies (see for e.g. Barrett 2006) have shown how food aid has been taken advantage of by certain nations. For example, in Zimbabwe, where not enough food had been produced to feed its people since the 1970s, the leader decided to sell food aid from the Japanese government. The food aid in this case was turned directly into profit that went into the pocket of the leader while the people suffered. Thus, even charities that are allowed to operate in such weak states may well struggle to reach their targets. In the same way, the operations of other organizations with social mission are also likely to be challenged.

As discussed in the first paper, commercial entrepreneurs can help sustain social entrepreneurship, offering it a lifeline through the use of sound business principles to solve social problems (Montgomery et al. 2012). For example, social entrepreneurs often say they must utilize business language when they operate (Parkinson & Howorth 2008; Howorth et al. 2012) in order to foster their legitimacy.
There are cases where a venture is not identified as being ‘truly entrepreneurial’, instead being ‘just social’, attracting to it negative associations of inefficiency and even dysfunctionality (Driver 2012). In fact, regular and social entrepreneurship may benefit from the same issues, for example when a firm’s success depends on its ability to create and capture value (Pless 2012; Santos 2012). In addition, as with commercial entrepreneurship, social entrepreneurial ventures also have the potential to create new industries and to expand to a global level of industry (Zahra et al. 2008). This has happened already in the global expansion of the micro-finance industry (Seelos & Mair 2005). Social entrepreneurship can also take place across borders, thus resembling international entrepreneurship (Desa 2012).

Social entrepreneurs can and do operate in the same imperfect market as commercial entrepreneurs with them acting, as in the Abu Dhabi case in Paper III, at a state level, as a vehicle to overcome market imperfections. Thus, creating social value and increasing economic value go hand in hand, but with the results depending on the nature of the institutions that facilitate the development. As the case of Abu Dhabi shows, the role of the state in creating supportive institutions was a major factor in the increased wellbeing of the people of Abu Dhabi and the UAE. While social value created by the state is difficult to measure, the results are visible in modern day UAE, where all nationals have access to free education, healthcare, and enjoy many other benefits.

It is the contention of this research that social entrepreneurship in the Islamic context is an area that deserves more academic research in the future, since the framework of Islamic countries is considerably different through the role played by religion. Western researchers have hardly heard of the early Islamic philanthropists, such as Omar ibn Abdul Aziz, considered one of the finest rulers in Muslim history because of his successful abolishment of poverty during his short rule between 717–720 A.D. Social entrepreneurship indeed truly manifests within the Islamic faith and religion and accounts for how and why it has existed in all but name in the Islamic context. Contrary to Western countries where social enterprises operate as a result of market failures of the state or organizations to address social problems, in the Islamic context market failures are not the explanatory factor for the existence of social entrepreneurship. Even if there is no need for zakat to be collected, it is nevertheless an obligation on Muslims to pay zakat. As such, the motives of social entrepreneurship are different in the Western and Islamic worlds. It is to be hoped that in the future greater attention will be made to address the impact and outcomes of social entrepreneurship in Islamic countries with it emerging as a new scholarly research approach in addition to the American and European research traditions.
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Jasem Almarri

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