

# Social Entrepreneurship

Subjects: Social Issues

Contributor: Giuseppina Maria Cardella, Alcides Monteiro

Social entrepreneurship (SE) is about entrepreneurial initiatives aimed at exploiting opportunities to generate social value

Keywords: social entrepreneurship ; scientific mapping review ; social innovation ; social entrepreneurship education ; sustainable entrepreneurship ; commercial entrepreneurship

---

## 1. Introduction

In the practice, there is a growing diffusion of forms of social entrepreneurship, both in the non-profit sector, in which innovative approaches tend to spread that allow the generation of revenues, allowing the sustainability and development of individual initiatives, and in for-profit organizations that identify and pursue business opportunities aimed at jointly generating economic value for shareholders and social value. This has aroused the interest of scholars from various disciplines, who have tried to define the boundaries and distinctive characteristics of social entrepreneurship and to understand its determinants, success factors, and criticalities.

Social entrepreneurship is an emerging but rapidly growing field <sup>[1][2]</sup> involving diverse sectors such as innovation, technology, public policy, community development, social movements, and non-profit organizations <sup>[3]</sup>. The main objectives of social entrepreneurship are the reduction of poverty and illiteracy, the improvement of collective well-being and the quality of life of the community, the overcoming of social injustice, the conservation of the environment for future generations <sup>[4][5][6][7]</sup>.

Several authors agree that the SE literature is still in an early stage of development <sup>[8][9][10]</sup>. This is evidenced by the fact that a universal definition has not yet been reached <sup>[11][12]</sup>, partly as a consequence of the definition difficulties that characterize the more general field of entrepreneurship studies, and in part for the heterogeneity of the contributions that have addressed the issue from different points of view, often focusing on single specific areas.

In general, social entrepreneurship can be considered as a form of social change by means of innovative ideas or actions to achieve social objectives and create new value <sup>[13][14][15]</sup> through an organization that is financially independent and self-sufficient <sup>[16][17]</sup>.

Despite this growing interest from the scientific community, analysis of the state of SE literature has shown that scholars struggle to determine a coherent and non-fragmented theoretical framework <sup>[18][19]</sup>, due to uncertainty and confusion about who a social entrepreneur is and what he/she does.

## 2. Facts about Social Entrepreneurship

Social entrepreneurship scholars have adopted different approaches to define the construct. However, a common element to many of the definitions in the literature is the creation of social value <sup>[20][8][18][21][22][23][24]</sup> or social wealth <sup>[11]</sup>.

More generally, it can be said that in all the definitions analyzed, there is an explicit reference to the social dimension expressed through the creation of social value or to the pursuit of a social objective or mission <sup>[25]</sup> or the impact of social entrepreneurship in terms of social benefits <sup>[26]</sup>, mitigation or solution of social problems <sup>[27]</sup>, satisfaction of social needs <sup>[28]</sup>, social justice <sup>[9]</sup> or social change <sup>[29][30][31]</sup>.

For example, Dees <sup>[20]</sup>, considers the social entrepreneur as a change agent who works through a mission to create social value and the search for new opportunities to achieve that mission. Where others see problems, social entrepreneurs see opportunities. The will to innovate is part of the entrepreneurs' modus operandi, and it should not be understood as a sudden explosion of creativity, but as a continuous process of exploration and learning. Furthermore, entrepreneurs tend to have a high tolerance for ambiguity and learn to manage the risks associated with it. They see

failure as a learning opportunity and act responsibly, using scarce resources efficiently, calculating risks so as to reduce the harm that will result from failure.

This is an idealized definition, generally, the more an individual meets these requirements, the more he or she will be considered a social entrepreneur. As Dess <sup>[20]</sup> argues, in reality, many social entrepreneurs present these characteristics in different ways and to different degrees, and very few fit exactly this definition of social entrepreneur.

When systematizing the numerous contributions that characterize social entrepreneurship, in general, two lines of research distinguish the field in the literature. Indeed, many authors have limited the scope of social entrepreneurship to the non-profit sector <sup>[32]</sup>, a sector on which the studies had initially focused, through the analysis of the differences between social enterprises and commercial enterprises. Other authors, especially recently, have extended the scope of social entrepreneurship to include hybrid organizations that combine economic and social goals <sup>[10][33][34]</sup>, generating social change through sustainable business models. In this context, the concept of social innovation becomes central as a balance between social entrepreneurship and other forms of entrepreneurship.

According to Christopoulos and Vogl <sup>[35]</sup>, while commercial entrepreneurs approach the problem from a purely economic point of view, social entrepreneurs are motivated by social needs. Of the same opinion is Olsen <sup>[36]</sup>, according to whom the social entrepreneur uses the same tools that are usually used in the traditional sector, but applies them to solve social problems.

Austin et al. <sup>[5]</sup> used four variables to compare social and commercial entrepreneurship, trying to establish differences. The first variable used is market failure, which is a situation that describes an inefficient distribution of goods and services in the free market. In this sense, a problem for the commercial entrepreneur becomes an opportunity for the social entrepreneur. The second variable is the mission defined as the values and visions that guide the entrepreneur. In principle, the basic purpose of social entrepreneurship is the creation of social value for public welfare, while the entrepreneur seeks the creation of profitable operations that result, in the first instance, in private profitability for the shareholders.

A third variable is resource mobilization, which refers to the set of activities put in place to ensure new and additional resources for the organization. On the one hand, “the nondistributive restriction on surpluses generated by nonprofit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprise limits social entrepreneurs from tapping into the same capital markets as commercial entrepreneurs” <sup>[5]</sup> (p. 371). Finally, the fourth variable is defined as performance measurement, a process by which an organization monitors important aspects of its systems. Data are collected to reflect how its processes work, and this information is used to guide the organization’s decisions over time. This represents a limitation for social enterprises, which, unlike commercial enterprises, encounter great difficulties in evaluating performance due to the impossibility of measuring the social impact <sup>[21]</sup>.

Weerawardena and Sullivan Mort <sup>[37]</sup> described opportunity identification as a separate activity in which social entrepreneurs actively seek opportunities to create social value. According to their study, the process of identification of opportunities and evaluation is simultaneously influenced by the social mission and by organizational and environmental sustainability. Regarding the sources of identification of opportunities, Thompson et al. <sup>[38]</sup> found that opportunities could arise from an individual’s vision or necessity.

Grayson and Hodges <sup>[39]</sup> coined the term “corporate social opportunity” to designate these opportunities, which correspond to the possibility of combining the creation of economic value for the company with a benefit for society. The authors defined these opportunities as “commercially viable activities which also advance environmental and social sustainability” <sup>[39]</sup> (p. 11). These activities with economic and socio-environmental significance typically involve some form of innovation.

From this perspective, the social component of entrepreneurship consists of the ability to identify innovative solutions for specific social problems. Therefore, innovation is another key element of social entrepreneurs because it involves novelty for a relevant company in society <sup>[40]</sup>, and it is what has distinguished social entrepreneurship from other forms of entrepreneurship, especially in recent years.

Bloom and Chatterji <sup>[27]</sup>, for example, explicitly identified social entrepreneurs as individuals who seek to solve or mitigate a social problem by developing change strategies that differ from those that have been used to address the problem in the past. The distinction with respect to other initiatives with social purposes lies in the innovativeness of the solutions adopted, which—by definition—can correspond to very different organizational forms, corporate forms, management

practices, and business models: hence the considerable heterogeneity of social entrepreneurship initiatives and the difficulty of describing its boundaries.

This approach reflects that of several works on entrepreneurship that attribute a central role to innovation and interpret entrepreneurship as the ability to recombine resources in an innovative way. Furthermore, similar to what has been found with regard to entrepreneurship in general, the definition of social entrepreneurship often emphasizes the change generated by the innovative action of the entrepreneur.

The Organization for Economic Cooperation and Development (OECD) <sup>[41]</sup> defined entrepreneurs as agents of change in growth in a market economy; similarly, some authors have identified social entrepreneurs as agents of change in the social sector <sup>[20][22]</sup>.

Social entrepreneurship is explicitly indicated in several contributions as a harbinger of social transformations <sup>[9][29][30]</sup>. In this regard, Martin and Osberg <sup>[23]</sup> underlined the ability of social entrepreneurs to identify stable equilibrium situations characterized by social inequity and to change them, generating a new equilibrium that corresponds to better conditions for a group of people. These authors therefore recognized a role of creative destruction for social entrepreneurship, which involves changing the status quo and redefining social balances, as in the Schumpeterian vision the innovation brought by the entrepreneur undermines the market rents.

Furthermore, the definition of Martin and Osberg <sup>[23]</sup> emphasized how the new equilibrium generated for the benefit of one group can be extended to others as a result of imitation.

This is an interesting aspect because, even if the actual impact dimension of social entrepreneurship is still to be evaluated, we note how it can be linked to two aspects: the direct effect, i.e., the immediate change generated by the business social entrepreneur; the indirect effect related to the attention that this activity arouses toward specific social problems and toward innovative ways to deal with them <sup>[29]</sup>.

This emphasis on the extent of the effects that can be generated by social entrepreneurship and on the supremacy of this form of social change corresponds to that which, with prevalent regard to environmental sustainability issues, Hall et al. <sup>[42]</sup> defined as a “panacea hypothesis”, i.e., the idea that through entrepreneurship it is possible to reach a solution to the problems of society. At present, however, this actually turns out to be just a hypothesis, yet to be adequately tested and against which, as mentioned above, important questions also arise about the direction of social change and the values that guide it.

Despite the differences that characterize the different approaches, the authors who are engaged in the study of social entrepreneurship have highlighted common themes that need to be taken into consideration. Social entrepreneurship combines the passion of a social mission with the entrepreneurial approach <sup>[43]</sup>. Social entrepreneurship uses the principles of entrepreneurship to organize, create, and manage a business to bring about social change. They are change agents with a problem-solving mission. The social mission is the core of what distinguishes social entrepreneurs from classical entrepreneurs <sup>[20]</sup>. Social entrepreneurs are like entrepreneurs only they are driven by social improvement and not by profits <sup>[40]</sup>.

To overcome the problem of a universal definition, we accepted the suggestion of Choi and Majumdar <sup>[44]</sup>, namely, of considering social entrepreneurship as a concept of cluster, formed by sub-concepts: creation of value by the social entrepreneur, SE organization, and social innovation.

---

## References

1. Jilenga, M.T. Social Enterprise and Economic Growth: A Theoretical Approach and Policy Recommendations. *Int. J. Acad. Res. Account. Financ. Manag. Sci.* 2017, 7, 41–49.
2. Kivarina, M.V.; Kulikov, S.P.; Zagorodnikov, K.A.; Zhiltsov, V.A.; Khan, N.V. Economic growth humanization: Responsibility of business and social entrepreneurship. *Calitatea* 2020, 21, 16–21.
3. Aponte, M.; Alvarez, M.; Lobato-Vico, M. Social entrepreneurship and economic development: A macro-level perspective. *Soc. Bus.* 2019, 9, 141–156.
4. Seelos, C.; Mair, J. Social Entrepreneurship: Creating New Business Models to Serve the Poor. *Bus. Horiz.* 2005, 48, 241–246.

5. Austin, J.; Stevenson, H.; Wei-Skillern, J. Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrep. Theory Pract.* 2006, 30, 1–22.
6. Bansal, S.; Garg, I.; Sharma, G.D. Social Entrepreneurship as a Path for Social Change and Driver of Sustainable Development: A Systematic Review and Research Agenda. *Sustainability* 2019, 11, 1091.
7. Bradač Hojnik, B.; Crnogaj, K. Social Impact, Innovations, and Market Activity of Social Enterprises: Comparison of European Countries. *Sustainability* 2020, 12, 1915.
8. Mair, J.; Martì, I. Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight. *J. World Bus.* 2006, 41, 36–44.
9. Nicholls, A. We Do Good Things, Don't We? Blended Value Accounting in Social Entrepreneurship. *Account. Organ. Soc.* 2009, 34, 755–769.
10. Short, J.C.; Moss, T.W.; Lumpkin, G.T. Research in Social Entrepreneurship: Past Contributions and Future Opportunities. *Strateg. Entrep. J.* 2009, 3, 161–194.
11. Zahra, S.A.; Gedajlovic, E.; Neubaum, D.O.; Shulman, J.M. A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges. *J. Bus. Ventur.* 2009, 24, 519–532.
12. Christie, M.J.; Honig, B. Social Entrepreneurship: New Research Findings. *J. World Bus.* 2006, 4, 1–5.
13. Neumeier, S. Why do Social Innovations in Rural Development Matter and Should They be Considered More Seriously in Rural Development Research?—Proposal for a Stronger Focus on Social Innovations in Rural Development Research. *J. Eur. Soc. Rural. Sociol.* 2012, 52, 48–69.
14. Cajas-Santana, G. Social innovation: Moving the field forward. A conceptual framework. *Technol. Forecast. Soc. Chang.* 2014, 82, 42–51.
15. Hockerts, K. Determinants of Social Entrepreneurial Intentions. *Entrep. Theory Pract.* 2017, 41, 105–130.
16. Abu-Saifan, S. Social Entrepreneurship: Definition and Boundaries. *Technol. Innov. Manag. Rev.* 2012, 2, 22–27.
17. Chatzichristos, G.; Nagopoulos, N. Social Entrepreneurship and Institutional Sustainability: Insights from an Embedded Social Enterprise. *Voluntas* 2020, 31, 484–493.
18. Peredo, A.M.; McLean, M. Social Entrepreneurship: A Critical Review of the Concept. *J. World Bus.* 2006, 41, 56–65.
19. Rey-Martí, A.; Ribeiro-Soriano, D.; Palacios-Marqués, D. A bibliometric analysis of social entrepreneurship. *J. Bus. Res.* 2016, 69, 1651–1655.
20. Dees, J.C. The Meanings of Social Entrepreneurship. Available online: (accessed on 10 March 2021).
21. Sullivan Mort, G.M.; Weerawardena, J.; Carnegie, K. Social Entrepreneurship: Towards Conceptualisation. *Int. J. Nonprofit Volunt. Sect. Mark.* 2003, 8, 76–88.
22. Sharir, M.; Lerner, M. Gauging the success of social ventures initiated by individual social entrepreneurs. *J. World Bus.* 2006, 41, 6–20.
23. Martin, R.L.; Osberg, S. Social Entrepreneurship: The Case for Definition. *Stanf. Soc. Innov. Rev.* 2007, 5, 28–39.
24. Carraher, S.M.; Welsh, D.H.B. *Global Entrepreneurship*, 2nd ed.; Kendal Hunt Publishing: Dubuque, IA, USA, 2015.
25. Parkinson, C.; Howorth, C. The language of Social Entrepreneurs. *Entrep. Reg. Dev.* 2008, 20, 285–309.
26. Fowler, A. NGOs as a Moment in History: Beyond Aid to Social Entrepreneurship or Civic Innovation? *Third World Q.* 2000, 21, 637–654.
27. Bloom, P.N.; Chatterji, A.K. Scaling Social Entrepreneurial Impact. *Calif. Manag. Rev.* 2009, 51, 114–133.
28. Leadbeater, C. The Rise of the Social Entrepreneur. Available online: (accessed on 20 January 2021).
29. Alvord, S.H.; Brown, L.D.; Letts, C.W. Social Entrepreneurship and Societal Transformation: An Exploratory Study. *J. Appl. Behav. Sci.* 2004, 40, 260–282.
30. Hartigan, P. It's about people, not profits. *Bus. Strategy Rev.* 2006, 17, 42–45.
31. Perrini, F.; Russo, A.; Tencati, A. CSR Strategies of SMEs and Large Firms. Evidence from Italy. *J. Bus. Ethics* 2007, 74, 285–300.
32. Lasprogata, G.A.; Cotton, M.N. Contemplating “enterprise”: The business and legal challenges of social entrepreneurship. *Am. Bus. Law J.* 2003, 41, 67–114.
33. Hemingway, C.A. Personal Values as A Catalyst for Corporate Social Entrepreneurship. *J. Bus. Ethics* 2005, 60, 233–249.
34. Harris, J.D.; Sapienza, H.J.; Bowie, N.E. Ethics and entrepreneurship. *J. Bus. Vent.* 2009, 24, 407–418.

35. Christopoulos, D.C.; Vogl, S. The Motivation of Social Entrepreneurs: The Roles, Agendas and Relations of Altruistic Economic Actors. *J. Soc. Entrep.* 2014, 6, 1–30.
36. Olsen, H. The Resurgence of Social Entrepreneurship. *Fraser Forum* 2004, 21–22. Available online: (accessed on 12 May 2021).
37. Weerawardena, J.; Sullivan Mort, G.M. Investigating Social Entrepreneurship: A Multidimensional Model. *J. World Bus.* 2006, 41, 21–35.
38. Thompson, J.L.; Lees, A.; Alvy, G. Social entrepreneurship—A new look at the people and the potential. *Manag. Decis.* 2000, 38, 328–338.
39. Grayson, D.; Hodges, A. Corporate Social Opportunity! Seven Steps to Make Corporate Social Responsibility Work for your Business; Greenleaf Publishing: Saltaire, UK, 2004.
40. Sserwanga, A.; Kiconco, R.I.; Nystrand, M.; Mindra, R. Social entrepreneurship and post conflict recovery in Uganda. *J. Enterprising Commun. People Places Glob. Econ.* 2014, 8, 300–317.
41. Organization for Economic Cooperation and Development. Available online: (accessed on 12 January 2021).
42. Hall, J.K.; Daneke, G.A.; Lenox, M.J. Sustainable development and entrepreneurship. *J. Bus. Vent.* 2010, 25, 439–448.
43. Pelchat, M.C. Social entrepreneurship in Taiwan: Possibilities and Challenges for Empowerment. In Proceedings of the 4th ISTR Asia and Pacific Conference, Bangalore, India, 16–18 November 2005; pp. 1–22.
44. Choi, N.; Majumdar, S. Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research. *J. Bus. Ventur.* 2014, 29, 363–376.

---

Retrieved from <https://encyclopedia.pub/entry/history/show/28650>