

SOCIAL ENTREPRENEURSHIP: AN OVERVIEW

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Abstract: *Social entrepreneurship may lead to sustainable economic growth through establishing the wellbeing of the society. Derived from the traditional entrepreneurship, social entrepreneurship is described as a responsible way of doing business. The concept involves the use of all available resources, capitalized in an economic entity with the aim of facilitating the production of a beneficial change in the society by solving pressuring social problems. Thus, social entrepreneurship marks the transition from the fundamental goal of increasing profits to that of community welfare and sustainable development of the economy. The paper aims to present a conceptual framework that can be used to define social entrepreneurship. The research methodology was based on the collection and analysis of secondary data, respectively scientific articles, and relevant books for the subject. The results of the study show that the interest for the social entrepreneurship concept has increased significantly in the past decades among researchers. Also, they outline the idea of what social entrepreneurship is and how it is implemented.*

Key words: *entrepreneurship, social entrepreneurship, social entrepreneur, social added value.*

JEL Classification: L26.

1. Introduction

Entrepreneurship represents a fundamental element for “certifying the dynamism of the modern market economy” (Toma, et al., 2011, p.162). Its contribution is significant to economic development by creating new jobs and benefits from new business opportunities and giving the possibility to an important part of the population to satisfy their entrepreneurial initiative, to achieve both economically and socially objectives (Toma, et al., 2014).

Derived from the traditional entrepreneurship, social entrepreneurship is described as a responsible way of doing business. It may also be seen an opportunity to manifest distinctive personality traits or an impressive collection of individual skills mobilized for the wellbeing of the society in a legal framework. Regardless of the angle from which it is viewed, the concept reveals a part of the direction in which entrepreneurship is heading to, namely from individual and financial gain towards common benefits, humanity, spirituality, and solidarity.

This article includes the basic information needed to outline the idea of what social entrepreneurship is and how it may be implemented, contributing to a better understanding of the concept. The definitions presented are analysed based on distinctive and common elements associated with the term. The conceptual framework of social entrepreneurship is developed starting from the characteristics of traditional entrepreneurship. The aim of this study is to clarify the concept of social entrepreneurship by presenting some key features of the domain.

This paper is structured as follows. The upcoming section represents the literature review (2nd section), which is divided into two parts: an overview of the key component features of entrepreneurship and the entrepreneur term; exploring the conceptual framework of social entrepreneurship and identifying key characteristics of the domain. Afterwards is presented the description of the research methodology (3rd section), followed by the results and discussions (4th section) and conclusions as ending part of the article.

2. Literature review

2.1 Theoretical aspects regarding the entrepreneurship and entrepreneur term

Traditional entrepreneurship has not benefited from a methodical record of its forms and evolution over time. The existing and relevant literature in this regard, highlights the fact that the interest of academics for the concept of entrepreneurship increased significantly with the Industrial Revolution in Great Britain (historical moment that creates a development perspective for SMEs, also) (Shaw, et al., 2017).

Nowadays, entrepreneurship represents an important and complex field from the economic sphere. The concept importance cannot be neglected for the economy of a country or region due to the vast role they play, namely sustainable growth, value added creator and agent of innovation. It involves identifying an opportunity by an individual or a group of people, setting up an economic entity and using available resources for a well-defined purpose. The functionality of the economic entity, as well as the purpose pursued, depends on the nature of the entrepreneur. The latter being the center of entrepreneurial action and the first indispensable component of entrepreneurship of any kind. Etymologically, the word “entrepreneur” comes from the French language and it symbolized a person who initiates a large project or action (Conway Dato-on and Kalakay, 2016).

The “entrepreneur” meaning has been discussed and developed by economists, researchers and academics. Cantillon, for example, pointed out that there is a link between the entrepreneur and his willingness to take risks (Littlewood and Khan, 2018). According to the French economist Say, the entrepreneur can identify, attract and capitalize on resources (Loh and Mohtar, 2015). Schumpeter correlates the term with innovation and vision, Drucker with the possibility of exploiting opportunities and Stevenson contributes with the element of ingenuity (Chaston and Scott, 2012). Hence, through their contributions, the first characteristics and abilities of the contemporary entrepreneur came to light.

From the business perspective, entrepreneurship represents “the engine that creates contexts where innovation can improve business activity” (Toma, et al., 2017, p.537). Small and medium-sized firm (SMEs) provide the legal framework necessary to carry out entrepreneurial activity. Therefore, they represent another main component in traditional entrepreneurship. The entrepreneurial firms “contribute to sustainable development, create new jobs, enhance economic resilience and improve social cohesion” (Toma, et al., 2020, p. 111) and are seen as drivers of economic growth (Grădinaru, et al., 2017). These have had an interesting evolution over time: they have moved from institutions organized around the temples and palaces of Mesopotamia, when religion required the individual to work only for the community, not for himself, the basis for starting big companies, but without them disappearing. Their evolution is marked by the emergence and development of trade, especially maritime, markets, “super-companies”, Protestantism and the 3 Industrial Revolutions. The first two Industrial Revolutions even make a significant contribution to the evolution of the concept of enterprise through technical progress, which is also beneficial for the entrepreneur, as he becomes an innovative person who seizes opportunities through cooperation and progress (Landes, et al., 2011). Today, SMEs are perceived as an important driver for the economic growth of a country or a region due to their vast role: important employer, value-added creator, player with potential in international markets and agent of innovation.

In sum, two of the most relevant elements used for developing an understanding of the entrepreneurship concept and its utility are represented by the entrepreneur itself and the legal form that sustains the entrepreneurial activity, namely SMEs.

2.2. The conceptual framework of social entrepreneurship

Social entrepreneurship is an interesting phenomenon for both academics and non-academics (Goia, 2016). The upward blooming trend of the concept can be explained by the fact that individuals have access to information, they become more aware and have expectations from each other and from institutions. The mentality of humanity changes and pursues the common good, not just the individual one. Social entrepreneurship has become an opportunity for individuals to contribute to the wellbeing of the society.

The conceptual framework of social entrepreneurship is a common topic in the exiting literature. There are many definitions that can be used to capture the features of the term, but none of them was been globally accepted as the common reference. In consequence, the need for further research regarding the notion of social entrepreneurship and the accompanying descriptive elements is still required.

Most of the existing studies reveal an attempt to define the concept starting from the understanding of social entrepreneur itself or from theories of traditional entrepreneurship (Goia, 2016). Banks was the one who mentioned for the first time, in one of his publications, the necessity of the social entrepreneur notion. In the author's view, the social entrepreneur is the person who uses his managerial skills to solve both social and economic problems (Trivedi, 2010).

Subsequently, Dees starting from the theories stated by Say, Schumpeter and Drucker regarding the entrepreneur, proposes a reference description of the social entrepreneurs. Dees calls them agents of social change because they create and maintain added social value by mastering a mission; identify and capitalize on opportunities to support the mission; is in a constant process of learning, adaptation, and innovation; are not intimidated by limited resources; act responsibly regarding the causes served and the results created (Praszkie and Nowak, 2012, p.9). This definition marks the beginning of research dedicated to the concept of social entrepreneurship and its constituents (Praszkie and Nowak, 2012). Social entrepreneurs are perceived as the initiator of change because they fight against social problems caused by the limitations and deficiencies of existing markets and seek to develop society sustainably (Roger and Sally, 2015). Bill Drayton, the founder of Ashoka and one of the pioneers of the social entrepreneurship concept, declared that “the social entrepreneurs are creative and ethical, individuals with vision, who have entrepreneurial skills and an innovating idea about how to solve a pressing social problem” (Banks, 2016, p. 25).

Some authors argued that social entrepreneurship can be considered a process that involves using innovation and combining resources, identifying opportunities, catalyzing social change and addressing social needs (Urban, 2015). The process can be interpreted as a structured way to reach a result.

Yunus also described social entrepreneurship as “an innovation created to assist people” (Moingeon, et al., 2010, p.311). Santos supported the association of social entrepreneurship with the concept of innovation and completes the definition provided by Yunus by stating that: “Social entrepreneurship is a process of innovation in the economy that can take place in different institutional contexts” (Peng and Lin, 2016, p.1232). Social entrepreneurship depends on the socio-economic, institutional and cultural environment. It creates added social value and changes society (Galera and Borzaga, 2009).

Martin and Osberg (2007) argued that entrepreneurship can be defined by the following elements: 1) the entrepreneurial context; 2) entrepreneurial characteristics; 3) entrepreneurial result (Vlăsceanu, 2010, p.174). These three components are also applicable in the case of social entrepreneurship (Fig. no. 1).

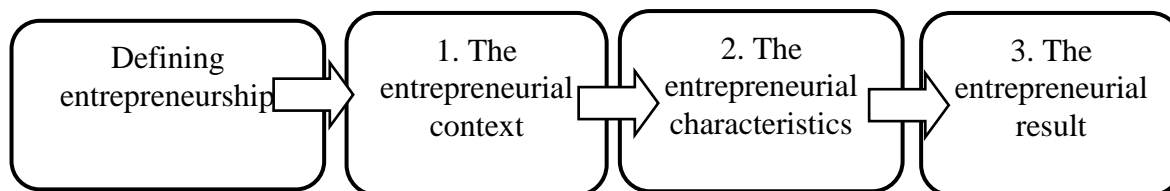


Fig. no. 1: The process of defining entrepreneurship according to Martin and Osberg (2007)

The entrepreneurial context aims to restore the positive balance (Vlăsceanu, 2010). In this stage the social entrepreneur, notices the existence of a problem, respectively the “unsatisfactory balance”, identifies the opportunity, intervenes by creating the action to produce change. The desired entrepreneurial result is highlighted by the positive impact produced, the change of the initial situation, the creation of a new balance and, eventually, the permanence of wellbeing (Vlăsceanu, 2010).

The uniqueness of the social approach of entrepreneurship replays in the cause that needs to be solved in order to establish a positive balance in the society. Bornstein and Davis defined social entrepreneurship as a process by which citizens build or transform institutions to obtain advanced solutions to social problems, such as high levels of poverty, disease, disadvantage, pollution, disrespected human rights and corruption, in order to contribute to the creation of better living conditions for people (Bornstein and Davis, 2010).

What is certain is that social entrepreneurship has multiple dimensions and meanings that vary from individual to individual (Galera and Borzaga, 2009). It can be described as a non-profit initiative to attract financial resources, or an instrument through which added social value is created or a responsible business practice that engages in partnerships with other sectors (Praszquier and Nowak, 2012). Regardless of the perception about the concept, its potential is the same: solving social problems and improving daily living conditions.

3. Research methodology

The present study represents a quantitative research. It involves the collection and analysis of secondary primary data (scientific articles and existing books relevant for the topic). After setting the research aim objective, respectively developing a conceptual framework that can be used to define social entrepreneurship based on exiting literature, the first step conducted in this research in order to achieve the stated objectives was finding relevant scientific journals for defining the conceptual framework of social entrepreneurship. Well-known sources such as Emerald Insights and ScienceDirect were used in this scope.

The second step followed was building a data base with the definitions and characteristics of the traditional and social entrepreneurship. Based on the collected information the structured of this paper has been develop in accordance with the used journals. This approach regarding the consolidation of the structure is similar with the various studies used as reference such as Bank (2016) or Urban (2015). Starting from a briefly introduction of the importance and key components of traditional entrepreneurship, the conceptual framework of social entrepreneurship emerges based on similarities and some distinctive features between the two related notions.

As a practice identified in the stated journals, the analysis began with the social entrepreneur term and the associations made around its capabilities and distinctive orientation. Afterwards, the understanding of social entrepreneurship has been extended to the theories of traditional entrepreneurship that can be used as a start point in defining the

concept, emphasizing, at the same time, on the distinctive features of the field (initiate social change and establish positive balance). The definitions provided as reference have been analyzed based on common and new elements or characteristic associated with the social entrepreneurship concept. A conceptual framework has been created in this regard based on the identified aspects.

The following step was adding a supplementary component to the structure of the conceptual framework developed in previous phase, namely economic entities giving the importance they have in sustaining the social entrepreneur's activity.

4. Results and discussions

Starting from the analyzed definitions, the essential components of the conceptual frame of social entrepreneurship can be considered the following: the social entrepreneur, the opportunity, the social problem, the entrepreneurial skills, the possible solutions, the resources used and the change (Fig. no. 2).

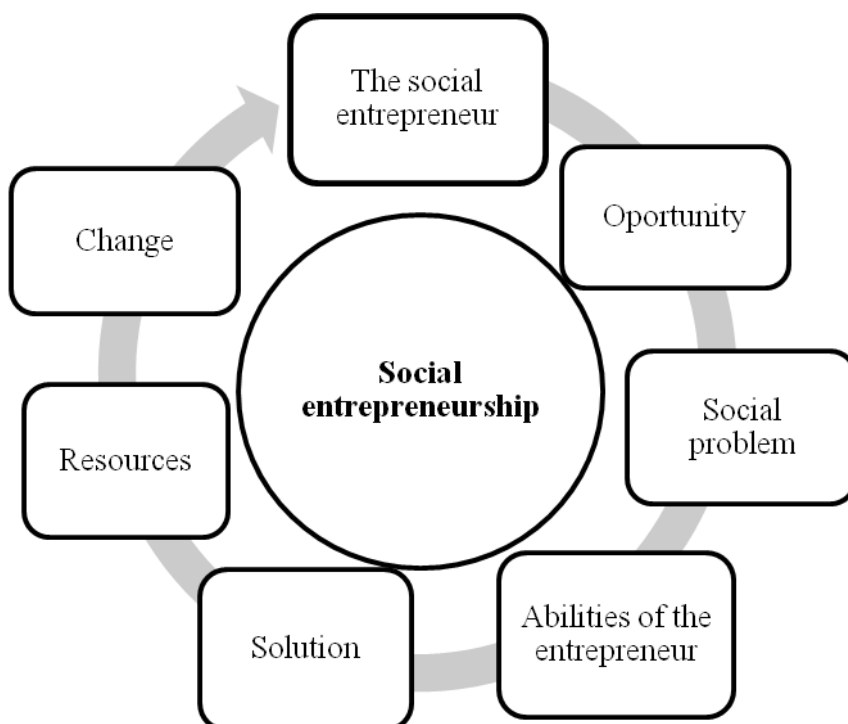


Fig. no. 2: The conceptual framework needed to define social entrepreneurship following the revision of definitions

The social entrepreneur notices the opportunity to solve a social problem. He uses his entrepreneurial skills to find a possible solution to solve this problem. He is also the one who identifies, attracts, and uses the necessary resources to implement the solution. If the proposed solution and the resources are properly capitalized, then a beneficial change takes place at social level.

Most probably, for every definition conceived over time, there can be a social entrepreneur who, through his success story, may support the plausibility of the definition. A practical example that supports, at the same time, the theory stated by Martin and Osberg is the success story of the social entrepreneur, Muhammad Yunus. A notable event in the evolution of social entrepreneurship took place in 1976 when Muhammad Yunus,

the founder of Grameen Bank, decided to change the microcredit system in Bangladesh by promoting conditions for bank lending that even the poor could afford. The model proposed by him for solving the identified problem and establishing the balance, was replicated worldwide, giving poor people a chance at a better life. The entrepreneurial context, in this case, is represented by the entrepreneur's ascertainment: the poor people in Bangladesh could not afford to repay the bank loans due to the high interest rates. When applying for a bank loan, an individual must comply to the terms of the contract. When he cannot afford to return the borrowed money, the possibility of reaching an even more dramatic situation than the initial one is an accepted reality and an assumed risk. Yunus, however, does not perceive this incident as being a normal one. In his case, normality implies the existence of affordable credit solutions based on the possibilities of the population (positive balance). The moment he decides to act, setting up Grameen Bank, and creating change by mobilizing available resources, he become a social entrepreneur. The intention to produce change is fundamental for the action step. Entrepreneurial success, articulating on this specific case, is the positive impact created by improving the living conditions of humans. The receptivity of the parties involved also contributed to the success of Muhammad Yunus.

The social entrepreneur's perception of a certain situation is a fundamental aspect that creates intention to act and change. Motivated by fairness and ethical principles, he is more willing to notice a situation that the rest of individuals do not pay attention to. Consequently, the social entrepreneur does not accept a reality that others may consider it as normally. In addition to creativity and the ability to innovate, the social entrepreneur requires resilience, focus and the ability to create interest among individuals and organizations, to achieve its goal. Although the social entrepreneur is the initiator of a change, the materialization of the change depends on a collective effort.

A business supposes the existence of a profit. The social entrepreneur is engaged in a "doing good" business. Unlike economic entrepreneurship, which involves sustained efforts to obtain a financial gain, social entrepreneurship seeks to procure social benefits. Regardless of the type of entrepreneurship, the correct capture and use of resources is essential for achieving the entrepreneur's objective. The establishment of an economic entity facilitates the obtaining of resources and the achievement of the desired entrepreneurial result.

Social entrepreneurship is a tool through which the life of individuals can be improved. At the same time, the concept is associated with economic growth and it is considered an innovative process.

Many of the existing studies focus on explaining the concept of social entrepreneurship through personality traits and general capabilities of the social entrepreneur compared to the economic one. Although this approach contributed significantly to the understanding of the field, it did not solve the problem. The set of entrepreneurial skills must be adapted or improved given the legal form of the economic entity under which the entrepreneur chooses to operate. Economic entities, regardless of their type, facilitate the obtaining of resources necessary to achieve the goal. Focusing of social entrepreneurship these legal forms that sustain and justify the social entrepreneur's action facilitate the materialization of the aspired social change (Javed, et al., 2019). Therefore, the conceptual framework of social entrepreneurship can be described by the combination of eight terms: social entrepreneur, opportunity, social problem, entrepreneurial skills, possible solutions, resources used, change and existing economic entities (Fig. no. 3). The latter being a means by which the purpose of the entrepreneur is fulfilled.

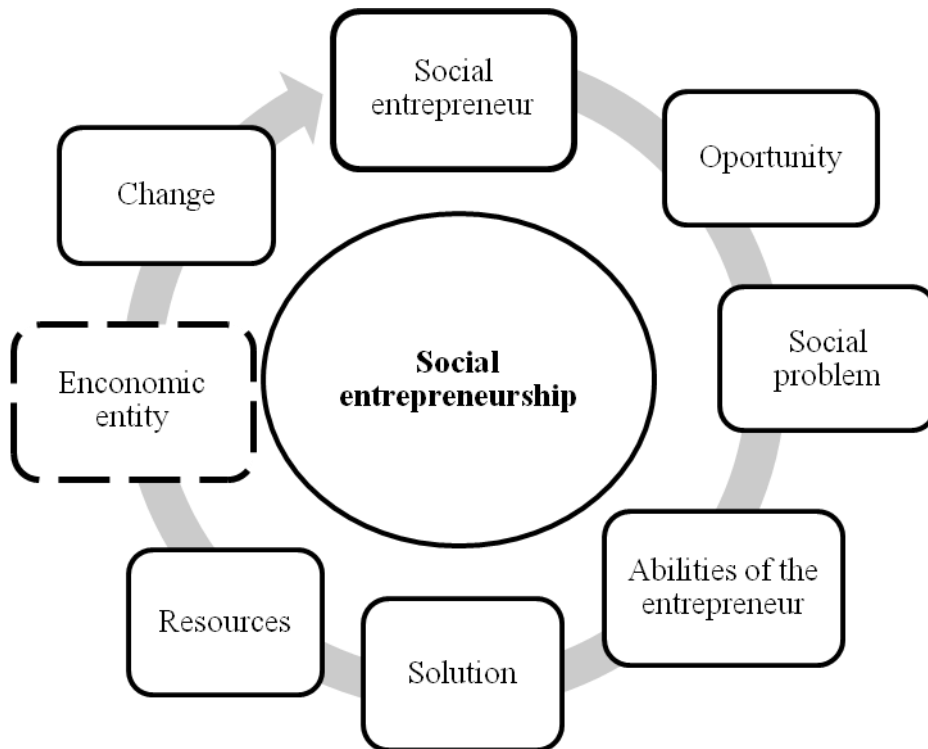


Fig. no. 3: Author's proposal on the conceptual framework needed to define social entrepreneurship

These proposed components may be interpreted as an extension of the model developed by Martin and Osberg, where: the entrepreneurial context consists of opportunity and social problems; entrepreneurial skills, solutions, resources and economic entities represent the manifestations of entrepreneurial characteristics; change is the entrepreneurial result.

An overview of the conceptual framework of social entrepreneurship as been provided in this paper based on the key features identified through literature review of some existing definitions regarding the notion. This research as its limitations. Only few of the most relevant and used definitions for explaining the social entrepreneurship notion have been used to construct the proposed conceptual framework.

5. Conclusions

Social entrepreneurship can drive sustainable economic growth through establishing the wellbeing of the society. The concept has become a topic of interest for researchers and individuals that aim to make positive changes, due to its contribution on the social level. The emergence of social entrepreneurship is clearly a proof of increased involvement among individuals and human mentality, in general.

The reality is that social entrepreneurship has become a topic of interest due to its contribution to economic growth through job creation, social inclusion, and community development. Economic entities own a significant role in this context. They can be considered as a transparent way in which the actions of the entrepreneur, regardless his typology, can be justified and supported. An entrepreneurial initiative cannot have a resounding impact at social level if it is not supported by the rest of the individuals. In addition to affinity, availability, and resonance with the social cause, it is about strengthening trust in the relationship with potential individuals or partner organizations.

Economic entities can be considered an intermediary between attracting, capitalizing on resources and the actual obtained result. Change is initiated by an individual, the social entrepreneur, but success involves a joint effort, where everyone should have a contribution.

The outcome of study concurred with other theoretical approach on defining social entrepreneurship through traditional entrepreneurship (Zainea, et al., 2020). The conceptual framework has been stated by extending their model with the common and distinctive elements from some of the most used definitions associated with the notion of social entrepreneurship, creating a clear structure of the components relevant for the topic analyzed. Economic entities play an important role in facilitating social changes and capturing resources required in this regard. This affirmation is also supported by other researchers (Javed, et al., 2019). Thus, this is the reason why a complete definition of social entrepreneurship should take into consideration also these legal forms that support the social entrepreneur to accomplish its mission. Future research can be conducted in order to improve and sustain the viability of this theoretical model.

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