Journal of Entrepreneurship, Business and Economics
ISSN 2345-4695
2013, 2(1): 1–20

DELINEATING SOCIAL ENTREPRENEURSHIP FROM RELATED TERMINOLOGIES

Dr Shalini Nigam[1], Atul Narang[2], Dr Yogita Narang[3]

[1] *Department of Management, Dayalbagh Educational Institute, Dayalbagh, Agra, India*
[2] *Department of Management, Anand Engineering College, Agra, India*
[3] *Hindustan Institute of Management and Computer Studies, Mathura, India*
E-mails: shalini_db@gmail.com, atulnarang@yahoo.com (corresponding author), sat-sangiy@gmail.com

Received December 2013; accepted April 2014

Abstract

Purpose- Social entrepreneurship is gaining ground rapidly as a field of research and practice and attracting increasing interest within the policy-making authorities, research on social entrepreneurship still falls far behind the practice. The different concepts used by the literature are often defined unwell and can take on a variety of meanings with little consensus so far reached among scholars. The concept of social entrepreneurship continues to convey different things to different people and there is no clear understanding and uniformity on where to locate it and on how to qualify social entrepreneurs. The paper is an attempt to clarify the boundary of Social Entrepreneurship and differentiating it from related concepts like: Corporate Entrepreneurship, sustainability and self-sufficiency, earned income strategies and social purpose businesses etc.

Design/methodology/approach- To do so, secondary data had been used. The methodology involved the extensive use of Literature review in the field of Social Entrepreneurship.

Findings- It can be said that definitions of social entrepreneurship and social enterprise vary to a great extent at the international level with a number of authors using the two interchangeably. The clarity has been provided in differentiating various related terms.

Research Implications- There has been lot of confusions about to whom we can call social entrepreneurs and what are the differences which make social entrepreneurs apart from their related communities. More clarity on the concept will add to provide more ground for the expansion of social entrepreneurs.

Originality/value- The present study is among the first study to clarify the similarities and differences in the field of Social Entrepreneurship and thus lays the foundation on which further research in the field of Social Entrepreneurship could be carried out.

Research Paper

Keywords: Entrepreneurship, Social Entrepreneurship, Social Enterprise, Social Entrepreneurial Ventures.

Reference to this paper should be made as follows: Nigam, S., Narang, A., Narang, Y. (2014). "Delineating social entrepreneurship from related terminologies", Journal of Entrepreneurship, Business and Economics, Vol. 2, No. 1, pp. 1–20.

Introduction

Despite the rapid increase in social entrepreneurship as a field of research and practice and increasing interest within the policy-making authorities (Roper and Cheney, 2005; Peattie and Morley, 2008), research on social entrepreneurship still falls far behind the practice (Johnson, 2000). The different concepts used by the literature are often defined unwell and can take on a variety of meanings with little consensus so far reached among scholars (Weerawardena and Sullivan Mort, 2006). The concept of social entrepreneurship continues to convey different things to different people and there is no clear understanding and uniformity on where to locate it and on how to qualify social entrepreneurs. The same can be said for the term social enterprise, which is either used to refer to an activity carried out or to particular organisations and institutions. It can be said that definitions of social entrepreneurship and social enterprise vary to a great extent at the international level with a number of authors using the two interchangeably (Peredo and McLean, 2006).

The purpose of paper is to define Social Entrepreneurship and to make distinctions of social entrepreneurship with other related terminologies like innovation, social entrepreneurship and entrepreneurship, relationship with sustainability and self-sufficiency. The thin line of demarcation of social entrepreneurship from social purpose business ventures, social activists, Non- profit organizations and non- governmental organizations, Processes of Social Entrepreneurship and its characteristics are compared with Corporate Entrepreneurship the paper is attempted to figure that out.

Social Entrepreneurship means applying entrepreneurial ways, learnt from business community in order to solve societal problems in unique novel ways. Social entrepreneurs, then, "are one species in the genus entrepreneur" (Dees, 1998, p. 2). They are change makers who work 'entrepreneurially' in pursuit of social mission. This understanding of social entrepreneurs is widely accepted and conceptualized by many scholars. But there is considerable variety in the more detailed understanding of both what it is to be entrepreneurial, and what it is to be socially entrepreneurial (Peredo & McLean, 2006; Tan, Williams, & Tan, 2005).

Social entrepreneurship is primarily an activity focused at the creation of social value for those who are underserved, underdeveloped and unprivileged ones, through the adoption of novel ways to solve societal problems. Social Entrepreneurs are, thus, undertaking the activity of social entrepreneurship as mission and they are highly alert to the need for social goods and the means to create it, through initiating the opportunities to serve such communities in innovative ways. They are ready to bear risk and do not get discouraged by setbacks in case of scarcity of resources (Austin, J., Stevenson, H., and Wei-Skillern, J., 2003)

Numbers of characteristics are associated with the clear understanding of "entrepreneurial ways'. It means the attempt of entrepreneurs to apply innovative ways to create new value (Schumpeter, 1934). They also have the capability to recognize and exploit opportunities which are missed by others to create that value (Kirzner 1973, Kirzner 1997). Entrepreneurs are always willing to bear risk in the process of value creation (Knight, 1921). These are the characteristics exhibited by entrepreneurial ways of social entrepreneurs but at the same time, what is the ratio in which these can be combined, or the degree to which these should be present is not in the purview of this study.

Noticeable here is the fact that unlike business entrepreneurs, entrepreneurial mission of social entrepreneurs may or may not be requiring the start up of a business enterprise, social entrepreneurs can fulfill their mission by building the social relationships among groups and provide solution to the social problem. First, it is not assumed that entrepreneurs necessarily launch or operate organizations, though they frequently do. There is a common use of word 'entrepreneur' simply to designate someone who sets up and/or operates a small business (Barber, 1998, p. 467). But if we are paying attention to the specific contributions to value creation represented in the developed concept of 'entrepreneurship', there are good reasons for saying that not all businesses or start-ups are entrepreneurial (Carland, Hoy, Boulton, & Carland, 1984), and not all entrepreneurs launch new organizations (Shane & Venkataraman, 2000). Second, this definition should not be taken to include the widespread assumption that entrepreneurship is normally exercised by individuals. It has been pointed out (Peredo, 2003; Peredo & Chrisman, 2006; Peterson, 1988) that entrepreneurship is at home in relatively 'collectivist' cultures; and Thompson (2002) has reminded us that social entrepreneurship in particular may well be an activity carried out by a group, with its members dividing and sharing roles as in a performance.

The value social entrepreneurs aim to create and amplify is social value beyond the positive externalities such as employment and income that profit-seeking ventures normally produce. There is, however, a range of opinion concerning the place that social aims must occupy in social entrepreneurs' goal structure. Closely related to that issue is the question of how compatible social entrepreneurship is with profit-seeking on the part of the entrepreneur. At one extreme are those who would require that social entrepreneurs be driven exclusively by social goals. Accordingly, there is a considerable body of literature (e.g. Dees, Emerson, & Economy, 2002) that locates the concept of social entrepreneurship in the world of not-for-profit (NFP) undertakings. Many of these will be activities that receive income in the course of their operation—in fact there is a sub-group who would confine the idea of social enterprise entirely to income generating operations, but it seems arbitrary to rule out those who inventively and resourcefully pursue a social good without engaging in any form of exchange. On this 'NFP' view, however, any income generated in the course of social entrepreneurship must be strictly reserved for achieving the social purpose in view, accepting that providing a living for the social entrepreneur and/or the employees of a social enterprise. There are good reasons not to confine this notion of social entrepreneurship to NFP activities. Perhaps the most salient is that it is hard to see how crossing the border between NFP and for-profit operations disqualifies an entrepreneur as social. Margaret Cossette, for instance, used a grant of $4,000 to turn a small public-sector program into a NFP enterprise providing home care for rural seniors in a small U. S. county who needed an alternative to nursing home care (Boschee, 1995). Most would consider Cossette to have been a social entrepreneur. When Medicaid money made available that allowed her to fund more clients, Cossette lacked the capital she needed to support the increased demand. Since her NFP status disqualified her for bank credit, Cossette transformed her venture, Missouri Home Care, into a for-profit organization. She secured her loan, expanded her service many times over, and turned her business into a multi-million dollar enterprise serving several thousand clients. Assuming that Cossette's activities qualified as social entrepreneurship before they become profitable, it is hard to see how they lose that status when profit-seeking became an added feature. Cases like this (Peredo & McLean, 2006, p. 61) suggest that profit-seeking undertakings may indeed be instances of social entrepreneurship. But, assuming the social entrepreneur aims at producing social value, how strong a commitment to making money is allowed in addition? The well-known ice cream franchise, 'Ben and Jerry's', combined profit-seeking with social activism from its founding in 1978. In 1985, the company's founders endowed the 'Ben and Jerry's Foundation' to support community-oriented projects, and continued to fund the foundation with 7.5% of the company's annual pre-tax profits. Are Ben and Jerry social entrepreneurs?

It is important to draw a distinction between the social entrepreneur and the founder and/or operator of a social enterprise. Most commentators on social enterprises see them as NFP organizations engaged in revenue generation and aimed at a social cause while operating with business disciplines (e.g. Alter, 2004), It was argued above that there is no reason to limit the activity of social entrepreneurship to NFP ventures. On the other hand, even if Ben and Jerry's fails to qualify as a social enterprise, it seems hard to deny that their innovative approaches to social improvement (e.g. its 'PartnerShop' program, which Unilever retained after acquiring the company in 2000) amount to social entrepreneurship. It must be admitted that a good deal of the literature on social entrepreneurship links it explicitly with the creation and/or operation of social enterprises, just as the study of business entrepreneurship has often focused on the development and running of business firms. But in both cases it seems important to insist (as pointed out above) that value-seeking activity, which is alert to opportunity, innovative, risk-bearing and resourceful, need not lead to the formation of a new organization. The creation of a social enterprise is only one possible expression of social entrepreneurship. Another may be to introduce a new initiative within the structure of an existing organization—public, for-profit or NFP. Yet another is to initiate a completely informal but highly innovative and resourceful arrangement whereby something usually wasted is turned into a resource for the poor. And still another may be the intentional pursuit of a social good by means, which are chosen in part because they are highly profitable. Each of these may be, in its own way, entrepreneurial and highly productive of social good.

The differences between "Entrepreneurship" and "Social Entrepreneurship"

According to Webster Dictionary, an entrepreneur is a person who "organizes, manages and assumes the risks of a business enterprise." In a 1998 column for *Inc.* magazine, Norm Brodsky expanded on the definition. "Starting with nothing more than an idea or a prototype," "entrepreneurs have the ability to take a business to *the point at which it can sustain itself on internally generated cash flow*."

French economist Jean-Baptiste Say (1834) described the entrepreneur as one who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield," thereby expanding the literal translation from the French, "one who undertakes," to encompass the concept of value creation. Writing a century later, Austrian economist Joseph Schumpeter (1934) built upon this basic concept of value creation, contributing what is arguably the most influential idea about entrepreneurship. Schumpeter identified in the entrepreneur the force required to drive economic progress, is absent. Enter the Unternehmer, Schumpeter's entrepreneurial spirit, who identifies a commercial opportunity – whether a material, product, service, or business – and organizes a venture to implement it. Successful entrepreneurship, he argues, sets off a chain reaction, encouraging other entrepreneurs to iterate upon and ultimately propagate the innovation to the point of "creative destruction," a state at which the new venture and all its related ventures effectively render existing products, services, and business models obsolete. Schumpeter sees the entrepreneur as an agent of change within the larger economy. Peter Drucker (1987), on the other hand, does not see entrepreneurs as necessarily agents of change themselves, but rather as canny and committed exploiters of change. According to Drucker, "the entrepreneur always searches for change, responds to it, and exploits it as an opportunity,"

The most commonly quoted definition of social entrepreneurship today was formulated by Prof. J. Gregory Dees of Stanford University in 1998. He outlines five factors that define social entrepreneurship: Adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

What, then, is social entrepreneurship? And how does it differ from entrepreneurship per se?

A social entrepreneur is any person, in any sector, who uses earned income strategies to pursue a social objective, and a social entrepreneur differs from a traditional entrepreneur in two important ways:

• Traditional entrepreneurs frequently act in a socially responsible manner: They donate money to non-profits; they refuse to engage in certain types of businesses; they use environmentally safe materials and practices; they treat their employees with dignity and respect. All of this is admirable, but their efforts are only indirectly attached to social problems. Social entrepreneurs are different because their earned income strategies are tied directly to their mission: They either employ people who are developmentally disabled, chronically mentally ill, physically challenged, poverty stricken or otherwise disadvantaged; or they sell mission-driven products and services that have a direct impact on a specific social problem (e.g., working with potential drop-outs to keep them in school, manufacturing assisted devices for people with physical disabilities, providing home care services that help elderly people stay out of nursing homes.

• Secondly, traditional entrepreneurs are ultimately measured by financial results: The success or failure of their companies is determined by their ability to generate profits for their owners. On the other hand, social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns. Profitability is still a goal, but it is not the only goal, and profits are re-invested in the mission rather than being distributed to shareholders.

Regardless of whether entrepreneur is casted as a breakthrough innovator or an early exploiter, theorists universally associate entrepreneurship with opportunity. Entrepreneurs are believed to have an exceptional ability to see and seize upon new opportunities, the commitment and drive required to pursue them, and an unflinching willingness to bear the inherent risks. Building from this theoretical base, it is believed that entrepreneurship describes the combination of a context in which an opportunity is situated, a set of personal characteristics required to identify and pursue this opportunity, and the creation of a particular outcome.

The difference cannot be ascribed simply to motivation – with entrepreneurs spurred on by money and social entrepreneurs driven by altruism, but also to the fact that entrepreneurs are rarely motivated by the prospect of financial gain, because the odds of making lots of money are clearly against their notion.

Similarity is that both the entrepreneur and the social entrepreneur are strongly motivated by the opportunity they identify, pursuing that vision relentlessly, and deriving considerable reward from the process of realizing their ideas. Regardless of whether they operate within a market or a not-for-profit context, most entrepreneurs are never fully compensated for the time, risk, effort, and capital that they pour into their venture.

The critical distinction between entrepreneurship and social entrepreneurship lies in the value proposition itself. For the entrepreneur, the value proposition to serve markets that can comfortably afford the new product or service, and is thus designed to create financial profit. From the outset, the expectation is that the entrepreneur will derive some personal financial gain. Profit is sine qua non, essential to any venture's sustainability and the means to its ultimate end in the form of large-scale market adoption and ultimately a new equilibrium.

The social entrepreneur does not anticipate to create substantial financial profit for his or her investors rather he aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society. Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own. This does not mean that social entrepreneurs as a hard-and-fast rule shun profit making value propositions. Ventures created by social entrepreneurs can certainly generate income, and they can be organized as either not- for- profits or for-profits. What distinguishes social entrepreneurship is the primacy of social benefit; the relative priority given to social wealth creation versus economic wealth creation. In business entrepreneurship, social wealth is a by-product of the economic value created (Venkataraman, 1997); in social entrepreneurship, the main focus is on social value creation.

The differences between "sustainability" and "self-sufficiency"

The nonprofit sector has traditionally been driven by a "dependency" model, relying primarily on philanthropy, voluntarism and government subsidy, with earned income a distant fourth. But social entrepreneurs have turned that formula on its head: Philanthropy, voluntarism and government subsidy are welcome, but no longer central, because the dependency model has been replaced by two sustainability and self sufficiency.

In the non-profit world, "sustainability" can be achieved through a combination of philanthropy, government subsidy and earned revenue. "Self-sufficiency," can be achieved only by relying completely on earned income, and is the ultimate goal of the most ambitious social entrepreneurs. As long as nonprofits continue to be dependent on contributions from individuals, grants from Foundations, subsidies from government and other forms of largesse, these will never become sustainable or self-sufficient.

Without self-generated revenue, non-profits will remain forever dependent on the generosity of others and that's a risk social entrepreneurs are unwilling to take. They are passionately committed to their mission at the same time they become financially sustainable or self-sufficient in order to do their mission. As traditional sources of funding dried up or became less available during the 1980s and 1990s, a growing number of non-profits discovered the importance of paying their own way and their managers became genuine social entrepreneurs who understood the difference between "innovation" (doing something new) and "entrepreneurship" (doing something that makes money).

The differences between "earned income strategies" and "social purpose business ventures"

The two approaches differ substantially in terms of purpose, expectations and structure:

• Earned income strategies: Every non-profit has opportunities for earned income lying within its existing programs. The opportunities may be tiny, but exploiting them can have a significant cumulative impact. By aggressively turning inward and searching for pockets of existing opportunities, non-profits have been able to register impressive gains, often raising their percentage of total revenue from earned income by as much as 15 per cent within one to three years.

• Business ventures: Once a non-profit has successfully carried out a variety of earned income strategies, it may want to consider launching a formal business venture -- but the goals would be much more ambitious and the strategy completely different. The only reason for a non-profit to start a business venture is to exploit a specific opportunity for significant growth and profitability – a substantial difference from earned income strategies, which are designed primarily to cover more of a program's costs, without any real expectation of making a profit or even reaching a break-even point.

The differences between "innovators," "entrepreneurs" and "professional managers"

They are all needed in the evolution of a healthy organization, but at different times, and rarely does an individual possess more than one of the three skills. Innovators are the dreamers: They create the prototypes, work out the kinks and then get bored, anxious to return to what they do best, which is inventing more prototypes. They are rarely concerned, ultimately, with the financial viability of what they do. Entrepreneurs are the builders: They turn prototypes into going concerns then they get bored. For them, financial viability is the single most important aspect of what they do. Professional managers are the trustees: They secure the future by installing and overseeing the systems and infrastructure needed to make sure the going concern keeps going.

The differences in Antecedent Conditions of Social Enterprises, Corporate Enterprises and Non Profit Organizations and Non Government Organizations.

A business organisation is defined as a 'commercial enterprise, profession, or trade operated for the purpose of earning a profit (economic value creation) by providing a product or service' (Friedman, 2007). These businesses vary in legal form ranging from sole proprietorship, corporations, partnerships, to limited-liability companies. Corporations and businesses aim to generate economic value for personal and stakeholder wealth maximisation (Friedman, 1970).

They are created as a result of a perceived economic opportunity (Sahlman, 1996). These definitional efforts can be distilled into four common themes: (i) an emphasis on ‘social goals’ as opposed to economic gains; (ii) the social activist role played by the social entrepreneur; (iii) elements of entrepreneurship and innovation and (iv) creating and using economic profit as a means to solve a social problem rather than as an end in itself.

One of the unique features of a social entrepreneur is his/her ability to combine elements of both the business and the voluntary/social sector to address social problems (Giddens, 1998). A careful review of the motives and goals of Social entrepreneurial ventures reveals the fundamental difference between Social Entrepreneurship and NPO’s (Trivedi, 2010b). Both NPOs and Social entrepreneurial ventures aim to mitigate a particular social problem, but Social entrepreneurial ventures go one step further as they strive for bringing about positive social change. NPOs may not necessarily aim for a positive social change (Dees, 2001; Mair & Martí, 2006; Martin & Osberg, 2007). Similarly, the primary goal of an Social entrepreneurial ventures is to identify and address long-standing unsolved social problems (e.g. the custom of dowry in India), while NPOs identify and address social problems that may or may not be long standing and unsolved (Alter, 2004; Alvord et al., 2004; Bornstein, 2007; Mair & Martí, 2006; Martin & Osberg, 2007). For instance, emergency disaster relief programs are not long-standing social problems. Dart (2004) argues that Social entrepreneurial ventures differ from other non-profits in terms of strategy, structure, norms and values and represent a radical innovation in the non-profit sector. Corporations/businesses, on the other hand, primarily aim to identify and address unfulfilled market demands (e.g. technologically advanced products such as computers and mobile communication devices). Market demand may or may not be long standing but what is important for businesses is that there exists a growing market for these needs.

Distinguishing Processes of Social Entrepreneurship as Compared with Corporate Entrepreneurship.

One of the defining features of social entrepreneurship is the existence of a social problem. While economic opportunity is at the heart of a commercial enterprise, socio-environmental problems are at the core of a social enterprise. Commercial entrepreneurs look for an opportunity to create and satisfy new needs (and wants), whereas social entrepreneurs focus on serving basic and long-standing socio-environmental needs. For an opportunity to be considered viable, commercial entrepreneurs require a growing market size or growing demand. For social entrepreneurs social needs, market failure and repeated unsuccessful attempts by the government to address socio-environmental problems are reasons enough to pursue the social goal (Austin, Stevenson & Wei-Skillern, 2006). Market failure often results from the inability to pay for services by those who need them (Austin et al., 2006). The development of Social entrepreneurial ventures is largely a result of traditional market failures and underdeveloped public approaches to address some of the most pressing socio-environmental problems (Wei-Skillern et al., 2007). Hence, market failure, which is a problem for corporate enterprises, is an opportunity for social enterprises. For corporate entrepreneurs, therefore, the emphasis is on the generation of market/economic value versus use/social value (Suarez-Villa, 2009a), whereas it is the other way round for social entrepreneurs. Whereas commercial entrepreneurs must justify the economic value of their product/service, it seems that social entrepreneurs need little or no external financial or economic justification for their venture. The generation of use/social value is reason enough for social entrepreneurs to pursue their mission. Use value is not entirely dependent on market value as a product/service can have use value even though there is no market value. An example of product or service that possesses use/social value but not market value is the vaccine for Black Fever. This vaccine could have helped save many lives if produced and distributed, but was not because it was not profitable and marketable owing to a small market size (Skoll Foundation). However, the term 'use value' refers to the utility of the product or service to individuals and therefore tends to have narrow scope. Thus, social value is a more representative term and has a broader scope when placed in social context as compared to use value, since dealing with complex socio-environmental problems often necessitates creative and innovative approaches (Suarez-Villa, 2009a).

Characteristics of Social Entrepreneurs Compared to Corporate Entrepreneurs

Prior research has found many parallels between social and commercial entrepreneurs when it comes to personality and behavioural traits (Drucker, 1989; Gitman & McDaniel, 2008; Gordon, 2006). There are some essential personal characteristics of these entrepreneurs that contribute to the success of the venture. A recent empirical study conducted by Sharir and Lerner (2006) identifies eight variables that contribute to success of a social venture. Out of these eight variables, five are directly related to the qualities of the entrepreneur, namely, the entrepreneur's social network, commitment, previous management experience, ability to integrate the vision and to establish strategic alliances. Similarly, a study of the characteristics of social entrepreneurs in the United States found that social entrepreneurs are more likely to have high social capital (Ryzin, Grossman, DiPadova-Stocks & Bergrud, 2009). Although such studies of the personal characteristics of social entrepreneurs provide useful information about the leadership and organisational skills of such individuals, they do not explain the essence of these traits, why they are important and how social entrepreneurs use them to achieve their social Mission and create and sustain social change. More research is required to understand what values, motives and behavioral repertoires distinguish a social entrepreneur from a corporate entrepreneur. Several other studies of social entrepreneurial traits and qualities have explored how such personal, social, and organisational skills contribute to the success of the Social Entrepreneurship Ventures. For example, one key attribute of social entrepreneurs identified in prior research on the topic is entrepreneurial credibility. Reputation or credibility is vital for social entrepreneurs to be able to tap into their social networks to garner and mobilise resources. Credibility does not necessarily mean personal charisma, but rather the ability to assemble and effectively utilise many resources (Waddock & Post, 1991). The ability to develop a network of relationships is a hallmark of visionary social entrepreneurs (Thompson et al., 2000). Kramer (2005) argues that people identified as social entrepreneurs are often under scrutiny for their capabilities, character, and leadership abilities by their target population. Personal credibility is equally important for commercial entrepreneurs during the initial stages of business development, although their professional credibility is what matters most as their business ventures evolve over time. Credibility is a key factor for social entrepreneurs as it also helps to maximize others' commitment to the collective purpose championed by the leader. It is precisely the leader's credibility that helps social entrepreneurs to maintain a clear focus on the overarching goals (or vision) of the organisation (Waddock & Post, 1991). Orloff (2002) identifies 'high quality leadership' as an essential prerequisite for the emergence of a social venture partnership and its continued success. Transformational leaders motivate people to achieve transcendent or end values such as liberty, social justice, and equality (the ends over means), whereas transactional leaders motivate people or followers to achieve modal values such as honesty, responsibility, fairness and honouring commitments (the means over ends) (Burns, 1978). Similarly, Waddock and Post (1991) posit that in order to achieve the value embedded in the collective vision it is necessary for a social entrepreneur to embrace end values rather than modal values. Such a leadership style can attract followers who take up the SEV's mission and social values and carry forward or enhance them realising the common vision of the SEV and fostering collective purpose. Commitment to collective action is essential for holding the organisation together and enhancing feelings of community and value-added collaboration among employees and/or volunteers. Decision-making power is more distributed as transformational leaders rely on collective wisdom, experience of the community, employees as well as partners, and understand the importance of collaborative capacity building. Corporate entrepreneurs also have to demonstrate a similar type of leadership style. However, while intrinsic motivation among followers or collaborators is necessary for a social entrepreneur to maximise the benefits of the venture, extrinsic motivation may be sufficient for their counterparts. Efficiency and effectiveness seem to be more essential for corporate entrepreneurs, while value-added collaboration is more important for social entrepreneurs. Decision-making power is also rather limited to the management in corporate ventures.

Distinguishing elements of Social Entrepreneurship & Corporate Entrepreneurship

Socio-environmental problems are inherently complex and social entrepreneurs are very adept at recognizing these complexities. Waddock and Post (1991) argue that social entrepreneurs not only have a unique ability to recognize the complexities of socio-environmental problems but they are also able to frame the problem in a new way that increases public awareness of the problem through their vision. They identify situational multiplexity, crisis (relevancy of the problem) and interdependence (requirement of multiple collaborators) are the factors that lead to innovative vision. Whereas innovation, competition and profits are the driving forces for commercial entrepreneurs, social entrepreneurs foster innovation and inclusiveness, which enable them to bring about a positive change in the system and the society (Jeffs, 2006). Social entrepreneurs are usually supported by volunteers who share a common vision of mitigating socio-environmental problems. Since profit generation or maximisation is not at the centre of such ventures, resource mobilisation for social enterprise is very different compared with traditional businesses. Social entrepreneurs are the main propellers of resource generation in their organisation. Along with their personal wealth, they rely heavily on their social networks to carry forward their mission. Social entrepreneurs understand the necessity of being inclusive to generate a feeling of ownership and sense of value-added participation among collaborators. Value-added participation is at the heart of collective social action (Waddock & Post, 1991). Peredo and Chrisman (2006) also emphasise the importance of inclusiveness. They argue that lack of ownership is the main reason that many poverty alleviation programmes have devolved into global charity since most projects are conceived and managed by development agencies rather than members of Community. A different type of inclusiveness is however encouraged in commercial enterprise. Since the product/service offered by commercial entrepreneur is either new or more technologically advanced than other similar products services that are available in the market, the ownership (trade secrets or intellectual property) are generally closely guarded. However, inclusiveness is encouraged in the form of vertical/horizontal integration through the supply chain management process, where everyone involved in the production of the product or service, from the raw material manufacturer to the distributors of final product, are all working in coordination to achieve economic efficiency and effectiveness.

Commercial entrepreneurs are relatively less bounded by resource constraints. They have varied sources of financial support available to them based on their economic proposition (e.g. the market, venture capitalists, banks), and they can afford the best human resources available. Personal social networks are equally important in the initial stages of a new business venture, but the focus shifts to professional networks as the venture grows. Another point of contrast is the issue of long term financial planning in both kinds of ventures. Whereas strategic financial planning is often overlooked by social enterprises, it is of vital importance in commercial ventures. Yet, the importance of strategic financial planning is gaining importance in the social entrepreneurial world to ensure a revenue stream so essential for sustaining the venture (Boland, 2002; Boschee, 1997). In SEVs, the social entrepreneur’s sustained efforts are required to garner funding for his/her social cause unless s/he is able to create self-sustaining financial system whereby others (including community members) can take charge of the management of the initiative and generate sufficient resources to sustain it.

Many scholars have written about the importance of business planning (Massarsky & Beinhacher, 2002; Rouson, 2005; Zietlow, 2001). They argue that sound business planning has a significant impact on the success of a venture. Business planning assistance, in the form of targeted business analysis, market research and strategic planning, could be a valuable resource for non-profits and social enterprises. The question, however, is how can 'business planning' capacities be provided to social entrepreneurial organisations since these organisations vary widely in terms of their missions. Further, Dees (1998) and Foster & Bradach (2005) caution about the erosion of social concerns with the adoption commercial approaches to self-sufficiency as they might create unrealistic expectations from entrepreneurs and distort managerial decisions, waste resources, and leave important social needs unmet. Boschee (2008) supports this argument as he explains that lack of skills, resources, and the proper mindset can compromise the social mission of the organisation. Dees, Foster & Bradach and Boschee also stress the need to explore all strategic options including their ability to use the social mission to tap into the financial resources of philanthropic foundations and charitable organisations.

Corporate enterprises are well positioned when it comes to financial sustainability as they typically rely on business development techniques and strategic planning. Recently venture philanthropy has gained importance, reflecting a paradigm shift away from the notion of a social sector that merely receives funds from charitable organisations, towards a notion of earned investment through collaborative partnerships (Boland, 2002). Similarly, the socio-cultural context of a corporate or social venture is very important in influencing the success of both types of entrepreneurs, despite the differences in their goals. The success of an SEV largely depends on the local political, social and cultural context, all of which influence how the local community perceives a social problem and its proposed solution. Similarly, history of success of similar ventures as well as the credibility of the entrepreneur also influences the outcome of the SEV (Waddock & Post, 1991). Social entrepreneurs understand the situational multiplicity, the relevance of the social problem, as well as the unique contextual circumstances surrounding and influencing the social problem and define it appropriately to generate awareness of the problem among others by promulgating an innovative vision. Social problems exist primarily in terms of how they are defined and conceived within a particular society. Blumer (1971) argues that the societal definition of social problems determines their life cycle, how they are approached, and what is done about them. He adds that understanding the processes by which a society comes to see, define and handle a social problem is extremely important since the social problem is always the focal point for the operation of divergent and conflicting interests, intentions and objectives. This interplay of interests determines the ways in which society deals with the problem. Thus, a broad understanding of influential contextual factors is a key to the success of SEVs. Commercial entrepreneurs, by contrast, are concerned with broader macro-level contextual factors such as the macro-economic environment, tax and regulatory structure, technological advancements and the larger socio-political environment related to labour, religion and politics (Peredo & Chrisman, 2006).

Key Outcomes of Social Entrepreneurial Ventures Compared with Corporate Entrepreneurial Ventures (CEVs)

SEVs, NPOs and CEVs differ in their secondary goals. Secondary goals support the primary goals of organisations and these goals may have positive or negative side effects. NPOs and SEVs share a common concern with financial sustainability as their secondary goals, hence, they attempt to grow by planning for the financial sustainability of the organisation. Social entrepreneurs generally try to strike a balance between social and economic value creation through an innovative, visionary approach towards addressing the social problem. They differ from NPOs in that they aim to reverse an imbalance in society or the community by creating sustainable positive social change. NPOs, on the other hand, may or may not aim for sustainable positive social change. In contrast, corporations can have several alternative secondary goals such as improved customer service, corporate social responsibility and improved brand image and value. Benefits of activities of social entrepreneurs are frequently non-monetary in nature, they aim to contribute to the maintenance of economic and social cohesion in the community (Oatley, 1999). Since such benefits are challenging to measure, it is difficult to gauge the impact or effectiveness of social enterprises as compared with commercial enterprises, in which the expansion of personal and stakeholder wealth is the ultimate goal. Apart from the benefits available to the target population (section of the population that the SEV directly serves), both types of entrepreneurial ventures can benefit the larger community. Commercial ventures can enhance the prosperity of the community by providing job opportunities and infrastructure (e.g. roads, highways, water and waste management) to community members. SEVs, on the other hand address deep-rooted social problems, social injustice or societal imbalance through processes of social change creation and sustenance. Social enterprises mobilize interpersonal and professional networks to create economic and social capital by encouraging citizen engagement and empowering individuals and communities. The difference, however, is that a commercial enterprise will only continue its operation to the extent that the venture is economically viable, whereas SEVs are likely to continue their activities whether they are economically viable or not as they do not aim to increase personal and stakeholder wealth. Both kinds of ventures create different forms of social value. For commercial enterprises, however, social value creation is not the primary motive, whereas for SEVs it is the primary reason for their existence.

Furthermore, commercial ventures are limited in their capacity to create social value. Commercial enterprises generate social value indirectly by generating economic gains, often by bringing resources (e.g. materials, manpower, human capital) into the organisation and creating financially valuable outputs (e.g. innovation in the form a commercial product or technology) for sale outside the organisation. Therefore, the social value created by commercial ventures is intrinsically tied to economic value generation. SEVs, on the other hand, are committed to creating social value within and outside the organisational boundary. For example, social enterprises encourage the sharing of ideas, innovations and best practices with other social enterprises, non-profits, NGOs and some commercial enterprises. They encourage collaboration as opposed to competition with other organisations and foster the creation of knowledge and social networks. In this way, social enterprises spread their resources outside the organisational boundary. Moreover, social enterprises create outputs that may or may not be linked to economic benefits for the organization.

The fact that social and corporate entrepreneurs differ on what they perceive as an 'opportunity' suggests that little common ground exists for such comparisons. Also, when attempted to measure social impacts or outcomes through the cost-benefit lens, it amounts to be imposing an economic value on some of the most unquantifiable outcomes. It is not fair that the major criterion typically used when evaluating entrepreneurial ventures is the economic one.

There are numerous criticisms of such pro-capitalist views. For example, Rossouw and Van Vuuren (2004) argue that by its very nature a business needs to serve the interests of society. According to them, businesses derive their ultimate justification not from economic objectives, but from the moral objectives they pursue. Drucker (1979) argued that even the most private of private enterprises is an organ of society and serves a social function. Moreover, increased stakeholder activism has created an environment where businesses can no longer afford to focus solely on profits and are forced to be more responsive to societal needs. A new area of social impact management has emerged that focuses on the intersection of business practice with wider societal concerns that reflects and respects the complex interdependency between these two realities. Gentile (2002) argues that this is a critical part of the contemporary business because without understanding this interdependency, neither businesses nor the society in which they operate can thrive. The idea of balancing social value with economic value has created an impetus among businesses for jumping on the social enterprise bandwagon. Corporate ventures have been quick to respond to the concept of social entrepreneurship with the idea of Corporate Social Responsibility (CSR) to cast off some of its burdens of social costs while achieving what is known as the 'double bottom line' (Doane, 2005; Pendleton, 2004). The result has been the emergence of hybrid organisations classified as 'socially responsible businesses' defined as, 'a venture (generally for-profit) that seeks to leverage business for a more just and sustainable world' (Social Network Venture). Every year, Corporate Responsibility Officer (CRO), a business ethics magazine, produces a list of the 100 best corporate citizens (i.e. companies). CRO's criteria for exemplary corporate citizenship include positive action in area of environment, climate change, human rights, employee relations, philanthropy, finance and governance.

Doane (2005) argues that CSR is only a tool to reap the financial benefits of ethical consumerism for certain corporations. She explains that the problem with the assumption of doing well while doing good (also called the 'double bottom line') is that markets do not really work that way, as any investments towards a social cause are not considered 'wise' because they stand contrary to the profit-making motive fostered in capitalist societies. Similarly, Bakan (2005) asserts that just as human psychopaths disguise their dangerously self-obsessed personality by their ability to use charm, CSR may play the same role for corporations. CSR fails to recognise that it is the institution of the corporation itself that may be at the heart of the problem. According to Doane, the CSR movement is winning the public relations game with both the government and the public. For SEVs, on the other hand, financial profit serves as a means towards achieving the primary goal rather than an end in itself (Schuyler, 1998). Similarly, for-profit firms that are in the business of producing and selling high social-value creating goods (e.g. pharmaceutical companies that produce and sell drugs) cannot be considered socially responsible organisations as the decisions of such organizations are strictly guided by the profit motive.

Table 1 Summarizes the distinguishing features (i.e. motive, primary and secondary goals, antecedent conditions, outcomes, role of the social entrepreneur, collaboration needs and value creation) of social enterprises, corporate enterprises as well as NPOs and NGOs.

Table 1 Distinguishing features of social enterprises, corporate enterprises as well as NPOs and NGOs

DIMENSIONS	Social Entrepreneurial Ventures	Corporate Entrepreneurial Ventures	Non-Profit/ Non Governmental Organisations
Organisation Structure	Flat Or Horizontal Hierarchical/ Vertical for large SEV's	Hierarchical or vertical	Mainly Hierarchical
Ownership	Collective- Employees, Entrepreneurs and population are guided by common vision or purpose	Individualistic or restricted-Single Ownership or ownership controlled by small number of employees --Employees are not guided but common purpose	Large NPO-Restricted Small NPO- Collective
Collaboration Needs (Levels of Collaboration)	Collaboration occurs at all levels	Not Collaborative in terms of involvement of target population or market	Intra organization collaboration is high Inter organisation collaboration can be high mainly of non economic gain
Intraorganisational/ Interorganisational Population / Market	Relies on collective wisdom and experiences of population, employees and partners. Involvement of employees and target population in decision making process and implementation of the program	High levels of collaboration can occur within the organization Inter organisational involvement is low mainly for economic gains	Population level collaboration may occur depending upon the nature of the service provided
Organisational Boundaries	Porous-social value creation can take place within and outside organization boundaries. Collaboration as opposed to	Rigid-social value creation is intrinsically tied to economic value creation within organizational boundaries Competition with different	Rigid/porous differs based on contextual circumstances type of services provided

	competition with different organizations. Fosters the creation of knowledge and social networks.	organizations.	
Antecedent conditions	Government and market failures to address long standing unsolved social problems.	Growing market or potential market growth.	Existing or unmet market need or social problem.
Value creation	Social Value	Economic Value	Social value
Outcomes	Mitigated social problems Sustainable positive social change	Wealth creation	Mitigated social problems
Role of entrepreneur/leadership requirement	Direct involvement of entrepreneur in all stages of venture. Transformational Leader	Direct involvement of entrepreneur in all stages of venture. Transactional Leader	Large NPO's are headed by advisory boards while similar NPO's are mostly headed by transactional leader.
Motive	To bring about positive social change and mitigate social problems	To increase personal and stakeholder's wealth	To mitigate social problems
Primary goal	To identify and address longstanding unsolved social issues	To identify and address unfulfilled market needs and wants	To identify and address social problems that may or may not be longstanding and unsolved eg, emergency disaster relief program
Secondary goal	Growth through economic sustainability. Sustainable positive social change.	Customer satisfaction Corporate social responsibility Brand image	Growth through economic sustainability. May or may not aim for sustainable social change.

References

1. Alter, K. (2004), Social Enterprise Typology [Electronic Version]. Washington, D.C.: Virtue Ventures LLC. Retrieved 5 Feb 2008 from www.virtueventures.com/setypology.pdf.
2. Alvord, S. H., Brown, L. D., & Letts, C. W. (2004), "Social Entrepreneurship and Societal Transformation An Exploratory Study". The journal of applied behavioral science, 40(3), 260-282.
3. Austin, J., Stevenson, H. and WeiSkillern, J. (2006), "Social and commercial entrepreneurs: same, different, or both", Entrepreneurship Theory and Practice, Vol. 30, No 1, pp. 123.
4. Austin, J., Stevenson, H., and Wei-Skillern, J. (2003), Social Entrepreneurship and Commercial Entrepreneurship: Same, Different, or Both? Working Paper Series, No. 04-029, Harvard Business School.
5. Bakan (2005), The corporation: the pathological pursuit of profit and power, Free Press Publication.
6. Barber, A. (1998), The Canadian Oxford Dictionary. Toronto, Oxford, New York: Oxford University Press.
7. Bornstein, D. (2007), *How to change the world: Social entrepreneurs and the power of new ideas*. Oxford University Press.
8. Burns, 1978, 'Transformational Leadership' New York: Harper & Row.
9. Dees, J. G., & Economy, P. (2001). Social entrepreneurship. *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs. New York: John Wiley & Sons*.
10. Dees, J.D. (1998), The meaning of 'social entrepreneurship', Centre for Advancement of Social Entrepreneurship (CASE), Fuqua School of Business, Duke University, available at www.fuqua.duke.edu/centers/case/articles/0805/corner accessed 2006/11/12.
11. Dees, J.D. (2001), Entrepreneurship in philanthropy, Centre for Advancement of Social Entrepreneurship (CASE), Fuqua School of Business, Duke University, available at www.fuqua.duke.edu/centers/case/articles/0805/corner accessed 2006/11/12.
12. Drucker, P. (1979), The Practice of Management, Pan Books, London.
13. Drucker, P. (1987), The Practice of Management, New York: Harper Collins Publishers.
14. Giddens, A. (1998), The Third Way: The Renewal of Social Democracy, Polity Press, Cambridge.
15. Gitman, L., & McDaniel, C. (2008), *The future of business: the essentials*. Cengage Learning.
16. Jeffs, L. (2006), "Social entrepreneurs and social enterprises: do they have a future in New Zealand", Conference proceedings from the ICSB world conference 2006, Melbourne, Australia.
17. Johnson, S. (2000), Literature review on social entrepreneurship, Canadian Centre for Social Entrepreneurship, November, available at http://www.bus.ualberta.ca/ccse accesses 2006/11/13.
18. Kirzner, I. M. (1997). "Entrepreneurial discovery and the competitive market process: An Austrian approach". Journal of Economic Literature, Vol. 35, 60-85.
19. Knight, F. H. (1921), Risk, uncertainty and profit. Boston, New York,: Houghton Mifflin Company
20. Mair, J., & Marti, I. (2006), "Social entrepreneurship research: A source of explanation, prediction, and delight". Journal of world business, Vol. 41, No. 1, pp. 36-44.

21. Martin, R. L., & Osberg, S. (2007), "Social entrepreneurship: The case for definition". Stanford social innovation review, Vol. 5, No. 2, pp. 28-39.
22. Peredo, A. M., and Chrisman, J. J. (2006). "Toward a Theory of Community-Based Enterprise". Academy of Management Review, Vol. 31, No. 2, pp. 309-328.
23. Peredo, A. M., and McLean, M. (2006). "Social Entrepreneurship: A Critical Review of the Concept". Journal of World Business, Vol. 41, No. 1, pp. 56-65.
24. Schumpeter, J. (1934), Capitalism, socialism, and democracy. New York: Harper & Row.
25. Sharir, M. and Lerner, M. (2006), "Gauging the success of social ventures initiated by individual social entrepreneurs". Journal of World Business, Vol. 41, pp.620.
26. Thompson, J. L. (2002) "The world of the social entrepreneur". The International Journal of Public Sector Management, Vol. 15, No. 5, pp. 412-432.
27. Trivedi, (2010), Social Enterprises and Corporate Enterprises: Fundamental Differences and Defining Features Journal of Entrepreneurship March 2011 20:1-32,
28. Venkataraman, S. (1997). The distinctive domain of entrepreneurship research: an editor's perspective. In J. Katz & R. Brockhaus (Eds.), Advances in Entrepreneurship, Firm Emergence, and Growth (Vol. III, pp. 119-138). Greenwich, Conn.: JAI Press.
29. Waddock and Post, (1991), "Social Entrepreneurs and Catalytic Change", Public Administration Review, Vol. 51, No. 5, pp. 393-401.
30. Weerawardena, J. and Mort, G.S. (2006), "Investigating social entrepreneurship: A multidimensional model", Journal of World Business, Vol. 41, pp. 2135.
31. Wei-Skillern et al., (2007), "Entrepreneurship in social sector" ISBN-10: 1412951372 | ISBN-13: 978-1412951371, sage publications.