



Review Article

Social Entrepreneurship

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Abstract

Social entrepreneurship offers opportunities to improve society using practical, innovative, and sustainable ways. A social entrepreneur is an individual or organization who seeks out to find solutions surrounding social issues environment fair trade, education, health, and human rights. Social concerns are conducting more than financial or market opportunities. It has to be financially sustainable. Entrepreneurship and social entrepreneurship also maintain employment opportunities. A social enterprise also facilitates employment for disadvantaged groups. There are niche opportunities for social entrepreneurs which are not suitable for entrepreneurs. Social initiatives represent a concept for the access to services for disadvantaged groups and protection for the environment.

Key Words: *Entrepreneurship, environment trade, education.*

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INTRODUCTION

Current fiscal regulations dissuade social enterprises. The tax regulations make it harder to operate social actions. On account of this, the maintenance of nonprofit economical enterprises is risky, while they are treated the same as commercial enterprises.

Differences between business and social entrepreneurs

The entrepreneurs emphasize innovation and creativity. They seek new ways to define

existing needs. Social entrepreneurs are those who take responsibility and risk for civil society needs.

The authors Say, Schumpeter, Drucker, and Stevenson have important contributions to the issue of the entrepreneurship. Other researches also indicate the connection of the subjects' entrepreneurship and social entrepreneurship [8]. The social entrepreneurs challenge some unique problems [1].

Business entrepreneurs tend to focus on new needs, while social entrepreneurs tend to focus on existing environmental and social problems more effectively on long-term goals through new approaches. Social entrepreneurs are those who take responsibility for civil society needs. While traditional entrepreneurs take risks on behalf of shareholders, social entrepreneurs take risks on behalf of stakeholders. The objectives of social entrepreneurs differ from those of business entrepreneurs. The social entrepreneurs are motivated in different ways than commercial entrepreneurs. The entrepreneurs and social entrepreneurs face similar problems such as establishing and institutionalizing their enterprises. Social entrepreneurs can also experience problems such as defining opportunities and needs, planning, support, obtaining information and resources, creating marketing and demand, and creating organizational structure. Since social entrepreneurs have different motivation and aim from commercial entrepreneurs, they differentiate from commercial entrepreneurs in the way of leadership style also. The leader focuses on change and processes, is a part of the group, and controls group structure and processes. Social entrepreneurs are not a part of the group that is affected by the group or working in the group (Table 1) [8].

Another proposal is that the two entrepreneurial types will have different requirements, especially in terms of access to financial markets and risk capital. Finally, in terms of performance management, it has been emphasized that commercial

entrepreneurs can develop and use concrete and quantitative metrics more easily and that social entrepreneurship is a front line for nonmaterial elements (and therefore more difficult to measure). The social value opportunity in social entrepreneurship arises at the intersection of human resources and financial resources. Social entrepreneurs must have the ability to bring these internal resources together in an external context. The components of social entrepreneurship are to produce social value, being innovative, and creating resources and sustainability. The social organization mentioned at this point can be a new constitution, or it emerges in the form of joint projects of the existing social institutions in order to increase the scope of influence [7].

Table 1. The differences between entrepreneurship and social entrepreneurship.

Social enterprises are separated from ethical or socially responsible companies precisely at this point. In contrast to companies, the measure of success in social enterprises is not the profits that are achieved, but the positive impact created on society. Another point that distinguishes social enterprises from these companies is that they should be accountable not to their shareholders but to the communities they serve [8].

It is suggested by Schwab Foundation for Social Entrepreneurship to establish a board for managing the social enterprises

effectively. The corporate governance assures the credibility, complies with social values, and presents the enterprise responsibilities against stakeholders [2].

Another study presents scale of four dimensions about the measurement of social entrepreneurship orientation with a two-stage design with Delphi study. It indicates the combination of entrepreneurship and social entrepreneurship aspects together [4].

As a result of the case studies, it is understood that the predetermined dimensions of social entrepreneurship are examined extensively. The researches have focused on conceptualizing and not developing a mass-interaction measurement tool that SCALERS gave to name their social entrepreneurship. In traditional entrepreneurial countries, meaningful interventional activities tend to have more social entrepreneurial activities [3]. Social entrepreneurship is built and works for a social purpose. The profits are used for social purposes [1].

The difficulty of the performance measurement conducts the social investor to quest for the control and monitor. The research Rosenzweig [3] shows “impact value chain” first. The main antecedents of the measurement are figured as inputs, which are resources put directly into the venture (e.g., assets, volunteering, or money), outputs, which are consequences of the project managers’ measurement, and outcomes, which are the intended global changes. After the comparison of the desired outcomes with internal output, measures can show an accomplishment [3].

Garrigós, Lapiedra, and Narangajavana researched social entrepreneurship and social value measurement in the Colombian construction industry. The social value rise with the leakage reduction is assumed. The policy aims the effectiveness and economic multiplier [1].

Social entrepreneurship and social value

Most of the movements can be seen as small and extent worldwide, but they are interconnected and mutually strengthening each other. When all these things are taken together, it means more than the sum of their components. There is a synergy of these movements. Through social missions and entrepreneurial approaches, all social enterprises create and disseminate social, economic, and environmental values. Whatever the type or sector of the pioneering organization is, “creating value for all” is a precondition for the growth of more inclusive markets [7]. The concept of “sociality” includes adapting the principles of entrepreneurship to social problems instead of profit maximization. Thus, social enterprises are emerging as entrepreneurial or free market-based organizations in solving social problems.

There are many definitions of social entrepreneurship. Social enterprises aim social impact. Social entrepreneurship involves corporate initiatives that invest in individual, or in the form of the profit generated by a new entity, which is planned to be opened by the individual, within the framework of social objectives [7].

According to the definition of GEM, the economic expectations of social entrepreneurship projects are determined according to the costs of the strategies to be implemented. Corporate social project practices, which have become an important part of corporate strategies, have made it possible to achieve common achievements within this understanding. The difference of social entrepreneurship and commercial entrepreneurship mentions entrepreneurship as a context, actor (people/resources), deal, and opportunity together: as the PCO equilibrium. The first proposition here is that market failure creates different opportunities for social and business entrepreneurs. The second factor is that the understanding of economic success and social value creation differs between the two concepts.

Social entrepreneurs are individuals who realize social transformation in an innovative way. These individuals are making social enterprise “with the enthusiasm of entrepreneurship, the methods of business, the creation of innovation, and the courage to abandon general practices” [7].

The entrepreneurs create innovations in different ways like “product or process innovation, or a new product or a changed product, or a combination of any” according to the definition of OSLO MANUAL. Product innovations are made through “the use of new materials; use of new intermediate products; new functional parts; use of radically new technology; fundamental new functions (fundamental new products) and process” and the process innovations through “the new production

techniques; new organizational features (introduction of new technologies); new professional software” [5]. The social and/or ecological value creation motivates the social entrepreneurs. The social entrepreneurs also aim innovation in a new product, a new service, or a new method like entrepreneurs. Social entrepreneurs transform the society in economic and social ways.

They may be in the form of cooperative or hybrid models, legally organized as nonprofit-making institutions. Although social initiatives are not yet defined as separate entities in most countries, there are some steps taken in this direction [7]. In the United States, there is differentiation between the Community Interest Company and the Low-Profit Limited Liability Company because of the focus of profitability [1,5]. Benefit corporation (BC) is another definition according to United States law, which describes a new legal for-profit business entity. It contains the responsibility to return profits to shareholders [6].

The aims of projects that are realized by companies and social organizations are based on three themes. First, identifying the social, cultural, and environmental objectives that are deployed as the basis of the project, second prioritizing the social objectives identified during the project, and third going for profit for the purpose of ensuring the continuation of project implementation.

Social entrepreneur targets to find solutions for the environment, the youth, and various

socioeconomic indexed social problem areas. It accentuates that providing employment and income-generating activities for religious, ethnic, economically marginalized groups emphasize the self-sufficiency of individuals. They aim to increase their visibility within the community they live in and to reduce their commitment to social safety nets in a rational way.

The access in long-term capital and the lack of strategic planning, especially in developing countries, constitute the biggest obstacle in front of entrepreneurs. The talent, money, and interest in social enterprises around the world are increasing recently. There are debates about what social initiatives are and what they do in various national and international platforms.

Systematic change is the most important objective. Social entrepreneurs aim to create systematic change, disseminate their solutions, and gain support from the community in the long run, eliminating the problem, while improving similar cases in the areas they deal with. To describe the difference between the social intervention approach and others is that social initiatives are not for to teach only fish or fishing, but instead aim to radically change the fish industry [7].

It is considered that there is a big difference between entrepreneurship and social entrepreneurship also in the implementation process. They are so connected like the parts of a whole system. The partnerships like universities and other stakeholders contribute to the efficiency and the

innovation. Social entrepreneurs aim to reach two different goals under the roof of a single establishment: to provide social benefit and profit [8].

Social enterprises that function as a commercial enterprise by producing goods and services in free market conditions also direct the income they derive from these activities to social purposes. In this method, the business activity may be directly related to the social problem, but it is also possible that there is no direct connection between them. CSOs adopting such an approach perceive social enterprise activities as an alternative to reduce their dependence on donations and grants and to increase their fiscal sustainability.

Another way social enterprises pursue is the empowerment and capacity building of individuals and communities by creating employment and income-generating activities for disadvantaged groups (women, youth, people with disabilities, minorities, and so on). Contrary to the first approach, commercial activity itself is seen as an effective tool for social change in this method.

Another approach that is observed in social enterprises is to act in a creative, bold, and entrepreneurial spirit in their commercial activities. Solution-focused, experiential transformations of barriers can be much more profitable than traditional methods of business ventures.

Another common point is that most social enterprises are initiated and maintained by social entrepreneurs. Like entrepreneurs who

change the face of the business world, social entrepreneurs are also important tools of social change [1].

The Schwab Foundation for Social Entrepreneurship offers “models of sustainable social innovation.” The global, regional, and industry transformation and the association with the other stakeholders of the World Economic Forum is in the focal point of The Schwab Foundation for Social Entrepreneurship [8].

Social entrepreneurship is a concept, which needs awareness and development in Turkey. Social support of universities, associations, and foundations through awards, courses, and studies and governmental support through tax regulations are expected to raise the awareness and interest in social entrepreneurship. The attainment of consumer markets is easier through the internet access and popularity of social media. Additionally, entrepreneurship is the period for innovation development and application. Economic development and also social development are not only evolved through innovation [8].

Entrepreneurship is a combination of production resources and aims the profit. Social entrepreneurs do not focus on profits, mostly the social benefits. The development of social entrepreneurship must be accentuated in the society.

Increasing knowledge-based economies promote entrepreneurship. Social inclusion and economic development constitute synergy for social entrepreneurship. Social enterprise can be defined as “businesses that

trade for social purposes.” They are nonprofit entities, which are implementing commercial methods to accomplish their social objectives. The concept is summarized as “mission-driven business approach” [7].

The researches execute the antecedents and the consequences of social entrepreneurship in social constructionist approach [3].

Social capital can be defined as the assets that have as a consequence of the relations of one with others and (in a correlated way) of the participation in organizations: these relations facilitate the access to other resources [5].

Social enterprise must be constructed as a social organizational identity [7]. The social capital is an important determinant for business support. The concept of social entrepreneurship technology is affected through rapid technological change. The changes are adapted for creating social value. New methods are internalized [4].

Social capital is the feature of commercial conglomerates, which have shared values, trust, and culture. So trust is an important dimension of social capital [6]. Entrepreneurs use their connections for funding or receiving credit from suppliers without any formal contract, which is very crucial for the sustainability. Social capital is crucial for equalization and continuance for human development. German and Japanese cooperative and long-term oriented cultures induce them for innovation and industrial development. So the social capital is remarkable in these countries (Table 2) [3].

The Different Organizational Models of Social Enterprises are examined in Table 2. The entrepreneurial approach and social focus are their common point.

Table 2. The Spectrum of social enterprises (arranged by legal form and revenue source).

There is a “traditional NGO” managed by volunteerism, income-based donations, and social services, while at the other end there is a commercial enterprise which is the main goal of profit. Social enterprises are in the midst of these two extremes as commercialized institutions at various levels in their functioning. For example, many social enterprises employ professional staff, receive consultancy services, and make income-generating investments. However, social enterprises also provide employment and social services to disadvantaged groups, advocate, and thus interfere with various social problems. No social initiative is the same as another (in terms of purpose, target mass, methods, and institutional structures). However, no matter how diverse the commercialization, the approaches, and the environments in which they function, it is possible to find some common interests between social enterprises in terms of purposes and methods [1].

“A leveraged nonprofit enterprise” is not working through an income-earning strategy. The sustainability is maintained through partnerships and funding of

traditional donor-dependent model. Its sustainability strategy constitutes dependent independent resources [1]. Leveraged nonprofit ventures’ sustainability is influenced by the partners’ attention.

“Hybrid enterprise” conglomerates features of the for-profit and nonprofit legal models. The various legal structures are used in different countries. In the United States, the low-profit entities are structured as Limited Liability Company. In the United Kingdom, the sustainability of the social activities is afforded by a profit subsidiary in the form of “Community Interest Company.” The entrepreneur establishes numerous legal entities to sustain it financially. It is financed with grants, loans and/or own resources [4].

“Social entrepreneurs” aim to create social change in education, health, environment, and enterprise improvement. A social entrepreneur accomplishes major and sustainable social change through innovations [8]. The entrepreneur establishes a for-profit entity or business which is social or ecological driven. The social entrepreneurs’ main objectives are social and then profit [5].

Entrepreneurs and social entrepreneurs are using the same tools and endeavor in market principles and forces for driving change. Social entrepreneurs provide opportunities for marginalized and poor. They find solutions for social issues like education, health, welfare reform, human rights, workers’ rights, environment, economic development, agriculture, and so on [8].

Social entrepreneurship is tried to be encouraged with educational programs and competitions. The financial returns are low, and it complicates the presence of these organizations [6].

A strong financial system is a requirement of entrepreneurship. The entrepreneurs create jobs, and so they help to reduce the unemployment rate. Turkey's economy is growing. The collaborations with international organizations promote economic progress through entrepreneurship. Table 1 summarizes the differences between entrepreneurship and social entrepreneurship.

There are many suggestions for the improvement of social entrepreneurship [3]. One of the problems they face is institutionalization which is difficult because the social initiatives are dependent on the social entrepreneurs and it is not easy to survive [3, 4].

The institutionalization of social entrepreneurship education is impeded through limited presidential support, a clear and well-defined vision, and financial problem [7].

The strategies to simplify the increase of social enterprises are legal recognition and regulation; combination of the most innovative organizational solutions; replication process; protection of consumer's rights; and avoidance of isomorphism. Quasi-market strategies require unusual mix of resources and conformance to local dimension. The network plays important role to accomplish

this. It is recommended to change the implementation of employment subventions for long-term unemployed to reduce labor costs. It can be used to lower productivity [4].

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