



DEFINITIONAL ISSUES IN SOCIAL ENTREPRENEURSHIP: A REVIEW

PRACHI ¹

¹ ASSISTANT PROFESSOR, S. D. COLLEGE OF MANAGEMENT STUDIES, MUZAFFARNAGAR, UTTAR PRADESH.

ABSTRACT:

Social entrepreneurship has been gaining greater momentum from the public sector as well as from scholars. However, there is a lack of unifying paradigm in the field of social entrepreneurship that leads to proliferation of definitions of social entrepreneurship. In fact the debate on social entrepreneurship is emerged as a serious issue in research and academia. Since existing researchers and research organizations are unable to provide a unified and universal definition of social entrepreneurship, many researchers who are working on social entrepreneurship are requested to develop a universally accepted definition in order to understand and observe the phenomena of social entrepreneurship. The objective of this paper is to clarify the definitional part of social entrepreneurship. The paper will review different literatures on social entrepreneurship available in reputed academic journals. The study will focus on various definitional issues on social entrepreneurship.

KEYWORDS:

SOCIAL ENTREPRENEURSHIP, DEFINITIONS.

1. SOCIAL ENTREPRENEURSHIP: THE URGENCY OF A DEFINITION

In recent years, Social entrepreneurship has received greater importance from the public sector, along with scholars from various disciplines (Stryjan 2006; Weerawardhena and Sullivan Mort 2006; Nicholls 2008). The concept of social entrepreneurship has not uniformity among scholars and is poorly defined till now. Its reach to other fields of study remain complex and unclear (Mair and Marti 2006). Still, it has not been treated as an independent .Social enterprises has at least two merits in current scenario i.e. innovativeness in solving social problems, which are becoming more challenging and complicated has been noticed by numerous scholars (e.g. Johnson 2000; Thompson, Alvy, and Lees 2000) and this entrepreneurial practice of innovativeness contains unclear lines between private and public sectors which is the genesis of hybrid organisation (Wallace 1999; Johnson 2000) which is directed by strategies of dual value creation- social and economic (Alter 2004). The emerging phenomena of growth of social enterprise is also seen as a response to the funding problems of non profits (Dees 1998a,b) and the financial risk involved to run social enterprise (Young 2001). A consensus has emerged among scholars (Dees 1998a,b; weerawardhena and Sullivan Mort 2006) that due to lack of conceptual clarity, there is a need to define social enterprise more clearly.

Social entrepreneurship is made of two words: Social and entrepreneurship. An understanding of meaning of these two words i.e. social and entrepreneurship would help to unearth its meaning, shows how it differentiates itself from commercial/ traditional entrepreneurship and the manner in which it is similar traditional entrepreneurship.

2. RESEARCH QUESTIONS

The review of literatures in social entrepreneurship shows that the definition of social entrepreneurship is also included regional context also (Seelos and Mair, 2005). Therefore, the proposed study is intended to fill definitional related issues in social entrepreneurship. With regards to social entrepreneurship and its association with other factors, the study is attempt to answer on following research questions based on earlier studies: (1) What should be viable definition on social entrepreneurship in developing economies? (2) How various definitions on social entrepreneurship are unable to capture the definitional issues? (3) How the various types of social venture affect human livelihoods and future probability of a new venture in a region (Zahra et al., 2009)? (4) How can we measure the social value in social entrepreneurship?

2.1. RESEARCH OBJECTIVES

Relevant to mentioned research questions and to achieve them the study is focus of following objectives: (1) To identify the significant definition of social entrepreneurship through literature review. (2) To examine a crucial research gap to do further research on social entrepreneurship.

2.2 RESEARCH METHODOLOGY

The Social entrepreneurship literature is visible in top tier management and entrepreneurship journals.

To capture the body of knowledge in social entrepreneurship area, this study has drawn articles from the journals related to management and entrepreneurship.

3. THE SOCIAL ELEMENT IN SOCIAL ENTREPRENEURSHIP

There is a common things observed in the literature that there has been unanimity among scholars about its central theme of social mission or social value creation (Dees 1998; Dees et al.2001; Austin et al.2006 a, b; Dorado 2006). Opportunities are found out to provide solution to social problem or satisfy social needs, thereby creating social value (Seelos and Mair 2005b; Mair and Marti 2006 ;). Social entrepreneurs are treated as change agents in social economy (Dees 1998; Nicholls 2008). They can provide systematic and sustainable solution to societal problem. Social entrepreneurs have a business models for efficiently meeting to basic human needs that existing markets and exiting institutions have failed to satisfy these needs and made contribution to sustainable development. There is a common limitations found in literatures is that term “social” should be defined clearly and its definition should moves around social needs, social values and equilibrium in creation and mapping of value that supports the beneficiaries (Phils, 2009).

3.1 DIFFERENCE BETWEEN SOCIAL AND COMMERCIAL ENTREPRENEURSHIP: SAME, DIFFERENT OR BOTH?

In Social entrepreneurship, social mission is one of the most important criteria used by scholars to distinguish social entrepreneurship from commercial entrepreneurship (Dees 1998; Austin et al. 2006).

Lumpkin et.al. (2013) find that SE differs from commercial enterprises in terms of their social motivation/ mission, opportunity identification, access to capital and engagement of multiple stakeholders.

Austin et.al (2006) compare and contrast social entrepreneurship with commercial entrepreneurship. They give argument that in spite of common elements between social entrepreneurship and commercial enterprises.

They made differences based on four dimensions.

- a. Market failure: there is an opportunity difference due to market failure. The same market failure may have different meaning and direction for creation of social and commercial enterprises.
- b. Mission- In social entrepreneurship, creating social value through a social mission is an important while private gains are primary objective of commercial entrepreneurship. The differences in mission of both social entrepreneurship and commercial entrepreneurship occur due to management, motivation and tension between process of commercial and social enterprise.
- c. Mobilization of human and financial resources: Here, both social and commercial entrepreneurs use different approaches in mobilising or managing resources of an organisation i.e. financial and human resources. social entrepreneurs depends on a range of funding sources including personal contributions,

foundation grants, membership dues, user fees and government payments.

- d. Measurement of performance- Measurement of performance as social impact is key differentiator of social and commercial entrepreneurship. Performance measurement in commercial enterprise is based on financial performance. The performance measurement process in social enterprise is not unique and standardise and more idiosyncratic to the particular organization. It makes complication in accountability and stakeholders relations.

The above mentioned differences provides clarity on concepts of social entrepreneurship and based on these four factors i.e. People-Context-Deal-Opportunity framework to investigate how they may lead to meaningful differences in social entrepreneurial phenomenon.

Similarly, Dorado (2006) made a comparison between commercial entrepreneurial venture and social entrepreneurial venture based on three criteria – opportunity definition, resource leverages and organisation building. She discovered that commercial entrepreneurial ventures and social entrepreneurial ventures have many differentiating factors like ‘double bottom line’ in the mission (Dees 1998). There is inclusion of both the commercial and social dimensions that leads to source of tension (Austin et al. 2006). In social enterprise, the social mission is not overlooked by profit maximization.

Trivedi and Stokols made a comparison between social enterprises and commercial enterprises on these dimensions (i) the purpose of their existence – social goal; (ii) role played by social entrepreneur; (iii) elements of innovation to solve social problem(iv) generating and utilizing economic profit as a means to solve social problems.

Due to these differences, most of the findings on entrepreneurship may not hold true and rigorous research is required on social entrepreneurial ventures (Dorado 2006).

Apart from above mentioned differences, the measurement of social impact and social value creation created by social enterprise is crucial for the social entrepreneur himself/ herself as well as the donor, funding agencies or grant makers , and other stake holders.

3.2 ENTREPRENEURIAL ELEMENTS

Social entrepreneurs utilize various entrepreneurial opportunities such as opportunity identification, innovation in order to obtain social mission of a social enterprise (Nicholls 2006).

- a. Opportunity identification – A maximum number of literatures on social entrepreneurship gives emphasis on opportunities for social mission (Dees et al. 2001; Austin et al. 2006). This contains finding source of opportunities, globalisation of opportunities related to social entrepreneurship,

different types of social enterprise, distinguish factors between social and commercial entrepreneurship and investigation of the way in which opportunities develop in social entrepreneurship in empirical way (Corner and Ho 2010). The sources of entrepreneurial opportunities in social entrepreneurship are activism, self - help and philanthropy (Hockerts 2006). The opportunities related to social entrepreneurial activities are available in various sectors such as demographic, financial area, nutritional, resources management, environmental, health, gender, educational, digital and security.

- b. Resource mobilisation – It has also recognized as an important area to ponder among scholars because of its directly linkage to social mission (Dees et.al. 2001). There are several studies have been conducted to explore resource mobilisation in social entrepreneurship.

Domenico et al. (2001) has identified three more construct for theory building i.e. social value creation, stake holder participation and persuasion in acquiring resources in resource scarce environment.

- c. Innovation- The review of literature indicated that innovation is an integral element of entrepreneurial activity social enterprise but there is a little attempt has been made to study innovation. Innovation is a tool by which entrepreneurs exploit an entrepreneurial opportunity (Ducker 1986).It is found that in most of the definitions of social enterprise (Dees 1998; Skollfoundation.org; www.ashoka.org; Weerawardena and Mort 2006) also add innovation as a tool to create social value in social entrepreneurial process.

- d. Risk taking- Risk taking in social enterprise is also emerged as under explored area of research. In the context of social entrepreneurship, research on risk taking is still lack in the current literature of social entrepreneurial literature. However, only few literatures have captured risk factors associated with social enterprise. Weerawardena and Mort (2006) discovered that risk taking behaviour of social entrepreneurs is related to build sustainable organisation.

- e. Context- The context in which social entrepreneurial activities are embedded has been given importance by scholars (Mair and Marti; Austin et al. 2006, Weerawardena and Mort 2006; Dorado 2006).There is continuous interaction between social entrepreneurs and the context in which they operate. Therefore, in the social entrepreneurship, contextual elements i.e. macro economy, tax and regulatory bodies and social and political environment are equally important as

those in commercial enterprise (Austin et al. 2006).Social entrepreneurship is multidimensional model and social value is affected by three factors- desire to achieve social mission , need to build a sustainable enterprise and consistent requirements of operational environment or dynamics of environment (Weerawardhana and Mort 2006).

CONCLUSIONS AND FUTURE RESEARCH DIRECTION

Social entrepreneurship is gaining momentum in research fraternity because of its ability to solve societal problems. Social entrepreneurs are seen as an agent of change, because they generate social value and bring social change during solving social problem. The literature review shows that the existence of conceptual differences in literature of social enterprise. However, there is uniformity on social mission and social value creation. Social entrepreneurship is a dual combination of entrepreneurship and social mission The descriptive findings based on available literatures suggest that social entrepreneurship do not have uniformity in its definition (Choi and Majumdar, 2014). Therefore, there is an urgency of an appropriate definition on social entrepreneurship (Seelos and Mair, 2005; Choi and Majumdar, 2014). The present study compels that scholars to reach a common consensus on definitional issues social entrepreneurship in order to understand social entrepreneurial phenomena in better way (Seelos and Mair, 2005; Choi and Majumdar, 2014). Apart from these, the empirical papers and conceptual papers will help in framing uniformity in definitional issues of social enterprise (Sinkovics et al., 2014).

REFERENCES

1. Alter, K. 2004. Social enterprise typology. Washington, DC: Virtue Ventures LLC.
2. Austin JA, Stevenson H, Wei-Skillern J (2006a) Social and commercial entrepreneurship: same, different, or both? *Entrepreneurship Theory Practice* 30(1):1-22.
3. Austin JE, Leonard HB, Reficco E et al (2006b) Social entrepreneurship: it is for corporations, too. In Nicholls A (ed) *Social entrepreneurship: new models of sustainable change*. Oxford, New York, pp 169-180.
4. Choi N, Majumdar S (2014) Social entrepreneurship as an essentially contested concept: opening a new avenue for systematic future research. *J Bus Venturing* 29(3):363-376.

5. Corner PD, Ho M (2010) How opportunities develop in social entrepreneurship. *Entrepreneurship Theory Practice* 34(4):635–659.

6. Dees, G. 1998a. Enterprising non-profits. *Harvard Business Review* 76, no. 1: 54–6.

7. Dees, G. 1998b. The meaning of 'social entrepreneurship'. Kauffman Centre for Entrepreneurial Leadership.

8. Dees JG (2001) Social entrepreneurship: mobilising resources for success. <http://www.tgci.com/magazine/Social%20Entrepreneurship.pdf>.

9. Domenico MD, Haugh H, Tracey P (2010) Social Bricolage: theorizing social value creation in social enterprise. *Entrep Theory Practice* 34(4):681–703

10. Dorado S (2006) Social entrepreneurial ventures: different values so different process of creation, no? *Journal of Development Entrepreneurship* 11(4):319–343.

11. Drucker PF (1986) *Innovation and entrepreneurship: practice and principles*. East-West Press Pvt Ltd, New Delhi.

12. Hockerts K (2006) Entrepreneurial opportunity in social purpose ventures. In: Mair J, Robinson J, Hockerts K (eds), *Handbook of Research in Social entrepreneurship*. Palgrave, London, pp 142–154.

13. Johnson, S. 2000. Literature review on social entrepreneurship. Working Paper 1–17, Canadian Centre for Social Entrepreneurship.

14. Lumpkin, G. T., Moss, T. W., Gras, D. M., Kato, S., & Amezcua, A. S. (2013). Entrepreneurial processes in social contexts: How are they different, if at all? *Small Business Economics*, 40(3), 761–783.

15. Mair, J., and I. Martí. 2006. Social entrepreneurship research: A source of explanation, prediction and delight. *Journal of World Business* 41, no. 1: 36–44.

16. Nicholls, A. 2008. *Social entrepreneurship: New models of sustainable social change*. Oxford:Oxford University Press.

17. Phils, J., 2009. *Rediscovering Social Innovation*. San Diego, CA: Presentation for the Fieldstone Foundation.

18. Seelos, C., and J. Mair. 2005. Social entrepreneurship: Creating new business models to serve the poor. *Business Horizons* 48, no. 3: 241–6.

19. Seelos C, Mair J (2005b) Sustainable development: how social entrepreneurs make it happen. Working Paper No. 611, IESE Business School, University of Navarra, Spain. <http://www.iese.edu/research/pdfs/DI-0611-E.pdf>

20. Stryjan, Y. 2006. The practice of social entrepreneurship: Notes toward a resource perspective. In *Entrepreneurship as social change: A third movements in entrepreneurship book*, ed. C. Steyaert and D. Hjorth, 35–55. Cheltenham and Northampton: Edward Elgar.