SOCIAL ENTREPRENEURSHIP: CONCEPTS AND RESEARCH AREAS

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Abstract

Social entrepreneurship is an emerging phenomenon that provides innovative solutions to persisting social problems such as poverty, lack of access to education, clean drinking water and human rights which were previously overlooked by businesses, governments and non-governmental organizations. The concept of social entrepreneurship has not been defined properly, and hence, is a contested concept. Further, given that it consists of many sub-concepts, it is defined as a cluster concept. Social enterprises engage in social entrepreneurship and they try to achieve sustainability by using business models. Being a new discipline, social entrepreneurship presents many opportunities in research. This paper discusses the important concepts in social entrepreneurship and potential research areas for prospective researchers.

Key words: social entrepreneurship, social enterprises, sustainability, social entrepreneurship schools, social entrepreneurship typology

Introduction

Social entrepreneurship can be defined as entrepreneurship with a social goal. Social entrepreneurs are change agents who achieve social goals by engaging in social entrepreneurship (Dwivedi and Weerawardena, 2018; Dees, 1998a; Thompson, 2002). Innovation is key to social entrepreneurship. Social entrepreneurs introduce innovative solutions to the social problems such as lack of access to education, clean drinking water, healthcare, finance and even basic human rights. These entrepreneurs have played a significant role in developing countries where rampant resource scarcity, corruption, poverty, economic stagnation and violence result in people being suppressed. Even NGOs have not given enough attention to the social problems existing in the developing world (Prahalad, 2005; Zahra et al., 2008). Social entrepreneurship is visible in developed countries as well where we can see social entrepreneurs devise innovative and cost saving solutions to address nagging problems by defying the traditional solutions. Many governments including the United States have reduced funding given for social activities (Lasprogata and Cotton, 2003). This has encouraged social entrepreneurs to flourish. Further, the global movement towards marketization and privatization has led non-profit organizations and NGOs to engage in social entrepreneurship, yet on fewer funds. Social entrepreneurs attempt to achieve the double bottom line (i.e. economic and social) while addressing social problems. They use entrepreneurial and business skills in this regard (Zahra et al, 2009). Muhamad Yunus (Grameen Bank), Govindappa and David Green (Aravind Hospital) and Bill Drayton (Asoka) are famous social entrepreneurs in the world.

Social entrepreneurship is a relatively new concept and researchers have given different meanings to this concept. Hence, social entrepreneurship is a contested concept. Further, social entrepreneurship encompasses sub concepts such as social innovation and market orientation.
making it a cluster concept (Choi and Majumdar, 2014). Social enterprises that represent the third sector engage in social entrepreneurship by using innovative solutions to resolve social problems (Luke and Chu, 2013).

The objective of this paper is to identify the main concepts in social entrepreneurship and to explore research gaps that exist. The remainder of the paper is organized as follows. The first section discusses social entrepreneurship as a contested concept and a cluster concept. Secondly, social enterprises are introduced. Thirdly, social entrepreneurial intentions are presented. In the following sections, the typologies of social entrepreneurship and social entrepreneurship opportunity identification are discussed. The next section explains the sustainability of social entrepreneurship. Finally, the research gaps and conclusions are presented.

**Social entrepreneurship as a contested concept and cluster concept.**

This section first discusses social entrepreneurship as a contested concept and then as a cluster concept.

**Social entrepreneurship as a contested concept**

Social entrepreneurship has been popular in the past three decades in practice and in research domains. However, there is no consensus among scholars and practitioners about the meaning of social entrepreneurship (Certo and Miller, 2008; Hill et al., 2010; Mair and Martí, 2006; Mort et al., 2003; Short et al., 2009). Thus, social entrepreneurship is a contested concept (Choi and Majumdar, 2014). Scholars have given different meanings and approaches to social entrepreneurship. Gallie (1956a, 1956b) proposes seven characteristics to identify a concept as contested. Social entrepreneurship fits into all of these seven characteristics explained below and therefore, is a contested concept.

1. **Appraisivness** – A contested concept is apprisive if it is considered an achievement that adds value. For example, concepts such as democracy and art add positive values (Gallie’s 1956a; Gallie, 1956b). Social entrepreneurship also adds value, and thus it demonstrates the appraisivness quality.

2. **Internal complexity** – A concept is internally complex if it is multi-dimensional (Gallie’s ,1956a:). Social entrepreneurship consists of five sub components: Social value creation, social entrepreneur, social entrepreneurship organization, market orientation and social innovation (Choi and Majumdar,2014). These sub components create multi-dimensionality of the social entrepreneurship concept and thus and lends to its internally complexity. These five sub concepts are described below.

   **Social value creation** – Social entrepreneurship creates social value (Austin et al., 2006; Dees, 1998a; Peredo andMcLean, 2006; Perrini and Vurro, 2006; Sharir and Lerner, 2006). For example, it gives solutions to pressing social issues including poverty and lack of access to education. However, the words ‘social’, ‘value’ and ‘creation’ are highly ambiguous concepts as there are different meanings to these words (Nicholls and Cho ,2008). Further, it is very difficult to measure the social value creation. Thus, social value creation is contested and internally complex.

   **The social entrepreneur** – A social entrepreneur is someone who engages in social entrepreneurship by taking risks and being innovative. Many authors assert that a social entrepreneur is central to the social entrepreneurship concept (Bornstein, 2004; Dees, 1998a; Leadbeater, 1997; Roper and Cheney, 2005; Thompson and Doherty, 2006;). Moreover, social
entrepreneurs are change agents as they make changes to the society by coming up with solutions to pressing problems. However, there are ambiguities in the social entrepreneur concept as well because scholars and practitioners still argue on the meaning of social entrepreneur. Some are of the view that social entrepreneurs are those who initiate and operate social organisations, whereas, some say that social entrepreneurs are those who take risks and are innovative. Moreover, some opine that a social entrepreneur cannot be a singular person in some social endeavour but can be more than one person (Bacq and Janssen, 2011). Hence, the social entrepreneur concept is essentially an internally complex concept and is a part of social entrepreneurship.

The social entrepreneurship organisation – Social entrepreneurship organisations can take a variety of forms. For example, it could be a profit, non-profit or hybrid organisation. Further, it belongs to either public, private or third sector. Moreover, social entrepreneurship organisations operate in different countries. Therein, social entrepreneurship organisations are internally complicated (Austin et al., 2006; Chell et al., 2010; Choi and Majumdar, 2014).

Market orientation – The market orientation aspect of social entrepreneurship is associated with commercial activities undertaken with higher effectiveness and efficiency of the organisation (Nicholls and Cho, 2008). Further, it is linked with sustainability and self-sufficiency. Moreover, market orientation drives social entrepreneurship organisations to adopt business models. Some social entrepreneurship organisations embrace market orientation to earn income while engaging in social activities whereas some social entrepreneurship organisations use it to execute social activities effectively and efficiently without thinking about the income (Boschee and McClurg, 2003; Harding, 2004). Hence, market orientation is internally complex, and thus contributes to the internal complexity of the social entrepreneurship concept.

Social innovation – Social entrepreneurs, being change agents, have to follow non-traditional disruptive approaches to find solutions to social problems. Scholars state that social entrepreneurship is associated with innovations. Some critics view that social entrepreneurs engage in innovations. Some emphasise that social entrepreneurship is an innovative social value creating activity. It can be concluded that social innovation is a positively valued part of social entrepreneurship. Thus, social innovation demonstrates the internal complexity quality (Nicholls and Cho, 2008; Austin et al., 2006).

The descriptions of the above sub-components of social entrepreneurship show the internal complexity of social entrepreneurship. The complexity is further intensified by the fact that each sub-component is linked to each other. For example, you cannot discuss social entrepreneur without social innovation or vice versa.

3. Various describability – This is closely linked to internal complexity. In various describability, some critics give importance to certain elements of the concept whereas others give prominence to some other elements of the same concept, and thus this could sometimes lead to a dispute. For example, some authors may emphasise innovation when discussing social entrepreneur and others may emphasise market orientation. Thus, social entrepreneurship upholds various describability characteristics (Choi and Majumdar, 2014; Gallie, 1956a).

4. Openness – Social entrepreneurship concept is open to modifications. For example, initially the social entrepreneurship focused on individuals and the organisational focus was non-existent. However, now the social entrepreneurship organisation is widely discussed. Hence, social entrepreneurship possesses the openness characteristic (Choi and Majumdar, 2014; Gallie, 1956a).
5. Aggressive and defensive uses – The scholars use social entrepreneurship concept aggressively and defensively. For example, some scholars argue that social entrepreneurship should be focused on social objectives but not on profits whereas others reject this argument with a counter argument that financial sustainability is a must in social entrepreneurship. Hence, social entrepreneurship is a contested concept since it adheres to the aggressive and defensive quality (Choi and Majumdar, 2014; Gallie, 1956a).

6. Original exemplar – In this characteristic, the authority of a person in the field is acknowledged by all the users. Muhammad Yunus and Grammen Bank are regarded as exemplars in social entrepreneurship as everyone acknowledges their contribution (Choi and Majumdar, 2014; Gallie, 1956a).

7. Progressive competition – From this, original exemplar’s achievement is sustained and developed by various users acknowledging the concept. For example, scholars have given different definitions to social entrepreneurship schools and thereby lead to the development of the social entrepreneurship concept (Choi and Majumdar, 2014; Gallie, 1956a).

Since social entrepreneurship adheres to all seven characteristics as explained above, it is a contested concept.

**Social Entrepreneurship as a cluster concept**

Social entrepreneurship is identified as a cluster concept because it consists of five sub functions (i.e. clusters): Social value creation, social entrepreneur, social entrepreneurship organization, market orientation and social innovation as depicted in the following diagram (figure 1). These clusters are explained above under the internal complexity characteristic. Identification of social entrepreneurship as a cluster concept serves two purposes for researchers to carry out research: 1. It helps researchers to locate their research in one of the clusters (e.g. social value creation) 2. It establishes a broad research agenda for social entrepreneurship under which researchers can locate their research in clusters (Choi and Majumdar, 2014; Gaut, 2000).
Social entrepreneurship and social enterprises

The literature uses social entrepreneurship and social enterprises interchangeably. Entrepreneurship is associated with characteristics such as opportunity identification, risk, innovation and introducing something new to the market (Beaver, 2003; Carland et al., 1984). Social entrepreneurship also possesses the above characteristics except that it focuses on addressing social issues. Social enterprises engage in social businesses and they could practice social entrepreneurship based on whether their activities are entrepreneurial or not. Social enterprises represent the third sector and focus on social needs ignored by the public, private sectors and NGOs (Luke and Chu, 2013). They engage in commercial activities with the purpose of serving social needs. Social enterprises could be either for-profit, non-profit or hybrid organisations (Grieco et al, 2015). Further, social enterprises try to achieve sustainability both financially and socially by adopting business models. The boundaries between social entrepreneurship and social enterprises are blurred. However, it is important to understand the distinction between these two. The distinction comes through the innovation at the activity level. Some social enterprises are not innovative at activity level, and thus are not social entrepreneurial. Social enterprises do not necessarily have to be innovative, and therefore, could imitate the business models used by other social enterprises (Luke and Chu, 2013).

Social entrepreneurship schools

Critics have proposed three types of social entrepreneurship schools. Dees and Anderson (2006) identified two schools (i.e. type 1): Social Enterprise School and Social Innovation School. Social Enterprise School engages in commercial activities to earn income
to achieve social objectives whereas Social Innovation School may or may not engage in commercial activities but focuses on innovation in order to solve social problems. Defourny and Nyssens (2010) proposed three different schools (i.e. type 2): Social Enterprise School, Social Innovation School and Social Enterprise in Europe School (EMES). The first two schools are similar to the schools proposed by Dees and Anderson. EMES is a research network in Europe funded by the European Union to advance knowledge about third sector that includes social enterprises. In the EMES approach, a group of citizens establish social enterprises in order to produce goods and services for the benefit of the community. Earned income and innovation are not important in the EMES approach. Hoogndoorn et al, (2010) came up with four social entrepreneurship schools (i.e. type 3). Their first three schools are similar to that of Defourny and Nyssens’ schools. Their fourth school is based on the social enterprises which emerged in UK in 1992 when the Labour Party was in power. The difference between the UK and EMES approaches is that goods and services provided by UK social enterprises must not fulfil the venture’s mission as EMES.

Social Entrepreneurial Intentions

It is important for policy makers and educators to understand the antecedents of social entrepreneurial intentions so that they can encourage more people to practice social entrepreneurship, thereby creating social value (Ip, 2018; Hockerts, 2017). Ajzen’s (1991) theory of planned behaviour which is widely used in entrepreneurship research posits that intentions are the predictors of behaviour. This model shows that attitude towards behaviour (ATB), perceived subjective norms and perceived behaviour control influence the intentions of a person to become an entrepreneur. For example, one can become an entrepreneur if he has a positive attitude towards becoming an entrepreneur (ATB), his loved ones’ attitudes towards him becoming an entrepreneur (i.e. positive and negative, subjective norms) and his confidence of becoming an entrepreneur (self-efficacy, perceived behaviour control).

Given there are some differences between entrepreneurship and social entrepreneurship, Mair and Noboa (2006) were the first to introduce a model that shows the antecedents of social entrepreneurial intentions. Their model was mainly based on the theory of planned behaviour (Ajzen, 1991; Krueger, 1993; Krueger, Reilly, and Carsrud, 2000).

Mair and Noboa (2006) proposed empathy (proxy for attitudes behavior), moral judgement (proxy for social norms), self-efficacy (proxy for internal behavior control) and perceived presence of social support (proxy for social support) as antecedents of social entrepreneurial intentions. These antecedents are explained below.

**Empathy** – To become a social entrepreneur, one needs empathy. Empathy refers to the individual’s ability to understand the others’ feelings and respond to their mental status emotionally (Preston et al., 2007; Mehrabian and Epstein, 1972; Goetz, et al. 2010).

**Moral obligation** – Moral values and belief are important characteristics of social entrepreneurs that determine their behaviour. Subjective norms influence individual’s beliefs about expected and anticipated behaviour (Haines et al, 2008).

**Self-efficacy** – social entrepreneurial self-efficacy refers to his or her ability/confidence to carry out the intended behaviour (i.e. solving social problems) (Mair and Noboa, 2006; Smith and Woodworth, 2012).

**Perceived social support** – The support the social entrepreneur can obtain from the surrounding. It could be funding from a relative (Meyskens, etal., 2010; Ruttmann et al., 2012).
According to Mair and Noboa (2006), the effect of these antecedents on social entrepreneurial intentions are mediated by perceived desirability and perceived feasibility. There are many qualitative studies done on social entrepreneurship that have generated theories and propositions. In contrast, social entrepreneurship intention models (e.g. Mair and Noboa model) allow the researchers to carry out studies to test theories and propositions, thereby advancing the social entrepreneurship.

**Typology of social entrepreneurship**

Typology refers to the diversity of social entrepreneurs. There are three types of social entrepreneurs (Zahra et al, 2009).

1. Social bricoleurs
2. Social constructionists
3. Social engineers

**Social bricoleurs** – These social entrepreneurs are concerned about local social problems, and thus use their motivation, personal resources and expertise to find solutions to such problems (Weick, 1993; Baker and Nelson, 2005).

**Social constructionists** – Compared to social bricoleurs who solve small scale local social problems, social constructionists provide formalized scalable solutions to broader social problems (Drayton, 2002). We call them social constructionists because the social needs addressed by them are not sufficiently addressed by the businesses, government and NGOs (Grant, 1996; Dees, 1998; Prabhu, 1999; Johnson, 2002).

Social engineers – Social engineers solve complex problems in the social sphere. They identify systematic problems in the social systems and structures and provide revolutionary remedies. Further, they can influence the society dramatically through their actions. Muhammad Yunus, the founder of Grammen Bank, is a far reaching example for a social engineer who introduced modern microfinance to alleviate poverty and empower women (Zahra et al. 2009; Bornstein, 1996).

Contextual factors could influence three entrepreneurship types discussed here. Furthermore, the type of social entrepreneur could be affected by the personality of the entrepreneur, social mission to be achieved and the munificence of the external environment. Violations of ethics could hamper social entrepreneurs in the creation of social wealth. Thus, ethical consideration is important for all types of entrepreneurs and may vary based on the type. Researchers could focus on these areas in future studies.

**Social Entrepreneurship Opportunity Recognition**

It is important to understand how social entrepreneurs identify opportunities to create social value. Opportunity identification of a social entrepreneur can be influenced by several factors such as social mission, social and institutional barriers to enter a particular social segment and the background of the social entrepreneur (Corner and Ho, 2010; Sarasvathy et al, 2003).

Social entrepreneurs identify opportunities by using the following two methods.

1. **Rational/economic process**
2. **Effectuation process**
Rational/economic process

In this approach, the social entrepreneur sees a social problem or opportunity, and then he follows a normative decision making process to solve the problem by assembling all the available resources.

Effectuation process

In contrast to the rational/economic process, social entrepreneurs that follow effectuation process do not have an idea in mind to begin with, but think about a problem that can be solved by using the available resources.

There are many studies done on commercial entrepreneurship with regard to opportunity recognition. However, there is a dearth of studies done on opportunity recognition in social entrepreneurship. Opportunity recognition in social entrepreneurship could be shaped by the social entrepreneur’s background and the social mission, and could be distinct from commercial entrepreneurship (Dorado, 2006; Robinson, 2006). Thus, there is a vast research potential in this area.

Sustainability of social entrepreneurship

Sustainability can be defined in terms of a triple bottom line that is economic health, social equity and environmental resilience. Social entrepreneurs focus on these triple bottom line sustainability goals (Kuckertz and Wagner, 2010). Compared to commercial ventures, social entrepreneurship organisations find it difficult to source funds for its activities, though they entail in commercial activities because of non-distributive restriction on surpluses generated by non-profit ventures and social purpose of profit and hybrid ventures. In contrast, commercial ventures easily tap into capital markets. However, there is societal support for social entrepreneurship in a context where concepts such as world peace, environment, human rights and economic growth models are being promoted. Moreover, new forms of capital such as crowd funding encourage social entrepreneurs to sustain (Calic, and Mosakowski, 2016; Rahdari, 2016). Researchers can concentrate on the area of sustainability, in particular environmental sustainability, as there is a little research done.

Research potential in Social Entrepreneurship

Since social entrepreneurship is a relatively new discipline, there is huge a potential for researchers to undertake interesting and ground-breaking researches (Hu et al., 2019; Saebi et al., 2019). As discussed above, social entrepreneurship is a cluster concept with sub-components in it. Hence, there is a broad research agenda, and the researchers can focus on these sub-components. The existing literature reveals that most of the social entrepreneurship research has been done on management discipline followed by entrepreneurship, political science, economics, marketing and sociology. Therefore, there is a potential to conduct social entrepreneurship research in other disciplines such as accounting, operations management and psychology (Short et al, 2009; Choi and Majumdar, 2014). Furthermore, existing literature shows that most of the social entrepreneurship research were done using qualitative methods, in particular, using the case study method. Though a qualitative study provides rich data, there is an issue of generalising the findings with a small sample size. Thus, there is an opportunity to do quantitative studies with larger samples in the social entrepreneurship discipline that could help in generalising the findings to a wider population. When applied to geographical settings, it was found that most social entrepreneurship researches were done in the US and the UK, and
hence there is much potential for researchers to conduct social entrepreneurship in other geographical settings as well (Short et al, 2009).

To advance social entrepreneurship research further, there should be a consensus about constructs of social entrepreneurship, and established theories should be used to understand the social entrepreneurship phenomenon. Further, new theories must be developed for social entrepreneurship. Theory building and testing in social entrepreneurship is very important to develop the discipline (Short et al, 2009; Choi and Mujumdar, 2014). Failure to take scholarly advancements in social entrepreneurship will leave the field with a lack of academic merit and legitimacy.

Concluding Remarks

This paper discusses important concepts in the social entrepreneurship discipline. It identifies social entrepreneurship as a contested concept as it lacked the consensus on what it actually means. Further, social entrepreneurship is a cluster concept as it consists of clusters such as social entrepreneur, social entrepreneurship organisation, social innovation, market orientation and social value creation. Social enterprises engage in social businesses. However, all the social enterprises do not practice social entrepreneurship as some lack innovation. There are different types of social entrepreneurship schools proposed by various scholars such as Earned Income School, Innovation School, European and UK School. Moreover, social enterprises belong to the third sector and address the social issues ignored by the government, private sector and the NGOs. It is important to understand the antecedents of intentions that influence the behaviour. Mair and Noboa (2006) were the first to suggest antecedents of social entrepreneurial intentions. According to them, empathy, moral judgement, self-efficacy and perceived social support are the antecedents that influence social entrepreneurial intentions. Furthermore, literature shows that there are three types of social entrepreneurs: Social bricoleurs, social constructionists and social engineers. Their contribution to the world is different in terms of the scope. For example, social bricoleurs focus on local social problems, whereas social engineers focus on complex problems. Social entrepreneurs use two different approaches to recognize opportunities. They can first have an idea and marshal all the resources to implement it (i.e. economic process), or they can think about an idea based on the available resources they possess and then implement it (i.e. effectuation process). Social entrepreneurs are concerned about the sustainability, in particular, financial sustainability, and thus find new sources of funding to sustain as they find it difficult to tap into traditional capital markets.

Social entrepreneurship is a relatively new concept. It therefore, presents many research opportunities. Existing literature on social entrepreneurship reveals that there are more research opportunities in disciplines such as accounting and operations management. Moreover, there is more potential available for quantitative researchers, as qualitative research on the subject have been abundant thus far. Further, social entrepreneurship research can be done in different geographical settings. Researchers have to build new theories and use existing theories to advance social entrepreneurship research. Since there are ambiguities about concepts in social entrepreneurship, more research need to be undertaken to reach consensus on important concepts.
References


