

BOOK REVIEW

DOI: 10.7595/management.fon.2018.0030

Abstract:

Book review of: Transformational Entrepreneurship by Vanessa Ratten and Paul Jones. Routledge Frontiers of Business Management, Routledge, London and New York, 2019. 210pp. ISBN-13: 978-1-138-48475-7

Since the early conceptualizations of the social entrepreneurship concept (e.g., Mort, Weerawardena & Carnegie, 2003), the scholars have been offered an alternative model to consider entrepreneurial behaviour. In fact, social entrepreneurship is a phenomenon in which individuals (i.e., social entrepreneurs) strive for a social mission, which aims at a lasting benefit to society (Dees, 1998). Potentially one of the most known examples of such social entrepreneurs is Muhammad Yunus, who had a mission to help people in their attempts to acquire microcredits (i.e., small loans that these people could not otherwise get) (Martin & Osberg, 2007). One reason why the free market cannot always solve such social initiatives is the economic rationality: an incentive to strive for a social benefit (i.e., a benefit, which primarily helps society, but not the actor, who runs after it) does not make sense, because the actors are selfish (Chen, Yao & Kotha, 2009). Cable and Shane (1997) found an extreme nature of selfishness in their sample testing the famous prisoner's dilemma in the entrepreneurship context, and suggested that entrepreneurs should cooperate with venture capitalists in order to gain mutual benefit. This type of a selfish benefit-seeking is encapsulated with most of the models of the current entrepreneurship and social entrepreneurship theory (Bacq & Janssen, 2011).

Because entrepreneurship has been considered as an individual's (or a team's) wealth-generating machinery, social entrepreneurship has sometimes been considered as voluntary work (Shaw & Carter, 2007). However, the definition of social entrepreneurship is not actually restricted to the idea that a social entrepreneur should be a voluntary worker. By contrast, a social entrepreneur is defined as "a pathbreaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is totally possessed by his or her vision for change" (Bornstein, 1998, p. 37). Therefore, instead of only being considered as a person who tries to compromise his or her personal wealth creation with the social values that his or her social enterprise is targeted to produce (which can surely be a form of social entrepreneurship [see Thompson, Alvy & Lees, 2000]), a social entrepreneur can also be considered as a game-changer in his or her industry (i.e., a label often used when considering a pure economic logic of one's business model, for example [see Osterwalder & Pigneur, 2010]). One of the newest approaches considering those situations, in which both economic and social logics function alongside each other, is called transformational entrepreneurship.

Although Miller and Collier (2010, p. 85) defined transformational entrepreneurship as "the creation of an innovative virtue-based organization for the purpose of shifting resources out of an area of lower and into an area of higher purpose", the development of the concept has not been particularly active. Ratten and Jones' (2019) book *Transformational Entrepreneurship* is a positive exception to that trend. Ratten and Jones (2019) have collected and edited interesting chapters together, which offers new insights on the topic traditionally known as social entrepreneurship. Ratten and Jones' (2019) approach is interesting, because it challenges the traditional triple bottom line model, in which its elements (i.e., economic, social, and environmental) are often seen as complementary. Although the triple bottom line model is definitely important, it still suggests that economic and social targets are contradictory in business (see Frederick, O'Connor & Kuratko, 2016). Ratten and Jones' (2019) book offers an alternative view on this topic.

After defining the concept of transformational entrepreneurship as a phenomenon (in the opening chapter of their book), in which both targets (economic and social) are strived for simultaneously, Ratten and Jones (2019) give a couple of interesting examples where they consider innovation to be one of the most important denominators. In the second chapter, Baraibar-Diez, Odriozola, Ladislao, and Sotorrio offer an example of the big picture: a topic important for transformational entrepreneurship. In fact, we should not only try

to measure, for example, how many meals a transformational entrepreneur could deliver to homeless people, but particularly concentrate on how much this transformational and entrepreneurial activity reduces hunger in total. In the third chapter, Ratten, Duarte, Marques, and Braga write about geoparks (for example those of the UNESCO), which are spaces for generating multiply value types: educational, science, culture, and socio-economical (again: as an illustrative example of the situation where many aspects are not only complementary, but also symbiotic).

Ratten and Jones' (2019) next chapter (chapter 4) offers a more traditional case of social entrepreneurship: the handicraft industry. Even from that more traditional case, Hernández, Moreno, and Hernández found that economic and cultural values can support each other. Additionally to that social entrepreneurship case, David and Terstriep (in chapter 5) show how opening the EU-borders can be analysed from the entrepreneurship point of view. Although the opening the EU-borders is often a political debate, in which the feelings can escalate (for example in Germany that a part of this case considers) (more details of the literature on this topic described in the chapter), David and Terstriep show how a less-studied form of entrepreneurship (i.e., informal ethnic entrepreneurship) can particularly benefit from those political circumstances and how individuals can become really entrepreneurial just because of those situations. It seems that the ethnic entrepreneurship topic could be highly interesting for the future research as part of the legitimate vs. illegitimate vs. legal vs. illegal discourse in the entrepreneurship field (see Webb, Tihanyi, Ireland & Sirmon, 2009).

Transformational entrepreneurship is not only about new and small ventures. As entrepreneurship itself, there is a version of the phenomenon that takes place in already existing organizations (see Burgelman, 1983). In fact, the sixth chapter of Ratten and Jones' (2019) book informs about this topic. In it, Barrena-Martinez, Lopez-Fernandez, and Romero-Fernandez explain how a company that takes transformational entrepreneurship seriously can offer new methods of communication, for example an employees' breakfast or an innovative two-day-long strategy formulation event, which helps employees to get more involved in a company's activities that can affect their commitment level positively. Furthermore, in the seventh chapter, Miller and Poyago-Thetoky keep developing the inside-organization version of transformational entrepreneurship in the context, which is not traditionally considered very entrepreneurial: the mining sector. Miller and Poyago-Thetoky found innovation practices, which can be beneficial in understanding mining as a business, but also as a method for developing innovations in other organisations.

A book considering an entrepreneurial topic would be distorted without a view on individual. The eighth chapter of Ratten and Jones' (2019) book considers innovativeness, highlighting its qualities for individuals. In this chapter, Omri takes a novel perspective linking entrepreneurial creativity and religious capital. With a case of Muslim religion and its positive values and practices, Omri conducts a statistical analysis and shows that following such a code of conduct may result in more entrepreneurial practices. In the similar vein, cultural practices are considered in the ninth chapter of the Ratten and Jones' (2019) book. In that chapter, Torres and Augusto explicate that culture may explain some of the variance of women's self-employment rate. As Ratten and Jones (2019) explain in their book, it is critical to understand the details of culture, because it has a direct connection to how transformational entrepreneurship and its principle of maximizing multiply values (e.g., those of social, economical, and environmental) can function in theory and practice as a symbiosis.

The three final chapters of Ratten and Jones' (2019) book highlight companies' innovative capabilities. In the tenth chapter, Zheng and Laurin explain how open innovation is a platform that may enable knowledge creation and capacity building in corporate life. Zheng and Laurin use illustrative examples of Alibaba Group and Shop.com/Market America in order to point this out. Those examples highlight two strategies, inside-out capability (applied at Alibaba) and inside-out/outside-in capability (applied at Shop.com/Market America) of which both offer interesting insights for companies and their founders, who want to take transformational entrepreneurship seriously. The final aspect of the book, sport innovation, scrutinized by Tjønnndal, is an important aspect of the social element of human life. In fact, as Tjønnndal explains, collaboration of any sort is a key in an efficient innovation practice at organizations, and the practices derived from sport may help in making this target happen. Tjønnndal uses an interesting case which illustrates that innovation is an outstanding challenge to organisations as a constant practice instead of a one-time-event.

Ratten and Jones (2019) have started an interesting conversation of transformational entrepreneurship in their book. According to their final chapter, Ratten and Jones share their insights on the concept of transformational entrepreneurship: it might give most of its value as an engine that takes the social aspects into consideration without losing the benefits that a highly-performing firm founder aims at when trying to enter the market. As a multiply level phenomenon, transformational entrepreneurship offers new perspectives into theory and practice, and its conceptualisation has got an interesting beginning with this book, especially as an extension to what we already know from the social entrepreneurship literature.

REFERENCES

- [1] Bacq, S. & Janssen, F. (2011). The multiply faces of social entrepreneurship: a review of definitional issues based on geographic and thematic criteria. *Entrepreneurship and Regional Development*, 23(5-6), 373 – 403.
- [2] Bornstein, D. (1998). Changing the world on a shoestring. *The Atlantic Monthly*, 281(1), 34 – 39.
- [3] Burgelman, R. A. (1983). Corporate entrepreneurship and strategic management: insights from a process study. *Management Science*, 29(12), 1349 – 1364.
- [4] Cable, D. K. & Shane, S. (1997). A prisoner's dilemma approach to entrepreneur-venture capitalist relationships. *Academy of Management Review*, 22(1), 142 – 176.
- [5] Chen, X-P, Yao, X. & Kotha, S. (2009). Entrepreneur passion and preparedness in business plan presentations: a persuasion analysis of venture capitalists' funding decisions. *Academy of Management Journal*, 52(1), 199 – 214.
- [6] Dees, G. (1998). Enterprising non-profits. *Harvard Business Review*, 76(1), 54 – 56.
- [7] Frederick, H., O'Connor, A. & Kuratko, D. F. (2016). *Entrepreneurship: Theory, Process, Practice*. Cengage Learning: South Melbourne, Victoria, Australia.
- [8] Martin, R. L. & Osberg, S. (2007). Social entrepreneurship: the case for definition. *Stanford Social Innovation Review*, Spring Issue, 29 – 39.
- [9] Miller, R. A. & Collier, E. W. (2010). Redefining entrepreneurship: a virtues and values perspective. *Journal of Leadership, Accountability and Ethics*, 8(2), 80 – 89.
- [10] Mort, G. S., Weerawardena, J. & Carnegie, K. (2003). Social entrepreneurship: towards conceptualisation. *International Journal of Nonprofit and Voluntary Sector Marketing*, 8(1), 76 – 88.
- [11] Osterwalder, A. & Pigneur, Y. (2010). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. New Jersey: John Wiley & Sons, Inc.
- [12] Ratten, V. & Jones, P. (2019). *Transformational Entrepreneurship*. Routledge Frontiers of Business Management, Routledge: London, UK and New York, USA.
- [13] Shaw, E. & Carter, S. (2007). Social entrepreneurship: theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of Small Business and Enterprise Development*, 14(3), 418 – 434.
- [14] Thompson, J. L., Alvy, G. & Lees, A. (2000). Social entrepreneurship – a new look at the people and the potential. *Management Decision*, 38(5), 328 – 338.
- [15] Webb, J. W., Tihanyi, L., Ireland, R. D. & Sirmon, D. G. (2009). You say illegal, I say legitimate: entrepreneurship in the informal economy. *Academy of Management Review*, 34(3), 492 – 510.

Accepted: 2018-11-01



About the Author

Antti Kauppinen
RMIT University, Australia
antti.kauppinen@rmit.edu.au



Dr. Antti Kauppinen works as a lecturer of entrepreneurship at the RMIT University in Melbourne, Australia. He did his PhD at Oulu Business School, Finland, and also visited Copenhagen Business School, Denmark, when studying opportunity creation and the process of becoming an entrepreneur, in particular. Afterwards, he has been working in numerous countries (e.g., UK, USA, Netherlands, Germany, and Italy) as an external lecturer and researcher. His current research considers nascent entrepreneurs' (e.g., business students, incubator participants, freelancers, and athletes') activities, cognitions (e.g., emotions, cognitive capabilities, decision-making, attitudes to failure etc.), and narratives which are related to their start-up business creation/development and which are often antecedents of these individuals' firms market entries. He has experience in coaching start-ups and sportsmen, and he also has an experience as an athlete himself. His published work can be found in *Ephemera*, *International Journal of Entrepreneurial Venturing*, *Journal of International Entrepreneurship*, and *International Journal of Sport Management and Marketing*.