

Social Entrepreneurship and Economic Development in Silicon Valley

A Case Study on The Joint Venture: Silicon Valley Network

Flaminio Squazzoni
University of Brescia, Italy

Social entrepreneurs are playing a pivotal role in promoting intersector initiatives to address economic and social challenges in regions and local communities. This generates social capital to support an initiative-oriented collaboration framework among participants and across sectors. Such intersectoral initiatives are of paramount importance for the capacity of a region/community to set up innovative solutions to socioeconomic problems from the bottom-up, going beyond the limits of markets and government institutions. This is increasingly happening not only in depressed but also in developed regions and communities, such as Silicon Valley. This article reports on the Joint Venture: Silicon Valley Network, a nonprofit organization launched in 1992 to promote a series of intersectoral initiatives at the edge of the economy, society, and environment in Silicon Valley.

Keywords: *social entrepreneurship; nonprofit organizations; social capital; local economic development; Silicon Valley*

Social entrepreneurs are increasingly playing a pivotal role in promoting intersector initiatives to address economic and social challenges in regions and local communities and in generating social capital to support initiative-oriented collaboration frameworks among participants and across sectors. Empirical evidence can be found not only in depressed but also in developed regions and communities and across different countries (e.g., Bradshaw, 2000; Henton, Melville, & Walesh, 1997; Korsching & Allen, 2004; Sagawa & Sega, 2000; Snow, 2001; Walesh & Henton, 2001). It would seem that in the globalization era, complex collective problems that

Author's Note: The author would like to acknowledge the financial support by CARIPLO Foundation, Milan, Italy, and wishes to thank Giancarlo Provasi, Giuliana Gemelli, the postgraduate students of MISP (The Master in International Studies in Philanthropy and Social Entrepreneurship), University of Bologna, Italy, and two anonymous referees of this journal for remarks and suggestions. Please address correspondence to Flaminio Squazzoni, Department of Social Sciences, Faculty of Economics, University of Brescia, Via San Faustino 74/B, 25122 Brescia, Italy; e-mail: squazzon@eco.unibs.it.

affect at a local level cannot be appropriately solved by market incentives and/or public planning (Squazzoni, 2008). It has increasingly been recognized that collective goods, such as technology transfer and applications, new information and communication infrastructures, and highly specialized educational initiatives, are better produced by bottom-up intersector collaboration and social ventures generated by social entrepreneurs at a local level.

This article starts from this perspective, emphasizing the following two arguments: (a) Social entrepreneurs are crucial in responding to particular market and government failures to solve complex problems and in promoting bottom-up economic development initiatives at a region/community level and (b) social capital is a catalyst for establishing intersector initiatives and strengthening self-reinforcing collaboration between participants and across sectors. To illustrate these arguments, we have described the case study on Joint Venture: Silicon Valley Network (JVSVN), a nonprofit organization launched in Silicon Valley (SV) in 1992, to promote a series of initiatives at the edge of the economy, society, and environment to cope with globalization and international competition challenges to economic development of the region. The focus is particularly on the initial initiatives launched by JVSVN in the 1990s, under Jim Morgan's leadership.

This article is organized as follows. The first section consists of a brief history of JVSVN, with particular emphasis on its governance, objectives, and organizational structure. The second section describes the JVSVN modus operandi and the most important initiatives launched from 1992 to 2004. The third section focuses on the analysis of the JVSVN organizational network, suggesting a categorization of social entrepreneurs and their features. In the fourth section, the role of social capital is emphasized, both in the foundation and establishment of initiatives, as well as the role of reputation in growth and expansion of the organizational network.

What Is JVSVN?

JVSVN is a nonprofit organization launched in Silicon Valley in March 1992, in the channel of San Jose Metropolitan Chamber of Commerce, thanks to the willingness of its president John Kenneth and the collaboration of 26 different entrepreneurial associations. First intended as a neutral public forum, bringing together leaders from businesses, government, communities, labor, universities and research centers, and nonprofit sectors, it becomes a nonprofit organization in all respects in 1994. It is based on a small internal staff, a dense network of volunteers involved in initiatives at various levels, a board of directors composed of leaders with a high turnover belonging to different sectors, and a composite body of investors, coming from business, private foundations, and the public sector. The original mission was to develop and strengthen intersector collaboration strategies to solve complex collective problems affecting social and economic development of the region, by cross

fertilizing the best practices of economic entrepreneurship and the collaboration-based production of social goods.

At a grassroots level, people involved in JVSVN share the same definition of reality (Waddock & Post, 1991): the ongoing replication of SV's competitive advantages in the near future and the preservation of the region's standing as the world's platform for innovation and entrepreneurship. This is possible only if the capacity to explore innovation landscapes, connecting innovation and social implications, in terms of knowledge and technology transfer among different sectors, and developing more appropriate policies of human capital creation and management is maintained at a regional level (JVSVN, 2003).

Right from the start, JVSVN tried to operate with a flexible network of people and initiatives, a kind of project-based platform with a flat and flexible structure and an inclusive governance structure (Henton, Melville, & Walesh, 2004). The board of directors consisted of a body of managers of SV's leading firms, representatives of local and federal government, directors of entrepreneurial associations, representatives of universities and research centers, community association representatives, and leaders who emerged during the initiatives. During the first few years, a number of private managers stood out, such as Tom Hayes and Jim Morgan, from Applied Materials. Participation at every level was voluntary, with an open and smooth governance structure characterized by a high turnover of people involved and a low degree of hierarchy. For instance, between 1998 and 2004, there was a turnover of four to five members of the board of directors. The board was counterbalanced with a leadership council composed of 400 individuals, which had a feedback and control function, external communication and identification of strategic issues. The council was an aggregate of groups, among which there was the management committee, the so-called "Public Sector Roundtable," that were members of committees managing network initiatives, the senior executives of the initiatives, some financial investors, and other stakeholders. Finally, there was the so-called "Co-Chairs' Council," a group of 40 CEOs and community seniors forming the JVSVN board, with the function of giving feedback on the progress of the network initiatives as well as new ideas and input. Together with this structure, there was a small body of executive staff and consultants and experts, among whom the Collaborative Economics Group is worth noting, which performs specific activities, such as, fund-raising, lobbying, research, and communication.

The JVSVN funding structure was particularly flexible, with a mix that ranges from businesses, foundations, private sectors, individuals, and the public sector. The amount of funding varied from year to year, as well as from initiative to initiative. For the most part, there was private funding from businesses and foundations, according to an average level of 70% to 80% on total per year (JVSVN, 2001b).

One of the first ideas was to build a high-level information network concerning the socioeconomic challenges of the region. Each year a Silicon Valley Index is published, with a set of indicators and data on the main features of the economic and

social life of the region. The indexes were self-monitoring tools that diffuse a big picture approach to economic and social challenges, as well as a means for promoting a “call to action” for anyone potentially interested in the initiatives. The positive effect of this “call for action” was a new generation of social entrepreneurs capable of reproducing the old civic roots of business entrepreneurship in SV (i.e., David Packard, Bill Hewlett, Bob Noyce), and to promote stable and cumulative patterns of initiative-based relationships between people from business and civil society. However, such relationships could succeed only if there was a framework of mutual trust-based expectations and stable intersector collaboration settings oriented toward exploration, innovation, and the search of new solutions. This is where JSVN entered the picture.

JSVN’s Modus Operandi

Before the network assumed its current structure and an agenda of initiatives was collectively negotiated, several working groups were created to allow progress from the monitoring phase of 1992 to the identification and selection of potential initiatives on which financial, human, and social resources could be invested. Groups were organized according to an interface between industry and infrastructure. Among the former, there were subgroups focused on issues such as computers/communication, software, semiconductors, space/defense, bioscience, environment, and business services. Among the infrastructure working groups, there were subgroups focused on issues such as the workforce, technology, new business formation, regulatory climate, physical environment, and tax and fiscal policy. Groups consisted of two or three senior business and/or community leaders as leaders, a facilitator, and a number of volunteers belonging to different sectors. The activities individually proceeded in parallel but were organized according to a general schedule with a number of official meetings designed to sequentially coordinate all activity.

Inside the groups, a basic belief of JSVN started to materialize, namely, that the creative processes needed to answer the regional competition and development challenges that result from nonlinear and transdisciplinary collaboration (JSVN, 2001b). Right from the start, JSVN conformed to best practices in the field of complex organizations, which dictates that due to the complexity and the uncertainty of the environment, an innovative organization should have certain building blocks. These include organizational flexibility, teamwork, lateral communication, growth of external networks, and project-oriented multidisciplinary collaboration among complementary expertise and knowledge (Rycroft & Kash, 1999).

Within the groups, an initial network agenda began to be established. Group-identified JSVN objectives allowed a set of priorities to be selected and then translated into specific initiatives: the development of specialized social infrastructures to support the region’s economic development and the growth of entrepreneurship (“Smart Valley,” “21st

Century Workforce,” and “Workforce Development” initiatives); the reduction of business costs (“Council on Tax and Fiscal Policy” initiative); the support of business expansion (“Defense/Space Consortium” and “Economic Development Team” initiatives); and the support of new innovative industries (“Environmental Partnership” initiative).

The role of Core Network was important to transform the initial group results into coherent collective initiatives (Trelstad, 1999). The “Core” was a small group of directors that evaluated initiatives suggested by each group. The evaluation was made after each group sent a memorandum of understanding, which included a detailed business plan, the expectations and objectives to be reached. The selection follows specific evaluation parameters, such as the presence of an appropriate leadership in the initiative, the presence of appropriate financial support, and the importance of the objectives for the JVSVN mission. The focus on outcomes, measures, voluntariness of members, and inclusiveness and management methods were particularly encouraged. After the evaluation, the agenda of JVSVN concentrated on 11 initiatives. The first effect of the groups was a set of new social entrepreneurs, then just emerging as leaders within the initiatives. To run initiatives, a flexible organizational configuration was set. Certain initiatives were directly embedded in JVSVN and operated with internal funds, others were internal but operated autonomously, with a fund-raiser, and finally, others were autonomous and had independent nonprofit organizations (JVSVN, 2001b).

In the area of sociotechnical infrastructures, there were three of the most famous JVSVN initiatives, namely, the “21st Century Workforce Initiative,” which was successfully finished in June 2001, “Smart Valley” and “Workforce Development,” on which I would like to concentrate. Their description shows the JVSVN style of collaboration and innovation.

The purpose of the 21st Century Workforce Initiative (CWI) was to improve the school and educational systems in the region allowing technology and knowledge transfer from the business sector (JVSVN, 2001b). It was one of the first objectives emphasized in the report “Silicon Valley 2010” (JVSVN, 1998), which summarizes JVSVN’s vision, mission, and goals. The idea was that introducing improved learning practices and technologies into schools and the educational system was a means to improve students’ and teachers’ performance. The initiative included a network of 62 schools in 14 different region districts, and more than 42,000 students. The CWI action model conformed to an innovative application of the venture capital approach (Jegen, 1998): investing in schools and education not simply with grants but also by applying an outcome-oriented long-term investment focused on intensive collaboration between volunteers coming from technology businesses, schools and education institutions, and communities, such as parents, families, and students. CWI investments have a long-term perspective, are managed through a partnership between JVSVN groups and school teams, and are calibrated to the specific objectives of the initiative. Philanthropic donations, coming from leading SV firms, private foundations, and government institutions, include money, technology, knowledge, and human resources. CWI can thus be

considered an example of venture philanthropy, where project-based relationships between donors and beneficiaries trigger not only financial assets but also skills, technologies, knowledge, and capabilities targeted at enfranchising participants (Community Wealth Ventures, Inc., 2002; Emerson, 2002; Porter & Kramer, 1999; Sagawa & Segal, 2002).

Workforce Development is an initiative in the educational and professional area aimed at reducing well-known coordination failures between education, the labor market, and business. As outlined since the first JVSVN documents, past economic success of SV caused a big demand for a highly qualified and flexible labor force, with a continuous mismatch between education and competences required by labor markets. The role of demographical and economic change in SV, as well as the effects of globalization of the labor market is widely recognized in producing such a mismatch. As certain JVSVN surveys clearly demonstrate, the “workforce gap” in SV causes high diseconomies both to individuals and regional communities, as well as incremental costs to businesses, calculated as a differential of between 6,000 and 8,000 dollars per labor unit, with costs approximated around 3 to 4 billion dollars per year (JVSVN, 1999). Among these costs, we can include information and selection costs, professional needs and investment, growth constraints on businesses caused by lack of human capital, and education investments. The strategy of the initiative was to deal with this macro mismatch by taking into account different time scale phenomena: that is, the long term of education at schools and universities, the middle range of professional education, and the short time scale of the labor market (JVSVN, 1999, 2002).

The Smart Valley initiative was established in 1993 with the foundation of an independent nonprofit organization, Smart Valley Inc., which had an intersector board of directors lead by Harry J. Saal, president and founder of Network General. Smart Valley Inc. initially invested 1 million dollars, but at the end of the 1 year was able to attract more than 20 million dollars on specific initiatives. The original mission was to use technologies created in SV to improve business, government, education, and quality of life. This successful experience ended in 1998, with the creation of more than 60 high-impact initiatives, in the fields of e-commerce promotion and technology infrastructure implementation in public administration, and having networked more than 80% of schools in the region. Among the most successful Smart Valley initiatives, Smart Permit (JVSVN, 2001c) is particularly worth noting. This was a volunteer-driven initiative to use technology to streamline the cumbersome permit process. This was initiated in 1994, when Smart Valley gathered a group of stakeholders from government institutions and businesses to find out how to mix technology development and public services in order to simplify and rationalize administrative forms, procedures, and systems for businesses and citizens. In the spring of 1995, a number of volunteers of Andersen Consulting, together with some Smart Valley members, created a Smart Permit Prototype, using a prototype already made in the city of Palo Alto, California. More than 20 regional jurisdictions started

to collaborate. After a couple of months, a number of regional cities started to adopt the System Requirements for Smart Permit prepared by Smart Permit (1996), and created a consortium to analyze and evaluate software products on the market and to promote permits for in-house software products in conformity with the system requirements. At the same time, the intersector structure of the collaboration created an important by-product, that is, the emergence of a technology infrastructure market, with software products and applications oriented to public administrations and institutions, for instance, integrated information infrastructures and systems (JVSVN, 2001b). Therefore, it is possible to consider the case of Smart Valley and, in particular, of the Smart Permit initiative as an efficient answer to market and state coordination failures and an opportunity to experiment and “re-engineer the public sector,” to use the term used in a famous book by Osborne and Gaebler (1993).

Social Entrepreneurs as Carriers of Social and Economic Development

The literature on economic and on social entrepreneurship suggests different possible definitions of the term “entrepreneur” (see, e.g., on economic entrepreneurship, Aldrich, 2005; Hwang & Powell, 2005; Swedberg, 2000; and on social entrepreneurship, Nicholls, 2006; Sheerman, 2000; Thompson, 2002). For our purposes we could use the term “social entrepreneur” to mean a person who recognizes a long-standing social and economic problem and who uses entrepreneurial approaches, principles and methods to establish a social venture to collaborate with others in its resolution. In doing so, social entrepreneurs blur the boundaries between sectors. They may work in different sectors, such as private, public, and community sectors, but they all bring in the original spirit, vision, method, and knowledge of economic entrepreneurship, while, at the same time, inspiring this into the public and social sphere (see, e.g., Austin, Stevenson, & Wei-Skillern, 2006; Bryson, Gibbons, & Shaye, 2001).

In the case of JVSVN, social entrepreneurs are skilled persons who share time, competencies, expertise, knowledge, skill, money, and social and relational capital with others, by directly participating in challenging initiatives. JVSVN social entrepreneurs accept to participate in the production of a public good and to voluntarily generate broad-scale positive externalities on the community. They are leaders in different sectors who are motivated by a creative capacity of seeking opportunities and novelty, taking entrepreneurial risks, and pursuing innovation by participating in the social and public sphere. They are able to mobilize assets and other people, to invest differentiated resources in connecting economic, social, and environmental issues, often in a way never seen before, which definitively constitutes the objective of an entrepreneurial challenge. They have a board-scale vision so that they can grasp the complexity and interdependent nature of problems.

The basic motivations of social entrepreneurs can be economic interest, civic attitude, or personal development (Henton et al., 1997, eq. p. 52ss). The economic

interest motivation can push an individual to donate resources, time, and knowledge and to participate in social initiatives to solve collective problems, so that his or her business can benefit from positive externalities. Civic attitude motivation is driven by the willingness to take political responsibilities, often after the evidence of the failure of traditional political institutions to solve collective problems. The personal development motivation can move people to participate in social initiatives because of the willingness to tackle new challenges and meet different people to amplify new personal experiences. It is worth noting that social entrepreneurs differ from traditional philanthropists, because they do not restrict their action to funding, but actively participate in development initiatives, putting their time, commitment, and skills continuously on the line, and not just money once and for all (Porter & Kramer, 1999).

Analyzing JVSVN initiatives, we can observe the plurality of roles played by social entrepreneurs, according to typology, phase, and maturity of the initiatives (Henton et al., 1997, pp. 77-78). In the initial phase of initiatives, they play the role of “motivators” and “connectors,” because the fundamental supporting mechanism is the search for commitment and responsibility, the shaping of a common vision, the enlargement of the reference social groups, the attraction of resources, the creation of working groups, and so on. In the incubation phase, they are “teachers” and “conveners” capable of identifying opportunities, contextualizing problems, creating a common framework, balancing bottom-up innovation thrusts with top-down control, coordinating and allocating resources, and so on. During implementation, they play the role of “integrators” and “conductors,” in order to manage changes, provide strong commitment, measure and evaluate outcomes, and keep the focus on goals. When incremental improvement or radical change is needed, they become “mentors” and “agitators,” fostering cooperation, including people with new ideas, supporting innovation and heterodox ideas, and so on. Within such a process, their personal assets, both in terms of knowledge and social capital, are strategic resources for the success of the initiatives. Thus, social entrepreneurs are carriers of a new form of community or region responsibility at a local level (Henton et al., 2004, p. 91; see also James Irvine Foundation, 1998a, 1998b, 1999). It is a phenomenon that is taking shape not only in SV but also, for instance, in Austin, Texas and Arizona, regions that are recently rising as SV competitors in the United States (Henton et al., 2004, p. 81ss).

Social Capital in JVSVN Birth and Initiatives

The possibility, realization, and impact of JVSVN initiatives conform to what Mark Granovetter (1973) called “the strength of the weak ties,” and they can be interpreted as a positive case of relationship between social capital (in particular, trust, commitment, and reputation), collective action, and innovation (Adam & Rončević, 2005; Dasgupta, 2000). At the beginning of the JVSVN story, there was a common definition of the

reality and above all the common belief about the crisis affecting SV and the need for new collaboration to resolve complex problems. This belief was a socially shared constitutive institutional framework that promoted collaboration in innovative ways (Nee, 2005). Such a framework positively combined with the broader SV institutional framework, which is based on innovation, risk taking, information and knowledge sharing, and entrepreneurial attitudes (Castells, 2000; Rogers & Larsen, 1984; Saxenian, 1994). The result is the presence of weak relational ties among individuals, who are endowed with different but complementary assets, and who want to solve problems by collaborating. Horizontal and intersector ties of this kind are the first building blocks to generate and accumulate social capital to support formal and informal agreements and collaboration between people. They also support the creation of new ventures and the establishment of reputation and trust surrounding people, their social networks, and their initiatives (e.g., Dasgupta, 2000; Deshi, 2000; Koniordos, 2005; Tura & Harmaakorpi, 2005). In the case of JVSVN, relational ties allowed open dynamic networks of individuals through which relevant information and strategic resources circulate. They become networks to promote and select capabilities and a whole generation of social entrepreneurs. Moreover, the position of social entrepreneurs in network nodes is a positive signal of the authority and quality of information for other entrepreneurs to be included and a source of reputation both for JVSVN initiatives and for the organization as a whole. It strengthened cognitive attitudes toward a process of social identification that further generated cooperation and trust both for insiders and outsiders.

The literature does not offer a common and sound definition of social capital (e.g., Grootaert & Van Bastelaer, 2002; Lesser, 2000). For our purpose, we argue that social capital means a set of relations, beliefs, and institutions promoting information flow and collaboration among individuals so that collective action and the social production of collective goods can take place. Its basic building blocks are the presence of socially shared behavioral attitudes based on trust and commitment, the presence of social sanction and monitoring mechanisms among individuals, and the social use of reputation as a social control and coordinating mechanism. Such social capital can exist thanks to the presence of favored social structures and networks (e.g., Burt, 2005; Coleman, 1990).

In a case study on social capital in JVSVN, based on a number of interviews with people involved in JVSVN initiatives, Dara Menashi (1997) described the presence of various forms of social capital in JVSNV networks and in the stages of collective action within the initiatives, as summarized in Table 1. An important role was played by relation networks built over time through personal contacts. This happened both within formal social contexts, such as associations and families, and within informal social contexts. Reputation, which informally worked as a mechanism of distributed social incentive to participate, allowed people to interact and foster voluntary mobilization and participation. Moreover, social capital accessed and spread information not otherwise easily available, as well as supported collaboration, cooperation, and appropriate behaviors within JVSVN initiatives.

Table 1
Influence of the Social Capital on Collective Action in the Network's Initiatives

Social Capital	Stages of Collective Action		
	Searching and Coordinating	Bargaining and Agreeing	Monitoring and Enforcing
Network relationships	Providing connection to bring people into the system	Simplifying bargaining as overlapping relationships among members allowed for benefit trade-offs	Increasing sanctions when agreement broke off by withholding network benefits in other systems
Access to reliable information that is proprietary or expensive	Providing information about who is brought into the system and which issues to address	Expanding the possible set of ideas for discussion	Increasing awareness of when people break the agreement
Norms of reciprocity around cooperation and shared understandings	Increasing willingness to participate when people have a history of cooperation. Creating preference similarity to define the cooperation issues	Increasing willingness to cooperate under favorable situations. Agreement is easier when there are similar preferences	Providing sanctions if someone violates agreements

Source: Menashi (1997).

According to Menashi (1997), the development of social capital in JSVN initiatives played a fundamental role in strengthening collaboration of individuals directly involved in initiatives, thanks both to pre-existing social capital, in terms of relational social ties and common knowledge and social skills among individuals, and to the accumulation of supporting social capital both within and across teams. An interesting reinforcing mechanism to generate social capital was the degree of support of the personal involvement/participation given by their reference institution/organization. Moreover, the strengthening of collaboration within initiatives was closely correlated to the quality of the relationships inside the various initiative teams. Particular importance was due to the number of social mechanisms fueling collective action, such as the common perception of the innovativeness of initiatives, the high quality of learning and knowledge inferred by involvement, and the efficacy of social monitoring and sanctions against unmotivated elements within the teams. Besides personal biographies of individuals and their attachment to the region, other factors that contributed to social capital within JSVN initiatives, were effective decision and management processes characterized by lateral distribution of

responsibility and authority, and direct and mutual monitoring of each member involved to share personal experience, knowledge, and skills.

A fundamental premise for the growth of social capital supporting JVSVN was reputation (Raub & Weesie, 1990; Tadelis, 1999). Reputation mechanisms can have the property to enlarge social contacts and collaboration among people by increasing the circulation of positive information signals through third-party triadic relations (e.g., Conte & Paolucci, 2003). Initially, during the embryonic stage of JVSVN, the reputation capital of the first social entrepreneurs was of paramount importance to build social networks around the organization and to attract more social capital. The initial presence of social entrepreneurs, with a reputation for vision, experience, skill, efficacy, and leadership, within the JVSNV initiatives, was a positive signal for further voluntary commitment of other entrepreneurs and a reputation for the quality of these initiatives. The result was the mobilization of new energies, the enlargement and overlapping of social ties among people with differentiated and complementary resources, and the growth of social capital available (Henton et al., 1997; Menashi, 1997). At a mature level, social capital was the scaffolding that allowed transfer of the reputation of people involved into the reputation of the JVSVN "brand." There was a shift from direct relations, both horizontally (insiders meet outsiders and exchange evaluations), strategically (outsiders influenced by the image and the reputation of a leader), and interpersonally, where the relationship between individuals and generalized systems is what matters (i.e., the organization as a whole). The emphasis on outcome, strategic purpose, and collaboration framework, as well as marketing strategy with meetings and forums, the publication of reports and data, and the capacity of self-observation and monitoring of the organization on its initiatives and processes were fundamental sources for the diffusion of reputation and the growth of a corporate reputation.

Concluding Remarks

The case study of the first decade of JVSVN gives us an idea of the role of social entrepreneurs and social capital as carriers of economic development initiatives at a regional level. This evidence conforms to the recent debate on the new emerging patterns of economic development at a region/community level, according to which market and public government planning cannot be considered as the only development institutions. Thus, innovation mostly comes from horizontal alliances between profit and nonprofit, mixed partnerships, and intersector initiatives at a regional/community level (e.g., Austin, 2000; Kretzmann & McNight, 1996; Squazzoni, 2008).

This case study shows that social entrepreneurs and ventures can be a source of generation, accumulation, and diffusion of social capital. This is of the utmost importance to promote and strengthen intersector collaboration oriented toward relevant social and development initiatives. Such a collaboration framework has proved to be a catalyst to create wide-ranging collective action-based blueprints finalized to set up and produce

collective goods and to introduce innovation (Henton, Melville, & Walesh, 2002). In such a process, social entrepreneurs have proved to be fundamental in transferring attitudes and best practices that are peculiar to SV business and management into the field of social innovation (e.g., Hess, Rogovsky, & Dunfee, 2002; Sagawa & Sega, 2000; Samii, Van Wassenhove, & Bhattacharya, 2002). Good examples of this have been the diffusion of venture capital models into the strategic and organizational methodology of JVSVN public initiatives, the continuous organizational focus on control and results, and the application of business plans and project management methods. Furthermore, business-rooted social entrepreneurs in initiatives have further strengthened corporate social responsibility and sensibility to public objectives within businesses (Khoury, Rostami, & Turnbull, 1999). Thanks to JVSVN, its vision, method, and reputation, these multifaceted factors have found a structured organizational context and a locus to be both thoroughly expressed and exploited.

Of course, the nonprofit nature of JVSVN was extremely important for the growth of the organization and the multiplication of its initiatives (Weisbrod, 1997). For example, people involved in initiatives, such as senior executives of Silicon Valley firms, were both attracted by the nonprofit nature of JVSVN and its innovative organizational approach and also by the possibility of collaborating with other people, belonging to the same or to other sectors, to explore new working styles to tackle competition challenges that were commonly perceived as strategic problems at a region level. To be in the front line of a new entrepreneurial challenge, direct responsibility in initiatives, the fact that their specific expertise was a commonly recognized asset for success, the close interaction with people with other experience, and knowledge and the possibility of mutual learning were all positive incentives to invest time, resources, and knowledge.

The success of the initial initiatives and the involvement of prominent entrepreneurs right from the beginning were positive reputation signals to extend social capital and networks surrounding JVSVN, often mediated by direct social networks rich in social capital. This social extension was a fundamental asset to extract further resources in support of JVSVN initiatives and to strengthen the call for action, fueling trust and positive expectations to solve complex regional problems.

The social capital derived from JVSVN initiatives was extremely important for the social sharing of identification and vision, the emergence of a corporate vision, the establishment of new initiatives, professional collaboration, positive externalities and the generation of new knowledge networks, and the strengthening of an inter-sector collaboration framework. In this respect, it is worth outlining the importance of social group-centered identification processes undertaken at a regional/community level (JVSVN, 1998; Massachusetts Technology Collaborative/Metropolitan Area Planning Council, 1999). In the JVSVN case, these processes were based on a "regional" and "interdependent" common vision both of the competitive dynamics affecting SV and the social answers needed (Carrie, 2000; Henton et al., 1997; Pastor, Grigsby, & Dreier, 1997), and they have been a fundamental source to

strengthen trust, social capital, and collaboration framework around JVSVN, as well as to mobilize new assets. The nonprofit nature of the organization allowed a depth, effort and social force that would be impossible to generate through other institutional mechanisms, such as “pure” market or top-down political government (e.g., JVSVN, 2001a; Walesh & Henton, 2001). The success of JVSVN transformed such identification processes and social energies in organizational settings, specific initiatives, and clear results.

Finally, this case study suggests the need for further studies on the link between social entrepreneurship and social capital in collective action, in particular between initial social capital and social capital generated by the initiatives and mediated by organizational reputation mechanisms. Further analyses at a more theoretical level would be needed, as well as comparative case studies that would allow us to understand in what particular condition social capital can guarantee the reproduction/enlargement of social entrepreneurship and, vice versa, in what particular condition social capital can inhibit this self-reinforcing process. Moreover, a closer look at how nonprofit organizations can succeed in maintaining a positive link between social entrepreneurs, social capital, reputation, and collective results would be necessary to identify best practices that could be generally shared.

References

- Adam, F., & Rončević, B. (2005). Social capital: Recent debates and research trends. *Social Science Information, 42*, 155-183.
- Aldrich, H. E. (2005). Entrepreneurship. In N. J. Smelser & R. Swedberg (Eds.), *Handbook of economic sociology* (pp. 451-477). Princeton, NJ: Princeton University Press.
- Austin, J. E. (2000). *The collaboration challenge. How nonprofits and business succeed through strategic alliances*. San Francisco: Jossey-Bass.
- Austin, J. E., Stevenson, H., & Wei-Skillern, J. (2006). Social entrepreneurship and commercial entrepreneurship: Same, different, or both? *Entrepreneurship Theory and Practice, 30*, 1-22.
- Bradshaw, T. G. (2000). Complex community development projects: Collaboration, comprehensive programs, and community coalitions in complex society. *Community Development Journal, 35*, 130-139.
- Bryson, J., Gibbons, M., & Shaye, G. (2001). Enterprise schemes for nonprofit survival, growth, and effectiveness. *Nonprofit Management and Leadership, 11*, 271-288.
- Burt, R. (2005). *Brokerage and closure: An introduction to social capital*. New York: Oxford University Press.
- Carrie, A. S. (2000). From integrated enterprises to regional clusters: The changing basis of competition. *Computers in Industry, 42*, 289-298.
- Castells, M. (2000). *The rise of a network society. The information age: Economy, society and culture* (Vol. 1). Malden, MA: Blackwell.
- Coleman, J. (1990). *Foundations of social theory*. Cambridge, MA: Belknap Press/Harvard University Press.
- Community Wealth Ventures, Inc. (2002). *Venture philanthropy 2002. Advancing nonprofit performance through high-engagement grant-making* (Report).
- Conte, R., & Paolucci, M. (2003). *Reputation in artificial societies: Social beliefs for social order*. Dordrecht, Netherlands: Kluwer Academic.

- Dasgupta, P. (2000). Economic progress and the idea of social capital. In P. Dasgupta & I. Serageldin (Eds.), *Social capital: A multifaceted perspective* (pp. 325-424). Washington, DC: World Bank.
- Deshi, A. S. (2000). Social capital and community development. *Community Development Journal*, 35, 199-214.
- Emerson, R. (2002). *Strategic tools for social entrepreneurs. Enhancing the performance of your enterprising nonprofit*. New York: John Wiley.
- Granovetter, M. (1973). The strength of the weak ties. *American Journal of Sociology*, 78, 1360-1380.
- Grootaert, C., & Van Bastelaer, T. (2002). Introduction and overview. In C. Grootaert & T. Van Bastelaer (Eds.), *The role of social capital in development. An empirical assessment* (pp. 1-15). Cambridge, UK: Cambridge University Press.
- Henton, D., Melville, J., & Walesh, K. (1997). *Grassroots leaders for a new economy. How civic entrepreneurs are building prosperous communities*. San Francisco: Jossey-Bass.
- Henton, D., Melville, J., & Walesh, K. (2002). Collaboration and innovation: The state of American regions. *Industry & Higher Education*, 16, 9-17.
- Henton, D., Melville, J., & Walesh, K. (2004). *Civic revolutionaries. Igniting the passion for change in America's communities*. San Francisco: Jossey-Bass.
- Hess, D., Rogovsky, N., & Dunfee, T. W. (2002). The next wave of corporate community involvement: Corporate social initiatives. *California Management Review*, 44, 110-125.
- Hwang, H., and Powell, W. W. "Institutions and Entrepreneurship." In S. A. Alvarez, R. Agarwal, and O. Sorenson (Eds.) *Handbook of Entrepreneurship Research: Disciplinary Perspectives*. Berlin Heidelberg: Springer Verlag, 2005, 201-232.
- James Irvine Foundation. (1998a). *Linking the new economy to the livable community*. 1997 Civic Entrepreneur Summit (Report).
- James Irvine Foundation. (1998b). *California takes action. The emergence of California civic entrepreneurs*. 1997 Civic Entrepreneur Summit (Report).
- James Irvine Foundation. (1999). *Getting results and facing new challenges. California's civic entrepreneur movement*. 1998 Civic Entrepreneur Summit (Report).
- Jegen, D. L. (1998). Community development venture capital. Creating a viable business model for the future. *Nonprofit Management & Leadership*, 9, 187-200.
- Joint Venture: Sili-con Valley Network (1998). *Silicon Valley 2010: A regional framework for growing together* (Report).
- Joint Venture: Sili-con Valley Network (1999). *Workforce gap study. An analysis of the workforce gap in Silicon Valley* (Report).
- Joint Venture: Sili-con Valley Network (2001a). *Building community. Social connections and civic involvement in Silicon Valley. Preliminary findings report* (Report).
- Joint Venture: Sili-con Valley Network (2001b). *Next Silicon Valley: Riding the waves of innovation* (White Paper).
- Joint Venture: Sili-con Valley Network (2001c). *Smart Permit: A blueprint for success* (JVSVN Books).
- Joint Venture: Sili-con Valley Network (2002). *Joint Venture's 2002 workforce study. Connecting today's youth with tomorrow's technology careers* (Report).
- Joint Venture: Sili-con Valley Network (2003). *Building the next Silicon Valley. Strategy and actions* (Report).
- Khoury, G., Rostami, J., & Turnbull, P. L. (1999). *Corporate social responsibility: Turning words into action* (Report 255-99). Ottawa, Ontario, Canada: The Conference Board of Canada.
- Koniordos, S. M. (Ed.). (2005). *Networks, trust and social capital. Theoretical and empirical investigations from Europe*. Aldershot, UK: Ashgate.
- Korsching, P. F., & Allen, J. C. (2004). Locality based entrepreneurship: A strategy for community economic vitality. *Community Development Journal*, 39, 385-400.
- Kretzmann, J. P., & McNight, J. L. (1996). *Building communities from the inside-out. A path toward finding and mobilizing a community's assets*. Chicago: ACTA.
- Lesser, E. L. (Ed.). (2000). *Knowledge and social capital: Foundations and applications*. Boston: Butterworth Heineman.

- Menashi, D. (1997). *Making public/private collaboration productive: Lessons for creating social capital*. Unpublished doctoral dissertation, Harvard University, Cambridge, MA.
- Massachusetts Technology Collaborative/ Metropolitan Area Planning Council. (1999). *The 495 region: Building an identity* (Report).
- Nee, V. (2005). The new institutionalisms in economics and sociology. In N. J. Smelser & R. Swedberg (Eds.), *Handbook of economic sociology* (pp. 49-74). Princeton, NJ: Princeton University Press.
- Nicholls, A. (Ed.). (2006). *Social entrepreneurship: New models of sustainable social change*. Oxford, UK: Oxford University Press.
- Osborne, D., & Gaebler, T. (1993). *Reinventing government: How entrepreneurial spirit is transforming the public sector*. London: Plume.
- Pastor, M., Jr., Grigsby, E. J., & Dreier, P. (1997). *Growing together: Linking regional and community development in a changing economy*. Minneapolis: University of Minnesota Press.
- Porter, M., & Kramer, M. R., 1999, November/December. Philanthropy's new agenda: Creating value. *Harvard Business Review*, pp. 121-130.
- Raub, W., & Weesie, J. (1990). Reputation and efficiency in social interactions: An example of network effects. *American Journal of Sociology*, 96, 626-654.
- Rycroft, R. W., & Kash, D. E. (1999). *The complexity challenge. Technological innovation for the 21st century*. London: Pinter.
- Rogers, E. M., & Larsen, J. K. (1984). *Silicon Valley fever: Growth of a high-technology culture*. New York: Basic Books.
- Sagawa, S., & Sega, E. (2000). Common interest, common good: Creating value through business and social sector partnerships. *California Management Review*, 42, 105-122.
- Samii, R., Van Wassenhove, L., & Bhattacharya, S. (2002). An innovative public-private partnership: New approach to development. *World Development*, 30, 991-1008.
- Saxenian, A. (1994). *Regional advantage. Culture and competition in Silicon Valley and Route 128*. Cambridge, MA: Harvard University Press.
- Sheerman, B. (2000). The role of the social entrepreneur. *Entrepreneurship and Innovation*, 1, 198.
- Smart Permit™. *System Requirements for Smart Permitting*. Smart Permit™ Document, 1996.
- Snow, L. K. (2001). *Community transformation: Turning threats into opportunities*. Chicago: ACTA.
- Squazzoni, F. (2008). Local economic development initiatives from the bottom-up: The role of community development corporations. *Community Development Journal*. (Advance Access published on May 13, 2008).
- Swedberg, R. (2000). The social science view of entrepreneurship: Introduction and practical applications. In R. Swedberg (Ed.), *Entrepreneurship: The social science view* (pp. 7-44). Oxford, UK: Oxford University Press.
- Tadelis, S. (1999). The markets for reputation as an incentive mechanism. *Journal of Political Economy*, 110, 854-882.
- Thompson, J. (2002). The world of the social entrepreneur. *International Journal of Public Sector Management*, 15, 412-431.
- Trelstad, B. (1999). *Joint venture: Silicon Valley (C)* (Case Study No. PM-43C). Graduate School of Business, Stanford University.
- Tura, T., & Harmaakorpi, V. (2005). Social capital in building regional innovative capability. *Regional Studies*, 39, 1111-1125.
- Waddock, S. A., & Post, E. J. (1991). Social entrepreneurs and catalytic change. *Public Administration Review*, 51, 393-401.
- Walesh, K., & Henton, D. (2001). *The creative community. Leveraging creativity and cultural participation for Silicon Valley's economic and civic future* (Collaborative Economics Group Working Paper).
- Weisbrod, B. A. (1997). The future of the nonprofit sector: Its entwining with private enterprise and government. *Journal of Policy Analysis and Management*, 16, 541-555.

Flaminio Squazzoni is an assistant professor of economic sociology at the University of Brescia, Italy.