

A Study on Exploring the Concept of Social Entrepreneurship

ANAND CHOUDHARY

Amity University, Patna

Abstract

Social entrepreneurship in recent times has gained importance as a means to meet social and economic needs of the poor globally. However, in spite of its increasing popularity as a concept, there is no consensus among academics and practitioners when it comes to formulating one common definition on the topic which may be acceptable to all as it means different things to different people. The current article tries to analyse the literature available on the subject, exploring its theoretical and conceptual framework which helps to understand the phenomena of social entrepreneurship and its role, importance and applicability in the modern society.

Key words: *Social Entrepreneurship, change agents, poverty, developing countries.*

Introduction

The concept of social entrepreneurship (SE) is relatively recent in nature, however, it has caught the attention of scholars, development agencies and policymakers globally (Dees et al., 1998), owing to its usefulness and applicability in today's increasingly turbulent and chaotic times amidst growing inequality between the rich and the poor, rising unemployment and increasing discontent and intolerance between countries and people¹. In simple terms, social entrepreneurship may be defined as an "entrepreneurial activity with an embedded social purpose" (Austin et al., 2006). Though the concept of "social entrepreneurship" has risen in prominence, however, till date, there is no one common definition for it and it means different things to different people (Zahra et al., 2009) which at times can be confusing. Many associate social entrepreneurship exclusively with not-for-profit organisations starting for-profit or earned-income ventures whilst others may use it to describe anyone who starts a not-for-profit organisation. Still others refer to social entrepreneurship as business owners integrating social responsibility into their operations. So what does social entrepreneurship really mean?

The current article which is a conceptual study, tries to answer the question by exploring the concept of social entrepreneurship whilst trying to assess its applicability as a medium to facilitate poverty reduction and foster greater income generating opportunities for the underprivileged and disadvantaged communities. The articles reviewed as part of the current study include peer-reviewed articles available on google scholar as well as other related

¹Rising unemployment and increasing inequalities in advanced economies. Press Release by International Labour Organisation (ILO). Dated:03 June, 2013. Downloaded on 21 July, 2019.
https://www.ilo.org/brussels/press/press-releases/WCMS_214738/lang--en/index.htm

information on the subject in form of news articles, press releases and reports by international multilateral agencies and not-for-profit organisations among others.

Background

Although, the United Nations (UN) Millennium Development Goals² (MDGs) reached their objectives to halve global poverty well before 2015, nevertheless, poverty continues to remain one of the biggest challenges in front of the modern world with over a billion people still earning less than \$2 per day³. Majority of the world's poor, illiterate and sick continue to live in developing countries where widespread disparities in income and access to opportunities exist and this disparity continues to get wider. With resources so highly concentrated in developed economies and social problems rampant in developing nations, globalisation has increased awareness of opportunities for social improvement in developing countries (Zahra et al., 2000). Consequently, social entrepreneurship has grown in response in large parts quite often due to the inability of the governments especially in developing countries to deal with problems such as poverty, illiteracy, healthcare and unemployment whilst failing to provide sustainable economic growth opportunities to large sections of its people. With inefficient and often corrupt government institutions failing to provide the basic infrastructure and environment for growth, there has been an increasing need for private players who may have the requisite skills and expertise along with a desire to create social value for the public good (Austin et al., 2006) to contribute towards reducing poverty by initiating capacity building measures aimed at income generating opportunities for the poorest and vulnerable communities living in developing and underdeveloped countries through institutions committed towards socially relevant goals with efficient and effective managerial practice.

Understanding the Notion of Social Entrepreneurship

Social entrepreneurship is quite often referred as the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures (Haugh, 2007). Firstly, brought to the fore by scholars including Waddock & Post (1991) and practitioners such as Dr. Mohammad Yunus⁴, winner of the Noble Peace Prize (2006) and founder of the 'Grameen Bank'⁵ in Bangladesh; it has gained importance as a means to meet social and economic needs of the disadvantaged (Townsend & Hart, 2008). However, in spite of its growing popularity as a concept, social entrepreneurship remains controversial and ill-defined (Weerawardena & Mort, 2006) having different connotations to people as to what it really means. Whilst some may define it as a social responsibility by entrepreneurs to

² United Nations Millennium Development Goals. <https://www.un.org/millenniumgoals/>

³ Sustainable Development Goals: 2 billion move out of extreme poverty over 25 years, says UN report. <https://www.un.org/sustainabledevelopment/blog/2015/12/2-billion-move-out-of-extreme-poverty-over-25-years-says-un-report/>. Downloaded on 15 July, 2019.

⁴ THE NOBEL PRIZE: Muhammad Yunus Biographical <https://www.nobelprize.org/prizes/peace/2006/yunus/biographical/>

⁵ Bank for the Poor: GRAMEEN BANK. <http://www.grameen.com>

improve their communities (Cornwall, 2008; Wallace, 1999) or refer to it as possibly occurring in profit seeking businesses that have some commitment to doing good (Thompson, 2002). Others may still refer to it as the initiatives of not-for-profit organisations in search of additional revenues amidst increasing needs of their target communities coupled with a competitive funding environment with growing competition for donors and grants (Dees, 1998; Weisbrod, 1998). For instance, Dees (2001), refers to social entrepreneurs as “change agents” in the social sector. This approach offers an idealistic view when compared with other definitions that see social entrepreneurship as the generation of earned income by ventures in the pursuit of social outcomes (Boschee, 2001). According to Martin & Osberg (2007), the field of social entrepreneurship has become a ‘*large tent*’ where distinct activities find a home under a broad umbrella of activities and processes to enhance social wealth. Some authors consider this inclusive approach, a beneficial situation for the development of the scholarly field of social entrepreneurship (Nichols & Young, 2008). According to Nichols & Young (2008), social entrepreneurship is connected both with institutional entrepreneurship and social movements in addition to cultural and commercial entrepreneurship. According to the Canadian Centre for Social Entrepreneurship, “social entrepreneurship is about applying practical, innovative and sustainable approaches to benefit society in general with an emphasis on those who are marginalised and poor. It’s also defined as a term that captures a unique approach to economic and social problems, an approach that cuts across sectors and disciplines”⁶. Whilst the Skoll Centre for Social Entrepreneurship, refers to it as the practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges whilst recognising a social entrepreneur as someone who works on transforming systems and practices that are the root causes of poverty, marginalisation, and environmental deterioration⁷. There are a number of approaches to social entrepreneurship, however, it can generally be recognised as an engine for social change initiated by for- profit or the not-for- profit organisations having a social mission. It may also be recognised as the economic, social and environmental contribution of organisations to society with the aim to create social value rather than shareholder wealth (Austin et al. 2006).

The Social Entrepreneurs

One of the basic and most important differences between an entrepreneur and a social entrepreneur is that for social entrepreneurs, the social mission is the key driving force behind their pursuit. This clearly affects how social entrepreneurs perceive and assess opportunities. Thus for social entrepreneurs, the objective related to the mission becomes the central criterion needed to be achieved and not wealth creation as wealth remains a means to an end for social entrepreneurs. On the other

⁶ The Canadian Social Entrepreneurship Foundation. <http://www.csef.ca/about.php>.

⁷ <http://www.sbs.ox.ac.uk/centres/skoll/about/Pages/whatisse.aspx>

hand, for business entrepreneurs, wealth creation is a way of measuring value creation because they are also answerable to their shareholders who determine in large part whether the business is creating a profitable return on their investments. Thus the aim and objectives of a social entrepreneur is fundamentally different from that of the business entrepreneur who are chiefly driven by the profit motive for their shareholders, whilst for social entrepreneurs, their societal mission is the chief aim driving their resources and energy.

Conclusion

The concept of social entrepreneurship is well suited to the current day and age as it consists of aligning an activist like passion for some social cause or mission with innovative attitude, managerial discipline and the expertise of a corporate in order to deal with societal problems and challenges. Social entrepreneurship has thus acquired the form of an important economic phenomenon at a global scale (Santos, 2012). In recent times, several social entrepreneurship innovations have originated in developing countries which involve the deployment of new business models that address basic human needs (Seelos & Mair, 2005) such as providing sanitary napkins to rural women at low costs in India⁸ or organising low-cost eye-surgery for the poor for removal of cataracts in health camps in rural areas in India (Rangan & Thulasiraj, 2007). It is certainly a good time for trying to combine entrepreneurial approaches in order to meet social problems and challenges, as with several governmental and corporate social responsibility (CSR) initiatives by the private sector in different parts of the world failing (Dobers & Halme, 2009) to address societal problems, social entrepreneurship is considered by many as an important tool needed to tackle problems which quite often governments in developing countries are failing to tackle on their own due to lack of adequate resources or expertise (Eggers & Macmillan, 2013).

Thus in conclusion, it may be said that social entrepreneurship is not just desired but is also the need of the hour as social ventures are fast becoming the catalyst for social transformations, enhancing the quality of life for the poor and the underprivileged people globally whilst the social entrepreneurs are the agents of change; transforming people's lives for the better.

⁸This 'Sakhi' is also a money-spinner by Usha Rai. News article published in Business Line, The Hindu. Dated: July 13, 2018. Downloaded on 23rd July, 2019. <https://www.thehindubusinessline.com/specials/india-interior/this-sakhi-is-also-a-money-spinner/article24413127.ece>

References

- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship: Theory & Practice*, 30(1), pp. 1–22.
- Dees, J.G. (1998). *The Meaning of “Social Entrepreneurship”*. Kauffman Foundation and Stanford. Kansas City, MO and Palo Alto, CA. pp. 1-6.
- Dobers. P., & Halme. M. (2009). Corporate Social Responsibility & Developing Countries. *Corp. Soc. Responsib. Environ. Mgmt.* 16, pp. 237–249. Published online 18 August 2009 in Wiley InterScience. (www.interscience.wiley.com)
- Eggers. W.D., & Macmillan, P. (2013). *The solution revolution: How business, government and social enterprises are teaming up to solve society’s toughest problems*. Published by Harvard Business Review Press.
- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, Spring, pp. 28–39.
- Nichols, A., & Young, R. (2008). Preface to the paperback edition. In A. Nichols (Ed.), *Social entrepreneurship: New models for sustainable change*. Oxford: Oxford University Press.
- Haugh, H. (2007). New strategies for a sustainable society: The growing contribution of social entrepreneurship. *Business Ethics Quarterly*, 17(4), pp. 743–749.
- Rangan, V.K., & Thulasiraj, R.D. (2007). Making Sight Affordable: Innovations Case Narrative: The Aravind Eye Care System. *Innovations: Technology, Governance, Globalization*, 2007, vol. 2, issue 4, pp.35-49.
- Santos. F.M. (2012). A Positive Theory of Social Entrepreneurship. *Journal of Business Ethics* December 2012, Volume 111, Issue 3, pp. 335–351.
- Seelos, C., & Mair, J. (2005). Social entrepreneurship: Creating new business models to serve the poor. *Business Horizons*, 48, pp. 241–246.
- Townsend, D.M. & Hart, T.A. (2008). Perceived Institutional Ambiguity and the Choice of Organizational Form in Social Entrepreneurial Ventures. *ENTREPRENEURSHIP THEORY and PRACTICE*. pp. 685-700.
- Thompson, J.L. (2002). The world of the social entrepreneur. *International Journal of Public Sector Management*, Vol. 15 No. 5, pp. 412-431.
- Waddock, S. A.; Post, J. E. (1991). Social Entrepreneurs and Catalytic Change. *Public Administration Review*, v51 n5 pp. 393-401.
- Weerawardena, J., & Mort, S.M. (2006). Investigating social entrepreneurship: A multidimensional model. *Journal of World Business*, vol. 41, issue 1, pp. 21-35
- Wallace, S.L. (1999). Social entrepreneurship : the role of social purpose enterprises in facilitating economic development. *Journal of Developmental Entrepreneurship*. Vol. 4 Issue. 2 pp. 153-174.
- Weisbrod, B.A. (1998). Guest editor's introduction: The nonprofit mission and its financing. *Journal of Policy Analysis and Management*. Vol.17, Issue 2, pp. 165-174.
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), pp. 519–532.