Social Entrepreneurship: A Roadmap to Reach Out Poverty

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ABSTRACT

Social entrepreneurship is the catalytic behaviour of social benefit organizations that engender value and change in the sector, community, and industry through the combination of innovation, risk-taking and reactiveness. It has attracted growing interest from policymakers, young people, entrepreneurs, funders, and established businesses. Significant advances have been seen in the practice of social entrepreneurship without a commensurate surge in the literature on the theory underlying the practice. The increased attention on the practice has revealed a significant lack of cohesion in the area of social entrepreneurship which has resulted in a stifling of the academic research devoted to the social sector. As the demand and interest in social entrepreneurship increases, it requires a comprehensive understanding of what social entrepreneurship really is. Therefore, this paper tries to provide an in depth discussion on the meaning, purpose, scope and the socio economic effects of social entrepreneurship.

Keywords: Social entrepreneurship, poverty alleviation and innovation.

1. INTRODUCTION

Social entrepreneurship is the catalytic behavior of social benefit organizations that engender value and change in the sector, community, and/or industry through the combination of innovation, risk-taking, and proactiveness (Helm, 2007). Social enterprise has to be characterized by aspects of general enterprise together with the mission of achieving a social objective. It offers a new way to do business that is enriched by a social purpose. It has attracted growing interest from policymakers, young people, entrepreneurs, funders, and established businesses (Leadbeater, 2007). To begin defining social entrepreneurship, one must start with an understanding of the word "entrepreneurship," for the word "social" merely modifies "entrepreneurship" (Martin &Osberg, 2007). An entrepreneur is someone who sees an opportunity or has an idea and assumes the

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risk of starting a business to take advantage of that opportunity or idea (Hatten, 2009). The word itself is French in origin and literally means "between-taker," "go-between," (Hatten, 2009) or perhaps even "undertaker" (Dees, 2001).

The emphasis is on someone who organizes a project or undertakes a venture of some kind. It eventually was used to identify the adventurous individuals who stimulated economic growth and progress by finding new ways of doing things through the behaviors of creation, innovation, risk assumption, general management, and performance intention (Dees, 2001; Hatten, 2009). In many ways, social entrepreneurship is just an extension of the entrepreneurial model used in the for-profit sector (Helm, 2007). A theoretical understanding of social entrepreneurship should share common links with entrepreneurial theory. Simple approaches to defining 'social entrepreneurship' bring together the meanings of 'social' with 'entrepreneurship' (Mulgan, 2006). In general this is interpreted as entailing coupling a 'social' mission with an 'entrepreneurial' process (Nicholls, 2006; Peredo& McLean, 2006).

A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change (Wikipedia, 2007). It is an innovative, social value creating activity that can occur within or across the nonprofit, business, and government sectors (Austin et al, 2006). In a 2002 review of the literature on social entrepreneurship, Johnson commented on "the theoretical nature of the existing research" (Johnson, 2002). After that it was realized that there was little progress on developing more theoretically grounded work. Greg Dees (2004), one of the leading academic authors on social entrepreneurship, pointed to the lack of rigorous and theoretically informed research, and consequently to the lack of knowledge and understanding of social entrepreneurship and limited progress in the field. He made a call to 'sort out the rhetoric from the reality', and commented on the tendency in the literature to over promote the concept and to assert rather than demonstrate its importance and its characteristics (Dees, 2004; Anderson & Dees, 2006). The confusion and overlap between social entrepreneurship and social enterprise is as apparent in the academic literature as it is in practice and policy and the 'grey' literature. Taking this as a starting point, expectations of what the social entrepreneurship literature can offer are necessarily limited. One of the most striking features of social entrepreneurship, and which has been apparent in the academic literature, is the central position given to the entrepreneurial individual. These approaches have tended to list personal characteristics and aptitudes, but are rarely based on in-depth psychological studies. As there is controversy regarding the concept of social entrepreneurship, the present work tries to illustrate the concept more explicitly to narrow down the gap.

2.   ORIGIN, MEANING AND OBJECTIVE

In the mid to late 1990s, the idea that individual 'social entrepreneurs' were critical to the successful tackling of social problems started to be taken seriously in policy circles in the UK. Social entrepreneurs were presented as similar to business entrepreneurs - visionary individuals with the drive, passion and skills that are found in the private sector. Social entrepreneurs, however, were credited with creating social value and public benefits rather than private wealth, most often through non-profit or voluntary action. They were promoted as central to the modernization of welfare and the effective provision of social services, especially in tackling those social issues where the state and the market are said to have failed. A consensus is emerging that social benefit organizations must do something to survive, and the traditional approach is insufficient (Galvin, 2006). In response, social entrepreneurship is emerging as an increasingly common approach to meeting these challenges (Townsend & Hart, 2008). As a discipline, social entrepreneurship is relatively new, rising to prominence only within the last decade. In fact, the field is so new, academicians and practitioners alike have yet to develop a single, agreed upon definition for social entrepreneurship (Bornstein & Davis, 2010).

Social entrepreneurship, it was claimed, represented as a new movement of people, people with a creative edge, dissatisfied with existing institutions and wanting more than just to make money or have a successful career in the private sector (Dees, 1998; Moore, 2002; Defoumy, 2003; Drayton, 2006). These were people intent on bringing about social change, and as existing terms did not adequately capture their mix of determination and passion, they required a new label and were described as 'social entrepreneurs'. The foundations of social entrepreneurship have been in existence for some time (Roberts & Woods, 2005). Harriet Tubman's Underground Railroad is an example of an early organization focused on social impact. Tubman was innovative, creative, took risks, and exploited opportunities—all for social good. Under most definition, she would be considered a social entrepreneur; however, she most likely did not approach the situation with the intention of applying certain entrepreneurial practices in freeing slaves. Social entrepreneurship is aimed at progressive social transformation (Hartigan, 2006). The deliberate and intentional inclusion of entrepreneurial strategies and theories in the pursuit of social change is a defining feature of the social entrepreneurship discussed today (Drayton, 2005).

What this approach reveals is social entrepreneurship with a focus on creating value through innovative change has taken root in the social sector (Collins, 2005; Dearlove, 2004). The increased competition and rise in demand necessitates social organizations continue to adapt their strategies to meet the change in conditions, and many have found social entrepreneurship to be the answer. Nonetheless, the discipline still needs to be tightly defined and more rigorous research is needed to capture the essence of the processes, techniques,

and practices utilized by social entrepreneurs (Roberts & Woods, 2005). In addition to providing direction and guidance, further research is needed to help solidify variables useful for assessing the effectiveness of a social entrepreneurship program. In summary, social entrepreneurship can be identified as making a critical contribution to community renewal, voluntary sector professionalization, welfare reform, and ultimately the changing nature of citizenship and democracy in modem society. In policy terms, social entrepreneurship was credited as having the potential as a force for good at all levels of society, and in all fields of action.

The research literature describes social entrepreneurs as possessing a set of characteristics that are exceptional. (Johnson, 2003: 12). Thake (1999) commented that the literature on social entrepreneurship contains "a breathtaking array of attributes which the entrepreneur is expected to possess" which are quite unrealistic for any single individual. He listed 77 personal characteristics and behaviors, including: creative, restless, risk taking, practical, accountable, dynamic, inspiring, persuasive, humble, flexible, courageous, collaborative, value-driven; and skills in financial management, marketing, IT, fundraising, communication, storytelling, negotiation, mediation. A good sense of humor and the ability to walk on. Pragmatic literature geared at practicing managers discusses social entrepreneurship from the perspective of financial management and strategic planning (Brinkerhoff, 1996; Dees, Emerson, & Economy, 2001; McLaughlin, 1998). The general concept is that by diversifying revenue streams, employing financial management tools, and tapping unused resources charitable organizations can buffer themselves from economic decline and be more prepared to take advantage of emerging opportunities (Brinkerhoff, 1996; Dees, Emerson, & Economy, 2001). Adding to this internal strategy is the concept of inter-organizational cooperation, collaboration, or merger as a different means of managing the organization against environmental risks (McLaughlin, 1998).

Further, the characteristics of social entrepreneurship are multi-dimensional and include opportunity recognition, risk tolerance, innovativeness, and resourcefulness (Alvord et al., 2004; Gartner, 1988; Mintzberg, 1991; Singh, 2001; Stevenson &Jarillo, 1990). In addition to these characteristics of social entrepreneurship, a social enterprise has the challenges of managementaccountability, double bottom line (social and commercial objective) (Tracey & Phillips, 2007), and triple bottom line (financial, social, and environmental) (Murphy & Coombes, 2009). Socialentrepreneurs have a stronger sense of ethics and their mission is to deal with all stakeholders; they are also required to be determined, innovative, and resourceful. Mort, Weerawardena, and Carnegie (2003) described the social entrepreneur as ''entrepreneurially virtuous''; according to Dees (2005), an entrepreneur focuses on social change instead of profit as the goal, and approaches this goal with an entrepreneurial spirit, one of determination, innovation, and resourcefulness. Peredo and McLean (2006) stated that entrepreneurs aim—either exclusively or in some prominent

manner—to create social value of some kind through innovation and by tolerating risk and declining to accept limitations in the available resources. Mair, Battilana, and Cardens (2012) identified four ''ideal type'' models of social entrepreneurship, based on the predominant form of capital utilized in each case: political, human, economic, or social. Their study links each of the four models to different logics of justification, and refers to them as principles that act as justifications for the proposed solution. Pearce, 2003). Social entrepreneurship is still a controversial concept (Dacin, Dacin, &Matear, 2010). Roper and Cheney (2005) and Thompson (2002) stated that no adequate description or understanding of SE exists yet because SE represents different elements of both non-profit and for-profit organizations. For Phills, Deiglmeier, and Miller (2008), the major issue consists of how organizations solve problems, not merely understanding what form the organizations take. Accordingly, social entrepreneurs have roles in terms of shaping social value in society and creating social value in a complex system of humanity. These are several goals of creating social value; reducing the amount of poverty, improving health care, and experiencing through climate change.

3. SOCIAL ENTREPRENEURSHIP AS A REMEDY TO POVERTY ALLEVIATION

Social entrepreneurship satisfies unmet social needs, that is, the problems in society that the government is powerless to solve. Social entrepreneurship refers to the creation of positive social change, regardless of the structures or processes through which it is achieved (Dees, 1998a; Dees, 1998b). The process of social entrepreneurship refers to innovation activities with a social objective in the for-profit sector (Dees & Anderson, 2003). It involves reconfiguring resources in order to achieve a specific social objective (Alvord, Brown, & Letts, 2004; Bornstein, 2004; Bill Drayton (2002). Social entrepreneurship refers to pursuing initiatives of exploring and recognizing viable and sustainable opportunities to solve pressing social problems (Wallace, 1999). The viability of these initiatives is assessed in terms of their catalytic impact on positive societal transformation (Dees, 1998). For acculturation-as-social-learning research (Bhawuk, 2008; Masgoret& Ward, 2006), particularly intriguing are entrepreneurial and leadership capacities to provide sustainable development and transform lives of marginalized people in poverty-stricken countries of the world (Alvord, Brown, & Letts, 2004). Sustainable development is posited by The World Commission on Environment Development (1987) to "meet the needs of the present generation without compromising the ability of future generations to meet their needs". Elements that are critical to sustainable development include planning and developing strategies that minimize vulnerabilities, communication and crisis systems (Campanella, 2006), social support in congruence with government/private/and independent support (Tobin, 1999), and the development of risk diverse strategies (Hultman&Bozmoski, 2006). If the instigator were to

leave, whether the community would be able to sustain what was started is an important question about sustainability of social entrepreneurship. The community transformation effect can be achieved when social entrepreneurs are: (1) being passionate and living in the community, (2) helping the community define the problems, (3) measuring the problems using multiple methods, (4) working with the people during implementation, and (5) flexibility to adjust as necessary to the situations.

According to Brock and Steiner (2010), social entrepreneurship is the creation of social impact by developing and implementing a sustainable business model which draws on innovative solutions that benefit the disadvantaged and, ultimately, society at large. Social impact should involve and prosper community or stakeholders (Brock and Steiner, 2010). Social entrepreneurial opportunities can be derived from emergent needs or longstanding inefficiencies, such as pollution, low-efficiency activities, recycling of wastes, green energy, public transportation, and banking facilities in rural areas (Austin, Gutierrez, &Ogliastri, 2006; Tracey & Phillips, 2007). Corner and Ho (2010) identified a pattern across all three cases, which they termed ''opportunity development.'' This pattern involves the nourishment and advancement of entrepreneurs' ideas for social value creation, and suggests an organic process, whereby ideas take shape over time. Within opportunity development, furthermore, innovative ideas for value creation, and notions of how to implement these ideas, occur relatively simultaneously and in a recursive fashion. In general, social entrepreneurs must be adept at grabbing opportunities, operating social enterprises, dealing with managerial issues and stakeholders, and balancing financial, environmental, and social objectives.

4. CONCLUSION

Social entrepreneurship paves the way to a future that may allow coming generations to satisfy their needs better than we are able to satisfy even the basic needs of today's population. It gives the managers of global corporations a unique opportunity to learn and create new collaborative efforts that are in the corporations' own economic interest, while at the same time creating social value for those who need it most. SE has thus attracted the attention of academia, international organizations, charities, and corporations, in efforts to better understand the phenomenon and to replicate and scale some of the new models and processes for value creation. However, the lack of a theory of SE may be a barrier to the full recognition and more focused support that might be needed to enable these initiatives to grow to a scale where they can make a substantial contribution to eradicating poverty in all its forms. What seems to be a common feature of SE is its primarily social mission. The greatest challenge in understanding SE, though, lies in defining the boundaries of what we mean by social.

First of all, there is no such thing as non-social entrepreneurship; in fact, Reynolds, Bygrave, Autio, Cox, and Hay (2002) reported that traditional entrepreneurship creates the majority of jobs in developed countries—certainly an important social function. Based on our research, we offer the following definition of SE: 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. Like business entrepreneurship, SE recognizes and acts upon what others miss: opportunities to improve systems, create solutions, and invent new approaches. Venkataraman (1997), studying traditional entrepreneurship, sees the creation of social wealth as a by-product of economic value created by entrepreneurs. In SE, by contrast, social value creation appears to be the primary objective, while economic value creation is often a by-product that allows the organization to achieve sustainability and self-sufficiency. In fact, for SE, economic value creation, in the sense of being able to capture part of the created value in financial terms, is often limited, and mainly because the customers SE serves may be willing but are often unable to pay for even a small part of the products and services provided. To make a significant contribution to SD, social entrepreneurship must reach a critical mass of initiatives around the globe. The scale and scope of SE ultimately depends on the number of individuals who choose to become entrepreneurs with a primarily social mission. It has been suggested that SE depends on very specific and scarce individual characteristics. Attempts to define the characteristics of the typical social entrepreneur tend to portray a social hero with entrepreneurial talent.

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