SOCIAL ENTREPRENEURSHIP: A CONTEMPORARY APPROACH TO SOLVING SOCIAL PROBLEMS

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ABSTRACT

Social entrepreneurship is an emerging alternative to governmental and non-profit approaches to social problems. Social entrepreneurs look at the ‘triple bottom line’ of people, planet and profit. They aim to achieve both a return on investment and a return to society, and address social problems effectively where others have not. In this paper we review the current literature on social entrepreneurship and attempt to clarify the key concepts and dynamics. We propose a definition of Social Entrepreneurship as ‘using profit making enterprises to address social, environmental and other problems that were traditionally entrusted to governmental and non-profit organizations’. We present a model of social entrepreneurship, provide suggestions for practice and provide a research agenda for scholars.

Key terms: Social Entrepreneurship, Social Enterprise, Entrepreneurship, Social Problems

INTRODUCTION

Social entrepreneurship is a contemporary approach to solving social problems that are traditionally addressed by governmental and non-profit organizations. Social entrepreneurs look for both a return on investment and a return to society. This emerging perspective is becoming very popular. The nascent literature has not yet settled on a definition of social entrepreneurship; however it does agree that social entrepreneurs have been effective when others were not. In this paper we will review the current state of social entrepreneurship. We propose a very general model that can be adapted to different settings.

WHAT IS SOCIAL ENTREPRENEURSHIP?

Social entrepreneurs look for both a return on investment and a return to society. This emerging perspective is becoming very popular worldwide. Social entrepreneurs have been effective when others were not. In many ways social entrepreneurship has been a driving force in the expansion of the social sector (Noruzi, Westover & Rahimi, 2010). Some have argued that social entrepreneurship is hundreds of years old (Svetunkov & Ponomarev, 2016), because there have always been those who make money while augmenting the efforts of governments and charities. However we are looking at the relatively new phenomenon where modern entrepreneurs seek to combine a desire for profit with altruism (Svetunkov & Ponomarev, 2016). A general example is the newly emerged field of microfinance, which serves those needing relatively low sums of money and were unable to find funding from traditional sources. A more specific example is ‘Tom’s Shoes’ – a company that provides one pair of shoes to those in need for every one pair that they sell.
The nascent literature has not yet settled on a definition of social entrepreneurship. It is in a pre-paradigmatic state, and as the field is maturing, theory is developing (Granados, Hlupic, Coakes & Mohamed, 2011). However it is still difficult to formulate an exact definition of social entrepreneurship (Abu-Saifan, 2012). Some people have used the terms ‘civic entrepreneurship’ (Korosec & Berman, 2006) or 'social business' (Barki, Comini, Cunliffe, Hart & Rai, 2015) to describe the same phenomena. Other terms associated with social entrepreneurship such as ‘philanthocapitalism’, B corporations, embedded investing, impact investing and microfinance are among the Chronicle of Philanthropy's 2011 "10 Favorite Buzzwords of the Decade" (Bernholz, 2011). As noted by Jones & Donmoyer (2015), these ideas are “are not only about rhetoric and buzzwords, nor are they only discussed outside of academia”. In an attempt to clarify what constitutes social entrepreneurship, Zahra, Gedajlovic, Neubaum & Shulman (2009) identified ~20 definitions of social entrepreneurship and go on to present a typology of social entrepreneurs which divides them into three types (see Table 1).

<table>
<thead>
<tr>
<th>TYPE</th>
<th>DESCRIPTION</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Bricoleur</td>
<td>Use innovation and the resources available to solve local problems</td>
<td>Fifteen - chef Jamie Oliver</td>
</tr>
<tr>
<td>Social Constructionists</td>
<td>Introduce societal change and reform in way wealth is created and distributed</td>
<td>Amul - milk cooperative</td>
</tr>
<tr>
<td>Social Engineers</td>
<td>Introduce revolutionary change and disrupt the equilibrium</td>
<td>Grameen Bank – microfinance</td>
</tr>
</tbody>
</table>

* From Zahra, Gedajlovic, Neubaum & Shulman, 2009

The many definitions have not converged over time (Conway Dato-on & Kalakay, 2016). A definition must include the key concepts and apply for the wide area of activity discussed in the literature. We present the following definition:

**Social Entrepreneurship** - Using profit making enterprises to address social, environmental and other problems that were traditionally entrusted to governmental and non-profit organizations.

It is necessary to differentiate between the entrepreneur and the ‘social’ entrepreneur (Massetti, 2008). Figure 1 shows two of the major differences. Both entrepreneurs and social entrepreneurs use both discovery and creation strategies for getting opportunities (Gawell, 2013), however the social entrepreneur is more likely to create and the traditional entrepreneur is more likely to try to discover opportunities (Korsgaard, 2011; Shaw & Carter, 2007).

The more important difference is that social entrepreneurs are more interested in creating value than in capturing value, and the opposite is true for traditional entrepreneurs (Agafonow, 2014; Crisan & Borza, 2012; Santos, 2012). Social entrepreneurs also need to be differentiated from social workers, community organizers and activists. Social workers are part of the traditional governmental and non-profit landscape that attempt to address social issues. Activists and organizers bring attention to issues and situations that are not fully addressed by social workers and others. As such they help frame the opportunities and attract support for value creation by the social entrepreneur.
WHY DO WE HAVE OR NEED SOCIAL ENTREPRENEURSHIP?

Octavia Hill, Jane Addams and Mary Parker Follett questioned the self-serving view of 'capitalism' and advocated a consideration of others' influences. This paved the way for SE. (Prieto & Phipps, 2014). The idea is that it is possible to “do well by doing good”. (Demirdjian, 2007). Social entrepreneurship has been identified as a response to market imperfections characterized by simultaneous government and market failure (Griffiths, Gundry & Kickul, 2013; Lajovic, 2012; Santos, 2012). Government and philanthropic funding of non-profits is increasingly unsustainable (Stecker, 2014). Social entrepreneurship serves to fill the gap between the haves and have-nots and societies' failure to provide social services (Demirdjian, 2007). Social entrepreneurs serve as change agents (Day & Jean-Denis, 2016). It occurs in many places, but is more likely to be found in communities in decline that need both economic and social regeneration (Thompson, Alvy & Lees, 2000).

Social entrepreneurship is serving the 'Bottom of the Pyramid' that Prahalad (2004) wrote about (Goyal, Sergi & Jaiswal, 2016; Pervez, Maritz & De Waal, 2013). It can be considered as providing "the essentials needed by the have-nots of society" (Demirdjian, 2007). The motivation of social entrepreneurs is "the persistency of problems in society related to poverty and persons living in marginalized communities" (Day & Jean-Denis, 2016). In this regard, perhaps all enterprises that provide social service can be categorized as social entrepreneurship (Williams & K'nife, 2012). One difference is that social entrepreneurs create sustainable public wealth (El Ebrashi, 2013) through social impact and social change (Young, 2006). Social entrepreneurs and others can create a social entrepreneurship culture allowing for many initiatives and a great positive impact (Dal Forno & Merlone, 2009). Social entrepreneurship can have its greatest impact by making itself obsolete (Trexler, 2008).

Social entrepreneurship might be a part of the life cycle of an entrepreneur (Svetunkov & Ponomarev, 2016). Entrepreneur’s logic changes over time (Williams & Nadin, 2011). Corporate social responsibility isn't just driven by economics, for example it could be established and sustained by a moral drive of a champion (Hemingway, 2005). When entrepreneurs are so driven they become social entrepreneurs. Advocates of social entrepreneurship believe that "social entrepreneurship is a natural expression of visionary leadership, the spiritually and ethically-based mission to seek the common good, and the virtual necessity to create sustainability for both people and planet" (Muscat & Whitty, 2009). Academic researchers, consultants and foundations are adding to and helping establish the legitimacy of social entrepreneurship (Hervieux, Gedajlovic &
However it is important to note that the literature has been criticized as being dominated by those who praise social entrepreneurs without critiquing them (Chell, Spence, Perrini & Harris, 2016). The few critics advocate against a 'messianic script' and call for a "non-heroic practice of entrepreneurship", or "messianism without a messiah" phrases coined by Dey & Steyaert (2010) to portray “an image of social entrepreneurship that conceives of social change without nostalgic reference to the sovereign, heroic entrepreneur”.

### INTERESTING FINDINGS AND MISCONCEPTIONS

Social entrepreneurship has been portrayed as a universally good thing; however it does have a dark side (Williams & K'knife, 2012). Social entrepreneurship has its limits and cannot solve social problems on a large scale (Sud, Vansandt & Baugous, 2009). It is not as scalable as government (Dees, 2007). Furthermore social entrepreneurship can undermine state sponsored development and reforms (Ganz, M., Kay, T. & Spicer, J., 2018; Nega & Schneider, 2014). It can also go the other way, government social grants might discourage SE when it goes to unintended groups (Sinyolo, S., Mudhara, M. & Wale, E., 2017). It is also important who is giving the aide and why. Mission drift and power differences can be a problem, with the social entrepreneur having power over those that are being helped and losing focus as to the original intent of the endeavor. In its extreme, establishing and maintaining power differential can be the motive for helping. For example, gang leaders provide social services as a means of control (Williams & K'knife, 2012). The local community is then indebted to the gang and tolerates or even helps them out of fear, gratitude or both.

Gender is an important controversial issue in the literature. Some have found that Social entrepreneurship supports training, local networks and women's businesses (Griffiths, Gundry & Kickul, 2013). Others criticize that social entrepreneurship does not recognize the role of gender in society and entrepreneurship, and that it should have an aim of economic and social equality for women (Clark Muntean & Ozkazanc-Pan, 2016). Whereas others separate out ‘emancipatory social entrepreneurship’ and maintain that empowerment of women is a mediator to changing society (Haugh & Talwar, 2016). We do know that the single greatest determinant of social entrepreneurship is female participation in the workforce (Griffiths, Gundry & Kickul, 2013).

There is a lack of empirical research on social entrepreneurship (Granados, Hlupic, Coakes & Mohamed, 2011) and very little empirical evidence (Cukier, Trenholm, Carl & Gekas, 2011). The literature has ‘protectionists’ who claim effectiveness without proof and ‘opponents’ who require proof (Pärenson, 2011). However social entrepreneurship effectiveness and rates of activity have been hard to measure (Lepoutré, Justo, Terjesen & Bosma, 2013). Others emphasize the impact of social entrepreneurship, but social impact has also been difficult to measure (Pärenson, 2011; Dees, 2007). It also is important to consider and measure regulatory policies that can impede or encourage social entrepreneurship (Arasti, Zarei & Didehvar, 2015).

We do know some things from the existing studies. For example, places with higher rates of entrepreneurship in general have higher rates of social entrepreneurship (Lepoutré, Justo, Terjesen & Bosma, 2013). The label of social entrepreneurship alters people's perceptions and judgements as to how effective the organization is (Andersson & Self, 2015). Three quarters of cities with a population of 50,000 or more give active or moderate support to programs and whether it is supported by a city is related to perceived effectiveness (Korosec & Berman, 2006). However cities are not always where the need is greatest, and entrepreneurs that are in deprived populations and rural populations are more socially-oriented than those in relatively affluent and urban...
populations (Williams & Nadin, 2011). Besides the urban/rural and affluent/deprived differences, success factors and focus of entrepreneurship depends on country or region. For example - in the US social entrepreneurs focus on social injustice problems, whereas in Africa they address rural poverty (Bewayo & Portes, 2016). An interesting finding is that although the rhetoric and image of social entrepreneurship is associated with innovation, novel approaches are less likely to be successful (Renko, 2013) and although there is a perceived urgency to solve social problems, longer development time increases the likelihood of success (Renko 2013). We also know from the literature that social entrepreneurship is a world-wide phenomenon. Local dynamics and conditions often are serious influences on the prevalence and nature of social entrepreneurship activities. Studies have been conducted by scholars in many countries. A sampling of such studies can be found in Appendix 1.

Perhaps it is a mistake to make a distinction between social entrepreneurs and entrepreneurs. Most in either category display both social and commercial goals. There are indications that we should consider not a dichotomy but a “continuum from purely commercial to purely social entrepreneurship” (Williams & Nadin, 2011). Research has shown the rhetoric of both types of entrepreneurs is equally economically oriented (Chandra, 2016). However there have been differences shown. Chandra (2016) also found that “the rhetoric of social entrepreneurs is more other, stakeholder engagement and justification-oriented and less self-oriented than the rhetoric of business entrepreneurs.” Differences can also be found in the area of disposition. For example, agreeableness is positively related to all dimensions of social entrepreneurship, whereas openness is related to “social vision, innovation and financial returns” (Koe Hwee Nga & Shamuganathan, 2010). However social entrepreneurs prosocial motivation decreases likelihood of success (Renko, 2013).

**HOW CAN GOVERNMENT AND UNIVERSITIES HELP?**

The government can facilitate and support social entrepreneurship (Goyal, S., Sergi, B. S. & Jaiswal, M. P., 2016; Jung, K., Jang, H. S. & Seo, I., 2016; Griffiths, M. D., Gundry, L. K. & Kickul, J. R., 2013; Sullivan, D. M., 2007). What can government do to help? The government has insight and data to help identify and provide access to the problems that can be helped by social entrepreneurs. They can use existing organizations (Goyal, S., Sergi, B. S. & Jaiswal, M. P., 2016). For example in New Jersey, every county has a Small Business Development Center (SBDC) to facilitate entrepreneurial efforts. The SBDC work closely with the Service Corp of Retired Executives (SCORE) and the federal and local Small Business Associations (SBA). Grants and other funding can be set aside for addressing social problems (Boehm, L., 2010). Finally legislation and policies can encourage and facilitate the efforts of social entrepreneurs (Lan, H., Zhu, Y., Ness, D., Xing, K. & Schneider, K., 2014; Prakash, D., Jain, S. & Chauhan, K., 2015).

Universities can also do a great deal to encourage and facilitate social entrepreneurship (Mititelu, C., Fiorani, G. & Litardi, I., 2017). Universities can use experiential learning to get students to develop a passion for social entrepreneurship (Gundlach, M. J. & Zivnuska, S., 2010). NGOs can partner with social entrepreneurs through universities (Stephenson, H. & Mace, D. L., 2009). Service learning can be used to support social entrepreneurs (Kinsella, S. & Wood, N., 2014; Peric, J. & Delic, A., 2016). Some universities already require a ‘civic engagement’ or ‘social engagement’ component in their curriculum. Others have capstone experiences where students are required to solve a business problem. These courses and activities can be targeted towards social concerns. Internships at social enterprises can be beneficial to both the student and
the business. Universities can put together groups of students with the appropriate skill sets to help in solving business-related or technical problems. Faculty can also be used as consultants or by using the enterprise as part of their research.

CONCLUSION AND FURTHER RESEARCH

In this exploration we proposed a definition of social entrepreneurship as ‘using profit making enterprises to address social, environmental and other problems that were traditionally entrusted to governmental and non-profit organizations’. We also presented a model (Figure 1) that contrasted social entrepreneurship with traditional entrepreneurship. In the model, traditional entrepreneurs more involved with opportunity discovery and capturing value, whereas social entrepreneurs primarily create both opportunities and value. We plan to continue to develop the model. We would like to explore the empirical support, hypothesize the reasons for the dynamics and propose empirical testing. We also would like to focus on specific issues. One issue of particular interest to us is clean water. It seems that, although clean water is a pervasive worldwide problem with many facets, social entrepreneurship has the potential to have a sizable positive impact.

We would also like to identify and develop ways the government and university can help. Some current efforts are to work local SBDCs. Currently we are having teams of graduate students helping small businesses. We would like to turn some of these projects into case studies.

Finally we would like to identify or possibly create data sets that capture social entrepreneurship. As identified earlier, in addition to a lack of conceptual clarity, there is very little empirical research in the area. We look forward to testing ideas and letting our empirical findings inform theory development and practice.

REFERENCES


## Appendix 1

### Selection of International Scholars That Address Social Entrepreneurship

<table>
<thead>
<tr>
<th>AUTHORS</th>
<th>YEAR</th>
<th>COUNTRY</th>
<th>RESEARCH METHODOLOGY</th>
<th>SIGNIFICANT FINDING(S) OR CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>O'Connor, A.</td>
<td>2013</td>
<td>Australia</td>
<td>Theoretical</td>
<td>Propositions to help policy makers support entrepreneurship education</td>
</tr>
<tr>
<td>Boehm, L.</td>
<td>2010</td>
<td>Canada</td>
<td>Case analyses</td>
<td>Explores governmental support for innovative healthcare initiatives</td>
</tr>
<tr>
<td>Peric, J. &amp; Delic, A.</td>
<td>2016</td>
<td>Croatia</td>
<td>Theoretical</td>
<td>Proposes that part of university’s social responsibility is support of social entrepreneurship</td>
</tr>
<tr>
<td>Pesorda, L., Gregov, Z. &amp; Vrhovski, M.</td>
<td>2012</td>
<td>Croatia</td>
<td>Survey of 20 war veterans’ cooperatives</td>
<td>Described cooperatives, e.g. mostly in plant and food production, have 6-10 workers, etc. also identified areas of needed support</td>
</tr>
<tr>
<td>Kirby, D. A. &amp; Ibrahim, N.</td>
<td>2011</td>
<td>Egypt</td>
<td>Survey of 318 Egyptian university students</td>
<td>Found a need for both greater awareness (information/knowledge), and support/encouragement.</td>
</tr>
<tr>
<td>Colley, M. C., Fretwell, C. &amp; Bourdeau, B.</td>
<td>2017</td>
<td>Haiti</td>
<td>Case study of chocolate company</td>
<td>Supports sustainability entrepreneurship model.</td>
</tr>
<tr>
<td>Cavazos-Arroyo, J., Puente-Díaz, R. &amp; Agarwal, N.</td>
<td>2017</td>
<td>Mexico</td>
<td>Survey of 745 low-income nascent entrepreneurs Used SEM</td>
<td>Showed positive influence of social values on social innovation orientation</td>
</tr>
<tr>
<td>Segrán, G.</td>
<td>2008</td>
<td>India</td>
<td>Interview with president of philanthropic foundation</td>
<td>Indian government promotes social entrepreneurship by not disabling it.</td>
</tr>
<tr>
<td>Shamsudin, S. F. F. B., et. al.</td>
<td>2017</td>
<td>Malaysia</td>
<td>Questionnaires from 10 Higher Education Institutions</td>
<td>Identified successes and failures in Malaysian government promotion of entrepreneurship education</td>
</tr>
<tr>
<td>Haas, R., Meixner, O. &amp; Petz, M.</td>
<td>2016</td>
<td>Nepal/Austria</td>
<td>Action research case study of rural farmers in Nepal and Austrian market facilitators</td>
<td>Case illustrates ‘triple-helix’ sustainable approach for smallholder farmers in marginalized communities</td>
</tr>
<tr>
<td>Vannebo, B. I. &amp; Grande, J.</td>
<td>2018</td>
<td>Norway</td>
<td>Interview of four social entrepreneurs</td>
<td>Social entrepreneurial initiatives develop between public agencies, R&amp;D institutions, commercial actors, and civil society</td>
</tr>
<tr>
<td>Spear, R., et.al.</td>
<td>2013</td>
<td>Serbia</td>
<td>Interview of a wide range of actors</td>
<td>Policy recommendations regarding: Preconditions, Infrastructure, Governance, Finance, Skills, and Access to Markets</td>
</tr>
<tr>
<td>Karanda,C. &amp; Toledano, N.</td>
<td>2012</td>
<td>South Africa</td>
<td>Examination of previous social entrepreneurship narratives</td>
<td>“social” in the social entrepreneurship narratives does not necessarily have the same meaning in different contexts</td>
</tr>
<tr>
<td>Çavuş, M. F. &amp; Pekkan, N. Ü.</td>
<td>2017</td>
<td>Turkey</td>
<td>Survey of 302 university students</td>
<td>Support of a key individual and family positively influence social entrepreneurship</td>
</tr>
<tr>
<td>Naem, M.</td>
<td>2014</td>
<td>UAE</td>
<td>Review of literature and major incidences of social entrepreneurship</td>
<td>Proposed reasons why the spirit of Entrepreneurship is not gaining grounds in UAE (e.g. The education system is still in its evolving phase, lack of awareness about Incubators, etc.).</td>
</tr>
<tr>
<td>Keeton, C.</td>
<td>2017</td>
<td>Uganda</td>
<td>Case study of community health providers</td>
<td>Participation provides healthcare and employment.</td>
</tr>
</tbody>
</table>