Social Entrepreneurship: A Key to Social Change

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Abstract
Being an entrepreneur is associated with starting a business, but this is the traditional and narrow meaning of the term. Entrepreneurship means shifting economic resources out of an area of lower productivity to an area of higher productivity and greater yield. Thus entrepreneurs create value and act as the catalysts and innovators for economic progress. Social entrepreneurship focuses on solving social problems through innovative initiatives, new social arrangements and mobilizing resources rather than market criteria. It helps in uniting economic thinking with the desire to generate social wealth and acts as a catalyst in the mission to change society. It provides sustainable solution for both society and business enterprises. This research paper provides the definition and broad meaning of the terms ‘Entrepreneurship’ and ‘Social Entrepreneurship’. It focuses on the role of social entrepreneurship in transforming social and economic conditions for poor and marginalized groups of the society. It also highlights the challenges faced by social entrepreneurs while setting up their enterprise.

Keywords: Social entrepreneurship, social change, entrepreneur, society.

INTRODUCTION

ENTREPRENEURSHIP
Entrepreneurship is a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities (Ireland et al., 2003). Entrepreneurship is concerned with growth and wealth creation. Earlier conceptualizations of entrepreneurship have often focused on either the economic function of entrepreneurship or on the nature of the individual who is the entrepreneur, whereas in recent years, significant research has focused on the search of the how of entrepreneurship (Austin et al., 2006) as the society demands more from entrepreneurs than only economic benefits and growth.

Being an entrepreneur is associated with starting a business, but this is a very narrow meaning of the term that has a rich history and a much more significant meaning. The term “entrepreneur” originated in French economics as early as the 17th and 18th centuries. In French, it means someone who undertakes a significant project or activity (Duke Innovation & Entrepreneurship, 2001). More specifically, it came to be used to identify those individuals who stimulated economic progress by finding new and better ways of doing things. Although the function of the entrepreneur is very old but there is no widely accepted definition of the term entrepreneurship. By defining the field in terms of the individual alone, entrepreneurship researchers have generated incomplete definitions that do not withstand the scrutiny of other scholars (Gartner, 1988).

Shane & Venkataraman (2000) stated that the field of entrepreneurship involves the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them. Entrepreneurship is a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities (Ireland et al., 2003). Entrepreneurship is concerned with growth and wealth creation. Wealth creation and firm growth are interrelated. In general, effective growth is expected to help firms create wealth by building economies of scale as well as market power. These outcomes provide additional resources and contribute to achieving a competitive advantage. Likewise, additional wealth makes it possible for firms to allocate resources to stimulate further growth. This relationship is especially critical to new venture firms that often create wealth by growing rapidly.

Entrepreneurship scholars seek answers to questions such as why, when, and how opportunities for the creation of goods and services come into existence; why, when, and how some people and not others discover and exploit these opportunities; and why, when, and how different modes of action are used to exploit entrepreneurial opportunities” (Shane & Venkataraman, 2000). Reflecting the importance of these questions, entrepreneurship has been defined as the identification and exploitation of previously unexploited opportunities (Hitt et al., 2001).
SOCIAL ENTREPRENEURSHIP

Understanding the process of new value creation is central to the field of entrepreneurship (Alvarez and Barney, 2007). Extending this value creation logic to the concept of social entrepreneurship has led to a new research interest to researchers and scholars in management, strategic management, and entrepreneurship. Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society (Seelos & Mair, 2005). Social entrepreneurship is the process of social change, economic development and sustainable livelihood.

Social entrepreneurship combines the passion of a social mission with an image of business like discipline, innovation, and determination. In addition to innovative not-for-profit ventures, social entrepreneurship can include social purpose business ventures, such as for-profit community development banks, and hybrid organizations by mixing both not-for-profit and for-profit elements, such as homeless shelters that start businesses to train and employ their residents. Social entrepreneurs look for the most effective methods of serving their social missions.

Many researchers associate social entrepreneurship exclusively with not-for-profit organizations starting for-profit or earned-income ventures. Others use it to describe anyone who starts a not-for-profit organization. Still others use it to refer to business owners who integrate social responsibility into their operations. Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions (Seelos and Mair, 2005). Zahra et al. (2009) identified three types of social entrepreneurs which are Social Bricoleur, Social Constructionist, and Social Engineer. Social Bricoleurs usually focus on discovering and addressing small-scale local social needs. Social Constructionists typically exploit opportunities and market failures by filling gaps to underserved clients in order to introduce reforms and innovations to the broader social system. Finally, Social Engineers recognize systemic problems within existing social structures and address them by introducing revolutionary change.

So the underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth and characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices. The central driver for social entrepreneurship is the social problem being addressed.

LITERATURE REVIEW

Acs et al. (2011) contributed to the existing literature by providing structural and clarity both social and economic value and three types of social entrepreneurship which are productive, unproductive and destructive entrepreneurship in terms of social value creation using case studies of Microsoft Corporation and Grameen Bank and stated that even if their successes have been derived from different motivations, these highly innovative ventures have created significant economic and social value. The paper also distinguished social entrepreneurship from charity and philanthropy.

Alvarez and Barney (2007) explained the two theories which are discovery theory and creation theory to understand the formation of entrepreneurial opportunities. The researcher described the implications of these two theories for the field of entrepreneurship. The paper also explained the reasons about why entrepreneurs exploit competitive opportunities.

Short et al. (2009) reviewed the literature and finds that there are more of conceptual studies undertaken than empirical studies due to lack of formal hypothesis. The paper suggested that incorporating multivariate methods along with case study techniques. The paper concluded that social entrepreneurship is a budding area and it suffers from issues relating to strategic management and entrepreneurship research.

Alvord et al. (2009) conducted an exploratory study to identify common patterns across a small set of successful social entrepreneurship initiatives. The study is based on the comparative case study of seven cases of social entrepreneurship that have been successful. The paper identified factors responsible for successful social entrepreneurship that leads to changes in political, social and economic contexts for poor and marginalized groups. The paper helped in provoking further exploration of the emerging phenomenon of social entrepreneurship.

Austin et al. (2006) presented an exploratory comparative analysis to open up the avenues of exploration for social entrepreneurship theory development and practice. The article also identified common and differentiating features between commercial and social entrepreneurship. The article developed new insights about social entrepreneurship and provided opportunities for researchers as well as to practical implications for social entrepreneurship. The article analyzed the objectives in depth and draws lessons for managers, researches and social entrepreneurs.
Barinaga (2003) studied the social dimension of social entrepreneurship to propose the notion of social entrepreneurial rationality. The paper is based on the comparative case studies of three social entrepreneurial initiatives, each aimed at bringing changes in the organization of their societies along ethnicity. The three social initiatives were microfinance in Sweden to address long-term unemployed women, immigrant youth association to promote the group’s values and collective production of public art in traditional immigrant suburbs of Stockholm. The paper contributed by linking theories of change and social entrepreneurial practices. The empirical investigation revealed social entrepreneurial rationalities to catalyse social change for the society.

Calas et al. (2009) extended the boundaries of entrepreneurship theory and research by restating entrepreneurship as positive economic activity to entrepreneurship as social change. The paper contributed by assessing the social change that aimed at the elimination of structural barriers that disadvantage women. The paper also stated the need for more theoretical frameworks to explore the social changes that is brought by entrepreneurship.

Dees and Anderson (2003) aimed at helping future for profit social entrepreneurs in understanding and addressing the challenges of using a for profit organization to serve a social objective. The paper is based on the review literature and several case studies relating to social entrepreneurship. The paper identified the challenges and also suggested strategies for meeting the challenges. The strategies suggested by the researcher were avoiding strategic vagueness, integrated venture model, measuring performance creatively, maintaining control, investing time and energy in creating a committed team and anticipating resistance along with a strategy to deal with it.

Haugh and Talwar (2014) conducted a study to examine the relationship between social entrepreneurship, empowerment and social change. The studies based on the data collected from 49 members of a rural social enterprise. The people focussed attention towards examining the impacts of women’s membership of a social enterprise. The paper developed the concept of entrepreneurship in the domain of social entrepreneurship.

Ney (2014) introduced a research framework for assessing and comparing the ways social entrepreneurship generate social change to develop a conceptual framework focussed on the entrepreneur-environment interactions in context of space and time. The dimensions of social space considered were ideas, structures and practices.

Hervieux and Voltan (2016) developed a framework by linking social entrepreneurship research, social problems theory, and social movement theory. The paper examined social entrepreneurship as a social movement that acts as a legitimate solution for a range of complex social problems. The study used online data published by three key supporting organizations which were Ashoka, The Skoll Foundation and The Schwab Foundation for social entrepreneurship. The result supported social entrepreneurship as the agent of social change.

Jayakar and More (2018) elaborated the role of networks in the social entrepreneurial process and their positive outcomes. Social networks contribute to the establishment, sustenance and expansion of the small- and medium-sized social entrepreneurship projects in Dubai, United Arab Emirates. The findings indicated that networks support resource management and help in building social ties and social capital, and unveil the core of social entrepreneurship to suggest an institutional framework that can encourage the youth in the region to perceive their ventures for the benefit of the society.

Pandey and Wade (2019) conducted a study using Social Entrepreneur Quotient for testing an international sample of participants in a massive open online course on social enterprise, the significance of individual social entrepreneur traits and the contextually embedded nature of social enterprise in the Global North and South. This study’s findings indicated that the Social Entrepreneur Quotient is a viable tool for the identification of traits associated with social entrepreneurs.

Peredo and Chrisman (2006) provided a framework for future theoretical developments extending the concept of social entrepreneurship. The paper extended research in social entrepreneurship to develop the concept of community-based enterprise, combining elements from commercial entrepreneurship, anthropology, and social network theory to show how community-based enterprises may differ from the standard notion of entrepreneurship. In their model, economic factors are integrated with natural and social capital to transform a community into both an entrepreneur and an enterprise. Their model suggests that social and economic stress, incremental learning, the level of social capital or resources, and community size are key determinants of the emergence of community-based enterprises.
Renko (2012) stated the early challenges in building an enterprise with the social mission. The studies focused on the motivations of nascent entrepreneurs that are directed at creating social changes or addressing social needs. The study was based on the sample derived from the panel study of entrepreneurial dynamics data set. The organizational emergence was used as dependent variable where as prosocial motivation, novelty to the market and time invested in the venture by team, were the independent variables. The study controlled variables such as money invested in the venture, team size, high technology business, necessity motivation and gender. The results showed that those nascent entrepreneurs who enter the start-up process with social goal are less likely to succeed in building viable organizations.

Seelos and Mair (2005) stated the meaning of social entrepreneurship using three case studies which were related to the institute for Oneworld Health (USA), Sakem (Egypt) and Grameen bank (Bangladesh). The paper also contributed by linking social entrepreneurship to sustainable development goals and corporate social responsibility. The paper explained the interface between social entrepreneurship, corporate social responsibility and public institutions that offers great potential for discovering new forms of collaborative value creation in support of sustainable development.

Shane and Venkataraman (2000) created a conceptual framework for the entrepreneurship field by using previous research conducted in the different social science disciplines and applied field of business. The paper explained a set of empirical phenomenon and predicted a set of outcomes not explained by earlier researches conducted. The conceptual framework is based upon identifying the existence, discovery and exploitation of entrepreneurial opportunities.

OBJECTIVES OF STUDY
The paper has following objectives relating to the study of social entrepreneurship:

- To understand the concept of entrepreneurship and social entrepreneurship.
- To define the role of social entrepreneurship in transforming social and economic conditions for poor and marginalized groups of the society.
- To address the challenges faced by social entrepreneurs while setting up their enterprise.

METHODOLOGY OF STUDY
The paper stated the role of social entrepreneurship in transforming social and economic conditions for poor and marginalized groups of the society and the challenges faced by social entrepreneurs while setting up their enterprise. The study is based on the secondary data such as research papers, articles, working papers, and reports collected from various online and offline sources relating to social entrepreneurship. The study is descriptive in nature as it focuses on describing the meaning and nature of social entrepreneurship and is based on the review of literature, to have new insights in the topic, by analyzing and summarizing the arguments and ideas of the researchers who contributed to the existing knowledge relating to social entrepreneurship.

ROLE OF SOCIAL ENTREPRENEURSHIP IN TRANSFORMING SOCIETY
Social entrepreneurship is the process of social change, economic development and sustainable livelihood. It can be seen as a tool for inclusive growth and act as catalyst for economic development. It plays an important role in bringing changes to the society in economic and social context. The collective efforts of social entrepreneurs are helping the poor and marginalized sections of the society. The expansion of social services in developing countries offers the greatest opportunity for social entrepreneurs to create systemic change. In the world of social entrepreneurship, emphasis is placed on selling products and services to the poor. The common feature of social entrepreneurship is its social mission. It creates new models for the provision of products and services that contribute directly to basic human needs that remain unsatisfied by current economic or social institutions. For example OneWorld Health has adopted an entrepreneurial business model to deliver medicines to those most in need in developing countries.
solve problems. It creates social value directly through addressing problems that are identified and able to be addressed in the short to medium term. As any successful and growing business or sector leads to growth and development, in this way social entrepreneurship can create both social and economic opportunity.

Commercial entrepreneurship aims at creating profitable operations resulting in private gain. It benefits society in the form of new and valuable goods, services, and jobs, and can have transformative social impacts. The term social entrepreneurship is defined as innovative, social value creating activity that can occur within or across the non profit, business, or government sectors. They are entrepreneurs with a social mission. So the underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth. The distinctions between social entrepreneurship and what is often called commercial, economic, or traditional entrepreneurship are often not clear. On the one hand, some consider economic value to be entirely separate from social value; on the other, economic value is sometimes treated as a type of social value (Acs et al., 2013). Both Microsoft and Grameen are for-profit businesses and have created both social and economic value. However, Grameen Bank is typically viewed as a social enterprise and Microsoft Corporation as a commercial enterprise.

Business entrepreneurship do responsible actions as well, such as donating some money to non-profit organizations, refusing to be involved in a particular kind of business like trading of illegal drugs, using environmentally friendly technology, and treating the employees well. Social entrepreneurs do more than that, as they try to solve the root of the social problem. They get income by doing those missions, for example hiring people who have physical or mental disability, poor people, and people who have particular social problems.

Social entrepreneurship helps in removing poverty, for example the Grameen Bank of Bangladesh was established by Muhammad Yunus, was a private and profitable bank which was socially motivated with an aim of helping the poor help themselves out of poverty, particularly women (Acs et al., 2013). Thus through Grameen Bank programs, women who were once socially excluded and marginalized have become empowered and engaged in their communities. Social entrepreneurship helps in social transformation, changing norms and creating new ways of relating in the form of empowerment and social capital. It contributes in removing inequality by providing income generating sources and thus helps the poor and marginalized groups in earning their livelihood. It also eliminates inequality by helping women in attaining equality in their families and society by providing them equal chances of earning and working (Haugh and Talwar, 2016).

Empowerment is related with removing unjust inequalities enabling a person to make choices, and moving from a position of being unable to exercise choice to a position of doing so. But any attempt to increase empowerment will involve disturbing the existing structure of the society. Social entrepreneurship helps in empowering women and thus reducing gender inequality. Female empowerment consists of several dimensions, such as economic empowerment i.e. access to income, which in turn may confer greater influence on decisions as to how income is spent; increased confidence and physical well-being resulting from decisions to spend money on themselves and their children; social empowerment resulting from increasing their status in the community; and political empowerment from increased participation in public life (Haugh and Talwar, 2016). Historically, the main operational areas in which social entrepreneurs create change have been:

- Poverty alleviation through empowerment, for example the microfinance movement.
- Health care, ranging from small-scale support for the mentally ill ‘in the community’ to larger scale ventures tackling the HIV/AIDS pandemic.
- Education and training, such as widening participation and the democratization of knowledge transfer.
- Environmental preservation and sustainable development, such as ‘green’ energy projects.
- Community regeneration, such as housing associations.
- Welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects.
- Advocacy and campaigning, such as Fair Trade and human rights promotion.

Thus social entrepreneurship helps in social transformation, changing norms and creating new ways of relating in the form of empowerment and social capital. It contributes in removing inequality by providing income generating sources and thus helps the poor and marginalized groups in earning their livelihood. It also eliminates inequality by helping women in attaining equality in their families and society by providing them equal chances of earning and working. The role of social entrepreneurship in society is that of social value creation through innovation and mutually beneficial solutions to solve problems. It creates social value directly through addressing problems that are identified and able to be addressed in the short to medium term. As any successful and growing business or sector leads to growth and development, in this way social entrepreneurship can create both social and economic opportunity.
CHALLENGES FOR SOCIAL ENTREPRENEURS
Peredo & McLean (2006) indicate that there are nevertheless tremendous hurdles and challenges that many social entrepreneurs face while operating in India and that hinder the entrance of new social entrepreneurial ventures. Unfriendly bankers, procedural delays, bureaucratic indifferences all impede the smooth launching of enterprises. Complex and burdensome regulatory and administrative environment created as a result of excessive state intervention became the major deterrent to the emergence of new entrepreneurship. Some of the major challenges are explained below:

Lack of Education in Entrepreneurship: Entrepreneurship in India is still encumbered by the traditional educational system of the country. As education is the main source for promoting entrepreneurship in the business sector of the economy, there is still a lack of specific curriculum on entrepreneurship development in the Indian education system. Due to this gap in the Indian education system the country’s entrepreneurial sector is still underdeveloped and struggling.

Lack of Financial Assistance: Lack of financial sources is a major challenge for the Indian entrepreneur. Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them. The reason behind this is the bank’s avoidance to providing loan facilities for social entrepreneurs given the various social complications attached with them.

Social and Cultural Effect: In India, the social and cultural perception of social entrepreneurship sometimes becomes a challenge for social entrepreneurs in running their business activities due to the lack of knowledge or foresightedness of the local community in distinguishing a social business from a normal profit-driven business.

Comparative disadvantages to business: Social entrepreneurs mainly deal with the difficult task of improving the welfare of the society and they are always keen to find affordable solutions to various societal problems. Once they find the way to earn some profit after providing the best low cost solution to the needs of the society, more traditional businesses will enter the market competing with a similar solution and technique, increasing transaction costs and competition for social entrepreneurs and hampering their future growth.

Lack of Skilled Manpower: Social enterprises have to get competent manpower from a variety of sources; professionals, volunteers, labourers and community participants. In order for social enterprises to fulfil their mission they must typically employ manpower from the underprivileged sector of the society, leading to increased training and developmental cost as these people are typically uneducated and unskilled.

CONCLUSION
The paper defines social entrepreneurship as the process of creating social value. There are two main components of social entrepreneurship, which are social value creation and entrepreneurship. The study contributes to the existing literature relating to social entrepreneurship by covering the related terms and concepts. Social entrepreneurship contributes in both economic and social context by developing economic potentials and improving the productivity of the society to increase the value of economic resources around the society. Social entrepreneurship acts as a key to solve social problems as it helps in employment generation, economic development, innovation, social and financial capital formation. It also helps in empowering women and thus reducing inequality in the society. Social entrepreneurs are necessary as they see the problem that is prevalent in the society to find out the causes and remove those problems through their innovative ideas and creativity. Thus social entrepreneurship paves the way to a future that may allow coming generations to satisfy even their basic needs better than we are able to satisfy in present times.

References


