The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business

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Once in a rare while, the fundamental architecture of a significant part of society shifts. Over the last two and one-half decades, the organization of the social half of society, led by its social entrepreneurs, has done so. It has passed irrevocably through the tipping point from bureaucratic and monopolistic to entrepreneurial and competitive—the same transition that transformed the business half of society over the prior three centuries. The consequences will be no less momentous or far-reaching.

At the simplest level, we all face rich new options: A floodtide of superb new careers of impact and values (and that also offer fair rewards) is coming in. There is tremendous opportunity because the demand is enormous, albeit still hidden by a veil of unfamiliarity; and the supply is still small if growing. Magical opportunities are there for anyone who gives him or herself permission to seize a challenge and entrepreneur a solution. Each of these efforts also needs its professionals and managers.

At a broader level, this historic transformation is now beginning to close the squalor gap that has long left social needs poorly met and those working outside business—be it on education, welfare, or the environment—poorly paid and in poor repute.

Every other dimension of society will also be profoundly affected by this shift. For example, with both the business and social halves of society now suddenly sharing the same entrepreneurial/competitive architecture, their three centuries of drifting apart in performance, competition, and sympathy has already gone sharply into reverse. As a result, a host of new collaborations and

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competitive opportunities are beginning to open up. Hybrid and entirely new institutions will emerge. Leaders in any sector who fail to think through the forces released by the transformation of the citizen sector will be at serious risk.

This article explores the mysteries that define the entrepreneurial wellspring driving this historical transformation, flags three management challenges made urgent by this shift, and maps its myriad impacts on the rest of society. However, first this article explains the underlying historical forces at work. The changes now in motion have deep roots and have been building for a long time. They draw strength from an historic logic so persuasive that it feels almost like a law of nature.

From Roman times to the year 1700, there was no growth in per capita income in the West. In the 1700s, per capita income grew twenty percent; in the 1800s, over 200 percent; and in the last century, well over 700 percent. What happened? Business became competitive and entrepreneurial, generating a compounding annual growth in productivity of two or three percent.

Sadly, the social half of society did not participate in this productivity growth. Because it was easy to build the schools and canals by taxing the new wealth generated by business, the social sector had no need to advance beyond the bureaucratic, monopolistic structure of the prior centuries. Hence the squalor gulch that has opened up between the business and social halves of society—with the social half lagging further and further behind in productivity, salaries, repute, and esprit.

By the nineteenth century, this gap became increasingly intolerable, leading to the emergence of a growing number of early independent social entrepreneurs such as Florence Nightingale and William Lloyd Garrison. These early seeds grew and multiplied throughout the twentieth century until the field reached its tipping point over the last two and one-half decades. Ashoka: Innovators for the Public was in fact founded twenty-two years ago to help this transition along—both the leading individual social entrepreneurs and the field as a whole. The hard statistical evidence that we have just lived through one of the most powerful structural transformations in history is overwhelming.

On every continent there has been an explosive growth in the number of citizen organizations. When Ashoka began working in Indonesia (the world’s fifth largest country) in the early 1980s, it had only one environmental group. Fifteen years later, Ashoka counted over 2,000. In one decade (1989-1999), the number of citizen groups in Slovakia went from ten to over 10,000. In the two decades from 1980 to 2000, the number of such organizations in Brazil went from less than 5,000 to over one million. Even in the U.S., the number of 501(c)(3) nonprofit citizen groups registered with the IRS increased from 464,000 in 1990 to 734,000 in 1999.

The growth of employment is no less dramatic. Even in the world’s more advanced economies, employment in the citizen sector is growing two and one-half times faster than it is for the economy as a whole. Where statistics are
available, moreover, there is evidence that citizen sector salaries are no longer losing ground and, in fact, are beginning to close the gap with business pay.

The citizen sector is rapidly developing in sophistication as well as in numbers. As the number of citizen groups multiplies in an area, they become increasingly interconnected and competitive. With over 2,000 environmental groups in Indonesia now competing for impact, resources, top talent, press, and public debate attention, there is a lot more competition than when the Green Indonesia Foundation was the only player.

One measure of the field's developing sophistication is its growing number of large, mature, skilled second- and third-generation organizations. Thus, for example, the largest citizen group in Bangladesh, BRAC, now has four times as many employees as that country's largest business. The country's second biggest citizen group, Grameen, is tied with the second biggest business for third place.

Twenty years ago people commonly said of our field that we were well-intentioned individuals helping one village here or one school there, that we were "drops in the ocean" that did not amount to much. However, now that Brazil has over one million citizen groups, and now that most adult Brazilians volunteer, such dismissiveness is barely a memory. Former Brazilian President Collor de Mello, impeached by a wave of citizen outrage at his corruption, bears witness.

In fact, citizen organizations now are flooding out onto the world stage. The Yearbook of International Organizations counted 6,000 international citizen groups in 1990 and 26,000 in 1999. Both numbers are massive undercounts, but the slope of the curve catches the moment well.

The citizen sector is still learning, and some issue areas are way ahead of others. Human rights and women's groups have, for example, been real leaders. The former, for example, broke the International Criminal Court out of the nation-state jail where it had languished for fifty years. Suddenly, every individual human on the planet obtained an unprecedented right—the right of access to a world institution that would protect them. However narrow and hedged about, this tiny shining sliver of global citizenship is an extraordinary achievement for those "drops in the ocean."

What is making this transformation happen is a deep structural change. The social arena has been taken over by independent, competitive citizen-created and citizen-run organizations. The terms and pace of competition and change are now being set by a growing number of highly competitive and competent social entrepreneurs.

Anyone can enter and gain market share if they have a better idea or can execute more effectively. In the environmental field in the U.S., for example, Environmental Defense (ED, formerly the Environmental Defense Fund) gained very significant ground by being the first major group to use business economics to advance the environment. Innovators in their California offices pioneered and
helped the state learn how to use existing supplies of both water and energy far more efficiently by encouraging users to trade these resources through a market. This innovation, for example, allowed the city of Los Angeles to buy water from Imperial Valley farmers, who maintained production by using a portion of the City’s payments to fund water conservation. While other groups held their noses at such trucking with economics, ED gained credibility with business and obtained other important win-win collaborative opportunities, a significantly increased budget, stronger élan and recruitment, improved press coverage, and increased access to public decision-makers.

Each success, just as is the case in business, quickly invites competition. If the staff of other organizations in a field do not keep up, active board members of these organizations will say, in effect, “Our competitors have an advantage here. What are we going to do about it?” Moreover, those thinking of starting their own organizations in that area will also pounce. Groups that fail to adapt and innovate will increasingly be at risk.

Innovation typically comes in waves. A big, pattern-change innovation triggers years of follow-on change as the innovation is adapted to more and more social and economic sub-sectors and spreads geographically. This dynamic is one of the reasons leading social entrepreneurs are so critical. They are at the cutting edge of the social sector’s transformation—both because each of their innovations agitates everyone in the sector with new ideas and opportunities and because each wave also makes standing still ever more perilous. They are also powerful role models.

Who Is an Entrepreneur?

Who are these leading, pattern-changing social entrepreneurs? They have the same core temperament as their industry-creating, business entrepre-

neur peers. Florence Nightingale, in fact, envisioned an even more profound set of systems changes than did Carnegie or Rockefeller, and she reached her objective with every bit as much realism and irresistible determination. None of them ever thought for a second to operate on anything less than a society-wide scale.

Social entrepreneurs focus their entrepreneurial talent on solving social problems—why children are not learning, why technology is not accessed equally, why pollution is increasing, and so on. The essence, however, is the same. Both types of entrepreneur recognize when a part of society is stuck and provide new ways to get it unstuck. They envisage a systemic change, identifying the jujitsu points that will allow them to tip the whole society onto this new path, and then persist and persist until the job is done.

Beyond this analogy, what defines a leading social entrepreneur? First, there is no entrepreneur without a powerful, new, system change idea. The entrepreneur exists to make his or her vision society’s new pattern. He or she is married to that vision, in sickness or in health, until it has swept the field. There are
four other necessary ingredients: creativity, widespread impact, entrepreneurial quality, and strong ethical fiber.

Entrepreneurs must exhibit two kinds of creativity: goal-setting and problem-solving. If either is missing, significant structural social change is unlikely.

Widespread impact focuses on the idea, not on a personal quality: Is the new idea—once demonstrated in one place—sufficiently new, practical, and attractive for practitioners in the field to want to copy it? Assuming that it does spread, how big and beneficial will its impact be?

Entrepreneurial quality is by far the most important criterion and the toughest to define. There are many creative, altruistic, ethically good people with innovative ideas. However, only one in many thousands of such good people also has the entrepreneurial quality necessary to engineer large-scale systemic social change. Entrepreneurial quality also does not mean the ability to lead, to administer, or to get things done; there are millions of people who can do these things. Instead, it refers to someone who has a very special trait—someone who, in the core of her or his personality, absolutely must change an important pattern across her or his whole society. Exceedingly few people have this driving motivation. Most scholars and artists come to rest when they express an idea; many managers relax when they solve the problem of only their company or institution; and most professionals are happy when they satisfy a client. It is only the entrepreneur who literally cannot stop until he or she has changed the whole society. Once one understands this core, life-defining goal, other measures of this quality are easy to spot. Complexity and serial challenges over many years are no deterrent. Those with this temperament are as focused on the practical “how to” engineering questions as on the vision, so much so that they often test as double dominants on right/left brain measures. They are the ultimate realists, and they will drop whatever doesn’t work without hesitation.

Finally, ethical fiber also requires special reflection. “Is this a good person you instinctively know you can trust? Would you want to have him or her take care of your money or your child?” This test is important for several reasons. First, significant social change usually requires those affected to make several leaps of faith—which they won’t do if they intuitively do not trust the champion of the proposed change. Second, there are already too many untrustworthy public leaders in the world. No one needs more. Finally, it is important for the profession to build a community where its leading practitioners can come together and share openly, which is only possible in an atmosphere of trust.

Ashoka, which uses these five tests rigorously in its five-step selection process, gets results that are highly confirmatory—67 percent of those it elects (people at the take-off stage in their lives well before they are defined by success) achieve national policy impact by the fifth year after their election. Eighty-seven percent have seen other organizations they do not control copy their innovation by the five year mark. Especially since it commonly takes far longer
than five years for entrepreneurs to engineer significant pattern changes, these results give one considerable confidence in the criteria being applied.

J.B. Schramm is an example of an Ashoka Fellow who demonstrates these core components of social entrepreneurship. He studied at a Denver high school, where he was one of the only students who went on to college. This troubled him because he believed his classmates were just as smart as he was. He never let go of the issue, and he is now launching a simple, low-cost, highly effective approach that he believes will make the difference for 100,000 to 150,000 young people a year. He believes these students could succeed in college, even though they are not now even trying to go. They typically come from families that lack college backgrounds, and they attend schools that are mediocre or worse. The schools’ guidance counselors realistically do not have time to deal with all 100 or 200 young people in a grade. Instead, they must deal with a few at the top and a few at the bottom who need immediate attention—leaving 85 percent of students without the attention they need.

J.B.’s program, College Summit, helps them see opportunity and then go for it and keep after it. The program begins with a four- or five-day demystifying and motivating visit to a local campus during the summer. During these days the students talk with role models about the choices before them and, from the first day, write college application essays about their lives and aspirations. By the end of the summit, the students have a good, completed college application. After the summit, J.B. ensures follow-through by working with, training, and providing incentives for the students’ homeroom teachers to provide the occasional encouragement and nudge that are missing in the students’ homes and are beyond the reach of school guidance counselors.

J.B. also works with the colleges. Colleges who want students receive good, well-prepared applications delivered months ahead of their deadlines. He is even working with the college rating organizations to ensure that colleges who admit these students do not have their average entering-class SAT scores fall as a result.

J.B.’s approach produces big wins for everyone—the students, their families, the teachers and schools (who see the proportion of their graduates going to college jump), the colleges, and society. J.B.’s approach works because his entrepreneurial creativity, realism, and persistence have enabled him to understand each element of the puzzle and then to fit them all together. The end result is a system change that works because it works for everyone. J.B. is now rolling his model out in ten new cities including Denver, Dallas, and Chicago.

This seemingly modest systems adjustment will have a big long-term impact. Eighty percent of J.B.’s students do go to college and succeed. Over a decade, that will mean that roughly one million students will go to college who otherwise would not. Taking their families into account as well, that means that probably four million Americans will make the jump from the margins to far more secure and productive lives.
Fábio Rosa is another example. Through very simple but radical steps, he cut the cost of rural electrification in Brazil by 70-80 percent. This brought power to more than 800,000 Brazilians and Uruguayans. In several local impact studies, this change so improved the quality of rural life that the flow of migration to the cities was reversed. He has since begun work on using solar energy to bring electricity to more remote areas.

Jeroo Billimoria, an Indian Ashoka Fellow, has targeted another underserved population—street kids. She created Childline, a 24-hour free telephone help line for India’s 48 million street children. Childline combines instantly available telephone help, through operators who are also street youngsters, with short- and long-term follow-up supports provided by the full array of citizen and government organizations in each area.

The need is enormous and growing explosively as both urbanization and the collapse of the traditional extended family accelerate. How can millions of young street people, many recent migrants from the villages, find the right supports, especially precisely at those moments of distress when they suddenly need help? To serve those needs, Jeroo has had to develop more than a phone answering capacity. She has had to persuade a discordant array of organizations to collaborate, had to ensure that they keep their promises, and—probably hardest of all—somehow to get them to serve, not control, young people.

Jeroo’s model is a success because it is well-organized: because it solves the serving organizations’ biggest challenge—how to connect with the right young people when they most need help; and because Childline’s bright spotlight makes it hard for these groups not to rise to its good practice expectations. For example, police abuse is far less likely when every pay phone is just waiting for the victim or a friend to call a street youngster operator for immediate help. The Independent (of London) reports that: “Slowly, often via anonymous informants, the children in direst need are coming to outside notice.” Jeroo’s service is now operating in forty-five cities in India and has begun to spread internationally.

There are over 1,200 such Ashoka stories throughout the world. In each case someone saw something that was not working, something that was stuck. They imagined how to fix it, and then committed themselves to the long, difficult road of making that solution a realistic idea and then a demonstrated reality, of marketing it society-wide, and then of ensuring that society’s other organizations learn to and do play their parts well.

Management Challenges

The tsunami of the entrepreneurial/competitive transformation of society’s social half, reinforced by the waves of change set in motion by the world’s growing ranks of leading social entrepreneurs, poses major new challenges for the management field. The three main challenges are: how to reintegrate the
business and social halves of society, notably including how to close the huge productivity gap between them left by the history of the last three centuries; how quickly to entrepreneur a radically different financial services “industry” to support today’s far bigger and transformed universe of operating citizen organizations; and how to reintegrate ethical behavior as an important, openly articulated, and rewarded standard into institutional life.

**Closing the Business/Social Gap**

For the past fifty years, the world has struggled to close the “development gap” between the world’s geographic north and south. The realization that closing this gap was one of the world’s major and steadily articulated goals was the critical first step. It triggered the development of a global intellectual effort; the creation of a major field of research and experimentation; breakthrough collaborations such as the famine-averting Green Revolution; and significant commitments of talent and resources by governments, universities, business, and the citizen sector.

The relative backwardness and squalor of the social half of every society is similar in scope and seriousness to the north/south development gap. It needs the same sort of steady, focused, agenda-posing spotlight. Once everyone recognizes how urgent it is to close the business/social gap, the world will approach the task more intelligently and with more resources and commitment.

Because the introduction of entrepreneurship and competition is the primary, driving historical force for change, strengthening this force is where the effort should focus. This is the force whose jujitsu-like and highly contagious dynamic broke the old molds. It is the force that has already tipped the sector’s fundamental architecture.

How can one best multiply and strengthen the world’s leading social entrepreneurs and the new competitiveness of the social sector? Finding and putting in place the most powerful answers to this question is Ashoka’s raison d’être and what the organization with its leading entrepreneur members has wrestled and experimented with for twenty-two years.

One of the two key leverage points is the individual leading social entrepreneur and his or her new idea and institution. There is, after all, nothing more powerful than a big pattern change idea if it is in the hands of a first-class social entrepreneur. Finding the most effective ways of helping this most critical single set of elements in the change process is, then, doubly leveraged.

The single most effective moment to intervene in the lifecycles of the entrepreneur and his or her idea is in the few take-off years. This is the moment when the entrepreneur—having learned enough to know what the key next step for the field is and having mastered the necessary personal skills—needs to drop whatever she or he was doing before and work full-time to demonstrate and refine and then begin marketing her or his innovation. This is the moment
of greatest magic and maximum vulnerability, the moment when a small investment of resources and collegial support means the world.

As the idea, entrepreneur, and institution mature, other high-impact opportunities to help then develop. For example, once the idea has been prototyped successfully and the entrepreneur has mastered the next phase challenge, marketing, he or she will suddenly find him or herself managing a large, rapidly growing, geographically widespread organization. At this point strategic management consulting can make a huge difference, especially given the general management skills deficit the citizen sector suffers—one of the chief dimensions of the field’s backwardness resulting from the last three lost centuries.

There is a second high-leverage avenue to help speed and strengthen the entrepreneurial/competitive transformation of the sector, an avenue that is highly complementary to the work of supporting the individual entrepreneurs and their ventures. It is to help design and build the wisest institutions and collaborative processes for the field as a whole.

Because the number of entrepreneurs and citizen groups has multiplied dramatically, and because an ever-higher proportion of both is now at advanced stages of their lifecycles, this is precisely the right time for such design work. Moreover, because almost everything is needed now, there is a one-time opportunity to design the many elements into a coherent and synergy-maximizing whole. Business had centuries to evolve its arrangements and institutions: the citizen sector will crystallize 70-80 percent of its equivalent over the next five to ten years.

How these institutions are designed, and the degree to which they structurally maximize synergies, will make a huge difference to how well the individuals, the profession of social entrepreneurship, and the competitive citizen sector as a whole function long into the future. For example, social entrepreneurship is the first profession that needs to be organized to operate at the global level. The problems are almost all global, be they the environment or financial regulation, as are a growing share of the solutions. However, until now only a handful of citizen groups (e.g., the Jesuits) have been able to build and sustain global organizations with true operating unity in the face of all the pressures to break apart present in today's world. (From Ashoka's first day, it has recognized these fissiparous tendencies as one of the two life-threatening risks it must protect against.) Much of both the field's potential leverage and synergies would be lost if the opportunity to work with true global unity were to slip through our fingers now.

A New Financial Services Sector

The second major challenge entails improving the financial sector's stagnant and inadequate servicing of the new citizen sector. In the business world, finance continually evolves and diversifies. As business has changed and diversified, finance has changed and diversified. Business financial services must
demonstrate creativity and client responsiveness. Sectors (e.g., banks) that
did not move quickly enough, lost key client segments. As a result, there is
enormous variety among financial institutions by type of client, risk level, and
function. In the citizen sector, however, institutional financial services remain
overwhelmingly in the hands of stovepiped governments and foundations. In
their world, little has changed in the eighty years since John D. Rockefeller
invented the foundation—despite the recent explosive transformation and
growth within the operating citizen sector.

There is a serious misalignment between the needs of social
entrepreneurs on one hand and the structurally rooted behavior patterns of both
foundations and government grant-makers on the other. The consequences frus-
trate the excellent people on both sides and seriously damage the citizen sector.

Entrepreneurs need investors who value new ideas, which commonly
means ideas that cut across fields and disciplines. This is difficult for foundations
and government agencies guided by group-authored strategies or legislation
developed in the past. Moreover, if an idea cuts across categories, it is doubly
cursed because the grants officer will have to check with many more people.

Entrepreneurs need substantial and medium- or long-term investments.
Foundations and governments normally give funds for parts of projects for a
year. Moreover, as the ratio of staff to grant resources available tends to increase
with time, the average length and duration of grants usually diminishes in
lockstep.

The entrepreneur needs to build an institution. Foundations and govern-
ment agencies perceive such costs as highly undesirable “overhead.”

The entrepreneur needs investment partners who—recognizing his or
her special and unquantifiable value and also the very human needs of someone
so centrally committed to the vision and work and therefore so very personally
vulnerable—will be loyal, especially when times are difficult. Foundations and
governments, despite rare individuals who try, cannot provide this judgment or
commitment.

The consequences of this structural disconnect are severe. The citizen
sector’s most valuable resource, its cutting-edge entrepreneurs, spend over 70
percent of their time and energy chasing small fractions of what they need. Their
institutions suffer both from the loss of so much of their entrepreneur’s energy
and spirit and from these financial institutions’ resistance to investing in institu-
tions. The social entrepreneur is not the only casualty of the failure of the finan-
cial institutions serving the citizen sector to evolve. Consider the other end of
the market: Would it be realistic for a 16-year-old who needs $800 in seed
money to launch a tutoring service or student newspaper to approach a founda-
tion or government agency? No. Even though such ventures very often are life
changing and they cost very, very little.
What does society have to do to end the immobility of social finance? Small seedlings of entrepreneurial creativity are beginning to spring up. How can we encourage and connect them?

Management for Ethics

Trust is critical to openness and collaboration—and therefore to efficiency as much as to personal satisfaction. Ethically rooted values are also critical guides to policy and performance evaluation. Because financial measures seem less clear and are less monochromatically in command in the social sector, values are more important. In business, where the financials have perhaps been too dominant, values may interestingly be even more urgently needed.

How different society would be if every institution—family, schools, and workplaces—openly and articulately made clear that excellent ethical behavior is essential. How different it would be if every institution said at every stage from hiring through daily operations to promotions: “We care deeply that you are an ethical person and colleague.” The cumulative impact would be enormous—on individual lives and on both economic and social capital and performance.

Many families and some institutions do pursue these ends actively. The Hilti Corporation of Liechtenstein, for example, has achieved a significant strategic advantage in the global market it serves (building fasteners) by nurturing an outstandingly trustworthy, honest worldwide workforce. Hilti’s clients, who depend on the reliability of the fasteners and associated equipment they use, know the Hilti team won’t cut corners. Hilti has seven corporate values, five of which break out different components of ethical behavior. The company employs these principles in staff reviews and in operations—e.g., in reflecting how a Hilti group has performed during a meeting and as a focus of its internal mentoring process.

Ashoka also emphasizes ethical behavior. Both its Fellows and staff are screened for strong ethical fiber. It has developed tools that enable it to apply this standard with intellectual rigor and fairness.

Given the importance of using ethics as a core management standard, and given that some institutions seem able to do so, why is society so reluctant to talk directly about ethical fiber and make it a standard that we really hold people to? After all, it is our most deeply rooted skill. It is part of our primitive intelligence—primitive in the historical sense, not in the sense that it is underdeveloped. We use this skill to make judgments every day. Am I going to get in the car with this person? Am I going to sign a contract with her? Am I going to allow this person to baby-sit my child? We clearly have the skills to tell whether or not we can trust others, a fact that psychologist Carl Rogers’ experiments corroborate. Yet we seem fearful of recognizing this capacity.

Why? Here are two hypotheses. The first is that the frontal cortex is nervous about giving way to the primitive brain and its “instinctive” ethical sense.
However, there is strong evidence that people can learn how to make these two parts of the brain work together. Helping people learn how to do so is a key step in helping them to manage for ethical fiber.

The second hypothesis is more troubling. Society is afraid that the primitive brain is prone to making a socially harmful mistake. Is it going to confuse “otherness” with untrustworthiness? Since one of our biggest social problems is overcoming prejudices against difference, it is understandable that we fear letting our primitive brain loose unsupervised to make such judgments. Increasingly, we have responded with litigation-prone regulations that drive managers away from making judgment calls about people openly.

If these are the two main barriers to managing for and building a culture of strong ethics, how can we learn to overcome them? This is, I believe, an important management challenge—for managers and scholars in both sectors.

Ashoka has developed several useful methods that help it work through this challenge. One mechanism is the “snake” or “cliff edge” test. Given that I am irrationally afraid of heights, I use the cliff edge test. When I finish an interview with a candidate, I close my eyes and think about the cliff edge. Then, I introduce the image of the person with whom I have been interviewing into that image. If I feel myself grabbing for the edge of the chair, I know that the primitive part of my brain has just reacted to something troubling. By arousing my most basic fear and then quickly introducing this new person, the primitive brain moves too fast for the frontal lobe to block its reaction.

A better-known and long-proven method for reliable and fair ethical decision making is the jury. The jury system is rooted in the idea that a group of people in a fair setting trying to make a consensual judgment will be better able to make a fair ethical judgment than any one person alone. (This is one reason the most critical decision point in Ashoka’s five-step selection process is a six-person panel of social entrepreneur peers.)

Despite the value of managing by ethics and the tools available, society seems still to be sliding in the other direction. Hopefully, the growing power, creativity, and thoughtfulness of the value-rooted citizen sector will help shift the balance. This is also an area where management scholar-entrepreneurs could make a major contribution.

**Broader Impacts**

The rapid emergence of a strongly entrepreneurial and competitive citizen sector will have profound impacts on the rest of society over the next decade and beyond.

- *Business* and society will end their divorce and, as they learn to talk and the social side closes today’s huge productivity gap, they will converge. New planes of competition and collaboration and new legal and institutional structures will follow quickly.
• **Government** will face growing competition in operations, which will force it to continue surrendering market share or to learn to compete. Its unique competitive strength is that, unlike either competitive sector where anyone can enter and gain great power, it represents all of society. The faster society changes (in part because of increased competition), the more important government’s role will be as iterative designer and enforcer of the rules, institutions, and safeguards of the market.

• The spread of social entrepreneurship will greatly strengthen **democracy**. Such entrepreneurs set powerfully contagious examples. They care about the broad society. They organize ideas and people and exercise power to solve social problems. In many ways, they are the cutting edge of the democratic revolution.

• The dynamics of **globalization** will change dramatically as citizen groups and the constituencies they mobilize rapidly become key actors. Their impact will increase as they master the terrain, gain confidence, and shift increasingly from defensive reaction to the initiative. There is a potentially powerful alliance between these groups and those seeking to build global institutions. Both seek to solve problems where they have been blocked by the established patterns and alliances at the national level.

• The world’s **squalor gap** will begin to close. As the productivity of the social sector increases, much more than the salaries of its workers will improve. Literacy, health, environmental safety, and all the other areas that have suffered will catch up. The much berated imbalance of “consumerism” of today is not caused (as the name implies) by misplaced values but by the fact that for these centuries the products of business have become steadily less expensive relative to social goods. Close the business/social gap and consumerism will simply fade away.

That the social sector is now led by social entrepreneurs has one more impact—by far the most important. Traditional societies evolved so slowly that gradual trial-and-error expressed as customary law was all that was needed to guide them safely. As change accelerated, small elites took control of decision making. However, as society became ever more complex and as change accelerated yet again, this form of decision making could no longer cope. We now need a far more flexible, creative, quick-moving, and decentralized way of managing the planet. Coursing through society like white blood cells in the body, the entrepreneurs’ life’s work is to spot wherever society is stuck, imagine a better pattern, and make it the new reality society-wide.

**Notes**

1. Ashoka’s guide, “Selecting Leading Social Entrepreneurs,” explains these qualities along with how fully to test for them. It is available at <www.ashoka.org>. This site also introduces hundreds of case studies of social entrepreneurs on every continent.
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