

Social Entrepreneurship: Global Emerging Trend

Saud Ilahi^{1*}, Raziuddin Mohammed², Anis Souissi², Mohammed H Juriby²¹Assistant Professor, Department of Business Administration, Jazan University, KSA²Lecturer, Department of Business Administration, Jazan University, KSADOI: [10.36348/sjef.2022.v06i10.001](https://doi.org/10.36348/sjef.2022.v06i10.001)

| Received: 07.09.2022 | Accepted: 15.10.2022 | Published: 21.10.2022

*Corresponding author: Saud Ilahi

Assistant Professor, Department of Business Administration, Jazan University, KSA

Abstract

Social Entrepreneurship has significantly progressed and is well appreciated globally. It is the way of pursuing innovative solutions to societal problems. Social entrepreneurs act as the change agents for society like traditional entrepreneurs change the profile of the business. They tirelessly pursue opportunities to create and sustain social value to serve the community. This paper builds on the literature to study the concept of social entrepreneurship, examines the various challenges faced by social entrepreneurs, discusses the scope of social entrepreneurship and puts forward the initiatives taken by disparate social entrepreneurs.

Keywords: Entrepreneurship, Social Entrepreneurship, Challenges faced by Social Entrepreneurship, Scope of Social Entrepreneurship, Successful Social Entrepreneurs.

Copyright © 2022 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

INTRODUCTION

Entrepreneurship contributes immensely to gross domestic product, exports, emergence of new innovations, incitation of competitiveness and employment generation. Entrepreneurship has long been considered an important mechanism of economic development (Schumpeter, 1961). The entrepreneurship is a dynamic process which plays a significant role in the economic growth and development of a country. Peter Drucker (1985) propounded that an entrepreneur always searches for opportunity caused by change, to which he retorts with innovation, which leads to economic development. Whereas there are some entrepreneurs, who use innovation with risk to generate business profits basically for society, to create social value (Tan *et al.*, 2005). These entrepreneurs not only accomplish the economic goals but the community based social goals as well. Contrary to traditional entrepreneurs, the profit comes secondary rather than primary for social entrepreneurs. The Social entrepreneurship commences with identification of social problem then it moves forward systematically considering all the possible aspects, eventually social problem is solved by applying innovative approach by social entrepreneurs. The objective of the paper is to study the vital aspects of social entrepreneurship and its impact on the society.

Review of Related Literature

The concept of “social entrepreneurship” was first originated in 1953 and then magnified in the 1980s as a process of creating value in new ways for the betterment of the society. This concept of social entrepreneurship interpreted in many ways by various researchers. First group of researchers (Sagawa & Segal, 2000; Waddock, 1988) refer it as the socially responsible practice of commercial businesses involved in cross sector partnerships. A second group of authors (Austin, Stevenson, & Wei-Skiller, 2003; Boschee, 1998) state that social entrepreneurship is non-profit initiatives in search of alternative funding strategies to create social value. And a third group (Alvord *et al.*, 2004) opines it as a means to mitigate social problems and catalyze social transformation.

According to Peredo and McLean (2006) social entrepreneurship is emerging as a socially innovative business model as a social problem-solving endeavor for the needed social transformation globally. Taking into account its assumed potential for solving social problems, social entrepreneurship is gaining worldwide attention from both scholars as well as practitioners. Earnest and Young (2014) propounded that the role of the government in the socio-economic domain is shifting towards privatization, owing to creating value which resulted in less public funds and this social entrepreneurship is gaining momentum

globally. Research in Europe established increase in number of social enterprises with focus on social services, environment, education, employment & training, and community development. As a field of study the interest in entrepreneurship was stimulated by community leaders' belief that entrepreneurship is a significant trend of the 21st century (Williams, 1999). Singh Partap (2012) underlined that social entrepreneurs are basically associated with the voluntary and non-profit sectors aiming to further broaden social, cultural and environmental goals. But it doesn't mean rule out of profit which is inevitable for the survival for the organization. Entrepreneurship as a process to foster social element has only recently diverted the attention of researchers (Dees and Elias, 1998, Alvord, Brown, & Letts, 2004). Social entrepreneurship has risen to new heights in recent times. As government has made corporate social responsibility a more realistic responsibility than just a formality, corporates are now looking forward for bigger roles that brings the potential economic and social changes the society. Mir Shahid Satar (2016) analyzed different existing entrepreneurship models and the prevailing state of relevant policies and examined their implications for the social entrepreneurial. He found that the importance of entrepreneurship in economic growth is on rise across the nations. Another report prepared by Canadian Centre for Social Entrepreneurship (2003) stated that in social entrepreneurship cross-sectorial collaborations are implicit, owing to the development of radical new approaches to solve long-standing and complex socio economic problems and emphasized on social innovation through entrepreneurial solutions. The practice of social entrepreneurship has been on rise in USA and UK during last two decades. As a result significant organizational resources have been materialized in these countries to motivate and support social entrepreneurs. Social entrepreneurship is applied where some persons focus to create social value of some kind, and follow that goal by taking risk, acknowledging and exploiting opportunities to create this value, declining to accept limitations in available resources and employing innovation. (Ana Maria Peredo, Murdith McLean, 2006). Social entrepreneurs, indeed, differ from traditional entrepreneurs in four of the perceived leadership attributes: altruism, trust in others, empathy and integrity, (Lortie and Cox 2018).

METHODOLOGY

Present research is based on comprehensive review of various published work on the related topics. The secondary data is collected from national and international sources i.e. research papers, reports, newspapers, websites, economic surveys, policy papers and journals. The authors followed the systematic literature review process by selecting articles/required information, extracting and organizing information, finally synthesizing results.

Definition of Social Entrepreneurship

It is not easy to define social entrepreneurship; different authors have defined it in various ways. It is the entrepreneurial activity with a cause. The traditional entrepreneurship offers goods/ services basically to earn the profit, it also has strong corporate social responsibility initiatives but it does not make it a social enterprise. The social entrepreneurship shouldn't be confused with not for profit organization as the latter acquires money from donations, government support etc. and utilize the funds directly for its cause as opposed to being kept for profit. A social enterprise functions with dual motives: creating social impact and earning profit. Apart from noble motive, one possible basis behind such a move is that if society progresses well, businesses will also prosper. Let's go through the different definitions of social entrepreneurship.

According to US chamber of commerce, "Social entrepreneurship is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world".

In the words of Bornstein, D. (1998) "A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real world problem solving creativity, has a strong ethical fiber and is totally possessed by his vision for change".

Bill Drayton Defined, "Whenever society is stuck or has an opportunity to seize a new opportunity, it needs an entrepreneur to see the opportunity and then to turn that vision into a realistic idea and then a reality and then, indeed, the new pattern all across society. We need such entrepreneurial leadership at least as much in education and human rights as we do in communications and hotels. This is the work of social entrepreneurs."

According to Zahra *et al.*, (2008) "Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner". After going through these definitions we can say that: Social entrepreneurship amalgamates traditional business to solve social problem using entrepreneurial techniques that creates positive change in the society. It is the process of recognizing and pursuing resourceful opportunities to create social value in a bid to improve the lives of people.

Traits of a Social Entrepreneurship

The social entrepreneurship has some basic traits of handling social issues in more innovative and

entrepreneurial manner. Following are the basic

features of social entrepreneurship:

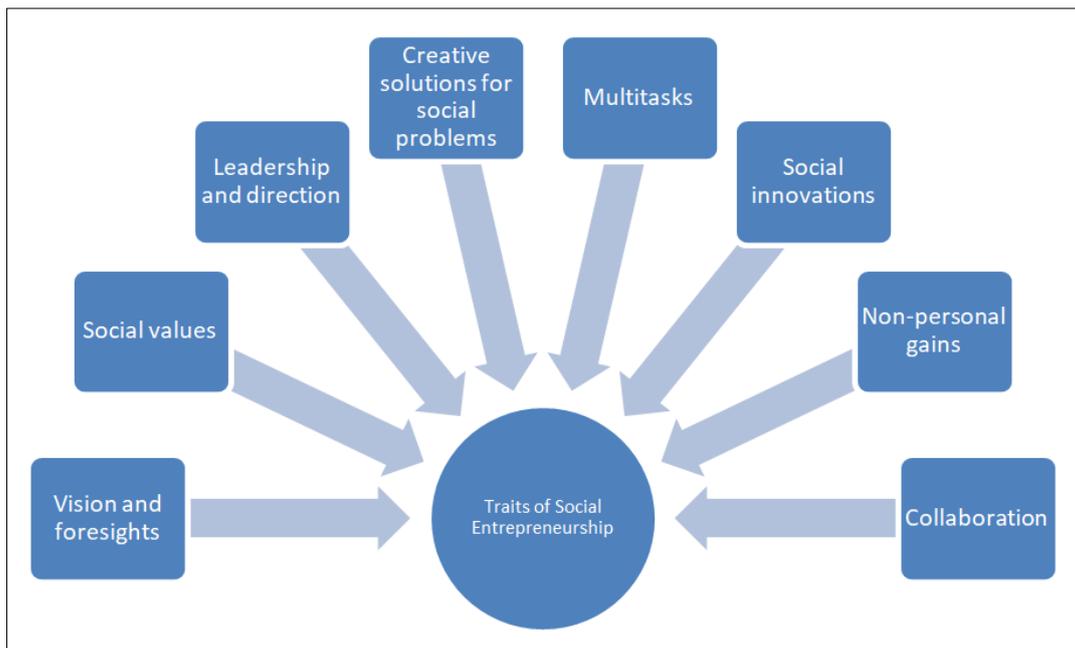


Figure 1: Traits of a Social Entrepreneurship

- Vision and foresights- Social entrepreneurship has vision and foresights like entrepreneurship; it focuses at bringing benefits and improvements to the institution and resolves the social problems in the best possible way.
- Social values- Social value is concerned with the social benefits. Creating social values is the most distinctive and significant feature of social entrepreneurship unlike entrepreneurship. Social entrepreneurship aims at creating social value along with economic value to accomplish its goals.
- Leadership and direction- Social entrepreneur provides leadership and direction to the organization by leading from front and motivating staff to enhance the overall performance of the organization.
- Creative solutions for social problems- Creativity is the unique feature of entrepreneurship, which exists in social entrepreneurship as well. Social entrepreneurs get the best possible results of the social problems by creative solutions.
- Multitask- The entrepreneur/ manager has to perform variety of tasks to achieve the organizational objectives. In social enterprise manager must be capable enough to do multitask as his responsibilities are increased while creating the social value.
- Social innovations- This is another significant trait of social entrepreneurship. Social innovations are the unique solution for existing social inequality. This generates stronger civil society, more sustainable economy and improved overall social well-being.
- Non-personal gains- Social entrepreneurship basically aims at on non-personal gains. This important trait makes social entrepreneurship unique from economic entrepreneurship, which primarily focuses on personal gains and profits by exploiting the available opportunities in the market.
- Collaboration - The social entrepreneur has to work with a wide range of people to accomplish organizational goals as social entrepreneurship is not possible in isolation. Every project needs people with a different skills and expertise so entrepreneur needs to be open to collaboration.

Challenges Faced by Social Entrepreneurship

Social entrepreneurship also faces challenges like any other branch of entrepreneurship but some of its challenges are quite different though manageable. A few of the prominent challenges faced by social entrepreneurship are given below:

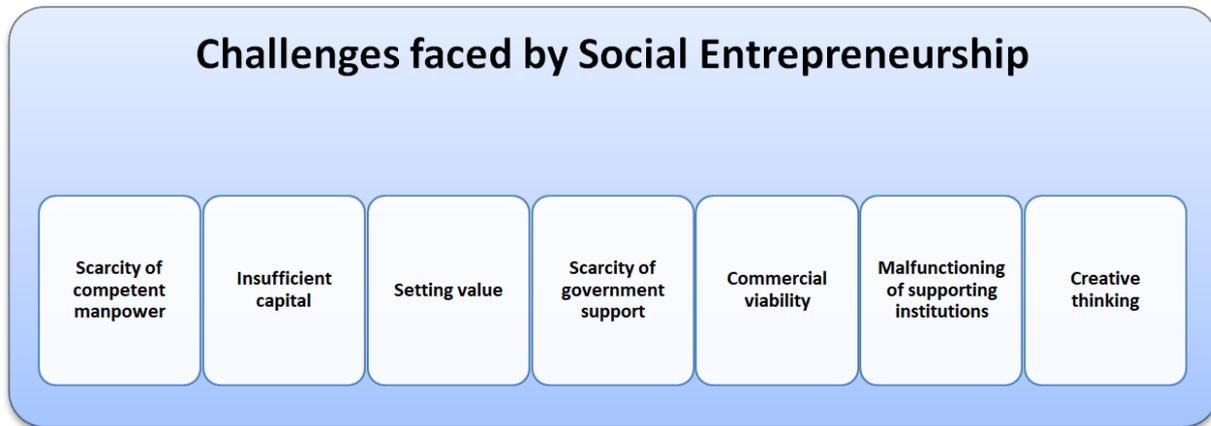


Figure 2: Challenges faced by Social Entrepreneurship

- **Scarcity of Competent Manpower:** Social enterprises need competent manpower from various sources; professionals, technical, volunteers, laborers and community participants. First of all the skilled manpower is not available easily, secondly if available that too at high price, which they can't afford. The skill development institutions have to play a big role in providing competent and affordable workforce.
- **Insufficient Capital:** It is a major challenge for social entrepreneurs especially in developing countries. The social entrepreneurs have to deal with the problem of facing a hostile reaction from financial institutions as far as funding is concerned, which forces them to take a more difficult path of approaching money lenders and venture capitalist.
- **Setting Value:** Another significant challenge of social entrepreneurship is the setting and communicating values clearly. There are different values prevalent in different societies based upon their exclusive needs. The social entrepreneurs face this challenge of setting common values, which can be communicated easily among them.
- **Scarcity of Government Support:** It is a major challenge for social entrepreneurship largely in developing countries. The development of these social cause ventures requires extended government support in the form of fiscal and legislative incentives, elimination of burdensome regulations, arbitrary decision-making, subsidies etc. Lack of government support acts as major impediment to the growth of social entrepreneurship.
- **Commercial Viability:** It is another vibrant challenge when it comes to commercial viability of facts and ideas. Social entrepreneurship does not consider commercial viability as its priority. Since socially things may be accepted but commercially not, as everything has a value. This creates a dilemma for social entrepreneurs and makes them less motivated.
- **Malfunctioning of Supporting Institutions:** The supporting institutions are the back bone for the

development of all types of entrepreneurship. There is need to reform the supporting institutions so that they are better equipped to respond to the challenges of modern era. There should be urgency to improve the functioning of the institutions, particularly those responsible for finance, development and trade, skill development and policy makers.

- **Creative Thinking:** Another problem faced by social entrepreneurs is lack of creativity regarding thinking great ideas for better solutions of societal problems and earning profits for survival. Lack of knowledge, irrational decisions, fear of failure, lack of adequate motivation etc. are barriers to creativity. Creativity helps the organization to achieve social mission and generates positive impacts.

Scope of Social Entrepreneurship

The scope of social entrepreneurship is quite wide as it is gaining momentum globally. Social entrepreneurship addresses the social problems, which may include micro financing, healthcare, potable water, sanitation, agriculture, counseling, child abuse, education etc. Today, there are many opportunities available in these areas, which may be addressed by social entrepreneurs along with NGOs and international bodies. Social entrepreneurship helps in solving these social problems by capitalizing the local resources and applying entrepreneurial principles with innovation. Unlike traditional entrepreneurship, this innovation is concerned with finding out the most innovative and unique solutions of social problems, that is social innovation. Social entrepreneurship plays a pivotal role in sustainable economic development especially in developing countries by bringing the growth to the rural masses, utilizing resources efficiently, employing youths and thereby reducing inequalities in the society. It can be done by microfinance movement for poor to alleviate poverty as successfully done by Professor Yunus in Bangladesh; democratization of knowledge transfer by education and training institutes; community regeneration, such as housing associations; Health care movements by providing various medical facilities and

health insurance facilities; advocacy and campaigning; human rights promotion ; welfare projects, like child abuse, drug, alcohol abuse; environmental preservation and sustainable development, like green energy projects. There are many more areas where the societal gaps are wide and societal inequalities are persisting, social entrepreneurs can find the opportunities and bring the societal changes.

Successful Social Entrepreneurs

We have presented here some examples of successful social entrepreneurs to manifest that how much successful they were in their ventures, in spite of pursuing the social motive primarily and the impact they have created in the society:

- Grameen bank is the first Microfinance organization and a great example of social entrepreneurship. Founder Professor Muhammed Yunus started Grameen Bank in 1976 in Bangladesh. His innovation was Microcredit. According to Professor. Yunus “these millions of small people with their millions of small pursuits can add up to create the biggest development wonder.” Grameen bank provides credit to the poorest people in rural Bangladesh, without any collateral unlike conventional banking practice. It has played a crucial role in uplifting the poor and served as a catalyst in the overall development of socio-economic conditions of the people. Prof. Yunus and Grameen Bank won the Nobel Peace Prize in 2006 for creating economic and social development. Till October, 2021, it has 9.44 million members, 97% of whom are women. With 2,568 branches, Grameen bank provides services in 81,678 villages, covering more than 93% of the total villages in Bangladesh.
- Aravind Eye Hospital was founded in 1976 by Dr. G. Venkataswamy, at Madurai, India with the mission to provide eye care services accessible, and affordable to the masses. Aravind offers extensive eye care in systematic way, attracting patients from all over the world, today it is one of the largest eye care system in the world. Half of its patients receive services either free of cost or at subsidized rate. Around 0.5 million eye surgeries are performed in a year. It now serves as a model not only for India but for the world as well.
- Lokal Travel is social enterprise in US, generating positive social impact by customizing adventure. Lokal Travel joins tourists with local community, which is normally marginalized in traditional tourism; thereby provide the economic opportunities to locals and budget tours to the customers to make a positive social impact. It connects travelers with the eco-lodges owned by local communities, homestay networks that empower women and boat tours that support preserve rainforests. Lokal Travel adventures are designed to assist local community, indigenous entrepreneurship and causes, while developing a

tourism culture that provides respectful and authentic experiences.

- Amul is an Indian dairy cooperative of Gujrat, India. It is the biggest food brand in India. It is available in more than 40 countries worldwide. The Amul model is a three tiered cooperative structure at village, district and state level. Milk collection is carried out at the Village dairy society, the accession and processing of milk in the milk union districts and the marketing of milk and dairy products in the state federation. It has contributed immensely in poverty alleviation particularly at rural level by providing them economic opportunities and allowed the women a greater voice in the business chain.
- Ashoka is another social organization. It was founded by social innovation pioneer Bill Drayton in 1981 in USA, and has spread its network in more than 95 countries worldwide to support the growth of social innovation. It supports social entrepreneurs particularly by connecting startups with affiliates and partners in every part of the world, whose innovations solve deep-rooted social problems. It collaborates with corporations, schools, universities, citizen sector organizations, media, and other influencers.

CONCLUSION

Social entrepreneurship is the process of searching innovative solutions to social issues. It is boon for the underprivileged that has helped them to move towards the main stream in numerous ways, by addressing social problems such as healthcare, micro financing, sanitation, agriculture, counseling, child abuse, drug abuse education etc. There are many challenges faced by the social entrepreneurs such as scarcity of capital, acquiring competent work force, working remotely, commercial viability, getting government support etc. In order to accomplish the goals the social entrepreneurs have to overcome the challenges with firm determination. There are many successful examples of social entrepreneurial ventures such as Gramin Bank, Aravind Eye Hospital, Ashoka, Lokal Travel etc. which have created the social value and made the life easier for the people. Social entrepreneurs need exceptional institutional support both from government and private sectors, creation of mass awareness, better infrastructure and funding facilities for congenial working environment. There is vast scope for social entrepreneurship worldwide, particularly in developing countries. Further research could be conducted on various aspects of social entrepreneurship in different areas to strengthen the knowledge useful for the development of social entrepreneurship.

REFERENCES

- Alford, S. H., Brown, L. D., & Letls, C. W. (2004). Social Entrepreneurship and Societal

- Transformation. *Journal of Applied Behavioral Science*, 40(3), 266-282.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2003). Social entrepreneurship and commercial entrepreneurship: Same, different, or both? (Working paper series no. 04-029). Harvard Business School.
 - Bornstein, D. (1998). Changing the world on a shoestring. *Atlantic Monthly*, 28(1), 34-39.
 - Bornstein, D. (2004). How to change the world: Social entrepreneurs and the power of new ideas. Oxford University Press.
 - Boschee, J. (1998). Merging mission and money: A board member's guide to social entrepreneurship. <http://www.socialent.org/pdfs/MergingMission.pdf>. Accessed on October 30, 2004.
 - Dees, G. (1998). The measuring of social entrepreneurship. [http://www.Fuqua.duke.edu/centres/case/documents/dees SE.pdf](http://www.Fuqua.duke.edu/centres/case/documents/dees%20SE.pdf).
 - Drucker, P. F. (1985). Innovation and entrepreneurship. Routledge, UK.
 - Earnest & Young. (2014) Report on "Social entrepreneurship emerging business opportunities creating value for society". Derived from [http://www.ey.com/Publication/vwLUAssets/EY-social-entrepreneurship/\\$FILE/EY-social-entrepreneurship.pdf](http://www.ey.com/Publication/vwLUAssets/EY-social-entrepreneurship/$FILE/EY-social-entrepreneurship.pdf).
 - Gras, D., Moss, T. W., & Lumpkin, G. T. (2014). The use of secondary data in social entrepreneurship research: Assessing the field and identifying future opportunities. In *Social entrepreneurship and research methods* (pp. 49-75). Emerald Group Publishing Limited.
 - Ilahi, S., & Alshehri, A. (2020). The Role of Entrepreneurship in Spurring Economic Growth. *International Journal of Scientific Research and Reviews*, 9(3), 122-131.
 - Johnson, S. (2003). Young Social Entrepreneurs in Canada. *Canadian Centre for Social Entrepreneurship School of Business University of Alberta*. Derived from www.ub.edu/emprenedoriasocial/.../Young%20Social%20Entrepreneurs%20in%20Canada
 - Kim, Y. D., Yoon, S., & Kim, H. G. (2014). An economic perspective and policy implication for social enterprise. *American Journal of Applied Sciences*, 11(3), 406-413.
 - Lortie, J., & Cox, K. C. (2018). On the boundaries of social entrepreneurship: a review of relationships with related research domains. *International Entrepreneurship and Management Journal*, 14(3), 639-648.
 - Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36-44.
 - Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: a critical review of the concept. *Journal of World Business*, 14(1), 56-65.
 - Sagawa, S., & Segal, E. (2000). Common interest, common good: Creating value through business and social sector partnership. *California Management Review*, 42(2), 105-122.
 - Satar, M. S. (2016). A policy framework for social entrepreneurship in India. *IOSR Journal of Business and Management*, 18(9), 30-43.
 - Schumpeter, J. (1911). The theory of economic development. Cambridge, MA: Harvard University Press. (Revised editions in 1961), 11-19.
 - Singh, P. (2012). Social Entrepreneurship: A Growing Trend in Indian Economy. *International Journal of Innovations in Engineering and Technology (IJJET)*, 1(3).
 - Tan, W. L., Williams, J., & Tan, T. M. (2005). Defining the 'social' in 'social entrepreneurship': altruism and entrepreneurship. *The International Entrepreneurship and Management Journal*, 1(3), 353-365.
 - Waddock, S. A. (1988). Building successful partnerships. *Sloan Management Review*, 29(4), 17-23.
 - Willams, G. (1999). An Entrepreneurial Odyssey: Why the next century will belong to entrepreneurs. pp.10-113.
 - Yunus, M. (1999). Banker to the poor: Microlending and the battle against world poverty. New York: Public Affairs.
 - Zahra, S., Rawhouser, H. N., Bhawe, N., Neubaum, D. O., & Hayton, J. C. (2008). Globalization of social entrepreneurship. *Strategic Entrepreneurship Journal*, 2(2), 117-131.
 - <http://www.amul.com/m/about-us> [Accessed 11 September 2022]
 - <https://aravind.org/our-story/> [Accessed 14 September 2022]
 - <https://www.ashoka.org/en-us/about-ashoka> [Accessed 16 September 2022]
 - <https://grameenbank.org/> [Accessed 7 August 2022]
 - <https://www.lokaltravel.com/> [Accessed 5 September 2022]
 - <https://www.uschamber.com/co/start/startup/> [Accessed 5 August 2022]