

# **Social Entrepreneurship**

**CA Deepti Solani**

*Asst Professor, Pioneer Institute of Professional Studies, Indore*

## **Abstract**

Social or societal entrepreneurship has been a topic of academic inquiry for nearly 20 years, yet relatively little scholarly output has appeared in mainstream management and entrepreneurship journals. The phenomenon social entrepreneurship has received increased attention and popularity by policy makers as well as by researchers. There is no specific definition of the term but in this research, we have tried to define it in different ways so as to make it comprehensible by the readers.

## **Concept of ‘Social Entrepreneurship’**

As defined by ‘Austin and Stevenson’, social entrepreneurship is an innovative and social value creating activity that can occur within or across the non-profit business or government sectors. As explained by ‘Sharir and Lerner’, it is applying business strategies for the purpose of more effective confrontation with social complex problems.

However, social entrepreneurial activities mean different things to people in different places because the geographical and cultural contexts in which they appear is different (Mair & Martí, 2006).

A considerable amount of scholarly effort has been devoted to defining the key concepts of the field: Social entrepreneur, social entrepreneurship and social enterprise.

The main findings suggest that, for social entrepreneurs, the bottom line is to maximise some form of social impact, usually addressing a social need that is being mishandled or ignored by other institutions (McMullen, 2011)

## **Why Is It Needed?**

Why are social entrepreneurs needed? Why can't the regular business forms and government enterprises serve their purpose? The main reason they are needed is that social problems when looked upon by most business, will not have a selfless objective as they always see a long term profit growth in all their efforts and for this reason, they won't waste their investor capital on such ventures. The primary goal of Business enterprises is to maximize their shareholders wealth and social programs do not always have a good monetary return.

The reason why we can't rely on government for addressing social problems is that typically the government's term is four years, which is insufficient to work sincerely and honestly on social issues. The government officials will just focus on providing short term solutions on such matters to be re-elected in the next term. Social entrepreneurs are, on the contrary focused on the social return and will be willing to stay with the project till a conclusion is reached, which leads to sustainable and long term solutions.

### **Theory And Context**

Considering some developments from the past few decades, Microfinance organizations are expanding economic opportunities for hundreds of millions of poor people; rural schools and libraries deliver quality education to places beyond the reach of asphalt; health innovations release people from illness and prevent child deaths by expanding access to prenatal care, vaccines, micronutrients, and medicines; human rights advocates undermine the attitudes that cause exclusion based on race, gender, religion, sexual orientation, and disability; social businesses increasingly look to market products that meet basic human needs and reduce our environmental footprint; educators are developing methods that successfully teach empathy and conflict resolution skills; international networks have overcome nationalist forces to safeguard human rights at the global level. Although problems are being attacked from many directions, today's changemakers share one common feature: they are building platforms that unleash human potential. They struggle to increase the number of people who have the opportunity to contribute their talents to the world. In doing so, they help more people to live with dignity.

### **Remarkable Features Of Social Entrepreneurship**

Some authors have laid emphasis on the non - profit making nature of social entrepreneurial activities. However, we feel that it can happen on non-profit and profit basis as well. The choice of set-up is mostly influenced by the type of social activities addressed, the quantum of resources required, the scope of raising finance and the capacity to add economic benefit. To sum up, it can be said that social entrepreneurs choose for a profit or non- profit objective depending upon the nature of their project.

It can be argued that even if an activity has a non- profit objective, it does not mean that such an activity should not consider the 'Earned Income' approach. It means that these activities definitely have a 'social wealth creation' as their primary objective but 'earned income' is a necessary by-product to ensure the sustainability of the activity and to achieve the ultimate goal.

### **Perspectives To Study Social Entrepreneurship**

A number of researches have been done on this theme in all these years. Giving regard to its importance for the society and today's economy, it has received increased attention in the diversified streams of research. The different faces of social entrepreneurship makes it fascinating area for different perspectives and suggest at the same time that it should be studied through diverse theoretical lenses.

We however believe, that the knowledge in this area will be enhanced through a combination of theoretical study and a combination of different research methods. The intention is not to provide an exhaustive list of the various theoretical studies that may contribute to the study of the theme. Rather, the purpose is to put forward the notion that social entrepreneurship has different angles and it changes as per the socio- economic ,political and cultural environment. It is a process which results from the continual interaction between the social entrepreneurs and the context in which their activities are rooted.

### ***Social Entrepreneurship And The Macro Perspective***

With its focus on industry- or economy-wide changes, a macro perspective leads to a view of social entrepreneurship as a process aimed at making large-scale system changes. This would be accomplished through entrepreneurial innovations that have the potential to address significant and widespread social problems. What sets social entrepreneurs in this tradition apart from

conventional social service providers is that social entrepreneurs will use creativity, innovation, and resourcefulness in nontraditional, pioneering, and disruptive ways that aim at large-scale, systemic change. In order to have the significant, large-scale, systemic impacts sought, however, innovations must be developed and implemented on an appropriate scale. In the social entrepreneurship literature, this process is referred to as scaling for impact (or scaling up). Scaling social impact can occur by increasing the positive social impact created, decreasing the negative social impact of others, or decreasing the social need or demand.” Increasing social impact is the technique most often discussed. Scaling up has been viewed as a process that can be used for programs or services, organizational models, or principles. In this process, a social entrepreneur will first develop a concept (the beneficial program, model, or principle) and demonstrate its utility and effectiveness on a small scale and at a local level. Modest expansion can then be used to develop experience and techniques that will enhance efficiency.

#### *Social Entrepreneurship And The Micro Perspective*

In commercial or conventional entrepreneurship, the individual or organizational (micro) approach focuses on the entrepreneur’s exploitation of market opportunities for arbitrage. The entrepreneur is motivated by profit and seeks to generate efficiencies that will generate more arbitrage opportunities. At one end of the spectrum of organizational types are organizations relying on philanthropic capital and concerned exclusively with social returns. Purely philanthropy organizations appeal to goodwill, are mission driven, and seek to create social value, and income and profit are directed toward mission accomplishment. Organizations with these characteristics have been labeled traditional nonprofits. At the other end of the spectrum are organizations relying on commercial capital and concerned with financial returns. Purely commercial organizations are market driven, appeal to self-interest, seek to create economic value, and distribute profit to shareholders and owners. Organizations with these characteristics have been labeled traditional for profits. Between these poles is a range of organizational forms concerned with both social and economic returns. These are referred to as hybrid organizations. Hybrid organizations have some mix of elements from the poles of the spectrum. Hybrid organizations themselves fall along a continuum and include

- nonprofits with some earned income;

- nonprofits or for-profits with a roughly equal concern for social and financial ends (often conceptualized as “true” social enterprises); and
- for-profits with some emphasis on social responsibility.

In this framework, social enterprise is defined as any revenue-generating venture created to contribute to a social cause while operating with the discipline, innovation, and determination of a for-profit business. Social enterprises can be classified based on the degree to which they are mission oriented, ranging from completely central to the mission to unrelated to it. Consistent with this, the activities of an enterprise can vary in terms of their social program content and the support they provide to social goals.

### **Social Capital**

Just as in the case of entrepreneurship, there is no single and universally accepted definition of the concept of social capital. In this paper we stick to the mainstream view, expressed by among others Putnam (1993), OECD (2001) and Westlund (2006), that social capital consists of social networks/relations and the norms and values that are generated and accumulated through these networks. However, we don't agree that social capital always is always positive for society – a view that often is connected to the claim that social capital is a public good. Social capital varies between different groups and organizations and that social capital not necessarily always is ‘good’ from society's point of view. Social capital may involve risks and have less desirable consequences. Besides, exclusion of outsiders, excess claims on members of the group and compromise with the individual freedom are some other negative consequences.

The entrepreneurial process involves actors from the same or different sectors. As entrepreneurship stretches beyond a specific sector, it is challenged by different sectoral principles. If an entrepreneurial organization takes on processes that need involvement of actors from several sectors of society, it needs to develop and maintain all the three types of social capital. Bonding social capital is necessary to hold the organization together and to keep its entrepreneurial spirit. A bridging social capital to partner organization and actors is used to set up and implement projects and activities for which there is a common interest. The linking social

capital can in this perspective consist of links in two directions. On the one hand, a linking social capital needs to be built to actors that have power and (economic) resources to finance and support the entrepreneurial activities. On the other hand, if the entrepreneurial activity has a target group (as activities of societal entrepreneurs often have) a linking social capital to this target group has to be created as well. To sum up, entrepreneurial initiatives and social capital are highly interconnected. The increased interest in social entrepreneurship raises the questions of how these connections are built within a particular field as well as across sectors.

### **How Do Government And Social Entrepreneurs Work Together?**

Our government offers grants to many social entrepreneurs. However, fitting into the parameters of such grant proves very much difficult for these entrepreneurs, causing some of them to seek funding from alternative sources. The government and social entrepreneurs have suffered mutual lack of trust and respect in all these years. Due to their different approaches and perspectives of working, they have very seldom worked well together. If a proper coordination is established between the two, government would benefit a lot from the minds of social entrepreneurs as it may provide innovative and unique solutions for the structural issues.

#### *What can Government do?*

The government should instead of passing strict rules and regulations for the financing of social entrepreneurs, should explore the potential of such entrepreneurs in order to achieve their policy goals just as they do with other business entrepreneurs and organizations. Social entrepreneurs are Long-term solution makers rather than many other government officials. They can go a long way in serving many issues of the government.

### **Conclusion**

The goal of this research-paper has been to shed light on current discussions and debates about social entrepreneurship and social enterprise. These are areas of considerable interest to both practitioners and academics and a wide range of actors have become involved. Social

entrepreneurship is just starting to explore and find its definition and place in both the nonprofit and for-profit sectors.

If researchers and practitioners together can discover how organizations can promote and harness innovation and creativity and bring these more effectively to bear on social problems, the constituencies of these organizations and society as a whole will benefit greatly. Social enterprise, on the other hand, has been discussed for some time and is being vigorously promoted.

Basic questions remain, however, regarding the proper conceptualization and role of market and nonmarket orientations in both the nonprofit and for-profit sectors. These questions and issues have, however, been relatively well identified in the literature and addressing them furthers our understanding of current practices and points to future applications. This will both advance our understanding and improve the management of socially oriented nonprofit and for-profit organizations.

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