

## THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP AS A TOOL FOR ECONOMIC PROGRESS

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**Abstract:** *This paper addresses the need to develop social entrepreneurship as a tool for economic progress, but also as a way to support community needs. Thus, social entrepreneurship comes to use economic mechanisms and profit-generating activities to support social causes. A social economy structure pursues several directions at the same time, one social and one economic, unlike a pure commercial enterprise, which has a single purpose. The aims of a social economy structure are not always in line, there are conflicts of purpose and a certain managerial dynamic. The levers needed to achieve this objective are primarily economic mechanisms, supported by better legislation, with the ultimate aim of facilitating the labour market integration of disadvantaged groups by providing the financial support needed to advise people on how to start a business. This is the only way to ensure the successful implementation of new businesses and their long-term continuity.*

**Keywords:** *social entrepreneurship, economic mechanisms, disadvantaged groups, labour market.*

**JEL Classification:** *B55.*

### 1. The mission of social entrepreneurship

Nowadays, Romania is going through not only an economic crisis, but also a social crisis. In a society where the community is facing problems related to the business and non-profit sector, this paper aims to find concrete solutions, going beyond normative acts derived from management principles. Thus, the importance of social entrepreneurs is given a major purpose as they will have to face and explore the concrete challenges encountered in the process of implementing social entrepreneurship trends.

The role of social entrepreneurs is to be agents of change in the social sector by embracing the mission of creating and sustaining social value (not only private value), identifying and seeking new opportunities to achieve this goal, engaging in a continuous process of innovation regardless of the limited resources at their disposal.

Social entrepreneurs are also reforming and revolutionising their environment, the social mission being paramount. The latter is achieved by making systematic changes and sustainable improvements, seeking to solve the real causes of social problems. Fundamental to a social entrepreneur is the social mission that he or she undertakes, which is what distinguishes the social entrepreneur from the business entrepreneur. Making a profit or serving the needs of consumers can be considered the goals of a social entrepreneur, but they cannot be considered the end goals.

Where society faces problems, social entrepreneurs create opportunities. Through their actions, they are motivated not just by a perceived social need or compassion, but by a vision to make things better by putting it into practice. Over the last decade, social entrepreneurship has developed considerably and more than 300,000 jobs have been created in social enterprises, bringing people in precarious situations and disadvantaged groups into the labour market. The concern for this social sector has developed their innovative capacity to identify new needs, mechanisms for involvement and participation, forms of intermediate or permanent integration, and a new horizontal approach to health and training.

### 2. The major implementation directions of social entrepreneurship

In order to highlight the mission of social entrepreneurship and why it is becoming extremely important for the development of society and economic progress, the benefits it generates in the communities where it is implemented will be presented. Social entrepreneurship activities create jobs and opportunities, and at the same time create

employment or training opportunities for disadvantaged groups, making social entrepreneurship the link between the labour market and the unemployed. Moreover, social enterprises apply and develop innovation to achieve the development of new goods and services. The social problems most frequently addressed by social enterprises are: people with mental or physical disabilities, school drop-outs, drug abuse, increasing the employment rate of young NEETs, etc. At the same time, entrepreneurship creates social capital to support sustainable social and economic development, promoting social equity by helping disadvantaged people. Social enterprises address social problems and seek to make a sustainable impact through their social mission and not through profit maximisation. Despite these opportunities, due to inefficient social processes and weak legislation, social entrepreneurs seek to ensure that their enterprises always benefit the community. This requires first and foremost an objective analysis of the needs and benefits of the actions to be implemented. In conclusion, social entrepreneurship aims to achieve the objectives of the social economy.

The major directions that social entrepreneurship pursues are those related to social, environmental and economic factors. The social side aims at the competence of the business to create positive changes on the social environment, the environmental side looks at the impact of the business on the environment, and the economic side aims at making profit so that the business can operate and grow through self-financing, thus becoming sustainable.

Social entrepreneurship is primarily about creating new jobs in disadvantaged environments, such as integrating disadvantaged groups into the labour market or stimulating work environments for equal opportunities. The social entrepreneur essentially has a clear mission. They must be able to make important decisions when they intend to set up a social business, to carry out market research and identify competitors, while also taking risk management into account. We can add value to social entrepreneurship through innovation and creativity. Thus, it is not enough to have a business idea and think about how to implement it, it is crucial to implement it. Unfortunately, the biggest problem remains the lack of a legislative framework for social business and the low involvement of the public system. These shortcomings hinder the provision of a favourable environment for setting up social enterprises and developing existing ones.

Studies on the direction of social entrepreneurship in Romania show that the younger generation is adapting to such projects and successfully makes it through the first 2.3 years by implementing sustainable business plans, thus developing economically. Social entrepreneurship is primarily about small entrepreneurs as they are at the heart of community problems and seek real solutions to protect the most vulnerable. Unfortunately, in recent years there have been pressures from certain local communities, regulators, banks, credit and insurance companies that disadvantage small entrepreneurs. The solution for them to survive in the market is to invest in training and development courses for employees, support sports, cultural and educational objectives by involving employees in community action. In this respect, a company can work with other organizations or companies to promote social responsibility actions.

### **3. The challenges of social entrepreneurship**

As the world of social entrepreneurship is relatively new, there are currently many challenges facing those who choose to implement business ideas. Above all social entrepreneurs try to predict, address and respond creatively to future problems. Unlike most business entrepreneurs who debate current market failures, social entrepreneurs address hypothetical or often less researched problems such as overpopulation, unsustainable energy sources, food shortages and the vulnerability of disadvantaged groups. Setting up successful

social businesses on only potential solutions can be almost impossible because investors will not take the risks of running the business. The lack of investors in this market segment leads to the second problem in social entrepreneurship, namely the wage gap. Elkington and Hartigan note that "the wage gap between commercial and social enterprises ... remains the elephant in the room, reducing [social enterprises'] ability to achieve long-term success and viability". In conclusion, social entrepreneurs and employees benefit from very low wages, particularly when starting up their businesses. As a result, their enterprises struggle to keep their employees skilled and committed to the work they do. Paradoxically, while social entrepreneurs offer solutions to mankind's most difficult problems, they have to contend with the scepticism of their own society.

Another reason why social entrepreneurs often lose out is that they usually offer help to those less able to pay for it. Capitalism is based on the exchange of capital (most obviously money) for goods and services. However, social entrepreneurs need to find new business models that do not rely on the standard exchange of capital to implement their organisations in a sustainable way. This self-sustainability needs to be thought through in the smallest detail to ensure the success of social enterprises.

The future of social organizations and social enterprises is to build a "more social, resilient and inclusive Europe". In order to achieve this lofty goal, it is necessary to introduce European legislative measures and economic policy programmes that promote and encourage the growth of social economy organizations and enterprises. This requires a number of particularly important factors: a taxation system that recognizes the general interest function of social economy enterprises, policies to promote public and private investment that stimulate the development of social impact financing, policies to support employment stability and the leading economic role played by social economy enterprise workers, and policies to support the implementation of new skills and the dissemination of innovation and new technologies in civil society. Social economy enterprises add value to society by developing new jobs and social innovation initiatives, including in the context of the green economy, promoting sustainable development. The circular economy experiences of social economy organizations are multiplying and new jobs are also being created in the field of re-use or social farming. The expected impact of the development of social entrepreneurship is primarily related to the ways in which it can support the community, especially vulnerable groups. The levers needed to achieve this objective are primarily economic mechanisms, supported by better specialized legislation, with the ultimate aim of facilitating the labour market integration of disadvantaged groups by creating the financial support needed to provide advice to people who are going to access business plans. This is the only way to ensure the successful implementation of new businesses and their long-term continuity.

The increasing the absorption of European funds dedicated to the social economy through the European Social Fund will help to develop this segment by facilitating the integration of disadvantaged groups into society. Economically powerful European countries with a tradition in this field best reflect the standard of living of vulnerable groups.

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